Acknowledgements

This publication has been developed in association with CIPFA's Aligning Local Public Services Programme. The programme aims to develop a suite of guidance and tools to help local bodies address the demands of ever tighter funding by working together to deliver public services as economically, efficiently and effectively as possible, based on common strategies and high-quality financial and operational data.

CIPFA would like to thank its Charities and Social Enterprises Panel and CJC Commissioning Panel for supporting the development of CIPFA's work in this area.

CIPFA would also like to thank all those who have helped with the process of developing this publication, including those who provided input on earlier versions. In particular we would like to thank panel members for reviewing the draft outline and chapters and providing feedback and suggestions. Thanks are also due to the organisations that have made supporting material available for inclusion in this publication. This includes the International Integrated Reporting Council's *Value Creation* diagram and Triangle Consulting Social Enterprise's *Outcomes Star*.

John Maddocks

Technical Manager, CIPFA

Contents

CHAF	PTER ONE: INTRODUCTION	
	USING THIS PUBLICATION	
CHAT	PTER TWO: DEFINITIONS AND APPLICATION	
	DEFINITIONS	
	TYPES AND LEVELS OF OUTCOMES	
	THE ATTRACTION OF OUTCOMES	
	APPLICATION	
CHAF	PTER THREE: BENEFITS AND CHALLENGES	13
	BENEFITS	13
	CHALLENGES	16
	SOLUTIONS	1
CHAT	PTER FOUR: DESIGNING OUTCOMES AND OUTCOMES MEASURES	19
	ADOPTING EXISTING OUTCOMES MEASURES	19
	DEVELOPING YOUR OWN OUTCOMES AND MEASURES	23
	MEASURING OUTCOMES	2!
CHAT	PTER FIVE: ASSESSING IMPACT	31
	ATTRIBUTION IS OFTEN ABOUT CONTRIBUTION	3
	SIMPLE OR COMPLEX?	32
	METHODS FOR ASSESSING IMPACT	33
	ADDRESSING BIAS	3!
CHAT	PTER SIX: ADDRESSING DISTORTING BEHAVIOUR	39
	TYPES OF DISTORTION AND GAMING	4(
	WHAT TO DO?	4
CHAF	PTER SEVEN: LINKING PAYMENT TO OUTCOMES – PAYMENT BY RESULTS AND SOCIAL	
IMPA	ACT BONDS	4!
	OUTCOMES AND OUTPUTS - NOT MUTUALLY EXCLUSIVE	40
	BENEFITS OF PAYMENT BY RESULTS	4
	CHALLENGES ASSOCIATED WITH PAYMENT BY RESULTS	4
	FIVE PRINCIPLES	48
	SOCIAL IMPACT BONDS	
	WHY USE A SOCIAL IMPACT BOND?	54
	WHEN TO USE A SOCIAL IMPACT BOND	
	CHALLENGES FOR COMMISSIONERS	
	ACCOUNTING FOR PAYMENT BY RESULTS SCHEMES	5!

CHAPTER EIGHT: REPORTING OUTCOMES	59
REPORTING USED DIRECTLY WITH SERVICE USERS	59
A REPORTING STRATEGY	60
REPORT STRUCTURE	61
CHAPTER NINE: PART OF A BALANCED APPROACH	63
BALANCED SCORECARD	63
LEAN AND SYSTEMS THINKING	
INTEGRATED THINKING	66
CHAPTER TEN: RESOURCES	69
GUIDANCE AND FRAMEWORKS	69
OUTCOMES IN PRACTICE	71
PAYMENT BY RESULTS	72
SOCIAL FINANCE	73
EXAMPLES OF IMPACT REPORTS	74
GLOSSARY	75