

## Q&As - Commissioning Better Outcomes

### Commissioning Better Outcomes (CBO) & Social Impact bonds (SIBs)

#### 1. What is the aim of CBO?

CBO is one of two outcomes funds aimed at growing the market in Social Impact Bonds (SIBs) and other investment instruments to support the delivery of payment by results (PbR) contracts. They do this by providing development support/funding and paying for a proportion of some outcomes payments. CBO has been set up by the Big Lottery Fund. The Social Outcomes Fund (SOF) was a Government (Cabinet Office) funded initiative.

#### 2. What are the differences between the two outcomes funds?

CBO and SOF are two separate funds, administered by Big Lottery Fund and the Cabinet Office respectively. We have a shared aim (as above), but each fund has a specific focus that reflects the slightly different focus of the two organisations.

- For the Big Lottery Fund, this is to enable more people, particularly those most in need, to lead fulfilling lives, in enriching places and as part of successful communities. CBO will **not** provide top-up outcomes payments that replicate or replace services that a public body has a statutory duty to provide
- For the Cabinet Office, this was to catalyse and test innovative approaches to tackling complex issues using outcomes based commissioning

Both funds encourage active engagement with the VCSE sector. Please note SOF is fully committed as of April 2015. If you are applying to the outcomes funds, you need to address your application to meet the requirements of CBO.

#### 3. What is Payment by Results (PbR)?

A PbR contract is one where a commissioner (normally a public sector organisation) agrees to make a payment to a service provider only if certain pre-specified outcomes are achieved. This only happens when tangible outcomes are achieved and evidenced and so it can mean that some service providers may need to secure money to run the service until outcomes payments are triggered.

#### 4. What is a Social Impact Bond (SIB)?

SIBs are one type of funding structure for PbR contracts to bridge this gap. Like any other contract, SIBs need to be drafted, procured and delivered. Commissioners as well as intervention providers will have considerable generic in-house experience in relation to contracts that is applicable to SIBs. In a SIB the investors provide upfront finance to service providers who do not have the financial resources to wait until outcomes are achieved and payments are received.

## Q&As - Commissioning Better Outcomes

Government agrees to pay PbR outcomes payments to the investors based on whether the social outcomes are delivered. If the programme is not successful, government may not pay anything (depending on the terms of the contract), but if it is successful, investors will receive a return on their investment. So, essentially, the risk is transferred to the investor.

### **5. Why are you interested in SIBs?**

SIBs are an innovative and increasingly popular tool for enabling social enterprises and charities to deliver these types of contracts, as they provide the upfront finance they need to deliver services, but also transfer the risk to the investor in advance of outcomes being achieved and payments being made.

SIBs also provide service deliverers with greater flexibility, allowing them more room for innovation and greater freedom to demonstrate solutions that work. Through our two outcomes funds the Big Lottery Fund and the Cabinet Office aim to support the development of more new SIBs. We also expect to learn more about what works and what doesn't work to inform future SIBs.

### **6. How could Voluntary, Community and Social Enterprise organisations (VCSEs) benefit from involvement in the outcomes funds?**

Providers from the VCSE sector are often prohibited from getting involved in PbR contracts. This is because they do not have the financial resources to wait until outcomes are achieved before they are paid. Entering into a SIB or securing other investment means that VCSEs and other smaller charitable sector service providers can access the upfront capital they need to deliver interventions under a PbR contract.

As the outcomes funds aim to grow the SIB market, we anticipate that this will lead to increased opportunities for VCSE providers to deliver more interventions.

In the first three years of operation of CBO (2013-16) we have seen VCSE organisations involved in the programme by developing ideas at EoI stage, which have been subsequently supported by intermediaries and commissioners; managing development grants and full awards; providing technical support at development stage, particularly around beneficiary cohorts; and being contracted to become delivery and management agents for funded interventions.

### **7. What do you mean by “other investment instruments” which you reference with respect to the aims of the outcomes funds (Q&A1)?**

SIBs are just one type of investment instrument which can support PbR. Other investment instruments that can be used include loans, equity and other types of bonds. The type of investment instrument selected and the terms (usually) agreed between a commissioner and service provider at the outset are normally

## Q&As - Commissioning Better Outcomes

dependent on the final payment terms. All of these models can be funded through the Commissioning Better Outcomes programme, in particular, provided they include a measurable outcomes framework and lead to self-sustaining outcomes.

### 8. How much money is available?

The Big Lottery Fund has up to £40 million available through Commissioning Better Outcomes. Over £5 million of this was set aside for development funding.

The Cabinet Office had up to £20 million available through the Social Outcomes Fund, but this is now fully committed.

### 9. What type of investment instruments are you looking to support?

We will only offer top ups to create new investment instruments and will not pay for additional outcomes for existing contracts. This is because one of the key aims of the outcomes funds is to grow the market. We will only support those investment instruments that:

- have a clear emphasis on social outcomes resulting in long term gains
- address complex, entrenched, expensive social issues
- include a measurable outcomes framework
- have the potential to attract external investment
- have the potential to be self-sustaining in the long term

We do not want to prescribe the sorts of interventions or outcomes that will be commissioned. We will look to support investment instruments that enable a wide variety of organisations to deliver innovative and effective services to people and communities, across a wide range of policy areas - from crime and employment, to health and housing, and children's services and addiction.

### 10. What are the types of intervention you are looking to support?

We do not have a type or typical intervention, the interventions will vary depending on the social issue your SIB is aiming to support. We know at the point of application that you may not be able to tell us exactly what the intervention is that you intend to deliver. We do, however, need you to give us a broad outline of the type of intervention you expect to deliver and why.

We will expect you to be able to tell us:

- Has the proposed intervention been used in a SIB/ outcomes based contract before, if so please provide evidence of where, when, and how successful it was
- Have the potential service providers been involved in a SIB outcomes based contract before

## Q&As - Commissioning Better Outcomes

### Eligibility for Funding

#### 11. Who is eligible to apply?

Commissioners, providers or intermediaries could have submitted an EoI prior to the deadline date. However, we normally expected development grant requests and still expect FAs to be from a commissioning organisation (typically a public sector organisation). For example:

- Local Authorities, seeking to improve outcomes for troubled families
- Clinical Commissioning Groups, and other local health commissioners, seeking to reduce hospitalisation
- Housing Associations, seeking to reduce rent arrears arising from poverty due to families being not in education, employment or training
- Police and Crime Commissioners, seeking to reduce gang membership
- Schools and Colleges seeking to support youth engagement and training

In exceptional circumstances we will consider development grant applications and FAs from other organisations (such as providers, including VCSE organisations, or intermediaries), as long as there is a commissioner involved. If this is the case, then you **must** contact us to discuss this before submitting your application.

We recognise that some commissioners may have limited capacity to develop SIBs and other outcome-based investment instruments. We will, therefore, on an exception basis, by pre-agreement, accept development applications from intermediaries and providers, particularly VCSEs with appropriate capacity and capability, to develop and deliver SIBs and other models, on the proviso that the lead organisation meets the requirements detailed in [Q&A 20](#). Any application made by a party other than the commissioner will need to evidence commissioner commitment as set out in [Q&A 21](#).

Where a VCSE or other organisation may need to take the lead in the absence of commissioner capacity, you will need to get pre-agreement from the Fund. You must discuss this with us before applying for any CBO funding. For such proposals you will need to ensure you have the necessary governance arrangements in place (see [Q&A 13](#)), including good financial health. (See [Q&A 12](#)). You will also need to ensure that any potential conflicts of interest are managed properly. There is no guarantee that a VCSE who leads on a proposal will be able to be the service provider, as any proposal will usually have to tender openly for service providers.

CBO strongly advises that an expert provider should not advise both a commissioner and a VCSE delivery organisation, however we will not insist on this as a condition of grant funding.

CBO will not allow CBO development funding to pay for activities by an organisation that may then invest in the resulting proposition, either directly or via a fund they manage.

### 12. What do you mean by good financial health?

Good financial health will be demonstrated by three complete years of financial accounts, with no audit or other qualification. The accounts will show that the organisation has been operating in surplus with sufficient monetary and financial management capacity to deliver the proposal made to the outcomes funds at development and FA stage. Management accounts for the current year, along with a cash flow projection will help us to confirm future financial management capacity.

In the event of an applicant organisation being too new to demonstrate financial health (as in a new special purpose vehicle) or too small to demonstrate financial and management capacity (such as a local VCSE service provider), we will consider applications from a consortium of organisations.

In such cases the lead organisation must make appropriate arrangements through a Memorandum of Understanding (MoU) or other appropriate financial or legal instrument to rely on the financial health, capacity or governance of another suitable organisation. This arrangement would be acceptable on the proviso that it does not create a conflict of interest between procurement and delivery of services or other provision.

### 13. What are the governance requirements of the outcomes funds?

Any organisation funded by SOF must contribute to achieving the outcomes of SOF, being based and delivering services in England.

Any organisation funded by CBO must contribute to achieving CBO's programme outcomes. This includes supporting those most in need in the charitable, education, environment or health sectors, being based and delivering services in England. CBO funding cannot be used to make a private financial gain and all grants made will contain advice to this effect.

CBO funding can only be used to fund participants (service users) and interventions where the support provided is additional to statutory requirements. CBO cannot fund any intervention that is legally required under statute, such as an intervention required under law to support people in statutory care.

It may, however, be possible to use CBO funding to support a mix of statutory and discretionary interventions, as we are minority funders, provided you can verify to us that CBO funding is only being used to fund discretionary provision.

Any organisation funded by the outcomes funds must be able to demonstrate sufficient management and financial capacity, capability, experience, skills and knowledge to deliver the project proposed to plan.

## Q&As - Commissioning Better Outcomes

### **14. When can VCSE organisations get involved, if the application is done by commissioners?**

Commissioners, intermediaries and service providers (including VCSE organisations) can become involved at any stage in the process up to final application. CBO normally expects Full Applications (FAs) to be submitted by a commissioning organisation (typically a public sector organisation).

As detailed below ([Q&A 20](#)), in exceptional circumstances we will consider FAs from other organisations who have contacted us in advance of making an application.

### **15. Do VCSEs delivering a service through a SIB carry the financial risk, if outcomes aren't achieved and outcomes payments are not made?**

No, SIBs are designed specifically to transfer the financial risk away from VCSE providers to investors. Investors provide the upfront capital that enables VCSE providers to deliver an intervention under an outcomes-based contract.

The commissioner makes outcome payments based on whether the outcomes are delivered and it is these outcomes payments that are used to repay investors.

If the intervention is not successful, then the commissioners may not pay anything and investors will not get their money back. It is important that this is made clear to investors before they enter into any agreement.

### **16. How else is the VCSE sector going to be involved in CBO?**

Although CBO is primarily targeted at public services commissioners, VCSEs will have opportunities to get involved by acting as delivery partners and management agents. We particularly encourage active engagement with the VCSE sector throughout the process, and, in CBO guidance, specifically ask commissioners to ensure that they:

- consult with a wide range of potential delivery partners, including those from the VCSE sector
- find support for their SIB from a range of different stakeholders such as other commissioners, investors, delivery partners and prime contractors
- be aware of their obligations under the Public Services (Social Value) Act 2012 by considering how any procurement might improve the economic, social and environmental wellbeing of the local area
- include local VCSE providers in all bids for top up funding to CBO in excess of £1.2m and consider VCSE involvement in smaller requests

## Q&As - Commissioning Better Outcomes

### The Application Process

#### 17. What does the application process consist of?

The Big Lottery Fund is responsible for the assessment of all Full Applications made to the CBO fund.

If you are successful in your FA, you will be made an in-principle offer. The commissioner involved in your model will then need to openly procure for delivery partners and raise any investment if required.

Your final offer of funding will be confirmed once you have fulfilled any conditions, which will be set out in your in-principle offer.

#### 18. How much can I apply for?

We will only contribute a minority portion of the total outcomes payments and expect the average contribution to be up to around 15 per cent of the total outcomes payments.

There is no minimum or maximum funding available from us for each SIB, but we expect the average amount of funding for outcomes payments to be around £1 million.

In exceptional circumstances we may be prepared to pay a greater portion of outcome payments or a higher amount. It is important that you discuss this with us before applying.

#### 19. What support is available to applicants?

Please contact us direct with any questions ahead of submitting your FA via your funding officer or [sioutcomesfunds@biglotteryfund.org.uk](mailto:sioutcomesfunds@biglotteryfund.org.uk).

CBO has appointed an experienced external consultant, Tim Gray, to support commissioner engagement with CBO and Social Impact Bonds (SIBs) in general.

This support work is intended to complement and not duplicate work funded through development grants. It is primarily intended to take commissioners from an intent to support a SIB through to an actual commitment and to help commissioners maximise the skills and expertise you build through your engagement with the CBO programme to take forward to other SIB models in the future.

Tim is not there to write or advise you in detail on your CBO applications either, but may again be called on to supplement support you obtain from other sources. You can contact him at [timgray.london@gmail.com](mailto:timgray.london@gmail.com).

The Cabinet Office Centre for Social Impact Bonds also provides light-touch support to SIB developers and has produced a series of tools and resources to help develop SIBs:

## Q&As - Commissioning Better Outcomes

- **the Knowledge Box** is modular resource containing the latest thinking on SIBs
- a template and guidance for **developing payment by results contracts**
- you can contact the Centre for Social Impact Bonds by emailing: **sibs@cabinet-office.gsi.gov.uk**

You are also strongly advised to consult with the contracts team for the lead commissioner supporting your proposal to access their expertise and take their advice on approved suppliers of contract related services such as financial, legal and procurement advice. You may also wish to obtain support for your development grant funded work and your full award funded work via our Directory of SIB providers

### **20. Our commissioner is unable to lead on the Full Application to the funds. Can we still apply?**

You must notify us of this in advance in such cases, so that we can discuss the governance and financial health of your proposed lead organisation if this is the case.

In order to be eligible for our funding, you will have to demonstrate that the proposed lead organisation (and proposed support and delivery partners) for your development and FA has directly or indirectly, through a Memorandum of Understanding (or other appropriate instrument) with an appropriate body, has:

- a robust financial history over the previous three years
- current good financial health - see [Q&A 11](#) above
- a turnover that demonstrates sufficient capacity to manage the funding you propose to obtain from the outcomes funds and other sources
- sufficient liquidity to manage any reasonable financial contingency
- appropriate governance arrangements in place - generally a company that is majority owned by one individual will not meet our requirements

Where the lead organisation is also a potential service provider, the lead organisation must make early arrangements (prior to the letting of any contract) to deal with all potential, perceived conflicts of interest.

### **21. Commissioner Commitment**

All applicants need to obtain a degree of commissioner commitment at an early stage - Any bid for development funding had to have had in-principle written support from at least one potential commissioner, backed up by significant cash or in-kind technical support from the commissioner.

## Q&As - Commissioning Better Outcomes

Any bid for full outcomes funding must have confirmed written support from at least one local public sector commissioner, backed up by a firm written commitment from that commissioner to enter into appropriate outcomes contracts further to final offer.

### Development Grants

#### 22. What is a significant contribution to the development grant?

All proposals in receipt of development grants must ensure they make the significant contribution to the technical support agreed in assessment. By significant we mean a contribution without which the feasibility study underpinning any proposal would be unable to progress.

The contribution can be in cash or in-kind and can come from any organisation involved in the bid for funding. It must include a contribution from the commissioner, particularly where the commissioner is not leading on the development grant application. We will not include as part of a significant contribution any:

- retrospective funding committed prior to the acceptance of an offer of a development grant award
- contribution to support the administration, marketing or other non-technical generic work associated with a feasibility study
- contribution to fund any other aspect of a feasibility study that a commissioner would have provided in any case through existing internal markets
- contribution that has been inflated in value by the absence of open competition for provision funded by the lead organisation and its partners

#### 23. Who do I need to engage with during my feasibility work and development grant?

As you develop your proposal your engagement strategies will very much depend on the work you have done to date and the particulars of your proposal from a social policy, scale and geography perspective.

In general terms you need to think about engagement with:

- The commissioner including the contracts team of the commissioner, although the latter may be reluctant to engage with you until a much later stage in development of your proposal - at the point when you are looking to finalise contracts. Please note your commissioner's contracts team will have a wealth of knowledge about contracts, contract law and procurement including an approved list of local providers - legal, contracts and financial experts, which may help you with the technical support for your development grant.

## Q&As - Commissioning Better Outcomes

- Participants and front line staff - remember The Fund expects an active consultation process with your participant intake as part of planning and delivering interventions
- Potential providers of the service - without anticipating or distorting the outcome of any later procurement
- Funders including social investors, those providing loans, outcomes payments and others
- Potential evaluators, collectors and independent verifiers of data recognising that these may be subject to competitive tender later down the line

You need to consider how you will sustain this engagement throughout the project when you make your full award application.

### **24. SIB structures - is there a given SIB structure we should develop?**

We have no particular requirements for SIB structures, other than to keep it as clear and simple as possible and ensure any real or perceived conflicts of interest for stakeholders are managed (normally by the commissioner). Make sure you have a logical funds flow and strong separation of roles and duties to avoid conflicts of interest occurring.

We will fund PbR and consider bespoke models, combining PbR /service contract with the SIB investment vehicle. Generally we want the commissioner to be in the lead where possible, whether they are outsourcing functions or running them in house, as our funding is designed as a top up to subsidise and encourage engagement by commissioners. Exceptionally, we will allow another body to lead but a case must be made well in advance of any FA. This could include, in certain circumstances, for instance, an investor owning the mechanism through which the SIB is funded.

Please note if you do not openly procure any part of the structure, then we may be unable to fund that part of your SIB or, in certain circumstances, the SIB in its entirety.

### **25. How will you test value for money?**

We expect all costs to reflect current market value for provision and the level of technical support required. We will not accept a flat rate to cover technical support or the extension of an existing contract which excludes competition and, therefore, may increase costs to the funds artificially.

For Full Awards, we expect your contracting arrangements to offer good value for money in selecting the intervention providers. SIB overhead in the form of SIB management and associated costs must be proportionate to the size of the SIB and the delivery contracts as must the administration fees chargeable by social investment funds and loans funders.

## Q&As - Commissioning Better Outcomes

Any financial gain including dividends, interest, performance payments, returns and other surpluses must also be proportionate to the size of the project and to the risk transferred to that stakeholder, where appropriate.

The Fund is collecting data to benchmark expected returns, financial gain and management overhead. CBO is unlikely to fund proposals where any of these are deemed to be excessive.

### **26. Can I apply for a Full Application before I finish my DG work?**

Yes; but we will have expected you to have completed a sufficient amount of your feasibility work to make a strong application supported by a worthwhile contribution from any development grant you have had from us.

Please note that we would not welcome a FA immediately after you have been offered a development grant. Any such application may be deferred and this could result in us withdrawing development grant funding.

We do recognise that there may be added value from a lead organisation retaining the specialist skills of their outsourced technical support, during the FA assessment period. The FA assessment period lasts for approximately seven weeks prior to any in-principle decision being made and is particularly detailed in the first three weeks of that period.

We will not fund any development grant after an in-principle award has been determined. This is because the purpose of the development grant is to test out the feasibility of the proposal to support an in-principle decision. If you do not fully expend your development grant prior to the in-principle decision being made by CBO, then you are likely to have your development grant reduced down proportionately.

Please note that we will not normally fund development or feasibility work that runs on after 31<sup>st</sup> May 2016, as it is our experience that it takes two months to prepare a FA properly. It may be possible for you to work on closure of the development grant after this date; but CBO may decide not to authorise any new expenditure or activities to support feasibility work and any unspent funding will revert to the Fund.

### **27. What do you expect of applicants when you require research into and consultation with participants?**

CBO supports people and communities most in need, a core part of the Big Lottery Fund's overarching mission.

We expect applicants to actively engage with their intakes of participants to target equality groups and those who are traditionally hardest to reach through largely secondary research to review competing needs. We expect applicants to consult with, actively engage with and involve people with disadvantages and their local communities; and for them to plan with delivery agents to do this to.

## Q&As - Commissioning Better Outcomes

This consultation could be through participant and broader community involvement in determining the interventions to be applied; monitoring and evaluating the effect of those interventions; and helping to plan current and future interventions and longer term sustainability, replication and scaling.

### Full Applications

#### **28. Do I have to have co-commissioners to support my Full Application?**

As a rule: no. You should note that co-commissioning can strengthen the savings capacity and investibility of your proposal. If you are working in a social policy area where logic dictates working with multiple commissioners (as in a service where cost benefits can be generated by the local authority, local health authority and police commissioner) then we will certainly look to you to strengthen your proposal by engaging with all relevant commissioners.

#### **29. Can I put forward a proposal that includes interventions outside England?**

No. The outcomes funds are designed to benefit people in England through provision made by organisations in England. We therefore, expect the full benefit of your proposal to accrue to people and communities in England.

#### **30. Are there any limits on the strategic and social issue we propose to address?**

If you are considering applying for CBO funding please be aware of Big lottery Fund vires, which limit us to supporting projects which benefit those most in need through interventions in the charitable, educational, environmental and health sectors.

#### **31. Do I have to have a defined intervention at Full Application stage?**

We would expect you to have explored the intervention in outline at Eol stage and in further detail through your feasibility stage. In many cases your intervention package will be defined through this process.

You may, however, need to continue to test a range of interventions throughout the funded period (for instance for personalised packages of support or to maximise long term cost benefit of the SIB). In such cases give clear examples of the sort of intervention you have used in developing your proposal and propose to use during the full project.

## Q&As - Commissioning Better Outcomes

### 32. Can you give me examples of the perverse incentives?

The issue of perverse incentives is a consideration for all parties: commissioner, investor and provider.

Perverse incentives occur when a payment incentivises undesirable behaviour inadvertently. For example: if a payment is made to reduce the number of children in care, there could be a perverse incentive to bring children who should be in care out of it inappropriately. Perverse incentives can be managed by, for instance, separating decision-makers from the participants of outcomes payments.

You may also need to be aware of the effect of step down services where the outcomes of your PbR/SIB aiming to reduce demand in one area, lead to increased demand in another area as detailed in the glossary of terms. Similarly, there is a risk that deliverers may seek to maximise actual outcomes by skimming: working with participants who are least costly to work with and, therefore, distorting outcomes payments.

### 33. What is meant by deadweight?

Deadweight occurs when the outcomes you propose to attribute to interventions made under your proposal are actually partially or fully attributable to other interventions. This can inflate outcomes payments above their true value.

As such we will look to applicants to fully research potential deadweight throughout the application process. We will also look to applicants to take proactive steps to minimise the occurrence of deadweight or to reduce outcomes payments sought to offset any deadweight effect.

### 34. Must data to support outcomes be independently validated?

Not necessarily: If the data is entirely third party from all stakeholders in the SIB e.g.: a national database - then no validation is required.

In, most cases, however, the data will be in the hands of one of the local stakeholders involved in the proposal, representing a potential conflict of interest. As such, we will look to the commissioner to make arrangements internal to the SIB to validate most of the data, but will require a statistically significant sample to be externally validated- normally 10% (or larger where the participant numbers are less than 300).

## Q&As - Commissioning Better Outcomes

### **35. Evaluation: How do you expect to learn from this programme and what sort of programme evaluation do I need to undertake?**

Big Lottery Fund looks to increase learning and enhance collective understanding of how to develop and deliver successful SIBs

We expect funded proposals to contribute towards the attainment of these objectives through their own project evaluation. We have also contracted an evaluation of the CBO programme (via Ecorys and ATQ) which will assess learning and delivery of related objectives across both funds.

We are keen for there to be an evaluation of each funded project, but there is no need to do a full project evaluation. As a rule, we would be happy for there to be an internal evaluation of the implications of monitoring data and for that review to be externally evaluated to give it credibility.

A dissemination strategy for findings to places and people where it will have an impact is as important as the evaluation itself.

### **36. Can we contract the consultant who helped us develop the SIB to provide us with support after the development work is complete to help us launch the SIB?**

In principle, yes, you can; but you will have to be very careful about issues relating to conflict of interest and the impact on your procurement processes for the final application.

CBO expects open procurement at each stage and there are legal requirements under European Contract Law. This means that, if you opt for the same consultant, then they may need to withdraw from providing you with technical support during the procurement for the main project. This risks leaving you with a lack of capacity to complete the necessary development work and to launch the SIB.

Additionally, there is a risk that allowing your existing consultant to apply may mean that other intermediaries assume that the procurement is a done deal. As such they decide not to submit a tender impacting on your procurement process and your ability to obtain best value for money from the procurement. There is also an associated reputational risk from the perceived lack of fairness of the procurement process.

Please be aware that these risks appear to have been real concerns that could not be fully managed in some recent SIB proposals. They were also, arguably, causal factors in some of these proposals not developing into SIBs.

## Q&As - Commissioning Better Outcomes

### 37. What terms am I likely to have to meet if I am successful at in-principle stage before I can progress to a final application?

There may be some terms that will be proposal specific, but, in general, we will be looking for each applicant who is successful at the in-principle stage to agree to:

- ensure all contracts (such as contracts with any intermediary managing aspects of the project or contracts to deliver interventions) entered into prior to the final application are compliant with outcomes funds requirements, which include our reviewing those contracts prior to finalisation and sign off
- review, validate, and obtain commissioner sign-off on outcomes metrics including, as appropriate, revising the metrics, where issues have been identified at the in-principle stage
- progress arrangements for data collection and independent verification and procurement of delivery partners, so that CBO-SOF can be satisfied you will be able to launch as planned

## Grant Management and Payments

### 38. When will I be paid and how will my grant be monitored?

If you have been successful in applying for development funding, we will agree the payment schedule with you when we set up your grant. Normally, these are paid in three instalments: beginning, middle and towards the end of the grant. Outcomes payments will be made in arrears if and when the outcomes measures set out in the FA and which form part of your offer, are achieved.

CBO and SOF each have their own monitoring arrangements, but the funds will continue to work together where an application is jointly funded by both funds.

At development grant stage monitoring is completed by CBO. The main monitoring events are setting up your grant; as well as ensuring you have achieved the grant requirements (including project outcome, indicators and additional terms and financial requirements of the grant), usually, at the mid-point and end of grant.

For full awards CBO monitoring will be focused on:

- your project being launched to schedule, with all the outcomes funds requirements in place prior to the first cohort being recruited - this could include open procurement of delivery agents and staff, other contractual arrangements, stakeholder engagement, planned financials, metric monitoring and verification arrangements
- your evidencing any claims for outcomes payments with independently validated data
- a formal review of progress at the end of each project year, with informal reviews in year

## Q&As - Commissioning Better Outcomes

- your putting in place the necessary project evaluation and dissemination arrangements
- we look to CBO funded projects to work with the CBO programme evaluator to deliver the learning expected from your project

### **39. When do I need to apply and when must my project finish?**

FAs can be submitted by prior agreement with the Fund to an agreed timeline (once you have passed EoI stage) and must be submitted by 31 July 2016.

All top-up outcomes payments must be drawn down by 31 September 2022.

Further information on the application timelines is given in the programme guide.

### **40. How do I get further information about the CBO fund?**

Please see our website at: [www.biglotteryfund.org.uk/sioutcomesfunds](http://www.biglotteryfund.org.uk/sioutcomesfunds)

You can also discuss particular aspects of your proposal with your Funding officer or by sending an email to: [sioutcomesfunds@biglotteryfund.org.uk](mailto:sioutcomesfunds@biglotteryfund.org.uk)