

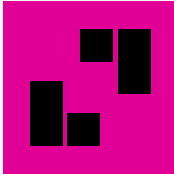
**Innovation  
In-depth**

# **MEASURING IMPACT AND PERFORMANCE IN COMPLEX SYSTEMS**

November 2020

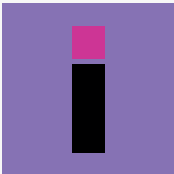
Dr Simon Kaye

# THE INNOVATION SERIES



## Innovation Exchange

Innovation Exchanges give member councils a space to step away from day-to-day activities and engage with peers from across the country. Each sessions unpacks a big challenge or opportunity facing councils and their communities. Sessions are peer-led and practically focused, so you should walk away with insights, ideas and learning to share with your team.



## Innovation Insights

Innovation Insights are a series of rapid write-ups from our Innovation Exchanges. Here, we share the challenges as well as the solutions, approaches and ideas that attendees brought to the session.



## Innovation In-depth

Innovation In Depths are a series of briefings which each take a detailed look at a topic inspired by our Innovation Exchanges. These practical briefings share case-studies filled with insights and learning from organisations delivering these innovations.



## FOREWORD

**Social Finance were pleased to be able to collaborate with New Local for the Measuring Impact Innovation Exchange and this Innovation In-depth report.**

During the Measuring Impact Innovation Exchange, practitioners and experts took part in an energetic virtual discussion on outcomes measurement. Participants discussed diverse approaches, identified shared challenges, and brainstormed solutions. The discussion focused in particular on two areas: how to know what to measure, and how to achieve organizational buy-in for a chosen measurement approach. The level of enthusiasm in the virtual room highlighted how important the topic was for attendees, to understand better how their services are working.

This In-depth report goes a step further, showcasing examples of what “deciding what to measure” looks like in-practice. This is a particular focus for the Social Finance team: we partner with government, the social sector and the financial community to develop new ways of working that can improve outcomes, particularly for marginalised and deprived communities. In all of our projects from designing a new service, improving an existing one, or assessing the benefit of social investment, the measurement of outcomes is the key to discovering “what works”, as well as adapting, learning and improving along the way.

The issue areas featured in the case studies below are some of those where we have dedicated significant time to understanding impact measurement. We have been closely involved in launching outcomes-led approaches for edge-of-care services and national system change for individuals experiencing complex needs. Understanding change for the people at the heart of the issue can be difficult, requiring co-production to capture the voices of the service users and an appreciation of the complexity of local systems.



We have learned it is key to tailor impact measurement for each unique setting: the approach should define impact at the level of the problem (be it the individual level, community, or system), embed a learning process, and measure what really matters. We hope these case studies from New Local and the learnings drawn from them can inspire other projects to approach the challenge of measuring impact with creativity and innovation, ultimately leading to better services for communities.

## **Blair Seiler**

**Associate**

**Social Finance**



**New Local Innovation In-Depth reports are for our members only and are focused on the practicalities of leading innovation. The briefings use active case studies and provide lessons learned from those at the vanguard of innovation. They are designed to promote sharing and expertise within our network of leading local authority innovators.**

## INTRODUCTION

**There has been a recent shift away from measuring outputs or targets towards efforts to recognise and reflect on genuine outcomes and delivery of change.<sup>1</sup> This often requires a major alteration in organisational behaviours. Trying innovative approaches can be challenging in service areas where process measures and performance indicators are still routinely used.**

This report focusses on the extraordinary challenge of measuring impact and performance in the context faced by so many local authorities: public services within incredibly complex systems that are always public-facing and, increasingly, community-led as well. There is an emerging consensus that performance management and measurement within these conditions cannot be expected to work as they might within top-down or simpler systems.<sup>2</sup> Rather than establishing hierarchies and lines of accountability around a selection of key performance indicators, they should seek to build up the decision-making autonomy of front-line professionals, embed opportunities for learning and reflection at every step of the process, build up high levels of organisational trust.

Yet alongside all of these features, such systems must also preserve a functioning grasp of the key variables that are in play, the important benchmarks that are being worked to and the system's general

<sup>1</sup> See New Local's [Innovation Insights briefing](#) for a summary of the related Innovation Exchange which was the inspiration for this briefing (accessible to New Local members only).

<sup>2</sup> See, for example, Toby Lowe (2020), [Made to Measure: how measurement can improve social interventions](#).



performance relative to them, and the impact of decisions and new approaches as they are implemented. This is a challenging problem, which we can summarise within three overlapping questions:

■ **How to measure impact and performance in systems with shared objectives but diverse approaches?**

Localised and community-engaged services will necessarily lead to the emergence of a diversity of approaches. While desirable for other reasons, such diversity means comparative analysis, measurement of impact and performance, and sharing of lessons all become much harder.

■ **How to measure impact and performance in complex systems?**

Accepting that social systems are complex – that is, that outcomes are the product of too many variables to effectively track or control even under the best possible informational circumstances – does not remove the need for ways to measure impact and performance.

■ **How to measure impact and performance in community-powered systems?**

When communities take the lead – or even if they are allowed to become more involved – they can revolutionise services and institutions. They can tailor provision to real needs, to make interventions earlier, more holistic, and more joined-up. But this may also necessitate a different set of indicators or benchmarks to allow us to understand relative performance. Does every community understand ‘good outcomes’ in the same way? Will a highly involved community always produce, care about, or respond to performance metrics in the same way?



# A TYPOLOGY FOR MEASUREMENT APPROACHES IN COMPLEX, COMMUNITY-LED SYSTEMS

This briefing presents a series of case studies, each showcasing different measurement strategies within their own complex service contexts. Each case study sits within the continuum of approaches which are categorised by the following typology:

## 1. Measurement purpose Performance-driven vs. learning-driven

This is a key choice when designing a measurement regime. Some service areas demand very clear orientation around demonstrable performance improvements. At other times, a learning-driven approach will often prove to be preferable, so that the measurements that do take place are those that are most useful to facilitate a process of reflection and iterative improvement.<sup>3</sup> It is important to note that these are not mutually exclusive categories: an emphasis on building up a platform of information for learning can be partnered with use of clear headline metrics that help to drive performance improvements, for example.

## 2. Measurement philosophy Streamlined vs. holistic

This distinction reflects at least two competing needs within all measurement regimes in complex conditions.<sup>4</sup> First, there is a need for clarity and the generation of findings that can be extrapolated and

<sup>3</sup> John Burgoyne, Centre for Public Impact (2020), [Measurement for Learning: A different approach to improvement](#).

<sup>4</sup> Blair Seiler, Social Finance (2020, New Local), [How to Measure Impact in People-Focused Services](#).



widely understood, which may lead to the development of a streamlined approach, built around a relatively limited range of carefully-chosen indicators. Second, there is also the need for recognition that complex systems involve an incredibly large number of relevant variables and potential indicators. These will not always have linear relationships with each other, and those trying to understand the behaviour and performance of such systems will not always know which metrics are most useful at any given time. This concern would tend to lead to a more holistic measurement strategy that attempts to capture the working of a much larger number of more granular components within the system in question.

These two distinctions of *type* – within *purpose* and *philosophy* – allow us to suggest a four-category typology of measurement within complex and community-led systems. This provides the structure and the selection criteria for the four case studies discussed in this paper, as set out in the table below.

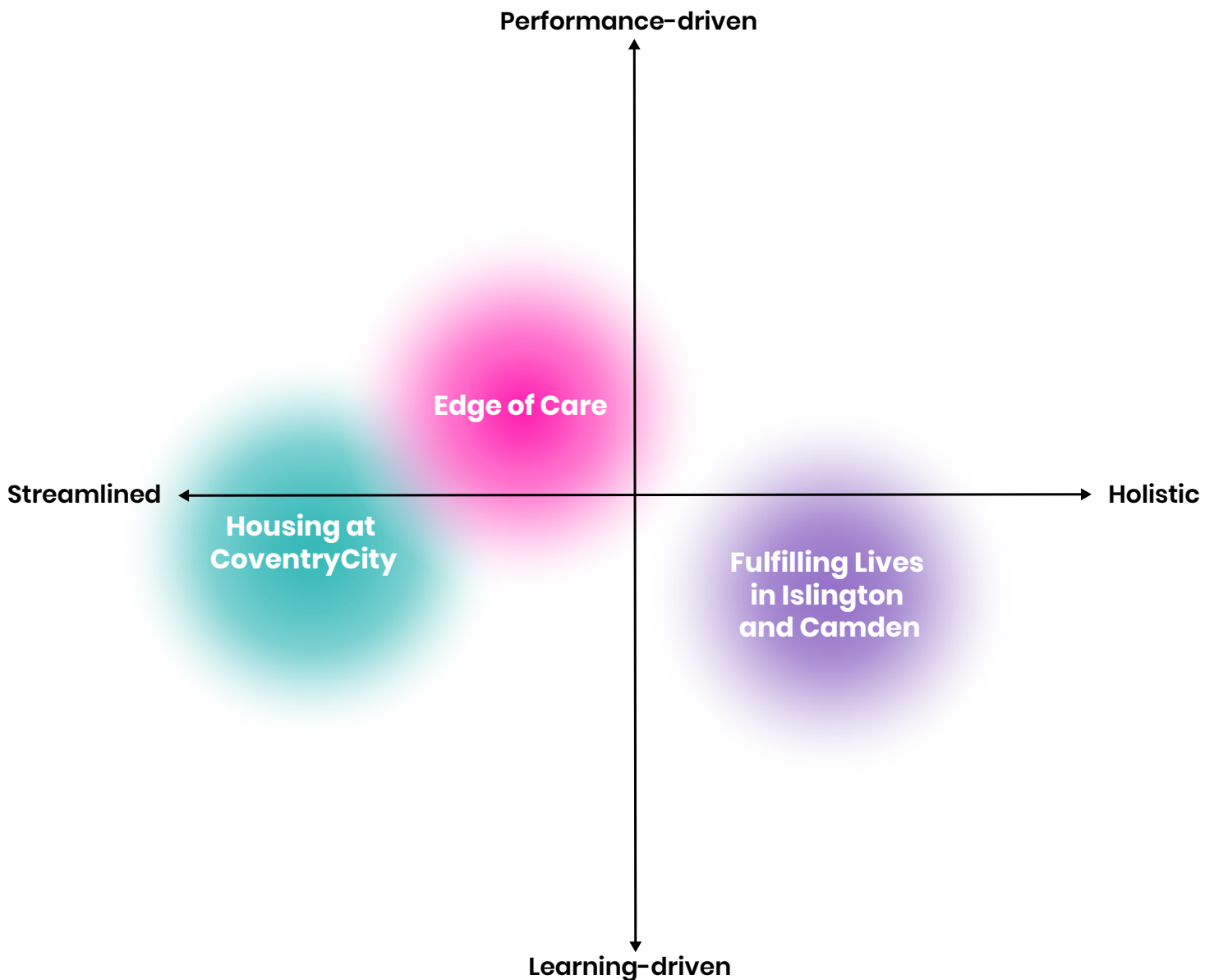
	Streamlined	Holistic
Performance-driven	The use of a handful of well-chosen metrics that drive toward a pre-set target or objective and set up clear trackers and incentives for practitioners	Monitoring a large array of indicators and variables on the basis that it is hard to know which will be key to high performance at different times in a programme's lifespan
Learning-driven	The use of a selected set of outcome metrics rather than a multitude of KPIs to complement the learning of front-line workers and help build up systemic trust	The use of a variety of indicators to generate a more global analysis of what has worked - and why - within complex or overlapping systems to inform learning and iteration





This framework – and the case studies explored below – are not intended to be a comprehensive summary of all the approaches that could be taken to measuring impact within complex systems. And, just as importantly, they illustrate the importance of mixed methods that blur the lines between the types set out above.

The following three case studies have been chosen to illustrate the different combinations of purpose and philosophy in the measurement of impact that are sketched in the above typology. Each case study was informed by desk research and key interviews with anonymised participants or experts.





## CASE STUDY A

### Streamlined measurement for high performance within a focused programme

#### *Edge of Care Social Impact Bonds*

**This example is indicative of where a more streamlined measurement approach has allowed for all involved to work toward demonstrably strong outcomes and high performance. This is made possible by a more focused outcomes objective and more tightly definable cohorts of service users.**

The Essex Edge of Care SIB was the first social impact bond of its kind to be commissioned by a local authority. The objective of this programme was to use a community-based form of family therapy as an intervention to prevent young people from entering the care system. The project's singular focus on keeping families together also provided the basis for a streamlined impact measurement approach – while many variables would be tracked over the course of the social impact bond's lifespan, its core metric was effectively predetermined by its terms of reference from the outset.

Between 2013 and 2018, the programme worked with 388 young people. Using the programme's principle outcomes indicator, it was overwhelmingly successful, with participants spending less than 11 per cent of their time in care on average (compared to the historical comparison group's proportion of 55 per cent). The programme also resulted in high levels of satisfaction among the young people involved and their families.<sup>5</sup> The benefits of this programme's approach can also be expressed in terms of plausible cost savings. By effectively preventing more than 96,000 days in care services among participants, the social impact bond saved nearly £18m – though of course, many of the young people helped by this programme have other continuing service needs. The success of the Essex SIB led to a Pan-London Edge of Care SIB

<sup>5</sup> As summarised by Social Finance (2019), [The Essex Edge of Care SIB](#).



which launched in February 2018. This new project was again structured around the key indicator of time out of care but had the facility to scale from five founding Boroughs to now ten across London. In the words of one person who is intimately familiar with the project – it is “no good getting 90 per cent positive outcomes if you’re not reaching many families. Putting the number of young people involved as a central performance metric has created a mindset where we’re are constantly trying to reach new families and expand to new boroughs.” To ensure that these additional families will truly benefit from the intervention, each referral decision is a collaboration between the borough and the SIB delivery organisation, Positive Families Partnership. Data is collected to demonstrate the high needs of the cohort (e.g. those in gangs, running away from home, substance misuse).

Developing this level of understanding has allowed Positive Families Partnership to continually improve their outcomes: “Very early on we were assessing families who weren’t completing the therapy and found a disproportionate number with limited English. We could see that the cost of an interpreter would be covered by the expected improvement in outcomes for these cases. Having that data as it emerged was critical to making that decision early on. Having that strong data visibility and a clear line of connection between our chosen variables and the family outcomes is fundamental to achieving the high success rates.”

These *Edge of Care* SIBs placed a strong emphasis on the need for timely data collection and analysis, as this was deemed crucial for understanding the projects’ progress and adapting practice in an informed way. Even the process of consciously selecting indicators by which to inform work and evaluate success can be useful. “There are many approaches and methods that can be taken, and just thinking these through is helpful. Plans are sometimes useless, but planning and adapting plans is essential.”

## Lessons learned

- **Simplicity can be key to driving performance.** The simplicity of a single outcome measure brought focus to activities and conversations and limited distractions.



- **Rich, focused data can improve outcomes.** Collecting rich data that all drove towards this single outcome provided the information and impetus to increase the chance of success for families. This avoided interesting but irrelevant analysis.
- **Metrics drive priorities.** The 'volume' statistic created a strong incentive to create capacity to work with more families and maximise the reach of the project across London.
- **Real time measurement drives immediate learning and improvement.** Tracking key variables in real time allows for rapid learning and continual improvement throughout the project rather than reflections after it's too late to change.

**Contact:** For more information please contact Blair Seiler, Associate at Social Finance: [blair.seiler@socialfinance.org.uk](mailto:blair.seiler@socialfinance.org.uk)



## **CASE STUDY B**

### **Using selected variables to inform learning – Housing and homelessness policy** *Coventry City Council*

**Housing policy is at the core of Coventry City Council’s response to a series of local challenges, including a large life expectancy discrepancy driven by material inequalities (with the life expectancy of rough sleepers standing at around 42 years). A recent study examined the council’s policy as an area prioritising the facilitation of trusting relationships and a more community-centred approach – an approach with implications for measurement and evaluation.<sup>6</sup> In the couple of years since, Coventry has continued to build on these innovations and hone its work, amid many challenges.**

Coventry’s approach has involved working toward a measurement regime that prioritises learning and internal responsiveness, using an evidence base drawn from a very streamlined set of performance indicators. The overall emphasis is placed on visible outcomes, and on understanding individual cases well enough to ensure ongoing continuity of service and support. This entails a measurement approach that narrows performance indicators to quite specific variables as a way to refocus on learning and continuity within the system.

A key interviewee reveals that the direction of travel in this service area for Coventry has been toward fewer and more carefully chosen impact and performance indicators for some time: “the old model used tons of KPIs. That’s understandable, because precision is really useful when it’s possible. But our view now is that defining success in a robotic way isn’t helpful, and we’ve now streamlined down to very specific indicators.” For example, Coventry tracks the departures of people from the system as a way of gauging success and ensuring connectivity with other service areas.

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<sup>6</sup> See Randle & Anderson – Collaborate CIC & Lankelly Chase (2017), [Building Collaborative Places](#).



This is as much in aid of the place-based and collaborative approach being taken to housing by Coventry as anything else. A readily understandable way of measuring the impact of measures taken in each service area is an important part of breaking down departmental silos and “keeping our work connected.” So, as with the previous case study, a key metric in use here is to do with *non-use* of the service in question: “impact means people move on”, into other service areas or out of the council’s view altogether. In this way, a focus on outcomes is also, in measurement terms, a focus on the process of departure and hand-off to other services.

Coventry’s experience of moving away from rigid KPIs and toward a more learning-based and community-defined set of approaches reveals the importance of service contracts. This is where certain norms – such as “hard commercial edges” requiring a strong emphasis on showing value for money, for example – can easily become embedded in practice. But this does not always fit the bill: good outcomes in complex service areas are a “moving target”, and “a lot of complex problems require a conversation to inform the solution. Data-first doesn’t always work. Being completely driven by the numbers doesn’t always help.” This means that close community engagement can play a crucial role in making a streamlined measurement approach work.

This does not mean that evidence of success or impact are unnecessary. Overall, Coventry’s culture has “become less obsessed with performance metrics. How we assure ourselves of success has changed. The ongoing challenge is to ensure we are relevant, having the right impact. You do need the evidence base to say that with confidence. It could be tracking the public response. Or it could be a big macro measurement on life-chances.”

## Lessons learned

- **Data-first approaches are not always ideal.** Individual circumstances and experiences have an important bearing on work in many complex policy areas – making close engagement and conversation highly valuable to service providers, and an important alternative route for understanding impact.



- **But evidence will always be crucial.** A feedback loop should always exist to help drive performance as well as learning.
- **Community engagement can be powerful.** Starting from the real needs of a community can help to scope the work of a service, and to define the best metrics for evaluating the success of your work.

**Contact:** For more information about the approach taken here, please contact David Ashmore, Director of Housing and Transformation at Coventry City Council: [david.ashmore@coventry.gov.uk](mailto:david.ashmore@coventry.gov.uk)



## CASE STUDY C

### Holistic measurement for iterative improvement while addressing multiple disadvantage – ‘Fulfilling Lives Islington and Camden’ (FLIC)

**This programme addresses multiple disadvantage or ‘multiple complex needs’ (MCN) – individuals subject to the effects of a combination of factors which could include substance addictions, homelessness, mental health issues, or criminal offences. By definition, this is an area where each individual service user is likely to have distinctive needs, making each case an effective ‘outlier’ in measurement terms. This diversity creates a serious challenge for analysis, as the complexity of what is going on must be represented at the same time as capturing those elements of need and experience that present over and over within the cohort.**

Fulfilling Lives in Islington and Camden (FLIC) is part of a wider £112m programme testing interventions for MCN individuals in a dozen locations over an eight year period.<sup>7</sup> Their measurement approach is uses a holistic snapshot of many relevant indicators in an effort to track progress and identify any common features between cases.

FLIC works with a variety of other agencies – statutory and voluntary – to drive systemic change and improve services and support for people facing multiple disadvantage.<sup>8</sup> Improvement in programmes where individual cases can be so different to each other will often tend to work – by necessity – in an iterative way. In this case, each iteration was informed in its interventions by a combination of front-line data collection and participation in larger-scale comparative studies that take in all 12 Fulfilling Lives programme areas.

<sup>7</sup> See the National Lottery Community Fund website for details: <https://www.tnlcommunityfund.org.uk/funding/strategic-investments/multiple-needs>

<sup>8</sup> See the SHP website for [online resources produced for FLIC](#).





Interviews with key figures involved in FLIC reveal that in the context of multiple disadvantage, the use of a “whole-system model” in impact measurement is deemed to be indispensable, as this is the only way to approximate “evaluational learning” where the system as a whole can improve. But this does not negate the challenge: “This is the most difficult approach there is.”

FLIC’s approach has evolved over time. “We started with quite a traditional model, with structured performance frameworks. We had performance indicators covering everything from how many peer mentors are worked with each year to targets on systemic change or how many people were getting into employment. But of course this project is about learning and adapting and working iteratively. Change is not linear and we have to adapt – it’s quite organic.”

This complexity, rather than leading FLIC to prefer a streamlined set of metrics, instead motivates an attempt to develop a global or holistic understanding of the systems that are at work in people’s lives – building out a large dataset that is mainly populated by front-line service workers. “We’re getting better at looking at the system rather than the people ... there are so many opportunities to learn that get missed. People can learn ‘what’ without finding out ‘why’. That’s why it’s important to capture a lot of data because it’s from that perspective that you can find relationships.”

The need for local tailoring of response is also a key factor in this holistic approach: “Our work should be informed by local context and not imposed at the national level. And allowing people to fail – to learn from it! A competitive measuring approach doesn’t allow for that reality, and you need to be measuring enough that you can capture what’s relevant in each place, not just what might be relevant in every place.”

Moreover, the idea of working toward a streamlined measurement regime can raise questions about inclusivity in services that prioritise coproduction: “who chooses the variables? How do you know they’re right? Can you arrive at them democratically and inclusively?”



## Lessons learned

- It is possible to miss something important in complex systems by streamlining too much.** By accepting that variables and outcomes are constantly in motion, the case for trying to capture as much relevant data as possible actually grows – particularly when your cohort is, by definition, composed of individual outliers, and the relevant variables are so numerous, complex, and interlinked.
- You may not find the underlying trends if you don't look for them.** People experiencing multiple disadvantage will tend to have some things in common with each other – for example, a background involving trauma of one kind or another – but evidencing this beyond anecdotes so it could be acted upon was dependent on a holistic measurement approach that generated larger-scale, headline findings to disseminate.
- Drawing out the key relationships – and the important stories – can be hard.** This holistic approach will ultimately only be as useful as the analysis that goes along with it. This creates challenges for identifying the patterns that can inform learning and interventions, and for creating compelling arguments when communicating with partners.
- Being able to totally grasp a complex and ever-shifting system isn't feasible.** One pitfall avoided by FLIC – which abandoned a very large-scale collaborative dataset with similar multiple disadvantage projects – was falling into the trap of imagining that it is possible to fully address the entire system. It was felt that this was a potentially counter-productive way of thinking about measurement.

**Contact:** For more information about the approach taken here, please contact Alison Bearn, Programme Manager at Fulfilling Lives: [ABearn@shp.org.uk](mailto:ABearn@shp.org.uk)



## CONCLUSION

**These case studies illustrate the sheer range of possible approaches to measuring impact in complex systems – particularly those than require some extent of engagement or coproduction with communities. They also demonstrate the blurred lines and overlaps in the typology sketched out at the start of this report. Streamlined measurement approaches in these case studies were supplemented by more nuanced tracking of variables to inform practice, and holistic approaches were often motivated by the need to capture enough data to ensure that something specific and locally important wouldn't be missed.**

Similarly, it would be unusual to find learning-focused programme that was not also concerned with being able to drive and demonstrate good performance. And of course, being able to learn and improve practice based on the best available information is likely to be an attribute of all performance-driven measurement approaches too.

This makes the lessons learned from each case study widely useful between different core measurement philosophies and approaches. The insights captured here may help to inform measurement of impact and performance for local authorities and social programmes of many kinds. Maintaining a sensible realism about our capacity to capture all relevant data within complex systems seems to be valuable in most cases – and the value of democratising and otherwise incorporating relevant communities into decisions about objectives and measurement appear to be similarly universal.

