



SOLACE – Payment by Results – Policy Report

A Call for Evidence from SOLACE's Commissioning and Sourcing Policy Network

With the challenges presented by the current economic climate, local authorities do not want to pay more than they have to for the services they commission. Working in partnership with private sector and third sector providers, the public sector has excelled at using innovative service delivery models to deliver the right outcomes.

There are numerous mechanisms for linking providers' reward to performance which have been in use for many years. But is it truly possible to link payments to long-term outcomes effectively? And could the various approaches to 'Payment by Results' bring widespread benefits for local government?

The use of Payment by Results (PbR) is not without controversy and has attracted support and criticism from public, voluntary and private sectors. On the one hand, it seems self-evidently sensible for a supplier to be paid in proportion to the outcomes they deliver – to be given the incentive to innovate and earn more, the better they perform (and vice versa). On the other, sceptics argue that the use of PbR tends to favour larger providers and fails to recognise the difficulties of identifying exactly what constitutes a good long-term 'result' and what (and who) caused it.

SOLACE's Commissioning and Sourcing Policy Network will be working with our colleagues in CIPFA to produce a report on what PbR can deliver for local government. Is it of practical use for authorities when commissioning services or is it all hype and no substance? Our report will draw on case studies to demonstrate how the theory translates into practice and guidance on how best to use various PbR techniques available.

So, what's your attitude to Payment by Results?

The SOLACE Commissioning & Sourcing Network would like your input and to draw on your experience for its forthcoming Policy Report on Payment by Results within the public sector.

1. Have you used payment by results techniques in your authority? In your experience, what have been the main pros and cons? Does it work better for some services than others?
2. What financial incentives do you give your service providers and how willing are they to take on greater risk? What has been the incentives' impact on your service partners' culture and your relationships with them?
3. How are you trying to drive savings from your contractual relationships - what freedom have you given your provider to innovate or adjust service levels?
4. What has been your experience of using different contract mechanisms with providers? Has your local authority found that particular sections of the market are more or less likely to apply for PbR contracts?
5. What governance arrangements have you put in place to ensure that you are able properly to monitor and control what you pay to your service providers under incentivised contracts?
6. Could we use your authority's experience as a case study?

Please respond to us by email to (henry.hall@solace.org.uk) by Friday 21 February 2014. Your thoughts and ideas are welcomed.

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