



**GOVERNMENT  
OUTCOMES  
LAB**

# **Awarding the Public Contract in a Social Impact Bond**

March 19, 2019



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#SIBContract



# GOVERNMENT OUTCOMES LAB

## Outline

- Introductions
- I. What is a SIB and why is it different?
- II. Five Procurement Pointers
- III. Five Hurdles When Closing the Deal



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# Today's speakers



**GOVERNMENT  
OUTCOMES  
LAB**



**Mark Roddan**  
Joint Head of Procurement  
for North Somerset and  
South Gloucestershire  
Councils



**Paul Riley**  
Fellow of Practice  
Government Outcomes Lab



**Daniella Jammes**  
Solicitor  
Freshfields Brukhaus Deringer LLP



**Ruairi Macdonald**  
Research Associate,  
Government Outcomes Lab  
(moderating)



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# About the GO Lab



Joint partnership  
between UK  
Government &  
Oxford University

Established in 2016

Based at the  
Blavatnik School of  
Government, in  
Oxford

Centre of academic research and practice with a mission to improve the provision of public services to tackle complex social issues, with a focus on outcome based models



# Support from the GO Lab

Knowledge Hub for  
SIBs & OBC

[golab.bsg.ox.ac.uk](http://golab.bsg.ox.ac.uk)

Guides &  
resources



SIB  
Readiness  
Framework



SIB  
projects  
database

HOW TO  
GUIDE  
CONTRACTING  
AND GOVERNANCE

Advice  
surgeries



Events &  
workshops



Webinars



Regional  
SIB  
Knowledge  
Clubs



Fellows of  
Practice

# Digital knowledge hub for outcomes commissioning

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UNIVERSITY OF OXFORD  
GOVERNMENT OUTCOMES LAB

About Our Projects Knowledge Guidance News & Events

## The GO Lab is a centre of academic research and practice for outcome based contracting & social impact bonds

This is our digital hub for resources and insights from across this emerging field

**Event**  
Save the date: Social Outcomes Conference 2019 >

**Jobs**  
Career opportunities >

**Blog**  
Has social prescribing come of age? >

[golab.bsg.ox.ac.uk](http://golab.bsg.ox.ac.uk)

- In-depth case studies from UK & beyond
- SIB Projects database - UK
- Policy news, interviews, blogs
- Publications library
- Technical guides
- Webinars
- Advice surgeries...
- ...and much more

# Resources for commissioners

Setting and measuring outcomes 2 chapters

## Setting and measuring outcomes

A guide to identifying, defining and measuring outcomes for the purposes of outcome based commissioning

Download as PDF

Chapter 1  
General guidance

Introduction and overview

Understanding outcomes, measures and metrics

Different types of outcome

Individual versus cohort measurement

Developing an outcomes framework

Identifying the right outcomes

### About the guide

This guide provides advice on the processes of identifying, defining and measuring outcomes when putting in place an outcomes-based contract or social impact bond. It is aimed mainly at local commissioners, but should also be useful to providers of services and interventions who are involved in

## How to guides: golab.bsg.ox.ac.uk/guidance

## Weekly policy news and updates briefing

<https://tinyletter.com/ukgolab>



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## Advice Surgeries

Book online:  
[golab.bsg.ox.ac.uk/guidance/advice-surgeries](http://golab.bsg.ox.ac.uk/guidance/advice-surgeries)



# Helpful resources (New!)

**Launching today!:** New GO Lab technical guide to  
*Awarding the Public Contract in a SIB*

**Coming soon:** Updated UK Government SIB Contract  
Template.



**Short guide: Contract formation** >



**An introductory guide to pricing  
outcomes** >



**Setting and measuring outcomes** >

# About our audience



## Some of your roles:

*“LCF Commissioner Support”*

*“Securing more stable accommodation for single homeless people in temporary accommodation”*

*“Working on a large regional/national SIB proposal to reduce the incidence of youth in out-of-home-care.”*

*“Involved in the Essex MST SIB - now closing”*

*“6 different SIBs in Eastern Europe with different topics”*

*“Adolescent Girls and Young Women in South Africa”*

# About our audience

## Some of your questions:

*“How to simplify a contract for a multi borough SIB. How to ensure referrals are made and what penalties could exist if they are not?”*

*“Do we need a radical, root and branch, rethink of what procurement is? Do we need to move beyond "power" based language about "contracting AUTHORITY" to talk about service partners?”*

*“How to agree outcomes and how to overcome LA commissioner problems with the procurement rules?”*

*“What aspects of the SIB commissioning process have been beneficial for commissioners?”*

*“A view on the scale of cohorts e.g. do SIBs work better where the cohort is small? can they work when it is very large?”*

*“How do we use outcome-based contracting to underpin good relationship management within SIB process (between commissioners, investors and providers)?”*





# Session overview

- I. What's SIB and what's different?
- II. Five Procurement Pointers
- III. The Contract & Five Hurdles Closing The Deal

# I. What's the deal with SIBs?

## Parties / Partners

- Commissioner
- Provider
- Social Investor
- Special Purpose Vehicle?
- Beneficiaries?

## Perspectives:

- Process / Compliance vs. Strategic Procurement
- Buyer – Seller vs. Collaborative Approach

**Payment *after and only if* outcomes  
are achieved  
+ Social  
investment**

## Reality (Context)

- Budget reductions
- Funds from Central Gov
- Politics
- Need

## Rules:

- Public Contracts Regulations
- Social Value Act
- Local Government Act

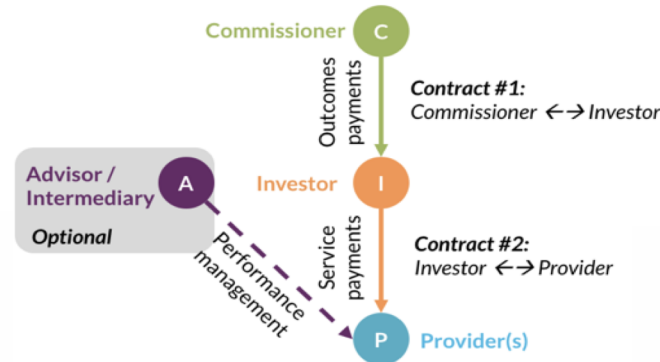
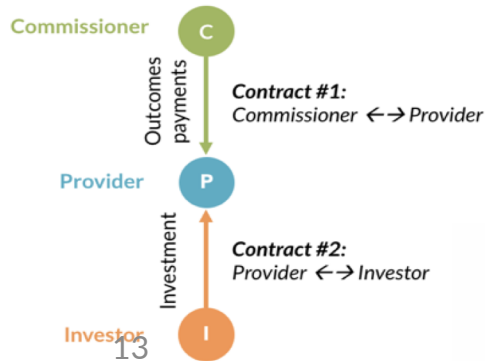


# I. What's the deal with SIBs?

Payment *after*  
*and only if*  
outcomes are  
achieved.  
+ Social  
investment.

## Parties / Partners

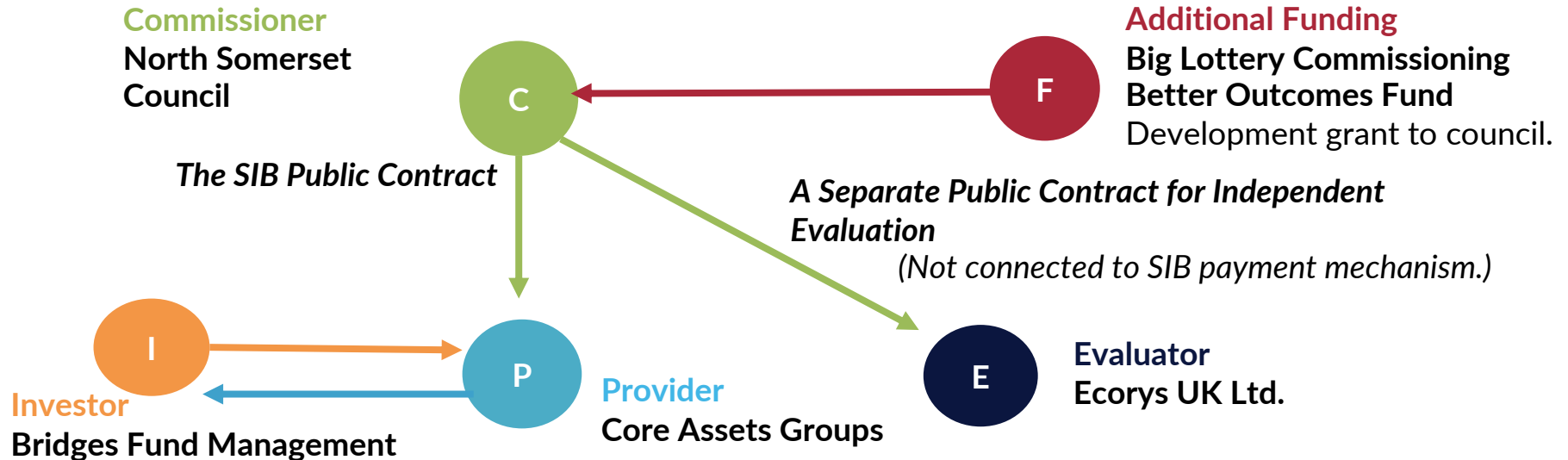
- Commissioner
- Provider
- Social Investor
- Special Purpose Vehicle?
- Beneficiaries?
- Evaluator?



# I. What's the deal with SIBs?

## Example: North Somerset Council's "Turning the Tide" SIB

(Working with families to help children stay at home safely and/or reuniting children with their families as soon as possible.)



# I. What's the deal with SIBs?

## Market Engagement & Procurement is Different

- You are in the market for a social investment not just for the services.
- You may want to co-commission.
- You are focused on outcomes.
- Social value not automatic.
- Harder to prioritise engagement with beneficiaries (perhaps).

## Contract & Closing the Deal is Different

- SIB Template
- 5 Hurdles

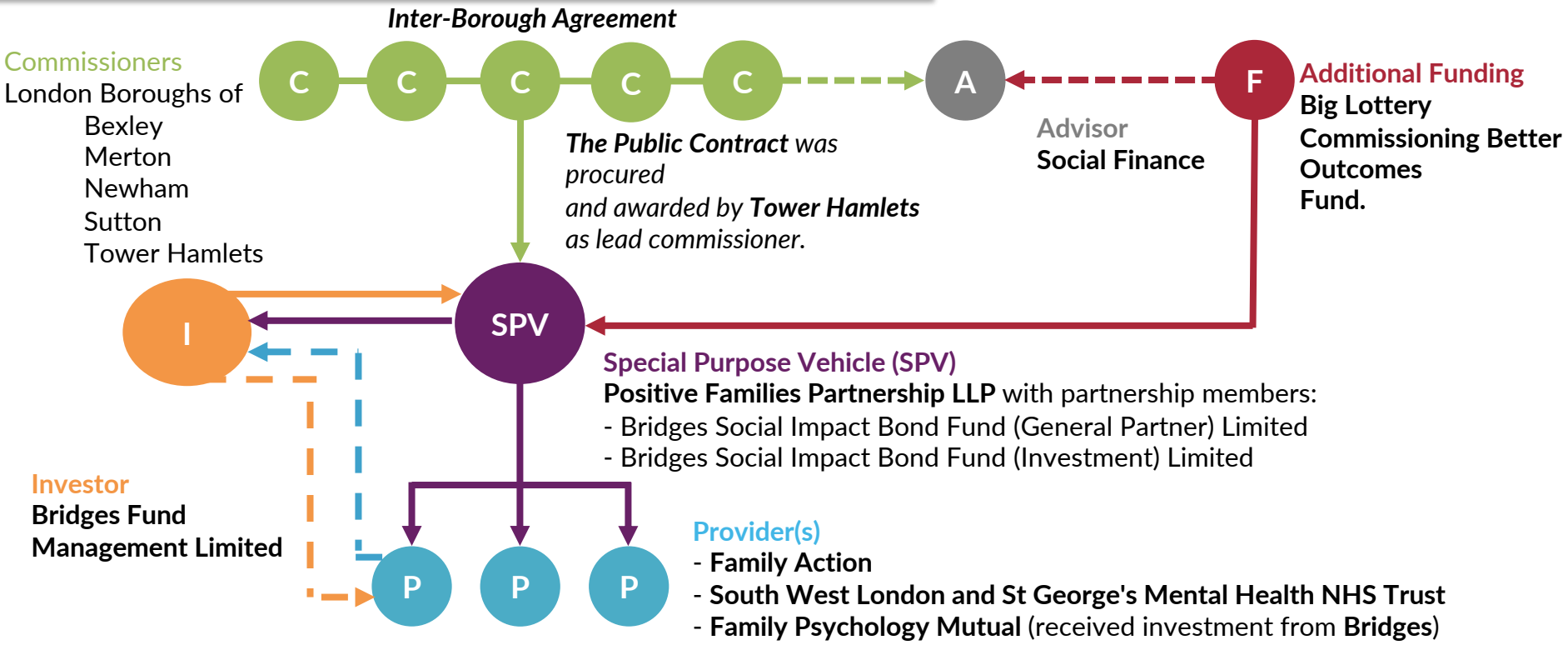
# II. Five Procurement Pointers

## 1. SIB With Friends

- Co-Commission
- Greater Numbers
- Attract more providers and social investment
- Mitigate / share risks in minimal referral rates.
- Eg. Pan-London Children on Edge of Care SIB had 5 London Boroughs



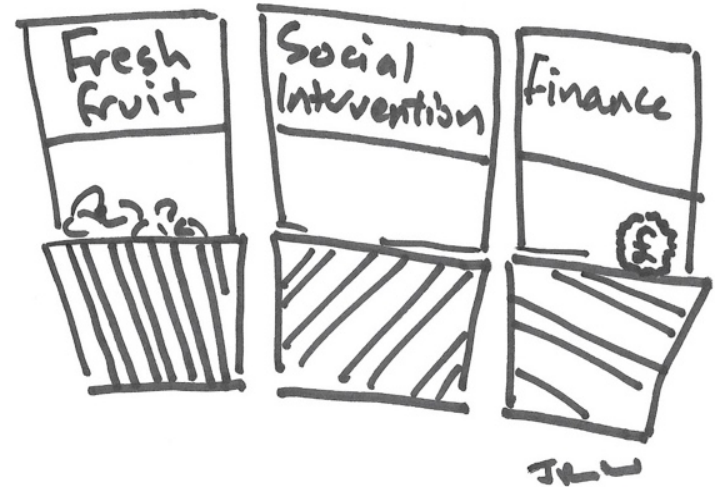
# II. Five Procurement Pointers



# II. Five Procurement Pointers

## 2. Be clear that you want a social intervention and investment.

- Payment “after and only if” means providers need investors.
- Describe need for social investment in transparency notices and procurement documents, including specification.
- **“Warm the market”** for providers and investors.



# II. Five Procurement Pointers

## Example: Market Warming Event

### **‘Turning the Tide’ Briefing for providers and investors**

**12 February 2016**

### **Objectives of session**

- Share information about our Social Impact Bond proposal and the draft procurement plan
- Gain insight from potential providers and investors to enable our approach to be refined
- Provide opportunities for discussion and networking between the Council, investors/intermediaries and providers

# II. Five Procurement Pointers

## 3. Be flexible about *how* outcomes are achieved

- Focus specifications and notices on outcomes.
- Let providers and social investors propose inputs and activities.
- Benefit: Allows more flexibility for changes in approach without need for re-procurement.





# II. Five Procurement Pointers

## Example: Turning the Tide

“The market knows as much as we do.”

“We may get different solutions during the procurement process.”

## Procurement: Underlying principles

- The market knows as much as we do – we wish to avoid being prescriptive
- Therefore, we have no preconceptions on:
  - The contractual relationship between all parties
  - How risk will be apportioned
  - How much the Council will be involved in developing consortia
- We are proposing to use Competitive Dialogue:
  - CD is designed to develop solutions during the procurement process
  - We may get different solutions/models that all meet our outcomes
  - We want a solution that is locally driven, utilises local businesses, engages the VCSE sector properly, and delivers social value over and above the primary outcomes.
- But... we are aware of the risks of CD e.g. can be resource intensive and will make sure the dialogue is focused and proportionate
- We want to take your feedback into account before making a final decision

# II. Five Procurement Pointers

## 4. Secure the SIB's social value and social benefits

- The [Public Services \(Social Value\) Act 2012](#) requires commissions to think about how they can also secure wider social, economic and environmental benefits.
- Example theme from a social value “Themes Outcomes Measures (TOMs)” framework:  
**Promoting Social Innovation: To promote new ideas and find innovative solutions to old problems.**



## II. Five Procurement Pointers

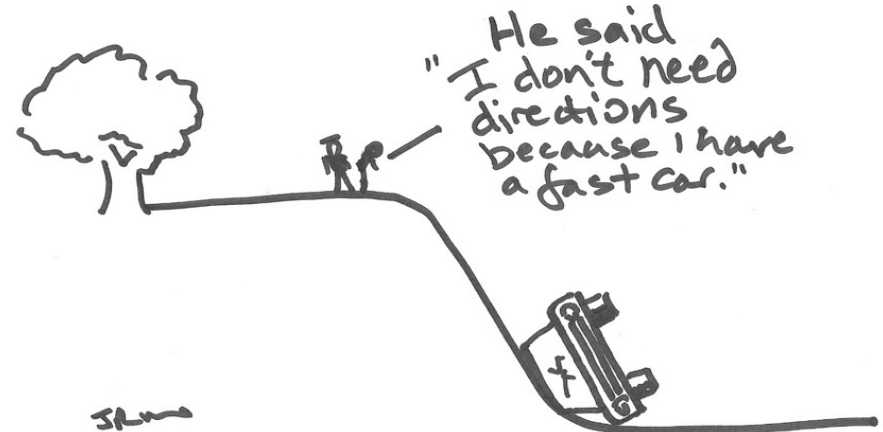
- Use the **data sharing agreement and reporting terms** to secure insights into performance on outcomes.
- Use **transparency notices** to help providers and social investors participate in future procurements.
- Require or commission an **evaluation** to secure learning around what was achieved *and how*.



## II. Five Procurement Pointers

### 5. Engage with SIB beneficiaries and their representatives.

- Consultations
  - Local Government Act(s)
  - Statutory requirements in specific issues.
- Co-Design
  - Engagement before procurement.
  - Engagement by providers in development of solution.
- Co-Implementation
- *Need for strategies here.*





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# III. The Contract & Five Hurdles Closing The Deal



**GOV.UK**

Guidance

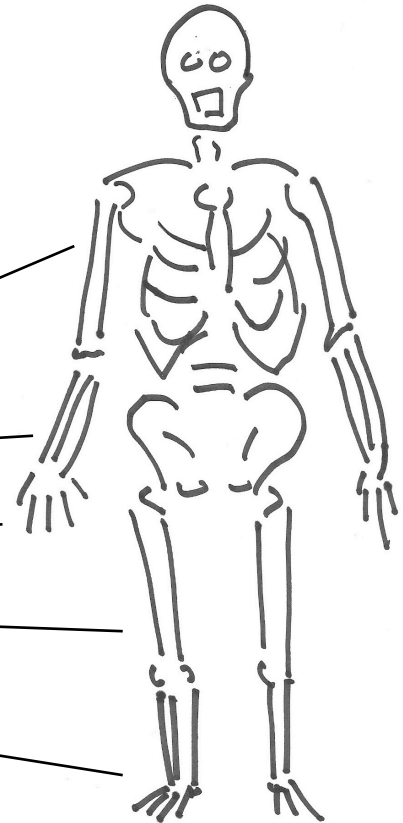
## **Social Impact Bonds**

<https://www.gov.uk/guidance/social-impact-bonds#available-support>

Like skeleton terms & conditions.

Attachments / “Schedules”

- **Schedule 1 Authority Requirements and Obligations**
- **Schedule 2 Payment Schedule**
- **Schedule 3 Deed of Assurance (3<sup>rd</sup> Parties)**
- **Schedule 4 Data Sharing Policy**
- **Schedule 8 Management Information**



# III. The Contract & Five Hurdles Closing The Deal

## Hurdles

1. Inappropriate standard payment terms
2. Disagreement on minimum and maximum referral rates.
3. No contractor protection in case of authority termination.
4. Inappropriate monitoring terms
5. Lack of flexibility for changes



# III. The Contract & Five Hurdles Closing The Deal

## General Solutions

- Involve contracting authority lawyers and procurement professionals early in the process.
- Consider using “conditions precedent”
- Do not over go over-board with complexity.  
*Keep the contract as light  
and simple as possible.*







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# International Social Outcomes Conference

- **5-6 September 2019, Oxford**
- Annual gathering of the foremost experts in the field (practitioners, policy-makers and scholars from across the globe)
- Currently accepting submissions for original research papers and practitioner-focused presentations
- <https://golab.bsg.ox.ac.uk/news-events/news/social-outcomes-conference-2019-call-papers/>



# Get in touch



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