



# **Commissioning for outcomes and co-production**

A practical guide for local authorities



**New Economics Foundation (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.

# Contents

Summary	4
Glossary	6
Introduction	9
<b>Section 1:</b>	
<b>Why commission for co-production and outcomes?</b>	<b>16</b>
What is commissioning for outcomes and co-production?	17
<b>Section 2:</b>	
<b>A practical guide to commissioning for co-production and outcomes</b>	<b>39</b>
Implementation: commissioning for outcomes and co-production	40
Phase 1: Insight	51
Phase 2: Planning	59
Phase 3: Delivery	94
Conclusion	103
Resources	105
Endnotes	108

## Summary

All local authorities hope to govern in a way that promotes well-being and tackles societal problems at their root. But with finances slashed and demand for public services swelling, struggling councils are seeing these objectives drift further and further out of reach. What can be done? A new model of public service commissioning is evolving across England that may hold the key.

---

The word ‘crisis’ has become commonplace in local government over the last five years. Reeling from cuts of up to 30%, councils are faced with the seemingly impossible task of stretching dwindling funds ever further. But new strategies are out there. By embracing the skills, time and energy of those who know most about public services – the people who use them – and switching focus towards identifying and achieving the long-term outcomes that really matter, councils are breathing new life into the services they commission.

This handbook and practical guide is the result of eight years of collaboration between the New Economics Foundation (NEF) and local authorities. It sets out a model for designing, commissioning and delivering services so that they:

- **focus on commissioning for ‘outcomes’**, meaning the long-term changes that services and other activities achieve
- **promote co-production** to make services more effective and bring in new resources, by working in partnership with the people using their services
- **promote social value** by placing social, environmental and economic outcomes at the heart of commissioning.

Our approach recognises and addresses what commissioners perceive as the most common shortcomings of ‘conventional commissioning’ practices. It shows how a focus on the ‘triple bottom line’ (social, environmental and economic impacts) and on co-production can enable commissioners to get real value for money, achieve well-being and prevent harm. It has already been applied to commissioning across in-house, grant-funded and external providers.

We set out the ideas and practice of commissioning for outcomes, co-production and social value – illustrating these with examples, case studies, practical tips and methods that we have used with local authorities to put this approach into place. The model follows a three-phase commissioning cycle – from developing insight, to planning support and activities, and then supporting

and monitoring the delivery of these. Each phase includes many activities that are already part of most councils' commissioning processes, but these have been adapted to support and promote the key ideas at the heart of NEF's approach. For example, we show how local authorities can:

- **develop insight** into what outcomes are important to people using services, and what kinds of support could achieve these, including:
  - how to identify people's needs and their aspirations to inform the strategic vision of the service, including how to co-produce needs assessments
  - how to identify the assets and resources which will help to achieve a defined set of outcomes and involve the wider community, including how to use asset mapping to co-produce assets assessments
  - how to use creative methods, such as appreciative inquiry and participatory research, to get beyond service data and develop a rich picture of how councils' resources could be most effectively used.
- **effectively plan** support and activities to meet the needs and build on the assets of local people, including:
  - how to co-produce an outcomes framework that reflects local needs and aspirations across social, economic and environmental outcomes
  - how to change procurement processes and paperwork to support the co-produced outcomes framework and ensure that they reflect the strategic vision of the service and encourage providers to consider social, environmental and economic value
  - how to build the awareness and capacity of local providers to support and promote this approach.
- **improve delivery**, including:
  - how to monitor and evaluate social, economic and environmental value
  - how to co-produce service assessments with people who use services
  - how to align scrutiny and oversight with the new commissioning approach
  - how to gather insight to improve and adapt services over time, through coaching, peer assessment and mystery shopping, and by using customised self-reflection tools.

This guide also includes a substantial 'Resources' section to point commissioners towards materials that can help them deepen their understanding of the core concepts, and put the approach into practice.

Our approach to commissioning cannot conjure new money out of thin air to support existing service arrangements. What it can do is provide a framework, a set of principles and practical guidance to re-assess how services are currently provided. It can help to re-focus services on the outcomes that really matter to those who are intended to benefit from them. The potential impact and value is enormous, and this practical guide sets out the core ideas and key parts of putting it into practice.

# Glossary

Throughout this guide we make reference to a number of terms that underpin our approach to commissioning. While well-known and commonly used, these terms can mean different things to different people. For the sake of clarity this glossary presents NEF's interpretation and definition of these terms.

---

## Commissioning

Commissioning involves using all available resources to achieve outcomes for people, building on their needs, assets and aspirations. It encompasses – but is distinct from – procurement.

## Procurement

Procurement is the legal and technical process of seeking bids and acquiring goods or services from an external source, such as a community organisation, charity, social enterprise or business. It is one part of the commissioning cycle, when a good or service is put out to tender, contracts are drawn up and the good or service is 'purchased'. Importantly it is not exactly the same as spending money; it is about obtaining something – a good, a service, or an outcome.

## Commissioning for outcomes and co-production

This commissioning approach involves working collaboratively with local people and providers to maximise the value from public money across the social, environmental and economic bottom line – co-producing support to meet people's needs, help them achieve their aspirations and promote well-being for all.

## Value for money

*Value for money is defined as 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 or services based on the lowest cost bid... Wider social and environmental costs and benefits also need to be brought into any assessment. They will often be more difficult to assess but are often more important and should not be ignored simply because they cannot easily be costed.*

### **HM Treasury definition**

## **Triple bottom line**

The triple bottom line refers to a way of valuing and measuring success which looks at social, environmental and economic impacts, and the relationships between them. As such, the triple bottom line represents a more expansive understanding of value than the economic cost alone.

## **Social value**

Social value is about maximising value for money across the triple bottom line. This means achieving the best possible social, economic and environmental outcomes for money spent, and so goes far beyond narrow definitions of value that focus on the financial transaction. As of 2011, this understanding of social value was recognised in legislation through the Public Services (Social Value) Act 2012.

## **Co-production**

Co-production is a relationship where professionals and citizens share power to design, plan and deliver support together, recognising that both partners have vital contributions to make in order to improve quality of life for people and communities. We believe that co-production is the most effective method of achieving outcomes with people.

## **Well-being**

Well-being is about how people experience their lives, and flourish. Well-being is most usefully thought of as the dynamic process that gives people a sense of how their lives are going, through the interaction between their circumstances, activities and psychological resources or 'mental capital'.

## **Prevention**

Prevention entails using all public resources to prevent harm rather than coping with acute needs and problems that could have been avoided. There are three levels of prevention: 'Downstream' measures try to cope with the consequences of harm and focus on specific cases; 'midstream' measures aim to mitigate the effects of harm that has already happened and focus on groups and other things considered at risk or vulnerable; and 'upstream' measures aim to prevent harm before it occurs and usually focus on whole populations and systems.

## **Theory of change**

A theory of change is a method and evaluation tool for conceptualising how an organisation has impact. It outlines what an organisation achieves, and how, through a chain of inputs, activities, outputs and outcomes. A theory of change also describes the causal assumptions and rationality behind how an organisation has an impact.

## **Outcomes**

An outcome is the meaningful and valued impact or change that occurs as a result of a particular activity or set of activities. Outcomes may be achieved

over a relatively short period of time, or they may be longer-term in nature. For example, if you are supporting people to find employment, a shorter-term outcome might be improving confidence, and the longer-term outcome might be getting, and ultimately staying in, a job. In these situations it makes sense to talk about a person's distance travelled towards achieving their ultimate goal. It is our contention that outcomes cannot be provided for people; people must be active in achieving outcomes for themselves with the support of others.

### **Outputs**

Outputs are a quantitative summary of an activity. For example, the number of youth work sessions delivered or the number of elderly people attending a luncheon club are outputs. An output tells you an activity has taken place, but it does not tell you what changes as a result.

### **Indicators**

Indicators are ways of knowing that an outcome has been achieved, or show progress against an outcome. For example, indicators for an increase in confidence might include a young person trying new things, making new friends, or taking on new challenges. All of these are related behaviours that indicate an increase in confidence.

### **Quality characteristics**

Quality characteristics are a set of principles that guide *how* services will be provided. Whereas outcomes focus on what a service aims to achieve, quality characteristics emphasise the importance of process. For example, co-production is one example of a quality characteristic; specifying that providers need to co-produce what they do with people. Another quality characteristic might be prevention; stressing the importance of gradually moving funding 'upstream' in favour of services that prevent harm. Quality characteristics can apply to individual services and providers, and the commissioning process as a whole. In this way they will imbue the whole of the service offer.



## Introduction

As demand for services increases, welfare reforms continue apace and budgets are drastically reduced, local government is facing an unprecedented crisis. It has become clear to all those involved that something needs to change. Providing services in the same way, while demand increases and resources dwindle, is not a sustainable option.

---

The future viability of local authorities is at stake.<sup>1</sup> It has also become clear to NEF, working with several local authorities during this period of austerity, that local officers and councillors want to do much more than simply implement cuts. Although their budgets are shrinking, their ambitions for their local areas, and the ambitions of the residents they work for and with, remain high. They believe that there are better ways of designing and delivering public services: ways that work with people and local communities, that promote well-being, prevent social, environmental and economic harm, and deliver real value for money.

The local officers and councillors we have worked with recognised this before the brunt of the cuts was felt. Even when money was available, they were looking for better ways of commissioning services. They understood that too often commissioning has failed to achieve real value for money – defined throughout this guide simply as the best possible social, economic and environmental outcomes for money spent. They felt their practice sidelined local residents and ignored the insight and resources they could offer. They realised that by focusing too much on narrow outputs and performance targets they could fail to prevent harm or achieve well-being in the long-term. While the context of austerity makes change expedient, change was always necessary and desirable. Many local authorities have begun to look for new ideas to focus their commissioning and achieve long-term change for the people they support.

Some of the ideas that are increasingly popular – such as outcomes, co-production, prevention and well-being – have been a core part of NEF's commissioning work for almost a decade. This practical guide introduces a commissioning approach which NEF has been developing over this period. Our approach is outcomes-based and emphasises the role of co-production in the design and delivery of public services. More specifically, it involves working collaboratively with local people and providers to maximise the value created by public spending across the social, environmental and economic

bottom line. It does this by co-producing support to meet people's needs, to help them achieve their aspirations and to promote well-being for all.

This approach to commissioning for outcomes and co-production will enable commissioners to:

- **achieve long-term value for money:** ensuring that public services effectively achieve the social, environmental and economic outcomes that commissioners and local people value
- **promote well-being for all:** supporting everyone to feel good in their day-to-day lives and to flourish in society
- **prevent social, environmental and economic harm:** planning over the long-term, investing upstream and taking early action to prevent social, environmental and economic harm.

To do this we focus on triple bottom line outcomes ([social](#), [environmental](#) and [economic](#)) and on the role of [co-producing](#) in the commissioning process and the design and delivery of support.

#### Box A: Commissioning for outcomes and co-production in Camden

We have worked alongside several local authorities over the past decade to implement a new approach to commissioning for outcomes. It started with the re-commissioning of a Mental Health Day Service in Camden. Since then, our work has developed and tested different ways of commissioning that involve a greater focus on well-being and prevention, and that provide a stronger role for people intended to benefit from the service in the commissioning process itself.

Shifting to an outcomes-focused approach, promoting co-production and measuring value across the triple bottom line were all central to the new vision of what mental health support in Camden might look like. The commissioning approach radically changed the tendering and procurement process, including:

- developing an outcomes framework that included social, environmental and economic outcomes for people who used the service and for the wider community. These outcomes included, for example, increased access to skills and employment, supporting people to lead healthier lives and creating a sustainable social infrastructure
- specifying that co-production should be a key feature of the service and that providers should show how they would work with people using the service, and with the wider community
- tendering by using the outcomes framework and a set of quality characteristics to help refine the offer, and asking prospective providers to design the activities and support that would achieve the required outcomes
- monitoring and evaluating outcomes, rather than outputs, throughout the duration of the contract.

**Box A: continued**

The winning tender was a consortium of Camden-based third sector organisations: MIND in Camden, Holy Cross Centre Trust (HCCT) and Camden Volunteer Bureau, a mainstream volunteering organisation. Their vision of how co-production could transform the local offer has resulted in one of the most innovative examples of co-production in the UK, described in several [case studies previously published by NEF](#). Camden is now using the outcome model to commission a range of services across different directorates and building it into the new council-wide procurement operating model. These are considered to be vital steps in bringing about wider cultural and operational change.

We understand that commissioning plays a central role in transforming the way public services are designed and delivered. Done well, commissioning can ensure high-quality public services that deliver real value for money. It can maximise social, economic and environmental outcomes, prevent harm and help to achieve well-being for all. Done poorly, commissioning risks providing services that alienate and disempower, that are inflexible and overly departmentalised, that privilege short-term cost efficiencies over long-term public benefit, and that ultimately offer poor value for money.

The table below contrasts what we call a conventional approach to commissioning with the NEF approach to commissioning. Of course, this table presents idealised states of commissioning done poorly and well. They can be seen as two poles, with a lot space in between where the actual commissioning practices of local authorities will sit. At different times commissioners will no doubt recognise elements of their commissioning practice described under the 'conventional' model, but likewise many councils are now making moves towards outcomes, co-production and promoting innovation through commissioning.

**Table 1: Conventional commissioning and the NEF's approach**

Conventional commissioning	NEF's commissioning approach
Focused on buying very tightly defined services and activities that are specific to the service: e.g. CV writing classes for young people.	Focused on commissioning for <b>social, environmental and economic outcomes</b> – within the 'service' and for the wider community.
Focused on unit costs and short-term efficiencies which encourages a race to the bottom and often represents a false economy. Social or environmental value often not considered.	Promotes long-term value creation across social, environmental and economic costs and benefits and emphasises importance of <b>prevention</b> , and awareness of false economies.
A poor level of insight into what works and doesn't. Data requirements are led by needs and deficits, asking only what is wrong with an area/group.	Explores needs and assets to build a picture of what works and current strengths, as well as what support is needed. Uses a range of methods to develop insight and apply this during the commissioning process.
Hierarchical and paternalistic: people who use services are not part of commissioning or delivery, and power is held by professionals.	Has <b>co-production</b> at its heart: the commissioning process is co-produced, and it is expected that providers will begin to co-produce their services.
Closes down space for innovation, because commissioning is highly prescriptive and specifies which activities and outputs should be delivered and what the service should 'look' like.	Promotes innovation by moving away from over-specified services and asking providers and people using services to come up with ideas and activities to meet the outcomes.
Rigid and inflexible: bids for services form the basis of contracts with set targets and outputs. Deviation of these is often considered a breach of contract. Very little flexibility exists to adapt to changing local circumstances or ideas.	Iterative and adaptive: requires continuous reflection and evaluation, and flexibility for services to adapt to the interests, needs and assets of local people.
Competitive and in silos: providers are in competition with each other and have little incentive to cooperate or work in partnership.	Collaborative: promotes strong relationships across and between local authorities, other statutory agencies, providers, user led organisations, the voluntary and community sector, civic groups and local people.

### The policy context

Our approach to commissioning has evolved over the last ten years with a number of local authorities up and down the country. As such it has developed in the context of various government initiatives and policies. The approach has been increasingly supported by policy at the national and local level, including policies on measuring well-being, the Public Services (Social Value) Act 2012 and Treasury guidance on assessing value for money.

**Public Services (Social Value) Act 2012:** NEF's approach to commissioning for outcomes provides a practical way of making the most of the Public Services (Social Value) Act 2012. This Act provides a legislative framework for considering social, environmental and economic value during procurement.

The Act places a duty on public bodies to consider social value ahead of procurement – albeit with limitations. For example, it only states that authorities must ‘consider’ social value that is ‘relevant’ to what is being procured. Goods and works contracts are not covered by the Act, and the thresholds over which the Act applies are relatively high, leading to questions<sup>2</sup> about whether this will disadvantage smaller providers.<sup>3</sup>

However, the wording of the Act provides a valuable legislative tool for authorities who want to use public sector procurement to promote positive social, environmental and economic change. The principles promoted by the Act could be applied to lower value contracts as best practice, should local authorities chose to. It also has an implication for the co-production of commissioning. As Toby Blume and Anna Randle have described,<sup>4</sup> the Act can help provide a legislative framework for considering what outcomes are valued by people expected to benefit from local services and placing these at the centre of commissioning. The Act thus allows for local authorities to determine a local definition of social value, to co-produce the outcomes that arise from this definition and to place what people value at the heart of commissioning.

**Localism Act 2011:** The Localism Act of 2011<sup>5</sup> made clear the coalition government’s intentions to give local people and authorities more control over how local services are designed and delivered. Many, including NEF, have been critical of the coalition’s localism agenda given the speed and severity of local authority budget cuts.<sup>6</sup> However, the Act does free up local government from a range of previously centrally defined prescriptions and targets.

The general power of competence, in particular, lends itself well to NEF’s commissioning approach. The general power of competence, initiated as part of the Act, allows local authorities in England to do “anything that individuals generally may do”, which is to say anything legal<sup>7</sup>. In practice this frees up local authorities to do a much greater range of things for their residents beyond what has been statutorily legislated for and which might have been considered *ultra vires*, or beyond their powers, before. From a commissioning point of view this power should enable commissioners and providers to be more innovative and bold in meeting people’s needs.

**Treasury definition of value for money:** The definition of value for money that features in NEF’s commissioning approach is shared by the Treasury.

*Value for money is defined as 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 or services based on the lowest cost bid... Wider social and environmental costs and benefits also need to be brought into any assessment. They will often be more difficult to assess but are often more important and should not be ignored simply because they cannot easily be costed.<sup>8</sup>*

NEF’s approach helps commissioners not just to comply with this definition, but to realise its full potential, and use it as a tool to support a new approach to commissioning.

## About this guide

This practical guide brings together the learning from several different projects NEF has worked on with local authorities over the past decade to commission social, environmental and economic outcomes, and promote co-production in local services.

We have worked on projects in mental health, social care and youth services. Some of the projects were funded from 'Invest to Save' funds while others have been developed in response to significant spending cuts during the past three years. This approach has been applied to externally commissioned services, grant-funded services and internal council providers. Across these differing economic and political contexts, the core ideas and principles remain the same and are intended to achieve the same impact: the use of public resources to address social, environmental and economic challenges, and to improve outcomes in all of these areas. Our work has covered all parts of the commissioning cycle, from needs and assets assessments, to developing insight, developing outcomes frameworks, tendering and procurement work, working with providers, and monitoring and evaluation.

### Box B: How to use this guide

This guide has been designed to be read and used as an interactive online resource. There are two distinct sections, but hyperlinks (shown in [blue](#)) between the different sections mean it does not have to be read in a linear way, and different themes (such as co-production, or well-being) will be linked to each other throughout the theory and practice sections.

[Section 2](#) is focused on practical implementation guidance. But the thinking and ideas behind this work are just as important, and help to provide the rationale, conceptual framework and evidence base that underpins this commissioning approach.

- [Section 1](#): this section explores the core ideas and theories underpinning NEF's commissioning approach and how they fit together. It explains that the overall objective of commissioning should be to achieve real [value for money](#), promote [well-being](#) for all and [prevention](#). To achieve this we show that outcomes must be considered along the [triple bottom line](#), meaning that social, environmental and economic outcomes are all important in this approach. We also demonstrate why [co-production](#) should be at the heart of commissioning as an approach and method.
- [Section 2](#): this section explores how these ideas have been put into practice by a range of different local authorities and describes each stage of the process, with examples and templates from a range of areas. This section will be most helpful for people who are putting these ideas into practice. It is divided into three sub-sections based on three phases of the commissioning cycle: insight, planning and delivery. Here we show how the core ideas described in [Section 2](#) can be embedded throughout the different phases.

The challenges that local authorities now face call for a fundamental change in the values and practices that underpin commissioning. Some have questioned whether this kind of change is possible in a climate of austerity, or whether the pressure of making cuts is too great to accommodate positive and transformational change. Our work with three local authorities in the past has shown that it is not only possible, but essential if the worst effects of austerity are to be avoided.

Of course, austerity does present major challenges to any change process. Diminishing numbers of staff are taking on more and more work, there is huge uncertainty over budgets and many providers are under increasing strain as funding is cut or changed. But this should not be a reason for maintaining the status quo. Our experience has shown that the biggest barriers to introducing this commissioning approach have not been financial, but cultural and political. The highest mountain to climb has been to persuade people to value, respect and include the expertise and experience of people who use services in the commissioning process. But with full support and personal commitment from council members to implementing a new approach, positive change is certainly achievable.

# **Section 1**

**Why commission for  
co-production and  
outcomes?**



## What is commissioning for outcomes and co-production?

This section explores the core ideas and theories underpinning our commissioning approach and how they fit together. It explains that the overall objectives of commissioning should be to achieve real value for money, promote well-being for all, and to prevent needs arising.

To achieve this we show that outcomes must be considered along the triple-bottom line, meaning that social, environmental and economic outcomes are all important in this approach. We also explain why co-production should be at the heart of commissioning as an approach and method.

---

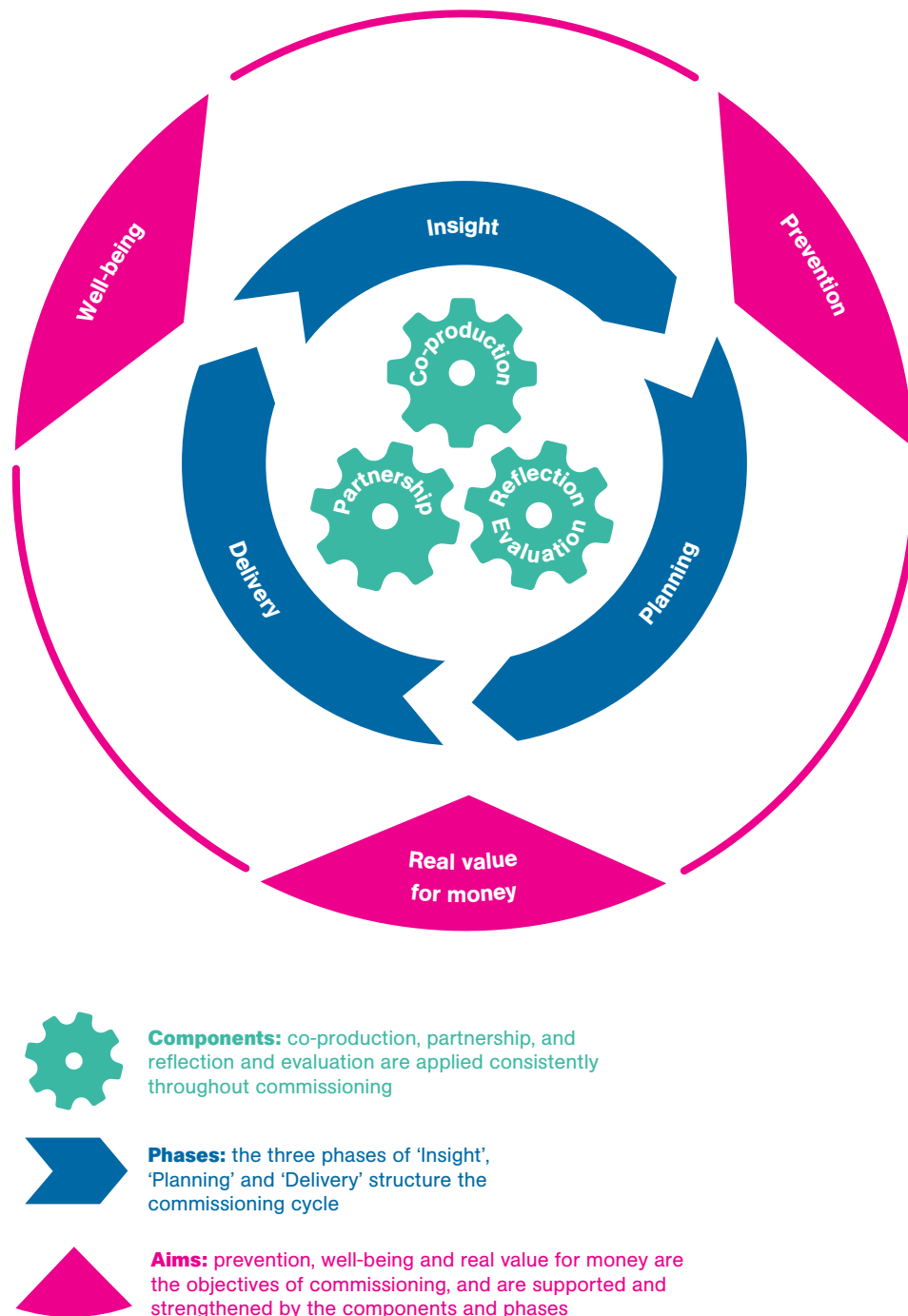
### Commissioning for outcomes and co-production

Our approach to commissioning for outcomes and co-production involves working collaboratively with local people and providers to maximise the value created by public spending across the [social](#), [environmental](#) and [economic bottom line](#), and to [co-produce](#) support to meet people's needs and help them achieve their aspirations.

This definition is underpinned by the three aims that support our commissioning approach. These are to:

- **achieve real value for money:** ensuring that public services achieve the social, environmental and economic outcomes that commissioners and local people value in an effective way
- **promote well-being for all:** supporting everyone to feel good in their day-to-day lives and to flourish in society
- **encourage prevention:** planning over the long-term, investing upstream and taking early action to prevent social, environmental and economic harm.

Figure 1: NEF'S commissioning approach



This diagram shows how the components, phases and aims of NEF's commissioning approach come together.

The three core components (co-production, partnership, and reflection and evaluation) are located in the middle of the diagram and represent continuous parts of the commissioning cycle. They are essential components of each commissioning phase and are designed to bring in new insight and resource into commissioning, to tackle silos and ensure that commissioning is an iterative process, continually reflecting and adapting as it progresses.

**The three phases** (Insight, Planning and Delivery) are discrete, sequenced and involve more specific activities, such as needs and assets assessments, service design or procurement, although there are likely to be overlaps between the phases.

**The three aims** around the outside of the circle are the objectives of NEF's commissioning approach. They are reinforced by the core components and can be used to focus on the long-term, systemic impact this commissioning approach can achieve.

These three aims are mutually reinforcing, and there are many organisations of all types that are already focused on achieving this kind of change. For example, Skillnet Group Community Interest Company in Kent is a provider of support, activities and enterprise for people with different disabilities. Their projects are co-delivered with people intended to benefit, and their staff and board include a large number of people who might have previously used their services. Their enterprise focuses on growing the local economy and promoting sustainable businesses and behaviours. Their activities are directed at improving people's well-being, as well as their skills and capacities, in order to prevent the need for more acute 'interventions' down the line. However, when they are commissioned, much of the economic and environmental impact they have is not valued, because standard social care tendering processes don't promote or value this type of activity.

In what follows we will examine these three key ideas, exploring the theories behind each of the concepts and how they relate to one another. We also introduce the idea of [co-production](#), an approach and methodology for designing and delivering public services that shares decision-making power and responsibilities with citizens, and makes the most of local resources and assets.

### **Achieving real value for money**

Our commissioning approach is outcomes focused, meaning that emphasis is placed on the long-term changes achieved rather than short-term outputs. For example, it focuses on changes in people's work-related skills rather than on the numbers completing a training course. Our experience working with a number of local authorities across the UK has shown us that, while there is a strong commitment to commissioning for outcomes, the majority of commissioning in practice still focuses disproportionately on outputs. Collecting output data (e.g. on attendance) is often favoured over tracking the distance travelled towards outcomes.

With NEF's approach, commissioners develop an outcomes framework, and ask providers to work with people they support to design the activities that will achieve those outcomes. Specifying broad outcomes over specific outputs and services gives providers the space to be innovative and flexible in shaping services. It affords providers the freedom to work closely with the people they support to co-produce services around their personal and collective needs, strengths and wishes. It also enables providers and commissioners to generate public value across the triple bottom line and beyond the service itself.

Different outcomes-based commissioning models have been developed in recent years. NEF's approach is grounded in the notion of 'public benefit' – the idea that whenever public money is spent, it should be spent with due consideration of the full ways in which it could benefit the wider public beyond the immediate beneficiaries of the intervention receiving investment. To this end, it puts social, environmental and economic outcomes at the heart of the commissioning process. We understand public benefit to be made up of social, environmental and economic outcomes in the following ways:

- **Social outcomes:** commissioners and providers are expected to meet needs and promote outcomes that contribute towards well-being for all, such as stronger social networks, improved physical health, or greater autonomy.
- **Environmental outcomes:** commissioners and providers are encouraged to address negative environmental impacts, such as their waste and carbon emissions, and to promote positive environmental changes, such as using renewable energy sources or promoting the use of green space locally.
- **Economic outcomes:** commissioners and providers are expected to consider their role in – and impact on – the local economy. This might include, for example, specific outcomes around local money flows, investment, good quality jobs, or training and skills.

Of course, there are strong overlaps and interdependencies between these outcome areas; social, economic and environmental outcomes support and reinforce each other (see boxes).

### Box C: The benefits of procuring school meals through the Food for Life Partnership

In 2011, NEF was commissioned by the Food for Life Partnership (FFLP) to undertake a study of the wider social, economic and environmental impacts of FFLP procurement practices for school meals in Plymouth and Nottinghamshire.<sup>9</sup> The aim was to reveal the impact that local contracts for school meal ingredients have for local and wider society. The findings show how social outcomes (providing healthy food for young people) can be met in an environmentally sustainable way (by sourcing local, responsibly farmed produce benefiting the local environment and reducing CO<sub>2</sub> emissions globally) and in a way that benefits the local economy.

A summary of results from the social return on investment (SROI) evaluation shows that:

- In Nottinghamshire, spending for school meals locally within an FFLP framework is calculated to generate over £5 million in value each year. The share of ingredient spend on seasonal, local produce has risen dramatically, by a dramatically £1.65 million per year, returning £3.11 in social, economic and environmental value for every £1 spent.
- In Plymouth, the change in spending on seasonal, local produce is valued at £384,000 per year as a result of adopting FFLP practices. This spending into the local economy is found to generate £1.2 million of value per year, a return of £3.04 for every £1 spent.

**Box C: continued**

- It is important to highlight that this study represents only a partial analysis. It does not take account of any of the health, educational or cultural benefits of a whole school approach to food which are the primary objectives of FFLP. Adding these benefits would result in a substantially larger positive return on investment.<sup>10</sup>

In addition to the SROI evaluation, NEF also looked at the multiplier effect from procuring a higher share of ingredients for school meals from the local economy. The study found that comparing current spending and re-spending in Nottinghamshire now [2011] and prior to a focus on procuring locally and seasonally shows that the total amount of money circulating in the local economy from this source increased from £181,418 in 2004 to £3,826,688 in 2011.<sup>11</sup>

This approach helps us to think more expansively about value for money and how value is created through public services. Indeed, it means moving beyond thinking in terms of how providers meet certain *minimum* expectations and standards, towards how these can be extended and improved. In some instances this will mean valuing and encouraging the organisations that are already providing good social, environmental and economic value for money. In others it will mean incentivising those who do not, to change and improve. This understanding of value is consistent with the Treasury's definition of value for money [see Glossary](#).

*Value for money is defined as 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 or services based on the lowest cost bid.*

*In principle, any appraisal should take account of all benefits to the UK. This means that, as well as taking into account the direct effects of interventions, the wider effects on other areas of the economy should also be considered*

*Wider social and environmental costs and benefits 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.<sup>12</sup>*

This approach also supports a preventative agenda in public services. By asking providers how they maximise positive outcomes across the triple bottom line, commissioners are placing a greater emphasis on promoting positive and proactive outcomes that develop people's capacities and enhance well-being. Instead of commissioning services to meet a set of specified needs and to address perceived deficits, commissioners and providers fund and develop services that meet current needs, while simultaneously, for example, employing local people and purchasing locally produced goods, helping to make people and places better off, healthier and more resilient in the long run (see box).

### Box D: The Evergreen Cooperatives initiative, Cleveland, USA

The [Evergreen Cooperative initiatives](#) was launched in 2008, by the Cleveland Foundation, the city government and several local universities, with the aim of developing a local economy from the bottom up. The cooperative does this by using the procurement budgets of institutions like hospitals and universities in the city. Its main focus is on growing food locally through cooperatives that are owned and run by local people, many of whom were unemployed before the initiative began. These cooperatives supply fresh, local food to public institutions through these contractors. Local hospitals are keen for the food they feed their patients to be sourced locally from Evergreen because the produce is fresh – helping patients get better faster – and because the cooperatives employ local people on living wages – helping to ensure a healthier local population. Interestingly, Evergreen does not need to compete to win contracts to provide meals to hospitals in the area, instead the hospitals can stipulate in their contracts that meals include Evergreen produce. The Evergreen Cooperatives initiative shows how public money can be used to support organisations and businesses that add real economic, social and environmental value to a local area.

In our commissioning approach, we make a distinction between ‘service-level’ outcomes and ‘community-level’ outcomes. [Service-level outcomes](#) concern the outcomes that commissioners and ‘service users’ hope to achieve as a direct result of a service. [Community-level outcomes](#) refer to the broader social, environmental and economic outcomes and value generated by services which benefit the public generally. Commissioners should develop outcomes frameworks that recognise and incentivise outcomes and value at both levels.

Asking providers to show how they will deliver against service- and community-level outcomes shifts the direction of public funding so that it promotes increased value, rather than just focusing on driving costs down. This is especially important during a time of public sector austerity. When budgets are squeezed commissioners and providers alike need to demonstrate the value of their services in the broadest possible sense. Importantly, commissioning for wider public value across the triple bottom line does not necessarily make a service more expensive. It often just requires commissioning for and providing a service in a different way. Even where additional upfront costs are incurred, these should be considered alongside potential cross-departmental and long-term savings which can far outweigh initial investment.<sup>13</sup>

#### Starting points

- Check whether your local authority has already taken action to incorporate the Public Services (Social Value) Act 2012 into commissioning and procurement work.
- Identify the community-level outcomes (social, economic and environmental outcomes) which the local authority has committed to.
- Work with other departments and partners (e.g. schools, clinical commissioning groups) to see where there are common outcomes and use this to strengthen the case for joint commissioning.

## Promoting well-being for all

Well-being concerns people's subjective experiences, feelings and perceptions of how their lives are going. It involves two main dimensions: a hedonic dimension, which focuses on how happy and satisfied people are with their lives, and a eudemonic dimension, which is best described as people's ability to flourish and function well.

Local government, public services and commissioning all play an important part in improving the well-being of populations. They help to develop local economies, protect and improve the natural and built environment, and provide a diverse range of essential services to people and communities.<sup>14</sup> Our commissioning approach recognises this role and seeks to strengthen and improve it by making well-being the explicit overarching goal of commissioning public services in local government. In practice this means using well-being as a framework for organising support for people and as a measurement tool against which progress can be evaluated.

It makes sense to privilege well-being as the main goal of commissioning public services because it captures what really matters to people – feeling good and being able to flourish in society. In addition, well-being encompasses a range of objectives that matter to local government. Some of these are material, such as: developing the local economy and local employment opportunities; ensuring people have access to key services, such as housing, education and leisure activities; and helping to safeguard and improve the built and natural environment. Other objectives are psychosocial and include a range of personal and social resources that concern individuals and groups. Examples include autonomy, self-efficacy, relatedness, health, optimism and self-esteem. These objectives have arguably had less importance placed on them by local councils. Yet even small improvements in people's psychological and social well-being can lead to positive change in a range of other areas.<sup>15</sup>

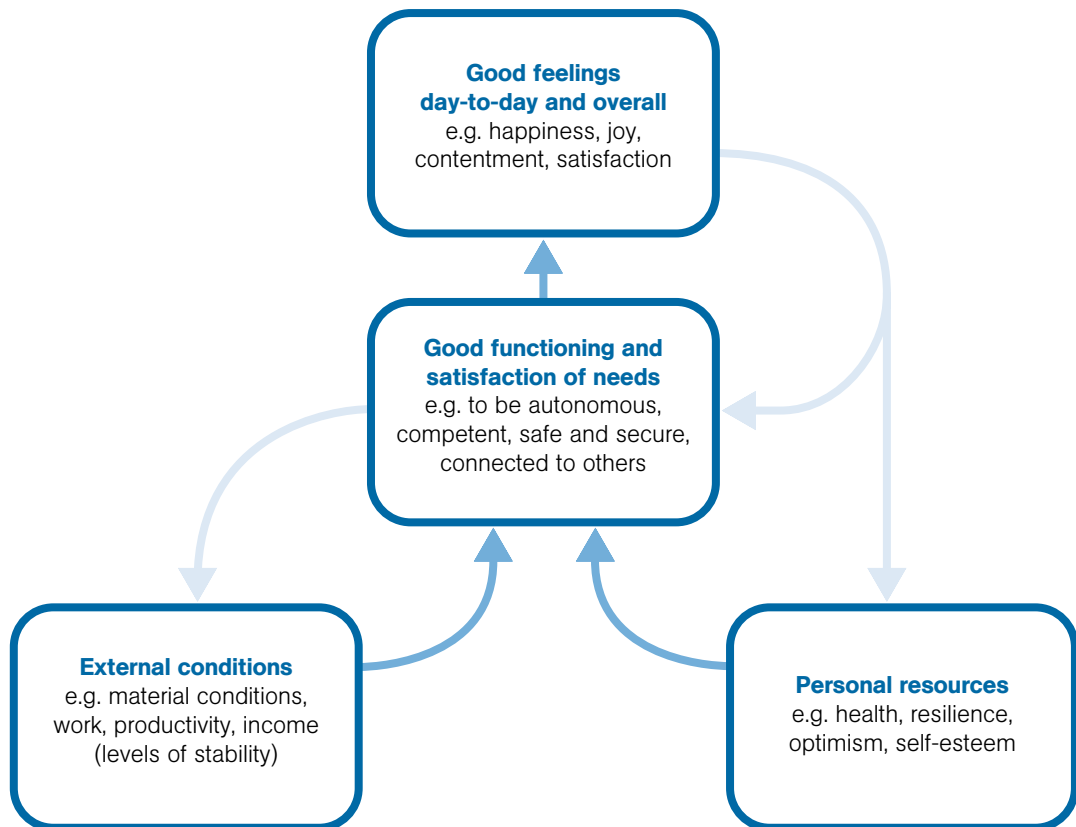
Focusing on people's well-being also helps to achieve outcomes efficiently. Positive well-being has been linked, for example, to "healthier lifestyles, better physical health, improved recovery from illness, higher educational attainment, improved employment and earnings, better relationships, more social cohesion, and less crime".<sup>16</sup> As such, a well-being approach can realise the various objectives of numerous organisations in and beyond a local authority. Our understanding of well-being helps us to think through the relationships between the material and psychosocial elements of human experience, explaining how they work together to enable or prevent personal and collective well-being (see the dynamic model of well-being below).

## The dynamic model of well-being

Our understanding of well-being is based on the dynamic model of well-being. The dynamic model of well-being was developed by the NEF's Centre for Well-being after a major review of the most commonly used approaches to conceptualising well-being. It is unique in that it brings together two of the major theories of well-being – the hedonic and the eudemonic theories – into one framework of subjective well-being.<sup>17</sup>

The dynamic model of well-being posits that subjective well-being is made up of both good feelings (the hedonic understanding of well-being) and functionings (the eudemonic approach to well-being). It shows how our good feelings are in fact dependent on how well we function in society, which in turn is shaped largely by the interaction between our personal resources and external conditions.

Figure 2: The dynamic model of well-being



The notion of functioning well (the middle box) is best explained by the psychological theory known as self-determination theory (SDT). Developed by Richard Ryan and Edward Deci,<sup>18</sup> the SDT argues that we all have a set of core psychological needs. These needs, which, if satisfied, enable people to flourish in society, are:

- autonomy: a feeling of choice and authenticity about your thoughts and behaviour
- competence: a sense of efficacy and self-esteem, and a sense that you can have a meaningful impact on the world around you
- relatedness: the feeling that people care about you, and that you are close to others.

Functioning well and thriving in society will, it is suggested by this model, increase people's chances of feeling good on a day-to-day basis.



The dynamic model of well-being is completed by two further elements that shape people's subjective well-being: external conditions and personal resources. External conditions describe the material and social conditions in which people live. These include factors such as employment, working hours and conditions, income, crime rates, housing quality, access to green space and the like. Personal resources are "assumed to be relatively stable characteristics of the person – though not necessarily fixed – that are likely to influence their behaviour",<sup>19</sup> including their health, optimism and self-esteem. It is important to note that these two elements of the model are not part of the model's definition of well-being. They are drivers influencing well-being, interacting with well-being in a dynamic way.

This model is dynamic in that it posits a number of feedback loops, which may be positively or negatively reinforcing. As mentioned, if we are functioning well we are better able to improve our external conditions (this is shown by the light blue line in the diagram above).

### **How well-being evidence can be applied in practice**

During our work with commissioners in Lambeth and Cornwall we found the dynamic model of well-being useful in developing outcomes and measurement frameworks. The model suggests that commissioners should aim to commission for, and measure outcomes relating to, all four of the model's elements if they are to achieve well-being for all. The middle box on functionings is particularly important yet our experience tells us that is often overlooked. In Lambeth for example, an analysis of previous commissioning cycles showed us that the majority of stated outcomes for children and young people focused on either external factors or personal resources. However, when the commissioners worked with young people to determine what outcomes were important to them, responses pointed to outcomes relating to their functionings. This has led to a more balanced outcomes framework which appreciates the importance of each element in the dynamic model of well-being (Figure 3).

Figure 3: Lambeth’s outcomes framework for children and young people (CYP), based on the dynamic model of well-being



Another way of applying well-being evidence to commissioning is by using the five ways to well-being: a set of evidence-based actions to promote people’s well-being. The five ways are: connect, be active, take notice, keep learning, and give. The five ways can be used in different ways, including: getting people to start thinking about their well-being; developing organisational strategies, as a framework for commissioning, as an evidence base, and to measure impact. The following table shows how activities and services can be mapped to the five ways to well-being in implementation.

Table 2: Implementing the five ways to well-being in local government<sup>20</sup>

	Child services	Adult social care	Planning and transport	Housing and community services	Environmental services	Work, unemployment and the local community
Connect	Inter-generational activities (e.g. <i>Merton Council</i> )	Local area coordination (e.g. <i>Middlesbrough Council</i> )	Designing in traffic-free spaces (e.g. <i>Sutton Council</i> )	The Big Lunch (e.g. <i>St Albans City District Council</i> )	An area-based growing competition (e.g. <i>Rushmoor Borough Council</i> )	A local procurement policy (e.g. <i>Camden Council</i> )
Be active	Sports support buddies for disabled young people (e.g. <i>Bristol City Council</i> )	Healthy walks scheme (e.g. <i>Adur District Council</i> )	City centre cycle paths (e.g. <i>Herefordshire Council</i> )	Enabling council tenants to grow their own food (e.g. <i>Southwark Council</i> )	Green Gym (e.g. <i>Bath and North East Somerset Council</i> )	Green space apprenticeships (e.g. <i>Tamworth Borough Council</i> )
Take notice	Public art projects devised in collaboration with young people (e.g. <i>Bristol City Council</i> )	Arts festival for social inclusion (e.g. <i>Lambeth Council's Straightforward</i> )	Auditing green space provision (e.g. <i>South Gloucestershire Council</i> )	Gardening support for vulnerable residents (e.g. <i>Hampshire County Council</i> )	Residents involvement in wildlife protection (e.g. <i>Fareham Borough Council</i> )	Helping local people understand the local economy (e.g. <i>South Somerset District Council</i> )
Keep learning	An online directory of informal learning activities for young people (e.g. <i>Essex County Council</i> )	Adult learning on prescription (e.g. <i>Northampton County Council and partners' Learn 2b scheme</i> )	Identifying sites for self-builders (e.g. <i>Swindon Borough Council</i> )	Providing training as part of residents' involvement (e.g. <i>South Kesteven District Council</i> )	Community planting day events (e.g. <i>Banbury Town Council</i> )	Local entrepreneurship coaching (e.g. <i>Norwich City Council</i> )
Give	Peer support awards for young people (e.g. <i>Bradford Metropolitan District Council</i> )	Timebanking to encourage skills swapping and reciprocal volunteering (e.g. <i>Bromley Council</i> )	Supporting volunteer-led walking bus schemes (e.g. <i>Thurrock Council</i> )	Using peer-support models to enable independent living and residential support (e.g. <i>Lincolnshire County Council</i> )	Encouraging volunteers to 'adopt' their local area (e.g. <i>Manchester City Council</i> )	Local business support networks (e.g. <i>Malvern Hills District Council</i> )

Well-being can also be helpful in guiding approaches to measurement. Again it is important to include measurement indicators for each of the four elements in the model, and the inclusion of well-being questions in the Office for National Statistics survey provides national, regional and local datasets for comparison. For more information on how to measure well-being effectively please see the [Resources](#) section at the end of the guide, and [Section 2: A practical guide to commissioning for co-production and outcomes](#).

### Starting points

- Map your current outcomes or objectives against a well-being framework (for example, the five ways or the dynamic model of well-being). Consider where there are gaps, and how commissioning might better promote well-being.
- Look at the well-being evidence base to consider how your Resources might be used to have the most impact on local well-being: resources for this are included on [page 105](#).
- Using a tool to measure well-being to develop a baseline: see our resources section on [page 105](#) for further information on this.

### Prevention

Prevention entails using all public resources to prevent harm rather than coping with acute needs and problems that could have been avoided. The language of prevention is becoming more common in local government, but in practice it is often seen in isolated examples of early intervention in health, social care or housing. NEF's approach to prevention builds on our work to look at changing policy and practice across the triple bottom line: society, environment and economy. We look at how harm can be prevented across the triple bottom line through downstream, midstream and upstream measures. These terms are explained in the examples set out in the table below.<sup>21</sup>

Table 3: Examples of different levels of prevention

Policy area	Downstream	Midstream	Upstream
Society	Vascular surgery to prevent stroke. Double mastectomy for women with a high genetic risk of breast cancer. Programme to help truanting children to take or retake exams. Hostels for young teenagers who have run away from home that combine shelter with support and help with education, employment and other problems.	GP-prescribed exercise for overweight patients. Parenting classes for families considered 'vulnerable'. After-hours homework for children from 'problematic' backgrounds. Community-based rehabilitation for first-time offenders. Programmes aimed at preventing misuse of drugs and alcohol.	Anti-poverty strategies and measures to reduce socio-economic inequalities. Free, universal, high-quality education, childcare and other essential services. Ban on smoking in public places. Immunisation and screening.
Environment	Carbon capture and storage for emissions from coal-fired power stations and other large-scale geo-engineering projects that aim to manage, for example, radiation and ocean acidification (although the effects of such projects are so far unproven).	Finding ways to make the most efficient use of these new forms of green energy.	Investment in very low and zero carbon technologies, including all sustainable means of producing and applying renewable energy and recycling waste.
Economy	Quantitative easing and other measures that aim to help a sick economy from falling into a deeper recession.	Separating retail from investment banking and creating networks of banks that serve the needs of low-income neighbourhoods.	Investing public resources in education, health, employment and income security, in building human capabilities, in decarbonising production, in home insulation, public transport and the development of renewable energy.

These types of challenges need to be tackled by both central and local government. Local councils have a strong role to play in shifting their own spending, as well as incentivising the providers they contract to shift thinking and practice upstream. This might be through a combination of directly provided services or interventions, alongside other partnerships with local businesses and civic groups to create the conditions for prevention.

The [Early Action Task Force](#) has a number of case studies and recommendations for local authorities, but these are largely focused on

the social outcomes that councils will be grappling with. Senior leadership is needed to bring together departments that work across society, the environment and the local economy to identify how funding could be used to achieve systemic change.

For example, if we think of the outcomes a council might seek related to employment, fuel poverty, improved health and well-being, and reducing their impact on the environment, we can see how services could be developed to tackle a number of outcome areas at once. Let's take the example of insulating homes against the cold, recently published in the NEF's [Wisdom of Prevention](#):

*This is a labour intensive activity so, if done on a sufficient scale, it creates plenty of new jobs – skilled and unskilled. It promises to reduce the need for winter fuel allowances that cost taxpayers some £3 billion a year.<sup>22</sup> It protects people from cold-related illness, which is good for their well-being. That reduces demand for health services, so it helps safeguard public resources for meeting unavoidable needs for treatment. It cuts the amount of energy that is used to heat homes – domestic energy accounts for 26 per cent of UK carbon emissions<sup>23</sup> – shrinking the carbon footprint and helping to mitigate climate change. And consequently it cuts domestic fuel bills, making it easier for people, especially those who are poor, to make ends meet.<sup>24</sup>*

Local authorities can play – and some have – a leading role in programmes to retrofit local homes for energy efficiency (see for example Salford, Kirklees and Aberdeen case studies examined by the [Institute for Sustainability](#)<sup>25</sup>). By acting as broker to bring together resources and skills, councils can help to create local jobs, reduce carbon emissions and relieve poverty by cutting domestic energy bills.

Some practical steps to shift government systems towards prevention are already being taken. Scotland has paved the way in implementing the idea of preventing across national and local government. The Scottish government published a response to the Christie Commission's report which included prevention as one of four key pillars of reform, and which set out over 50 areas for action across health, education, employment, criminal justice, housing and the environment. It says: "the adoption of preventative approaches, in particular approaches which build on the active participation of service users and communities, will contribute significantly to making the best possible use of money and other assets".<sup>26</sup> This shows the close connection between prevention and co-production: building up people's skills, capacities and social networks can help to re-direct public resources outside formal 'interventions' and prevent people reaching the more acute – and costlier – end of services.

### **Starting points**

- Map your current services against the framework we included above to see how resources are currently directed.
- Identify where the potential is for long-term upstream changes.

- Identify initiatives that can prevent harm on two or more fronts at once – for example, encouraging active travel, such as safe cycling and walking, to improve health and reduce carbon emissions.
- Build a prevention intention and assessment criteria into the re-tendering of new services.

### Co-production

Co-production is an assets-based approach to public services where professionals and citizens share power to plan and deliver support together, recognising that both partners have vital contributions to make in order to improve quality of life for people and communities. It is underpinned by six principles (see box below) which, together, bring in a huge pool of unused and undervalued resources: the time, skills, experience and expertise of people who use services, their families and networks.

#### Box E: Six key features of co-production<sup>27</sup>

- **Recognising people as assets:** seeing people as equal partners in the design and delivery of services, not passive recipients of – or, worse, burdens on – public services.
- **Building on people's existing capabilities:** rather than starting with people's needs (the traditional deficit model), co-produced services start with people's capabilities and look for opportunities to help these flourish.
- **Fostering mutual and reciprocal relationships:** co-production is about mutual and reciprocal partnerships, where professionals and people who use services come together in an interdependent relationship recognising that all have a valuable role in producing effective services and improving outcomes.
- **Strengthening peer support networks:** engaging peer and personal networks alongside professionals is the best way of transferring knowledge and supporting change.
- **Breaking down barriers:** changing the distinction between professionals and recipients, and between producers and consumers of services, by reconfiguring the way services are developed and delivered.
- **Facilitating rather than delivering:** enabling professionals to become facilitators and catalysts of change rather than providers of services.

As an approach, co-production builds on a range of similar approaches to decision-making in public services such as consultation, engagement, participation and co-design. Some of the ways in which the term is being used detract from the full potential that co-production can achieve as an approach – to transform the capacity, equity, and impact of public services. The depth of co-production falls along a scale from user involvement all the way through to a complete transformation of power relationships within services. Recognising the differences between co-production and these related approaches is important if co-production is to be genuinely meaningful and not just another public service buzzword.

Catherine Needham and Sarah Carr's typology of co-production makes this point well.<sup>28</sup> It suggests it is possible to understand co-production on three different levels; descriptive, intermediate and transformative. These represent a scale of how ambitious and transformative co-production can be.

- **Descriptive:** *At its least transformative, co-production is used simply as a description of how all services already rely on some productive input from users. This input may just involve compliance with legal or social norms such as taking medication, or not dropping litter. A descriptive approach to co-production simply describes the existing elements of public services that are co-produced, and therefore fails to acknowledge the potential for more effective use of the productive capacity of service users or communities.*
- **Intermediate:** *Intermediate approaches to co-production offer a way to acknowledge and support the contributions of service stakeholders, although without necessarily changing fundamental delivery systems. Co-production may be used as a tool of recognition for the service users and their carers – acknowledging often undervalued input and creating better feedback channels for people to shape services. The key difference between this and truly transformative co-production is that organisational cultures are unchanged. Indeed, this form of co-production is often led by a key member of staff, rather than being embraced by all members of staff equally.*
- **Transformative:** *At its most transformative, co-production requires a relocation of power and control. New structures of delivery entrench co-production, and bring professionals and service users together to identify and manage opportunities to develop and deliver services. The culture of an organisation changes, embedding mutual trust and reciprocity between professionals and communities. The impact of public services is amplified as latent assets within the community, such as peer support, informal care networks, and faith and civil society groups, are supported to flourish.<sup>29</sup>*

### Why co-produce commissioning and services?

There are a number of reasons why co-production should become the default way of providing public services. Intrinsically, co-production is a more democratic way of delivering public services. It privileges the role of people using services and their expertise in making critical decisions about how services are designed and delivered. This helps ensure that services reflect what people want from them. Co-production gives people control over public services so that they can better meet people's needs and achieve their aspirations.

In so doing, co-production can improve the effectiveness of commissioning decisions and the reach and capacity of services. A lot of public money is misspent because problems are diagnosed and solutions proposed by professionals who, however intelligent and well-meaning, fail to engage with the experiential wisdom of the people who are intended to benefit from their services. This often results in poorly designed services, which fail to meet

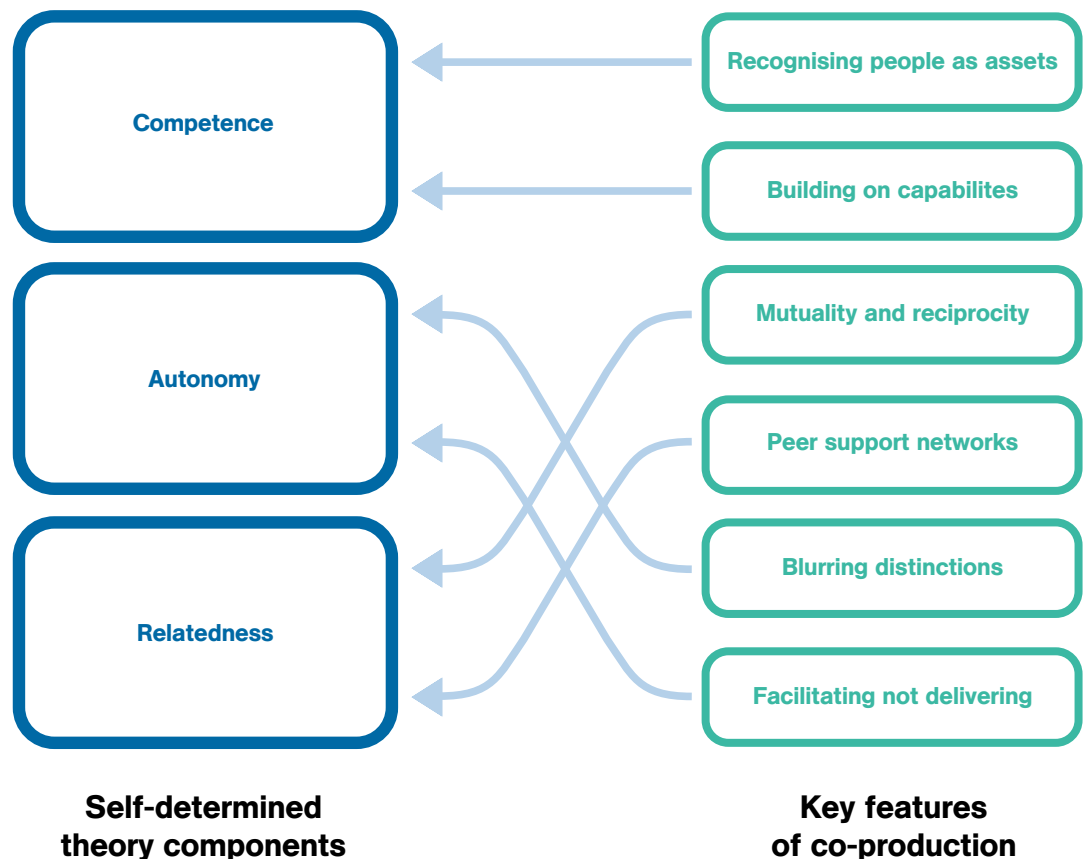


people's needs and aspirations, and therefore ultimately discourage people from engaging with them.

Co-production can help local authorities achieve **value for money** by bringing new skills, time, resources and expertise into the commissioning and delivery of local services. Using the experience of those who use services can reduce and re-direct wasteful spending which is not having an impact. Co-production can also increase the reach and impact of public services, by working with local networks that support people in their everyday lives: faith centres, schools, and local clubs and groups.

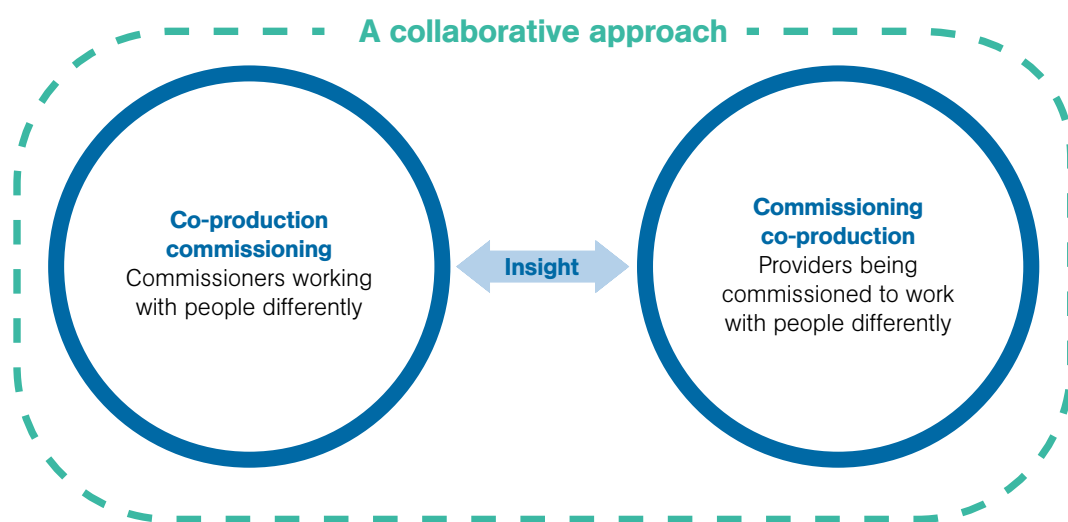
Co-production can make public services more effective because it helps to promote well-being by meeting people's fundamental psychological needs (as defined by the self-determination theory). Co-production improves people's autonomy, their competence and their relatedness. These functionings underpin people's abilities to make change in their own lives. A lot of money can be spent putting on activities and counting outputs, but unless people are supported to function better, broader change will not be achieved. As a method of designing and delivering public services co-production has the potential to meet people's psychological needs, and so improve people's well-being, in the following ways:<sup>30</sup>

Figure 4: Self-determination theory and the six principles of co-production



- **Competence:** features in co-produced approaches to service provision as people learn new skills and competencies. This can be through formalised training programmes, such as the peer training programmes, or through informal opportunities to learn new things, and take part in learning and development opportunities. An explicit feature of many co-produced services is focusing on building up people's skills and capabilities as a core part of 'services'.
- **Autonomy:** co-production involves a transfer of power towards the person getting support, and so can create more autonomy and control over long-term goals, as well as everyday activities and types of support. In the most powerful examples co-production encourages people using the service to take a high degree of ownership and responsibility over the running of the service.
- **Relatedness:** co-production focuses on building social networks and developing relationships among people using services. This is most commonly in the form of peer support, but in some projects it also involves developing new relationships and networks with others in the local area, or with those who have similar interests.

Figure 5: Two routes to co-production



Source: NEF and Nesta (unpublished) 2012 <sup>32</sup>

### Coproduction and commissioning in practice

There are two main ways in which commissioning can embed and promote co-production in public services. First, commissioners can **co-produce commissioning**, meaning that they can open up the commissioning process to local people and make decisions together as equal partners. Secondly, commissioners can **commission for co-production**. This means that they can use their role to encourage local providers to design and deliver services with people intended to benefit from those services.

Introducing co-production has an impact on many different parts of the commissioning cycle: the following table shows how co-production has changed the commissioning approach at each of the three main stages of commissioning for young people’s services in Lambeth.

**Table 4: Co-producing commissioning**

Commissioning stage	Traditional approach	Co-produced approach
<b>Developing insight</b>	A process driven “needs assessment” focusing on national and local datasets on demographics, deprivation, poverty, those not in education, employment or training (NEETs), teenage pregnancy, drug and alcohol abuse.	A needs assessment <i>and</i> : <ul style="list-style-type: none"> <li>• Asset mapping to determine informal provision, assets and resources.</li> <li>• Focus groups with service providers to find out what is working well and what is not.</li> <li>• Informal and semi-structured interviews with young people to explore what they value in life.</li> <li>• Appreciative workshops with young people to get a rich picture of their needs and wants.</li> <li>• Significant engagement work with young people across the borough, on estates, and in schools and pupil referral units.</li> </ul>
<b>Planning</b>	<p>Outcomes/outputs are agreed and prioritised by commissioners.</p> <p>Key performance indicators are set by commissioners.</p> <p>Service specifications are negotiated and agreed by commissioners and providers.</p> <p>The contract is put out to tender and a workshop on the EU tendering portal is given.</p> <p>After that communication between the commissioners and providers stops until the contract is awarded.</p>	<p>An outcomes framework is developed with young people and providers – showing clearly the outcomes that all services will be expected to meet.</p> <p>A set of quality characteristics is developed – listing the key principles guiding how services should be provided, including: co-producing services; developing sustainable business models; involving family and friends in support; providing services collaboratively; taking a preventative approach.</p> <p>Providers are given support throughout the tendering process through capacity building workshops and drop-in sessions.</p> <p>People who are expected to benefit from the service are involved in interviewing and selecting providers.</p>

Commissioning stage	Traditional approach	Co-produced approach
<b>Reviewing</b>	<p>Providers are monitored through a standardised contract management framework, which involves inputting data on outputs into a spreadsheet for commissioners to analyse.</p> <p>Providers are occasionally visited by commissioners on site for performance reviews.</p>	<p>Providers are evaluated against the outcomes framework and report back to commissioners on a range of subjective and objective indicators.</p> <p>People who use the service play a key role in reviewing the performance of providers, through a variety of methods, such as youth-led assessments, mystery shopping or as peer researchers.</p>

In this table you will notice that co-production features as a quality characteristic. This means that in order to be considered for a contract, service providers must show how they have co-produced their bid with young people and how they will continue to design and deliver the service should they be awarded a contract. In other words, this is a way of commissioning for co-production. In Lambeth, Cornwall and Islington, commissioners worked intensively with actual and prospective providers to develop their knowledge and skills on co-production.

### **Surrey's Services for Young People**

In the summer of 2010, Surrey's Services for Young People began a major transition of their approach. Though a relatively affluent county, Surrey still had pockets of deprivation and specific demands to respond to from their young people. When it was decided that the youth services budget was to be cut by over 25%, their assistant director decided a new commissioning model was needed.

Surrey's response was to radically rethink their approach to delivering services for young people, and NEF worked with them to implement an outcomes-focused approach to commissioning services for young people, and to embed co-production as a commissioning standard among local providers. Using an outcomes-based commissioning framework was a means of ensuring that the focus of support for young people was directed towards longer-term change, and improved outcomes, rather than just doing less of the same. In practice this change has involved a dramatic cultural shift, substantial structural change, the creation of a new market of prospective providers of services, and a commissioning function that can support and develop this market to focus on improving outcomes for young people.

Surrey's new commissioning framework no longer specifies the types of services which are delivered – or the specific activities that are produced; these are now left open for providers to shape based on their skills, expertise and ideas. However, the framework does outline specific qualities and characteristics it expects to see. One such characteristic identified was co-production, which they are working on embedding within the commissioning framework to encourage providers to work in a way where

young people and the local community are actively involved in designing and delivering solutions and services.

The approach was implemented, and the first round of contracts released. All of these contracts have been commissioned against key outcomes from Surrey's youth services outcomes framework, for example, for mental and emotional well-being. This reflects a huge shift away from output-focused contracts and towards a better understanding of how the quality of services is changing outcomes for young people. Garath Symonds, the assistant director who led the change reflected that:

*We said 'there are no targets'. We will measure things, but the measurements are a prompt to have a conversation about quality. That's been really difficult for people. We had a workforce who for years had focused on targets. While people complained about it, they have almost grieved the loss of it and asked for targets. They want targets around how many kids are going to youth centre, but that won't tell me what's really going on, nothing about the quality of the youth work and the impact it's having. I am interested in numbers, but what I'm interested in more is the story behind the metrics. People don't know how to have a conversation about quality.*

As part of the shift towards commissioning and co-production, Surrey also explored approaches to micro-commissioning with young people and council members, so that they can directly influence how funding is spent locally, across 11 districts, with funding channelled through local committees. This has worked really well with youth leaders, young people, politicians and officers, though the challenge of trying to overlay a democratic process with a procurement process has consumed quite a lot of the team's time. Much of this is seen as start-up investment in supporting these relationships and building people's capacity for the activity, and is likely to decrease as time goes on.

Reflecting on the implementation of this new approach, it is perhaps not a surprise that the cultural challenges were the most significant. In particular, bringing the inner workings of the council in line with the change has been a continuing task, and a large number of individuals from corporate, HR and finance teams were brought into the change programme.

In communicating this change, leadership and consistent messaging have been critical. Symonds reflected that:

*Organisational change with staff is about listening to them, being very visible and consistent and having an honest dialogue with them. Be clear about what is non-negotiable.*

In Surrey, there has been a strong message that staff should feel confident in using their own intelligence and discretion to change the existing system and on the importance of focusing on young people's emotional well-being. These are ideals and values which are important to staff, and remain at the heart of the council's approach to supporting young people.

The focus on developing and applying a consistent outcomes framework across services has also enabled Surrey to get much greater comparability across different providers. Some in-house services are still in place, and these are now monitored against the same outcomes framework as externally commissioned services. The relationship between commissioners and in-house services is the same as with external providers. The explicit expectation is that this is a partnership, though achieving this with external organisations has been more difficult as they are more used to a transactional relationship, governed by output targets and with a more polarised funder/provider relationship.

At this stage it is recognised that more work is needed to build the capacity of local providers, particularly in terms of how innovative some of the proposed services are, and the standard of co-production being developed. Reflecting on the initial round of bids received, it is notable that some of the more exciting and innovative ideas are coming from small organisations, rather than from established national providers. Despite – or because – of this, support provided to young people is seen as being well integrated, and of good quality.

Notwithstanding the challenges (which are inevitable in any change programme), the transition is going well. Surrey is confident they're getting the same quality of service as before for 25% less funding. They regard this as imperative in the current climate if opportunities and services for local young people are to continue.

## **Section 2**

**A practical guide  
to commissioning  
for co-production  
and outcomes**

## **Implementation: commissioning for outcomes and co-production**

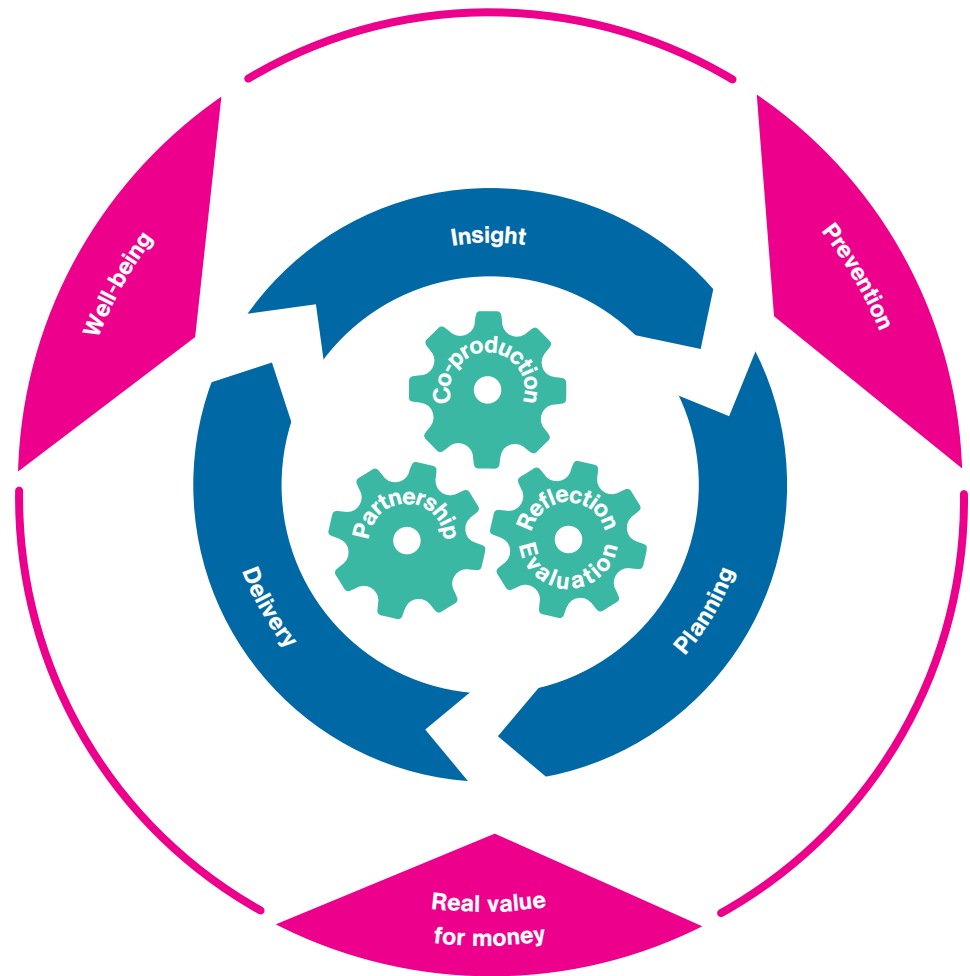
This section explores how the core ideas have been put into practice by a range of local authorities and describes each stage of the process, with examples and templates from different areas. This section will be most helpful for people who are putting ideas into practice. It is divided into three sub-sections based on three phases of the commissioning cycle: insight, planning and delivery. In this section we show how the core ideas described in Section 1 can be embedded in each phase.

---

Our approach to commissioning takes a new perspective on the phases a commissioner might go through, and the core intentions and methods applied to commissioning.



Figure 6: NEF'S commissioning approach



**Components:** co-production, partnership, and reflection and evaluation are applied consistently throughout commissioning



**Phases:** the three phases of 'Insight', 'Planning' and 'Delivery' structure the commissioning cycle



**Aims:** prevention, well-being and real value for money are the objectives of commissioning, and are supported and strengthened by the components and phases

### Box F: The core components

**Co-production:** working in equal and reciprocal ways with local people and service users throughout the commissioning cycle – providing insight, shaping planning and helping to deliver support. Providers are expected to use co-production in the way they support those who are expected to benefit from services.

**Partnership:** working in a collaborative way with other public agencies and providers continually to ensure that commissioning is as strategic and effective as possible and that common outcomes are identified for commissioning.

**Reflection and evaluation:** working with providers and local people to build a culture and practice of continuing reflection and evaluation, to be used in every phase of the commissioning cycle.

### Box G: The three phases

**Insight:** setting a baseline of what is currently provided, how it is being provided and how well it is working; understanding local people's needs and aspirations; and, mapping local assets.

**Planning:** setting the strategic vision for the service (including what you want to achieve and how); procuring support from providers; and supporting providers by working collaboratively with them and building their capacity.

**Delivery:** managing contracts; monitoring performance against outcomes and quality characteristics; reflecting on delivery; adapting and improving services over time.

In this section, we address the core components of this model and the three phases of commissioning in turn, discussing what the purpose of each is, and how they can be implemented. We'll use a variety of case study material from the sites we have worked with to show specific examples of key activities, and make recommendations on what else can be done to deepen and strengthen the model.

### The three core components

At the heart of the NEF commissioning model are three core components: co-production, partnership, and reflection and evaluation. These three components are not one-off activities which take place at specific moments in time. Nor are they distinct phases that can be sequenced or compartmentalised. They occur continuously throughout the commissioning cycle and should shape how all activities in the insight, planning and delivery phases of the commissioning process are approached. Together these core components will help make commissioning a more open, dynamic and reflective process, and should become the norm, rather than the exception of commissioning.

## Co-production

Co-production has huge potential to transform the effectiveness of commissioning. If those people intended to benefit from the services being commissioned are not involved throughout the commissioning process, local authorities don't benefit from people's energy, skills, interests, knowledge and life experience – about what support works, and what doesn't – all of which could improve the support and activities on offer. In fact, there is a good case to say that commissioning which does not engage meaningfully with people is less likely to succeed and runs the risk of failing to deliver value for money. People who use services are in a unique position to articulate their needs and to help design and deliver appropriate support to meet these needs. Some of this support might be formally procured services, but introducing co-production often opens the local authorities' eye to more informal opportunities for support such as local support networks or community spaces that could be strengthened and developed.

Our commissioning model puts co-production at the heart of the commissioning process. (We also describe how co-production can be used as a key method that providers use in designing and delivering services in the [Insight section](#).) For commissioners beginning to develop insight and plan services, this involves: identifying those who are supposed to benefit from the services and including them throughout the commissioning process; understanding that they have capabilities that complement those of commissioners; and bringing their insight and expertise in to inform the commissioning process (see box below).

### Box H: Co-producing the commissioning of youth services in Islington

In 2011 Islington Council's youth commissioning team began a systematic review of their youth strategy. This included looking at the governance, funding and commissioning arrangements for the youth service to see how well it was working and how it might be adapted for forthcoming budgetary reductions.

From the outset it was decided that the process would be co-produced with young people. The commissioning team recognised that the current process saw young people in terms of their needs, and as passive consumers of services. They wanted to change this. They wanted to value young people for the contributions they could make; they saw young people as integral to the review and encouraged them to take on various roles throughout the process.

The new role of young people, and providers of support for young people, was formalised early on through Vision Islington, the name and co-designed 'brand' given to the review process. Giving the review process a co-owned identity – separate from the council – turned out to be a key element of the review's success. It helped to give a sense of common purpose to the project and made workshops feel less like commonplace council events.

**Box H: continued**

*We needed to communicate that this was a process for everyone, not just a council process that people were invited to take part in. So, with providers, young people and a branding agency, we created the Vision Islington brand. We don't use the council logo, it is all Vision Islington; something co-owned. It has been really influential in shaping how people have engaged.*

**Islington commissioner**

Through Vision Islington, Islington Council, young people and providers made quick progress in re-shaping the commissioning arrangements for youth services in the borough. They:

- agreed a common set of guiding principles
- co-produced and implemented a quality assurance framework to assess current provision
- committed to an outcomes-based approach
- built consensus around a set of quality characteristics (embedding co-production into all future support) and a set of social and emotional outcomes to guide future investment
- re-wrote their procurement documentation to fit their vision of a co-produced and outcomes-based offer.

Co-producing commissioning means more than engaging people in traditional parts of the procurement process, such as interviewing providers. It means that people are involved throughout the commissioning cycle. They should help to articulate local needs and aspirations, identify local assets, make strategic decisions about the outcomes framework and quality characteristics, decide which providers are chosen and monitor and evaluate their performance. Co-production is a culture and mind-set that must pervade decision making throughout the cycle, and is not limited to specific engagement events or user involvement exercises.

Many of the local authorities we have worked with have examples of projects where a grant-making or commissioning project has involved some local people, but the project has remained a one-off, and the bulk of re-tendering exercises have not involved local people. Another common criticism of commissioning is that: the parameters of engagement and influence are very tightly defined; only a very small number of local people might be involved; or that the input and insight of local people is not taken on board. To genuinely co-produce commissioning local authorities need to get beyond one-off engagement events or user panels for particular projects and make co-production the norm, so that the default question is, "is there any reason we should not be involving people in this commissioning process?"

On [page 35](#) we highlight methods for implementing co-production in the insight, planning and delivery stages. More general resources for co-production can be accessed in this section of the report.

## Partnership

A common criticism of local authority services is that they work in silos, failing to bring together different types of support from different agencies so that people can be supported in a way which reflects how they live their lives. When commissioning, this can be found in a lack of engagement with other public agencies and civil society organisations and a failure to identify common outcomes to commission. More and more place-based commissioning is taking place, but collaboration is still a weak spot in many areas. At its worst, a lack of collaboration can lead to 'siloed' working, duplication of support, secrecy, wasted resources, and static and unresponsive services – services that are provided more on the basis of habit than local needs or the outcomes they can achieve.

Certain social needs cannot be met by any one department, service or provider; they require the collaborative endeavour of a range of actors working with a unifying purpose which supports people in a way that supports their lives, not existing services.

Partnership in the context of NEF commissioning is not just about public bodies and agencies, but all the informal networks, groups, associations and organisations that provide support locally, and contribute towards people's well-being. Often classed as the 'third sector' or 'community' these stakeholders are a critical part of effectively commissioning for outcomes. In this section, we show how collaboration can be enhanced throughout different parts of the commissioning process. In practice this might entail new structures, governance arrangements and contracting models. Above all it demands a fundamental culture shift in working practices; it means collectively working towards shared outcomes according to mutually agreed principles, rather than working in isolation or competition towards overlapping goals with disparate standards of practice (see [Box I](#) on the Lambeth Living Well Collaborative approach).

### *A note on competition*

An increasing number of local authorities are favouring competitive approaches to commissioning, with a growing number of councils beginning to tender contracts to a market which includes in-house providers, external voluntary and community sector organisations, the private sector, and civil society groups. Other procurement and commissioning practices are also on the rise, including financing mechanisms such as payment by results (PBR) and prime contracting models. Together they represent a broad shift in values towards a price-based, competitive and 'measurable' system of commissioning and procurement with the assumption that more competition will lead to better value.

Evaluative or evidence-based reviews of different commissioning approaches are thin on the ground; much of what we know about the successes and challenges of different models comes through anecdotal feedback from providers and commissioners. Some commentators, such as John Tizard, have argued that, the wrong kind of contracting and price driven competition, with inappropriate transfer of risk is steadily and inexorably diminishing the [third] sector's strengths and contributions; its creativity; and undermining its importance.

We have seen examples of competitive commissioning for housing and social care where 90% of the success criteria are based on price (over quality). From providers, we often hear that commissioning encourages them to work in isolation rather than in partnership and that the decline of grant making from local authorities means they can no longer challenge the local authority.

All of the local authorities we have worked with have put out a tender to market and encouraged new providers to bid against existing providers. Some have done so in ways that promote different values from those usually found within 'competitive' procurements. For example, Camden Council adapted their procurement approach to encourage bids from new partnerships and consortia; Lambeth and Islington Councils both encouraged partnership working across local provision. All the local authorities we have worked with have adjusted their award criteria to emphasise quality over cost when allocating contracts. NEF's approach to commissioning recognises the value that many different groups and providers can bring to achieving outcomes for people, but we remain cautious about what 'competition' can mean, and the effect it can have on commissioning. Instead of focusing on competition, we emphasise qualities that can be used to base commissioning on what people value, to promote triple bottom line outcomes and quality over price, and to encourage partnerships of different organisations to meet people's needs and aspirations.

### **Box 1: Collaborating in practice: the Lambeth Living Well Collaborative**

The Lambeth Living Well Collaborative is a commissioning 'platform' that brings together service users, carers, providers, clinicians and commissioners to improve the outcomes experienced by people with mental health issues in Lambeth.

The collaborative has radically transformed who makes decisions and how decisions are made, by changing governance structures, service and contracting models, and their ways of working. This supports the creation of a shared vision and providers work in line with a set of principles which include:

- co-producing commissioning and support
- making the most of all publicly owned buildings and assets in Lambeth
- establishing ways for people to share their time, skills and expertise
- using iterative and adaptive specifications
- openly acknowledging and learning from failures.

**Box I: continued**

Partnership and collaboration have shaped the commission process. Partners work together to generate collective insight, to design appropriate services, to make decisions about who provides what and how, to adapt and improve commissioned support, and to reflect on and evaluate how well they are doing.

Collaboration also is strongly encouraged between providers. Using an **alliance contracting** model: “Commissioners... reward collaboration and cross-referring among providers to facilitate each provider doing what they are good at rather than thinking they need to meet all the needs of the people who use their particular specialist service.”<sup>33</sup> Alliance contracting is often based on a set of clear principles and objectives which could include, for example, the expectation of collaboration and co-production. All partners work towards the same outcomes and principles. Relationships between all parties are explicitly described, supported and nurtured, and a core value base can be more easily established among a group of providers, supporting approaches such as co-production, prevention, and well-being.

**Reflection and evaluation**

Reflection and evaluation are essential components of commissioning. However, they are rarely applied consistently throughout the commissioning cycle. As we have discussed, there is a danger that poor reflection and evaluation can lead to a narrow focus on outputs, which are easy to measure but tell us little about real change. It can encourage commissioners and providers to tick boxes, rather than genuinely reflect on service quality and practice. It favours rigid compliance, and even gaming, over honest self-appraisal and service adaptation.

But done well, reflection and evaluation enable commissioners and local people to ensure that when support is commissioned it meets the specified outcomes and quality characteristics agreed in the procurement process. They help providers to monitor their work and so, over time, adapt and improve what they do. And they allow councillors to scrutinise how public money is being spent and ensure accountability standards are maintained.

In most commissioning examples we have come across, evaluation comes into play through the monitoring of contracts – and only once, after services have been procured and while they are being delivered. The main ‘input’ is usually output-based data collected from contract monitoring forms, although there may also be some aspect of self-appraisal, and external evaluations. Although evaluation certainly should happen at this stage, our work with local authorities suggests that a lot of work on reflection and evaluation needs to be done long before services are procured if commissioners are to understand the outcomes that matter to different stakeholders, and how to measure these.

In NEF’s approach to commissioning, reflection and evaluation are continuing processes that happen throughout the commissioning cycle. For example, they are central to the insight phase when a commissioner works with local people to set a baseline for the current ‘service offer’, what is being provided, in what ways and with what outcomes, understanding local people’s needs

and aspirations, and mapping local assets. They might look at existing data, commission peer research or ethnography or support a user-led evaluation of the service to provide a deeper, more qualitative insight into how well it is working. During the planning phase, and once the outcomes framework and quality characteristics (such as co-production) have been agreed, commissioners, providers and those intended to benefit from services will need to ask how they are going to monitor and evaluate progress against these agreed outcomes and ways of working. This involves deciding together which indicators are most likely to show progress against the outcomes that matter to people. Finally, once contracts have been signed and services are delivered, reflection and evaluation continue to be important. Ongoing reflection and evaluation help improve service delivery iteratively, responding to changing conditions, needs and assets.

Continuous reflection and evaluation help to set meaningful baselines of current provision, measure what really matters, set proportionate contract management and evaluation criteria, and adapt services over the course of contracts to ensure they stay relevant.

Reflection and evaluation are best carried out by providers together with those intended to benefit from the services or outcomes that are being commissioned. In the next section we explore how reflection and evaluation can be co-produced with providers and local people in the insight, planning and delivery stages of the commissioning cycle.

### Box J: Reflecting and evaluating at different points throughout the commissioning process

Reflection and evaluation techniques can be applied throughout the commissioning process. Just a few examples from the authorities we have worked with include:

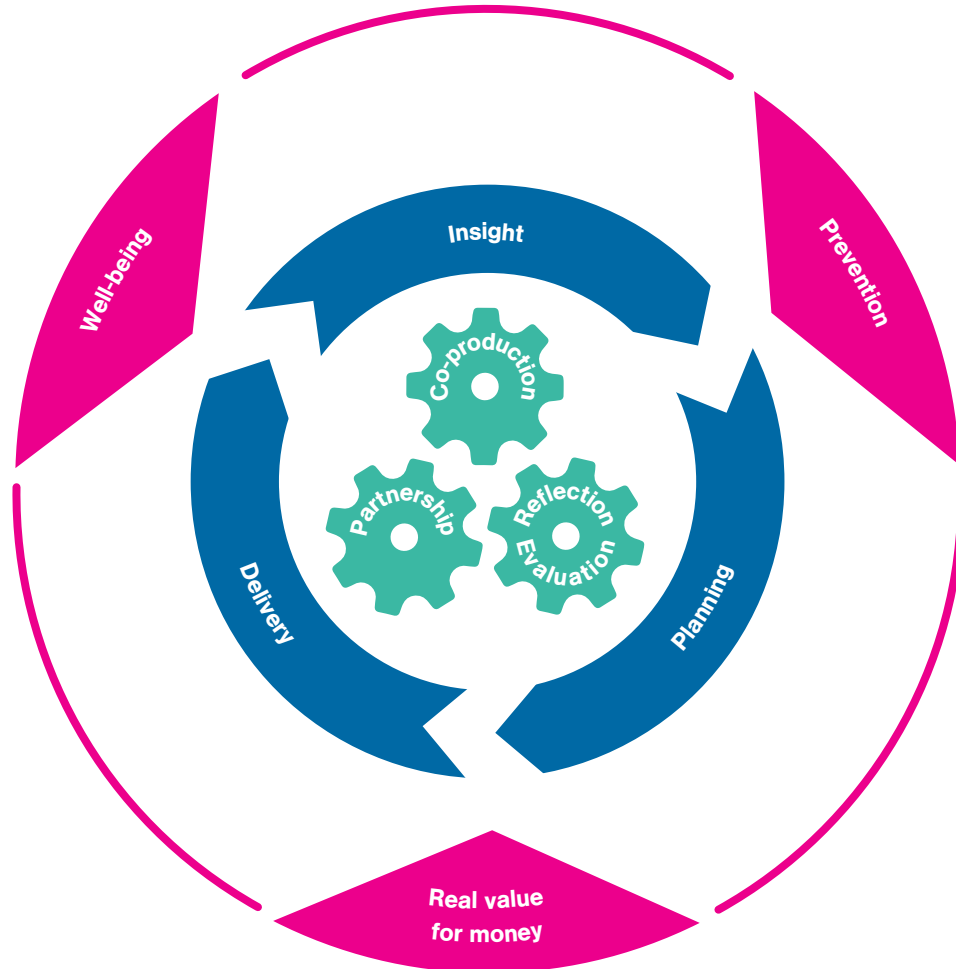
- Cornwall: mystery shopping to review effectiveness of services
- Lambeth: a post-project evaluation of NEF's work on commissioning led by the council
- Vision Islington: co-producing a quality assurance framework with people using the service and ensuring young people are involved in all assessments.

In this section we have described the core components of the new economics commissioning model: co-production, partnership, and reflection and evaluation. We described how these components apply through each of the three phases of the commissioning cycle: insight, planning and delivery. In the next section we turn our attention to the **three phases** of the NEF commissioning cycle, describing the way we have worked with different local authorities to implement these components in each phase and embed them throughout the process.



## The three phases

Figure 7: NEF'S commissioning approach



**Components:** co-production, partnership, and reflection and evaluation are applied consistently throughout commissioning



**Phases:** the three phases of 'Insight', 'Planning' and 'Delivery' structure the commissioning cycle



**Aims:** prevention, well-being and real value for money are the objectives of commissioning, and are supported and strengthened by the components and phases

In this section we focus on the **three phases**: insight, planning and delivery, and the specific activities that make up these phases. These are discrete phases of the commissioning process that involve their own set of aims, processes and activities. In practice there will be some overlap between the phases, and depending on the local authority, different activities may take place across more than one phase.

These phases are sequenced; the commissioning cycle starts with insight and, following planning, ends with delivery. However, this doesn't mean that this guide will only be helpful at the start of a new commissioning cycle. The approach can be adopted at any stage.

## Phase 1: Insight

The first phase of NEF's commissioning approach is concerned with developing insight: a critical appreciation of current service provision, an understanding of what future support needs and aspirations are, and an emerging picture of the local resources and assets that can be used to help achieve outcomes for people. Here we are concerned with going beyond information that is conventionally captured during contract management, data for example on outputs, or from needs analyses. These are useful, but we also want to understand meaningful change from the perspectives of service users, providers and commissioners. Developing this level of insight involves working collaboratively with a range of local partners and co-producing with local citizens.

### *Aims of the insight phase*

- To reflect on what is being done, how well it is being done and what has been achieved; to set a baseline of where you are with current provision.
- To agree where you want to go; understanding people's needs and their aspirations to inform the strategic vision of the service.
- To identify the assets and resources which will help you achieve your outcomes and involve the wider community.

### **Reflecting on and evaluating current service provision**

One of the most common tasks in the insight phase is to set a baseline of current service provision. What is currently being provided? Who is providing it? How is it being funded? What are the gaps in the system? Answering these questions will enable you to start mapping the contours of your service offer. You can then further refine this by looking in to service quality: asking how services are being provided – i.e. are they being co-produced with local people? What outcomes are they achieving for service users and the community? Commissioners in Camden and Islington, for example, both relied on this level of insight to develop RAG (red, amber, green) rating systems for their existing service provision and to inform future commissioning decisions.

#### **Box K: Co-producing quality assessment in Islington**

Islington's youth service commissioners have always recognised the importance of regular and robust quality assurance assessments with in-house and procured services, to check the quality of services and providers capacity.

*We have always had a strong focus on quality assurance – doing unannounced site visits and assessing providers against a quality framework. That has always been part of our bread and butter really.*

**Islington Youth Services commissioner**

**Box K: continued**

However, when they began the review of their youth strategy in 2011, they decided to re-design and co-produce these assessments with young people to make sure that young people's needs, aspirations and expectations were being met through youth provision within the borough.

Working with young people, the commissioners re-wrote the quality assurance framework and trained a group of young quality assessors to lead the site visits. The framework that they co-produced sets out nine areas that young people, providers and commissioners feel are important to youth services, such as youth clubs and community centres. A product of collaborative reflection, it informs and shapes the insight phase of commissioning, as well as planning and delivery.

**Figure 8: Islington Youth Services quality assessment process**



**Box K: continued**

Two of the young assessors and one commissioner then carry out the quality assurance visits and use the framework to judge how well providers are meeting young people's needs, aspirations and expectations.

After the first round of assessments – involving over 30 in-house and externally provided services – providers were scored and grouped into the three RAG-rated groups: red, amber and green. Those in the green group were assured of future funding, those in the amber group were asked to show progress before a further review, and those in the red group were set to be decommissioned.

The key point is that the assessment criteria need to be transparent, consistent and based on mutually agreed outcomes and service qualities. There are some important questions to consider when deciding how to assess provision:

- Do you want to assess provision against current criteria and contracts? How will this reflect the desired outcomes and identify gaps in provision?
- Do you want to have fully developed your outcomes framework and quality characteristics before you can assess existing service provision?
- Are the existing assessment frameworks or methods going to elicit the insight you need?
- Do new criteria need to be considered to reflect a changing approach, for example focusing more on outcomes and co-production?

**Understanding people's needs and aspirations**

A cornerstone of the insight phase of commissioning is the needs assessment, or joint needs assessments, where the needs of a local or target population are mapped to identify the existence, nature and distribution of people's support requirements. This provides one form of insight into local conditions, but is only partial. Needs assessments are often based on needs that are measured using data that is easy to capture, such as the numbers of young people out of education or employment, teen pregnancy rates, the numbers of people accessing services and so on. This type of data doesn't provide a qualitative insight into how services interact with people's lives and whether or not they support better outcomes for people using services. A further limitation is that they can fail to illuminate the root causes and the wider context of 'needs', meaning that the services designed to meet these needs don't tackle the underlying causes and can't prevent future needs arising. For these reasons, our work on commissioning has looked at local assets and aspirations, as well as needs, and used a variety of methods to get a deeper qualitative insight into how commissioning might support local needs and aspirations.

A range of methods can be used to develop this insight: our preference is for using a variety of methods that bring in quantitative and qualitative insights from different sources and stakeholders. Quantitative data often include the

demographic make-up of a local population, epidemiological data, outcomes data from current or past services, surveys, and monitoring and evaluation reports. Qualitative methods include [peer research](#), ethnographic research, [appreciative inquiry](#), [asset mapping](#), focus groups and deliberative workshops, site visits, user-led assessments, mystery shopping and in-depth case studies.

One of the benefits of detailed qualitative work is that, as well as providing rich insight into the causes of local issues, it can also be used to understand people's aspirations, something that existing data sources often fail to illuminate. Understanding people's aspirations is important because it helps to reframe issues and get new perspectives on old problems. This recognition is at the heart of the appreciative inquiry methodology, which we have used with commissioners and young people in Lambeth ([see Box L](#)).

Appreciative inquiry was developed as an approach to organisational change. Its starting premise is that there are limits to what can be achieved with a 'problem solving' attitude which focuses only on what is wrong and what needs fixing. An appreciative approach argues that we have a choice in how we construct our understanding of social situations. We can choose either a) to see them as negative – to see only what is wrong and what needs there are, or b) to see what is going well and how that might be developed and built on. Only seeing the negative obscures people's capabilities. We will miss their capacities and the assets and resources within which their lives, and their communities, are embedded. So the appreciative inquiry approach begins by asking what is already working. Why is it working? And how can we make it better? It may not be 'services' that people are supported by, but other forms of networks and institutions which the commissioning process needs to understand, and engage with. It then proceeds by asking what people want to achieve and what their aspirations are. This helps people to construct a bridge between the best of what already is and the best of what could be.

### Box L: Appreciative inquiry with young people in Lambeth

In 2013 NEF and the youth services team at the London Borough of Lambeth worked with a group of young people to [co-produce the commissioning of a service for young offenders](#) with a budget of £20,000. The commissioning manager recognised that the problem with the conventional approach to commissioning similar services in the past was that it hadn't allowed young people to have much of a voice in the process. As a result it missed out on an invaluable source of expertise: the lived experience of young people themselves. It also ran a high risk of failure and therefore of money poorly spent. This is because, as countless examples show, when the so-called beneficiaries of a service are not involved in its design or delivery, they are far less likely to feel any ownership of the service and are therefore far less likely to engage with it or change their lives as a result of it.

The group of young people and the commissioners started the process by using appreciative inquiry to understand the aspirations of young people. The first part of the appreciative inquiry involved identifying each other's abilities. The young people were asked to remember a time in their lives when they felt they had done something worthwhile or something they were proud of. The next approach used visualisation: the young people were asked to imagine an ideal future for themselves, five years hence. What are they doing? Where do they live? Who are they with? After exploring their 'present' situation, they were asked to trace backwards how they reached this place in their lives. Each stage was discussed in detail until they reached their real, present time.

Finally, they were asked to repeat this visualisation on a grander scale and consider a different Lambeth in five years' time. Again, they explored what this might look like and then spoke about how Lambeth would get to that stage and what they could contribute to it.

Both visualisation exercises enabled the young people to consider a different future for themselves and vocalise their dreams realistically. During the evaluation of the project they each spoke about how important this part of the programme was:

*The stuff we did with the doctor made me feel alive – I was able to recall moments when I was younger and happiest.*

**Young person in Lambeth**

*The dream work – that part was great as my dreams seemed clearer.*

**Young person in Lambeth**

The appreciative inquiry sessions mixed the best of the young people's current lives with their aspirations for the future. This was then used to develop a set of outcomes against which a £20,000 service was commissioned. Once the service-specification had gone out to potential organisations who might bid to run the service, the young people then interviewed shortlisted candidates and chose their preferred provider. The winning bid was for a talent show that the young people would be a part of organising and delivering across Lambeth, which, interestingly, was not the commissioning manager's first choice, but was selected because of the leadership space it created for young people.

## Mapping local assets

Asset mapping is a way of understanding the existing resources and support that people have access to, beyond conventional 'services'. An asset map is an assessment, often presented as an inventory, of what resources exist in an area that could be incorporated into the support provided by a service. It is important to think of assets in the widest possible sense. They are not only those things that are tangible and easily counted – such as buildings or money, as important as they are. Assets also include the skills, expertise, wisdom, time, energy and relationships of people, associations and organisations. An example of the different types of assets which might be mapped is below.

Figure 9: Asset mapping



**Source:** Adapted from Foot, J. & Hopkins, T. (2012).<sup>34</sup>

There are many different methods and tools which can be used to conduct an asset-mapping exercise, and it should be a key part of each commissioning process, updated regularly and developed with and made available to providers. It could be used as the basis of an information hub, linking together different services, feeding into local time bank networks, or something that health partners can use to develop social prescribing.



When applied well, the asset-mapping exercise is part of a bigger conversation, bringing together commissioners with providers, informal care or user networks, and the wider community. These conversations can start to develop a shared understanding of local needs and assets. But for it to be useful it must be part of a long-term commissioning strategy to use and support these assets alongside formally procured services: some local assets might include informal peer support networks or community spaces, for example, and they may need support to continue or expand their activities.

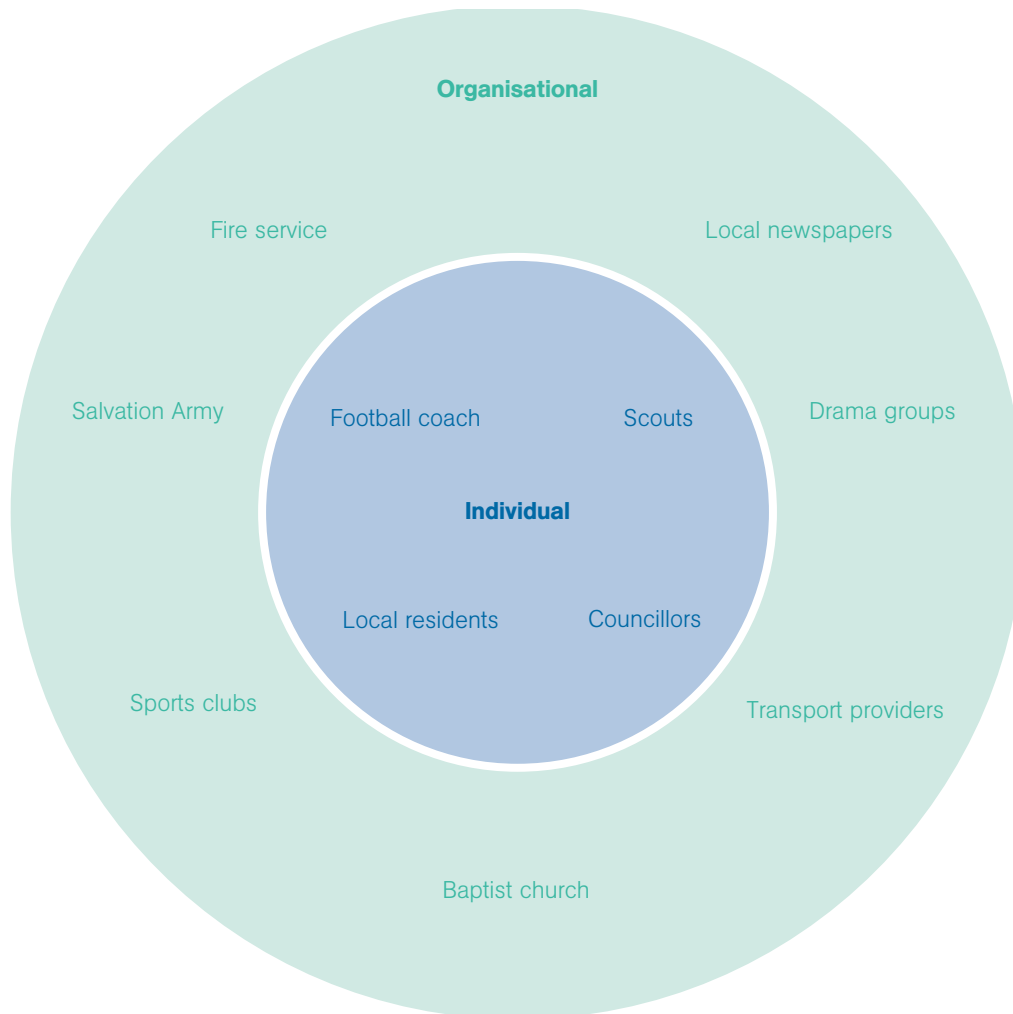
### Box M: Asset mapping with Leacroft Youth Centre in Surrey

NEF's work with Surrey County Council's youth service began in response to expected budget cuts of 30%. As part of the overall project, implementing NEF's commissioning approach to youth services in the council, we worked closely with Leacroft, a local youth centre, to help them think about co-production within their service. One of the earliest activities we undertook together was an asset-mapping exercise to identify all of the non-monetary resources that the youth centre could be making use of to maximise support to young people. This was something quite new to Leacroft, as one of the youth workers acknowledged:

*There is so much around here that we don't even think about when we know we need extra resources. We don't think of asking people round here, we look straight to the council.*

**Youth centre worker, Surrey**

Working with staff members we looked at all of the local organisations, associations, local government resources, groups, networks, individuals and companies near Leacroft to see what assets were available. A wide range of local organisations, groups and services were identified by Leacroft staff that could be used to develop and sustain co-production between young people, Surrey County Council, and the wider community in Surrey. The map below is a summary of some of the resources that were identified.

**Box M: continued****Figure 10: Asset mapping with Leacroft Youth Centre in Surrey**

At a time when money and council resources are ever diminishing, it is important that commissioners and providers look at all available local assets. Not only will they help them to mitigate budget cuts, they will also help to avoid duplication, open up new opportunities for people and keep ‘service users’ and the communities at the heart of local services.

Knowledge gained during the insight phase is analysed, and used as the basis for the planning phase. It will form the basis of the outcomes framework, influence the strategic direction, and shape the qualities that commissioners hope to see in local services. The planning phase will also build on the relationships developed during the insight phase, and continue to build capacity among local people to maintain co-production throughout.

## Phase 2: Planning

The second phase of the model is concerned with planning. The planning phase we have worked on has three stages:

- **Strategic vision:** Drawing on the insight gained from the previous phase, the planning phase begins by setting out the strategic vision for the service. This means being clear about what it is you hope the service will achieve – the outcomes – and how you would like the service to be provided – the quality characteristics.
- **Procurement:** ensuring that the tendering documents reflects the strategic vision of the service and encourages providers to consider social, environmental and economic value.
- **Working with providers:** building awareness and capacity about the new commissioning approach.

During the planning phase, local authorities begin communicating the core concepts and emerging outcomes framework to an external audience – usually providers and local citizens. Strong leadership and clear, consistent, communication are absolutely vital to help providers understand what will be different during the re-tendering and what the expectations of them are.

The core components – co-production, partnership, and reflection and evaluation – are all important during this phase. They need to be visibly promoted through the actions of commissioners and in the expectations of providers. We highlight how and where they can be applied throughout this section.

### Setting the strategic vision

We use the term ‘strategic vision’ to capture the two main aspects of the commissioning strategy. The first is what you are hoping to achieve through commissioning: the outcomes. The second is how you hope to achieve these outcomes – focusing less on specific activities and more on how activities are provided, the service qualities that characterise service provision. Getting the strategic vision right is critically important because it will inform how you procure services in the next stage of the planning phase, and will ultimately shape the kind of service you end up commissioning.

The first step is to create the outcomes framework.

### Developing the outcomes framework

As noted earlier, one of the biggest changes in commissioning for outcomes is shifting from a service and outputs mentality towards an outcomes-focused approach. Below, we briefly outline the key definitions you will need to be clear on from the start of this process. Consistency in language and definition is increasingly important as the term ‘outcomes’ becomes more frequently applied, often with varying definitions.

## What is an outcomes framework?

**Table 5: Key definitions for the outcomes framework**

Inputs	Activities	Outputs	Outcomes
Resources you use to carry out your activities and operations.	Things you do to meet objectives; one off or formalised.	Direct results of your activity, often countable e.g. number of people receiving a training exercise.	Change in people, communities, the economy or environment created wholly or partially by the organisation.

The outcomes framework sets out the priority outcomes (social, economic and environmental) for the local area or service and guides what all services should be aiming to achieve. The framework should be co-produced with local partners and those who use the service. The outcomes that they value should be the focus of commissioning.

The outcomes framework:

- describes the desirable change people want to see resulting from the service
- should contain both service-level and community-level outcomes to ensure integration with other services
- should be developed in collaboration with all stakeholders.

The outcomes form the basis of tenders during the procurement phase, and are the basis of ongoing monitoring and evaluation throughout the delivery phase. It is the outcomes – not specific services or activities – that become the focus of all parts of the commissioning cycle. In order to make sure that the whole system of commissioning and procurement changes, much of the detail in day-to-day paperwork and processes will need to be adjusted.

### *Incorporating triple bottom line outcomes: environmental, social, economic*

As we explained at the beginning of this report, achieving real value for money is based on an assessment of combined social, economic and environmental costs and benefits. The outcomes framework should reflect this. Including outcomes from the triple bottom line may be new for many officers: for example, a youth service team will often focus on social outcomes and marginalise economic outcomes, while local economic regeneration plans may neglect social outcomes. Environmental outcomes are very seldom promoted by local authorities, beyond asking providers to comply with a minimum set of environmental criteria, or signing up to the council's policy. By including outcomes across the triple bottom line, the incentive for providers shifts from a 'race to the bottom' on cost, to an expectation that they maximise their contribution to these outcomes.

### *Service- and community-level outcomes*

The outcomes framework can be divided into two groups of outcomes: **service-level outcomes** which are specific to a group or service, such as

youth services, or elderly people. And **community-level outcomes** which are outcomes the council would like to see being created across the local area, across all services. Typically, providers of specific contracts would only be expected to demonstrate the impact they are having against the service-level outcomes they are contracted for, but will also be expected to show during the tendering phase how they promote the community-level outcomes. Community-level outcomes will usually be common across different services because they represent the change that a local authority would like to see across the whole area: encouraging all providers to promote this change through their own work can encourage systemic change which won't occur if individual departments are procuring services based solely on their own priorities, and not considering the wider social, economic and environmental outcomes that could be achieved by providers. The procurement section on [page 71](#) describes how the community-level and service-level outcomes are incorporated into the procurement process.

Figures 11 and 12 below show how Camden Council set out their service- and community-level outcomes in two different frameworks for a mental health tender.

**Figure 11: Camden's service-level outcomes**

### Service user outcomes

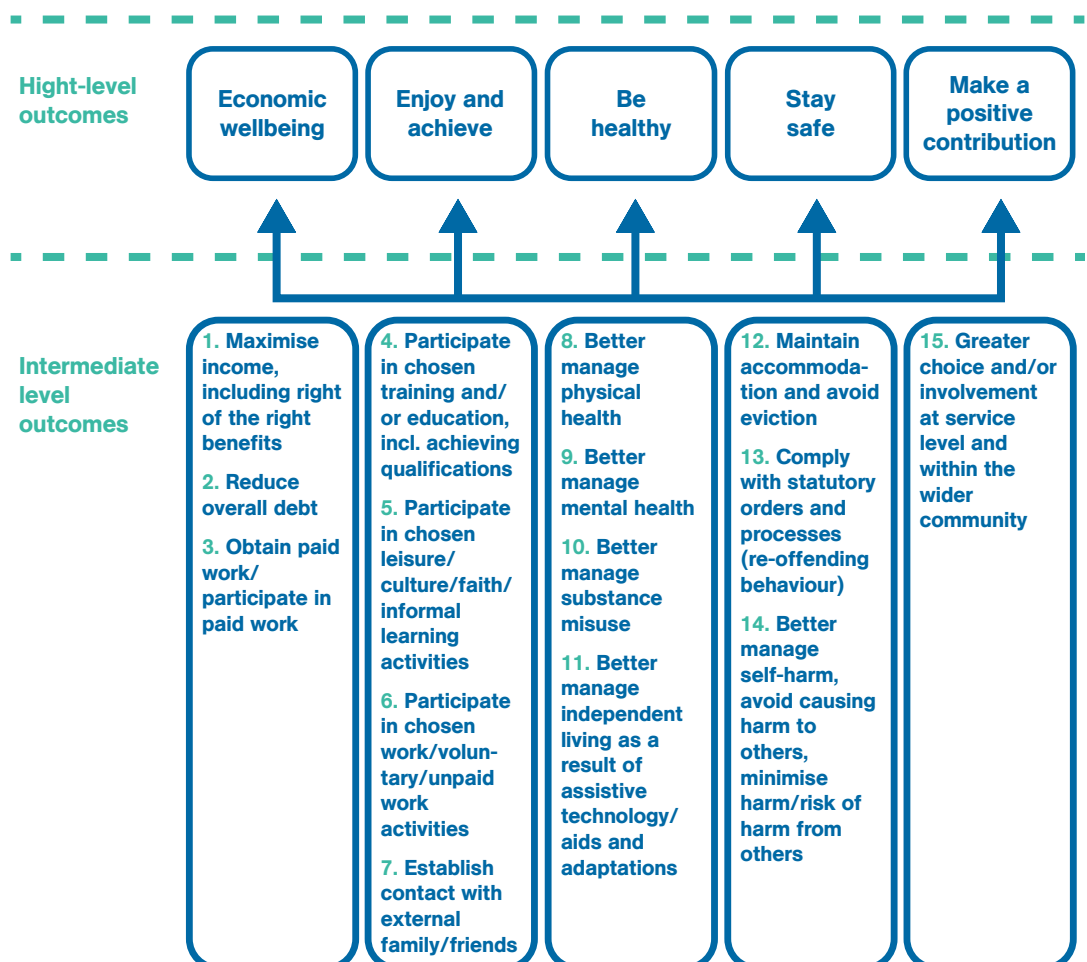
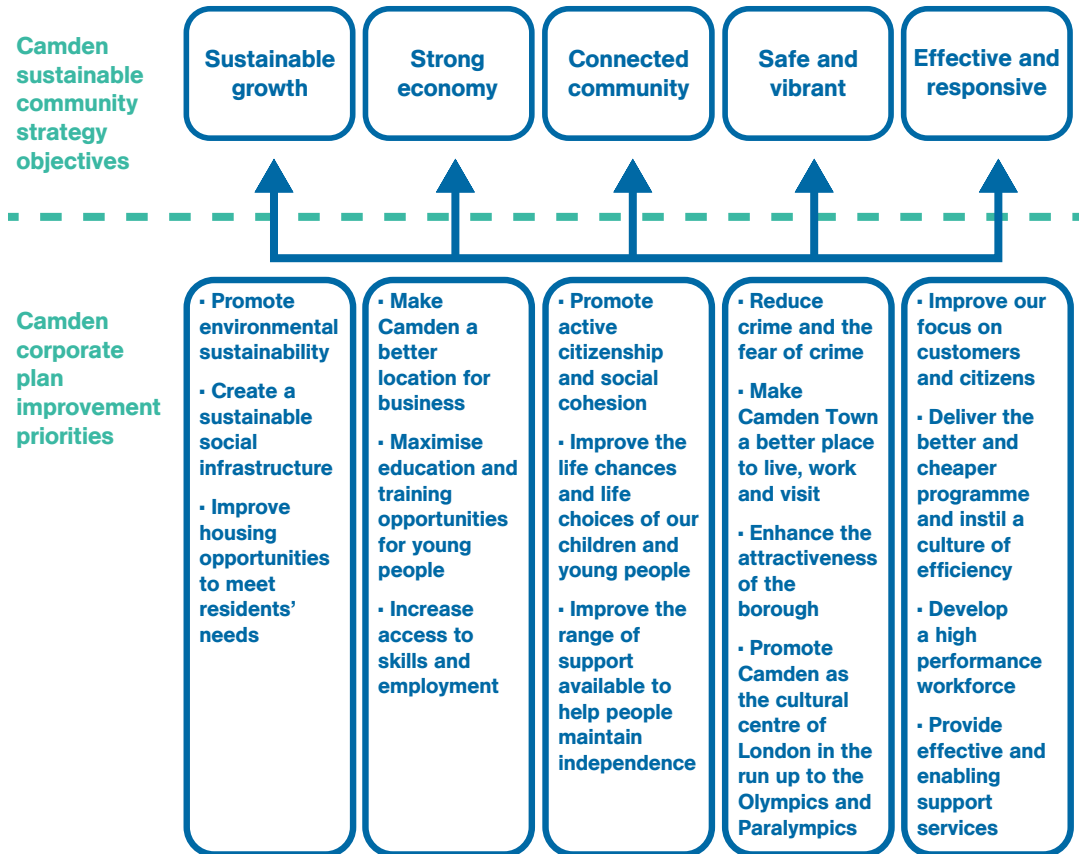


Figure 12: Camden's community-level outcomes

### Community level outcomes



Including the community-level outcomes is about asking providers to contribute towards positive environmental, social and economic change within an area. The community-level outcomes encourage providers to promote this change for the local area in the way their services are provided. So, for example, a housing contract could be used to encourage providers to demonstrate during the tendering process how they will create some of the community-level changes, such as increasing access to skills and employment, and enhancing the attractiveness of the borough.

Through this combination of service-level and community-level outcomes, local resources can be used to promote systemic change. In order to affect change at a significant scale, the outcomes framework needs to be applied across different departments, so that all providers and external contractors – from housing and social care to corporate and environmental services – are setting consistent expectation about how these organisations can promote positive social, environmental and economic outcomes. In doing so, the local authority is using its influence and purchasing power to promote positive social, environmental and economic change. We discuss this idea further on [page 83](#) on the triple bottom line.

### **The core components and the outcomes framework**

There is no definitively right or wrong way to develop an outcomes framework. However, we have found that outcomes frameworks that focus on outputs over outcomes and do not include changes that matter most to people, are greatly weakened as a result. What follows is based on NEF's experience of helping commissioners to develop their outcomes frameworks by incorporating the three core components: working in partnership, co-producing and reflecting and evaluating.

#### *Reflecting and evaluating*

Many councils have already committed to a selection of outcomes within their core strategic documents, and unearthing these is our first starting point. This process starts with a brief review of the council's core strategy documents, for example, the corporate strategies, sustainable community strategies, and other long-term vision documents to elicit the outcomes already identified as a priority in the local area: for example, a commitment to improving the council's environmental impact, or to developing 'good jobs' within the local economy. This review process usually takes about a day, depending on the number and length of the documents.

When working with one of the council's departments, we then review the strategies, needs assessments, and objectives of that department, taking into account any national policy outcomes, such as the adult social care outcomes framework, or the public health outcomes framework. This will draw out the outcomes and priorities that are important for that particular service area – whether it is housing, youth services or waste collection. We have found it useful to use a simple spreadsheet to track the outcomes, outputs and priorities during the strategy review, and to separate them into service-level and community-level outcomes. This document can also be used to capture the outputs and data that are being tracked by the department, and indicate any gaps. This does not have to be complicated: we have included an example of the type of table we have used in the past below.

**Table 6: Sample outcomes review table**

Community-level outcomes	Data collected on specific outputs	Source document
Improved environmental impact	Data collected on levels of recycling within the council	Corporate strategy, p. 21
Strong and supportive communities	No data currently collected	Sustainable communities strategy p. 11
Service-level outcomes	Data collected on specific outputs	Source document
Improved well-being	Data collected from mental health Outcomes Star from two providers Regional data available through ONS well-being survey	Mental health service strategy 2013–14
Stronger social networks	No data currently collected	2013–14 joint strategic needs assessment

**Please note** that the outcomes gathered during the strategy review may be framed more as outputs, or targets, such as “reduce the number of young people not in employment, education or training (NEET)”. If they are important objectives, they should be re-framed as outcomes, and ideally framed as a positive change. So, for example, “Improving employment and training opportunities for young people” might become the outcome, with “reducing the number of NEET young people” being one indicator to show progress against that outcome. The original output or target could also be included in a separate ‘outputs’ column within the table. Developing indicators for outcomes (as distinct from outputs) is described later in this section, on [page 83](#).

It is important to start with this review of council strategy and service priorities, for several reasons. Individual services should be able to show how they are contributing to the wider objectives of the local authority. If all departments are promoting community-level outcomes, the overall value of local government spending will be enhanced. This matters for the local authority as a whole, and can also be helpful for specific services seeking to demonstrate their worth to councillors and financial decision makers. Moving towards an outcomes-based commissioning model can be seen as a risk by councillors and other key decision makers. Showing how departmental plans fit into their strategic vision will help gain support for them at senior levels.

However, the outcomes framework must not be shaped solely by these strategic and service-level priorities. As we have noted, it must also reflect the needs of the people who will use the services being commissioned. Co-producing the outcomes framework is an important next step.

#### *Co-producing the outcomes framework*

The next stage is to identify outcomes that are important to those who will be using the service. This means directly engaging with people who use the



service, their friends and family, and other neighbourhood, civic or voluntary associations, in order to understand what change people want for themselves and their local area. Some of this information will have come out through the insight phase, but you may find that certain groups' views are under-represented, or that there are gaps in your outcomes framework which need developing.

This can be achieved by using a wide range of methods. Some we have used in the past include:

- **appreciative enquiry:** using positive questions and discussion to understand what is working well in order to solve problems. See [page 55](#) for a short case study of this
- **peer research:** training local people in social research methods so they can interview their peers and document what outcomes are important (see example below)
- **world café events:** this method of discussion is particularly useful in large group settings.

#### **Box N: Peer research in Cornwall to develop the strategic vision and commissioning approach**

Peer research is a way of designing and delivering a research project with the people who would usually be the subjects of research. By training peer researchers in social science methods and then working with them to set research themes, identify research questions, undertake interviews and analyse the findings, you start to break down hierarchies between researchers and the researched. This provides privileged access into people's lives and experiences. Their ways of understanding and knowing their areas challenge professional researchers and help to ground all-too-often abstract expertise. In short, through peer research, you can open commissioning up to different ways of understanding people's experience, aspirations and challenges.

Cornwall's youth services team wanted to work with young people in the county to explore the priority outcomes for them. Peer research was one of the methods used to develop insight, and inform the outcomes framework. The council wanted to explore four main areas.

- **Communication:** how can young people feed back to the council and how can the council better promote its services to young people?
- **Outcomes:** how do young people see their future in Cornwall and what are their priorities for themselves and others?
- **Assets:** what assets do young people see that they bring to their communities and each other and what assets do they identify in their communities?
- **Rewards and incentives:** what would young people need to get involved locally and volunteer?

**Box N: continued**

The team began by recruiting young people to take part in a residential training weekend. Twenty-five young people participated, and a core group of peer researchers was established. They then expanded this group to include a number of local schools, training a further 80 young people in peer research methods.

*I now have better social skills, met loads of new people and am more confident and able to talk to different people. It has changed me as I am more confident to talk about who I am.*

**Young peer researcher**

The peer research was carried out in schools, youth and specialist groups. The data was gathered and analysed, and a set of key themes and recommendations emerged. The research highlighted a number of things young people valued, including:

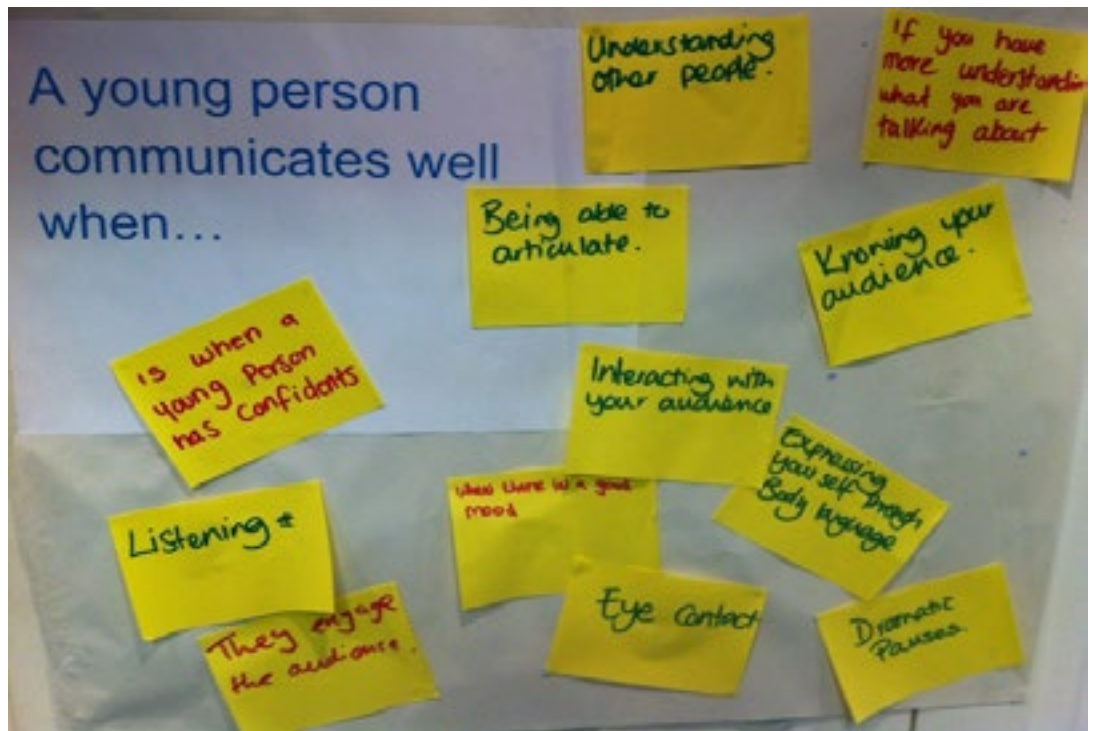
- involvement in positive activities, especially sports and music
- personal qualities, rights and skills for life
- supportive family relationships and being safe at home
- jobs, careers and employment
- the importance of friends and peers.

From the research a number of recommendations were made. For example, the team proposed working with young people in planning a 'curriculum for life' to develop the skills, knowledge and values young people considered important, and to encourage Cornwall's clubs and organisations which provide sport opportunities to prioritise the participation of young people and offer provision for those under 18 where possible.

Cornwall's peer research project illustrates an important point about how 'services' interact with local assets that are found beyond the council. The list of things that young people valued, discovered during Cornwall's peer research process, showed how important support and activities outside of 'services' formally procured by the council are in achieving outcomes. This doesn't mean that the role of the local authority is unimportant. Rather, it suggests that a council might need to use its networks, influence and own resources to look beyond services and dedicate resources to nurturing and supporting these aspects of people's lives. For example, this might be through providing access to spaces where people can pursue their own projects or hold peer support groups, or by partnering with local businesses or leisure centres to apply the insight in practice.

Using these methods, and others, it is possible to build up a picture of what outcomes are important to the people who will be using the service. Some of these are likely to be the same, or similar, to the outcomes which have been identified through the review process, but they may add to the existing descriptions. As far as possible, the description of these outcomes should reflect the way they are experienced and expressed by those who will use the service, or receive support. The photo below was taken from a workshop in Islington, where young people, providers and commissioners took part in an

activity to describe what the core outcomes meant for young people. These descriptions can be included in the tender documentation to show providers how local people experience and understand the outcomes within the framework, making them less abstract, and more rooted in people's everyday lives. The descriptions often break down the outcome into short- to medium-term outcomes and indicators, and can be helpful when developing a Theory of Change (ToC).



### Quality characteristics

Quality characteristics are a set of principles that guide how services will be provided. Whereas outcomes focus on what a service aims to achieve, quality characteristics emphasise the importance of process. For example, co-production is one example of a quality characteristic, specifying that providers need to co-produce what they do with people. Another quality characteristic might be prevention, stressing the importance of gradually moving the focus of funding and support 'upstream' in favour of services that prevent harm.

This way, commissioners can encourage the qualities that are important for local services, without over-specifying activities and outputs during the procurement phase. Quality characteristics sit alongside the outcomes framework to form the basis of the tenders to which providers will respond. Providers will be expected to demonstrate how they will meet the specified outcomes and shape their offer in line with the quality characteristics. Because commissioners are not specifying what the activities or services 'look' like in detail, the quality characteristics are a way of ensuring that certain priorities or preferred approaches are included.

In this way the quality characteristics can apply to individual services and providers, and the commissioning process as a whole, imbuing the whole of the 'service offer'.

### **Box O: Islington's quality characteristics**

Islington Council's youth services team included five quality characteristics which they wanted to define all youth work in Islington. All youth work should:

- 1.** ensure that every young person in Islington is entitled to expand their horizons and discover what they can achieve now, and in the future
- 2.** be co-produced with young people
- 3.** be financially sustainable
- 4.** be delivered through partnerships wherever possible
- 5.** be regularly reviewed and evaluated to ensure quality and relevance.

Each of these quality characteristics was discussed with providers in pre-procurement workshops, and more detailed descriptions of the characteristics were provided in the procurement documentation. Below, we explore one quality characteristic which has been used in all the projects we have worked on with local authorities: co-production.

### Box P: Camden's quality characteristics

In Camden, commissioners outlined the practical elements of a 'service model' that they considered important – and in some cases were demanded by national frameworks. But they refrained from determining the mechanism by which these would be achieved. The practical elements were:

- information
- advice
- signposting
- counselling
- evidence-based interventions
- complementary therapies
- personal support
- training
- positive social circles
- leisure opportunities
- education opportunities
- volunteering opportunities
- employment opportunities.

having provided such a list of components, commissioners did not specify the shape that service should take, as this would undermine the opportunity for co-design between providers and people they support. The tender made it clear that this is not a complete list and may be added to or amended by people accessing and providing services.

#### Quality characteristics: co-production

So far in this guide we have talked about co-producing the commissioning process – so that local officers and members are working much more closely with people who use the service to draw out insight, and plan future commissioning approaches. Here, we focus on co-production as a key quality characteristic of all service provision, whereby providers are expected to adopt the principles and ideas of co-production with the people they support.

Co-production is a means of transforming local services, and achieving better outcomes and value for money. All the local authorities we have worked with to implement this commissioning approach have included co-production as a key objective for local provision. If co-production is to be encouraged in local services, it has to be included as a core part of the commissioning approach. This includes having a clear definition and description of co-production, incorporating it into the procurement and monitoring processes, and building capacity among providers. More detail on this is provided in the procurement section on [page 71](#).

#### *Defining and describing co-production*

Some local authorities have developed a common understanding of co-production by working with providers and people using services to

create a shared definition of co-production. While NEF promotes a specific definition and understanding of co-production, it is vital that local authorities and people take ownership of the concept and develop their own definition locally. This can be achieved in various ways. For example, in Islington, commissioners of youth and play worked with a wide range of providers and young people to develop a collective definition of co-production through a series of workshops, and have used this as the basis for their commissioning and procurement work. Islington's definition and core principles of co-production are:

*Co-production is about young people and professionals (and others) working in an equal partnership to plan, deliver and review services for and by young people. It involves young people and adults acknowledging different kinds of knowledge, understanding and expertise; sharing their skills with one another to achieve valued outcomes. This requires young people and adults sharing responsibility, ensuring there is mutual respect between young people and staff, and negotiating with one another to make collectively owned decisions.*

**Vision Islington definition**

The London Borough of Camden used the following text to embed co-production within a Mental Health Day Care tender.

*The fundamental principle underpinning the development of a new model of day services in Camden is recognition of the "centrality of the service user", and the need for all organisations to work in partnership with service users in a holistic and inclusive manner, to give hope and facilitate recovery. Gaining the service user perspective is essential to achieving a mental health service based on this fundamental principle. Service users should be represented and play an active role in service planning, delivery and governance forums.*

*We would encourage providers to adopt the model of 'co-production' whereby services are planned and delivered in mutually beneficial ways that acknowledge and reward local 'lay' experience while continuing to value professional expertise. Service users should be regarded as an asset and encouraged to work alongside professionals as partners in the delivery of services.*

*Co-production requires professionals and service managers to move out of traditional roles as 'experts' and 'providers' into partnership models that work with 'clients' and 'communities'. This enables them to find a solution together to the complexity of their problem and sometimes requires that the 'problem' be redefined. Real and lasting changes are possible with approaches that build or strengthen social networks and in turn motivate people to learn about and exercise their powers and their responsibilities as citizens. Networks of friends and families should also be considered positive co-contributors to success in this approach.*

It can be helpful to describe co-production using a set of core values or principles too, which can be collaboratively determined, with commissioners, providers and those using the service.

### **Box Q: Developing the infrastructure to support co-production**

Some commissioners have expressed concern that there is not sufficient capacity or infrastructure to support co-production. For example, there may be few organisations representing those who use services, or formal routes for involvement with commissioners and providers. Cornwall County Council has invested in developing this capacity, to create the conditions for co-production to flourish. The council is working with an organisation called Learning to Lead to support young people to play a more active role in their schools and communities. They are also exploring how time banking might be used across the county to unlock resources and provide a mechanism for people to link up, and exchange their skills, expertise and support.

### **Procurement**

The next stage of the commissioning process is usually to prepare for tendering. This encompasses a huge range of activity, from preparing providers for tendering, to developing procurement documentation, continuing to work closely with local people and adapting the contracts and monitoring processes for specific providers. There is a danger at this stage that the outcomes framework and flexibility around quality characteristics such as co-production can get closed down and replaced with targets for outputs and activities. During procurement, services sometimes become over-specified, with tight targets and outputs set out for providers that can fail to create insight into what is – and is not – working well within the service. Many standardised procurement documents and texts will reinforce this tendency, so it is necessary to review the text, questions and award criteria of all procurement documents to check it supports this commissioning approach. We have worked with procurement colleagues from an early stage to ensure that:

- the vision for a co-produced service, and expectation of providers, is clear within the tendering documentation and any tendering support that is provided
- the outcomes expected are explicitly stated, without pre-determined outputs or activities.

All councils have their own processes surrounding procurement, and we would recommend conducting a review early on in the commissioning process to identify which documents and processes – such as pre-procurement, approval panels and gateways, scoring criteria, contract specifications and performance indicators, might need adapting to reflect the new focus on outcomes and co-production.

In this section, we highlight typical documents and processes that will need to be adapted to support an outcomes-focused, co-produced approach. This approach will often be new for internal colleagues, so it is worth engaging with

these teams early on in your work to ensure they understand the outcomes, and how the framework is going to be used.

### **Setting the procurement approach**

Deciding on which procurement approach to take will play an important role in creating the right conditions to support an approach focused on outcomes and co-production. The approach to procurement sets the parameters for the relationship between commissioners and providers, and between providers during the delivery of support.

We have stressed the importance of collaboration throughout the commissioning approach. If the tendering process reinforces a hierarchical and atomised relationship between and among commissioners and providers, then the extensive work that goes into building relationships with local people, developing trust, and sharing power is left behind when it comes to the nuts and bolts of the decision-making process.

### **Alliance contracting: a possible approach to commissioning based on values and collaboration**

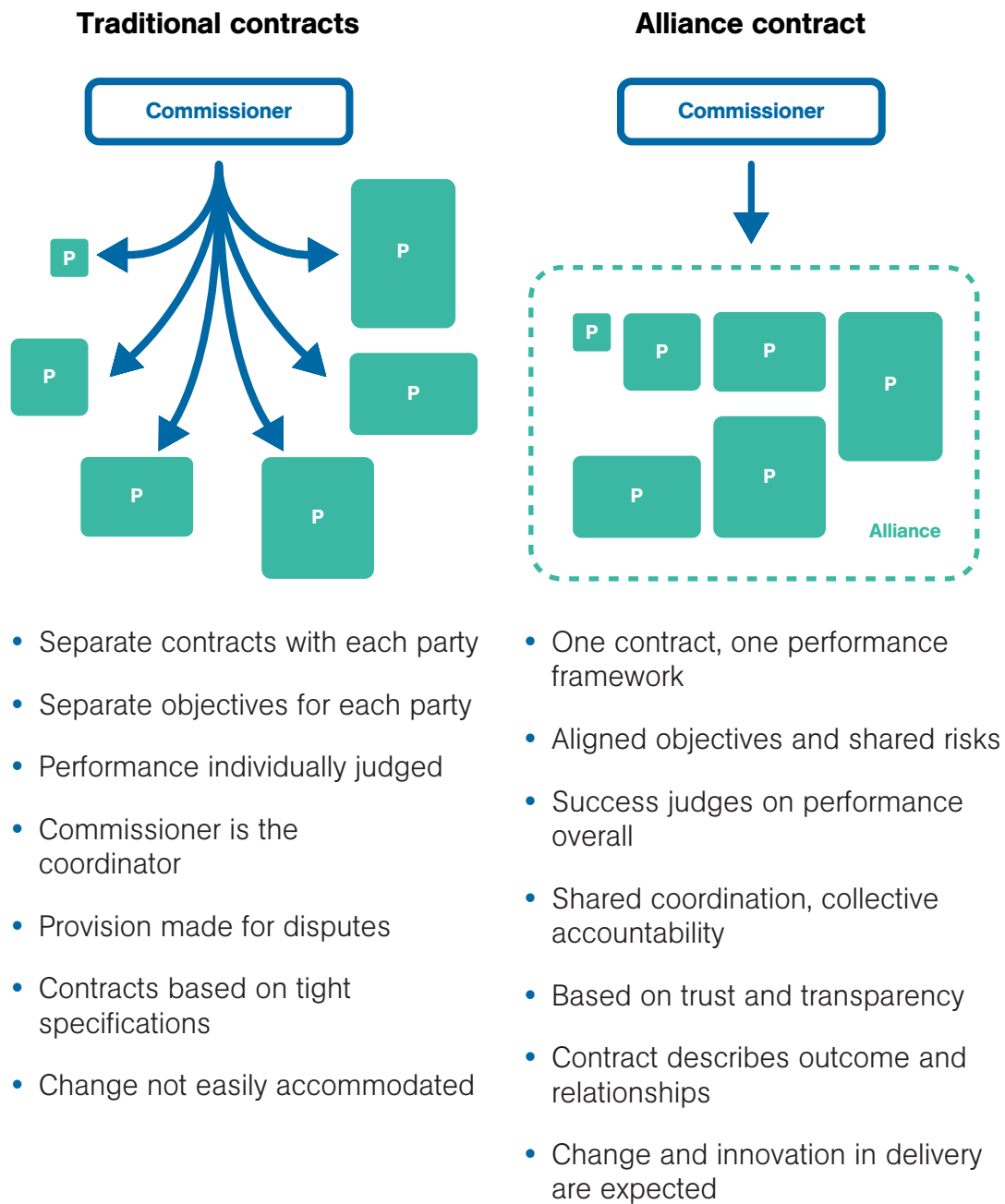
Some new procurement approaches are being used to create the conditions for co-production and one in particular – alliance contracting – has a number of features that would support many of the key components of NEF's commissioning approach.

Alliance contracting is an agreement mechanism developed in the construction industry where the delivery of a project requires cross-organisation co-operation. An alliance contract is described as reducing the adversarial nature of contracts and developing a collective ownership of the service without needing new organisational forms. Alliance contracting is often based on a set of clear principles and objectives for the alliance to work to, which could include, for example, the expectation of collaboration and co-production. All partners would be working towards the same outcomes and principles. Relationships between all parties are explicitly described, supported and nurtured, and a core value base can be more easily established among a group of providers, supporting approaches such as co-production, prevention, and well-being.

The diagram below shows how this differs from traditional contracting arrangements.



Figure 13: Traditional vs alliance contracts



Source: LH Alliances

### Box R: A note on market shaping

Many local authorities use the term 'market shaping' to describe a whole range of activities that spread across the commissioning cycle, including: building relationships with new and existing providers; identifying gaps in existing provision; determining the procurement approach and managing contracts and suppliers. We don't use the language of market shaping (or 'making') as we feel it focuses too much on what contracted providers can supply and often reflects certain assumptions about how markets can 'work' properly. Markets focus solely on what providers can supply, not on the assets that are abundant in the community at large (or the 'core economy') – the time, wisdom, skill and expertise of people using the service, their families and neighbours. These resources are not counted or valued by the market, and will stay out of sight unless we ask some searching questions about what the 'market' is when it comes to co-producing public services. Instead of having a section here on market shaping, we provide practical guidance on identifying the different resources available to provide support for people using services and collaborating throughout the commissioning cycle. We have emphasised how an assets-based approach can be used to develop a better understanding of how formal and informal support and activities combine to achieve better outcomes.

### Changing procurement documentation

The most important thing to remember when developing the procurement documentation is to avoid adding new content to existing forms and processes, and instead replace with new text and processes so that procurement fully supports the focus of commissioning.

### Incorporating and communicating the strategic direction of the service

Much of the thinking around outcomes and co-production may be new to commissioners and providers alike. Even where people are familiar with the ideas, understandings differ widely. For most local authorities, commissioning for outcomes and co-production is a new approach and the rationale and vision for the service will need to be clear in the tender documentation. This could take the form of a mission statement, or vision, and will need to explain what the local authority is doing differently, what they expect to be done differently by providers, and what they hope this will achieve.

It is also helpful to have a [short glossary](#) of key terms with definitions, and to reference material or resources which shape the thinking during commissioning. Co-production needs to be described as part of the subject matter of the service, alongside the outcomes framework for the service – if it is to be used as a selection criterion for providers.

The example below includes an excerpt from the text of Lambeth's 2013 tender for young people's services in the borough.

### Box S: Setting the strategic direction for young people's services in Lambeth

The Lambeth Outcomes Framework for Children and Young People represents a significant development in the securing, planning and delivering of outcomes for young people through play and youth work in Lambeth. This development has emerged from an ongoing partnership since March 2012 with NEF on an implementation project to transform youth services using co-production and outcomes-based commissioning. This project has been supported by Lambeth's broader cooperative commissioning programme and has involved wide ranging stakeholder engagement with children and young people as well as service providers. The outcomes framework represents the unique insights that emerged from this engagement and will be used to commission service provision which:

- draws on the capacity, ingenuity and entrepreneurship of children and young people: is co-designed and co-delivered with children and young people, rather than offered to them
- engages more and different young people
- starts with the outcomes that children and young people have told us are important to them, rather than the activities that are to be delivered
- is consistently able to explain and evidence the outcomes that it has supported children and young people to achieve
- contributes consistently to children and young people's development, socially and emotionally
- is less reliant on council funding alone and draws in more of the rich resources, monetary and non-monetary, that are potentially available in the borough.

The outcomes framework and quality characteristics will form the core content of the tender documentation. Some local authorities we have worked with have provided additional guidance documents for providers, with an explanation of how providers will be expected to respond to the framework when they submit their bids, and with more information on the core themes of outcomes and co-production. For example, the table below shows how Kirklees Council set out a list of the features of co-production they hope to see included by providers in their bids.

**Table 7: Kirklees Council description of co-production within the tender paperwork for a mental health contract**

The service provider will provide elements of the service which meet the features of co-production and which will serve to ensure that the service will provide support through the reciprocal engagement of the individual. The elements of the service which will meet the features of co-production will be, but not exhaustively:

<p><b>Recognising people as assets</b> Individuals as equal partners in the design and delivery of services</p>	<ul style="list-style-type: none"> <li>• People's strengths are recognised from the outset. The question is asked "what kind of life do you want to lead?" rather than "what needs do you have?"</li> <li>• Participants co-produce the outcomes they want alongside the support needed to achieve them.</li> <li>• Participants share in the development of possible choices and work to design their own solutions.</li> <li>• Support plans will be asset-based and positively constructed.</li> </ul>
<p><b>Building on people's existing capabilities</b> Providing opportunities to recognise and grow people's capabilities and actively support them to put these to use</p>	<ul style="list-style-type: none"> <li>• The ethos of support is to collaboratively recognise individual potential.</li> <li>• It is recognised that capacity for change varies and that different support is needed at different times.</li> <li>• Participants will have skills and experience they can share with others.</li> </ul>
<p><b>Mutuality and reciprocity</b> Incentives to engage where there are mutual responsibilities</p>	<ul style="list-style-type: none"> <li>• The overall approach of the service will be to ensure that participants are equal partners in their individual outcome planning.</li> <li>• Participants will be clear about the benefits of the project and the level of personal responsibility they have.</li> <li>• Self-directed support is integral, and over time, the number of participants accessing personal budgets to pursue their goals will increase.</li> </ul>
<p><b>Peer support networks</b> Engaging peer and personal networks alongside professionals</p>	<ul style="list-style-type: none"> <li>• This project has the potential to develop significant peer support. There will be particular benefits where peer support might supplement project worker support.</li> <li>• The project will also want to build in mutual support for participants. This might take the form of carers support groups for example.</li> </ul>

Kirklees' example has a good level of description about the quality characteristics desired, but without detailing specific activities or services. The level of prescription set out by commissioners will vary depending on the service area and funding. Some local authorities will want providers to put time into co-designing the bid with users: the greater the level of prescription included in the tender, the less opportunity there is for the ideas and insight of those who use and provide services to shape the solutions.

### Developing the bid questions and framework

One of the biggest changes to the tender paperwork will involve changing the content and questions to reflect the NEF commissioning approach, as well as considering how any pre-qualification questionnaires (PQQs) might need to

be adapted. There are two new sections that most tenders are likely to need if focusing on outcomes and co-production. First, a ToC table and supporting questions will determine how the provider intends to achieve the outcomes. Secondly, a series of method questions on the quality characteristics will elicit how well providers understand the core concepts and values of co-production, and how they expect to embed them into their work.

### **PQQ**

Many providers have told us that historic PQQ templates have disadvantaged them during the bidding process. Usually this is because the standard requirements within the PQQ are based on large-scale contracts such as waste collection, or IT provision, and are used without changing them for services in social care, or youth work, where many providers are much smaller.

The UK government is currently in consultation on the PQQ for contracts under the EU threshold, with guidance expected in Autumn in 2014. Although policy notes on procurement have been issued by the Cabinet Office advising against it, the practice of specifying minimum financial requirements is still common. A PQQ does not have to be used: this can be decided at the discretion of the local authority and should be included in the review of the procurement approach early on in the commissioning process.

If a PQQ is used, it can also be used to begin screening for specific qualities that the commissioner would like to include, such as co-production, preventative approaches, or support that promotes well-being. Questions can be included about an organisation's interest and experience of these approaches, and will help bring in a focus on quality, alongside the more technical requirements typically included in a PQQ.

### **How providers respond to the outcomes framework**

Once the outcomes framework and quality characteristics have been described, a set of questions is developed so that providers can respond to them. It is important to keep the focus here on what really matters at this stage: the outcomes and quality characteristics, not the activities or the outputs.

We have used ToC maps to encourage providers to think through and describe the link between the activities they provide, and the desired outcomes. Supporting questions then ensure providers can explain their thinking and demonstrate how the planned activities will deliver the outcomes. Some providers have found the ToC a useful process to clarify the links between the planned activities, and desired outcomes, although it can be more time-consuming to complete. Whether or not a ToC process is recommended or expected by commissioners, the tender should require providers to reflect, and co-design bids with people using the service.

We have worked alongside local authorities to adapt their tender to include an impact map for providers to fill in, and a set of method questions, so they can describe, in free text, how they will achieve the outcomes, and develop the quality characteristics as part of their service.

### **The Impact Map: responding to the outcomes framework**

The example impact map below (Table 8) is left blank in the application form for providers to fill in. Providers select the outcomes they are planning to meet from the service- and community-level outcomes frameworks. Providers are expected to work with people who use the service to design the activities, and estimate what the outputs and indicators will be. They can also suggest ways of measuring the outcomes, which might be based on the nature of the activities they have set out or their existing evaluation methods.

To ensure providers are able to co-design activities with local people, and focus on outcomes, commissioners we have worked with do not specify what the service should be, and leave it open to providers and users to describe what will be done to achieve the outcomes. This is a key part of the approach: it encourages innovation, keeps the tendering process open to insight from, and co-design with, people expected to benefit from services, and reduces the risk of over-specifying what the 'service' looks like.

**Table 8: Completed impact map from Lambeth youth offending service provider application form**

### Service outcomes

Using the table format provided summaries:

- **Column 1** – The *activities* you will deliver as part of your project, resulting in outputs (**column 2**). These outputs should clearly result in the delivery of the specified and mandatory service *outcomes* (column 3). We recognise that some activities many have multiple outcomes – please make this clear in the table.
- **Column 3** – Include any additional outcomes that will be created through your activities.
- **Column 4** – Performance indicators or the service-level outcomes. E.g. type of; number of; level of; whether or not.
- **Column 5** – Any methods you will apply to measure the change created by your project delivery method.

1. Activity	2. Outputs – include ages of young people	3. Service outcomes	4. Indicators	5. Way of measuring
<ul style="list-style-type: none"> <li>• Individual portfolio work</li> <li>• Photography skill development</li> <li>• Drama skill development</li> <li>• Dynamic group work</li> <li>• Exhibition/ installation/ performance for invited audience</li> <li>• Optional AQA Accreditation in digital and dark room photography</li> </ul>	<ul style="list-style-type: none"> <li>• 15 young people ages 14–17</li> <li>• Exhibition/ installation/ Performance for invited audience</li> </ul>	<ul style="list-style-type: none"> <li>• Young people have more self confidence and are more determined</li> </ul>	<ul style="list-style-type: none"> <li>• Making eye contact</li> <li>• Interacting with new peers</li> <li>• Taking risks</li> <li>• Managing different opinions</li> <li>• Encouraging and supporting others</li> <li>• Open body language</li> <li>• Willingness to take part/ contributing</li> <li>• Interacting with adults</li> <li>• Listening/ respecting the ideas of others</li> <li>• Presenting a reasoned argument</li> </ul>	<ul style="list-style-type: none"> <li>• Self confidence mapping by tutors</li> <li>• Participant Evaluation forms/Survey Monkey/ Outcomes star</li> <li>• Video diaries.</li> <li>• Number of AQA accreditations</li> </ul>

Table 9: Camden Council community-level outcomes (mental health service)

**Economic outcomes: creating economic benefits with Camden beyond the service itself***A strong Camden economy that includes everyone.*

Activity	How delivered	Camden community outcomes	Indicators [Your activities contributed to]:	Way of measuring
		Increased access to skills and employment for priority groups (older people, carers, parents returning from work, people with mental or physical ill health [Priority groups take up sustainable jobs] (pp. 21–23)	<ul style="list-style-type: none"> <li>Increased number of vocational opportunities for local priority groups.</li> <li>More affordable and accessible childcare.</li> </ul>	

**Environmental outcomes: enhancing the Camden environment beyond the service itself***A sustainable Camden that adapts to a growing population.*

Activity	How delivered	Camden community outcomes	Indicators [Your activities contributed to]:	Way of measuring
		Reducing waste (p. 15)	<ul style="list-style-type: none"> <li>[If your organisation is based in Camden] decreased amount of organisational waste month on month, year on year.</li> <li>Decreased amount of in the wider community (e.g. service users and their families, neighbours, or relevant service users, their families and neighbours)</li> </ul>	



The impact map is completed by listing **all** the outcomes that the provider expects to achieve, which may only be a selection of the total outcomes in the framework.

#### *Method statements*

We have used method statements to elicit providers' rationale behind the activities in the impact map. We use a series of free text questions to structure the responses. This is an opportunity for the provider to describe the activities and outcomes they have selected and their ToC, and to respond to the quality characteristics set out in the tender. We have provided some examples below from a variety of local authorities.

1. To explore a provider's understanding of how **the service-level outcomes** will be achieved:

*What activities will be delivered and how will your activities and outputs bring about the service outcomes detailed?*

*Which outcomes have you chosen to focus on for this contract?*

*How will your activities and outputs bring about these outcomes?*

**Example taken from Lambeth youth offending service pilot**

2. To explore a provider's ability to meet the **community-level outcomes**:

*What aspects of how you propose to deliver this service particularly contribute to the wider social, economic and environmental objectives of the Council?*

*Any experience you have had in the past that demonstrates how your organisation achieved these outcomes.*

**Example taken from Camden mental health service tender**

3. To explore a provider's understanding of **co-production**:

*Please describe your organisation's experience of planning, delivering and evaluating youth work interventions and programmes using co-production, with specific examples to evidence your assessment. Please assess your strengths, as well as areas for improvement in relation to co-production.*

**Example from Islington Youth Services tender**

*[Please describe] how your organisation currently recognises the strengths of people and how you would see this developing during the period of this contract.*

**Example from Kirklees Mental Health Advocacy Service tender**

*What role would you envisage for service users in the development and delivery of your service?*

**Example from Camden mental health tender**

*How does your service support clients in finding ways to help/support others, including fellow service users, family, neighbours and the local community? Please illustrate your answer with reference to previous contracts.*

**Example from Camden mental health tender**

4. To explore a provider's understanding of measuring the outcomes:

*How you will know your service is creating change, and the rationale for the indicator (way of knowing change is happening) you selected. How will the changes be measured and who will measure the changes.*

*Which measurement methods and tools will you use to assess progress against the outcomes?*

*Why have you chosen the indicators you have selected?*

*How will progress against the outcomes be documented and measured?  
How will service users be involved in this?*

**Example taken from Lambeth youth offending service pilot**

All of these questions are scored when the bids are evaluated. There is more detail on assessing and scoring below.

*Setting the expectation of co-design*

Many of the local authorities we have worked with have set out their expectation that support and services are co-designed with users during the bidding process, and will ask how the bid was co-designed in the application form. For example, commissioners might ask such questions as:

*Describe how you developed the ideas and activities for this bid. How were people who you hope will use the service involved in responding to the bid?*

*Have you worked with those who currently use the service or may do in future to co-design the activities within the bid? If so, please describe this process.*

Feedback from providers has indicated that most are happy and willing to do this, but that it usually means they need to build in more time to the procurement schedule, so that they can engage with local people in a meaningful way. We would recommend a six-week minimum turnaround between the initial tender and the deadline for responses, although longer is desirable if possible.

**Scoring and assessing bids**

As the new commissioning approach is incorporated into the new tendering documentation, it will also need to be reflected in the scoring and assessment criteria that councils use to review bids and award contracts. Issues to be considered here include:

- price/quality ratio
- scoring community and service-level outcomes
- maximising value across the triple bottom line
- scoring co-production.

### Price/quality ratio

Many local authorities will want to review the price/quality ratio that is used to award the contract. For many local authorities, the price/quality ratio will be set in favour of price over quality. But to avoid a 'race to the bottom' on cost, and to establish the outcomes framework as the main mechanism for achieving long-term, comprehensive value for money, we would suggest a ratio of at least 40:60 in favour of quality, depending on the specific risks and considerations of the tender. In some local authorities we have worked with, this has been increased to 20:80 in favour of quality.

Some of the local authorities we have worked with have set an expected bracket of funding available for providers, making quality the focus and minimising competition based on price.

### Scoring community and service-level outcomes

There are no hard and fast rules when it comes to scoring the outcomes and quality characteristics within the bids. Some local authorities we have worked with have spread the weighting of scoring fairly evenly across the bid questions, while others have chosen to emphasise certain aspects, such as co-production, or the rationale behind the provider's chosen activities.

If the community and service-level outcomes are bundled together in the same framework, and scored together as part of the same question, then the community-level outcomes are marginalised in favour of service-level outcomes (which are more familiar to providers). So we recommend that the community-level outcomes are set out in a separate framework, with separate questions that have their own weighting.

### Maximising value across the triple bottom line

Rather than a providers being required to meet certain minimum environmental or social standards (e.g. the expectation of having an environmental policy, or to train 50 young apprentices), providers we have worked with are incentivised to maximise such impacts. To incentivise providers to maximise value for money, we would encourage setting out the community-level outcomes in a separate framework, asking providers to respond to a specific question about them in the tender, and scoring this separately.

### Scoring co-production

In order to ensure that co-production becomes a feature of local support and services, it is important to score it, and weight the question in line with other key aspects of the tender, such as the outcomes framework.

The weighting proportions below are an example of how Lambeth divided the weighting of the scores for a re-tendering round of youth services in 2013.

**Table 10: Example of Lambeth’s weighting for youth services re-tendering 2013**

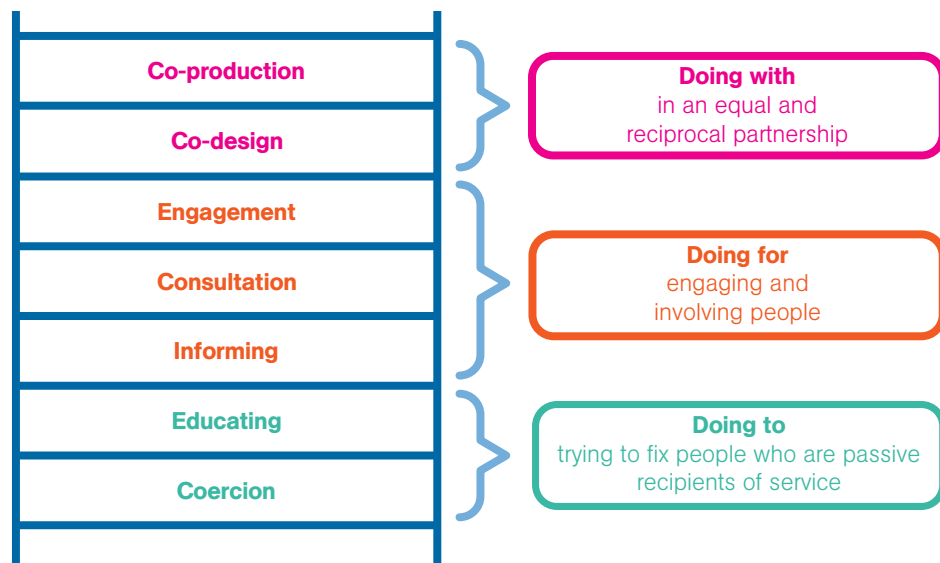
Criteria		% weighting
Your project	Your experience	25%
	The activities	
	The logic behind the activities	
	Monitoring and evaluation	10%
Service qualities		20%
	Co-production	20%
Quality assurance		5%
Safeguarding		Pass/fail
Finance		20%

Many local authorities we have worked with have had support to understand the main principles and ideas behind co-production, and gain some familiarity with different examples and case studies, so that they can critically appraise providers’ ideas and experience of co-production.

However, some of those involved in assessing bids may not feel comfortable using their own judgement on this, and we have developed some basic guidance which could be used, or adapted, by local authorities to assist with the scoring.

The ladder of co-production (below), is adapted from Sherry Arnstein’s ‘Ladder of Participation’. It shows co-production as part of a continuum: as you go up the ladder, power is shared more equally between people providing and using services, and you get closer to co-production. Commissioners we have worked with have found it helpful to illustrate that they expect providers to work at different points of the ladder, but would like to begin pushing provision towards the uppermost rungs.

Figure 14: A ladder of co-production



**Source:** Adapted from Arnstein, S 1969.<sup>35</sup>

**Doing to:** The first rungs of the ladder show services that are not so much intended to benefit the recipients, but to educate or cure them. Recipients are not invited to participate in the design or delivery of the service; their role is limited to being a fairly passive recipient of services and professionals hold all the power, and make all the decisions, within the service.

**Doing for:** As the pathway progresses, it moves away towards the involvement of people using services in some form, but this participation may still be within clear parameters that are set by professionals. Here, services are often designed by professionals with the recipient's best interests in mind, but people's involvement in the design and delivery of the services is constrained. Professionals might, for example, inform people that a change will be made to how a service is to be run, or they may even consult or engage them to see what they think about these changes. This, however, is as far as it goes. People are only invited to be heard; they are not given the power to make sure that their ideas or opinions shape decision making.

**Doing with:** The most advanced stages of the pathway represent a much deeper level of service user involvement, which shifts power towards people. These require a fundamental change in how service workers and professionals work with service users, recognising that positive outcomes cannot be delivered effectively *to* or *for* people. They can best be achieved *with* people, through equal and reciprocal relationships. Co-designing a service involves sharing decision-making power with people. This means that people's voices must be heard, valued, debated, and then – most importantly – acted upon. Co-production goes one step further by enabling people to play roles in delivering the services that they have designed. In practice this can take many forms, from peer support and mentoring to running everyday activities or making decisions about how the organisation is run. See our resources on [page 105](#) for a wide range of case studies.

In our experience, many providers bidding are currently working around the mid-range of the ladder – ‘doing for’ – with some providers showing some features of co-production within their approach. This ladder may be a helpful first step in supporting commissioners to identify where a provider sits on the scale. Starting at the bottom is fine – and in fact to be expected – so long as the ambition is to keep moving up the ladder, critically reflecting on how power is distributed between people using the service and the professionals involved.

A more detailed set of assessment criteria, aligned with the core principles of co-production, is set out below.

**Table 11: Co-production evaluation matrix**

***Building on people’s existing capabilities: altering the delivery model of public services from a deficit approach to one that provides opportunities to recognise and grow people’s capabilities and actively support them to put them to use at an individual and community-level.***

<p>Can you demonstrate and provide evidence of how your organisation will provide opportunities for people to recognise and grow their capabilities and how you will support them to use these?</p>	<p><b>Not co-production:</b> Young people are defined by their needs and are not seen as having anything to contribute or offer to the service. The service centres on professionals' skills and knowledge only, and no effort is made to engage young people's knowledge or skills.</p>	<p><b>Basic:</b> Young people's views are actively sought. Young people are listened to and their views taken into account when designing and delivering services. There is some recognition that young people are 'experts' by experience.</p>	<p><b>Getting there:</b> Demonstrates that young people's ideas help shape the way that services are designed and run. Young people work with staff to identify areas where their skills could be built upon. Young people are seen as being able to make a positive contribution to the service.</p>	<p><b>Excellent:</b> The views, experience, skills and capabilities of young people are recognised as central to the service, and have a constant active part in designing, delivering and evaluating the service. Their opinions have equal weight to the staff and their knowledge and skills are central to the service.</p>
---	--	---	---	---

Table 11: continued

**Reciprocity and mutuality:** offering people a range of incentives to engage which enable us to work in reciprocal relationships with people, with professionals and with each other, where there are mutual roles, responsibilities and expectations.

<p>How will you enable a collaborative working relationship between staff and young people where there are mutual responsibilities and expectations of each other?</p>	<p><b>Not co-production:</b> Staff are seen as being the key people shaping and delivering the service. Young people are 'done to', and there is no expectation that they will contribute to the strategic direction of the service, or its delivery. Young people do not expect to have a role in the service other than their attendance and compliance in activities.</p>	<p><b>Basic:</b> Young people's participation is encouraged, but it is informal and inconsistent. Young people are not expected to be active in shaping the service. There may be specific ways that this participation is encouraged, such as through a weekly forum.</p>	<p><b>Getting there:</b> Young people expect to contribute regularly and have their views listened to, but overall decision making is still done by staff. Young people still expect staff to largely deliver and be in control of the service.</p>	<p><b>Excellent:</b> Staff and young people have an equal role in shaping the service, and creating the outcomes. Young people expect to be fully included in shaping the service, and that they will have responsibilities within this. Young people demonstrate their input in day-to-day delivery, and work closely with staff to shape and deliver services. Specific forums may exist, but staff expect to be continually adapting and working with young people.</p>
--	--	--	---	--

Table 11: continued

**Peer support networks:** *engaging people's peer and personal networks alongside professionals as the best way of transferring knowledge.*

Can you demonstrate and provide evidence of how your organisation will support and create networks which will work with professionals to produce outcomes that meet the needs of individuals accessing services?	<p><b>Not co-production:</b> The service does not connect young people together to support themselves. Knowledge is still transferred from staff to service users.</p>	<p><b>Basic:</b> Peer support is acknowledged as being a helpful addition, rather than a central element of the service. Supporting it is not seen as part of staff roles.</p>	<p><b>Getting there:</b> The service recognises peer support is important to achieving its aims. It may have set up a dedicated network for young people to support each other and pass on knowledge.</p>	<p><b>Excellent:</b> Professionals map existing peer and personal networks across the local community. They support young people to engage with these where they already exist and support them to create new networks where appropriate.</p>
--	--	--	---	---

**Facilitating rather than delivering:** *enabling public service agencies to become catalysts and facilitators rather than central providers themselves.*

What role do you envisage for staff in the process? How will you ensure every young person has the opportunity and capacity to fully participate? What approaches might you use to achieve this?	<p><b>Not co-production:</b> Staff assume the role of planning, designing and delivering almost all of the service and young people are only involved in discrete ways.</p>	<p><b>Basic:</b> Involve young people in delivering an aspect of the service, but staff are still the key decision makers of the service. 'Targeted' groups may be seen as too vulnerable to participate fully.</p>	<p><b>Getting there:</b> Many young people within the service would be involved in delivering day-to-day activities and influence some of the design of the service. Staff take a step back and encourage young people to take the lead in many project activities.</p>	<p><b>Excellent:</b> Joint delivery of service with almost all 'service users' playing a role, and professionals support young people to deliver through mechanisms such as peer support networks.</p>
--	---	---	---	--

It can also be helpful to describe what co-production is *not*, or to describe a weaker example of it in the guidance notes so that providers can follow commissioners' thinking on this. For example, NEF describes co-production as *not* being about:

- **User voice:** making sure that people are 'heard' usually means that services are still being delivered in the same way, and have the same structures governing them. It might be a step towards co-production, but on its own it fails to change the existing approach.



- **Third sector provision:** the third sector is where co-production is most common, but being a voluntary or community-based organisation does not automatically mean that providers are co-producing.
- **Personal budgets:** a personal budget is a financial package, but doesn't necessarily mean that all (or any) of the principles of co-production are in place.
- **Engagement and consultation:** engagement and consultation can be useful methods to employ, but they are distinct from co-production. Power is kept in the hands of professionals, and people have fewer opportunities to be involved in designing and delivering services.
- **Volunteering:** many examples of co-production would involve people working in a voluntary capacity, but not every volunteering scheme is co-production. Volunteering roles might be tightly defined, with few opportunities to influence the wider service.

#### Procurement checklist before going out to tender:

- Review the timings of the procurement schedule and check it gives enough time for providers to co-design their plans and activities with people using the service. Ask providers how long they think they will need to respond to the tender if you expect there to be meaningful engagement with the user group at this point.
- Review all text within default procurement paperwork and financial requirements for providers, and ensure these are changed or adapted if they are likely to pose an obstacle to your commissioning intentions.
- Build in time to work with providers and people intended to benefit from the commissioning so that they can shape and influence the planning phase. This could include developing a local definition of co-production, collaboratively developing the outcomes framework, and supporting users to play a role in the procurement phase. (Further guidance on working with providers is in the next section).
- Check that the outcomes framework is clear and consistent: the outcomes need to be simple, and should not be confused with targets, objectives or outputs.
- Give clear definitions of the terms you are using, and examples to illustrate. Terms would usually include 'outcomes', 'indicators', 'outputs', 'co-production' and 'well-being'.
- Explain *why* you are focusing on outcomes, and how this is different from previous ways of commissioning.
- Provide clear explanations of any other local priorities, such as partnership working, consortia, project sustainability, or borough-wide outcomes that you expect providers to focus on.

## Contracts

Developing a contract to support a focus on outcomes and co-production will usually involve adapting some of the objectives and targets within it. It is important to leave room for flexibility when it comes to the specific activities that might be delivered, as providers may suggest that they develop these with people who use the service once the contract has commenced. These could be left open within the contract, with the agreement that these activities are incorporated at a later stage. Inserting break points within the contract is one way of regularly revisiting the providers' bid and impact map, adapting and updating these as the contract progresses.

Expectations of how much change might be achieved against particular outcomes throughout the duration of the contract will also require some thought and discussion with providers. Agreeing the new outcomes indicators is a key part of this: they will replace service-specific targets and outputs (such as the number of people using the service, or attending training) and will be used throughout the contract to assess progress against the outcomes.

## Working with providers to build awareness and capacity about the new commissioning approach

*We over-estimated the level of innovation in our market. People were quick to take on the language of co-production, but not the culture change.*

### **Director of Youth Services**

This phase of implementation is focused on capacity building and collaborative working. A significant part of the implementation process will involve working with providers to develop the outcomes framework, build awareness and capacity about the key concepts (outcomes, co-production, well-being, and any other priority areas) and understand what support providers will need to implement the outcomes framework and quality characteristics.

During the implementation phase, commissioners are often worried that:

- providers will not have enough expertise or capacity to respond to an outcomes-focused commissioning process
- the local infrastructure does not support co-production (for example, there are no clear networks or platforms for working with local people – not enough community capacity)
- providers will not understand co-production, or will take on the language but not make changes to the way they deliver services.

In practice, providers' experience of co-production and outcomes is mixed, as is their enthusiasm and commitment to the concepts. In Surrey's experience of commissioning for outcomes, it tended to be small to medium-sized organisations that understood and adapted to the process most quickly. In other areas, it has tended to be voluntary sector organisations that have some understanding or experience of co-production, and monitoring outcomes, usually due to their experience with other grant funders.

Lambeth's experience of tendering for outcomes using the new approach showed that many organisations – including those who had been commissioned in the past as well as new providers – needed a lot of support during the procurement phase. This is partly because methods and questions used during the tendering are quite different from what providers are used to.

Shifting to this commissioning approach involves thinking about how co-production might be developed and strengthened over a number of years. Some good approaches to co-production might emerge in the first tendering round, but continued support and quality development will be needed to achieve system-wide change. It is important to allow for gradual moves in the right direction and continue to keep up momentum on promoting the outcomes framework and quality characteristics.

### **Assessing capacity for the new commissioning approach**

*People still are taking the word co-production and bending it to what suits them. We needed examples of how and why it's different to more watered down approaches like participation.*

#### **Commissioner of Youth Services**

Some local authorities have tried to capture a baseline of provider capacity early on in the commissioning process to help them tailor support, and identify gaps and weaknesses in the local market. Two examples of how we have approached this are described below:

- Using a survey to gather insight on provider capacity: tools such as Survey Monkey enable commissioners to cheaply and quickly get a broad insight into provider capacity for the new commissioning approach. We have worked with local authorities to develop surveys that ask providers to describe: their experience of and understanding of the core concepts; which outcomes they might already be achieving through their work; which measurement tools they might be using; where they feel their weaknesses are; and what kind of support might be most useful. The data from this can be used to plan a programme of support with the sector, map what existing outcomes are being delivered, and understand which measurement tools and methods providers are already using, which can be useful when the commissioners are developing their approach to monitoring and evaluation.
- We have used NEF's co-production [self-reflection tool](#), which helps to identify how well projects, services and organisations are progressing with co-production. The tool can be used to conduct a baseline audit of co-production among providers, support them to document their existing practice, and identify ways in which they could develop co-production. This is most useful in the pre-procurement phases, but the self-reflection tool can also be build into continuing contract management and quality assurance, to support providers to develop and strengthen their approach to co-production.

It is easy for capacity assessments to become very 'top down', and providers may not want to share their perceived weaknesses, in case it disadvantages them during bidding. Collaboration is essential here. Providers could be 'brought' together in a workshop to discuss their perceptions, current

capacity, and support needs, and enable them to challenge some of the commissioners' perceptions of local capacity, which may not always be fully informed.

We have worked with commissioners and providers to develop a range of support that can help build capacity among providers for the new commissioning approach, and have described these in more detail below.

### **Practical support for providers**

#### *ToC and outcomes*

- Introductory workshops with providers to introduce the concept of outcomes and ToC. These workshops usually cover the basics of outcomes, outputs, indicators and the ToC. They are designed to introduce providers to the core terms, and include activities to help providers walk through the approach in practice.
- Developing outcome and indicator descriptions. We facilitated a workshop in Islington with providers, commissioners and young people to develop a common description of the outcomes within the outcomes framework and develop the indicators.
- Workshops with providers to run through the new procurement paperwork and explain what the expectations are.
- Drop-in sessions during the tendering process so that providers can go through their questions in more detail.

#### **Co-production**

Providers are unlikely to immediately start co-producing their support without a strong steer from the local authority that it is the expected way of working. In our experience, some providers will already have features of co-production within their services, often in the form of peer support networks, buddying schemes, or more formal representation of people using services in governance arrangements. Many will not be familiar with the concept though, or will have different understandings of it. Our experience is that some providers feel that "we do this already", and are resistant to the idea that the commissioners want something different, or new. We have found it helpful to talk about co-production as a scale, to show how it can be weak or strong, and describe how it relates to (and is different from) other approaches providers may be familiar with, such as engagement or consultation.

We have developed some of the methods below to support providers to take on the ideas of co-production, and put them into practice.

- Introductory workshops on the concept of co-production. This is designed to cover the following areas: describing some of the existing definitions of co-production, its core principles, and some case studies exploring how it can be applied in different settings; developing a local definition of co-production; gathering good practice from local organisations about co-production; exploring the 'ladder of co-production' and allowing lots of time for debate and discussion.

- Encouraging providers to go on study visits outside their areas, and inviting co-production practitioners in to discuss their approach. It can be helpful to organise events where interested providers can meet other organisations who are experienced in co-production. You could invite providers from other areas to act as 'expert witnesses', or offer to host a local group meeting of the co-production practitioners' network (see below).
- Linking providers to the national co-production network ([www.co-productionnetwork.com](http://www.co-productionnetwork.com)). This is a group of over 900 practitioners, researchers and policy-makers who are interested in and practicing co-production. The main website provides a range of resources, blogs, and listings of co-production events and conferences. Local groups meet face-to-face roughly every quarter, and there are groups in London, the West Midlands, Manchester, Wales and Scotland.
- Coaching for co-production. Coaching can be an effective method for commissioners to apply when working with providers to develop their approach to co-production. In addition, coaching can be used by providers as a method to support those who use services, and by commissioners as a quality management approach as they monitor and assess contracts, and drive up quality over the duration of the contract.
- Disseminating the extensive range of resources available on co-production, from short films, to case studies and self-reflection tools. These are available on the [co-production practitioners' network website](#).

## Phase 3: Delivery

The aims of the delivery phase from the commissioners' perspective are to:

- monitor, evaluate and improve performance
- reflect on delivery and gather insight to adapt services over time
- align scrutiny and oversight with the new commissioning approach.

The third and final phase of NEF's commissioning approach concerns all of the activities that take place after services have been procured and while they are being delivered. The role of the commissioner changes once services have been procured. It becomes focused on monitoring services, reflecting on and evaluating their impact, and continuing to support providers to focus on outcomes and co-production. Traditionally a very top-down role, this can often feel adversarial, with little collaboration between providers. Processes are often focused on compliance and methods of engagement limited to 'voice', although methods such as mystery shopping are becoming more popular.

The role of the commissioner during this phase could be adapted to support and promote outcomes. Monitoring and evaluation processes could be used as opportunities to reflect honestly on service provision, to work with people using the service to understand its impact, to broker relationships between different providers, and to drive up the quality of provision through supported action learning sets. Without active involvement during this phase, commissioners risk losing out on vital insights into the impact and effectiveness of support. A strong leadership role is also required, to continue maintaining the focus on outcomes and co-production once the bids have been 'won'.

### Monitoring, evaluating and improving performance

A growing variety of methods are used to measure progress against outcomes. Some of these are covered in the monitoring and evaluation resources section of this guide. This is a new area where local authorities may need to experiment with more than one method to explore which are practically and politically most appropriate for the locality.

### Deciding on your monitoring and evaluation approach

One of the first questions that comes up is whether data can be collected using common evaluation tools for the same outcomes over different sites, for example, if one well-being survey could capture data across different providers. The advantage of this approach is that the commissioner can compare like-for-like data against the same outcomes. But there are downsides too. The activities that have been commissioned may be very different, some working with large numbers of people with very brief contact time, or intensive one-to-one casework, for example. The depth and frequency of data collection varies widely from project to project and so, in our experience, commissioners have tended to ask providers to choose their

own evaluation methods and tools. Alongside this, there is often a set of data that all providers must collect, such as the age, ethnicity and referral points for people they are supporting.

If you have incorporated an outcomes framework into your tendering, you are likely to have an initial dataset of indicators that providers have suggested for measuring change against the outcomes. You might also have done some work with people using the service to understand their perspective on change against outcomes.

Remember to sense check the indicators with those who use services, partners and providers. Don't just use what's always been used. Ask yourself:

- What changes do the selected indicators measure?
- Can I understand the quality of change using these indicators?
- What other insights do I need to understand what changes are occurring for people who use the service?

### Changing monitoring processes and systems

Changing monitoring processes and systems to support the outcomes focus should be started as soon as indicators are being discussed and agreed with providers. This is a chance to reflect on the existing contracts, performance management criteria and monitoring forms and processes. The latter commonly reinforce a focus on activities and outputs, rather than on outcomes, so they will need reviewing to ensure they reflect the new commissioning approach.

Monitoring forms and the IT systems into which they feed data will need to be reviewed to reflect the outcomes within the framework, and to seek evidence against the outcomes, rather than against specific outputs. Changing the fields within the IT system to track the new indicators may require a specialist to adapt the system.

**Monitoring forms** will often ask a number of questions about outputs and check compliance against key criteria, such as Disclosure and Barring Service (DBS) checks (formerly CRB checks) or referrals, but can be lacking in questions that explore the change that is happening for people as a result of the service. New questions could be incorporated, for example:

- Which outcomes are you finding it harder/easier to achieve?
- How would you adapt your ToC now that you are delivering the service?
- Are there any new outcomes that are being created by the service which are not part of the contract?

**Remember!** It's important to remove the questions and checks which don't support the new commissioning approach, rather than adding new content to old forms.

## Assessing co-production

Co-production is also a new concept to many monitoring arrangements, and requires a more flexible, adaptive approach. It is important to consider how the quality of co-production will be assessed or monitored. Questions about co-production could be incorporated into the monitoring forms, or a separate tool could be used – for example, NEF and individual consultant Tricia Nicholl have both developed a co-production [self-reflection tool](#) to guide conversations and bring out insights into how well co-production is being applied. You can find both of these in the resources section at the end of this guide.

## Co-producing monitoring

Working in equal partnership with people who get support shouldn't be limited to the insight or planning phases. It can be applied to deepen the commissioners' understanding of change throughout the delivery phase. Again, forums and engagement panels are increasingly common methods used, but they still limit people's input to 'voice', rather than practical involvement. Commissioners could work directly with those getting support to deepen their insight into how effective the services are. Some of the methods we have seen used include:

- Mystery shopping, where those using the service are trained up and supported to conduct anonymous reviews of the service, based on their own experience of it.
- Regular community events, or meetings. The Lambeth Living Well Collaborative has a fortnightly meeting in a local café for anyone interested in mental health provision in Lambeth. It is regularly attended by a range of local people, and sustains ownership and involvement throughout the commissioning cycle.
- User-led evaluations can be supported, sometimes through a local user-led organisation or civil society organisation, if there is one. Resources need to be dedicated to building up the skills of those involved, and ensuring that their contributions are valued.
- Peer research can be an effective method for exploring how well support is working – for those who do not access formal services, as well as those who do. Peer research might be particularly effective during this phase to understand why some groups are not accessing support, or to identify important local factors that are changing the needs and assets of the local area, to which services might need to respond.

## Assessing the value of commissioned services

Many of the commissioners who have implemented an approach to commissioning for outcomes want to understand the economic value of outcomes, even though much of this value may accrue in the longer term.

Valuing outcomes is a complex field, with many debates about whether or not it is feasible, and how useful existing methods are. Some methods, such as social cost benefit analysis and social return on investment do attribute



a financial proxy to outcomes. Historically, financial proxies have been used to make the argument for giving equal weight to social and environmental outcomes, and provide a way to compare 'apples with apples'. But the moral argument for valuing social – and in particular well-being – outcomes on their own, non-monetised, terms appears to be gaining strength. This is something to bear in mind when deciding on your own approach.

### Difficulties in assessing the value of outcomes

Attributing economic values to outcomes is not always straightforward, and some outcomes are easier to put a financial value on than others. For example, it is relatively straightforward to attribute an economic value to employment-related outcomes because of the direct link to income and benefits gained or lost over specific time periods. However, well-being related outcomes, such as greater autonomy, or improved mental health, can be more difficult to assign a financial proxy.

Understanding economic value becomes more complicated when assessing services with a preventative impact, where costs of more acute services, such as accident and emergency services, home care or youth justice interventions, are avoided. Demonstrating prevention is not an exact science, but using good evaluation and data collection methods can build up a picture of what costs have been avoided. Indeed, most financial proxies used for valuing social and environmental outcomes relate to 'cost avoidance'. For example, one study has shown the average cost of a re-conviction in the UK is £65,000.<sup>36</sup>

However, savings associated with this often accrue across the boundaries of different local authorities, or to the NHS, Department for Work and Pensions or Ministry of Justice. Where possible, these crossovers should be monitored and can be used to strengthen the case for cross-departmental commissioning against shared outcomes.

### Using financial proxies to value outcomes: where to start

Your starting point will be the outcomes and indicators within the outcomes framework. Implementing an outcomes-focused commissioning approach means that providers will be reporting on indicators that measure change against outcomes. Usually, these will be against an outcomes framework that, in our experience, contains between eight and 12 outcomes. For each outcome in the outcomes framework, we usually see a small cluster of between three and six indicators which, together, provide a picture of how change is being experienced by people using the service. With this data, commissioners are then in a position to decide what method and metrics (if any) they will apply to achieve a consistent value for money analysis. It may be the case that value for money is only assessed using financial proxies for a small number of outcomes, for example, where there are clear economic gains to public services, or for an individual.

When thinking about your approach, it might be helpful to consider some of the following points:

- Look at the outcomes framework and the indicators which are going to be collected. Are there clear links to economic value gained, or costs saved, that can be derived from the data set?

- Research common financial proxies for indicators and outcomes: there may be other evaluations available which have associated a financial proxy for specific indicators or outcomes. A fairly comprehensive list can be found at the Global Value Exchange ([www.globalvaluexchange.org](http://www.globalvaluexchange.org)) which has an open data resource that aims to provide greater consistency to measurement and evaluation practice and to develop a common language around financial valuations of social and environmental outcomes.
- How will you track and share information on savings or benefits that accrue to different departments or public services?
- How will you ensure that you do not use proxies which 'double count' the benefits? For example, some estimates of savings to society of reducing drug use incorporate the health, social care and criminal justice costs. If this proxy is used you cannot also use a separate proxy to estimate savings to the healthcare system.<sup>37</sup>

### **Reflecting on delivery and gathering insight to adapt services over time**

The commissioning role changes once providers have been contracted – but it is no less important. Commissioners will be overseeing the fulfilment of the contracts and can do much to create the surrounding conditions for co-production to take place. Commissioners can also take a more active role in promoting qualities – such as co-production – throughout the duration of the contract. The methods and practical tools we suggest here could easily be adapted to focus on qualities such as well-being or prevention.

Embedding co-production into services fundamentally changes things: it will require providers to work with people who use the service to develop activities and support over time, and respond to the interests, skills and abilities of people using the service. It is, by its very nature, flexible, responsive and adaptive. Because of this, when co-production is specified as a quality characteristic, it is helpful to have a strong working relationship between commissioners, providers and people using the service, engaging on a regular basis to reflect on and adapt the service. The commissioner role includes challenging, linking and supporting providers to achieve the highest possible standards and understanding the experiences of people using the service. This might be achieved through drop-in visits, peer challenge sessions, scheduled review sessions or a more formal project group which includes providers, users and commissioners in reflecting on and adapting the support.

As we have said, commissioners have a lot of power when it comes to creating the conditions for co-production to flourish. We have already talked about setting out co-production as a key strategic objective in the early stages of commissioning, and about how to embed it into the processes and paperwork of the tendering phase. When the service is being delivered, the staff of provider organisations need sufficient power and autonomy to work in a different way: to experiment, adapt the ideas from the bid, and negotiate, plan and deliver activities with people using the service. To do this well requires flexibility within the structures which govern providers: their contracts and, specifically for this phase, monitoring and evaluation processes.

It can be helpful for commissioners to meet with providers prior to finalising the contracts to review the monitoring processes (such as contracts and KPIs) that will be used during delivery and identify areas where these might restrict their ability to co-produce. Changes may involve using review dates during the contract to refine the indicators, so that they can reflect the activities being co-produced on the frontline as they develop.

### **Promoting development and progression through the ladder of co-production**

Some (if not all) staff may be new to co-production. Many providers tell us they have wanted to work in this way for many years, but have not found the external commissioning environment supportive, so it's natural that some staff will not have experience of sharing power and working in a more equal way.

Sometimes the word 'tokenism' is used to describe co-production when it is weak – or is limited to more traditional forms of engagement, such as user representatives or consultation exercises. We think this word is unhelpful: every person and organisation has to start somewhere when it comes to co-production. As everyone's starting point is different, many organisations may start out with limited experience of co-production. A formal reference group or discussion forum may be one way to start building a stronger relationship between staff and people using services. However, the aspirations for co-production should always reach further. Ideally focus groups or forums are just one route into a bigger discussion and set of changes that challenge assumptions about the service, reflect on it, and adapt it – in partnership with those who are supported.

For the commissioner, this means a relentless focus on quality throughout the delivery of the contract is necessary, with time spent challenging, linking and supporting providers to promote co-production.

In the section below, we describe a range of different methods and tools which may help support staff to develop the skills to put co-production into practice. Deploying a range of these – as well as resources and links from the [co-production resources section](#), will be necessary to shift provision towards co-production. Bear in mind that co-producing services is a long-term change programme and will not happen overnight. It may take two or more tendering rounds before there is evidence of real innovation and high-quality co-production.

### **Methods for building skills in co-production**

Most public services are – at their heart – human systems. They are built on relationships between different people, providing different types of support and expertise: supported housing, social care, youth services, health care, community services, early years and many more are based on social interactions and human systems. Some of the practitioners we have worked with suggest that co-production requires a very specific set of skills. These usually include strong communication and relationship-building skills, the ability to be open and flexible to change, the ability to support rather than provide, and a strong personal commitment to values of co-production.

Some programmes, such as Australia's 'Local Area Coordination' has job specifications that list particular qualities, such as:

- *Provide personalised, flexible and responsive support to assist individuals, families and communities to access accurate and timely information to clarify their goals, strengths and needs.*
- *Operate as a service coordinator (rather than a service provider).*
- *Build inclusive communities through partnership and collaboration with individuals and families/carers, local organisations and the broader community.*<sup>38</sup>

While some programmes, such as Local Area Coordination, recruit specifically for relationship-based approaches, most organisations will need to support their staff to develop some of the skills that can help co-production. Initial steps to develop more open discussion and decision making can be taken through events – usually forums, experts by experience groups or some form of board or panel. But it is important that these events are not 'top down'. Some practitioners recommend ideas used by [the Art of Hosting](#), to facilitate meaningful and productive discussions with people using the service.

Some of the other methods we have used, or which practitioners have recommended, include:

- **Learning style:** some providers have said that theories on learning styles have influenced their approach to co-production. One provider working in mental health has found David Kolb's approach to experiential learning helpful in designing a wide range of support activities with people who use the service, building in different learning styles and supporting people to gain new skills.
- **Coaching for co-production:** coaching is a highly effective method for supported self-directed reflection and decision making. We worked with an independent coach to promote co-production with a group of youth service commissioners and providers in Cornwall. The group members were familiar with some of the methods, and felt there could be great value in applying them to the commissioning and delivery of local support.
- **Action or peer learning sets:** action learning or peer learning can be an effective form of professional development. It exposes participants to a variety of practices, highlights challenges and solutions, and provides time for reflection. For example, a national co-production practitioners' network, with many active regional groups, has so far supported over 400 practitioners to learn from each other in person, while more than 900 use the online network: [www.coproductionnetwork.com](http://www.coproductionnetwork.com).
- **Co-production self-reflection tool:** NEF has developed a co-production [self-reflection tool](#) which can be used by practitioners, ideally working with people they support, to reflect on their practice, identify areas for development and think through specific examples of their practice.

## Transforming overview and scrutiny

Changing overview and scrutiny processes to support new commissioning approaches are just as important as areas such as insight and procurement. Executive and scrutiny functions were created through the Local Government Act 2000 and Health and Social Care Act 2012 (for Health Scrutiny).

Committees are made up of councillors who are not on the policy board, and committee meetings allow non-executive members to consider and scrutinise the decisions that are taken by the policy board and to ensure that views and needs of local people are being met.

Scrutiny processes are an important part of the commissioning cycle and can ensure accountability, encourage learning across the council and improve service provision generally. Our work in commissioning has shown that there are a number of challenges in achieving this potential. Being called to scrutiny can be perceived as a process of investigation into failings, and as such the agenda is often focused on crisis situations. The involvement of people who use services is often minimal, and the tendency to focus on immediate crisis issues prevents the function from being used as a forum for information sharing, or qualitative investigations into how people are experiencing support, for example.

So, how can scrutiny be used more effectively? Is it possible to introduce methods that make it feel less adversarial and more like a collaborative problem-solving process? What (if any) additional mechanisms, vehicles or methods can be developed to ensure scrutiny supports insight? Can the scrutiny panel be helped to question services and draw conclusions about their breadth and depth of co-production?

## Keep an outcomes focus

It will be important for the scrutiny function of local government to move away from assessing success on the basis of activities carried out, towards challenging Theories of Change that explain how certain approaches and processes affect outcomes for people using services. Scrutiny committees will need to use different methods to get a deeper qualitative insight into how people are experiencing support and how much power and opportunity they have to contribute.

The Centre for Public Scrutiny has outlined the following ways that scrutiny can begin to focus on outcomes. Though these recommendations are for a health and social care audience, they can be adapted to other areas of scrutiny:

- Focus together on outcomes for the public in terms of their positive health and well-being, not only in terms of responding to illness.
- Value multiple perspectives, especially lay views, to balance those of professionals.
- Think broadly, not just focusing on existing services but on broad issues of well-being and health inequalities, and new ways of improving health with the public through co-production.

- Avoid the trap of only focusing on commissioning, decisions and processes and not also-reviewing actual experiences of services and pathways.
- Whole system scrutiny – joining up health and social care scrutiny<sup>39</sup>

### **Increasing the role of people who use services in scrutiny**

Having service users involved in the scrutiny process is seen as desirable, although their presence currently is optional. But involving people needs to be meaningful – ensuring it is not about just inviting people along to ‘tell their story’ but enabling them to contribute, having a voice and an opinion that is listened to and respected. For this involvement to be meaningful to people using services, it is important that those who do get involved are able to see the process through to a conclusion, and see how their contribution has had an impact.

Ensuring a focus on outcomes and co-production will mean introducing these ideas to the scrutiny panel, supporting them to understand the ToC underlying the activities, and brokering deeper relationships between those who use services and elected members to support a more collaborative process.

### **Checklist for building the capacity of providers**

- Begin working with providers from an early stage to discuss the new commissioning approach and identify areas where support and capacity building might be necessary.
- Ask what kind of timescales providers will need to work effectively with the people they support when responding to the tender.
- Consider using a survey to capture insights from all providers, some of whom may not be able to attend face-to-face meetings or workshops.
- Consider how you might be able to encourage peer learning across different providers to improve the quality of the offer.

## Conclusion

The ideas and methods set out in this guide can be adopted at any stage of the commissioning cycle. A re-tendering round does not have to be the starting point, although many councils we have worked with do see this as a natural way to introduce the core concepts and adapt their whole commissioning process. Some local authorities, such as Islington, developed an outcomes framework that existing providers are expected to use mid-contract, to begin to re-focus their services on outcomes.

---

We have drawn insights from the range of projects we have worked on, and from the lead commissioners in these sites, to develop some starting points, intended to help you begin to put this commissioning approach into practice, whichever part of the cycle you are currently in.

### Starting points

- **Begin developing relationships with local people from the very start.** Don't wait until the project has been defined, or until there are timescales in place for a re-tendering round. Co-producing means having discussions early on about what outcomes people value, how people experience current services, and what a collective vision for local support might look like. If too many parameters are in place then people can feel they are being co-opted into the council's agenda.
- **Create a brand.** Several senior government leaders and commissioners have stressed the importance of creating a brand, or separate identity, for a change programme such as an outcomes-focused commissioning approach. In Islington, for example, this was 'Vision Islington'. Working with local people to develop this vision can help create a sense of shared ownership, rather than the programme being seen as just another council initiative.
- **Political engagement and support is vital.** Elected members need to be involved throughout, to provide commitment to both the process and the outcomes that arise.

- **Always strive to have an even balance of people using services and professionals.** Changing the default setting of meetings can be one of the most challenging parts of co-production. Continually developing new relationships with different groups of people is an essential part of co-production. Don't just invite people 'in' to your meetings, but get out into spaces where they go about their daily lives, and start the conversations there. For example, in Lambeth the commissioning team spent a long time working with young people on estates, in schools and pupil residential units, and youth centres.
- **Thinking about outcomes and developing shared outcomes.** Talking about outcomes from the start helps to move away from 'services' and gets people thinking about and discussing change, opening up the space for innovation and co-production.
- **Changing the professional methods that are used in commissioning is just as (if not more) important than changing the service-specifications.** Commissioners we worked with said that appreciative enquiry, coaching, and creative forms of facilitation were key skills they and their teams needed to learn, and which are now central to the way they work.
- **Using case studies and peer networks.** Learning about how these approaches have been used elsewhere is very important in defining your own approach, as well as getting support, critical challenge and insight from other providers, commissioners and service users. The co-production practitioners' network ([www.coproductionnetwork.com](http://www.coproductionnetwork.com)) is one good place to start. Others are the [Cabinet Office Commissioning Academy](#) and the [Public Service Transformation Network](#).
- **Think long term.** Remember that this change is a long-term strategy. Incremental change will happen, but the big wins are likely to emerge in the medium to long-term as relationships are developed and strengthened, and providers and the people they support are encouraged to take positive risks, and innovate together.

On the following pages you will find a list of resources which we often use for training and implementation work. For any further questions about this work, please contact the NEF social policy team: [Julia.slay@neweconomics.org](mailto:Julia.slay@neweconomics.org) or 020 7820 6300.



## Resources

### Well-being

These resources on well-being, all published by NEF, provide a good overview of the concept from a theoretical and practical perspective. The first details the role that local government can play in promoting well-being, particularly psychosocial well-being at the population level. The second gives a good overview of the conceptual underpinnings of well-being. The third document is a practical guide to how community organisations can measure well-being.

Aked, J. Michaelson, J. & Steuer, N. (2009). *The role of local government in promoting well-being*. London: New Economics Foundation and the Local Government Association.

Abdallah, S. Michaelson, J. Seaford, C. & Stoll, L. (2011). *Measuring our progress: The power of well-being*. London: New Economics Foundation.

Michaelson, J. (2013). *Measuring well-being: A short handbook for voluntary organisations and community groups*. London: New Economics Foundation.

### Commissioning, the triple-bottom line and public value

These resources will be helpful for those looking to read more into ideas around public value and the triple-bottom line. They include a report written for the Cabinet Office's Office for Civil Society on the concept of public value, two practical guides on SROI and the Public Services Act, and an example of an SROI completed by NEF on the social, environmental and economic benefits of procuring school meals locally.

Neitzert, E. & Ryan-Collins, J. (2009). *A better return: Setting the foundations for intelligent commissioning to achieve value for money*. London: New Economics Foundation.

Goodspeed, T. Lawlor, E. Neitzert, E. & Nicholls, J. (2009). *A Guide to Social Return on Investment*. London: New Economics Foundation.

Social Enterprise UK (2012). *Public services (Social Value) Act: A brief guide*. London: Social Enterprise UK.

Kersley, H. (2011). *The benefits of procuring school meals through the Food for Life Partnerships*. London: New Economics Foundation.

### Prevention

These resources explore the idea of prevention from a conceptual and practical point of view. The first three documents were published by NEF following a conference NEF held on prevention and upstream investment. The first document in particular is helpful in distinguishing between three types of prevention: primary, secondary and tertiary. The last two documents were written by the London community organisation Community Links who have been instrumental in pushing for an early action agenda nationally.

Coote, A. (2012). *The wisdom of prevention: Long-term planning, upstream investment and early action to prevent harm*. London: New Economics Foundation.

Coote, A. & Harris, M (2012). *The prevention papers: Upstream investment and early action to prevent harm*. London: New Economics Foundation.

Gough, I (2013). *Understanding prevention policy: A theoretical approach*. London: New Economics Foundation.

Community Links (2011). *The triple dividend: Thriving lives. Costing less. Contributing more*. London.

Community Links (2012). *The deciding time: prevent today, or pay tomorrow*. London.

### **Co-production**

NEF has been at the forefront of developing the idea and practice of co-production in the UK and has gained an international reputation in this area. Over the past ten years we have developed a large resource library of documents we have published and that colleagues and other organisations have authored. The resources here represent some of the best conceptual and practical contributions. We have purposefully added in a number of case study based resources as co-production is best understood through real life examples. For a full list of resources please see the [People Powered Health Coproduction Catalogue](#).

Harris, M. & Boyle, D. (2009). *The challenge of co-production*. London: New Economics Foundation and NESTA.

Boyle, D. Coote, A. Sherwood, C. & Slay, J. (2010). *Right here, right now: Taking co-production into the mainstream*. London: New Economics Foundation and NESTA.

Boyle, D. Slay, J. & Stephens, L. (2010). *Public services inside out*. London: New Economics Foundation and NESTA.

Howells, C. & Yapp, C. (2013). *Commissioning and community sourcing*. Sheffield: The Centre for Welfare Reform.

Slay, J. (2011). *In this together: Building knowledge about co-production*. London: New Economics Foundation.

Slay, J. (2011). *Budgets and beyond: What co-production can offer personalisation*. London: New Economics Foundation.

Penny, J. Slay, J. & Stephens, L. (2012). *People powered health co-production catalogue*. London: New Economics Foundation.

Foot, J. & Hopkins, T. (2011). *A glass half-full: How an asset approach can improve community health and well-being*. London: Improvement and Development Agency (IDeA).

Boyle, D. (2011). *More than money: Platforms for exchange and reciprocity in public services*. London: New Economics Foundation & NESTA.

Knapp, M. Bauer, A. Perkins, M. & Snell, T. (2010). *Building community capacity: Making an economic case*. London: Personal Social Services Research Unit.

Stephens, L. Slay, J. & Penny, J. (n.d.). *Coproduction self-assessment framework: A working reflection tool for practitioners*. London: New Economics Foundation.

Nicoll, T. (2011). *Co-production – how are you doing? A self-reflection tool*. Leeds: Tricia Nicoll Consulting & Inclusion North

## Endnotes

1. House of Commons Committee of Public Accounts. (2013). *Department for Communities and Local Government: Financial sustainability of local authorities*. London: The Stationery Office. Retrieved from <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/134/134.pdf>
2. Jones, P. (2013). *The Social Value Act – Valuing the social in 'social' enterprise*. Wirral: Recipro. Retrieved from [http://blog.recipro-uk.com/2013/02/the-social-value-act-valuing-the-%E2%80%98social%E2%80%99-in-socialenterprise/#.U4c0\\_5RdUtr](http://blog.recipro-uk.com/2013/02/the-social-value-act-valuing-the-%E2%80%98social%E2%80%99-in-socialenterprise/#.U4c0_5RdUtr)
3. Ogden-Newton, A. (2012). Is the Public Services (Social Value) Act a no go for small contracts? London: The Guardian. Retrieved from <http://www.theguardian.com/social-enterprise-network/blog/2012/dec/21/social-value-act-small-contracts>
4. Blume, T. & Randle, A. (2013). *Social Value: A commissioning framework*. London: Collaborate
5. Department for Communities and Local Government (DCLG) (2011). *A plain English guide to the Localism Act*. London: DCLG. Retrieved from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5959/1896534.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5959/1896534.pdf)
6. Slay, J. & Penny, J. (2013). *Surviving austerity: Local voices and local action in England's poorest neighbourhoods*. London: New Economics Foundation
7. Sandford, M. (2014). *Local authorities: The general power of competence – Common library standard note*. London: UK Parliament. Retrieved from <http://www.parliament.uk/business/publications/research/briefingpapers/SN05687/local-authorities-the-general-power-of-competence>
8. Neitzert, E. & Ryan-Collins, J. (2009). *A better return: Setting the foundations for intelligent commissioning to achieve value for money*. London: New Economics Foundation. p. 7
9. Kersely, H & A, Knuutila. (2011). *The benefits of procuring school meals through the Food for Life Partnership: An economic analysis*. London: New Economics Foundation
10. Ibid. p. 3
11. Ibid.
12. Neitzert, E. & Ryan-Collins, J. (2009). op cit. p. 7
13. Ibid.
14. Aked, J. Michaelson, J. & Steuer, N. (2009). *The role of local government in promoting well-being*. London: New Economics Foundation and the Local Government Association
15. Ibid.
16. Ibid.
17. Abdallah, S. Michaelson, J. Seaford, C. & Stoll, L. (2011). *Measuring our progress: The power of well-being*. London: New Economics Foundation
18. Ryan, R & Deci, M. (2000). 'Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being'. *American Psychologist*. 55, (1): PP. 68–78
19. Abdallah, S. Michaelson, J. Seaford, C. & Stoll, L. (2011). op cit. p. 14
20. Michaelson, J. (2010) *The role of local government in promoting well-being*. London. New Economics Foundation
21. Coote, A. (2012). *The wisdom of prevention: Long-term planning, upstream investment and early action to prevent harm*. London: New Economics Foundation
22. Department for Work and Pensions (DWP). (2011). *Benefit expenditure by country, region and local authority*. Retrieved from [http://data.gov.uk/dataset/local\\_authority\\_benefit\\_expenditure](http://data.gov.uk/dataset/local_authority_benefit_expenditure)
23. Gough, I. et al. (2011). The distribution of total greenhouse gas emissions by households in the UK, and some implications for public policy. *CASE paper 152*. London: London School of Economics. p. 9
24. Coote, A. (2012). op cit.
25. Janke, Z. (2013). *Delivering and funding housing retrofit: A review of community models*. London: Institute for Sustainability
26. The Scottish Government. (2011). *Renewing Scotland's public services: Priorities for reform in response to the Christie Commission*. Edinburgh: The Scottish Government
27. Harris, M. & Boyle, D. (2009). *The challenge of co-production*. London: New Economics Foundation and Nesta
28. Needham, C & Carr, S. (2009). *Co-production: An emerging evidence base for adult social care transformation*. London: Social Care Institute for Excellence
29. Penny, J. Slay, J. & Stephens, L. (2012). *People powered health co-production catalogue*. London: New Economics Foundation. p. 8

30. Michaelson, J. (2014). Practical models for well-being oriented policy, in Hämäläinen T. & Michaelson J. (eds) *Well-being and beyond: Broadening the public and policy discourse*. Cheltenham: Edward Elgar Publishing
31. Hämäläinen, T. J. & Michaelson, J. (2014) op cit. p. 334
32. New Economics Foundation and Nesta (2012) A collaborative approach to commissioning, (unpublished)
33. Tizard, J. (2013) *Time for a real 'civil society' – not just contracted public services*. Retrieved from [http://www.huffingtonpost.co.uk/john-tizard/time-for-a-real-civilsociety\\_b\\_4166329.html](http://www.huffingtonpost.co.uk/john-tizard/time-for-a-real-civilsociety_b_4166329.html)
34. The Collaborative. (n.d.). *Our vision*. The Collaborative: London. Retrieved from <http://lambethcollaborative.org.uk/about/our-vision>
35. Foot, J. & Hopkins, T. (2011) *A glass half-full: How an asset approach can improve community health and wellbeing*. London: Improvement and Development Agency
36. Adapted from Arnstein, S Arnstein, Sherry R. 'A Ladder of Citizen Participation,' *Journal of the American Institute of Planners*, Vol. 35, No. 4, July 1969
37. The Global Value Exchange (2014) *Valuation: re-imprisoning offenders costs*. Retrieved from <http://www.globalvaluexchange.org/valuations/re-imprisoning-offenders-costs/>
38. Frontier Economics. (2011). *Specialist drug and alcohol services for young people – a cost benefit analysis*. London: Department for Education
39. Government of Western Australia (n.d.). Local area coordination job duties. Australia: Government of Western Australia. Retrieved from <http://www.disability.wa.gov.au/about-us1/about-us/jobs/career-options/local-areacoordinator/local-area-coordinator---job-duties/>
40. Turner S. & Marsh S. (2011) *Health overview and scrutiny: exploiting opportunities at a time of change*. London. Centre for Public Scrutiny

This research was made possible by the generous support of the Paul Hamlyn Foundation



**Written by:** Julia Slay and Joe Penny

**Thanks to:** The key staff we have worked with in all local authorities, especially Helen Sharp, Holly Toft and Penni Pollard, to our critical friends for reviewing and commenting on the paper, and Anna Coote, Lucie Stephens, Liz Cox, Natalie Nicholles, Graham Randles and Rosemary Maguire for their insight and suggestions

**Edited by:** [www.soapbox.co.uk](http://www.soapbox.co.uk)

**Designed by:** [www.soapbox.co.uk](http://www.soapbox.co.uk)

**Cover image by:** Vernon Chen via Flickr

**New Economics Foundation**

[www.neweconomics.org](http://www.neweconomics.org)

[info@neweconomics.org](mailto:info@neweconomics.org)

+44 (0)20 7820 6300

@nef



Registered charity number 1055254

© June 2014 New Economics Foundation

ISBN 978-1-908506-61-0



This work is licenced under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Unported Licence.  
To view a copy of this licence, visit <http://creativecommons.org/licenses/by-nc-nd/3.0/> and [www.neweconomics.org/publications](http://www.neweconomics.org/publications)