Service provider readiness – executive summary

Summary prepared by Michael Gibson

Supported by the UK's Foreign, Commonwealth & Development Office (FCDO), Social Finance has partnered with GO Lab and a broad set of experienced market practitioners to develop a report and two frameworks to support actors in the field to understand levels of ecosystem readiness and service provider readiness respectively to engage in outcomes-based partnerships (OBP). The frameworks were developed by a literature review of existing published frameworks, a series of semi-structured interviews with experts, and a feedback workshop with key OBP stakeholders to review the draft frameworks.

The frameworks aim to support prospective participants in OBPs to identify where their strengths lie and where there are gaps in capacity that may need to be filled, or built over time, in order to support successful OBPs.

The Service Provider Framework

This framework has been developed to support service providers, and those who work with them, to better understand what engaging in OBPs means and where on that journey they currently stand. The framework is divided across three levels – foundations, building capacity, and embedding outcomes-based delivery – based on the different levels of experience service delivery organisations may have in outcomes-based partnerships.

- **Foundations for outcomes-based delivery** – the competencies at this level are the core foundations for any service provider to engage successfully in OBPs. These should be considered before each organisation in a delivery consortium commits to working together.
- **Building outcomes-based delivery capacity** – with the foundations in place, this level describes the competencies required to operate successfully in an OBP. Organisations may choose to invest in building these competencies before engaging in their first OBP, or may learn and build them during the implementation of an OBP, or somewhere in between.
- **Embedding outcomes-based delivery** – the competencies that service providers may develop during the delivery of OBPs, or may choose to invest in developing if they believe OBP offer a strong strategic fit. Competencies at this level start to embed the ways of working associated with OBP into business-as-usual operations. They speak to the systems, processes and leadership capacity required to confidently lead the delivery of an OBP.

Within each level, there are five broad groupings of the required competencies for OBP:

- **Strategic fit** – ensuring that the essence of an OBP - delivering better service user outcomes rather than activity milestones, often in close collaboration with others - is understood and internalised within a service provider

- **Leadership and decision-making** – senior management exemplifying the commitment to outcomes-based delivery, making evidence-based decisions and empowering others to do so as well

- **Partnership working** – the organisation building and sustaining constructive relationships within and beyond the OBP to support service delivery and the achievement of outcomes

- **Data and evidence** – having a strong theory of change upon which data systems are built to support evidence-based decision making and adaptive management

- **Finance and systems** – understanding the cost base for achieving outcomes and being able to link this with changes in service delivery in order to dynamically manage expected costs and revenues

	Foundations for outcomes-based delivery	Building outcomes-based delivery capacity	Embedding outcomes-based delivery
Strategic fit	Willingness to be accountable for outcomes and to learn and adapt services Objectives/theory of change linked to target outcomes Understanding of ways OBP delivery differs from grant-based/fee-for-service	Ability to assess strategic, reputational and commercial value of involvement in OBP	Organisation is confident in assessing outcomes-based opportunities, forming delivery partnerships, and bidding for/delivering OBPs Adaptive ways of working to deliver outcomes embedded across programmes
Leadership and decision-making	Senior management committed to achieving outcomes and support staff to maximise impact, and capable of interpreting data to drive better delivery	Senior management support delivery teams to improve outcomes and use data and evidence to inform decisions Decision-making authority given to lowest appropriate level Performance management processes in place	Decision-makers at all levels use data and evidence to inform decisions, and understand limits of available data, with processes and expectations clearly defined Senior management can identify and advocate for required contractual changes
Partnership working	Organisation is committed to working collaboratively to maximise impact, has relationships that will enable effective working with target communities, and can build and sustain constructive relationships with relevant stakeholders	Organisation has clear understanding of role and competencies relative to partners and able to collaborate to deliver outcomes. Can also build and sustain constructive relationships with wider stakeholders	Organisations can build and sustain mutually beneficial relationships with broad stakeholders that sustain beyond individual programmes and help to identify contextual changes that may impact outcomes
Data and evidence	Decision-makers understand desired outcomes and their measurement and want to use data to improve services in real-time Strong theory of change for delivering outcomes	Management information systems allow OBP to connect inputs/activities to outputs/outcomes, with data systematically collected, cleaned and analysed to inform decisions Decision-makers understand how indicators connect to outcomes and use information to change service delivery	Standard data processes automated, with capacity to run bespoke analyses where necessary, and all used to inform decision-making Decision-makers can articulate questions that information system can answer and suggest improvements in indicators

Finance systems	Costs are clear/can be reasonably estimated Organisation able to access investment if needed to pre-finance delivery Organisational funding not reliant on OBP success	Ability to develop financial model connecting delivery costs and projected revenues Capacity to link changes in delivery approach to costs, outcomes and payments, and to identify and manage uncertainties	Finance systems and processes systematically link delivery costs with programme outcomes Costs of delivering outcomes can be calculated/reasonably estimated with high degree of confidence