BLAVATNIK SCHOOL OF GOVERNMENT

UNIVERSITY OF OXFORD

GOVERNMENT OUTCOMES LAB

HOW TO GUIDE

PROCUREMENT

A technical guide to good procurement practice in outcome based commissioning

Contents

About the Government Outcomes Lab

The Government Outcomes (GO) Lab at the Blavatnik School of Government was founded in 2016 as a new centre of academic excellence for innovative government commissioning. Through rigorous academic research, the GO Lab aims to deepen the understanding of outcome based commissioning and to provide independent support, data and evidence on the effectiveness of the outcome based commissioning model. To achieve this, the GO Lab works with a wide range of stakeholders and partners from across the public, voluntary and private sectors.

Outcome based commissioning has emerged as an innovative way for governments around the world to achieve better social outcomes for the most vulnerable people in society. While numbers of, and funding for, outcome based approaches have increased over recent years, research has not kept pace with this speed of growth. Much is still unknown about whether outcome based commissioning will meet its promise. The GO Lab harnesses expertise from across Oxford University and other partners to enhance the understanding and existing research on outcome based commissioning. It also builds on the evidence base to evaluate the effectiveness of this model versus alternatives and to support commissioners that are developing and implementing an outcome based approach.

We would like to thank the following people and organisations for their help, advice and challenge in producing this guide:

- Julian Blake, *Co-Head of Social Enterprise and Charity* at Bates, Wells, Braithwaite
- Mila Lukic, *Investment Director*, Bridges Fund Management
- Adam Kybird, *Associate*, Bridges Fund Management
- Paul Riley, *Executive Director*, Core Assets Ltd
- Dr Domingos Soares Farinho, *GO Lab Fellow of Practice and Associate Professor of Law* at Lisbon University.

About the guides

This guide is one of a series we are publishing during 2017. The purpose is to provide guidance to commissioners and is based upon the best advice of practitioners and experts with experience in outcome based commissioning at the point of writing. It is an emergent area and we know practice will evolve rapidly. We have designated this and other guides as 'beta' documents and we warmly welcome any comments or corrections. We will regularly review and update our material in response Please email your feedback to golab@bsg.ox.ac.uk

The purpose is to provide guidance to commissioners and is based on the best advice of practitioners and experts with experience of outcome based commissioning.

The guidance is aimed at supporting local rather than national commissioning bodies to apply good procurement practice in the context of outcome based commissioning. It is not, nor is intended to be, guidance on the practice of procurement more generally.

It specifically references the procurement of existing forms of outcome commissioning such as Social Impact Bonds (SIBs) and Payment-by-Results (PBR) contracting. We acknowledge that, as an emergent area of commissioning, other forms of commissioning may evolve or be in the process of being developed and it will be our intent to update this guidance in light of those developments.

The guidance is structured into two parts. The first is general guidance on matters of note around procurement practice in the context of outcome based commissioning. The second part of the document structures advice into the form of a commissioner journey. The parts should be read together.

GENERAL ADVICE ON PROCUREMENT

Included in this section

EU Treaty Obligations

Public Contracts Regulations 2015

The Social Value Act and social value in the Public Contract Regulation

Creating an innovation partnership

Voluntary Ex-Ante Notices (VEATs)

Co-operation agreements

Choosing procurement process in outcome based commissioning

General guidance on procurement in outcome based commissioning

Procurement in outcome based commissioning

The changes to procurement rules set out in the Public Contract Regulations 2015 enshrine and enhance a new set of priorities and principles for public procurement that acknowledge the need for greater flexibility and to put social value at the core of procurement decisions in the public interest. This means that organisations whose primary purpose is to create social value, whether social enterprises or voluntary sector, can be more fully valued in the process of procurement. The new regulations, following changes in European Union rules, provide for a more collaborative and 'lighter touch" set of processes. This intent is important to bear in mind as commissioners consider how to put the regulations into practice when commissioning for outcomes. The regulations also allow for some limited circumstances where open competition is impractical.

In outcome based commissioning, it is more likely that commissioners and providers will work together collaboratively than in other forms of contracting, both to initiate the idea to create a new service and throughout the process of designing a specification or model for the service. It is this inter-dependency that makes the application of procurement processes that comply with the EU Treaty principles (see below) more difficult to achieve. Moreover, on some occasions

EU Treaty obligations

Public procurement is subject to the EU Treaty Principles of:

- Non-discrimination
- Free movement of goods
- Freedom to provide services
- Freedom of establishment.

In addition to these fundamental treaty principles, some general principles of law have emerged from the case law of the European Court of Justice, including:

- Equality of treatment
- Transparency
- Mutual recognition
- Proportionality.

The EU rules around public procurement are contained in a series of directives that are updated from time to time. The most recent update of the EU procurement directives was in April 2014:

- **Public Sector: Directive 2014/24/EU** of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC
- **Concessions: Directive 2014/23/EU** of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts
- **Utilities: Directive 2014/25/EU** of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC.

Public procurement is also subject to the World Trade Organisation Government Procurement Agreement.

Source: www.gov.uk/guidance/public-sector-procurement-policy commissioners will start the procurement process with a clear idea of the desired outcomes, but will not have developed the service or know the preferred solution. It is in these less certain environments that applying procurement processes with confidence is more challenging and the guidance seeks to address these reservations.

Whilst the changes in public procurement regulations allow for a more exclusive and collaborative set of relationships through the Light Touch Regime and Innovation Partnerships or single action tenders (see overleaf), these are currently relatively untested.

Public Contracts Regulations 2015

Procurement processes as prescribed in European law have previously focused on quality of competition and equity of access to opportunity. Where services are well understood and a mature supply market exists, the prevailing view has been that value is best served by enhancing the quality of competition and this principle remains paramount. However, in recognition that this arms length approach may not serve the public interest in all forms of engagement, there have been some significant changes to European regulation to provide a greater level of flexibility, for example the new procedure – Innovation Partnerships, the Light Touch Regime and Single Action tenders through a Voluntary Ex-Ante Transparency Notice (VEAT).

The regulations provide for some new flexibilities:

- Under the Light Touch Regime authorities can select/design a procurement process provided it meets the Treaty Principles:
  - A Prior Information Notice or Contract Notice is published
  - The award procedure must comply with the principles of equal treatment and transparency
  - The contract must be awarded in line with the published procedure (you cannot change tack)
  - The time limits provided for a response are reasonable and proportionate.

- Authorities can award to another authority under the terms of a co-operation agreement outside any competitive process, provided less than 20% of activities are on the open market
- Authorities can use an accelerated negotiated procedure (as well as restricted procedure under 2006 regulations), providing it can justify the rationale for the timescales
- There is much greater scope for post-tender negotiations, particularly where projects involve innovative design or financial structuring. Authorities may “optimise” as well as clarify final tenders.

However, whilst these changes are important as enablers for good outcome based commissioning practice, they are not widely adopted and the guidance set out in this document seeks to suggest how these changes can be incorporated in the context of procurement for outcome based commissioning.

The Public Contracts Regulations 2015

The Public Contracts Regulations 2015 implement the 2014 EU Public Sector Procurement Directives designed to provide a more flexible regime of procurement rules. The Regulations enable public sector commissioners to run procurements faster, with less red tape and with a greater focus on getting the right supplier and best tender in accordance with sound commercial practice. The implementation of the Regulations took effect from 26 February 2015.

Key changes introduced by the Public Contracts Regulations 2015 include:

- **SME participation** – a greater focus on SME Participation, with contracting authorities being encouraged to have smaller procurement lots and restrictions on setting turnover requirements
- **Supplier selection** – a simpler process for assessing bidders' credentials, involving greater use of supplier self-declarations
- **Procedure changes and consultation** – preliminary market consultations between contracting authorities and suppliers are encouraged, which should facilitate better specification
- **Innovation partnerships** – this is a new addition that is intended to allow scope for more innovative ideas and for suppliers to enter into partnerships with the public sector authorities
- **Time limits** – the minimum time limits by which suppliers have to respond to advertised procurements and submit tender documents have been reduced by about 30%
- **Light Touch Regime** – there is no longer a separation of services into Part A and B and there is now a Light Touch Regime for Health and Social Services. The new Light Touch Regime provides significant flexibilities; there is a significantly higher threshold than for supplies and for other services (i.e. EUR 750,000 for public sector authorities) and authorities have the flexibility to use any process or procedure they choose to run the procurement as long as it respects the obligations set out in the 2014 Public Contracts Directive.

Source: Crown Commercial Service (2016) 'A Brief Guide To The 2014 EU Public Procurement Directives'

Social Value Act (and Reserved Contracts)

The Social Value Act and social value in the Public Contract Regulation

Considerations around social value are enshrined in both the Social Value Act and The Public Contracts Regulations 2015 in being embedded in a revised definition of MEAT (Most Economically Advantageous Tender) which references the need to weight the environmental and social aspects of the tender in the price/quality ratio. The commissioner should specify how social value will be considered and define the expectation in a way that is relevant and proportionate to the service.

There may be circumstances relating to conditions attached to funding where commissioners wish to contract with a social sector organisation under a Reserved Contract (Regulation 77 of Public Contract Regulations 2015), but otherwise by providing the opportunity to demonstrate social value as part of proposals, the commissioner is creating a favourable playing field for the social sector. It should be noted that Reserved Contracts have a maximum contract length of three years.

We have included the following advice published by Social Enterprise UK and Anthony Collins Solicitors in The Social Value Guide[1]:

Social value has been defined as "the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes".

Whilst there are many examples of providers delivering social value available to illustrate this, there is no authoritative list of what these benefits may be. The reason for this flexible approach is that social value is best approached by considering what is what beneficial in the context of local needs or the particular strategic objectives of a public body. In one area, for example, youth unemployment might be a serious concern, whilst in another, health inequalities might be a more pressing need.

In recognition of this, the Public Services (Social Value) Act does not take a prescriptive approach to social value. It simply says that a procuring authority must consider:

- How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area
- How, in conducting the process of procurement, it might act with a view to securing that improvement.

In doing this, the Act aims to give commissioners and procurement officials the freedom to determine what kind of additional social or environmental value would best serve the needs of the local community as well as giving providers the opportunity to innovate.

The Act applies to public service contracts and those public services contracts with only an element of goods or works over the EU threshold. This currently stands at £113,057 for central government and £173,934 for other public bodies. This includes all public service markets, from health and housing to transport and waste. Commissioners will be required to factor social value in at the pre-procurement phase, allowing them to embed social value in the design of the service from the outset.

1. Social Enterprise (2012) 'The Social Value Guide: Implementing The Public Services (Social Value) Act'

Creating an Innovation Partnership

The Innovation Partnership procedure was introduced under the 2014 EU Public Contract Directive and can be used "where there is a need for the development of an innovative product or service or innovative work and the subsequent purchase of the resulting supplies, services or works cannot be met by solutions already available on the market". The new procedure is designed to enable contracting authorities to select partners on a competitive basis and have them develop an innovative solution tailored to their requirements.

Under the Innovation Partnership procedure, a selection is made of those who respond to the advertisement and the contracting authority uses a negotiated approach to invite suppliers to submit ideas to develop innovative works, supplies or services aimed at meeting a need for which there is no suitable existing 'product' on the market.

The contracting authority is allowed to award partnerships to more than one supplier.

With this process, what a commissioner is procuring is, in essence, the process that leads to the final specification and its subsequent delivery, along with the partner that will be involved in this process.

There are a number of key considerations in relation to moving forward with an Innovation Partnership[2]:

- It is a procedure intended for mutual experimentation where the standards of evidence to articulate of the problem do not exist and therefore a specification cannot be written
- There is no hard and fast rule on the duration of an Innovation Partnership, but the timeframe chosen should be consistent with the intent to develop the innovation to a point where it can be subject to a competitive procurement process
- The nature of the Innovation Partnership means that intellectual property will be created as a result and the treatment of this value should be explicitly dealt with in the contract. A commissioner might take the view that it is in the spirit of the Innovation Partnership that learning is open sourced to the benefit of a future competitive process
- It is important for the commissioner to have full visibility of the financial costs as well as service outcomes, in order to inform understanding of value for money in subsequent commissioning.

> We believe that the Innovation Partnership method is useful. The term itself can unintentionally mislead. It brings to mind science labs full of bright young things with difficult hair, all writing the code for self-driving cars – rather than a way of rethinking waste collection in Stoke. Nothing could be further from the truth. Innovation Partnerships are simply about creating innovative products, service or works that aren't currently available to you in the market.
>
> *Bates Wells Braithwaite, HCT Group and E3M (2016) 'The Art of the Possible in Public Procurement'*

2. Bates Wells Braithwaite, HCT Group and E3M (2016) 'The Art of the Possible in Public Procurement'

Voluntary Ex-Ante Notices (VEATs)

The EU guidance is very clear around the importance of not artificially restricting the quality of competition, but there are occasions where a provider has developed a unique solution and wherein they, and they only, have the means to deliver a service according to the requirements of the commissioner. In this scenario the commissioner may opt to put out a Voluntary Ex-Ante Transparency Notice (VEAT) which notifies the market of an intent to award to a provider without competition and provides for a ten day (15 day in some circumstances) standstill period to allow challenge to that decision. The decision cannot be challenged outside the standstill period. The VEAT process provides a legal "safe haven" for authorities provided they follow the procedure in practice and in good faith. Procurement regulations provide limited guidance on how the VEAT procedure should be applied in practice. Our recommendations are:

- The commissioner should clearly articulate the basis of its decision and specify the unique capabilities it believes the organisation it intends to appoint under the terms of the VEAT and how it has tested these capabilities in the market. This should be in the context of the timing of any service and the ability of other providers to develop and mobilise a service
- The testing of alternative providers should be proportionate to the value of the service and the extent possible that alternative providers exist. An informed judgement is permissible, providing there is demonstrable substance to the exercise of that judgement
- The VEAT notice allows 10–15 days for any organisation the issue a challenge. We recommend that authorities take active steps to notify any organisations that it considers may raise an objection in advance of the issue of that notice. This is outside the scope of the VEAT process as determined by the legal guidance, but ensures that the use of this procedure remains credible and reputable
- A VEAT process should not be used where there is no defined model. It is appropriate where an organisation has invested in delivery ready solutions. In circumstances where no provider has a pre-defined solution, the Innovation Partnership procedure or other negotiated process is more appropriate
- The authority should also consider how it will agree a contract and payment terms in a single action tender and it is suggested that terms are agreed in principle before the VEAT notice is issued to create a competitive pressure on the provider.

Co-operation agreements

There may be circumstances where contracting authorities want to collaborate to deliver a service. An example of this is the partnership that was formed to deliver the Kent and Medway Family Drug and Alcohol Court (FDAC) programme. In this case Kent County Council, Medway Council and Tavistock and Portman NHS Foundation Trust formed a Co-operation Agreement which enabled the NHS provider to deliver the FDAC programme on the Councils' behalf. No competitive procurement process was required, but the agreement describes the various obligations and each of the parties including funding and service delivery responsibilities.

The Crown Commercial Service has published some useful guidance on the basis on which it is acceptable for Public-to-Public contracting to sit outside competitive procurement processes.[3]

3. Crown Commercial Service (2016) 'Public Contracts Regulations 2015 & Utilities Contracts Regulations 2016: Guidance On "Public / Public" Contracts'

Choosing procurement processes in outcome based commissioning

The circumstances in which commissioners decide to use outcome based commissioning practices vary according to the challenge being addressed.

In some instances, commissioners may have a clear preference for a form of service intervention, but do not wish to risk the investment in that intervention because there is a significant level of uncertainty in achieving a sufficient improvement in outcomes to justify that investment risk. In other instances, commissioners may not know what services or interventions will tackle the achievement of better outcomes and they wish to attract new forms of experimentation. Commissioners may be looking to transfer cost and service risk to a delivery partner as may be usual when outsourcing services, or they may look to collaborate and share the risk of finding new solutions with organisations that have a shared ambition and capability. In some instances, the initiative may come from providers who have invested in developing a new form of service and are looking for commissioners to work with.

These represent quite different challenges and priorities and have different implications for procurement processes. In the table to the left we have sought to distinguish these different circumstances into groups that point to different procurement options.

Status of the intervention	Choice of delivery partners	Procurement Strategy	Procurement process
• Outcomes and cohort well defined • Best form of intervention is defined and evidenced • Commissioner is able to produce an outcomes framework and payment terms	• Multiple potential delivery partners offering similar services	• Use competitive approach to appoint delivery partner for a defined intervention and achieve maximum risk transfer and value through the payment mechanism	• Issue PIN Notice • Pre-tender bidders conference to invite interest • Potential pre-tender comments on draft specification • Invitation to tender (ITT) or open procedure • Options: use an accelerated procedure if time is of the essence • Options: use post-tender negotiations
• Outcomes and cohort well defined • Service interventions unknown • Commissioner unable to specify service	• No defined market, but some providers share ambition to develop new services	• Engage a service partner to develop a service under contract. Pay on an open book basis. Service to be competed once an evidence base is established and a specification can be produced	• PIN notice during development stage inviting pre-tender collaboration • Competition for Innovation Partnership based on capabilities of organisations • Possible award to different organisations to test different models of service • Develop tender as an output of the partnership(s)
• Service provider develops new service proposition • Commissioner is able to define target cohort and outcomes • Service provider can help the commissioner to specify the service	• One provider has developed a new proposition	• Award contract to a preferred provider without a competitive process	• Issue PIN Notice • Market test the potential interest of other providers • If no other capable providers come forward use regulation 32(2) (b) to issue an Ex-Ante Notice to work with a single supplier • Negotiate terms

General guidance

Cost of engaging suppliers and the principle of proportionality

One of the General EU Treaty Principles is proportionality, meaning that the cost and effort of the procurement process should be proportionate to the value of the opportunity. This principle can be exercised in the way the market is engaged and tested and the new Light Touch Regime is an application of the principle of proportionality. The Regulations allow commissioners to make reasonable efforts to make opportunity available to providers in the market. For example, where the service intervention is highly specialised and the commissioner knows who the likely providers are. The rules allow for a greater focus on engagement of the willing rather than opportunity for all, whilst it being important to make those decisions explicit and be able to justify the approach taken.

Procurement plan

The Regulations state that commissioners must inform the market of their intentions and be able to justify why a process has been used. Having this clarity of intent and ability to justify a process used will substantially mitigate any risk of an effective legal challenge to a procurement decision. We recommend that commissioners set out their intentions in a procurement plan that is open to scrutiny. The plan might include:

- The rationale for using outcome based commissioning and expectations of value to be achieved
- The form of pre-tender engagement and the basis on which organisations will be invited to contribute
- The basis on which other stakeholders/ commissioners will be involved
- How information shared will be treated (intellectual property)
- The form of competitive process to be used
- A high level timetable and milestones.

Agreement to be open and the treatment of intellectual capital

One of the defining features of outcome based contracts, especially where they are funded in part through central government funds such as the Life Chances Fund, is that commissioners and providers agree to share their intelligence openly about the contract as part of the evaluation process. This openness is a feature of the market, but has implications for the management of the competitive process.
In this early stage in the market, there has been what might be best termed a pioneering spirit that has made the value of knowledge and experience seemingly less important than the opportunity to participate in new contracts.
The fact that providers are very largely from the voluntary and social sector perhaps makes commercial interest a lesser interest than the opportunity to create social impact. However, we might anticipate that as the market matures, organisations that have made the investment in developing new sources of know-how will look to create an advantage from it, albeit in the form of opportunity to do more rather than quality of surplus. Accordingly, we recommend that commissioners give proper consideration to how know-how is dealt with through the whole engagement from pre-tender to post-tender evaluation and that they are explicit about what defines confidential information and what must be shared. This might be dealt with in the form of a form of non-disclosure and limited use agreement. Equally commissioners should be concerned to ensure that public

sector intellectual capital shared at the early stages is, on the equal treatment principle, available to all bidders in a later formal process.

Some of the lessons from the governance of other forms of outsourcing markets and the development of the Open Contracting Data Standard (OCDS) in public service markets, point to the need for a market facing set of principles around standards of transparency. We would expect that these guidelines will be incorporated into the governance of outcome based commissioning and that the quality of collaboration and sharing already achieved should be a trail blazer for other areas of the contracting market.

Standards of evidence and evaluation

One of the defining principles of outcome based commissioning is that it both creates and is built on evidence. To an extent all outcome based commissioning contracts are forms of service prototypes with differing levels of uncertainty and the business case is to some extent a hypothesis. Funders have shown themselves to be willing to accept very different standards of evidence at the outset, provided that the evidence is established during the contract to reduce uncertainty over time.

Whilst evidence can be originated by commissioners, proposed by suppliers, or co-produced, it is important that commissioners properly consider and contextualise that evidence.

Agility in delivery

Because there will be some level of uncertainty about the achievement of impact in outcome based commissioned contracts, this should be explicitly made part of the design and governance of the contract with the service provider, supported by a variation mechanism in the contract that enables changes to be brought into the scope of the agreement. The initial scope set out in the procurement process should anticipate a reasonable level of change in delivery.

> Commissioners should expect and encourage the provider to adapt their way of working in response to the evidence coming from the operation of the contract.

Commissioners should expect and encourage the provider to adapt their way of working in response to the evidence coming from the operation of the contract. The commissioner should be similarly prepared to adapt point of interface or dependency between the provider and other parts of the system of provision i.e. the point of referral into the service, where these are put under stress by unforeseen changes.

Commissioners with experience in managing outcome contracts and Social Impact Bonds in particular, advise taking a pragmatic and flexible attitude backed by a strong system of governance that expects and manages change. Officers need to be empowered and trusted to make decisions that are in the interests of achieving the end outcomes.

TOOLKIT: PROCUREMENT ACTIVITIES THROUGHOUT THE COMMISSIONER JOURNEY

Key stages in the commissioning journey

The guidance is organized into general guidance and then followed by advice at each stage in the procurement journey. We would note the distinction between commissioning and procurement processes. In the guidance we have sought to orientate the procurement process around a commissioning journey, where it is the commissioning processes that lead the process overall. Procurement is the procedural means by which the will of commissioners is executed. However, as the purpose of the guidance is to inform procurement practice, we have not captured wider commissioning processes where they do not inform the practice of procurement.

Feasibility
pp 16–19
Consult other commissioners, intermediaries, service providers and social investors to test ideas, capacity and appetite for developing services to tackle outcomes

Development
pp 20–24
Engage other commissioners, intermediaries, service providers, social investors if relevant, as part of co-design process to define business case and develop target operating model and specification for the service

Implementation
pp 25–28
Procure and implement the service

Operation
pp 29–30
Manage the contract, responding to changes in the service

Evaluation
p 31
Obtain detailed data from the service provider that captures the evidence of what works and informs the future development of the service

Feasibility stage

There are many ways to procure for an outcome based contract, and the approach taken will depend on a number of decisions that commissioners need to make early on in the process.

To be feasible an outcome based contract should satisfy the following factors:

- The service user cohort must be clearly identified and defined in a way that mitigates the risk of selective referral or engagement
- The level of demand should be sufficient in value and number to justify establishing a new intervention
- Commissioners need to attribute sufficient economic and social value to the outcome to pay for the cost of the new intervention
- The outcomes achieved through the intervention will be delivered and evidenced in a contractual period
- The outcomes to be paid for can be wholly (or in very large part) attributed to the intervention provided.

Decisions to be made at this stage

- Social issue area
- Value of the current service/cost of the problem (high level counterfactual)
- Cohort to be included
- Stakeholders to be involved
- Definition of outcomes to be achieved
- Maximum budget/payment per outcome achieved
- Establish whether there is delivery capability in the market
- Potential intervention with high-level evidence.

Feasibility → Development → Implementation → Operation → Evaluation

Suitable policy area

Not all services are suitable for outcome based commissioning. The National Audit Office report 'Payment by results: analytical framework for decision-makers' provides some useful guidance on the criteria for assessing suitability[4]. We have paraphrased and summarised the key considerations below:

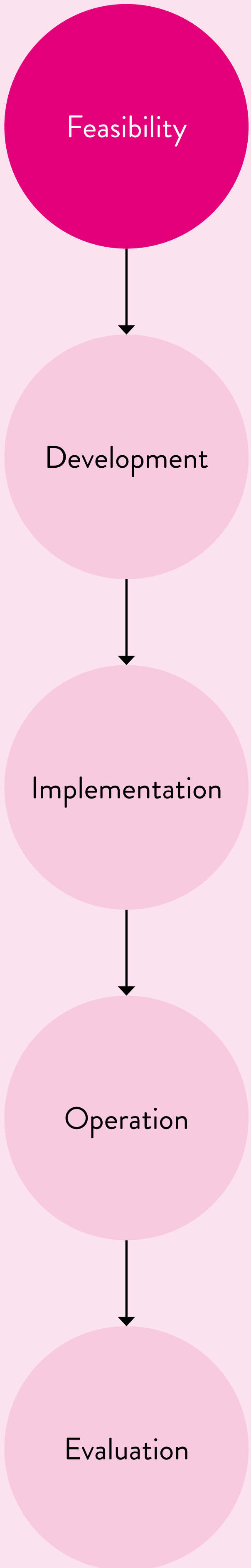
- The objectives for the services can be articulated in **clear and measureable outcomes**
- **Eligibility is clear** and unambiguous
- There should be a clear **attribution** between the intervention to be delivered and the outcomes to be measured
- The commissioner is prepared to grant the provider freedom to operate and is not overly prescriptive about the **means** by which outcomes are achieved
- It is considered that outcomes will be improved through **financial incentives**
- The outcomes linked to payment can be **achieved within the period of a contract** i.e. 3–5 years (other outcomes may be evaluated longer term).

Service areas may be less suitable where, for example:

- The form of contracting results in additional costs, through for example, a risk premium on outcomes payments, and the same outcomes could be achieved through a less expensive form of contracting relationship
- The commissioner is unable to pay sufficient amount to properly incentivise the achievement of outcomes
- It is not possible to fully assess the value of "deadweight" or the outcomes that would have been achieved anyway
- There is a significant risk of perverse incentives, i.e. that the service provider has a way of receiving remuneration without achieving the outcomes or using inappropriate practices.

4. National Audit Office (2015) 'Payment by Results: Analytical Framework for Decision-Makers'

> Commissioners should justify their selection of PbR over alternative delivery mechanisms.
>
> *NAO report: Outcome based commissioning: government's use of payment by results. June 2015*



Questions of scale and value

In the UK, payment by results contracting has tended to be focused on narrowly defined cohorts because outcome based contracting has mainly been used for interventions that sit outside the mainstream of service provision. However, in the US, SIBs and other payment by success/results models are generally much bigger in scale. The trade off is the clarity of focus and ability to meaningfully engage stakeholders against the better cost-benefit of delivering at scale. Some authorities are looking at working with small local cohorts, but across multiple commissioning areas as a means of achieving appropriate scale.

The test for feasibility purposes is whether the overall value of the service is sufficient to off-set the additional costs associated with management and governance of the contract. There is no absolute rule, but as an indication, the current cost of the service should exceed £1m over 3-5 year period to enable the service to deliver value. This increases if there is a special purpose company structure and a more complex and expensive structure (see page 22, **Structure of the contract & contracting arrangements**).

For some services, it may be possible for the commissioner to define the value point or rate card against which it requires the service providers to provide the service in order to demonstrate value. This will simplify the future procurement process.

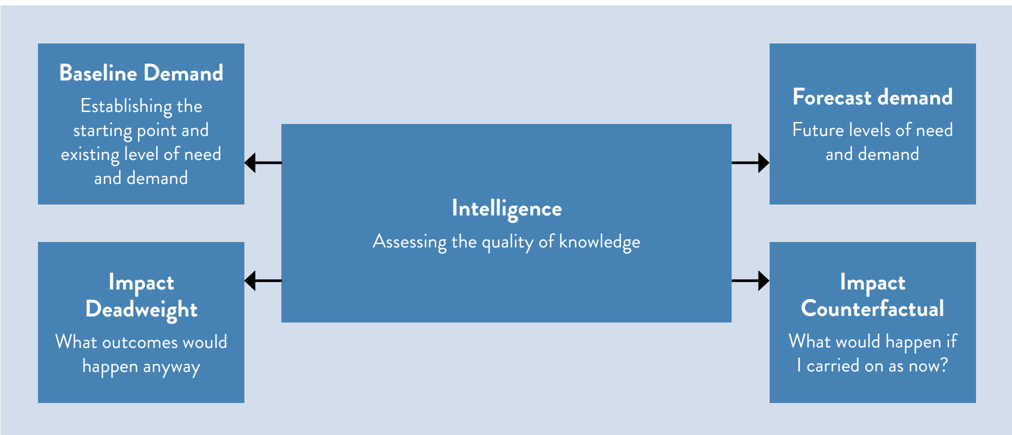
Cohort to be involved

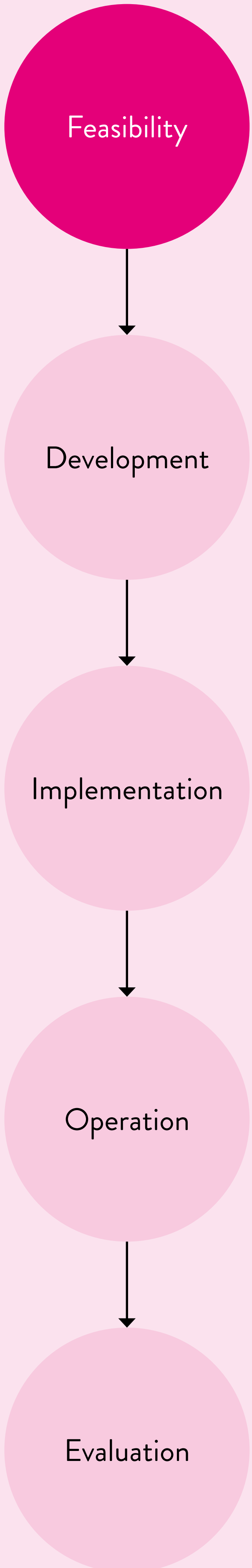
The cohort should be clearly and unambiguously defined. It should not be possible to dispute whether a service user is in the defined cohort. This is important for the commissioner in terms of preventing the cherry picking of individuals by the provider, and important for the provider that the commissioner has some obligation to refer the relevant individuals into the service.

Building stakeholder commitment and internal capacity

In being focused on often challenging and complex social problems, outcome based contracts frequently involve a range of different professional groups and impact on more than one commissioner. Early engagement of those other commissioners and professionals to secure a commitment to the principle of designing a new intervention, is an essential precursor. We recommend that a steering group is constituted at this stage, in order that stakeholders are engaged in key decisions like the focus and ambit of the project.

The project will require strong backing of senior decision makers and an empowered and stable project team. A critical source of failure in the journey to delivering a new form of service is where a key individual moves on from their role and there is no resilience in knowledge and commitment to the project.





The ability to commit time and resource to the project and sustain that commitment over several months (some projects can take two years to operational delivery) should be a key consideration in determining the feasibility of the project.

Intelligence

In order to determine whether a project is feasible, there should be data that defines the level of need, not just historically, but going forward over the next five-plus years. It should also be possible to define the cost of the problem in direct and indirect terms and the nature of the outcomes of existing services. Outcome based commissioning requires an accurate baseline against which to measure the impact of the new service and then good quality data on the service is needed to design the new form of intervention.

Commissioners should look to establish and verify the quality of data that will underpin the procurement process and assure itself that it fully understands the problem being addressed.

Outcomes to be achieved

At the feasibility stage it should be possible for the authority to define a clear set of high-level outcomes. Those outcomes define the scope of the service and inform the range of stakeholders who have an interest and influence. A more detailed outcomes framework would normally be developed in the next stage of the development process.

For example, for edge-of-care services, the outcomes might be the number of children in long-term stable, family settings. For young people's services, it might be reductions in the number of young people committing offences or achieving educational outcomes.

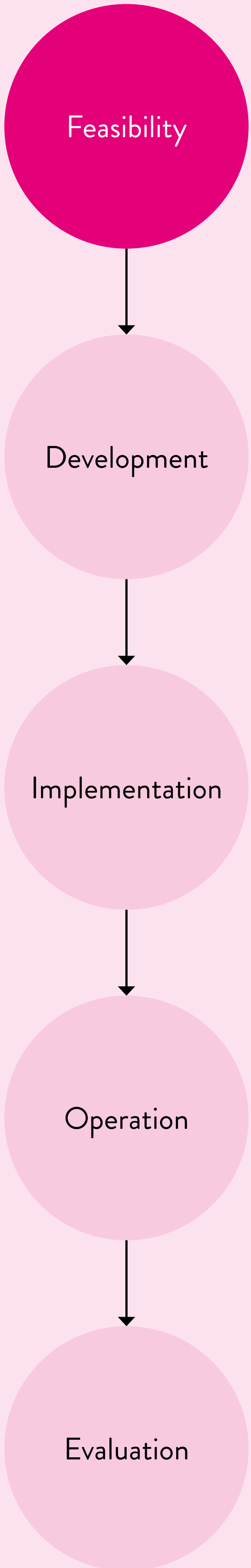
Maximum amount to be paid

There needs to be sufficient headroom between the cost of delivering an outcome and the risk associated with being paid on outcomes, and the value of achieving that outcome for a commissioner. To avoid nugatory effort in later stages, it is advisable that the commissioner establishes whether such headroom exists by looking at the cost to commissioners and testing with stakeholders. Where they exist in a given service area, we recommend that project leaders access case studies of outcome based projects to benchmark price per outcome and establish a broad cost-benefit to the intervention. Where no existing outcome based contracts exist to provide good comparators, it may be possible to informally engage potential suppliers. At this stage it will only be possible to secure an indicative understanding of cost and value, but sufficient to understand that a reasonable level of headroom exists to justify the investment in the future competition.

The procurement process can be made simpler where the authority is able to define a rate to be paid for defined outcomes. Rate cards are typically used in an environment where there has been some prior use of payment by results contracting and where the cost and price have been established. However, it may also be used where an authority is clear about the value of paying an amount to achieve an outcome and is confident that the market will respond positively.

Potential intervention or capability

It is prudent to establish through pre-tender market engagement whether there is an appetite for service providers to deliver services that will impact on the outcomes defined. This engagement will also serve to inform the authority about the scope of interest in that competition and what form of tender procedure might be most appropriate. Note that provided the service falls within the scope of the Light Touch Regime, the authority may choose the form of competition.



Development stage

The development stage is where the commissioning team develop a business plan that meets funder requirements and secures the commitment of internal decision makers and local stakeholders.

Developing the business case

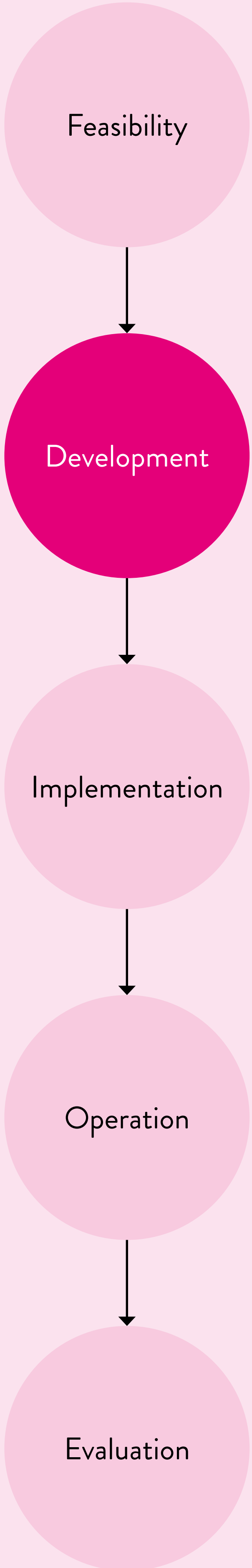
The form of the business case developed should meet the standards and requirements needed to secure internal commitment to the project as its primary objective. Where an authority is seeking funding from the Life Chances Fund or a successor programme, the fund administrator, at present Big Lottery Fund, will require completion of an application and may provide funding for external technical support to assist with the development of the business case. It is important that the authority does not rely on the application process to create a case of sufficient rigour to establish the internal case for investment. The Big Lottery application process is aimed at securing in principle approval for a minority level of funding and the authority would be expected to set a higher threshold against the case it presents for internal and local stakeholder approval.

Where an investor is sought, such as in the case of a social impact bond, the business case needs to be attractive to investors. The key characteristics of a business case that is likely to secure investment are as follows:

- A strong evidence base or theory of change evidencing that the intervention is capable of delivering better outcomes
- A level of payment for outcomes that allows investors to make reasonable returns when outcomes over and above an agreed baseline are achieved
- Adequate provision for active reporting and governance.

Decisions to be made at this stage

- Target operating model for service/ intervention
- Detailed research into evidence for impact of the intervention or development of a theory of change
- Outcome measurement framework
- Business case and payment profile
- Application for development grants (e.g. Life Chances Fund)
- In principle investor or funder support (where relevant)
- Developed counterfactual
- High-level deal structure
- Process and cost of implementation.



Key activities

Developing a target operating model

At this stage the commissioner needs to establish a sufficiently developed model that can be interpreted into a financial business plan. Where services already exist and information on the cost and structure of delivery is available, this model can be tailored for local circumstances. Where services are new, the commissioner will need to co-opt the expertise of partners to help create a model.

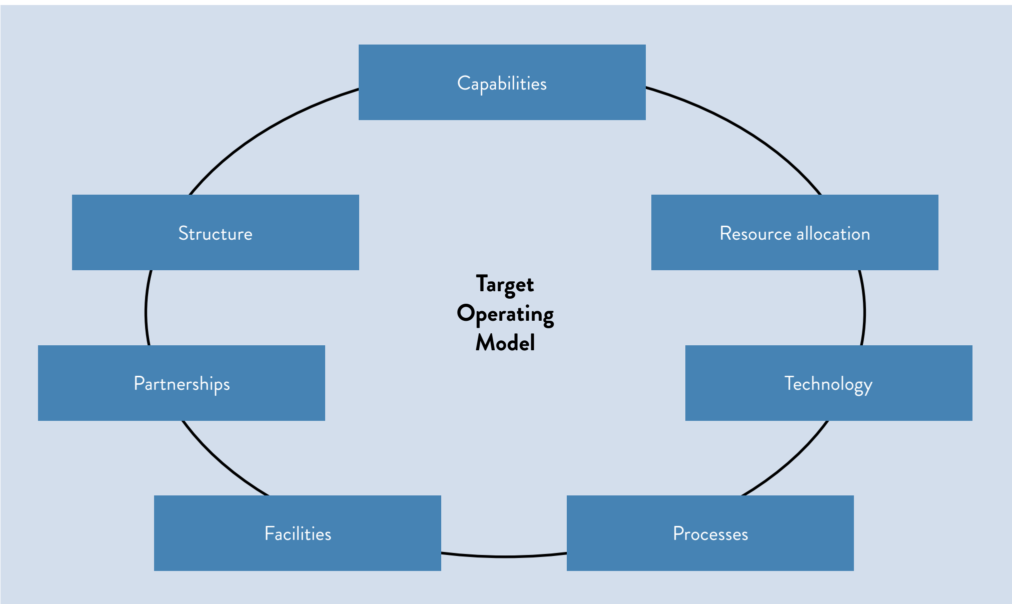
It will most often be beneficial to engage service providers through this process and derive some know-how on the delivery model and the data on costs from providers. It is at this point where it will be beneficial to have some form of agreement around the basis for collaboration that provides some protection to the service providers that make the investment in supporting commissioners at this stage.

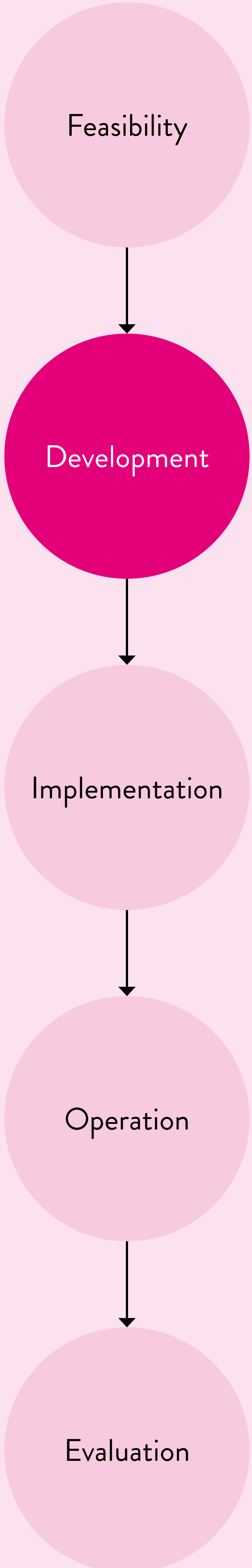
Research into the evidence base

The purpose of evidence is to inform the development of an appropriate model of service and to build the confidence of commissioners and funders in the impact and value of a new intervention. However, the quality of evidence should not be a barrier to trying a new form of service if commissioners and providers have sufficient confidence in a new idea. In this instance it may be appropriate to utilise the Innovation Partnership Procedure, or to share risk through the means by which payments are made, for example, via interim or proxy outcomes.

The development of the evidence base will be part of the feasibility and development stages. With initial research in the feasibility stage establishing the choice of intervention/service area and in the development phase, the quality of evidence backing that choice should be part of the business case process. Crucially the evidence should inform decisions about the assumptions that underpin the operational model such as appropriate caseloads and likely success rates. It is important to integrate users' choice profiles into the models as these may be used in the implementation phase as one of the award parameters. These assumptions will be tested in the diligence phase if external investment is required.

(See page 26, **Risk and payment profile** for further information on how risk may be shared between the commissioner and the provider/funder when they are seeking to work collaboratively on finding innovative solutions for which the evidence base is limited.)





Engaging investors

One of the decisions that the commissioner needs to make is about the relationship between itself, service providers and social investors (if needed). At the simplest level, commissioners may take the view that it is for providers to organise funding to support being paid by outcomes and the provision of sufficient capital is a question left to the competitive procurement stage. Commissioners may however, choose to engage investors directly as a party to the competition and give them the option of proposing an intermediary Special Purpose Vehicle (SPV) that contracts directly with the commissioner and contracts in turn with one or more provider.

Investors and investor intermediaries are amongst the most experienced of organisations engaged in outcome based commissioning contracting. Therefore, it is largely beneficial to seek their advice and input at the development stage. They are in the same position as any other part of the service provider community, in being subject to a competitive process and therefore the same rules apply in giving investors equity of access to potential opportunity for informal engagement and to ensure fair access to the formal stage of procurement.

Structure of the contract and contracting arrangements

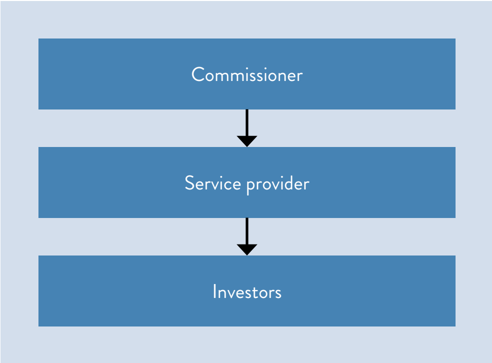
It is important that commissioners consider the structure or model of the contract because it impacts on the roles and responsibilities of organisations involved in delivery and funding and therefore the specification that supports how services are procured. At this stage in the evolution of outcome based commissioning there are no standardised models or exhaustively tested methods of good practice, but there are some experiences to draw on. Below are three examples of structures developed by Social Finance that relate to contracts where social investors are involved. We have focused on these models because there is a level of additional complexity where advice is most useful. As other models of commissioning emerge, it is our intent to add to this.

One of the decisions that the commissioner needs to make is about the relationship between itself, service providers and social investors (if needed).

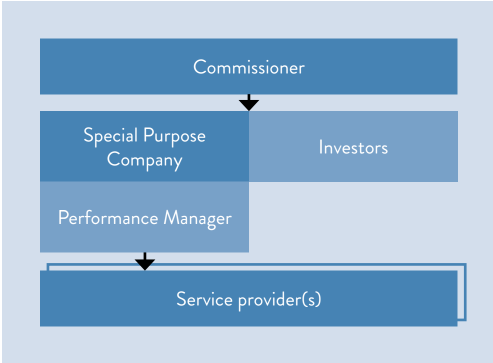
In determining the choice of model, we recommend that commissioners consider the following factors:

- Extent of risk transfer for payment of outcomes e.g. will commissioner pay some fee for service or on interim/proxy outcomes?
- Whether contracting for a single/prime or multiple delivery organisations
- The extent to which the commissioner wishes to retain an active involvement in the management and governance of the contract or remain arms length from a management entity
- The capacity of the commissioner to hold the provider to account and whether it will build additional capacity in contract and performance management.

Feasibility → Development → Implementation → Operation → Evaluation



Model A



Model B

Model A

A Provider-Led Social Impact Bond

The simplest contracting structure is one where the commissioner contracts directly with a single provider who acts either as the sole delivery agent, or as a Prime provider, subcontracting to others. Providers may seek external funding and contract with social investors to provide funds.

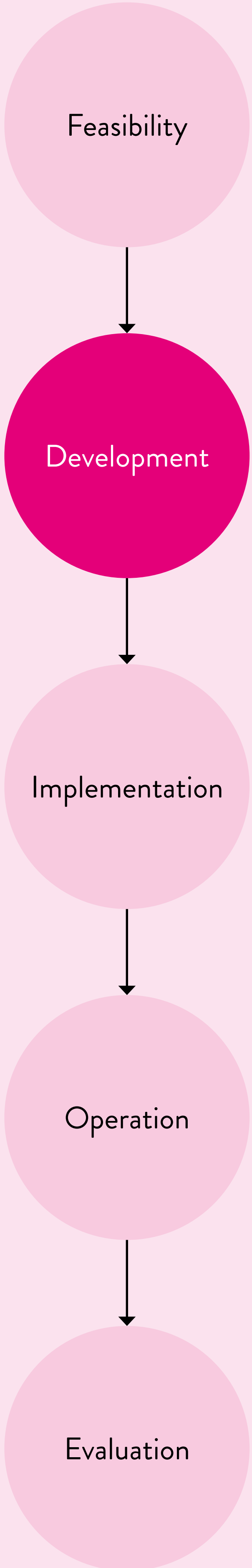
Whilst simple in contract terms, as set out in the section on governance, commissioners are most likely to want a direct relationship with investors where they are involved in a deal in order to properly align contract and performance management activities. Whilst this can be dealt with in the provisions around governance, the relationship between the key parties is important.

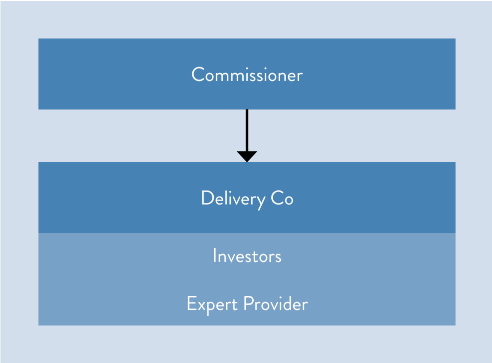
Model B

An investor Social Impact Bond Delivery Agency (Special Purpose Vehicle) that will source the investment capital required, act as the co-ordinator of the contract and sub-contract the delivery of the specific services required to achieve the outcome. One of the advantages of this model is that it establishes an organisation that is focused on improving collaboration and performance management and shields the provider from financial risk. It can also provide the scope to bring in new service providers over time and work with multiple providers, which can be attractive to investors and commissioners. It will reduce the time and effort of the commissioner in managing the contract, a new structure will however involve setup and running costs.

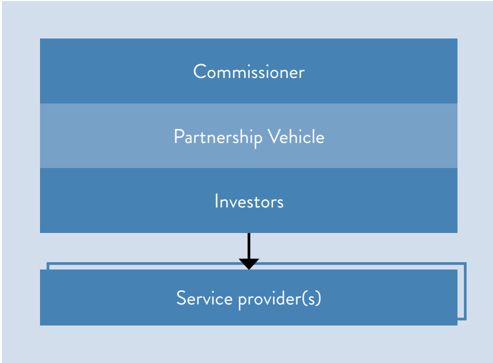
Implications for procurement design

- The typical minimum contract size for establishing a separate investor-owned entity is probably around £5 million, and would ideally be over £10 million in order to cover set up and running costs
- Sufficient time will need to be allowed in the procurement process for investors to establish new Social Impact Bond Delivery Agencies to bid to deliver the contract and to finalise arrangements with sub-contractors once an investor owned Delivery Agency is the preferred provider.





Model C



Model D

Model C

A partnership of investor(s) and providers establish a Social Impact Bond delivery agency. Some social sector organisations are seeking to lead the development of Social Impact Bonds to address problems they are familiar with. In these instances, the social sector organisation is looking for investors. Investors will still need to have a central role because their money is at risk, but the key provider may take the primary risk and this will influence the role and position of the investor in relation to the governance of the contract with the commissioner.

Implications for procurement design

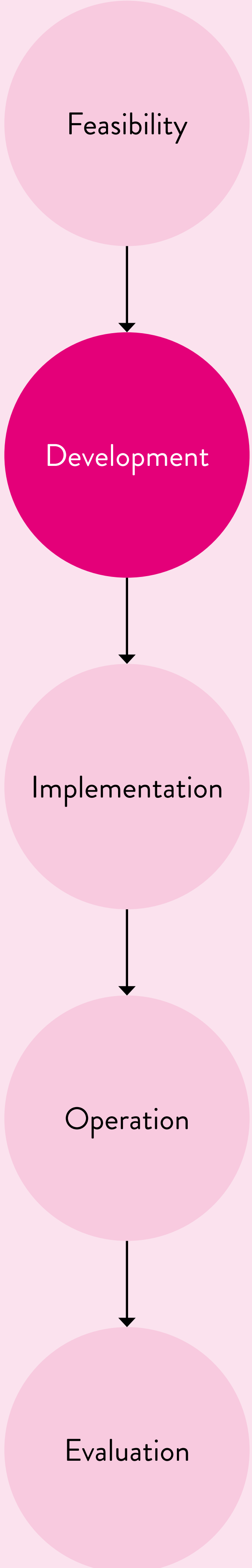
- Commissioners may benefit from seeking to facilitate partnership working, for example by holding events at which interested investors and providers can come together
- Commissioners will also need to recognise that investors will general only provide an 'in principle' commitment to work with a particular provider at the initial bidding stage. They should allow time for commitments to be finalised through a more detailed process of post tender negotiations
- Contracts will probably need to enable the partnership to change providers or even to terminate the service in the event that poor delivery is leading to sub optimal outcomes for the commissioner and therefore, significant loses for investors.

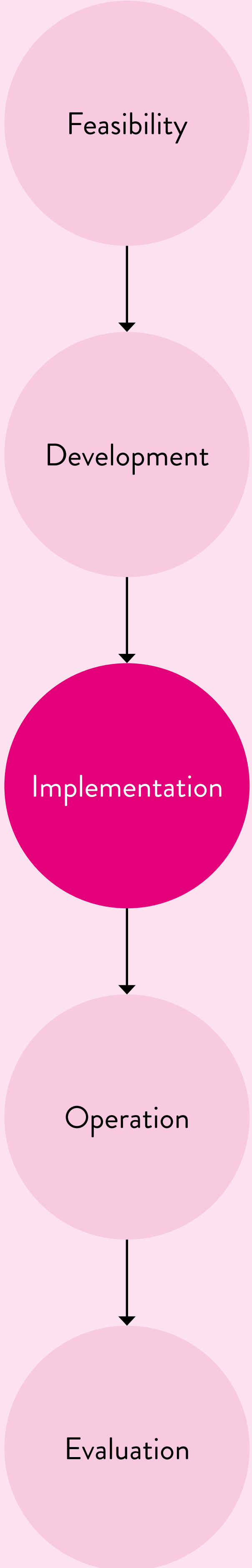
Model D

Joint Ventures Between Investors and Public Sector are appropriate when social investors and the public sector would bring complementary resources to a partnership. For example, an existing public service team might contribute expertise, experience and an established service delivery infrastructure. Investors could bring risk finance, management and commercial expertise. This does not require a public procurement process, because this only applies to service (or works, or supplies) contracts. A procurement process may be used, but it will not be subject to the same regulations.

Implications for procurement design

- Procuring Joint Ventures requires careful consideration of issues such as the structure and governance of the future service. It is likely to require considerable dialogue and negotiation with the preferred providers(s). HM Treasury has issues specific guidance on the procurement of Joint Ventures that provides an overview of approach (HM Treasury. Joint Ventures: A Guidance Note For Public Sector Bodies Forming Joint Ventures With The Private Sector. HM Government, 2010)
- In establishing a Social Impact Bond Delivery Agency as a Joint Venture, control will generally follow the allocation of risk between the parties, but is a matter of negotiation.





Implementation stage

Once the commissioner has secured its sources of funding/investment, whether through social investor investment committees, Big Lottery Investment Committee or/and its internal processes for approval, it can start the formal process of contracting for the service. As will be evident, this formal phase is at a late stage in the overall engagement and it is likely that relationships will have been established with providers already.

However, commissioners must consider how they execute the principle of providing equal opportunity to the market and careful handling of information exchanged prior to formal procurement is critical in enabling this principle to be met. Although commissioners may make the final decision around the form of procurement process to be used at this stage, early planning is advisable to minimise the risk of artificiality and non-compliance in the process.

As set out on page 9, **Creating an Innovation Partnership**, the new Innovation Partnership procedure allows commissioners to work with a provider or a small number of providers to design and deliver new forms of service, but this should be with the objective of creating a specification that can be made subject to later competition. The Regulations on Innovative Partnerships do not provide any specific timeframes. Regulation 31 (25) states that 'the contacting authority shall ensure that the structure of the partnership and, in particular, the duration and value of the different phases reflect the degree of innovation of the proposed solution and the sequence of the research and innovation activities required for the development of an innovation solution not yet available on the market'.

Procurement Procedures

The first consideration is to ascertain how the Public Contracts Regulations 2015 apply to the commissioning decision and whether the service is covered by the new Light Touch Regime for Health and Social care, which allows commissioners to select the tender process they consider most appropriate. The commissioner's key consideration in making this decision will be how the form of competition best serves the public interest. We recommend that a competitive process should be the default choice, except where there is manifestly no choice of provider.

Details on the procedures are provided in earlier sections of this document.

Risk and payment profile

There are two broad methods for commissioners to determine the price to be paid for outcomes. The first is for the market to offer a price based on specified outcomes. It is important for commissioners to have a robust understanding of the cost of the existing service or problem (counterfactual) prior to the competition to understand whether the market is able to offer sufficiently better value.

The second option is for the commissioner to define the value of the outcomes in the form of a defined "rate card" and for the market to respond with an offer based on the number of outcomes that can be delivered for that value. The rate card is helpful where the commissioner

Case study: Department for Work and Pensions (DWP) Innovation Fund Rate Cards

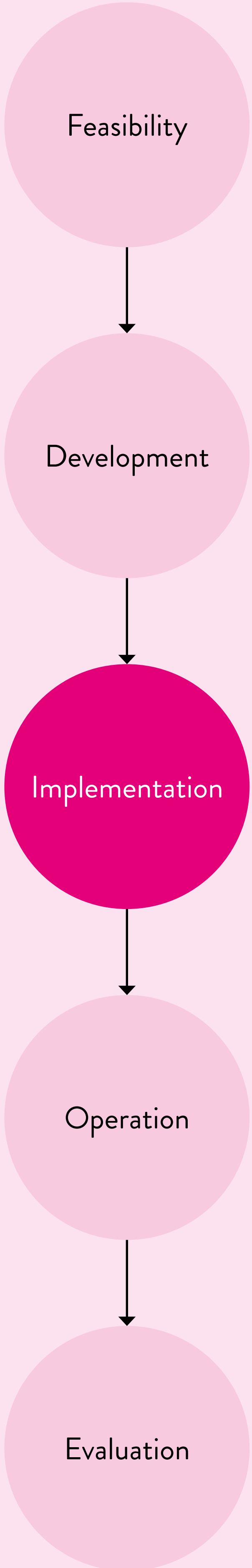
The DWP Innovation Fund aimed to test new social investment and delivery models to support disadvantaged young people, and those at risk of disadvantage, aged 14 to 24 years. It paid for outcomes that were directly related to increasing future employment prospects.

The DWP developed a range of proxy outcomes for gaining and sustaining future employment. Outcomes include re-engaging with education, such as addressing truancy and behavioural issues; gaining educational qualifications; and entering apprenticeships and employment. The DWP specified a maximum amount they were willing to pay per outcome, which represented a proportion of the benefit savings associated with moving a disadvantaged young person into work. There was also a cap of £8,200 per participant in round one and £11,700 in round two.

A list of payable outcomes was published in the specifications for each round. Bidders were invited to pick and mix from this list and work toward outcomes appropriate for their particular group of young people. Bidders also proposed the payments they expected for each proxy outcome, up to the maximum amount set by the DWP.

The Innovation Fund was commissioned over two rounds via an open competition. This resulted in ten SIBs in total, testing a range of social investment and innovative delivery models. The total investment from external investors was approximately £10m and the total maximum payments for outcomes amount to £28.4m. To date the Innovation Fund has supported over 5,000 disadvantaged young people and achieved over 1,500 successful outcomes[5].

5. Centre for Social Impact Bonds (2016) 'Department For Work And Pensions Innovation Fund: Summary' (Cabinet Office)



Nature of Outcome	Maximum Price of Outcome
Improved attitude towards school	£700
Improved behaviour	£1300
Improved attendance	£1400
Entry Level Qualification	£900
NVQ level 1 or equivalent	£1100
NVQ level 2 or equivalent	£3300
NVQ level 3 or equivalent	£5100
Entry into employment	£3500
Sustained Employment	£2000
The Maximum amount payable per individual is £11,700. The figure is based on 3 years of Annually Managed Expenditure (AME) savings.	

Source: Department for Work and Pensions, 2012

has good quality information on the value of the outcome and wants to consider different performance offers.

Commissioners need to consider the risk associated with achieving outcomes and the balance between price, risk and value. Paying for interim or proxy outcomes may reduce the overall cost of capital and improve the affordability of services, whilst resulting in less risk being transferred. Commissioners may want to look at different options through the procurement process and understand how different providers and investors treat risk.

Interfaces and dependencies

It is in the nature of outcome based commissioning that the system of delivery will have dependencies on other services, particularly at the point of referral in and exit out. It is important for all parties that these dependencies are part of the design of the service and assumptions that relate to the way parties engage with each other are codified into the design and contract.

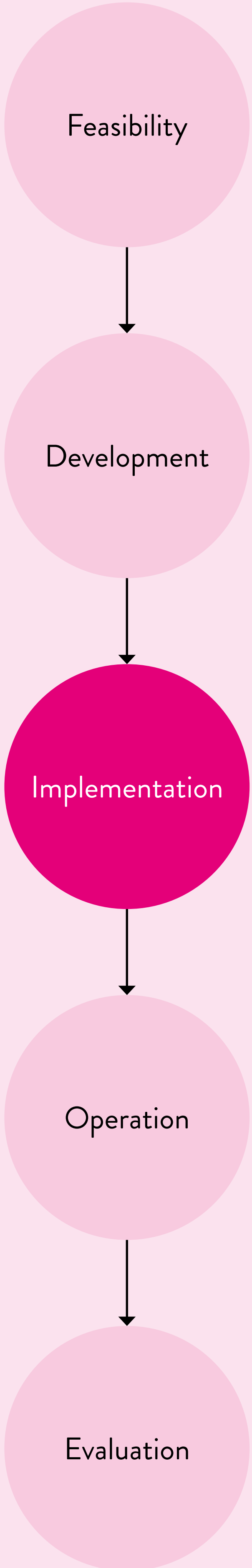
In addition to operational staff and systems, there may well be implications for teams in supporting roles around information management, particularly if there are dependencies around the provision of data, for example. These should form part of the agreement in some form, in a way appropriate to the potential impact on the delivery of outcomes.

Principles for assessing proposals from providers

The specific criteria for outcome based contracts will vary according to the objectives of commissioners in each circumstance. We consider that they will generally benefit from including the following five criteria, particularly when developing a Social Impact Bond[6]:

- **Ability to meet outcomes:** commissioners should avoid being prescriptive about how outcomes are delivered. Encouraging innovation may also be an explicit objective. However, it will still be important to test the robustness of the providers' plans for delivering the outcome, such as the evidence

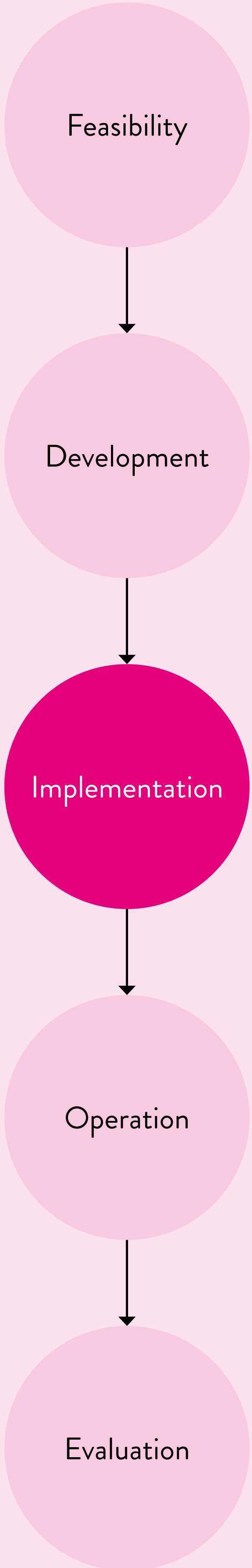
6. Social Finance (2011) 'A Technical Guide To Commissioning Social Impact Bonds'



base and experience they are drawing upon and the quality control and management systems they will put in place

- **Ability to source finance and providers:** given that raising finance will be difficult in new social impact bond service areas, it may not be possible for finance to be fully secure prior to a preferred provider (or providers) being chosen. Social investors, such as charitable trusts and foundations, will want to see the final details of the proposed contract before committing investment. However, it will be important to test the ability of the social investment intermediary or consortium proposing to deliver the service at an early stage
- **Price per outcome or share of saving returned to the commissioner:** price will clearly be important and commissioners should have established a threshold price per outcome that is necessary for the Social Impact Bond to prove value for money. However, below the threshold, it may well be useful to put more emphasis on quality rather than price. We are aware, for example, of some providers of payment-by-results contracts who would consider just 'having a go' at a low price and walking away from the contract if insufficient outcomes are achieved to return a profit. Choosing a higher quality provider, at a price that still delivered sufficient savings, might prove greater value for money in the long term
- **Ability to integrate with other services and support wider objectives of the commissioner:** given that links between services is often essential for improving social outcomes, testing this specific element of the proposal may have merit. We consider that bidders should often be asked about how they will contribute to wider strategies, in order to test how they will avoid the risk of meeting their own objectives at the expense of undermining other objectives. Assessing the wider social, economic and environmental impacts of the proposal may be appropriate under this criterion
- **Strategy for sharing learning and innovation:** given that procuring Social Impact Bonds is new, recognising those proposals that share learning and help build the market will often be beneficial.

> The most innovative SIBs co-produce solutions with service users to ensure that the service is relevant and focused.
>
> *Social Impact Bonds. The State of Play and Lessons Learnt. OECD*



Operational stage

As set out on page 14, **General guidance – Agility in delivery**, the commissioner should expect and encourage change as learning about what works and adapting services accordingly is a fundamental value of outcome based commissioning. What should not change is the fundamental balance of risk and reward and how this is managed between commissioner, provider and funder. This is why the structure of the relationship between the parties is critical to the success of the contract and should be designed with an active and engaged relationship in mind.

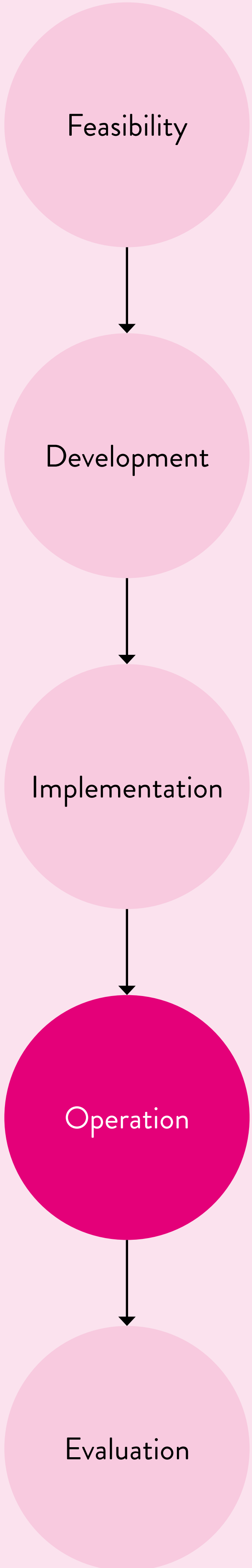
we observe that this need for agility on the commissioners part is most often dealt with in the form of governance and the empowerment given to officers leading the management of the contract. In short it is imperative that senior and empowered officers maintain an active leadership role throughout the operational stages.

The most important consideration is including those who most significantly influence the success of the contract and are empowered and interested in its success.

Forms of governance

In most contracting environments, governance arrangements defend the status quo and ensure promises and commitments are delivered. In outcome based commissioning, change may be necessary to achieve outcomes and may require the commissioner to make changes to the duties and responsibilities (and possibly the costs) of other services that have some inter-dependency and impact on the achievement of outcomes. It is often too complex to codify this inter-dependency in the form of contract and undesirable for commissioners to accept an ill-quantified responsibility to change;

> Government guidance sets out the expectation that all policies, programmes and projects should be subject to 'proportionate' evaluation.
>
> *NAO guidance*



Where there is an SPV, there will be a layer of internal governance and it is important to align the focus and responsibilities of all the managing entities, particularly around the timing of reporting. For example, in a monthly meeting cycle, where the same outcome figures are being reported through provider and commissioner entities, these meetings need to be close together to avoid a lag on the accuracy of information presented. Simply, all the actors involved in governance, need to work from up-to-date information that reflects the issues of the moment.

Governance can be a significant cost to projects and a barrier to the viability of smaller projects. It thus needs early consideration to ensure costs are considered in the business case and that a pragmatic approach is taken that avoids duplication and looks to bring parties together to achieve better performance.

Reporting

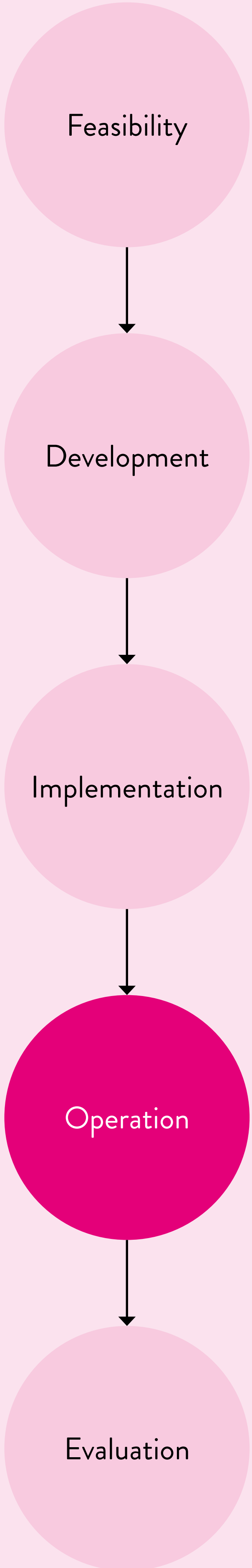
Commissioners should require a high standard of reporting both to underpin the payment of outcomes and other results and to ensure that insights into the effectiveness of services in improving outcomes are being delivered in practice. It is important to articulate those expectations clearly in the specification alongside the requirements for collecting the data that supports the reporting process. Commissioners should seek to test how the providers systems support the processes of data collection and reporting and to ensure that there is sufficient resource to support the quality of rigour required. These responsibilities will vary across organisations according to the model preferred, however, the principle of ensuring rigour and fit for purpose systems is equally relevant and important.

Case Study 1

The important considerations for the governance of a project may not fully reflect the structure of the contracting arrangements. For example, in Manchester City Council's Multi-Dimensional Treatment Foster Care Social Impact Bond, the investor attends the key governance meeting with the commissioner, alongside the service provider, despite the direct contractual relationship being between the commissioner and service provider and the investor being a sub-contractor to the service provider in legal terms. Whilst unusual in other contracting environments, it properly reflects in this case the role and interests of the social investor as a "principal" in the overall project with an aligned interest in driving the performance of the service provider.

Case Study 2

In Essex County Council's Multi-Systemic Therapy Social Impact Bond, there was no initial relationship between the investor and commissioner. Performance was managed through an intermediary body. Governance arrangements have subsequently been changed to allow investors to be a direct participant in the governance of the contract.



Evaluation stage

In the earlier stages of the procurement process, the commissioner should design the measures required to evaluate the contract and articulate the processes and responsibility for evaluation. It is important to carefully consider the data that is needed and therefore critical that the research questions required by the commissioner directly and other stakeholders are gathered. There is a more general expectation on outcome based contracts to deliver a standard of evidence that can enable better commissioning of the service in the future and this should be a consideration in the requirement for data collection.

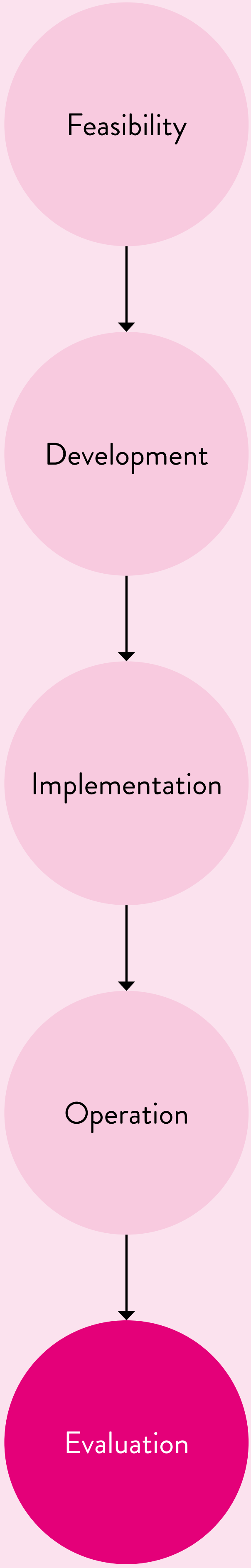
There are a series of possible evaluation questions and these may be specified as a condition of funding from centrally funded programmes such as the Life Chances Fund. Where they are not, it is helpful for commissioners to consider what they would require to know if the service was commissioned using mainstream public funds i30n the future.

Further Information

More detailed information about social impact bonds and outcome based commissioning is available on the Government Outcomes Lab website: **golab.bsg.ox.ac.uk**

Useful resources

- Bates Wells Braithwaite, HCT Group and E3M (2016) 'The Art of the Possible in Public Procurement,' **www.bwbllp.com/knowledge/2016/09/27/report-the-art-of-the-possible-in-public-procurement**
- Bridges Fund Management (2016) 'Better Outcomes, Better Value: The evolution of social impact bonds in the UK,' **www.bridgesfundmanagement.com/publications/better-outcomes-better-value-evolution-social-impact-bonds-uk**
- Bridges Fund Management (2014) 'Choosing Social Impact Bonds. A Practitioner's Guide,' **data.gov.uk/sib_knowledge_box/publications/choosing-social-impact-bonds-practitioners-guide**
- National Audit Office (2015) 'Payment by results: analytical framework for decision-makers,' **www.nao.org.uk/wp-content/uploads/2015/06/Payment-by-results-analytical-framework-for-decision-makers.pdf**
- Procurement of Innovation Platform (2016, 1st ed) 'Guidance For Public Authorities On Public Procurement Of Innovation,' **www.innovation-procurement.org/fileadmin/editor-content/Guides/PPI-Platform_Guide_new-final_download.pdf**
- Social Enterprise (2012) The Social Value Guide: Implementing The Public Services (Social Value) Act,' **www.socialenterprise.org.uk/the-social-value-guide**
- Social Finance (2011) 'A Technical Guide To Commissioning Social Impact Bonds,' **www.socialfinance.org.uk/a-technical-guide-to-commissioning-social-impact-bonds**
- Social Finance (2013) 'A Technical Guide To Developing Social Impact Bonds,' **www.socialfinance.org.uk/a-technical-guide-to-developing-social-impact-bonds**



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