BLAVATNIK
SCHOOL OF
GOVERNMENT

UNIVERSITY OF
OXFORD

GOVERNMENT
OUTCOMES
LAB

CHILDREN'S SERVICES WORKSHOP

A SUMMARY REPORT

INTRODUCTION

Through rigorous academic research, the Government Outcomes (GO) Lab will deepen the understanding of outcome based commissioning (OBC) and provide independent support, data and evidence on what works, and what doesn't.

Underpinned by its research, the GO Lab will provide practical, on the ground, support to local commissioners, through a mix of in-person and executive education. It will gather data and establish a robust repository of case studies and provide toolkits and metrics.

The GO Lab is funded through a partnership between the Blavatnik School of Government and HM Government.

This workshop, held on November 18 was the first in a series that will continue in 2017 and beyond, looking at the practices of commissioning for outcomes in a given policy area. This event was focused on children's services, a policy area in which the current examples of outcome based commissioning practice are predominantly social impact bonds (SIBs). The event brought together commissioners and academics, providing a space for open, peer-to-peer conversation about the challenges and learning points that can be drawn from early SIBs and other outcome commissioning contracts.

The report captures the main discussion points and the actions proposed by the GO Lab in response to the issues and proposals coming out of the day.

As a general principle, the report avoids attributing points of view to any individual or organisation, unless part of a formal presentation.

STRUCTURE OF THE EVENT

The event was organised into a morning session with a series of presentations from speakers from the Department for Education (DfE), senior academics researching children's social care and education services, and commissioners with experience of commissioning and managing SIBs in children's services.

Presenters

- Alina Sellman, Head of Centre for Social Impact Bonds
- Paul Kissack, DfE Director General for Children's Services
- Isabelle Trowler, Chief Social Worker for Children and Families (DfE)
- Professor Eileen Munro, London School of Economics
- Professor Maggie Snowling, University of Oxford
- Professor Kathy Sylva, University of Oxford
- Professor Pamela Sammons (comments sent via correspondence)
- Narinder Saggu, Birmingham City Council
- Tanya Gillett, Essex County Council
- Jock Rodger, Manchester City Council
- Annie Crombie, Consortium of Voluntary Adoption Agencies
- Rob Willoughby, The Children's Society
- Colin Waterman, National Implementation Service

The report is split into a summary of the key themes arising over the course of the discussion and a record of the discussion according to the structure of the day.

KEY THEMES

The majority of those attending the event supported the principle of focusing on outcomes as a means to driving improvement in service impact. There were however a number of complexities that were identified as needing further consideration in relation to the practice of commissioning in general, and commissioning for outcomes specifically. This report focuses on those matters of constructive challenge and consideration because they are points that commissioners wish to be addressed in shaping the future of the practice.

Many of the attendees were new to the concept of outcomes based commissioning and during our frank and open discussion of both the benefits and challenges of this approach, we explored some of the misunderstandings that can arise in the early stages of scoping a new project. The Big Lottery Fund provided their perspective, based on several years' involvement in social impact bonds specifically, on some of the frequently asked questions. Their key message to commissioners was to value their existing skills and knowledge of good practice across all disciplines, and select the most appropriate elements to take from existing examples of outcome based commissioning.

What also came across strongly from those commissioners with experience with social impact bonds in the most part, was the quantity of financial savings being delivered (Birmingham Council cited £0.6m of savings providing secure foster placements for their most difficult to place children in care) and the value of the partnership with investors and providers in delivering additional expertise and discipline to achieve improved outcomes. All of the commissioners who attended the event expressed that it was a helpful event and would be taking what they had heard back to their respective organisations for further consideration.

GO Lab response

The GO Lab will create a series of **case studies** for existing and new SIBs and other forms of outcome based commissioning that will indicate the quality of value created both in terms of savings and impact, as well as what challenges were faced in developing and implementing their projects.

MEANINGFUL OUTCOMES

Balancing Interests

A challenge central to the success of outcome based commissioning is the extent to which measures of outcomes fully and proportionately reflect success from the perspective of the different constituencies with an interest in the contract, principally: service users, funders, providers and commissioners. The group debated whether in the process of defining outcome metrics whose primary purpose is to create a quality of attribution to the intervention and unambiguous measurement, commissioners narrow the focus away from what might be more important in the eyes of service users. Paul Kissack from DfE made the point in his presentation that most would accept that it was more important for a looked after child to develop the ability to form a loving relationship than achieve better educational outcomes, but GSCE results are the more practical and tangible measure and more likely to be a chosen metric for an outcome contract.

GO Lab response

The GO Lab will **evaluate** and produce **guidance** on methods of outcome measurement and will consider as part of this how the interests and priorities of different constituencies, especially service users, can be reflected in these measures.

Reflecting real progression

A related point was about the importance of using cumulative rather than binary measures wherever possible, and being able to reflect progression from a defined starting point. This can create political difficulties where the outcome has an impact on others, for example, where a provider receives a payment for reducing the incidence of offending by a repeat offender, but where an individual still commits an offence. The need for strong political consensus and leadership was a point raised in a number of contexts during the discussion.

GO Lab response

The GO Lab will advise in its **guidance** on good commissioning practice that political and senior executive consensus is built around the framework of outcome measures to reflect the likelihood of greater public scrutiny of commissioning intent and priority.

Finding what works

The event provided an opportunity to examine potential sources of evidence of what works in services, with senior academics that have conducted the primary research. There was a rich discussion about how to evaluate impact and the importance of taking a long-term view on impact to prove the sustainability of impacts beyond the life of contracts.

Professor Sylva presented her research into the provision of **children's centres** (www.education.ox.ac.uk/Kathy-Sylva-slides.pdf) demonstrating that in areas where financial cuts have not been made to services, levels of family stress were lower and there is some evidence of improved outcomes for children. The research shows that one of the principle sources of value is created by the accessible nature of the centres where parents felt able to attend without stigma. This value can be measured in simple terms through levels of attendance as well as through the more complex measures of family functioning. Professor Sylva argued that single measures are not sufficiently sensitive and that outcomes should be clustered, using multiple measures taken on multiple occasions to create a properly nuanced and accurate system of measurement. She also noted the value of creating comparability of measurement across services and the variety of models in children's centres across Local Authorities was a constraining factor.

Professor Snowling presented research into **interventions to improve language or literacy** which found that an inability to read by the end of school has a significant and broad impact on a child's later development (www.psy.ox.ac.uk/research/snowling-group). The research demonstrated the relative importance of language development as a foundation for education, attachment between parent and child, and the quality of a child's inner speech. Tackling this early therefore has the power to improve a wide range of outcomes including educational attainment, behavioural management and cognitive function.

Professor Sebba discussed her research around **fostering** through the Rees Centre, including research into the multi-systemic therapy services at Birmingham, delivered through a SIB (reescentre.education.ox.ac.uk/research/). She noted in particular the challenges around the complexity of the contracting and commissioning structure and the need for better systems of measurement.

GO Lab response

The GO Lab will host a **series of events** that bring commissioners together with experts on interventions relevant to specific social issues and initially in line with the Life Chances Fund themes.

Means and ends

It was discussed how outcome measures influence the fundamental design of services. They need to reflect not just the end point, but also the means by which those end outcomes will be delivered. Some interventions, like early language development, have a profound impact on many development outcomes, but will be part of a range of factors influencing a child's development.

Taking time to get it right

Professor Munro argued that the government is setting a reasonable pace of improvement and change in children's care, backed by good quality of evidence to underpin informed decisions about what really works. She argued that some US programmes being adopted in the UK had not been as rigorously researched and, when adopting them, UK commissioners were not examining with sufficient rigour the detailed evidence behind claims of successful impact. Points made by several academics during the day argued that good evidence takes time to establish and there is a tension between the need for short-term evidence to measure outcomes for a contract and the quality of evidence that builds the best quality of practice over time.

GO Lab response

In our work and **advice** on outcome measurement, we will consider the importance of aligning what might be considered as good practice, with the operational drivers created by measurement processes.

GO Lab response

We will be leading on the **evaluations** of the social impact bonds that will be launched through the Life Chances Fund, including helping to develop appropriate evaluation methodologies. In this we will consider appropriate standards of evidence both in choosing a form of intervention and in evaluating its effectiveness.

Practice Excellence

The question was debated as to whether outcome commissioning constrains or enhances the drive towards practice excellence and whether a higher level of scrutiny inhibits professional leadership and autonomy. It was argued by Paul Kissack of the Department for Education that it should not be regarded as an either/or. Commissioners should assume the attainment of practice excellence when defining outcomes and seek to mitigate the factors that prevent practice excellence in the design of the service model. It was argued that the recent success of mutually owned Children's Trusts served to demonstrate the value of aligning outcomes and practitioners in the same organisation.

The difficulty of measuring outcomes without understanding the practice choices that led to the definition of the outcome was discussed. It is vital to define the cohort and referral requirements clearly and in collaboration with those who are responsible for making decisions about the best response to an individual's needs. For example, a project might seek to prevent young people going into care unnecessarily, focusing on those who are deemed "on the edge of care" due to that young person's behavioural or emotional problems and their parents' or guardians' difficulties in managing the situation. This definition of "edge of care" therefore would exclude young people for whom there are safeguarding concerns and for whom moving into care may well be the best decision.

GO Lab response

Our **research** will examine the mechanisms by which the benefits of outcome based commissioning are generated and will consider the effect of organisational forms as part of this.

"The aspiration for SIBs in government is that they are 'incubators of really effective practice'"

Isabelle Trowler

"OBC doesn't require commissioners to define what excellent practice looks like: it can recognise the complexities and messiness of practice and the fact that excellence should be developed and defined by practitioners. But it signals more clearly what excellent practice should deliver – through more clearly articulated required outcomes."

Paul Kissack

The role of data and evidence

The group discussed the value of quantitative data. Some argued that the cost and effort of collecting comprehensive datasets was inconsistent with the value of insights data delivers and that establishing evidence of what works should not be an exclusively data led process. Others argued that data was essential to proper accountability for the spending and service decisions made by governments, both local and national. Academics argued strongly that data is essential to establish robust evidence of impact and effectiveness and that a better discipline around data is needed, so data is collected consistently and comparably across programmes and across the duration of delivery in the same programmes. Having better rigour around data is essential not only for commercial equity in paying for outcomes, but to establish the efficacy of new interventions. It was argued that data should not be treated as a result itself, but rather to provoke questions. This need for continual enquiry was a key theme in the debate.

GO Lab response

In order to build an **evidence base**, data will be required. It is a primary role of the Lab to define the methodologies, standards of evidence and data requirements that support our evaluations. We will consider the pragmatic issues around cost and value to individual projects as this is designed.

"If we think we know what works, we've stopped thinking"

Paul Kissack

Accountability and transparency

There was a discussion around the importance of transparency and visibility in the market and how visibility of data both holds to account the effectiveness of the service to a wider audience, including service users, and enables other commissioners and providers to access the learning. This openness is a key difference compared to market norms in contracting out where commercial confidentiality protects the value of knowhow to the benefit of a service provider, whereas knowhow is generally shared as a condition of investment in SIBs.

GO Lab response

We will consider how the quality of transparency about what works in practice and the extent of data and knowledge sharing improves impact across similar services.

Multiple commissioners and other parties

By definition, the social problems that present the greatest service challenges are those that can make the most complex of demands on services across commissioning responsibilities. The additional complexity of working across commissioners and with other parties was recognised as a potential constraint on the ambition and scale of outcome commissioning practice. Some felt that whilst outcome commissioning as an exercise can help create a platform for engagement and co-operation between organisations seeking similar outcomes for a cohort, it has not been used as the principle agent of change around organisational collaboration or multi-agency working. Organisations that have resolved the fundamentals of integration can more readily tackle the additional preparatory work associated with outcome commissioning practice, for example, attributing savings and embedding processes for governance and performance management across organisations.

As an example of the point, Tanya Gillett from Essex County Council talked about the impact of educational provision in schools on the outcomes of the Multi Systemic Therapy (MST) SIB and recommended that future similar projects should seek to involve schools from the outset.

GO Lab response

The GO Lab will conduct research and publish **guidance** on how the involvement of multiple commissioners and other parties affects the quality of commissioning practice and how these relationships are constituted to different effect.

Fragmentation and flexibility

There was concern that SIBs were currently perceived as sitting outside the main body of services and systems and future projects needed to both better connect to and enhance the broader service.

Most examples of outcome commissioning to date have set a tightly defined cohort and scope of service. It was argued by some that this can lead to fragmentation of services overall and potentially an adverse impact on overall performance. To take outcomes commissioning to scale in children's services, it would be necessary to recognise that children often move up and down the scale of need, and create a range of services that could be delivered in response to this.

GO Lab response

We are interested in these very different views on the advantages and disadvantages of scale and how they impact on different types of projects and commissioning organisations. These questions will be incorporated into our **research**.

Complex contracts and processes

There was a view that good strategic commissioning practice focused on the fundamentals of service need, how resources are best used, and who provides services, can get unhelpfully conflated with the mechanics of procurement. Commissioners delivering SIBs suggested that replicable commercial frameworks could reduce the need for multiple new contracts between parties in the transaction. Commissioners noted that to embark on an outcome based commissioning approach, they would need to be assured that the cost of establishing and managing the project would be reasonable relative to the value of the service and the delivery of cashable savings overall.

At a practical level some commissioners felt they had insufficient insight into how to create a compelling and accurate business case for an outcome based contract to decision makers in their organisation. They felt there were several technical unknowns relating to the social investment that would be taken on by the service provider, for example, for officers to feel confidence and credible in championing SIBs as a vehicle.

It was argued that the language and process of contracts, particularly in organisations where the vast majority of services are delivered in-house, can be viewed by staff with suspicion and sometimes a measure in response to the perceived failure of in-house teams. It is important that the rationale for these commissioning processes is framed in positive terms and that the intervention delivers a wider benefit to the system of service, creating headroom and resources for other services to perform better.

GO Lab response

An early priority for the GO Lab is providing guidance on procurement processes and developing the forms of agreements and specifications that enables better procurement practice. We will publish this as part of a programme of **"How to" guides**.

The value of working with investors and providers

Commissioners working with SIBs emphasised the value of the relationships created to deliver SIBs and the tenacity and problem solving mentality that has materially improved the prospects of achieving better outcomes. For example, it was argued that the MST service in Manchester would not have been sustained without the efforts of the social investor. In most SIBs the novel and more intricate framework did not dominate the relationship in practice. The commissioner in Essex noted that the intermediary role in their model had initially created an unhelpful contractual barrier between the commissioner and investor, but that over time this had been resolved and much better working relationships had been developed across all parties.

Commissioners provided examples of value created through the engagement with the investor and provider as a result of the space the project created to try different ways of delivering services. For example, Core Assets (the service provider for the Birmingham Multi Dimensional Treatment Foster Care SIB) recruited peer mentors for the young people in this programme from among ex-care leavers, who have been invaluable in re-including the young people themselves in planning their futures.

Big or small

Participants were questioned on what they saw as the optimum size and scope for outcome commissioning. There was a divide between those who though it should be big – encompassing a whole service and linked to a broad defining outcome i.e. children moving out of care and staying out of care for 5 years, and those who thought it should be small and based on groups defined by their therapeutic need.

It was noted that the markets in the UK and the US have emerged differently in terms of the scale of contracts. The Government Performance Lab at the Harvard Kennedy School argue that transactions need to be relatively large to justify the cost and effort associated with executing and managing the contract and this is enabled by contracts generally being commissioned at a State level. In this respect cost efficiency in the UK SIB market has been constrained by the relatively small size of the commissioning entity.

GO Lab response

Our principal research question is demonstrating the impact and value of the outcome commissioning process and in that we will be examining the relative impact of different constituencies, including investors. We will share the findings of this **research** as it becomes available.

GO Lab response

We are interested in these very different views on the advantages and disadvantages of scale and how they impact on different types of projects and commissioning organisations. These questions will be incorporated into our **research**.

The reputation of social investors

It was felt that social investment is still considered a very new phenomenon and does not have a positive reputation amongst stakeholders in local government who have not yet engaged with social investment. Commissioners new to social investment expressed that the identity and motivations of investors are unclear to them and have become conflated with other forms of private investment into public sectors, notably the Private Finance Initiative (PFI). It was thought that these concerns are likely to be a continuing constraint unless addressed. Several participants with a knowledge of social investors noted that those they had engaged with seemed motivated primarily by achieving better outcomes and had demonstrated this by being prepared to take the risk of delivering a loss or much reduced return.

Risk transfer

It was argued that the level of scrutiny inherent in managing outcomes contracts provides a quality of rigour and transparency that creates a clear level of accountability for the project and for the commissioning decision. That same scrutiny enables rapid adaptation or even termination of services that are not working and this agility is what defines an effective outcomes contract based service.

Implementation and fidelity

Colin Waterman from the National Implementation Service set out key steps needed for an effective intervention, with a particular emphasis on the importance of clear and detailed planning, before jumping into "doing" the intervention:

- Do your research into the most effective interventions.
- Put in place effective implementation methods including needs analysis work, areas of strength and gaps, a good business case, good links across the system and effective time planning.
- Ensure you have effective enabling contexts: strong and innovative senior management, a positive learning culture, goal drive and data informed, a strong focus on outcomes and a culture that celebrates success.
- Set up systematic data collection and evaluation to demonstrate ongoing effectiveness and good value for money.

All the commissioners presenting the case studies of current SIBs pointed to it taking longer to achieve outcomes than expected, due to the impact of unforeseen complexities in start up and delivery and unclear starting points. Understanding the complexity of managing the change is as critical as modelling the impact of steady state operations. This is the case in any new service, regardless of whether it is managed through a grant, fee for service contract or outcomes based contract. The implications for delivery are however more urgent in the latter.

GO Lab response

In our **evaluations**, we will be examining the timescales for delivering impact and if this deviated from the initial business case, investigating and why this happened.

THE FUTURE OF OUTCOME BASED COMMISSIONING

The event concluded with a broad agreement that outcome based commissioning could be a real engine of systemic change and it was important to be ambitious about the potential. The concluding points were:

- it was acknowledged that service integration is an enabler for an improved service for children, both in the context of different organisations (health, school, police), but also across children's cervices UK-wide.

- if OBC could be implemented across a whole service, this could release money to move down the continuum of service to enable better prevention and early intervention.

- it is important to create a scale that mitigates the cost and complexity of the transaction, whilst retaining the integrity of the intervention and definition of the cohort. This points to the need for more collaboration between commissioners in the UK.

- in the words of Ngaire Woods, *if we must make mistakes, we should at least try to make our mistakes original* with a commitment to transparency and to share learning openly.

- to achieve this systemic change, excellent practice for those most vulnerable of children, there is a need for courage, for risk and for boldness. The environment in which commissioners practice, should allow people to take risks on new interventions, where they are backed by robust evidence, agile diagnostic information about whether it works with the flexibility to change what does not work.

THE ROLE OF THE GO LAB

The purpose of the GO Lab is to increase the **capability**, confidence and "readiness" of local commissioners, to expand the **market** to respond to innovative public sector commissioning, and to develop robust practice-focused academic **research** on outcomes based commissioning, bringing a transparency, clarity and a strong set of evidence to the practice of outcome based commissioning.

Our programme of work in 2017 includes:

Research

- Facilitating the development of a global network of learning around outcome based commissioning
- Producing a literature review to establish the status of current research
- Developing a searchable online resource of curated academic and other resources
- Providing guidance and support on project evaluation methodologies to commissioners
- Completing project based research into services/contracts to inform the development of outcome based commissioning

Practitioner support

- Creating a set of online resources and tools to enable better outcome based commissioning practice, including a series of "how-to" guides
- Running a series of workshop and conference events to support commissioners considering or engaging with outcome based commissioning
- Delivering a programme of learning and development for practitioners
- Offering a weekly phone based surgery to provide advice and support

To get in touch with us please email golab@bsg.ox.ac.uk and follow us on twitter for news and updates @ukgolab