

Insight into Outcomes

Introduction

Welcome to Insights into Outcomes.

The Centre for Public Innovation (CPI) has led the field in developing outcome-based thinking, commissioning and performance management since 2000. To support our clients - and anyone who commissions or provides services - we've produced this guide as a companion to Insights into Innovation, our other little book of wisdom.

Much has changed in the delivery of public and third sector services since 2000 and we have changed our approaches to helping organisations deliver positive outcomes. Yet some core principles remain: outcome thinking is about introducing processes to your commissioning, target setting and performance management to enable you to demonstrate quantifiable and desirable results for the people and communities you serve.

What is outcome thinking?

Thinking in outcomes

Putting the pieces together

Aligning high level outcomes with service delivery

Investing in outcomes

Using outcome-based commissioning to get the best providers and results

Outcome-based performance targets

How constructing the right target can tell you all you need to know

Demonstrating success

Outcome-based performance management and payment by results

Moving Forward

A checklist....and more help from CPI

What is outcome thinking?



What is outcome thinking?

“Begin with the end in mind”

Outcome thinking is an approach to the delivery of public and third sector services. This approach has many definitions and interpretations, but at CPI we define outcomes as:

“Specific and sustainable changes in customer behaviour, condition or satisfaction.”

We use the term customer as an over-arching term for your client, service user, patient, young person, family..... whatever terminology you use.

In outcome thinking the success of everything is shaped in terms of the results we see in the people using services. CPI believe that the true marker of success is the answer to this question...

“Has what we’ve done allowed our customers to demonstrate a clear and sustainable change that will benefit them from now on?”

Outcomes and Targets

Outcomes are often expressed in fuzzy language, remote from the customer experience and set at a national or local strategic level, not easily influenced by commissioners or providers.

But for services to be effective these strategic outcomes and the results you measure in any service, project or programme must be aligned. To link these 'big', high-level outcomes with day-to-day activity, commissioners need to agree with providers a series of outcome-based performance targets.

Within these targets you can use milestones to describe the key steps towards success that allow you to track each customer's progress and achievements.

Thinking in outcomes: A conversation

In trying to understand the outcomes you want to achieve, it can be helpful to continually ask yourself the 'so what?' question.

Here is conversation with a local third sector service delivering literacy classes to parents:

"We deliver a literacy programme to parents of children aged under 11 living in areas of high deprivation"

Good. That's the activity...but so what?

"After signing up, the parents receive ten sessions of support"

Interesting. That's the process...so what?

"At the first, fifth and tenth sessions the parents are tested to see how their literacy skills are improving"

Grand. That's verification of parental attainment... so what?

"At the end of the ten sessions we encourage the parents to use their new skills with their children by reading at bedtime, helping with homework and we follow up to see how they are getting on"

Therefore, the outcome we should expect for an investment of public money in literacy classes for parents is a positive impact in the achievement and attainment of their children.

"Our local schools and wider research tell us that children who get support from their parents with their reading and writing do better in the classroom."

Excellent. So you're measuring a specific and sustained change in behaviour. And the outcome is...?



Putting the pieces together

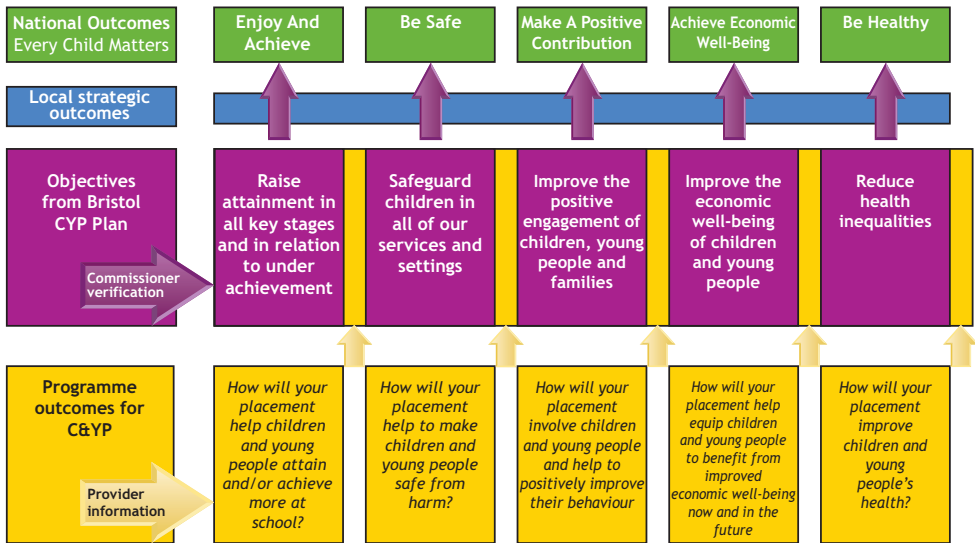


Putting the pieces together

Aligning high level outcomes with service delivery

By asking the ‘So what?’ question you start to think in terms of outcomes. This makes the link between what you do and what your customers achieve as a result taking into account the impact on their lives and the wider community. As commissioners and providers you want to make sure the delivery of services and demonstration of outcomes join up.

CPI worked with Bristol’s Children and Young People’s Partnership to develop a framework for how providers of foster and residential placements are encouraged to align their activity and performance targets to the high level outcomes of the city. The framework is illustrated below. The questions commissioners asked (in yellow) formed the basis for how providers started to think about the performance targets they wanted to deliver.



Investing in outcomes



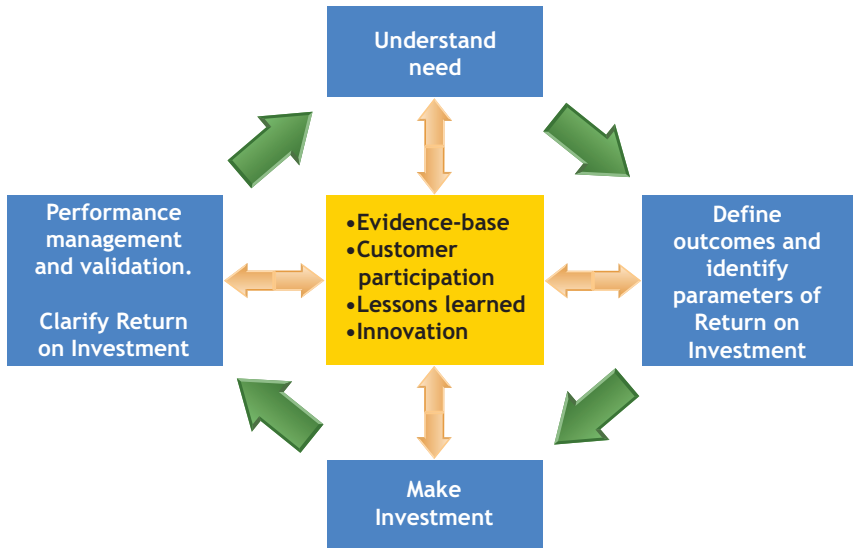
Investing in outcomes

Using outcome-based commissioning to get the best providers and results

Service commissioners have traditionally been funders. They agree how much to pay a provider to deliver a set of activities to a group of customers. Performance management is usually based around the number of people receiving that service.

In an outcome-based approach, commissioners are not funders, but investors - and Return on Investment is measured in outcomes. Remember, outcomes are those specific and sustainable changes in customer behaviour, condition and/or satisfaction.

Investors know that the process of achieving results is cyclical - at CPI we encourage the use of an Investment Cycle



Investor Questions

In the investment cycle all activity is equally important. Identifying what worked and what didn't helps to inform future investment decisions - and your customers and the evidence you have acquired play a crucial role in this learning. Innovation also has a role to play - there's no point re-investing in the same old stuff if it didn't achieve the results you wanted the first time.

To invest well you need to understand and develop the market. As more services are commissioned outside of statutory agencies, commissioners will need to look at a range of emerging potential providers, encourage collaboration between providers and involve providers and other stakeholders in the development of the service specification to achieve outcomes. Procurement legislation allows for pre-tender activity of this kind to shape your prospective provider market.

To make an assessment about which provider is best placed to deliver the outcomes investors are interested in three questions:

1. What are the results I'm buying?
2. What are the chances of success?
3. Is this the best use of resources?

You can use the tendering process to elicit responses to these questions from potential providers.

Outcome-based performance targets



Outcome-based performance targets

How constructing the right target can tell you all you need to know

You want to ensure that everything you do or invest in is about results - and these should be measured in terms of customer achievement that connects with the higher level outcomes of your community. This needs an agreed set of unambiguous performance targets.

When investing in outcomes investors ask potential providers to suggest the performance targets they believe they can achieve. The role of the investor is then to compare, scrutinise and negotiate. Investors look for evidence to ensure that each potential provider:

1. has clarity about the customers they are working with
2. can identify the change of behaviour or the conditions the customer will achieve
3. has specified the degree of change that they consider a success
4. make clear over what time period this will be achieved
5. estimates how many customers will achieve the target
6. state how this will be verified

Remember that the final performance targets you agree on must still be:

- SMART: specific, measurable, achievable, realistic and time-limited
- About customer achievement, not provider activity
- Linked to the outcomes

Demonstrating success



Demonstrating success

Outcome-based performance management

Performance management is based on two straightforward questions.

1. Did you reach the expected performance target? **YES** or **NO**.
2. Either way, what did we learn?

What's the best way of measuring customer success? You don't have to measure solely against the ultimate performance target, but can use some of the steps - or milestones - along the way. These are crucial points on the customer journey that help you see how far your customers still have to go and reflect on how far they have come.

By understanding how and when customers move onto the next milestone, or drop out, you can retune and refocus delivery to get better results. You should be looking for performance information to help you decrease drop-out or disengagement as well as measure sustainability.

When monitoring performance you can count how many customers reach each milestone as well as the final performance target. Remember, the ultimate performance target needs to reflect a long term behaviour change.

Performance Indicators

With an outcome-based approach to performance management, you prove - or disprove - the assumptions you had about the service at the start. The provider can take a 'snapshot' at any time to see if the customers are on track and ask the investor for help if they need it. It's an ongoing, collaborative approach, not one that waits for a quarterly review to reveal if something's working or not.

You may find that your initial assumptions about targets were wrong, or that circumstances outside your control mean that they won't be reached. If this happens the investor and provider should jointly agree to amend the targets - sticking with unrealistic targets is de-motivating. You should also beware of over-achievement; it could show that your targets weren't stretching enough and that, for example, you're not reaching hard-to-engage groups.

Once you've agreed the types of performance indicators, providers need to be clear how to verify that a customer moves forward from one milestone to the next. At CPI we recommend that providers use a range of verification methods, including self-reporting, staff verification, third-party verification and empirical verification.

Payment by Results (PbR)

PbR encourages excellent performance and is increasingly popular in contracts for health, social care, substance misuse, children's services and others. It rewards outcomes, not outputs, and investors are using it to motivate and inspire providers and to ensure they don't pay 'top dollar' for work that doesn't achieve clear outcomes.

For example, a provider might ensure that x customers complete a particular programme - triggering one payment - but get further reward if they can show a sustainable behaviour change that achieves better individual and/or community outcomes.

Investors stipulate the scope for PbR in the initial service specification, but be flexible. Sometimes a provider may suggest a different PbR framework that might be even more effective in demonstrating positive outcomes for customers.

PbR contracts can have an element of 'core delivery', which guarantees a fee so long as the provider performs the minimum expected. Core delivery is important, particularly to encourage smaller providers, new entrants and local collaborations. Only larger organisations will have the capacity to risk a full PbR contract.

If a contract is for two years or more, you might reduce the proportion of 'core delivery' every year and proportionally increase the PbR element. This will encourage a strong focus on delivering results.

Moving Forward



Moving Forward

A checklist....and more help from CPI

If you're thinking about an outcomes approach, bear in mind these ten useful tips:

- 1) It's all about customer achievement not provider process
- 2) Ask "So What?"
- 3) Align performance targets to the big outcomes and make sure everyone can show how they connect
- 4) Take time to develop and support your local provider market
- 5) Encourage collaboration in local procurement and performance management
- 6) Learning is crucial and should be informed by testing your evidence base and customer experience
- 7) Set outcome-based performance targets
- 8) Verify success through milestones and specific performance indicators
- 9) Try to incentivise great outcomes
- 10) Encourage innovation

More help with outcome thinking

CPI were one of the first UK organisations to identify the benefits of outcome-based performance management and commissioning in the delivery of public services. We can support you moving forward.

- If you are an investor we can help you to embed an outcome-based approach to procurement and performance and support you through the process
- If you are a provider we can help you develop outcome-based performance management, undertake micro commissioning or win that big tender

We also deliver an accredited training programme on Outcome-based Commissioning in the Public and Third Sector. Accredited by NCFE at Level 4, the 8-module programme covers all elements of outcome-based commissioning. We can deliver bespoke learning within the accreditation to investor and provider organisations (or a mixture of both). Modules are individually accredited, allowing you to choose the ones that best suit your organisation(s).

We have also published other books with a partner organisation in the USA giving more information about outcome thinking.

Call us on 020 7922 7820 and we'll get one of our experts to chat to you: or email us at Info@publicinnovation.org.uk

About CPI

Other ways CPI can help you

As well as our work in outcomes, CPI is a leader in supporting public and third sector innovation. We provide a range of support including:

- Innovation - including innovation audits, training and systems development
- Supporting the development of social enterprises
- Research
- Evaluation
- Change Management
- Bespoke training



Why work with CPI?

At CPI we will help you to:

- Save money - and maximise the impact of the resources you have
- Deliver high quality services
- Achieve improved client outcomes

We listen carefully to what our clients want to achieve, offering fresh insights and a bespoke service. CPI is a Community Interest Company, so unlike other businesses we're driven by a social entrepreneurship model. Any profits we make are reinvested in community causes, not paid to shareholders.

To find out more about how we can help, or to request your free two hour consultation to discuss your specific needs, contact us:

020 7922 7820

Info@publicinnovation.org.uk
www.publicinnovation.org.uk
Follow us on Twitter: @cpiorg

The Centre for Public Innovation (CPI) has been in business for more than a decade, helping public and third sector clients find long lasting solutions to challenging problems.

We specialise in health and social care, criminal justice and children's services. As one of UK's first Community Interest Companies, we have led the way in the social enterprise movement.



The Centre for Public Innovation 32-36 Loman Street London SE1 0EH
T 020 7922 7820 E info@publicinnovation.org.uk
W publicinnovation.org.uk Follow us @cpiorg