



**GOVERNMENT
OUTCOMES
LAB**

NOTES FROM THE SESSION

Emergency Responses and Government Outcomes
Peer Learning Group

Session II. Peer support open session

Wednesday 15th April 2020
15.30 - 17.00pm BST



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This open session will begin with discussion of topics and themes arising from the previous ERGO that focused on the implications of COVID-19 on outcomes contracts. Following, representatives from two outcomes projects will share their current challenges in and approaches to service delivery during the pandemic with further discussion to follow.

Objectives for the session:

- Discuss themes from ERGO Session I. COVID-19 and Outcomes Contracts
- Hear from two projects on their experiences to date
- Discuss submitted questions from attendees

Agenda

15.30 Welcome and session format

Clare FitzGerald, Research Fellow, Government Outcomes Lab

15:40 Recap and Discussion: ERGO Session I. COVID-19 and Outcomes Contracts

- Theme 1: Is your problem cash flow, implementation, and/or measurement?
 - Let's be 'rigorous and specific about what has changed in relation to specific contracts' - has the need that you're trying to address disappeared? Been delayed? Transformed?
- Theme 2: It's the relationships, not the contract!
 - What flexibilities have you been given/are giving?
 - How often and for what reasons are you in contact with contract partners?
 - How have 'governance' mechanisms used or adapted to deal with the pandemic?
- Theme 3: What are your hopes for a 'new normal'?

Recap of the previous session:

In terms of guiding responses, we heard a lot about how the importance of relationships over and above contract features. The consensus seemed to be that a key element of outcomes contracts is that they are designed to keep the deal together rather than to dismantle or restructure the project. Likewise, there was commentary on the government response, mostly about the series of public procurement notes which have been sent out from the UK Cabinet Office. The government position, largely, is to offer providers flexibility and to preserve service delivery where possible by offering payment on more flexible terms. In the case of the Life Chances Fund, this will be the option to projects to receive assured payments for the next several months where some form of services can continue or pressing pause and negotiating further what the implications of that might be.

Likewise, a few voices on the call stressed the need for rapid understanding of a new normal, suggesting that what is needed is a 'rigorous and specific' understanding about what has changed in relation to specific contracts. This was articulated by some as problems of cash flow, implementation, and/or measurement. By others, it was a question of whether the needs of the cohort had disappeared, been delayed, or transformed. In either case, the key elements to a decision to change outcomes or services seemed to be a rapid assessment amongst stakeholders of what exactly needs to change and mobilizing accordingly. The warning here was against letting COVID-19 be the reason for retreating to old ways of contract working.

Finally, this idea that COVID-19 presents an opportunity for things to change in the future was highlighted by a few participants. Effectively, that there exist perennial shortcomings of public

service contracts - chief among them that contract terms which relate to flexibility and working relationships are underdeveloped.

Discussion Points:

- Performance now impacts outcomes in the future. Are there two complications that we are overlooking:
 - There is cost associated with change. Are we overlooking this right now? Should we be tracking these costs better?
 - If we are taking money away from outcomes payments to pay for activities, what problems might we be introducing?
 - Examples:
 - We are finding that there are some cost savings occurring during the running of our project, particularly travel. I think tracking is right, but we need to be tracking costs and savings.
 - Moroccan Workforce Development project: Have stopped activities because in person training element had to be suspending. Some pre-financing had been unlocked for a smaller group of service providers. This has been made available to all service providers so that staff can be ready to go when provision can resume.
- How can you foster conversations about changing project specifics?
 - Elton John AIDs Foundation SIB: Looking within existing partners to see if anyone can pick up activities from other partners. One of the HIV charities that we have been using in one way is repositioning itself to pick up follow ons that GPs would have normally done.
 - Cameroon DIB: We are looking at contracts and different stakeholders as both matter in how we are managing. The contractual mechanism and force majeure clauses are helping us understand what was agreed at the beginning but partners have different ideas about what that means for changing now. We are in the process of finding common ground so that everyone feels comfortable with how we are moving forward - the service is still very much needed.
- Previous comments about how public contracts have always been underdeveloped in terms of governance mechanisms. These are basic contractual things brought into sharp relief by something unexpected and extreme.
 - This is not new, this has been a perennial challenge in contracting. We saw this in Transforming Rehabilitation where investors were reluctant to invest against a contract with unilateral rights to vary. This is a fundamental defect in contract along with short-termism, non-mutual working arrangements, and pricing that is unrelated to actual cost.
 - The procurement relaxations from government are suggesting better approaches to contracting but miss a few key things, for example that payment should be in advance rather than arrears.
 - This crisis gives us the opportunity to really see where the weaknesses are in traditional contracting and get a sense of what changes enable better working. We should consolidate these and entrench them - so that these approaches drive to better social outcomes.
 - I maintain though, that in a SIB, the payable outcomes are not the same as payment for service. It should be more about payment for outcomes inside a partnership that shares in the upside of benefits.
- Contracts vs partnerships: force majeure is relevant in instances where services cannot be delivered, but in impact bonds, we're talking about delivering outcomes in an environment where the services maintain flexibility. Shutting down services seems counterproductive - so a force majeure doesn't seem fit for purpose in a world where we are trying to come together to keep services in place. Governance clauses around

change seem more appropriate to look at. Even if the contract isn't doing this, partners can always come together to decide how to proceed differently.

- The separation of contract and partnership is helpful and the value of relationships is hard to overstate. In some instances, though, services will need to be suspended. But elsewhere, the need for those services is heightened in light of the pandemic - as is the case for premature babies in Cameroon. People have come together with the contract to one side. Instead, focusing on operational practicalities and outcome verification processes (especially where face-to-face contact has been used to authenticate outcomes). Governance and governance clauses around the extent to which contracts can be amended - and who has the power to do this - this feels more important than force majeure.
- Force majeure or we need to talk? Perhaps a key element is the mindset behind the contract - the contracts are about commercial transactions rather than a tripartite partnership. If the premise is partnership rather than a commercial exchange, you'd write the contract differently. You'd specify it differently, but you would also be looking at how you articulate the relationship. Commercial contracts would have a dispute resolution clause. But with relationships, you want to articulate how you adjust and change things during delivery. You need these relationship things - lawyers have not changed these practices.

16:10 Experiences from projects

Hortance Manjo, Programme Manager, Cameroon Kangaroo Mother Care

- The need for our service is there, but we are having to manage that need differently. We are within hospitals which means we are facing challenges with clinical staff, babies, mothers, and families. Hospitals have varied somewhat in their response to COVID-19, but social distancing rules have meant the following:
 - o We have spread our follow up consultations across the week so that groups are smaller.
 - o We have needed to pay more attention to the anxieties of mothers and families about how disease is spread, including transport to hospitals, no visits from external partners, telemedicine for follow up.
- Across 10 hospitals we are guiding mothers and considering our non-clinical staff, especially those who verify outcomes. We now have a different way of measuring and collecting data. We are not pausing verification, we are doing it remotely.
- Partners have been flexible and supportive. The Government is an outcomes funder and they have maintained that we do not have to compromise the quality of our provision, but the verification cannot be a distraction or burden. All partners agree that we want to move forward and we are talking about the best way to do this, learning from others.
 - o If verification becomes impossible, we are discussing moving to payment for service with a return to outcomes payments as possible.

Q: Interesting to note different approaches taken by governments in different contexts. Cameroon still moving forward with an outcome focus whereas the UK has shifted to the possibility of activity payments. Curious though, what will happen if services have to stop or verification is just really not possible? Is there flexibility here?

A: Right now, we are several weeks behind Europe and America. The concerns from government are about maintaining quality right now. If we can't verify, we will go to pay for service. As a country, we are not on total lockdown yet. Of course, if we can't do that, they are open. That is why we are looking at what we do for services provided and those in the future. For services provided from January - March, we will still do partial verification. From April - June, we would not yet be at the peak. But we are discussing activity-based options depending on what is allowable.

Patrick Maes & Ian Dewae, VDAB

- Organized chaos. Interesting to see the UK note on how to handle procurement, this is lacking in Belgium as it is dispersed across departments and ministries. At a Flemish level, we are trying to be clear with our own organization and our partners.
- There is a lot of emotion - almost panic. This has made conversations difficult at times. We have tried to communicate to partnerships with traditions of outcomes and results, but most contracts are majority paying for service. In the measures we provided, four points came across:
 - o Keep services going - through digital services and providing guidance on how to do this
 - o Keep cash flow going - our contracts were on volumes of referrals, but these figures have reduced. This meant that payments for services tended to dive - we agreed to keep paying at the same level of service provided although there were fewer participants.
 - o Limit collateral damage - we are not forcing solutions which are not feasible for providers. If digital provision wasn't possible, we suggested they move into technical unemployment. This means their workforce is on unemployment in order to keep the partnerships alive.
 - o Fair compensation - do not decide too fast, you can only measure costs and damage after the storm. This is difficult to do during the storm - we are hoping to postpone this. If lockdown persists we will have to provide compensation.
- Writing contracts differently is a good idea. In our first contract, we opted for an open deal. In the contract, anything can be changed.
 - o We started from the idea that change is inevitable and you should prepare for this. We wrote a contract to allow for solutions to adapt.
 - In discussion with the provider - reluctant to jump into digital services - but we'll see.
 - o We also built the results evaluation to be able to consider larger changes in the labor market.
 - Measurement wise, in practice SIBs go for long-term engagement so measurement should be likewise: relative to longer trends in a comparison group of some kind. This is better than a snapshot.
 - For us, we made an indirect reference group similar to our target group using a host of different characteristics. We made sure that the target group was as tied to larger economic trends - and crises - as the reference group. We expect that if results for the SIB go down, the reference group will also go down. So, I'm not expecting that much adaptation in outcomes measurement will be necessary: we designed it for economic flux. This is more severe, but we will see. I'm curious to see how it goes.

Further details on the payment mechanism Patrick described have been circulated along with these notes.

16:30 Discussion

- Are people thinking about redesigning project outcomes considering COVID-19? How so?
 - a. How do you know when and how to review outcomes definitions and prices?
 - b. Where intended outcomes may not be feasible (e.g. formal job placements)?
 - c. Where target numbers of outcomes need to be reprofiled?
- How are people verifying or reviewing outcomes achievements remotely?

- How have service providers moved from face-to-face support services to remotely working with clients? Any tips or coping strategies worth sharing?
 - In what ways are direct service delivery organisations being supported to maintain services where possible?
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- Is there an opportunity here to test interventions on digital interfaces? We're delivery therapy on Zoom and things like this - but we aren't modelling big changes yet. This may change, but what could be useful is if we can create a database on outcomes of face-to-face vs digital delivery? The data from outcomes contracts could be a great cross-sector comparison for this.
 - In Belgium, in our project we have payment on results and payment on service. We have agreed to apply an index on the calculation on the results. Our contracts are designed to cover incentive, the result is part of the price, not just the surplus. The price is 60% service delivery, and 40% will be paid on a portion of the results. This portion can be recalculated based on what we see in the aftermath of COVID.
 - For Cameroon, there was a payment for mothers to return to hospital after discharge. There is anxiety from mothers about bringing babies back and transport may be reduced in the future. We are talking about using telephone follow ups as a proxy or just including them in the DIB. But this is substantively different - its outbound communication rather than inbound travel. This feels like a metric that is appropriate to change, there are sensible clinical checks over the phone, but during the crisis as well, psychological support to mothers is increasingly important.
 - An outcome has more than one component. For mothers returning, it's both the returning and checking but also perhaps the psychological element. Difference of inbound and outbound - could we separate these? Can a phone call be allied to another measure - like the motivation? Could we be splitting these out with new two, separate payments.