A TECHNICAL GUIDE TO DEVELOPING SOCIAL IMPACT BONDS
“WE CANNOT GO ON ASSUMING THAT PUBLIC MONIES WILL BE SUFFICIENT TO RESOLVE OUR MANY DEMOGRAPHIC CHALLENGES.”

Lord Michael Bichard, July 2012
PURPOSE

Social Finance is a not for profit organisation that brings together finance, social and governmental expertise to redesign public services. Where necessary we help to bring in social investors who can provide finance and take on delivery risks to enable the implementation of innovative new models.

Since late 2007 when we started to develop the Social Impact Bond (SIB) idea, we have worked with HM Treasury, Ministry of Justice, the Department for Communities and Local Government, Home Office, Department for Work and Pensions, Cabinet Office and a variety of local authorities to assess and create models in different issue areas.

This guide draws on our experience to date in exploring the feasibility of SIBs, particularly in the area of Children’s Services. Social Finance worked with Essex County Council to develop and launch the first local authority-commissioned SIB in November 2012. The Essex SIB focuses on vulnerable adolescents at the edge of care or custody and funds intensive intervention in order to reduce the time they spend in care or custody and enable them to stay “safely” at home with their families if possible.

We use our work developing the Essex SIB as a case study. The guide aims to set out one approach to taking a SIB from proposal to the launch of a service funded through social investment. This guide is written to assist those developing SIBs to reach a stage where it would be possible to establish a contract between a public sector commissioner and investors, which in turn would offer a foundation on which to raise investment.

The thoughts included here represent Social Finance’s experience to date in developing SIBs. We will learn more and refine this process on future projects. We hope to learn from others’ approaches. This is a new and changing market and we hope this guide provides a useful template for developing approaches to shift more resource into prevention work. While this report focuses on Children Services, we believe there is potential for SIBs to offer solutions in other local authority services areas where there is potential for significant social impact.

Social Finance is committed to providing a range of support for those interested in developing SIB proposals. This could range from full engagement through a detailed feasibility study of a particular intervention or issue area to help with specific parts of the SIB development process (see below for further details of this process). We are aiming to provide a set of tools to help minimise the costs of developing these products and we hope that this guide – which is intended to be freely available – is a useful start point.

To discuss this report or to get in touch with a SIB enquiry please contact Tom Symons by telephone on 0203 586 8032 or by email at tom.symons@socialfinance.org.uk.
1 What is a Social Impact Bond?

A SIB is a contract with the public sector in which it commits to pay for improved social outcomes. On the basis of this contract, investment is raised from socially-motivated investors. This investment is used to pay for a range of interventions to improve social outcomes. If social outcomes improve, investors will receive payments from government. These payments repay the initial investment plus a financial return. The financial return is dependent on the degree to which outcomes improve.

The diagram below draws on the Essex SIB as an example to illustrate how a SIB can be structured.

**Figure 1:**

1. SPV and ECC enter Outcomes Contract
2. Investors fund SPV
3. Funds released to service providers according to Service Provider Agreement
4. ECC returns a % of savings from reduced cost of care placements
Social Impact Bond Objectives

The SIB approach – using an outcomes contract funded by social investment - is designed to access additional sources of finance focused on improving social outcomes. SIBs focus on funding preventative and early intervention programmes which tackle the underlying causes of specific social problems. Incentives are aligned across public sector commissioners, external investors and service providers, all of whom are acting to achieve a set of jointly agreed improved outcomes.

The main objectives of the SIB are to:

- Align public sector funding more directly with improved social outcomes;
- Increase the pool of capital available to fund prevention and early interventions;
- Enable a broad diversity of service providers to collaborate;
- Provide greater certainty over revenue streams for effective service providers; and
- Encourage a more rigorous approach to performance management including objective measurement of outcomes which contributes to building a broader evidence base for what works.

The first SIB was launched in September 2010 at Peterborough Prison. It funds rehabilitation services for short-sentence prisoners released from the prison, with the express aim of reducing reoffending post-release. At the publication date for this report, a total of thirteen SIBs have been launched in England, ranging from supporting young people to find work to helping rough sleepers off the streets.

SIBs and Children's Services

Children’s Services teams across the country address a range of needs when working to improve the lives of children in their areas. Many of the activities carried out by children's services are statutory. Others are more preventative in nature and aim to address underlying needs before they escalate into crisis.

Social Finance has, to date, developed two SIB models designed to fund intensive and targeted interventions to support adolescents in or at risk of entering care. The objective is to demonstrate that investing resource into preventative work can deliver improved social outcomes at the same time as relieving cost pressure on already strained acute budgets.

There will undoubtedly be a range of areas of social need to which the SIB approach could be applied. The models that we have developed to date are merely a starting point. We hope that this guide serves to illustrate to commissioners, service providers and others one approach to developing SIBs.
The Social Impact Bond Development Process

Social Impact Bonds will not apply in all circumstances. In many areas, traditional funding streams will remain the most appropriate. To determine whether a SIB could apply to tackling a specific social problem, a number of factors must be considered. We set out below the various stages of the development process:

1. **ASSESS THE SERVICE AREA THAT NEEDS RESHAPING**
   - Discussion as to whether an outcomes contract (which could be a SIB) or other options is the best way to commission services.

2. **DEFINE THE SOCIAL ISSUES**
   - Data analysis to understand population trends and cost pressures.
   - Stakeholder engagement to understand strategic objectives.

3. **DEFINE OUTCOME METRIC(S)**
   - Research on desired outcomes for target population.
   - Assessment of measurement attribution options.

4. **DEFINE INTERVENTION(S)**
   - Needs assessment of target population.
   - Research on interventions to meet these needs.

5. **VALUE-FOR-MONEY CASE**
   - Financial model to assess potential savings as a result of the intervention(s).

6. **PROGRAMME DESIGN**
   - Detailed operating plan and due diligence on potential service providers for SIB-funded service.
   - Finalisation of outcomes measurement and payment framework.

7. **PROCUREMENT**
   - For the SIB-funded service.

8. **CONTRACTING**
   - Develop SIB contract.
   - Government arrangements with SIB counterparty.
   - Marketing to investors and securing commitments for investment required to pay for services.
   - Service providers commissioned to deliver services to target group.

**OUTPUT**

- Agreement to explore social investment options as part of the service redesign
- Defined target population.
- Engaged commissioner(s).
- Intervention(s) to be funded by SIB.
- Outline Business Case to be approved by commissioner(s).
- Term(s) sheet to form the basis of a SIB contract.
- Final Business Case.
- Provider for SIB-funded service.
- Fully-funded services. Move forward to implementation and delivery of services.
This guide will aim to explain this process in more detail with reference to the SIB development work carried out by Social Finance looking at funding interventions for children on the edge of care.

In practice, this process is not linear and is dependent on satisfactory answers to a series of questions; for example, do the potential cost savings cover the returns to investors (return of initial investment and a return for the risk taken in funding the project) while leaving sufficient savings for the commissioner(s)? These questions will be dealt with in more detail in the ensuing sections of this guide.
Assessing the service area that needs reshaping

Social Impact Bonds provide investment to address social problems and look to fund preventative interventions. As such, they present an opportunity to provide support to reduce the strain on acute services.

It should be noted that social investment is one form of finance available to pay for programmes that generate positive social outcomes. In many cases, a SIB may not be relevant:

- There will be many services where it is still more appropriate to fund on the basis of activity rather than outcomes. In particular, in some services there may be few opportunities or benefits associated with transferring risk to an independent provider or investors. For example, if the way in which the service is provided is heavily prescribed by statutory obligations, such as policing, there may be little scope for innovation by paying on the basis of outcomes.

- It may also be difficult to transfer risk because it is not possible to write an effective outcomes-based contract, for instance it is hard to ensure that any change in outcomes is due to the impact of the new programme rather than external factors.

- Finally, there will be instances where it is almost certain that the desired results will be achieved by paying for the activity. To delay payment until outcomes are verified would simply incur costs associated with raising working capital.

If commissioners are looking to shift contracting to the basis of outcomes for the primary purpose of encouraging better performance within an existing approach, it is probably not necessary to bring in funding from social investors. The existing providers should be able to cover service costs through their own reserves. Risk transfer will typically be lower and service providers will feel more comfortable taking these risks themselves. In these instances, a Social Impact Bond is not required. For example, if a commissioner of a back-office service is looking to introduce an element of payment by outcomes, there are likely to be a number of large, well-capitalised commercial providers who would be interested in providing the service and will be able to cover the risk from their own reserves. It will not be necessary to consider the needs of attracting investors, particularly social investors, in procuring the service.

In practice, there will be a spectrum of outcomes-based commissioning approaches where investors bear more or less of the risks involved. There is no absolute point at which a Social Impact Bond is needed and other types of outcomes-based contracts are inappropriate. The issue for commissioners is the extent to which it is important to stimulate better delivery by paying on the basis of outcomes and the likelihood that external investors will be required to share the risk of achieving these outcomes.

It should also be pointed out that, in our initial experience in developing the SIB market, social investors are looking to enable the capacity of the voluntary and community sector to deliver interventions, rather than pay for services to be carried out in-house by government commissioners or by large for profit providers.

For further details please see: Commissioning Social Impact Bonds, Social Finance, November 2011.
Defining the social issue

In Box 1 below, we set out our working hypothesis for a SIB focused on reducing or preventing time spent in care by adolescents experiencing behavioural problems or family breakdown. Ultimately, the SIB-funded intervention will be based on trying to improve outcomes for this group of people.

Box 1 – Vulnerable Children and Young People: Working SIB Hypothesis

There are significant numbers of adolescents in and at the edge of the care system due to behavioural problems or family breakdown. Typically, over 30% of looked after children are in the adolescent age range.

For many adolescents entering care there is a strong probability of staying in care long-term.1

Outcomes for looked after children are significantly worse than for children in the population as a whole. For example, looked after children’s level of GCSE attainment is five times worse than for children overall.

The financial costs to local authorities of young people entering and remaining in the care system are high. The estimated expenditure on looked after children is more than £2 billion per year in England.2

The direct cost of placement for a looked after child is, on average, £40k a year. Placement costs range from £25k to £180k per child per year, ranging from foster care to specialist residential care.

There are interventions which address the needs of such vulnerable young people and those of their parents, stabilising the situation and enabling the family to remain together. Such interventions range from those of a practical nature to more therapeutic services.

A Social Impact Bond could raise investment to fund such interventions intended to reduce preventable family breakdowns and the number of young people entering care. A SIB could also fund support for those who have recently become looked after, aiming to swiftly reunite them with their families, where measures are in place to address the underlying needs of the young person and their family.

A lead outcome indicator may be one linked to reducing or preventing time spent in care which in turn can be linked to “cashable savings” and improved social outcomes. In some cases savings might not be immediately cashable but there may be a commissioner willing to pay for improved social outcomes. This would need to be balanced by a basket of indicators to reflect wellbeing of the child.

1 Sinclair, I. et al. 2007. The Pursuit of Permanence: A Study of the English Child Care System. The research shows that the chance of leaving care is greatest in the first 50 days of the child being in care. After that, the rate of leaving decreases rapidly.

In developing a SIB, the activities required to define the social need fall into two main areas:

**Stakeholder engagement**

A Social Impact Bond requires an engaged commissioner (or group of commissioners) open to outcomes-based contracting, where payments are made if agreed social outcomes are achieved. It is important to work in conjunction with an engaged commissioner, through access to data and discussion, in order to develop outcome metrics and target population definitions. Within a local authority, engagement might come initially from the service lead, corporate centre, finance or elected member. It is important that if feasibility work is to be undertaken, that this range of stakeholders is consulted through the process and is supportive of the conclusion.

It is recognised that there are often a range of strategic priorities that commissioners are looking to tackle and a SIB approach is potentially an option for tackling one or more of those issues.
Data analysis

Illustration of social need: adolescents between the ages 10-15 make up the largest age group entering the care system. This group is more likely than other age groups to remain in care and not return home. Their needs are often complex and could involve significant breakdown in family relationships. Those who stay in care long term often experience poorer outcomes in health and education.

On the basis of the stated social need, it is necessary to clearly define the target population. It is this group for whom interventions will be funded and outcomes improved. There must be clear criteria against which the target population can be identified and a process through which referrals can be made into the SIB-funded interventions.

Illustration of target population and referral point: adolescents aged 10–15 years old, with behavioural problems, who are referred to the Children’s Resource Panel of a Local Authority. Examples of eligibility criteria or risk factors presented by such adolescents might include: siblings already looked after, family subject to other services, prior history of being looked after, at risk or record of youth offending.

If the definition is not focused enough the interventions may be too diffuse to have a significant impact on the target outcome. If the definition is too narrow, the target population may not be sufficient to require a dedicated service.
Social Finance would look to analyse local information to understand the major trends, including:

- Flows into care (by age of child, type of referral, reason for referral);
- Flow into / out of different care placements;
- Average length of time spent in care across childhood for target population; and
- Costs to government services for these placements.

**Output**

A defined group of children (e.g. 10-15 year olds at risk of entering care) that a) are seen as a strategic priority by the commissioner, b) have historically had bad outcomes and c) have raised significant costs for the commissioner.

This target population will form the basis of the overall SIB contract that is being developed.

**Define the outcome metric(s)**

The outcome metrics form the foundation of the SIB contract between the public sector and investors. All stakeholders need to trust that there is an objective mechanism for assessing and agreeing the degree to which social outcomes have been achieved.

The most important criteria for any outcome metric is whether it incentivises a service that ultimately improves outcomes for those who use it. In addition, when making the value-for-money argument (see below), it is helpful to link such a metric to cashable savings on the part of the public sector commissioner. Immediate cashable savings may not always be forthcoming but there may be intermediate indicators that commissioners are willing to pay for if there is a strong link to the longer term outcome which generates savings. Alternatively, there may be funders willing to pay for outcomes which carry significant social value even in the absence of cashable savings.

The key is to identify an outcome metric which is measurable and objective. There must be a willing funder to pay if outcomes are delivered. Whether or not suitable metrics can be identified is a key determinant of whether or not a SIB is the appropriate instrument for addressing an identified social need. Care should be taken to ensure that the selected metric does not create perverse incentives.

Alongside the identification of outcome metrics, a system of measurement will need to be developed such that the degree of improvement in outcomes achieved can be identified.

**Developing appropriate outcome metric(s)**

*Illustration of outcome metrics:*

The outcome metrics against which success could be assessed would likely include a combination of objective and subjective metrics. Some but not all need to be linked to investor payments.
The Edge of Care SIB in Essex collects a basket of outcome metrics:

- Care placement days saved
- Educational engagement
- Offending
- Emotional wellbeing

The basket of metrics are included to guard against perverse incentives – to ensure that interventions do not prevent care entry if that is the best option for a particular young person.

A key consideration when identifying an outcome metric is whether or not the right incentives are generated for the various stakeholders involved. One example of this is deciding between a binary and a frequency outcome metric. An illustration of this consideration in the context of developing Social Impact Bonds for adolescents at the edge of care is provided below.

**Binary Outcome Metric:** A binary outcome metric might be defined as an individual who does not enter care. This is a clear measurement. Even if the young person spends a single day in care, this will be recorded as a failed outcome and therefore no payment will be liable. While many see binary metrics as the simple, clear-cut option, there is a risk that this approach can lead to perverse incentives. It may be, for example, that a short spell in care is the best solution for the young person and his or her family to provide respite from a highly charged situation. Following this brief spell the family might be reunited with a programme of intensive support which addresses some of the underlying issues and results in sustained positive outcomes. Under a binary metric, however, this example would be recorded as
a failed outcome and no payment would be due. In this case, the design of the outcome metrics does not promote behaviour in the best interests of the client. Binary metrics may also incentivise service providers to cherry-pick the less complex cases where the young people have the lowest chance of spending time in care. While acknowledging the potential downsides of a binary approach, it is a model that is being applied and has the advantage of being simple to implement.

*Frequency Outcome Metric:* The desired outcome could be a reduction in number of days spent in care by the target group. This approach encourages service providers to work with the entire target population. However it is harder to measure since it is relative to a benchmark (what is the expected number of care days in the absence of the intervention?) and that benchmark needs to be established. Any reduction in time spent in care as compared to what would have happened without the intervention, is recorded as a positive outcome and payment based on the care placement days saved becomes due.

**Establishing a measurement framework**

The measurement framework sets a benchmark against which SIB outcomes would be determined. The benchmark reflects outcomes in the absence of SIB interventions. Once a benchmark is established then outcomes achieved by the target group can be compared and the difference measured. This enables attribution of benefit generated by the SIB-funded interventions to be calculated. Three common ways of generating a benchmark, one using historical data or contemporaneous data, are described below.

1. **Historical benchmarks for an equivalent population**

   Historical data for a similar population of young people can be analysed to determine the likely outcomes for the target population. In the case of adolescents at the edge of care, a benchmark could be generated by reviewing historical case files of children previously referred to the resources panel over a selected time period. Individual characteristics such as age, needs, legal status, mental health status and family characteristics such as parental needs and vulnerabilities are reviewed. Those adolescents who would have been suitable for the proposed SIB-funded intervention (were it available at the time), are selected into the comparison group. The benchmark, for instance aggregate number of days spent in care by the comparison group over a specified period post referral, is then generated. Outcomes of those receiving SIB interventions can then be measured against this benchmark.

   One advantage of using historical benchmarks is that this methodology does not exclude individuals in the comparison group from receiving SIB interventions. Historical benchmarks are best when there is a reasonably stable population with a consistent level of outcomes (or predictable trend in outcomes) over a number of years. They also work best for outcomes that are not significantly affected by broader socio-economic trends and external factors outside of the control of service providers.

2. **Pre- and post- intervention measurements for target group**

   This approach to measurement is sometimes referred to as ‘distance travelled’. It measures outcomes for the individuals in the target population prior to the intervention start date and at a point after they have received the intervention service. This approach is often used when data is collected through questionnaires such as the Strengths and Difficulties Questionnaire (SDQ), which measures emotional well-being. The questionnaires are completed by participants at the beginning of their engagement with the proposed service and after leaving the service. Any changes can then be measured. While this approach is
quite straightforward to administer and there are many standard questionnaires available, it does not measure improvement relative to what would have happened anyway – how the target group would have fared had they not received the proposed service.

3. Live baseline or control group

This approach compares the outcomes achieved by the target group against a contemporaneous control group that is monitored during the period of intervention. The control group seeks to mirror the treatment group in characteristics and, where possible, be subject to the same socioeconomic context. The only difference is that the control group does not receive the proposed service that the treatment group benefits from. For example, in the national research trial jointly funded by the Department for Education, Department of Health and Youth Justice Board to evaluate the benefit of Multisystemic Therapy (MST) in ten trial sites in England, adolescents suitable for the MST service are randomised into (or out of) the service. The benefits of a live control group is that changing external factors are controlled, since both the control group and treatment group will be experiencing the same changes (e.g. socio-economic trends), which means that the difference in outcomes measured between the two groups should capture the effect of the SIB-funded intervention and not the effects of external factors. On the other hand, this methodology means that those randomised out of the intervention will not be able to receive the SIB-funded service for the length of the outcomes tracking period. In addition, twice as many referrals will need to be generated with respect to the new service, since half of those referrals will be randomised out – in particular, if the new SIB-funded service has large fixed costs, then generating enough referrals will be essential to sustaining the service.

Outcome Valuation

The outcome valuation for a SIB is a combination of the social value that a commissioner will pay for and the average public sector cost saving resulting from an improvement in the outcome. In its simplest form, the outcome value is narrowly defined in terms of the cost savings accruing to specific public sector budgets. With the introduction of co-commissioning funds such as the Cabinet Office's Social Outcomes Fund, it is likely to become more practical to implement SIBs where savings accrue to more than one commissioner's budget.

Illustration of outcome valuation

Local authority social care cost savings due to a reduction in care placement costs. This potentially could be combined with other sources of savings where the relevant outcomes were achieved as a direct impact of the SIB-funded interventions. Some examples include:

- a reduction in local youth offending costs if the SIB-funded interventions reduce offending behaviour amongst adolescents comprised in the target population. Savings might accrue to the Youth Justice Board.
- a reduction in costs of places at Pupil Referral Units if school exclusions were reduced amongst the target population. Savings might accrue to Department for Education and local schools.

The calculation set out in Figure 2 below illustrates how one might start to value the outcome of preventing a young person from entering care.

Quantification of broader social outcomes (e.g. safer communities due to reduced antisocial
behaviour, improved school attendance leading to better qualifications and reduced probability of becoming NEET) reflect important social benefits, but do not release cash from public sector budgets that could be used to make outcomes-based payments to investors in a realistic time frame.

**Output**

An outcome metric (or number of outcome metrics) that fulfils the following criteria:

a) Aims to improve outcomes for the target population and minimises perverse incentives

b) Can be objectively measured/verified from a reliable data source and includes the setting of an appropriate benchmark from which to judge the success of the programme

c) Reflects the current cost to the SIB commissioner(s) within the proposed outcome tariff

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**Figure 2**: Illustrative Outcome Valuation – average placement cost through a young person’s care journey (Note: these numbers are purely illustrative)

<table>
<thead>
<tr>
<th>TYPE OF PLACEMENT</th>
<th>PROBABILITY OF ADMISSION INTO PLACEMENT (Column A)</th>
<th>AVERAGE COST OF CARE PER WEEK (Column B)</th>
<th>ESTIMATED AVERAGE LENGTH OF STAY IN CARE FOR 10–15 YR OLDS (Column C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fostered (In-house)</td>
<td>40%</td>
<td>£400</td>
<td></td>
</tr>
<tr>
<td>Fostered (external)</td>
<td>20%</td>
<td>£900</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>20%</td>
<td>£3,500</td>
<td>104 weeks (based on the estimation that individuals stay in care for 2 years)</td>
</tr>
<tr>
<td>Placed with parents</td>
<td>3%</td>
<td>£200</td>
<td></td>
</tr>
<tr>
<td>Kinship</td>
<td>15%</td>
<td>£200</td>
<td></td>
</tr>
<tr>
<td>Secure accommodation</td>
<td>1%</td>
<td>£5,000</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>£200</td>
<td></td>
</tr>
</tbody>
</table>

Calculation:
Step 1 - Column A x Column B = Average costs of placement per person per week
Step 2 - Average costs of placement per person per week x length of stay in care (Column C)

**Average placement cost throughout individual’s care journey = £117,520**
(excluding social justice and legal costs)
Defining the intervention(s)

We are looking to develop SIBs that tackle the underlying needs of vulnerable children and young people. Given that these individuals often come from a family environment in which multiple risk factors are present, we recognise that there may be a need to bring together a suite of interventions that are tailored to address the needs of both the young person and his/her family members, and which reflect the local circumstances in which the programme operates.

A first step is to identify the underlying needs of the target group, which the selected interventions will tackle. Once the profile of needs is understood an intervention programme can be developed. To do this, there needs to be a review of both national and local service providers to identify where complementary interventions could best meet the needs of the target population and achieve the desired outcome. The SIB funding structure encourages all service providers to work collaboratively towards achieving the target outcome.

To determine the feasibility of the intervention programme for SIB funding it is necessary to establish the impact the programme is likely to have on the target outcome. This is dependent on two considerations:

- The degree to which interventions are well understood and can be evidenced.
  - Illustration of intervention development: Social Finance has undertaken a review of the interventions relevant to the defined target group. This involves investigating qualitative and quantitative evaluations, interviewing service provider staff members and analysing how these interventions meet the needs of the target group and improve their outcomes.

- Whether there is a gap or scarcity of service provision to the target population such that SIB investment is likely to lead to a significant change in the target outcome.
  - Illustration of intervention development: if there were little existing targeted support for families of young people who are at risk of entering or who have entered the care system, then investment in this area is likely to yield higher social returns and consequently financial returns to investors.

Developing the Operating Model & Intervention Costs

It is necessary to have a robust understanding of the total programme delivery costs, including infrastructure and overhead costs particularly where there is a need for more than one service provider to deliver. We recommend supplementing a review of operational budgets (when available) with a review of local and national service providers in order to understand the likely costs involved. The development of an indicative budget for the proposed suite of services will determine the level of funding that will need to be raised from investors through the SIB.

It is important at the feasibility stage to consider the practical implications of how the SIB can operate. Engagement with a commissioner is required to understand how the portfolio of SIB interventions could sit alongside the local authority’s “business as usual” processes.
Illustration of Operating Model

Discussions with the local authority commissioner may result in an agreement that referral to the SIB occurs at a point when cases were taken to review at the Children’s Resource Panel. An agreed set of eligibility criteria would be required such that social workers reviewing the cases could easily identify those who should be considered for the SIB intervention. The Operating Model needs to consider how the SIB-funded service interacts with the Social Care team and the services they deliver. In particular it is important that the statutory duty of care to families required by local authorities is upheld.

There would need to be a plan in place for systematic monitoring of performance and collection of data through a case-management system dedicated to the SIB. A system of governance would need to be outlined for the SIB.

Output

A draft operating model detailing the service(s) that would be paid for by SIB investors, including a detailed articulation of how these services would meet the needs of the target population, interact with existing local authority provision and governance structures and what would be the indicative costs to deliver the programme.
Assessing the value-for-money case

As mentioned earlier in this guide, for a SIB to be feasible there has to be a commissioner (or group of commissioners) willing to commit to pay for outcomes if the service is successful. In Social Finance’s development work to date, the decision by commissioners to proceed with this has been made with references to the following issues:

1 **Delivering cashable resource savings**
   A SIB helps a commissioner to avoid paying for failure as payments will be made if – and only if – a service meets its designated outcome metrics.

2 **Financing innovation**
   In the face of budgetary constraints, it could be difficult to test programmes that commissioners believe may work but currently have a small but growing evidence base. A SIB allows a commissioner to transfer implementation risk to the investors who, if the service fails to achieve the specified outcome metrics, will not receive any payments. Ultimately a fair risk share is preferable – a programme that has the potential to work but with enough uncertainty to prompt a commissioner to pay for the service on an outcome basis.

In the context of Children’s Services, it is recognised that many of the current services provided are expensive. If better outcomes can be achieved at lower costs through a new set of services funded by a SIB, this may fulfil both of the criteria mentioned above.

The SIB Financial Model

A financial model is at the heart of the value-for-money case. It aims to tie together the social impact and funding flows. It reflects the economics of the SIB and the potential for the proposed interventions to achieve cost savings. It estimates the costs of interventions, overheads and other fixed costs which together determine the level of investment requirement over the life of the SIB. Set against this will be the share of the cost savings agreed by the commissioner to be distributed to investors should a sufficient improvement in outcomes be achieved.

This value-for-money calculation can be summarised as follows:

![Diagram illustrating the SIB Financial Model](image-url)
The financial model requires consideration of the following factors:

- Current costs to government of a particular target population
- Costs of a proposed SIB intervention
- Estimated impact of proposed intervention
- Potential cost savings to commissioner(s) – as shown above
- Estimate of investor returns

SIBs work when the costs of achieving the target outcome (intervention costs plus overheads and fixed costs) are substantially lower than the level of the resulting public sector savings (outcome value). This is essential to developing a financially viable investment proposition on which to raise capital. It is important for the commissioner to consider how the savings they are generating will be translated into payments to investors. In the example of the Essex SIB, many of the current care placements are spot-purchased by the local authority so any reduction in the number of days spent in care are immediately cashable.

A reasonable time horizon for the investment is critical. Investors would prefer to see a SIB that matures within a time horizon of around five years. Therefore there needs to be a tight timescale between intervention, measurement of impact and payment on outcomes achieved. This is a consideration particularly in examples such as early years intervention (0–5 year olds). If the outcome metric is educational attainment, but it is necessary to wait
11 years (age 5 to 16 years old) to measure GCSE results for the target population, this is not likely to make for a feasible SIB, unless intermediate or proxy outcomes are available against which payments can be made.

The focus on adolescents (aged 11–15 years old) provides a relatively compact time frame over which to measure outcomes. For this age group, research shows that if a young person remains looked after for more than a short time period (e.g. three months), the likelihood of remaining looked after on a long-term basis increases. Outcomes for the young person become much worse with long-term care. Therefore one approach could be to measure placement-related outcomes at 6 or 12 months post-intervention.

A further consideration is the time it takes to generate outcome payments. The earlier the commissioner is able to pay money back to investors, the lower the “cost of capital” investors will require. If investors receive early payments, they may be willing to “recycle” those payments into paying for costs of intervention during the remaining term of the programme. This reduces the upfront capital requirement which in turn reduces the “cost of capital”. This will improve the value-for-money case to commissioners.

**Investment raising process**

Ultimately, this development process is aiming to provide a new service, paid for by additional money, that improves outcomes for service users. This money is provided by social investors, so-called because they want their investment to do two things: enable positive, measurable social impact and generate a financial return.

A SIB is a risky investment because, in its purest sense, investors stand to lose all of their money if outcomes are not achieved. Social investors are taking this risk because they are keen to enable new and effective services that deliver outcomes. As a result, they have a stake in the intervention achieving a positive impact on those who use it.

Therefore, it is recommended that the party coordinating the investment-raising process involves investors in the development of a SIB, likely prior to an Outline Business Case being signed off by a commissioner. This could involve early-stage discussion to gauge interest in a particular social issue area and ways of measuring success (outcome metrics, measurement framework – described above).

It is worth noting that the agent who coordinates this process will need to be regulated by the Financial Services Authority for this activity.

**Output**

The financial model would ultimately feed into a business case that synthesised the development work thus far:

- The social issue that the SIB-funded service is looking to tackle;
- The group of people that the service will target and potential level of referral flows;
- The outcome metrics by which the service will measure its success;
- The proposed interventions that make up the service offering; and
- The estimated savings to the commissioner if the service was successful.

This is a crucial decision point in the development of a SIB – an in-principle commitment from a commissioner to pay for outcomes. Following this approval, the design process begins in more detail.
Programme design

Following the approval of the SIB business case, the next phase involves more detailed consideration of the operating plan and payment terms that will form the basis of the SIB contract.

SIB Operating Plan

This operating plan will build out from initial recommendations made in the value-for-money case to a detailed plan that takes into account the following:

Caseload assumptions

By putting together a more detailed estimate of the number of expected users for a SIB-funded service, a more detailed operating plan can be put in place. Points to consider include:

- Measurement of current (baseline) outcomes prior to the start of service delivery. The SIB-funded service will ultimately be measured (and paid for success) against these baselines (see example below)
- Initial set-up costs prior to the formal start of service delivery
- A closing measurement period between the end of service delivery and the measurement of the final results of the programme

A SIB Operating Plan would need to factor in costs for dealing with all of these elements of the programme.

Illustration of Operating Plan: the lead in time required for initial contract set-up is dependent partly on the measurement framework chosen (see Section 2). If a live baseline – measuring the outcomes for those who would have been eligible for the intervention, starting prior to implementation and continuing during the period of the intervention – is used, there will be additional measurement costs incurred (e.g. measuring the number of days spent in care by adolescents aged 11 to 15).

Fit with existing local services

It is crucial that any additional service funded by a SIB fits well into the existing service landscape. Consideration must be given to issues such as the local authority’s statutory duty of care to vulnerable adults or children. The operating plan would need to ensure that the referral route for those eligible for a SIB-funded service was agreed with the commissioner.

Service delivery partners

The service provider is an essential part of the SIB picture, without whom the programme will not help to improve outcomes for the target population. Given that investors will be funding the work of a social sector provider (or group of providers), the choice of organisation is crucial.
Due diligence on potential providers is crucial to help investors understand the risk (i.e. potential for successful outcomes to be achieved). This process will include a review of an organisation’s:

- Track record – evidence of measurable success with the proposed target population and intervention approach
- Delivery capacity – including the scale of services an organisation is able to deliver and its local relationships in the SIB service area
- Financial viability – including an assessment of the organisation’s balance sheet and ability to deliver the contract as a going concern. A review of its proposed operating budget should be undertaken and costs benchmarked to ensure value-for-money.

*Illustration of Service Delivery Partner selection:* For the Essex SIB, Social Finance ran an open selection process which started with a call for expressions of interest from voluntary sector service providers who were geared up to deliver evidence-based programmes. Providers were judged on a range of criteria including their ability to operate in Essex and to implement evidence-based programmes to help children reunite with their families and reduce their time in care. Service providers are selected based on a good track record of providing such services in the UK.

**Performance management**

Performance management involves working with service providers to enable them to measure effectively and deliver outcomes. In our experience to date, social investors seek performance management to improve the chances of successful delivery of outcomes. The performance management function enables:

- Strengthening of the participating delivery organisations through management support, sharing operational learning and best practices;
- Enhancing the impact and social value by analysing data to understand evolving profiles of service user needs and programme efficacy and using this to change and improve service delivery;
- Tracking and reporting of the social outcomes to enable broader learning about what works; and
- Improving investor confidence.

*Illustration of performance management approach:* typically a SIB will incorporate a Project Director or Performance Manager who spends time weekly on the ground in the locality where services are being delivered. The Performance Manager is not involved in service delivery but is a resource to support the service delivery partner in managing stakeholder relationships, linking into the local community, and maintaining high visibility and awareness of the service locally in order to generate consistently healthy volumes of referrals to the SIB-funded service.

The Performance Manager can be used as a troubleshooter to solve problems and will regularly analyse the data to understand what is going well and where improvements could be made. If there are multiple service delivery partners in place, the role of the Performance Manager will be more involved in ensuring productive collaboration between partners and a coherent package of provision to service users. Where there is a single service provider, the job of the Performance Manager may be less resource intensive but remains a critical resource to ensure that the programme is on track to deliver improved social outcomes.
SIB Payment Mechanism

The payment mechanism aims to describe in detail how the success of an intervention will be measured, sets a tariff for each successful outcome and indicates when these tariffs are due to investors. Therefore, it is important to provide clarity in the following areas:

Outcome metrics to measure the success of the intervention

This will encompass the desired and anticipated results of the SIB-funded service(s) and will be applicable to proposed intervention and related Outcome Payments. This involves taking the initial metrics proposed in Section 2 (above) and finalising the detail of how they will be measured in practice; for example, what would the data source be for each metric to be measured against?

Tariffs to be paid when success is achieved

The level of such payments is determined by the degree of success expected. Commissioners are liable to pay such outcome payments.

Illustration of outcome tariff calculation: the value-for-money case (Section 4 above) would give an indication of the potential cost savings accruing to the commissioner(s) if a SIB-funded intervention is successful. The tariff would aim to reflect an appropriate sharing of these savings between the commissioner and the investor. This share needs to be agreed on by both parties prior to the confirmation of an outcome tariff.

Timing of payments to investors

The timing of payment will depend on how the outcomes are measured. If individual outcomes are measured and paid for based on an individual’s performance (e.g. the Work Programme), payments could be received as outcomes are obtained, on a frequent basis through the programme.

However, if payments are made based on the performance of a cohort of people (e.g. the Peterborough Social Impact Bond), they may be paid following the completion of the service delivery and measurement period, which requires investors to wait longer before being paid.

Investment Raising process

Once a robust financial model and proposed operating plan is agreed with the commissioner, the process of raising investment can commence. Discussions with investors set out both the case for social change and accompanying financial case. The aim of these conversations is to secure “in-principle” commitments (i.e. a non-binding commitment to invest depending on the ultimate outcome of the commissioner’s decision and approval process).

These commitments will allow the proposal to move towards contract negotiations with some comfort that there is real appetite from investors to support it. This process will ultimately be completed on contract signing (see Section 7 below).

Output

A term sheet that summarises the main elements of the SIB contract. This contract is described in more detail in Section 7.
Procurement

It is highly likely that public sector commissioners will need to launch a procurement process in order to select either the service provider or the intermediary who brings together service provision and funding. In many cases a Part B procurement process is sufficient.

There are different structures through which social investment can be channelled and the counter party to the commissioner will vary accordingly:

Direct contract with the service provider: the commissioner could seek service providers with which they contract directly. The service provider may have a sufficiently strong balance sheet itself to self-fund the upfront working capital requirement. Alternatively, the service provider might need to seek investment support from a group of social investors and together bid into the procurement process. Commissioners may be attracted to the simplicity of contracting directly with the service provider. However where multiple service providers are involved this becomes more cumbersome.

Contract with a Special Purpose Vehicle (SPV): the commissioner might prefer to contract with a SPV set up specifically to deliver the SIB programme. Investors sometimes prefer this structure since the company that is set up as the SPV is the entity into which they invest. Therefore investors have ownership of the entity. The SPV can then contract with their selected service provider(s). If for any reason, during the term of the SIB contract, the service provider consistently underperforms, investors can replace the service provider.

Illustration of procurement process: Typically a Part B approach to procurement has been undertaken for SIBs to date. An element of dialogue has been helpful in allowing the detailed operational and financial plans to be developed in partnership with the commissioner, intermediary, service providers and investors.

For further information, we would recommend the following report: Commissioning Social Impact Bonds, Social Finance, November 2011 (available on the Social Finance website).

Output:

A social investment-backed provider (or group of providers) to deliver the SIB outcomes contract.

Contracting

This section aims to cover two main areas: the development of the SIB outcomes contract and the principles behind the SIB governance structure. We intend to give an indication of how we have approached the contracting process but recognise that as the SIB market develops, these structures are likely to change.

Outcomes Contract

The SIB will be based on a contract between the local authorities or other commissioners and the SIB Investors or service provider. The definitions below provide an indicative guide to some of the key contract clauses and possible governance structures.
The diagram in the Introduction of this guide illustrates the various contracting parties. The outcomes contract sits on top of the suite of contracts with service providers. The public sector commissioner and either the investor group or service provider are the contract counterparties (depending on the approach taken).

The outcomes contract may be developed by the commissioner and issued to providers and investors during the procurement process or it may be a more collaborative document which evolves from dialogue during the procurement process.

<table>
<thead>
<tr>
<th>Contract Clause: Key Terms</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Sets out the objectives and broad mechanics of the SIB investment.</td>
</tr>
<tr>
<td>Investment Amount</td>
<td>Amount of total “commitments” undertaken by investors</td>
</tr>
<tr>
<td>Commitment Period</td>
<td>Capital is called from investors during this period to finance the intervention and discharge the related intervention costs. This is expected to be between three and five years.</td>
</tr>
<tr>
<td>Term</td>
<td>Limited period of time within which capital may be returned to investors. This time period will extend beyond the Commitment Period (depending on term of intervention programme and length of tracking period for outcomes).</td>
</tr>
<tr>
<td>Intervention</td>
<td>Describes the nature of services to be funded in order to achieve Success Metrics. In conjunction with this, the social investment intermediary:</td>
</tr>
<tr>
<td></td>
<td>• Establishes strategy for selecting Service Providers (SP);</td>
</tr>
<tr>
<td></td>
<td>• Establishes terms on which SP provides services;</td>
</tr>
<tr>
<td></td>
<td>• Agrees with LA Commissioner terms of Outcome Payments; and</td>
</tr>
<tr>
<td></td>
<td>• Monitors and evaluates effectiveness of SPs in delivering the intervention.</td>
</tr>
</tbody>
</table>

Illustration of outcomes contract: Key to the SIB contract will be the obligations on both the commissioner and the delivery entity (service provider or SPV) to both mobilise the service and implement it well. This may cover such issues as promoting the service locally to ensure healthy referral volumes, or ensuring access to agencies such as Social Care where there is a need for interaction with a commissioner-led service. Access to high quality and timely data held by the commissioner will be a key obligation in order that outcomes can be tracked and payments calculated. It is important that the SIB contract focuses on outcomes in as far as possible, rather than inputs or prescriptive service delivery requirements. This flexibility should allow the SPV and service provider to evolve the nature of services to meet clients’ needs.

SIB Governance Structure

The SIB structure aims to ensure that the relative needs of each party is met:

- Commissioner(s) – statutory responsibilities will be adhered to and additional service will fit into existing service framework;
- Investors – as investors’ money is at risk, it is important to ensure the services that have been commissioned have the best possible chance of achieving positive social outcomes; and
• Service providers – ability to deliver the service that best meets the needs of the target population

An example SIB governance structure is as follows:

Governance structures will exist at two levels:

• **Strategic**: on-going review of contract performance which could include operational model, implications of wider policy development. This could be carried out via the Contract Manager’s regular review meetings.

• **Operational**: contract management, review of referral process, multi-agency advice on cases. This may be conducted by a Project Board convened by the commissioner and which might include multi-agency representation where appropriate.

**Investment Raising process**

At the point that the outcomes contract and governance arrangement is acceptable to all parties, the contract can then be signed. This allows the formal investment-raising process to commence.

**Output**

A fully-funded service that is ready to be mobilised and implemented. At this point, the service providers will prepare for implementation of the service.

**Conclusion**

This guide represents some of the lessons that Social Finance has learned in developing SIB for Vulnerable Children over the past two years. It is intended as a guide to help other practitioners develop new SIB programmes, both working with Vulnerable Children and in other social policy areas. We recognise that the development process will be different in other areas, often dependent on the needs and preferences of the Commissioner.

This is a rapidly-changing market and we would expect the way that SIBs are procured and contracted to evolve over time. However, the ultimate aim of SIBs is to enable improved social outcomes for those who use those services and we would expect this to remain the core principle behind the development of all future models.
Appendix 1: SIB Questions to answer during the development of the value-for-money case

<table>
<thead>
<tr>
<th><strong>1. Social need</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is the social issue you are trying to solve?</strong></td>
<td>e.g. Improve outcomes for vulnerable young people in and on the edge of care</td>
</tr>
<tr>
<td><strong>What are the systemic causes of this issue?</strong></td>
<td>e.g. Under provision of services that address both the needs of young people at risk and their families</td>
</tr>
<tr>
<td>Are there interventions that have been shown to improve this issue?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2. Outcomes</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What would the desired outcome of the social impact bond be?</strong></td>
<td>e.g. Reduced entry into care or number of care weeks; improved social outcomes for young people</td>
</tr>
<tr>
<td><strong>How would the improvement in the social outcome be measured?</strong></td>
<td>e.g. Comparison data from other Local Authorities, distance travelled, historical comparison data</td>
</tr>
<tr>
<td>Are there existing objective measures of the outcome?</td>
<td>e.g. Government data on looked-after children population numbers and outcomes; National Indicators reflecting social outcomes</td>
</tr>
<tr>
<td><strong>What is the current outcome for the target group?</strong></td>
<td>e.g. 10–15 year olds make up more than 30% of those entering care; poor health and education outcomes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>3. Target population</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How would you define the target group who would receive services funded by a SIB?</strong></td>
<td>e.g. 10–15 year olds with behavioural problems referred to a resource panel in a particular Local Authority</td>
</tr>
<tr>
<td><strong>Can you define the target group objectively?</strong></td>
<td>e.g. 10–15 year olds, referred to particular panel where key risk factors are presented</td>
</tr>
<tr>
<td><strong>What criteria would you use to define the target group objectively?</strong></td>
<td>List of key risk factors</td>
</tr>
<tr>
<td><strong>How do we identify people who are in the target group?</strong></td>
<td></td>
</tr>
<tr>
<td><strong>How many people are in the target group?</strong></td>
<td></td>
</tr>
<tr>
<td><strong>What are their needs?</strong></td>
<td>e.g. Behavioural and emotional problems, domestic violence, offending behaviour, mental health problems, drug/alcohol abuse</td>
</tr>
<tr>
<td><strong>How does the support need vary across the target group?</strong></td>
<td></td>
</tr>
</tbody>
</table>
### 4. Interventions

<table>
<thead>
<tr>
<th>Question</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the proposed interventions to be funded by a SIB?</td>
<td>e.g. Adolescents or family support services, counselling services, drug/alcohol services</td>
</tr>
<tr>
<td>What are the proposed organisations to be funded through a SIB?</td>
<td></td>
</tr>
<tr>
<td>Is there evidence that these interventions are effective at achieving the desired social outcome?</td>
<td></td>
</tr>
<tr>
<td>Is there a quantitative evidence base?</td>
<td></td>
</tr>
<tr>
<td>Has an independent evaluation of the intervention been undertaken?</td>
<td></td>
</tr>
<tr>
<td>How have these interventions improved the outcome</td>
<td></td>
</tr>
<tr>
<td>How much do these interventions cost to deliver per person who receives them?</td>
<td>e.g. £10,000 per family</td>
</tr>
</tbody>
</table>

### 5. Value of the outcome

<table>
<thead>
<tr>
<th>Question</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which government department(s) will financially benefit if the social outcome is achieved?</td>
<td>e.g. Local Authority Children's Services, DWP, DfE, Department of Health</td>
</tr>
<tr>
<td>How will these cost savings be achieved?</td>
<td>e.g. Reduced placement costs, reduced mental health needs, reduced levels of NEET, reduced youth offending and custody.</td>
</tr>
<tr>
<td>How much will the government save if the outcome is achieved?</td>
<td>e.g. Average placement cost per young person per year around £40,000–£200,000</td>
</tr>
<tr>
<td>Are these cost savings cashable?</td>
<td>i.e. Can the savings be realised (e.g. placements that are spot purchased are easily cashable)</td>
</tr>
</tbody>
</table>
Appendix 2: Social impact bond value-for-money case: contents checklist

This checklist is intended as a guide for stakeholders looking to complete a value-for-money case (also referred to as an Outline Business Case) for a Social Impact Bond proposal to fund interventions for Vulnerable Children (i.e. at risk of entering or currently in care):

<table>
<thead>
<tr>
<th>SUGGESTED CONTENTS</th>
<th>OBJECTIVE</th>
<th>EXAMPLE</th>
<th>INCLUDED (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Impact Bond Target Population</td>
<td>To understand which group could benefit from additional services (e.g. historically poor outcomes, high cost group)</td>
<td>Trend analysis of care population and inflows (e.g. flows into care by age and referral type, care placements)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To define the target population by age range and by need. This helps to produce a robust evaluation of current costs and a value-for-money case for improving outcomes</td>
<td>Care journey analysis (e.g. historic trends on length of overall care journey, mix of placement types)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To get an understanding of the current pathway (e.g. decision-making process for a child entering care from social services enquiry through to care placement). This helps to understand at what point in the process a child might become eligible for a SIB intervention</td>
<td>Cost analysis (e.g. costs of typical care journeys, overall expenditure and key cost drivers)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Needs analysis (e.g. major reasons for entering care)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pathway analysis (e.g. referral pathways map showing current service user journey)</td>
<td></td>
</tr>
<tr>
<td>Assessment of potential intervention models (that could be funded by a SIB)</td>
<td>To understand which interventions could best meet the needs of the target population (as identified above)</td>
<td>Summary of potential interventions (e.g. needs addressed, current evidence base, track record in local area) and evaluation of service gaps</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To provide recommendations on interventions that can improve outcomes (e.g. existing evidence base)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommendations for Outcome Metric(s)</td>
<td>To understand the outcome metric(s) by which the success of this intervention will be delivered</td>
<td>Recommendations for a potential payment mechanism, including: potential outcome metrics, proposed method of attribution of success (e.g. baseline definition) and payment timings</td>
<td></td>
</tr>
</tbody>
</table>
### SIB Financial Model

To understand whether:

- Successful implementation of a new service would result in cost savings for a commissioner
- These cost savings exceed the cost of delivering the service and potential investor returns as a reward for the service's success

Calculation of current government spending on target population

Estimate of potential improvement in outcomes of new intervention(s)

Estimate of potential reduction in government spending on target population

Indicative investor cashflows

Note: cost calculations likely to focus on outcome metrics. For example, if the primary metric was a reduction in care, the main cost calculation would relate to spending on care services.

### Next Steps Recommendations

Ultimately a SIB takes the form of a contract between investors and commissioners. This section highlights the points needed to get to a proposition that investors are willing to invest in and commissioners are willing to procure

Service delivery – details on potential operating and implementation plans

Governance – roles for key stakeholders (e.g. SIB delivery entity, investors, commissioner, service provider and performance manager)

Investor interest – initial indication of potential interest in SIB proposal

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**Note:** This checklist is intended for guidance only and is based on Social Finance's experience to date of developing Social Impact Bond proposals for vulnerable children and across other areas of social policy.

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1 Schedule 1 of the Public Contracts Regulations 2006 lists central government bodies subject to the World Trade Organisation’s (WTO) Government Procurement Agreement (GPA). These thresholds will also apply to any successor bodies.

2 With the exception of the following services, which have a threshold of £156,442 (€193,000): Part B (residual) services; Research & Development Services (Category 8); Some telecommunications services and subsidised services contracts.
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Our role is to devise the financial structures and raise the capital to enable this to happen.

Social Finance injects market principles into funding in a way that stands or falls on results – both social and financial. We support social organisations to raise and deploy capital; we work with government to deliver social change; and we develop social investment markets and opportunities.

Now more than ever, there is a pressing need to harness social investment to make a long-term difference to society.

This is our ambition.