

## Additional Response to Green Paper- SROI in Commissioning

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The following is a broad overview of how the application of the principles of SROI could apply to a commissioning process for a particular service.

1. Identifying potential value and using it to inform needs assessment, identification of options, choice of objectives and definition of requirement.

#### Needs assessment-

- Start by identifying who the stakeholders are in a business as usual scenario and how you think they would be impacted. Identify any equalities impacts. Use this as a basis to inform samples of people to discuss needs and change with.
- Talk to the stakeholders identified (this is most likely to be groups of service users to gain better understanding of the results of meeting needs and how change happens. This is scalable- e.g. where services are generally judged to be delivered well already and how change happens is understood well then it is less important. For long running problems, clients with complex needs and services in deprived areas more work should be done.

#### Identifying options (this is about broadening out the understanding of what could be relevant)-

- Invite brief proposals from potential providers that clearly state what sorts of change (outcomes) they would create for different service users. Again in a very stable, well established and well functioning service this would be less important and in a new service this would be very important.
- Investigate best case scenarios for outcomes with service users and other closely impacted stakeholders. This could be done concurrent with needs assessment.
- Talk with other public sector stakeholders to identify their potential input to the service and/or relevant change for them.
- Look at policies and strategies that may be relevant, e.g. the sustainable community strategy in order to
- Look at what has been taken into account by other authorities

#### Selecting options to be appraised

- From the needs assessment and identification of options, select which options are likely to produce most value to be fully appraised. Note understanding of value at this stage will be limited and the next stage is concerned with better understanding this.
- Don't rule things out that might require additional resource if the likely value is high, look for who else has a stake in the results, act in the interests of securing best overall value.

#### Appraising options

- For large scale, or particularly problematic, areas of spend undertake full forecast SROIs in order to compare the value and inputs between options.

- For smaller scale or more mature areas of spend it may be sufficient to investigate potential value for a limited number of stakeholder groups or to look at only a contentious area.

#### Defining requirements

- Define the requirement in terms of the full range of desired outcomes, including those non-traditional ones where they are judged to (potentially<sup>1</sup>) be value for money.
  - Use assessment of the relative importance of outcomes, using financial proxies, to determine the priorities.
2. Using an understanding of the value that the chosen option is likely to create and destroy to control and promote value maximisation through the approach to specification, (selection criteria), award criteria, contract conditions, and performance incentives.
    - Once an option has been chosen it would be worthwhile to do a forecast SROI (unless this was undertaken at options appraisal stage) Any existing involvement of stakeholders can be used to contribute to this SROI
    - A small number of representatives of stakeholder groups (excluding potential providers) should be involved in developing this stage in order that they may sense check analysis as it is applied to this stage.
    - If a full forecast has not already been undertaken then it may be necessary to fill gaps, e.g. it may be necessary to improve the valuation of outcomes to be able to use them to set award criteria, this would involve further discussions with stakeholders.
  3. Developing an effective monitoring system to allow for determination of performance, review and learning.
    - Monitoring systems should be focused on capturing evidence of material change using a subjective and objective indicator for each outcome where possible. Therefore earlier stages of stakeholder involvement should include discussion of how change may be demonstrated which can inform this point.

I am currently in discussion with 4 local authorities appoint use of SROI in

- A third sector gateway process
- Commissioning social care
- Arguing for preventative services
- Application of understanding of change and valuation to personalisation

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<sup>1</sup> "Potentially" since at this stage we can only estimate the cost, we will need to wait for bids to see actual costs.