

A guide to commissioning children's services for better outcomes

nef is an independent think-and-do tank that inspires and demonstrates real economic well-being.

We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. We work in partnership and put people and the planet first.

Action for Children is one of the UK's leading children's charities. We are committed to helping the most vulnerable children and young people in the UK break through injustice, deprivation and inequality, so they can achieve their full potential.

This guide is a supplement to a larger report, *Backing the Future: why investing in children is good for us all*. It is the culmination of a programme of research carried out by **nef** (the new economics foundation) with the support of Action for Children.

This guide has been produced by **nef** in collaboration with a number of different stakeholders including Action for Children. However, the overall contents of the guide reflect the views of its authors.

Why this guide? Why now?

This guide is a supplement to a larger report, *Backing the Future: why investing in children is good for us all*, which is the culmination of a programme of research carried out by **nef** (the new economics foundation) and Action for Children.

Backing the Future demonstrates the economic and social case for preventing social problems from emerging in the first place, rather than fixing them after they have already occurred. It also shows the need for early intervention if and when problems do arise to stop them from becoming entrenched. By making the transition to a more preventative system, the UK will improve children's well-being, create a better and more just society, and support our economy by being less wasteful economically and making far better use of our shared but increasingly scarce public resources.

Children's well-being is most acutely influenced at the local level – in their homes, at school or in their neighbourhoods. It is also where they are most likely to come into contact with services and support mechanisms designed to improve their lives. *Backing the Future* argues that universal and targeted services have a better chance of preventing problems from occurring in children's lives if they are supported by commissioning decisions that are made with longer-term improvements to children's outcomes and wider social benefits in mind.

In light of the current recession and predicted public sector spending cuts, it is more important than ever to commission services that provide value for money. Published in tandem with *Backing the Future*, this guide is designed to illustrate how our call for governments to back the services that make a difference to children's lives can be supported by improvements to commissioning practices.

Who should use this guide?

We have written this guide for Children's Services Directors and local interagency partnerships (such as Children's Trusts) who are looking for practical tips and tools for commissioning better outcomes. It can be used alongside the Department for Children, Schools and Families (DCSF) nine-step commissioning framework¹ and other resources available as part of the Commissioning Support Programme.² It aims to bring together examples of innovative methods and approaches to help commissioners 'buy the services that make a difference'.³

Understanding value for money

The parameters we set when we commission services determine the scope a provider has to design services that will have a significant impact on children's lives and a lasting impact on the communities in which they live. This is reflected in the way the Treasury's *Green Book* defines value for money:

'...the optimum combination of whole-of-life costs and quality (or fitness for purpose) of the good or service to meet the user's requirement. Value for money is not the choice of goods and services based on the lowest cost bid'.⁴

The Treasury further makes clear that 'benefits' should not be restricted to those benefits which already have a market value.

'Wider social and environmental costs and benefits for which there is no market price also need to be brought into any assessment. They will often be more difficult to assess but are often important and should not be ignored simply because they cannot easily be costed'.⁵

nef has previously criticised the use of market principles and competitive tendering in the procurement of public services for eroding public value.⁶ Putting this element of the commissioning process to one side, there have been some positive developments in children's services recently. The creation of Children's Trusts came in part from a recognition that outcomes can only be achieved if agencies work together to design and deliver integrated services around the needs of children and young people.⁷ Pooled budgets and the recent 'budget-holding lead professional' pilots offer the potential to put the well-being of children at the centre of the commissioning process.

Our research has shown that a well-being approach to delivering preventative children's services can improve outcomes for children, bringing social and economic benefits that far outweigh any initial investment.⁸ Maximising value for money from a preventative intervention depends on being able to identify the full range of costs and benefits across the lifecycle of an intervention. To consider how commissioning can support this approach, we look at three aspects of the commissioning process in detail:

- 1 How to design tenders and briefs for lasting outcomes.
- 2 How to measure for outcomes to monitor and improve services.
- 3 How to involve service users.

How to design tenders and briefs for lasting outcomes

The latest frameworks, strategies and delivery mechanisms under *Every Child Matters (ECM)*, *Rights to Action*, *Getting It Right for Every Child* and *Our Children and Young People – Our Pledge* in England, Wales, Scotland and Northern Ireland respectively, focus commissioning on key outcome areas. respectively, focus commissioning on key outcome areas. The establishment of Children's Trusts in England presents an opportunity in the children's sector to build an outcomes-led approach to commissioning which promotes innovative thinking about how people are deployed and located to deliver services for children and young

people. These are still early days for Children's Trusts, however, and the 2008 Audit Commission report found 'little evidence that Children's Trusts have improved outcomes for children'.⁹ We propose a number of suggestions that can be incorporated into commissioning tenders and briefs to encourage providers to deliver services for lasting outcomes:

Focus on outcomes not outputs

It is common for the rhetoric around commissioning to be focused on 'outcomes' while in practice there is still more of a focus on 'outputs' in tender documents. This is in large part encouraged by national measurement frameworks, such as National Indicator Sets, which, on balance, contain more output indicators than outcome indicators. A careful distinction between outcomes and output indicators is important, because measuring 'success' on the basis of outputs alone can be misleading. It is entirely possible for agencies to deliver services that meet a wide range of process targets, including timeliness, staff recruitment and participation levels, yet fail to succeed in improving outcomes for vulnerable and other children.¹⁰ At present, providers are still not required (or resourced) by commissioners to collect sufficient outcomes data to track long-term change. Where services are short term in nature, the collection of output data (e.g., attendance) is often favoured over tracking the distance travelled towards outcomes. Specifying what assessment frameworks providers should use as part of their performance measurement methodologies can be a useful way of ensuring that outcomes

across providers are measured in a comparable way.

Factor in well-being

The well-being of children is a dynamic process emerging from the interplay between children's circumstances, their inner resources and their interactions with the world around them. As well as the structural factors affecting the circumstances of children's lives (e.g., poverty, inequality), the psychological and social aspects of children's well-being is also vital for improving outcomes. A sense of positive well-being – of 'feeling good' and 'doing well' can have a direct impact on how children interact with the world around them and how they bounce back from difficulty.

Early stages of the commissioning process need to be concerned, then, with the extent to which a provider can promote pathways to well-being, as identified in the overall project report:¹¹

- Link up and link in
- Think family
- Promote the positive
- Encourage action
- Factor in fun
- Recognise children's wider world

To maximise the public benefit that a provider brings to delivering a service, the provider will need to promote child well-being through the design, delivery and evaluation of its service. Details of the locality and wider service network in the local area will be important to include in tender briefs, especially if

the provider is to take a whole-child approach to service delivery.

Use an outcomes-based commissioning model

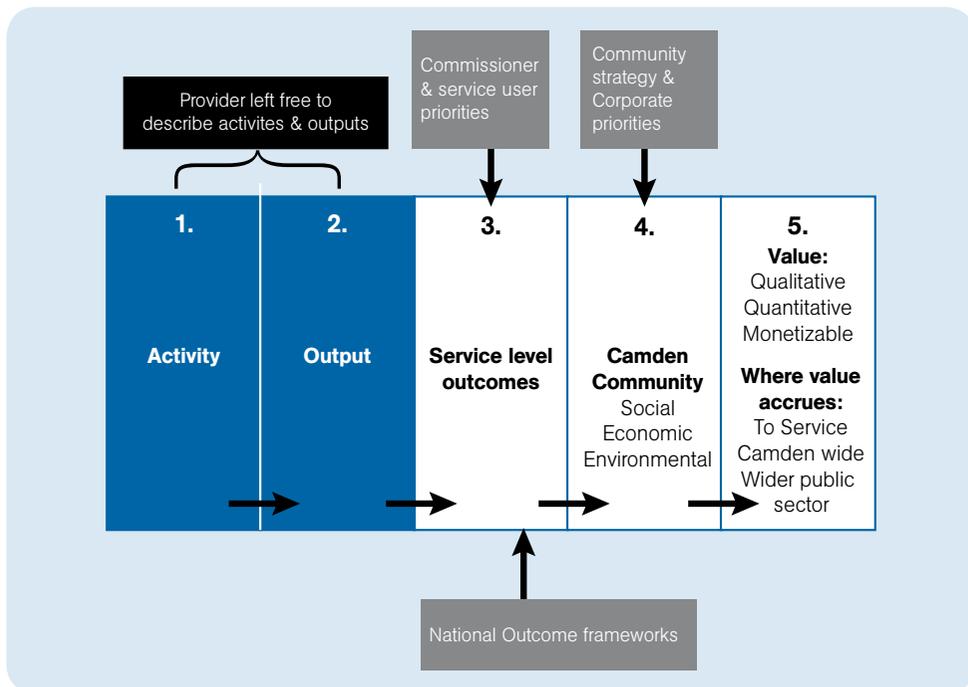
There are a number of different outcomes-based commissioning models that have been developed and these have been recommended in the *Good practice guide to commissioning connexions*.¹²

Turning the Curve is a toolkit based on the concept of outcome-based accountability (OBA).¹³ OBA is a conceptual approach to planning services and assessing their performance that focuses attention on the results – or outcomes – that the services are intended to achieve.

It is also seen as much more than a tool for planning effective services. It can become a way of securing strategic and cultural change: moving organisations away from a focus on 'efficiency' and 'process' towards making better outcomes the primary purpose of the organisation and its employees.¹⁴

The London Borough of Camden and **nef** developed a framework known as the *Sustainable Commissioning Model* (Figure 1). This model specifies outcomes, rather than activities and outputs. This is represented in Figure 1 by columns 1 and 2 being left *blank* on the tender document thus giving providers (and service users) the freedom to specify and design

Figure 1: Camden's Sustainable Commissioning Model



a service that meets the needs of children, young people and their families. The model enables, rather than stifles innovation. Now, more than ever, we need to be able to harness the expertise of providers to come up with ways of delivering smarter and more effective services.

Include a range of social, environmental and economic objectives

When commissioners think about value for money, it is important that they take account of outcomes across their wider social, environmental and economic objectives. The moves towards pooled budgets in children's services aid this process, but it is still possible that the value created by organisations beyond delivering on the objectives of the ECM framework, for example, is missed and overlooked in the tendering process.

The *Sustainable Commissioning Model* developed by Camden and **nef** specifies two different types of outcomes. These are a set of service-level outcomes (column 3) **and** a set of wider community outcomes (column 4), drawn from the Camden Community Strategy, that the provider should meet.¹⁵ These should then be reflected in the contract that is agreed following the tendering process. This approach to commissioning is particularly important in the context of the recession because it maximises value over a range of service areas and ensures that every pound spent creates the most possible value.

How to measure for outcomes to monitor and improve services

Once a contract has been awarded on the basis of outcomes, it is equally important to put in place a monitoring framework that is capable of capturing performance against these outcomes. This is a significant cultural shift from the common practice of monitoring providers against output targets. Some techniques that have been used by commissioners and providers to capture changes in outcomes are outlined in the following recommendations:

Use outcome indicators

A good approach to determining whether a change in outcome has occurred and by how much is to develop one or more indicators to measure the change. Children and young people may be the best people to help you identify indicators, so ask them how they know that change has happened for them.

Focus Box 1 contains some examples of the type of indicators that can be used; examples of outcomes and their indicators taken from **nef**'s previous research into the childcare system.¹⁶ These indicators show a balance between subjective (or self-reported) and objective indicators. It is important to use self-reported indicators as users are best placed to say what outcomes a project or intervention has delivered for them. For more information on the benefits of subjective measurement, refer to our complementary supplement *A guide to measuring children's well-being*. For difficult-to-

Focus Box 1: Examples of outcomes and their indicators, for young people living in residential care

<i>Service outcomes</i>	<i>Suggested indicators</i>
Improved psychological and emotional health	<ul style="list-style-type: none">• Young person reports improvements in self-awareness, tenacity, confidence, etc.• Young person tries new things, takes on new challenges.• Young person reports having someone in their life that they can trust.• Young person reports feeling well cared for.• Improvements in symptoms of depression/anxiety.• Fewer behavioural problems.• Staff report improvements in pro-social behaviour (e.g., interacts better with staff, is more helpful and participative).
Increased safety	<ul style="list-style-type: none">• Young person reports avoidance of high risk situations.• Frequency of contact with the criminal justice system (victims and offenders).• Severity of offences.• Reduced harm to self and others.• Young person feels safe going about daily routine (e.g., walking home)

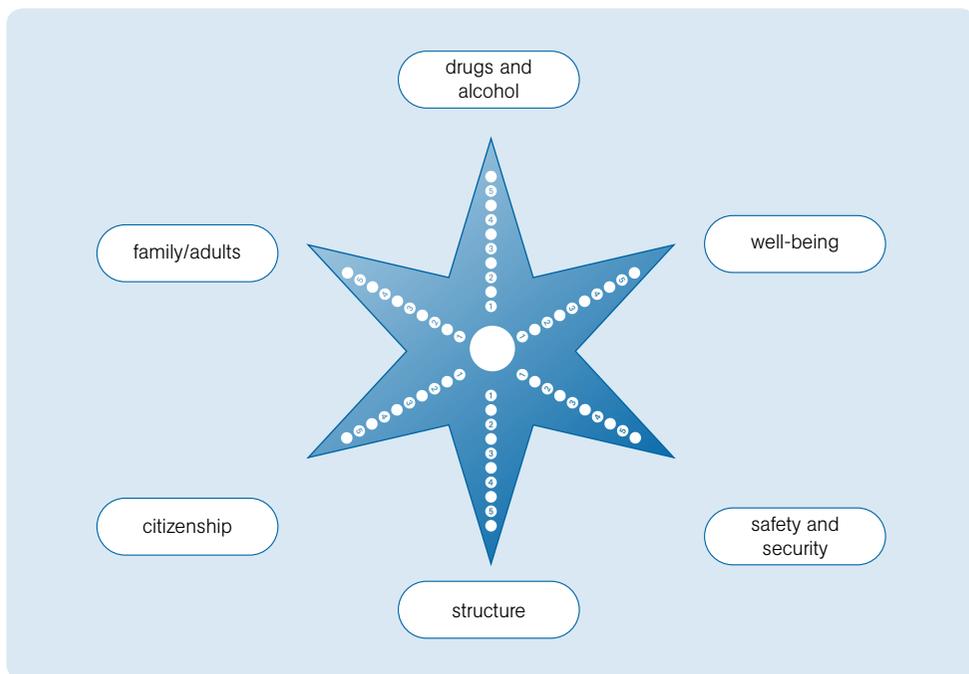
measure outcomes, we advocate using more than one outcome indicator.

Measure the distance travelled

It takes a number of years to achieve some outcomes. In measuring the effectiveness of an intervention it may therefore be more appropriate to measure intermediate outcomes or the distance travelled towards an outcome. Several tools have been developed to measure change but one that we would particularly recommend is the *Outcomes Star*. The Star was originally developed by Triangle Consulting in the homelessness sector, and other versions are now available or under development, including mental health, alcohol and drug misuse and older people.

The Outcomes Star for teenagers is illustrated in Figure 2, covering six outcome areas. All versions of the *Outcomes Star* are underpinned by a model of change and each of the scales is defined following this underlying model. It is available to download free as a paper-based tool with a range of supporting materials and guidance. Online versions are also available. Triangle is currently working with Camden Council to develop an *Outcomes Star* for vulnerable families and parenting support, which will be particularly useful for commissioning preventative services.¹⁷

Figure 2: Outcomes Star for teenagers



Calculate the social return on investment

Social return on investment (SROI) analyses measure the value of benefits across a triple bottom line of social, environmental and economic outcomes. Based on a participatory and multistakeholder approach to reporting, SROI enables organisations to demonstrate the wider benefits and outcomes they generate across different service areas. The analyses provide commissioners with a framework for making better-informed decisions that are in step with HM Treasury guidance to maximise public benefit every time public money is spent.

SROI is preferable to simple reports against outcome targets because it has the added robustness of considering which of these outcomes would have been achieved anyway (deadweight), which are simply displaced from elsewhere (displacement), and which are due to the involvement of other organisations (attribution).

This is important because wider benefits carry financial implications for the commissioning body and, in many cases, also for other public bodies and central government. Our research has shown that family intervention and support projects designed to target support to catch problems early and prevent them from reoccurring generated between £7.60 and £9.20 worth of social value for every £1 invested.¹⁸ These benefits give rise to what are sometimes called 'cross-department savings' that feed directly back into public resources.

The Government has invested in standardising and disseminating SROI through the Office of the Third Sector.¹⁹ Commissioners are best placed to encourage and fund providers to use measurement techniques like SROI, which they can then use to make informed decisions about what works to improve the lives of children, young people and their families.

Provide adequate funding for measurement

The tools and approaches we have specified have one thing in common: they all require a radically different approach to measurement. Our research has found that collecting outcomes data effectively can be a difficult and often a time-consuming task, especially for smaller organisations. In order to capture the full range of benefits that a project or intervention is generating, commissioners need to consider funding children's services providers to:

- Track the distance travelled by measuring pre- and post-intervention at a minimum and preferably at regular intervals in between, as with the *Outcomes Star*.
- Monitor the longer-term outcomes for service users, even once children have ceased contact with the service. This enables commissioners and providers to identify the longer-term impacts of an intervention. This is particularly relevant for assessing services against children's policy outcomes – like economic well-being – which are longer-term in nature.

- Measure the impact of the service on other stakeholders to assess any wider benefits that accrue – in the case of children, this might involve their siblings, their parents/ carers, or their wider community, on which children ultimately depend to thrive.
- Give service providers flexibility over budget management and allocate funding over longer time periods. In Blackburn, flexibility to manage budgets over two to three years enabled the local authority to invest greater amounts in preventative services up front in anticipation of recouping the benefits later in the funding cycle.²⁰

How to involve service users

Not all resources are financial. Children, their families and their communities have time, knowledge, skills and networks that can play a vital role in designing and delivering effective services. Our research found there to be user well-being, staff well-being and service benefits to be derived from this way of working.²¹ Involving children and young people in the design and delivery of services requires that the tender specifies this activity as a priority:

Specify a role for service users beyond consultation

Consulting service users on the design of services has become mainstreamed across the commissioning cycle. Yet it is still rare to find examples of service users that are genuinely co-producing services. **nef** has previously argued

that the delivery of services can be improved by providing opportunities for service users to act as both a recipient and a provider of services through a reciprocal approach to working.²² This would involve devolving responsibility, leadership and authority to users, encouraging more self-organisation and less direction from above. The recent pilots of the Budget Holding Lead Professional²³ (Focus Box 2) offer potential to devolve budgets to front-line staff and devolve decisions to service users, which is a completely different approach to conventional commissioning practices. It could be a particularly effective tool to focus on preventative interventions which take a holistic approach to supporting the child.

Measure with service users

It is important that the system of measurement reflects what really matters to children and young people. In 2008, **nef** conducted a study to examine the value of high-quality residential care for children.²⁴ The study found that service-level targets rarely reflect the things that have a direct impact on children's experience of their lives, such as psychological well-being and quality of relationships. In failing to measure the things that drive longer-term changes to outcomes, there is a risk that bad commissioning decisions will be taken. This is because what we measure ultimately determines what gets prioritised, where resources are invested, and what lessons are learned about improving services.

Focus Box 2: How the budget-holding lead professional works in practice

A 14-year-old boy (J) is showing signs of anxiety at school and is eventually signed off from school because of depression and stress. A Common Assessment identified that J's anxiety at school was linked to his parent's separation and his anxieties about leaving his mum. J also had some problems building relationships with children from school.

The Educational Welfare Officer was initially identified as the lead professional – he already had positive relationships with the family. An action plan and budget was agreed for J to go to school for two hours on two mornings each week. J wanted someone to bring him to school so a teaching assistant from school who was also a neighbour volunteered to do this. His parents agreed that if J increased the time he spent in school, they would take him and two friends to a local Adventure Park. This would help J to re-build friendships that he had lost during his year away.

This case study demonstrates how important multi-agency working is to achieve the outcome of J returning to school. An Education Welfare Officer looking at J's school attendance in isolation would have been unlikely to achieve this outcome. The success of the action plan was dependent on capitalising on J's existing social networks including his parents and a teaching assistant/neighbour from the local community.

The *Sustainable Commissioning Model* developed in Camden aimed to systematically embed co-production into all aspects of the contract. This meant adopting a collaborative approach with the service provider(s) *and* service users to establish performance measures to evaluate progress on reaching outcomes. This aimed to maximise innovation and users' involvement in service design and delivery and included the flexibility to adjust project activities to achieve the stated outcomes.

Endnotes

- 1 HM Government (2006) *Joint planning and commissioning framework for children, young people and maternity services* (London: Department for Children, Schools and Families (DCSF) and Department of Health Ministers).
- 2 The Commissioning Support Programme provides support for Children's Trust partners with a range of online resources, training events and networks to help commissioners share best practice. Available at <http://www.commissioningsupport.org.uk/> [5 August 2009].
- 3 Aked J, Steuer N, Lawlor E and Spratt S (2009) *Backing the Future: Why investing in children is good for us all*, pp 55–62 (London: **nef**).
- 4 HM Treasury (2006) *Value for money guidance*, p11. http://www.hm-treasury.gov.uk/d/vfm_assessmentguidance061006opt.pdf [5 August 2009].
- 5 HM Treasury (2003) *Green Book* (London: HM Treasury). Available at http://www.hm-treasury.gov.uk/data_greenbook_index.htm [5 August 2009].
- 6 For a critique of the Government's approach to competitive commissioning see Ryan-Collins J, Sanfilippo L, Spratt S (2007) *Unintended consequences: How the efficiency agenda erodes local public services and a new public benefit model to restore them* (London: **nef**).
- 7 DfES (2005) *Statutory guidance on inter-agency co-operation to improve the well-being of children: Children's Trusts* (London: DfES).
- 8 Aked J, Steuer N, Lawlor E and Spratt S (2009) *op. cit.* pp15–28.
- 9 Audit Commission (2008) *Are we there yet? Improving governance and resource management in children's trusts* (London: Local Government National Report).
- 10 DCSF (2008) *Better outcomes for children and young people – From talk to action* (London: DCSF).
- 11 See pp34–39 of the main report for a set of service pathways to well-being
- 12 DCSF (2007) *Good practice guide to commissioning connexions* (London: Department for Children, Schools and Families).
- 13 DCSF (2008) *Better Outcomes for Children and Young People – From Talk to Action* (London: DCSF).
- 14 Pugh G, *Outcomes based accountability: a brief summary*. <http://www.idea.gov.uk/idk/aio/8940584> [3 August 2009].
- 15 Neitzert E and Ryan-Collins J (2009) *A better return: setting the foundations for intelligent commissioning to achieve value for money: appendices* (London: **nef**).
- 16 Lawlor E (2008) *A false economy: How failing to invest in the care system for children will cost us all* (London: **nef**).
- 17 For more information and to download the outcomes star visit <http://www.outcomesstar.org.uk/> [5 August 2009].
- 18 Aked J, Steuer N, Lawlor E and Spratt S (2009) *op. cit.* pp44–54.
- 19 Nicholls J, Lawlor E, Neitzert E, Goodspeed T (2009) *A guide to Social Return on Investment* (London: Cabinet Office).
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- 21 Aked J, Steuer N, Lawlor E and Spratt S (2009) *op. cit.* pp29–43.
- 22 Stephens L, Ryan-Collins J, Boyle D (2008) *Co-production: A manifesto for growing the core economy* (London: **nef**).
- 23 OPM (2008) *Budget-holding lead professional pilots* (London: OPM).
- 24 Lawlor (2008) *op. cit.*
- 25 HM Treasury (2006) *op. cit.*

Other reports related to this project include:

- **Full project report:**

- *Backing the Future: why investing in children is good for us all*

- **Practical ‘how-to’ documents:**

- *A guide to co-producing children’s services*
- *A guide to measuring children’s well-being*

- **SROI Assessment Reports for three Action for Children services:**

- *The economic and social return of Action for Children’s East Dunbartonshire Family Service*
- *The economic and social return of Action for Children’s Family Intervention Team / 5+ Project, Caerphilly*
- *The economic and social return of Action for Children’s Wheatley Sure Start Children’s Centre, Doncaster*

- **Report on the citizens’ juries, including information on the process and conclusions:**

- *How can government act to increase the well-being and happiness of children and young people in the UK? A report on two citizens’ juries*

All available at www.neweconomics.org and www.actionforchildren.org.uk

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