

A guide to support Value for Money (VfM) analysis for public managers

July 2021

This guide complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA, the Chartered Institute of Public Finance and Accountancy.

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Both the guide and toolkit are in beta versions and are open for public comments. We welcome your feedback to revise and improve them in future iterations.

Project team

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Contents

I	Overview	6	IV	The SIB tab	22
II	Introduction to prospective VfM assessments	9	V	Appendix	23
III	VfM assessment: a step-by-step guide to the 4Es framework	14			

Overview

This guide is aimed at **public managers planning to assess Value for Money (VfM)** of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.

This guide will:

- Describe what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular this guide emphasises the link between economy and effectiveness criteria.
- Promote thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.
- Introduce our VfM toolkit (Excel Workbook), which is a step-by-step and structured framework for conducting a VfM assessment. Notably, this toolkit at the current version is intended for learning and self-assessment and should not be taken as the sole source for decision making. The toolkit promotes a wholesome approach and takes advantage of the full spectrum of VfM criteria.

This guide will not:

- Provide a framework to support the choice of service delivery model (ie **sourcing or procurement strategy**). The **delivery model assessment**, which used to be known as ‘make vs buy’, is part of another framework that we are planning to develop. The UK Government’s **Sourcing Playbook** also provides some guidance on that.
- Provide a comprehensive stand-alone source for decision making. There are many other considerations you need to take into account apart from economic validity.



Figure 1: Intended context and purpose of the VfM Guide and toolkit.

I.i. How is this guide different from other VfM guides?

This guide supports outcome-orientation, uses prospective (ex-ante) information to inform decision making at planning stage, and is specified at a 'programme' level. It is written both as a stand-alone guide to VfM assessments and the steps within them, and also as a companion to the GO Lab-CIPFA VfM toolkit. This guide support 'value boost' as an important consideration at the planning stage, along with 'cost control'. This perspective is opposed to the 'cost squeeze' approach. VfM assessments often involve trade-offs between the 4Es. For instance, a narrow focus on economy could lead to cost-minimisation at the expense of justifiably better outcomes. Balancing these criteria to ensure that VfM considers the overall benefits and costs of an intervention is paramount.

Both this guide and the toolkit are optimised for discrete programmes with known – projected or estimated – parameters, namely timelines, cost drivers, outputs and outcomes. For the beta version, we have specially focused on social and health programmes and test-run the toolkit on multiple occasions. We believe, however, that our toolkit is applicable to broader use for public programmes. In case there are limitations to using this for other policy domains, we would like to hear your thoughts.

I.ii. What does VfM mean in general public accounting contexts?

The term 'Value for Money' (VfM) is used widely among decision makers, but its meaning varies just as widely depending on the user. Often it is simply used interchangeably with 'efficiency' – best use of inputs to get the maximum output. CIPFA's VfM toolkit, for instance, assists UK local authorities to identify opportunities for improving efficiency by comparing their spending and key performance indicators to those of similar councils.

However, the definition of VfM is much broader in both national and international frameworks. For example, the official UK definition from the National Audit Office (NAO) describes VfM as "the optimal use of resources to achieve intended outcomes". The NAO outlines four core criteria against which VfM is assessed (the 4Es): economy, efficiency, effectiveness and equity. The extent to which a VfM assessment covers all four criteria depends on the context of the programme. It might be that an assessment of efficiency is more relevant if accurate information on outcomes is not available. However, the equity consideration is often neglected.

I.iii. What does VfM represent in an OBC context?

VfM poses an evaluative question about how well resources are used in the delivery of a programme and whether the usage is justified. A VfM assessment seeks to assess the use of resources in maximising the outcomes of a programme so that more informed, evidence-based decisions can be made.

For OBCs in particular, a clearly articulated VfM assessment will also facilitate planning clear monitoring, evaluation and outcomes verification strategies, as payment is fully or partially attached to the success of them.

This makes assessment of the effectiveness criterion more straightforward, as outcomes are already identified. We like to encourage identifying outcomes even for other types of service delivery methods (like in-house or fee-for service). In OBCs, outcomes are identifiable, mainly quantifiable and measurable. Hence a VfM assessment for OBCs helps to determine how to maximise those outcomes for given inputs and outputs. All of these differences provide a facilitating opportunity for running a thorough VfM assessment with more confidence.

Introduction to prospective VfM assessments

This guide aims to provide an overview of things to consider when preparing a prospective evaluation plan for OBCs. The purpose of a prospective VfM assessment is mainly to support decision-making at the design/planning/proposal stage, similar to feasibility analysis or preparing a business case. This would help decision makers to better justify the use of OBCs in their intended programmes and/or adjust particular aspects to achieve VfM.

There are certain factors you will need to consider when conducting VfM using prospective information:

- The VfM assessment will require data on the programme's costs, benefits or value, and price of outcomes. These may be retrieved from budgeted data or estimations/projections using 'historic' information, as actual evidence can only be obtained after implementation.
- Appropriate benchmarks are helpful to use as comparators. It may be challenging to find information on outcomes given their novelty, and consequently lack of comparator data and information. CIPFA's VfM toolkit, mentioned above, contains a rich dataset of various performance indicators and unit costs for local councils, which you may use for benchmarking. If there is no comparator (ie a programme that shares the same outcomes), then one solution is using average cost and performance values of a set of similar programmes within the sector that are not commissioned using OBCs.
- Prospective VfM assessment requires handling both historic and projected data, which may require a certain level of data skills. Our toolkit supports high-level data analysis but leaves the detailed estimates to internal capacity. In cases where data is not quantifiable (eg outcomes) and/or comparable (eg 'complex products', where there are multiple individuals, groups and/or goals), judgement may need to rely on qualitative measures. However, the results of a mixed method approach (qualitative and quantitative) are much more reliable to fill data gaps, cross-check findings and provide validity on data used to make informed judgements.
- Generating prospective estimates of outcomes and impacts is even more challenging under uncertainty, for example in fragile environments where unexpected events are likely to occur. Also, in face of crisis (such as a pandemic), the results might diverge substantially from the expectations. Sometimes it is helpful to additionally work out a set of best and worst-case scenarios to be better prepared.

In the following, we describe how to prepare for a VfM assessment. This guide is structured in a way to match the toolkit formatting. Please note that headlines are labelled to correspond to the toolkit, namely letter 'Z' corresponds to miscellaneous, 'A' to Economy, 'B' to Efficiency, 'C' to Effectiveness, and 'D' to Equity.

II.A.i. Stages of a VfM assessment

A VfM assessment using prospective information can be conducted in two stages: (1) VfM framework design and (2) VfM assessment. Each stage consists of three sequential steps as shown in Figure 2.



Figure 2: Stages in prospective VfM evaluation (adapted from [King and OPM, 2018](#)).

II.A.ii: Theory of change

A 'theory of change' (ToC) describes the sequential steps of programme development, namely inputs, activities, outputs, outcomes and impact. See [New Philanthropy Capital's practical guide](#) and the [Social Impact Bonds \(SIBs\) provider toolkit](#) for how to create a ToC. Prior to assessing the VfM of your programme, you should generate and review the programme's theory of change to understand how and why a desired outcome/impact is likely to occur in a given context.

From a commissioning standpoint, it is important to distinguish between inputs, outputs and outcomes. Inputs are resources invested in the programme to deliver the outputs (eg number of staff employed for a programme).

Outputs are the goods or services that the programme activities produce (eg number of sessions held) while outcomes are the eventual goals of the programme (eg improved mental health). Impacts are longer-term effects of a programme and could be measured using 'impact measurement' methods (see GO Lab's [Impact Wayfinder](#) to find the most relevant resources tailored for any context). Also, see GO Lab's [setting and measuring outcomes](#) guide to learn further about outcomes.

As the below diagram indicates, each criterion of VfM is connected to specific stages of ToC, and there are different methods of evaluation depending on the evaluation plan.

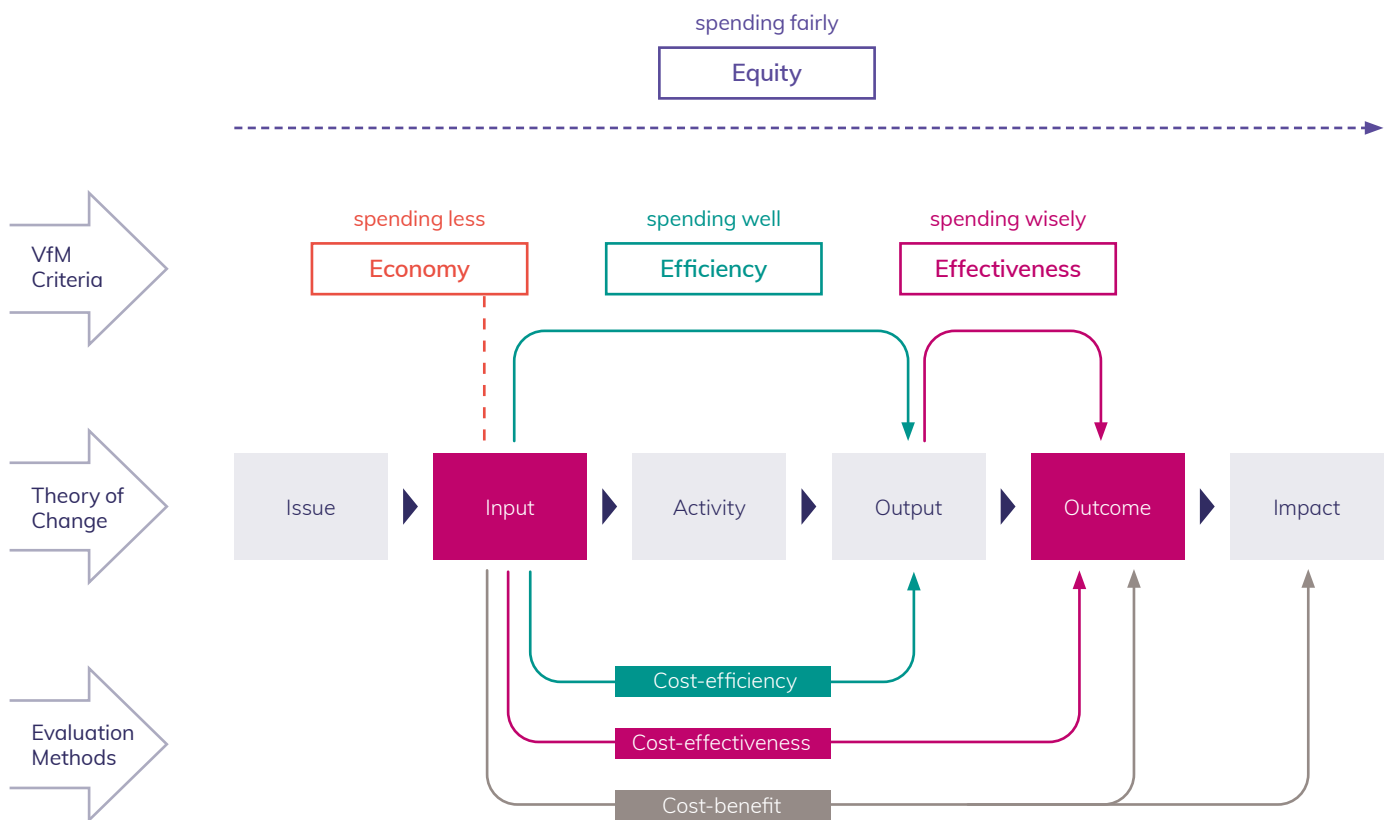


Figure 3: Augmented VfM theory of change.

II.A.iii: Evaluation methods

There are different ways to evaluate a programme. Most common methods are cost efficiency, cost-effectiveness analysis (CEA) and cost-benefit analysis (CBA). The right choice of evaluation method depends on the aims and objectives of the programmes as well as the available information and context. For example, CEA might be better than CBA when comparing interventions that you cannot monetise. However, CBA may be better when making decisions between programmes with either the same or different outcomes. We encourage avoiding cost-efficiency analysis alone when other methods are possible.

Each evaluation method could be prospective, mid-term or retrospective. Our toolkit calculates and presents prospective measures for all the above methods on the summary tab. For more detailed guidance on conducting these evaluations, see the Treasury's Green Book, J-PAL's Guide to Cost Effectiveness and Greater Manchester Combined Authority's CBA model. Additionally, GO Lab's Impact Wayfinder tool can help you find appropriate impact evaluations according to the focus of your organisation and the scale of your programme.

II.A.iv: Vfm criteria and standards

Criteria selection

First, select the criteria for identifying the evidence needed, interpreting the evidence and then making clear judgements about performance. The UK government's 4Es (economy, efficiency, effectiveness and equity) framework – also referred to as 3Es, as 'equity' is sometimes perceived as optional – is generally used as the criteria to assess Vfm. Programme-specific definitions and more detailed sub-criteria can then be used to link this framework with the theory of change of a specific programme.

Standards

Define the levels of performance for each programme-specific criterion. We used a scoring system in our toolkit for qualitative assessment ranging from 'poor' to 'excellent' to support comparison against standards (see this as an example for Vfm assessment with standards).

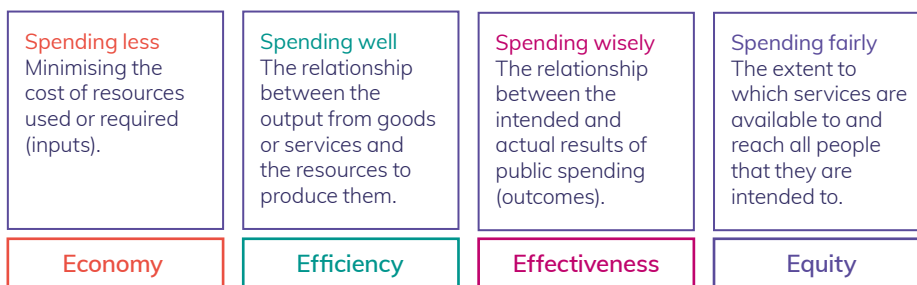


Figure 4: 4Es Framework.

II.A.v: Evidence assessment

Identify the evidence needed to support the VfM assessment. Evidence falls into two broad categories: qualitative (descriptive/narrative terms) and quantitative (indicator-based measurement). The preceding steps (ie the programme's theory of change, criteria and standards) should ensure that the evidence is relatively robust and supports the evaluative judgements appropriately. The data checklist sheet in our **VfM Toolkit** provides a starting point for the evidence you are likely to require.

II.A.vi: Gather evidence

Collate the evidence (eg data on cost drivers, payment mechanism, cash flows outcome measurement, prices, etc) required to address each criterion, ensuring balance between the 4Es wherever possible. Moreover, assess the quality of this evidence and its utility in capturing value for money of the programme. See our VfM toolkit for more details on the prescribed data to make such calculations.

II.A.vii: Analysis, synthesis and judgement

Examine each type of evidence separately, then synthesise the components to reach a collective judgement about the level of performance against the criteria and standards defined. It can be helpful to use a standardised process such as the 4Es framework, which we will elaborate on throughout the rest of this guide.

II.A.viii: Reporting

Prepare a VfM assessment report as a matter of record. Our VfM toolkit provides a handy printable summary sheet that can serve this purpose.

VfM assessment: a step-by-step guide to the 4Es framework

This guide accompanies an Excel-based VfM toolkit and walkthrough video, accessed through [here](#), that can help you go through all these steps. This section of the guide follows the same structure as the toolkit, so you can refer to the same section number on both the guide and the toolkit and refer here for more detailed guidance on specific portions of the toolkit.

Worksheet	Description
Intro	This worksheet gives an introduction and overview of the VfM process.
Summary	Start here to fill out the basic details. This printable worksheet gives a summary of your VfM metrics, along with an optional benchmark summary.
Data checklist	An overview of the various data points in the VfM analysis, which you should attempt to gather in order to complete the assessment.
Quantitative Calculator	A tool to assist with a high-level quantitative assessment of your inputs, outputs, outcomes and equity metrics.
Qualitative Assessment	A self-assessment instrument to assure the quality of programme. This will output an aggregated set of qualitative metrics.
SIB specific estimates	Further analytical tools to assist with evaluating social impact bonds.

Table 1: Toolkit components.

III.A. Economy: Are inputs of appropriate quality bought at a minimised price?

In this stage, you should expect to analyse and justify the key cost-drivers of the programme. Assess the payment mechanism (structure, unit, timing, frequency and length). Since the evaluation is done ex-ante, you will need to estimate the costs. GO Lab's [pricing outcomes](#) guide discusses how to estimate costs in OBCs and SIBs.

Inputs (eg time, staff, consultants, raw materials, capital, etc) should be procured at the least cost for the relevant level of quality (these are separate from the service delivery costs that are shouldered by the provider/investor).

Please refer to the step-by-step figures below for a description of both quantitative and qualitative efficiency assessments.

III.A.i: Quantitative assessment

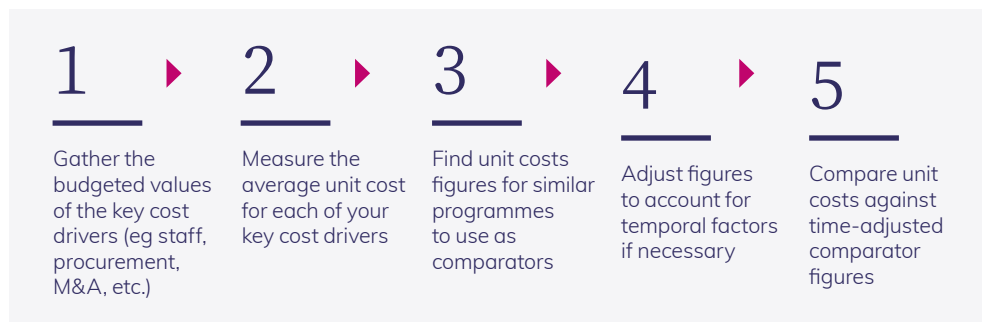


Figure 5: Quantitative assessment steps for economy.

III.A.ii: Qualitative assessment

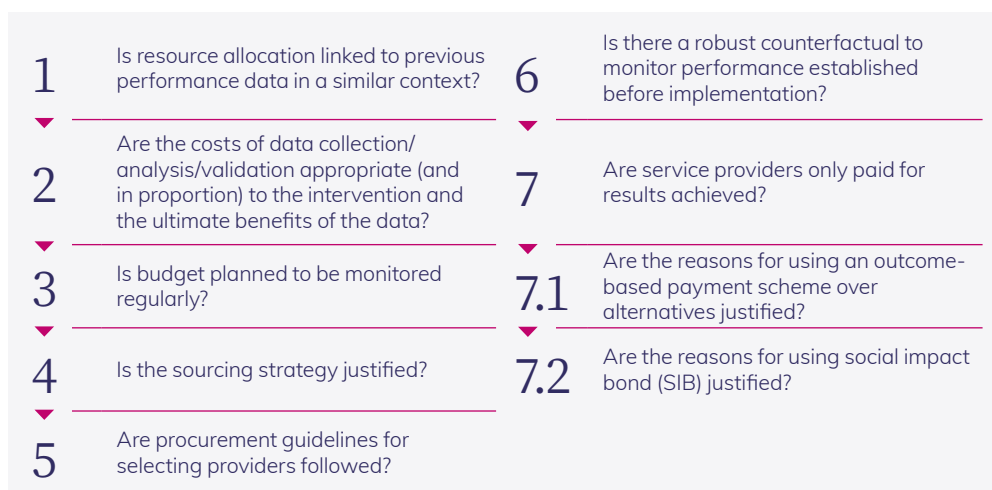


Figure 6: Qualitative assessment steps for economy.

Additional considerations for economy in outcomes-based contracting

- Keep in mind that the majority of costs in OBCs are related to 'outcome payments', but there are still other drivers especially around monitoring, management and evaluation.
- The schedule between intervention, impact measurement and outcomes payment is critical to the feasibility of an outcomes-based contract and thereby improving the VfM case. According to **Social Finance**, investors typically prefer an OBC or SIB that matures within a time horizon of around five years.
- Regarding SIBs, the earlier investment and returns can be generated, the lower the 'cost of capital' required by investors. Early payments may incentivise investors to 'recycle' those payments to fund intervention costs during the remaining term of the programme. This reduces the initial capital requirement and consequently reduces the 'cost of capital'. A SIB's cost of capital may vary due to several other factors as well as the timing of payments. The SIB specific estimates sheet in our toolkit provides additional analytical tools to help guide your thinking around cash flow assessments and the timing of outcome payments.

III.B: Efficiency: How well are inputs converted into outputs?

Efficiency might be your next key concern — if your programme is explicitly concerned with outcomes over outputs, please see 'Additional considerations' below within this section. After assessing the various inputs into your programme, and the associated costs, look to your ToC (see above sections for detail) to identify your key outputs. These will likely be specific goods or services procured within the confines of the programme.

For example, a mental health counselling programme might include a month-long course of intensive counselling as one output, or alternatively might choose to specify that an hour of therapy provided is the appropriate unit. For a programme providing housing benefits to rough sleepers, an output might be a night provided in a shelter, or perhaps a month of subsidised rent. It is up to the user to define the appropriate units of output.

You should evaluate the expected quantity of outputs for your programme, given the projected inputs — for example, how many referred potential beneficiaries will actually complete a month-long course of therapy? How many rough sleepers will you provide with housing, and for how many nights or months? Try to specify the success rate: how many outputs will you expect per referred participant? 100%? 70%? The answer to this question can seriously impact your expected VfM.

III.B.i: Quantitative assessment



Figure 7: Quantitative assessment steps for efficiency.

III.B.ii: Qualitative assessment

After specifying the quantitative indicators of efficiency, you should also perform a qualitative assessment to ensure that your programme and processes can sustainably hit your efficiency targets.



Figure 8: Qualitative assessment steps for efficiency.

Keep in mind:

- You can supplement this assessment with indicators such as standards of target outputs achieved, percentage of eligible persons achieving targets, etc. These indicators should compare well with those of similar programmes. If you do not anticipate hitting the targets, ensure that you provide justifications.
- Another issue affecting efficiency of SIBs compared to either OBCs or conventional fee for service might be lack of competition in the supply market due to the limited number of investors and/or providers. It is therefore highly recommended to encourage competition between potential providers as this will tend to promote efficiency.

III.B.iii: Additional considerations for efficiency in outcomes-based contracting

- An assessment of efficiency for OBCs depends on the context. Typically, making the distinction between output and outcome should be possible, eg in the majority of early intervention and preventative programs where the target is of an 'output' nature linked to some future 'outcome'. However, there may be instances where distinguishing between output and outcome in an OBC is more challenging owing to the type of indicators used for outcome payment. When this happens, the distinction between 'effectiveness' and 'efficiency' is less evident.
- Comparing expected costs and outputs could provide some understanding of how well the services are priced and being delivered, both in their own right and relative to the conventional methods of commissioning. The ratio of output to costs could be a measure for comparison. In this context, an assessment of efficiency for OBCs may be more relevant if you do not have sufficient information on outcomes. It might also be that you choose to do an assessment of efficiency to get an understanding of what the programme will do differently to achieve greater innovative and efficient service delivery.

III.C: Effectiveness: How well do those outputs convert into outcomes?

In the third E, turn again to your ToC and identify the main outcomes of your programme or programme. These will likely be the 'ultimate goal' of the programme. As with outputs, the user is free to define the outcomes, and to identify the relevant targets and units.

For example, a mental health programme may strive to reduce self-assessed depression for a target period. Such a programme might set the outcome target as one participant reporting 10% fewer days of 'feeling severely depressed' in a month in a regular survey. An employment related programme might strive for participants to find gainful employment, so perhaps an outcome might be one participant successfully landing a job, or alternatively, demonstrating attendance at work for one month.

III.C.i: Quantitative assessment

You should define measurable outcomes with clear benchmarks and should attempt to project the number of outcomes seen per output. For example, if the output of an employment programme is a two-week training session followed by guided placement, then perhaps the programme expects that 80% of participants will land a job within the next month.

In the GO Lab-CIPFA toolkit, the quantitative assessment for effectiveness allows you to enter your predictions for the average 'conversion rate' between outputs and outcomes. You can use this as a handy learning tool to quickly assess whether your project will produce the intended outcomes, and what parameters you may want to tweak. Feel free to adjust the predictions and the pairing of outputs to outcomes as you please, to reflect the structure of your programme.

The summary tab of the toolkit will give some useful metrics given your projected inputs. For example, you can refer to the benefit-cost ratio (BCR) and cost-effectiveness ratio (CER), both of which may be useful for your project or programme. Please refer above to learn more about how these measures are used.



Figure 9: Quantitative assessment steps for effectiveness.

III.C.ii: Qualitative assessment

Another important assessment of effectiveness should be qualitative. You should think carefully about your proposed programme, and identify any risks or blind spots that may arise when converting outputs into outcomes. Our toolkit can give a helpful walkthrough of some potential questions, but feel free to add your own as necessary.

- 1 Are the programme's objectives realistic and clearly mentioned?
- 2 Is there a clear theory of change based on evidence?
- 3 Are the outcome and impact indicators relevant and robust?
- 4 Does the programme have leverage, replication potential and offer wider benefits?
- 5 Can you demonstrate the additionality of the programme's activities?
- 6 Will the programme be sustainable over the long term?
- 7 Will the programme generate important learning?

Figure 10: Qualitative assessment steps for effectiveness.

III.C.iii: Additional considerations for effectiveness in outcomes-based contracting

- If the programme benefits can be translated into monetary value, cost-benefit calculation (total cost of outcome divided by total value of outcomes) can be conducted; otherwise, a simple cost-effectiveness calculation (total cost of outcomes divided by total number of participants) is sufficient. See our VfM toolkit for more details on how to do the calculation.
 - Your programme may generate wider benefits and there may be benefits and costs that are realised later in time. See our [pricing outcomes](#) guide for further discussion on these benefits and costs.
 - Later payments are more likely to align with long-term policy goals due to the information of outcome's achievement and sustainability. Later payments also enable the outcome payer to use money for alternative uses in the interim and provide additional benefits if inflation is high and is not included in the pricing. Chapter A6 of [HM Treasury's Green Book](#) outlines how these timings benefits can be quantified using discounting.
- Note that unlike outputs, the outcome payer or the providers do not exercise direct control over outcomes. As such, there are some uncertainties that you, as a public manager, may not be able to control. So prepare for the unexpected, draw different scenarios and come up with plans to minimise the risks.

III.D: Equity: How well do the activities reach all people that they are intended to?

VfM assessments have recently started to include considerations of equity as a main criterion. You may decide if you want to make equity a standalone consideration or deal with it when assessing for economy, efficiency and effectiveness. In this guide, we adapt the [People in Need's VfM Equity Quantitative Analysis tool](#) as we attempt to provide a quantitative assessment of equity for OBCs. Possible categories of equity you may wish to consider include vulnerable targeting, minority outreach, disabled and other outreach.

III.D.i: Quantitative assessment

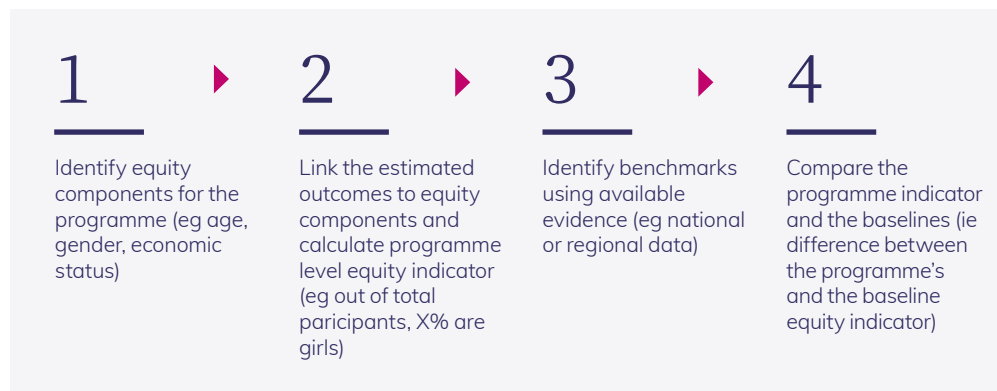


Figure 11: Quantitative assessment steps for equity

III.D.ii: Qualitative assessment



Figure 12: Qualitative assessment steps for equity.

The SIB tab

A **SIB** is a financial instrument that raises capital and links financial returns to the success of pre-defined, measurable social outcomes only after those results have been achieved and evaluated. In the meantime, private investors provide operating funds and are repaid with a modest return if the initiative achieves its goals. Given the differences between SIBs and other types of service provision methods, we aim to add some SIB specific analysis in future iterations of the toolkit. For the time being, there are two SIB specific items on this experimental tab.

One is a 'cash flow assessment' table and figure, which takes money inflow and outflow for the investor and calculates ROI and IRR. The second is a 'timeline assessment' table and figure that collates information of payments by the commissioner across time. Rule of thumb is more risk-share for the public sector the earlier the payments, and vice versa.

Appendix

Further description of qualitative steps

V.A.ii: Economy

Is resource allocation linked to previous performance data in a similar context?

Assess whether the programme's budget is justified using data from similar programmes.

Are the costs of data collection/analysis/validation appropriate (and in proportion) to the intervention and the ultimate benefits of the data?

Data collection should not be too costly. For programmes where these costs are unavoidably higher, they must be clearly justified.

Is budget planned to be monitored regularly?

Check if the budget will be monitored on at least a monthly basis. Proper budget monitoring helps to minimise costs.

Is the sourcing strategy justified? A good sourcing strategy ensures the proper identification, assessment and engagement of suppliers for the planned activities. Consider how competitive the supplier market is and whether better prices can be leveraged. We are planning to develop a framework to support public managers with sourcing strategies.

Are procurement guidelines for selecting providers followed? A robust and competitive procurement process ensures significant cost reductions and management, and that risks to outputs/outcomes are identified, assessed and minimised.

Is there a robust counterfactual to monitor performance established before implementation? Performance should be evaluated against a robust counterfactual in the form of a control group. This would strengthen an organisation's evidence base for outcome-based payment effectiveness as a delivery mechanism.

Are providers only paid for results achieved? Assess whether data management systems and processes are able to capture accurate, reliable and timely information on outcomes achieved and the number of participants attached to the programme to ensure providers are only paid for results achieved.

Are the reasons for using an outcome-based payment scheme over alternatives justified? The success of an outcome-based payment scheme depends on the environment in which the programme is operating. For instance, an outcome-based payment scheme is most likely to succeed if outcomes can be measured and attributed to the interventions. The economy condition of VfM may be undermined if an outcome-based payment scheme is applied inappropriately given that there will be additional costs to monitor the risks associated with the quality of the programme.

Are the reasons for using social impact bond (SIB) justified? Assess whether adding an investor to the model improves performance and how long it will take to generate outcome payments. The feasibility of a SIB depends on two conditions: delivering cashable resource savings and financing innovation. These two conditions may be satisfied if better outcomes can be achieved at lower costs through a new set of services funded by a SIB compared with alternative forms of commissioning (Social Finance, 2013).

V.B.ii: Efficiency

Are assumptions (from the activities to the output) consistent with the programme's theory of change? Examine whether sufficient activities (quality and quantity) are planned to produce the output and whether targets for the output are appropriate. Assess whether indicators are described accurately and are inexpensive, reproducible and usable as a means for monitoring.

Do we have clear and realistic milestones, timelines and targets built on a baseline? Assess the likelihood of the programme delivery in a timely manner, in line with output indicators and their expected targets while responding to contextual changes.

Have different alternatives for delivering the programme and respective benefits and costs been considered? Examine whether the programme's objective and expected outputs justify the cost compared to similar programmes. Alternatives could provide the means to achieve the same for less cost. Moreover, performance might be greater for the same cost.

Are there systems in place for systematically monitoring, evaluating and managing the programme?

Consider whether there are the means to systematically monitor progress against set outputs and targets as well as the progress and quality of activities to be implemented.

Are there monitoring tools and planning in place to mitigate risks and make timely adjustments? Examine whether the risk analysis and mitigation strategy cover the key threats and overall risk level of the programme as well as any perverse incentives (eg to carry on with the cheaper/quicker approach rather than the most suitable). For instance, if outcomes seem harder to achieve, either because the cohort is difficult to help or because the desired level of improvement is high, then the probability of achieving outcomes will be lower, and the contract will be deemed riskier – and risk demands compensation.

What economies of scale have you been able to identify in the delivery of your programme? Check if the cost per participant reduces if you were to increase the scale of the programme. If so, provide justifications for why a larger programme is not targeted.

V.C.ii: Effectiveness

Are the programme's objectives realistic and clearly mentioned? Checking this allows you to assess whether the programme's objectives can be achieved as the effect of the programme. Examine whether the main assumptions from the output to the programme's objective are accurately perceived. Consider if the output planned is sufficient to achieve the programme objectives as well as the factors that impede the achievement of the programme objective.

Is there a clear theory of change based on evidence? The theory of change should show that outputs are necessary and sufficient to deliver the desired outcomes. Identify the elements of the theory of change that are the weakest and assess whether the programme's activities can overcome these weaknesses. Follow Step 10 of PIN's VFM Guide approach to identify the strength of the evidence to show how effective each output is at reaching the outcome.

Are the outcomes and impact indicators relevant and robust? Relevant indicators are clear, rule-driven, causally linked and accurately express the programme's objective.

Does the programme have leverage, replication potential and offer wider benefits? Assess the leverage of other activities and the wider financial and non-financial benefits of the programme. Is there any evidence that shows significant potential for expansion or replication?

Can you demonstrate the additionality of the programme's activities? Is there a plan in place to measure 'additionality' and check 'attribution'? Changes could happen over time due to external factors. Understand what would happen without the programme and whether there are externalities that will accrue to participants as a result of the planned activities.

Will the programme be sustainable over the long term? Consider factors (eg behavioural change approach, feasibility study, exit strategy) that ensure a better chance of outputs turning into outcomes.

Will the programme generate important learning? Examine whether the programme contributes to a knowledge gap and how important lessons will be shared to stakeholders.

V.D.ii: Equity

Does commissioning by OBCs impact equity relative to alternative methods?

Consider any perverse incentives that occur in an OBC design that might be avoided in a conventional contract and vice versa.

Were all relevant stakeholders involved in the programme design? Participatory planning and decision-making ensure that all stakeholders (including the most marginalised groups, target groups, providers) identify core equity challenges and how to address them.

Was there a robust targeting criterion in the programme design? A robust targeting criterion justifies the selection of participants and enhances a programme's reach to the most vulnerable groups (eg those at socio-economic disadvantage, people with disabilities, gender sensitivities).

Will there be functional complaint and feedback mechanisms? Complaints and feedback mechanisms generate evidence on critical needs and provide opportunities for the implementation to adapt accordingly.

Are there equity considerations at an economy, efficiency and effectiveness levels? This may include sustainable procurement (the cheapest sustainable option rather than the cheapest ones) or local economy enhancement (employing community members rather than more expensive non-local options).

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