

A major challenge arising from this is the requirement for partnerships to establish robust outcome-focused targets, which can sum up the desired impact that is sought / 'difference to be made' within communities. Properly constructed, such targets can act as a useful measure of the progress towards the desired outcomes. Additionally, well designed outcome targets can provide focus for the contributions made by partner agencies through encouraging them to prioritise interventions that will impact most positively on the key outcomes.

Selecting Outcome-focused Indicators

Outcome indicators are data measures that relate to the outcome that is sought and which can be used to gauge the extent to which progress is being made towards the achievement of the desired outcome.

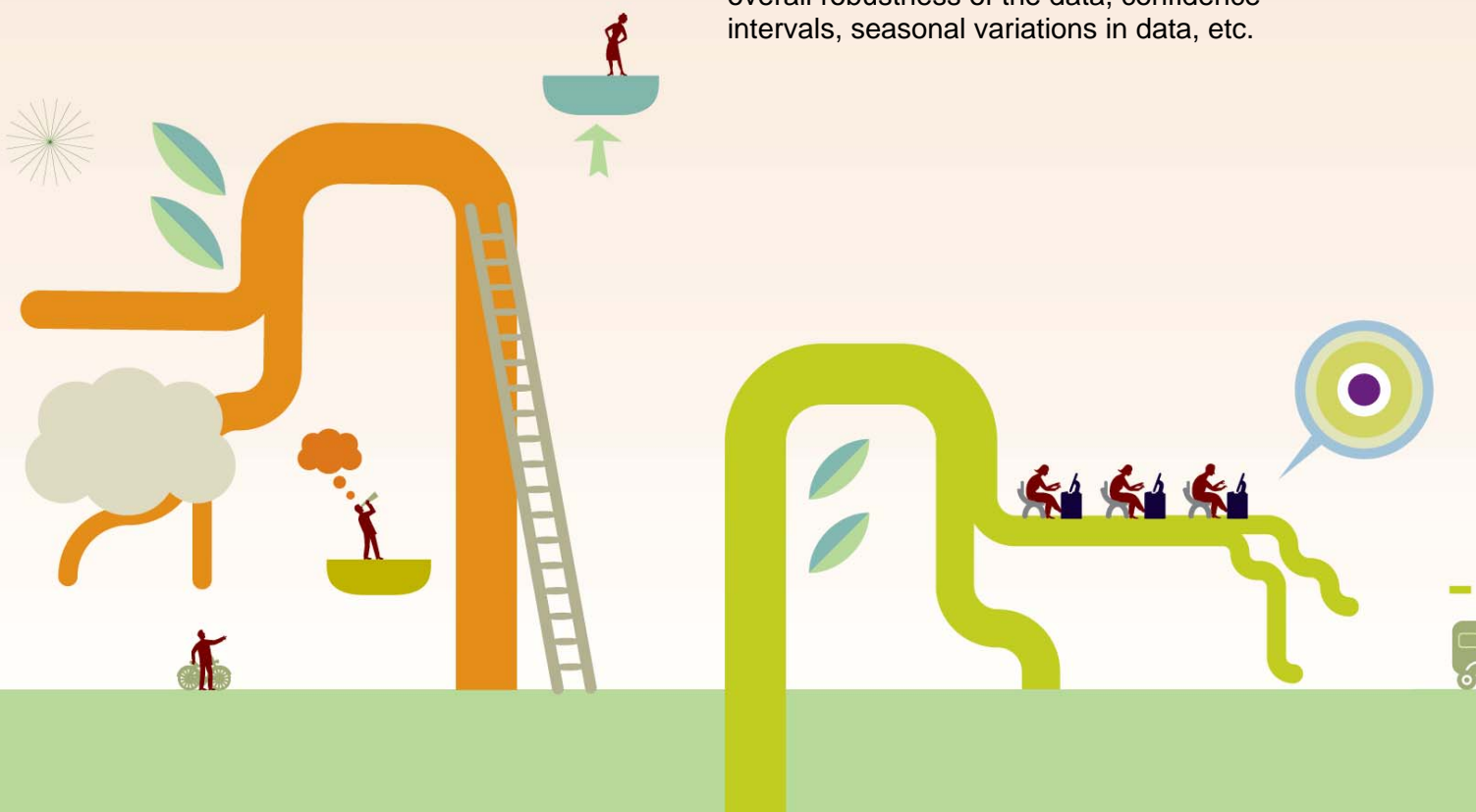
The starting point for selecting an outcome-focused indicator lies in having a clear understanding and articulation of the outcome itself. Essentially, there is a need to be clear about 'what difference the partnership is seeking to make' and 'what success would look like'. The outcome indicator should flow from this and seek to encapsulate the essence of each particular outcome and be capable of acting as a measure of progress made towards its achievement.

By way of example, a partnership may have a priority outcome that is concerned with increasing the proportion of local residents in work. In this case, the Employment Rate³ could be seen to be a useful outcome-focused indicator, as it provides a fairly direct reflection of the desired outcome. Any changes in this indicator will act as an accurate barometer of the extent to which the desired outcome is actually being achieved. In effect, if the local partnership's activities aimed at assisting local residents into work are successful then - all other things being equal - this will be reflected in an increase in the Employment Rate.

The practice of working through what ought to be the right indicators to use can often, in itself, help partners clarify what exactly is the difference they are seeking to make. It is often the case that having a detailed discussion on appropriate indicators can lead to partnerships refining or further clarifying the precise outcomes that they are seeking to deliver.

Accordingly, the process of selecting indicators should be one that is undertaken in an open and inclusive manner within a partnership, encouraging discussion on the merits and demerits of a range of potential indicators and seeking to build consensus within the partnership concerning the most suitable indicators to use.

It is also important to bear in mind a range of technical issues when selecting indicators and setting targets. This would include having a good understanding of factors such as the overall robustness of the data, confidence intervals, seasonal variations in data, etc.



Developing Outcome-focused Targets

Having selected the most appropriate indicator, on the basis of its relevance and suitability in providing a good measure of the outcome sought, there should then be a discussion on developing an appropriate target. That is to say, the extent of progress that the partnership wishes to see achieved, as measured by quantitative change in the indicator.

In the example above concerning the use of Employment Rate as an outcome indicator, the broad target may be to *increase* the Employment Rate. Expressing the target in this way provides a broad indication of the 'direction of travel' that is desired. (i.e. In this instance, the desired outcome is to encourage more people into work so the intention will clearly be to increase the Employment Rate, rather than for it either to remain static or decrease).

Whilst such 'direction of travel' targets are useful and often appropriate, the lack of detailed quantification of the target can be problematic. For instance, the term 'increase' could apply to a very small change in employment levels, representing just a handful of individuals or, alternatively, 'increase' could refer to a major rise in employment representing many thousands. If the scale of the desired increase is not quantified, it becomes difficult to assess and plan the level of effort and resources that it will take to achieve it.

Moving beyond just describing the broad 'direction of travel' sought, 'SMART'⁴ targets are often regarded as preferable in a number of respects, principally because they are more quantifiable in their nature. For example, the UK Treasury suggests that targets should ideally adhere to SMART principles whenever possible⁵.

Regardless of whether it is focused upon a broad 'direction of travel' or is more clearly quantified, in order to be effective, any target ought to have a clear baseline. That is to say, there should be clarity concerning the starting point from which subsequent progress should be assessed.

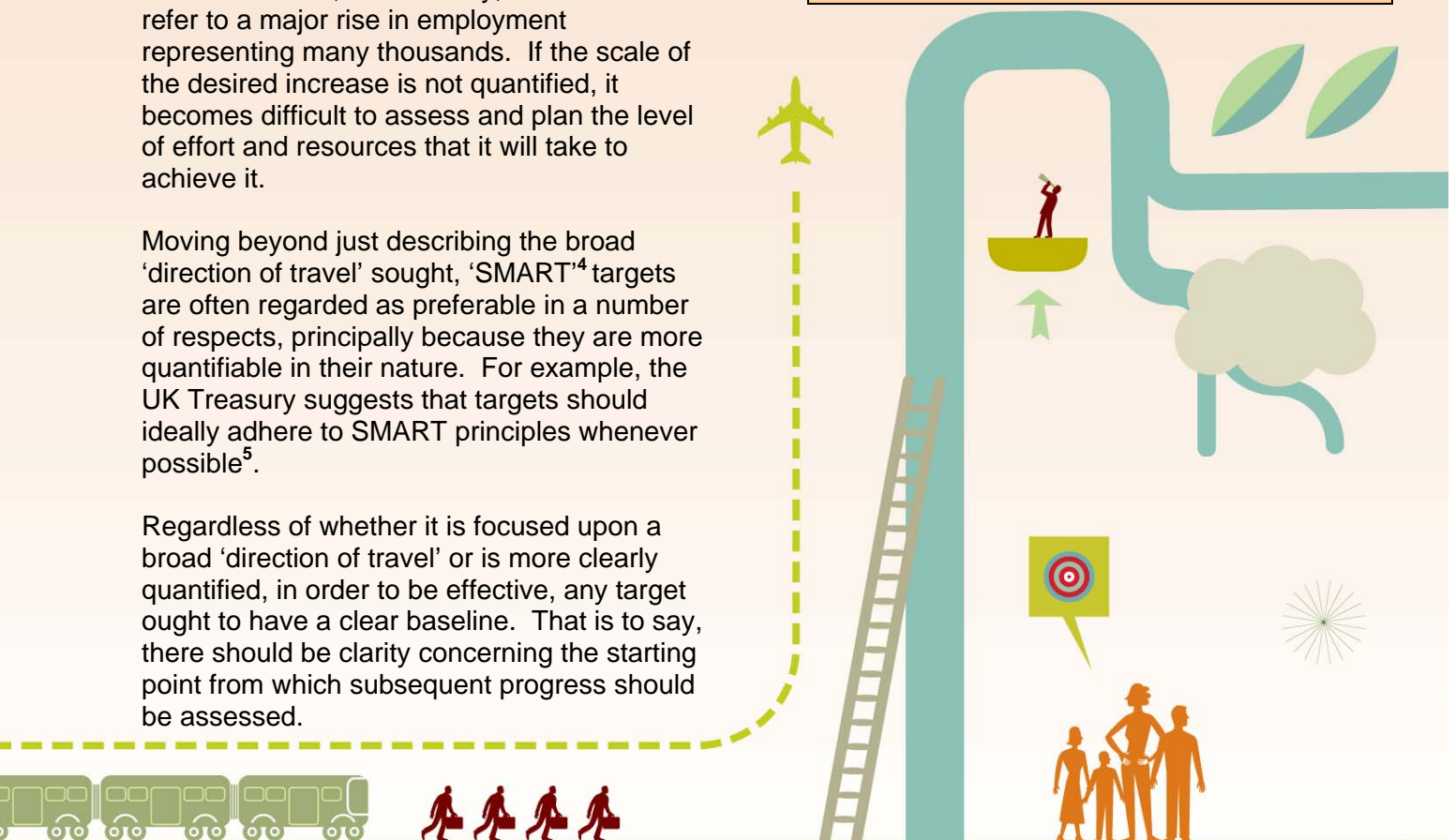
Ideally, the target should also have a defined timescale for its achievement.

So, in the above example, a SMART target may be expressed along the lines of 'Increase Employment Rate by 2 percentage points from a Jan 2009 baseline figure of 70%, to achieve a rate of 71.4% by Jan 2013'.

Fig.1 Example of a SMART, Outcome-focused Target

'Increase Employment Rate by 2 percentage points from a Jan 2009 baseline figure of 70%, to achieve a rate of 71.4% by Jan 2013'

- ✓ Outcome-focused (Employment Rate directly reflects the desired outcome of assisting more people into employment)
- ✓ Baseline established (Both the year and the quantitative level from which progress should be measured is clear i.e. 2009, 70%)
- ✓ Quantification of the level of progress sought on the outcome is clear (i.e. increase by 2 percentage points to 71.4%)
- ✓ Timescale for achievement of the outcome is also clear (by Jan 2013)



It is noted that there are a range of technical issues that require to be considered when selecting and setting baselines, indicators and targets. A 'Good Practice Note' in relation to the use of outcome indicators was published in Nov. 2009 under the national, cross-sectoral 'Improving Local Outcome Indicators project'⁶.

What Have We Learned?

Outcome Indicators – What the SOA Guidance says

In accordance with the SOA Guidance, SOAs should be high level, strategic documents, with a relatively small number of priority *outcomes* and a relatively small number of *outcome indicators* used to track progress. SOAs should, therefore, contain a limited number of key indicators relating to the strategic outcomes agreed by Community Planning Partnerships.

In contrast, a partnership that has an excessive amount of outcomes and indicators may find it difficult to focus on what is of key importance. Having too many non-strategic indicators is unlikely to provide the desired strategic focus for a partnership. Additionally, the burden of monitoring progress across a large and diverse range of indicators will, of itself, be resource intensive.

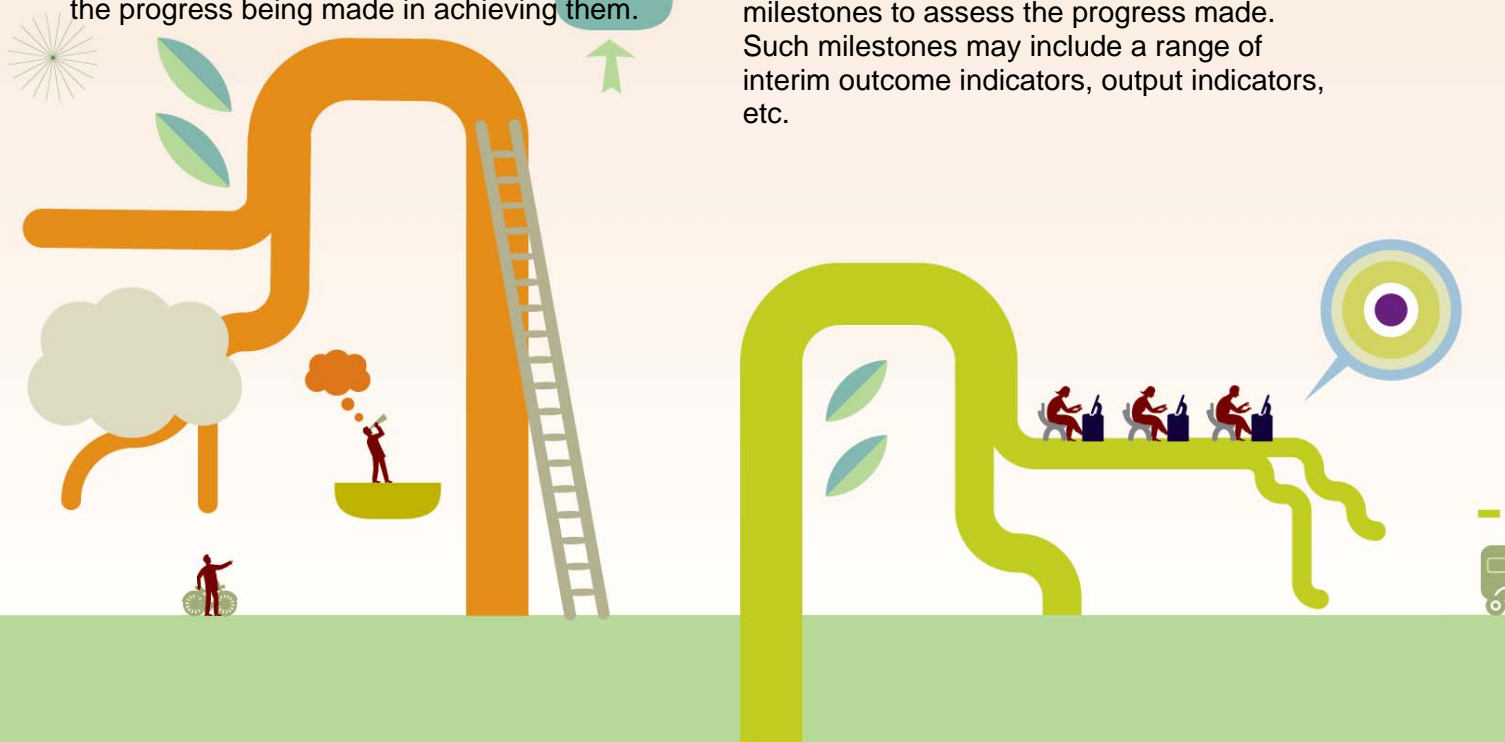
Therefore, it is considered that the approach of having a relatively small number of key outcomes and outcomes indicators will help to provide clarity of focus across the partnership, both on the priority outcomes sought and on the progress being made in achieving them.

'Above and below the waterline'

The SOA Guidance also referred to the concept of 'above and below the waterline'. Whilst SOAs themselves are high level, strategic documents, it is recognised that, underpinning their delivery, will be a whole series of strategies, service plans and action plans. Within these underpinning plans, it is entirely appropriate that there will be a detailed level of information (*i.e. 'below the waterline'*). But such detailed information would not be required within the SOA document itself (*i.e. 'above the waterline'*).

For example, whilst the SOA document may only have one or two outcome-focused indicators relating to a partnership's regeneration objectives, the partnership's underpinning plans will be likely to carry a far more detailed articulation of the strategies and activities that will be put in place in order to deliver on the SOA's regeneration outcomes.

Whilst the SOA is principally concerned with using outcome indicators to track progress, it is also recognised that the ongoing use of a range of input, activity and output indicators is entirely appropriate within the underpinning plans. Indeed, many partnership outcomes relate to extremely challenging and protracted problems, such as addressing poverty or reducing inequalities. The nature of these issues is such that, realistically, progress on achieving the desired outcomes is only likely to be achieved in the very long-term. Therefore, as the key outcome indicators will be unlikely to see major progress in the short or medium term, it is necessary to use a range of other milestones to assess the progress made. Such milestones may include a range of interim outcome indicators, output indicators, etc.



Similarly, where there is no directly relevant outcome indicator data available, it may be necessary to revert to the use of 'proxy' or 'indirect' indicators. (If there is no direct measure, a proxy indicator is a substitute that provides a broad approximation of what is actually sought to be measured). Where it is necessary to draw upon proxy indicators, care needs to be taken to ensure that the choice of a proxy does not lead to distortion. (For example, by encouraging an emphasis on activities that lead to progress as measured by the proxy indicator without actually addressing the overall desired outcome. Indeed, this general point requires to be considered for any indicator to ensure that the chosen indicator does not lead to a distorted focus).

Holistic, Joined-up approaches

A related issue that partnerships require to consider is the ultimate, long term outcomes that they wish to achieve and the relationships between different outcome areas. SOAs encourage a holistic and joined-up approach to partnership working. This can help to overcome, narrow or 'siloed' approaches by individual organisations that focus solely on their own responsibilities, without making wider connections.

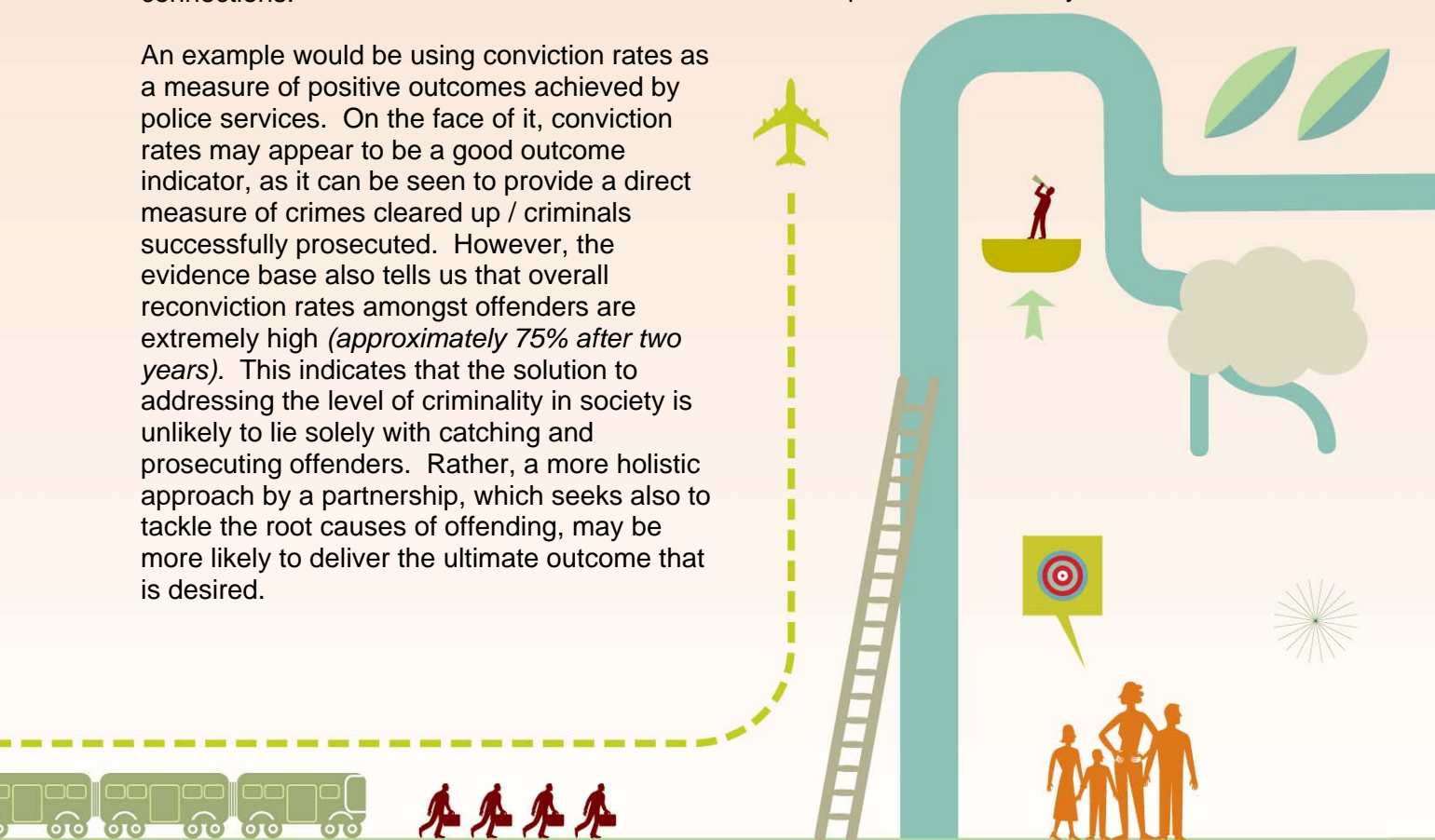
An example would be using conviction rates as a measure of positive outcomes achieved by police services. On the face of it, conviction rates may appear to be a good outcome indicator, as it can be seen to provide a direct measure of crimes cleared up / criminals successfully prosecuted. However, the evidence base also tells us that overall reconviction rates amongst offenders are extremely high (*approximately 75% after two years*). This indicates that the solution to addressing the level of criminality in society is unlikely to lie solely with catching and prosecuting offenders. Rather, a more holistic approach by a partnership, which seeks also to tackle the root causes of offending, may be more likely to deliver the ultimate outcome that is desired.

For example, in addition to the police work in catching criminals, this may also include wider regeneration initiatives, employment support programmes, drugs support programmes, diversionary projects, etc. Taken together, a wider range of complementary interventions may be more likely to achieve the outcome of reducing the level of crime.

This example illustrates the importance of partnerships thinking through: the range of outcomes that are desired; the linkages between different issues; the combination of interventions that are likely to deliver sustainable outcomes; and the most relevant outcome indicators and targets that should be used for measuring progress.

The Improving Local Outcome Indicators Project

A national, cross-sectoral project was established in 2009 aimed at identifying the most useful and robust outcome indicators for use in SOAs. The project was led by SOLACE and overseen by a Project Board, which included senior representation from all statutory Community Planning partners and other key stakeholders involved in the development and delivery of SOAs.



The first major output from this project was the publication of an updated Menu of Local Outcome Indicators⁷. The Menu focuses on the broad outcomes contained in SOAs and identifies the most relevant and robust outcome indicators currently available nationally for tracking progress of those outcomes.

Indicators included in the Menu were those that best fitted a set of criteria covering availability of data at local authority level, timeliness of data publication, statistical robustness, consistency over time and relevance, in terms of being genuinely outcome-focused. Whilst this Menu is not prescriptive, following extensive stakeholder consultation, it is regarded as being the currently best available outcome-focused data. The project also identified a number of gaps where there are currently no nationally available outcome indicators suitable for use in SOAs and the next phase of the project will include consideration of how such data gaps can best be addressed.

The majority of the indicators contained within the Menu can be accessed via the Local Outcome Indicators reporting tool contained within the Scottish Neighbourhood Statistics portal⁸.

Community Planning Partnerships ought to consider a number of basic principles in selecting indicators for use in tracking progress concerning implementation of their SOA, regeneration strategy, etc.

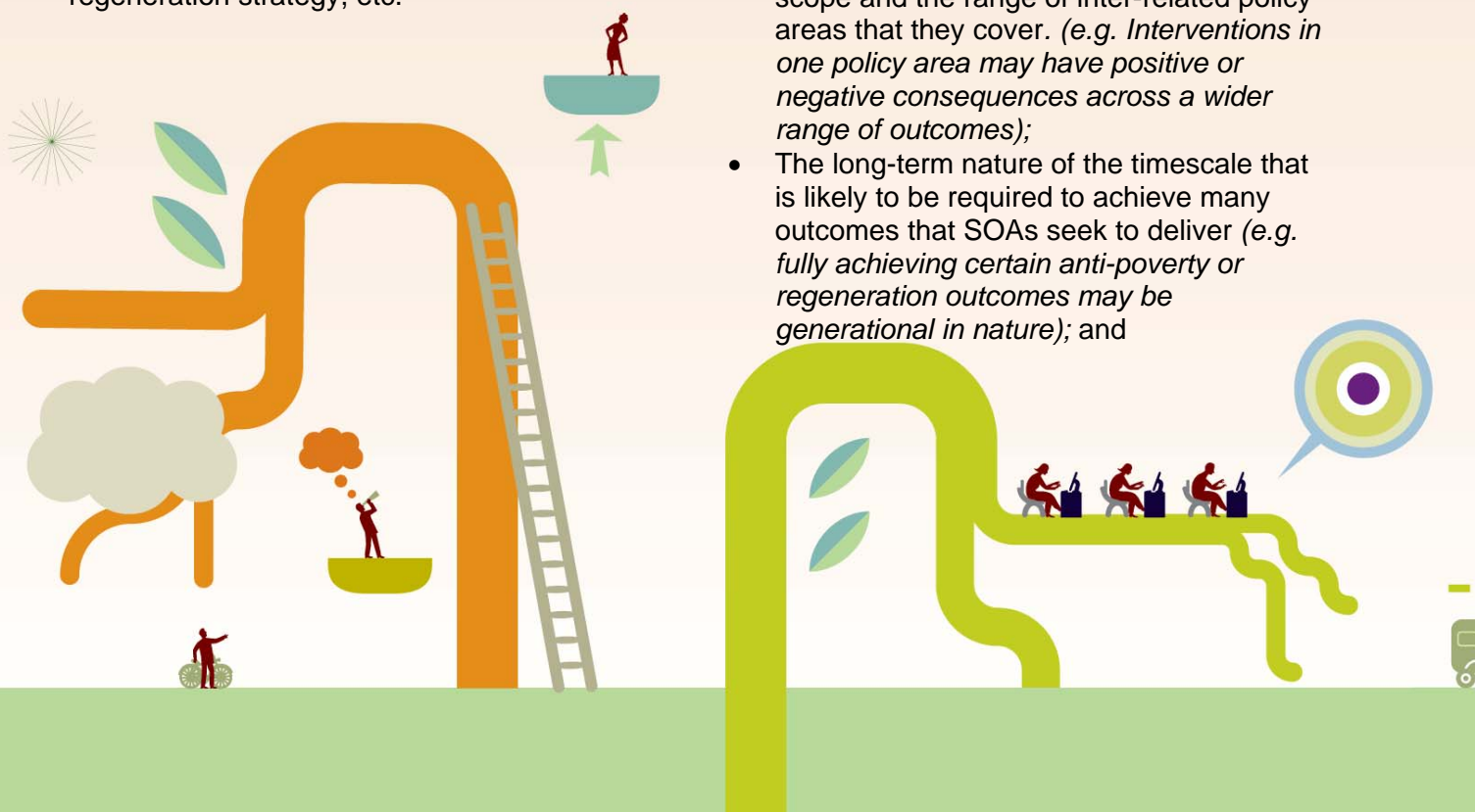
Firstly, indicators selected ought to be directly relevant to the priority local outcomes. It is not expected that CPPs will use all indicators from the Menu. Rather, only those outcome indicators that are most directly relevant to priority local outcomes should be selected.

Ideally, both the priority local outcomes and the outcome indicators selected ought to be capable of being influenced, at least to some extent, by the 'levers' available to local partners. There is little point in a partnership prioritising an outcome or selecting an outcome indicator that cannot be influenced in any way by the actions of partners.

Challenges inherent in using Outcome Indicators

Traditionally, many partnerships have set targets relating to inputs, activities and outputs. For example, a partnership may agree to devote a certain amount of budget or staffing to an issue or it may undertake to deliver a certain number of interventions, such as benefit entitlement checks. The shift to an outcomes approach, including setting outcome-focused targets, is considerably more difficult. Primarily, this is because there are a number of factors that can make the process of setting appropriate outcome-focused indicators extremely challenging. This includes:-

- The complexity of SOAs due to the range of partners involved, their wide-ranging scope and the range of inter-related policy areas that they cover. (e.g. *Interventions in one policy area may have positive or negative consequences across a wider range of outcomes*);
- The long-term nature of the timescale that is likely to be required to achieve many outcomes that SOAs seek to deliver (e.g. *fully achieving certain anti-poverty or regeneration outcomes may be generational in nature*); and



- The range of external factors lying outwith the direct control of partners which can influence the achievement – or otherwise - of outcomes. (e.g. *Outcome targets relating to regeneration / poverty will be influenced by wider macro economic trends*).

In particular, the above kind of issues can make the use of SMART targets problematic. For instance, in the example used earlier, there will currently be genuine difficulty in a partnership setting SMART targets for increasing the Employment Rate within its local area due to the impact of the world-wide economic recession and the absence of concrete information about the likely extent and duration of the recession.

Indeed, due to such difficulties, many partnerships have chosen to avoid SMART targets in favour of simply specifying their intended 'direction of travel' concerning progress to be made on such outcome indicators. Some partnerships view this as sensible as it avoids setting themselves up to deliver on outcome targets that may simply not be achievable. On the other hand, avoiding any form of quantification in target brings its own problems, as without a target in sight, it is difficult to plan the level of resource inputs required by partners.

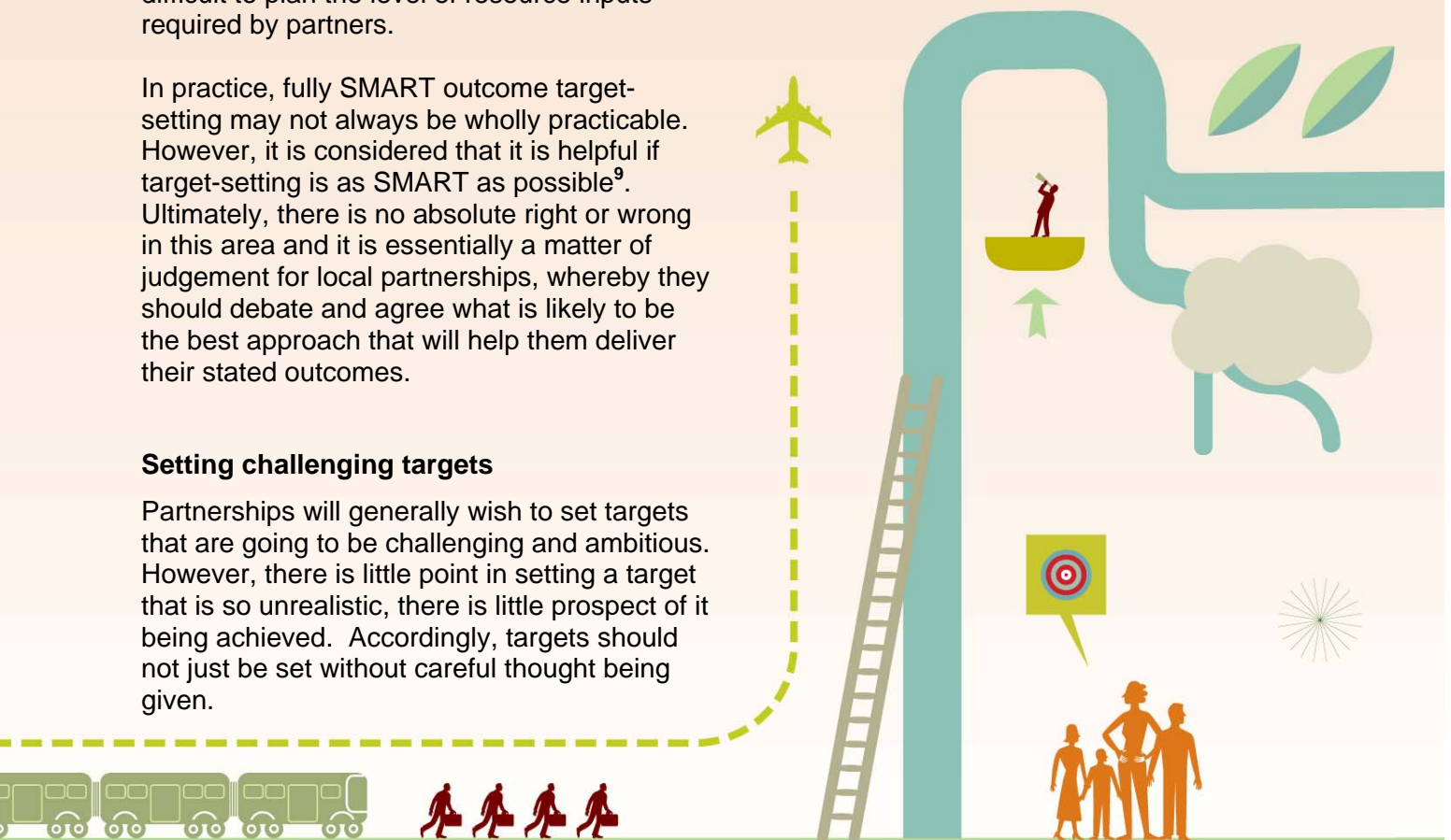
In practice, fully SMART outcome target-setting may not always be wholly practicable. However, it is considered that it is helpful if target-setting is as SMART as possible⁹. Ultimately, there is no absolute right or wrong in this area and it is essentially a matter of judgement for local partnerships, whereby they should debate and agree what is likely to be the best approach that will help them deliver their stated outcomes.

Setting challenging targets

Partnerships will generally wish to set targets that are going to be challenging and ambitious. However, there is little point in setting a target that is so unrealistic, there is little prospect of it being achieved. Accordingly, targets should not just be set without careful thought being given.

Rather, the partnership should discuss the extent of change desired and the resource inputs and types of activities / interventions required in order to achieve the desired targets. Again, there is little point in setting an overly ambitious target based on some vague hope that it might be achieved. Instead, the target needs to be matched by a commitment to devote appropriate resources to ensure its achievement.

This also requires a good understanding of the nature of the problem that the partnership is seeking to impact upon. Drawing upon the available evidence base and analysing the issues, data, research and evaluation study findings will help in such planning. Care also requires to be taken to ensure that the partnership fully understands the nature of the indicator data that it is seeking to influence. For example, this would include being aware of the robustness of the data, confidence intervals, seasonal variations in data, etc. With such matters in mind, it may, for instance, be preferable to draw upon a number of years' data when establishing a baseline in order to overcome 'data spikes' in individual years.



Overall, however, any target set should be clearly defined to allow it to be independently verified. This requires clearly stating the source of data, its definition, baseline, timescale for achievement, etc. (See Fig.1 above).

Performance managing the achievement of outcomes

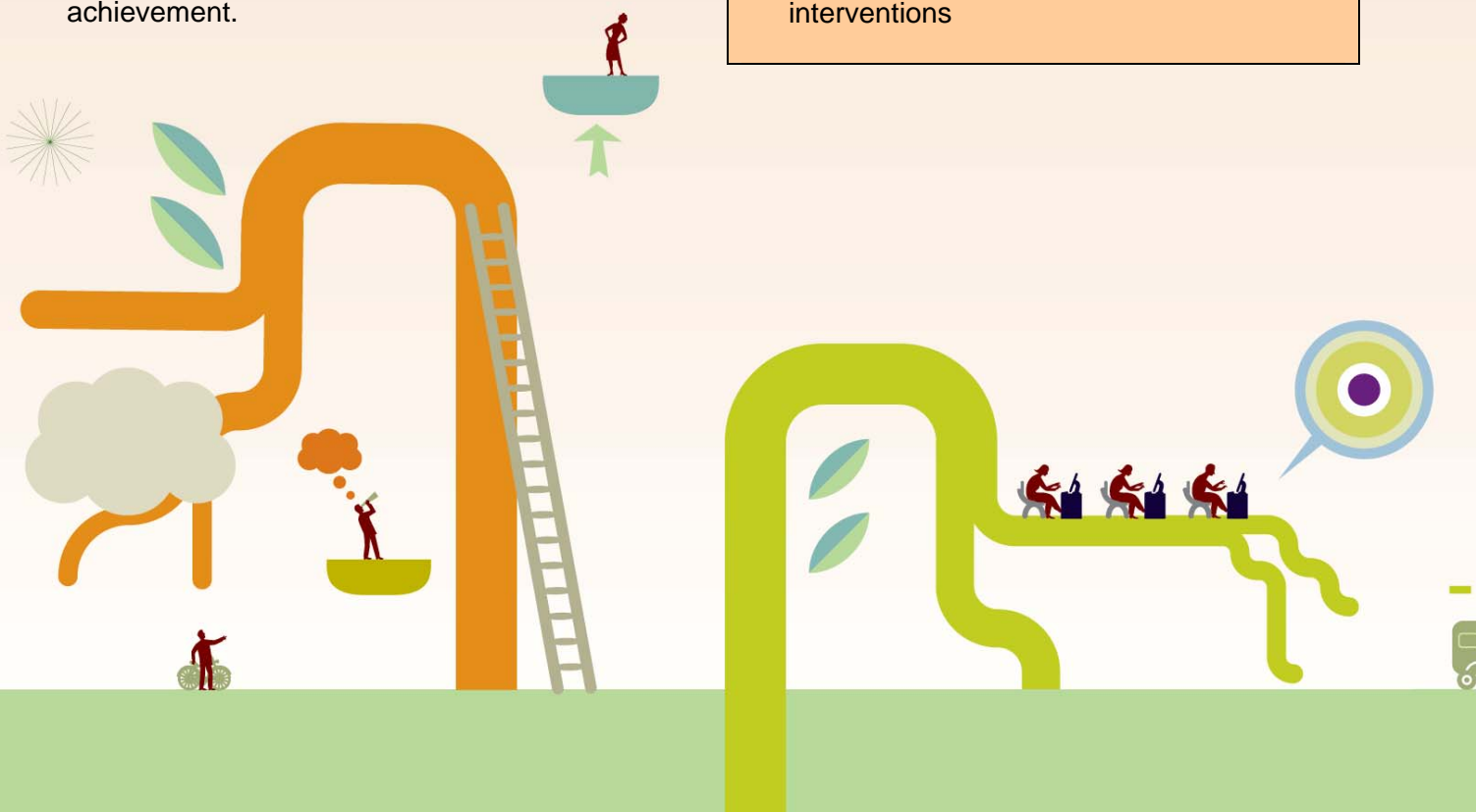
The use of outcome indicators and targets is not an abstract or peripheral activity. SOAs require to be actively monitored and managed to ensure that the desired outcomes are fully realised. It is likely to be the case that both Community Planning Partnerships and individual partners require to develop and adapt existing performance management systems to accommodate the shift to an outcomes focus and align the indicators and targets they use with the strategic outcomes agreed in the SOAs. A key element of SOAs, therefore, is the selection of a basket of indicators and targets, which reflect the partnership's priority outcomes, and for which robust and timely information can be compiled and monitored to assess overall progress.

This information should be used pro-actively to inform strategic discussions, within both individual partners and across the partnership, concerning the actions and strategies required to achieve the outcomes set out in the SOAs. The targets set should, likewise, be subject to regular reviews in order to allow the partnership to assess progress made and to set in place any corrective action required to address targets that are not on course for achievement.

For example, this might entail using the performance information to facilitate a strategic discussion within the partnership concerning whether existing efforts - resource inputs, interventions, etc - were having the desired effect, in terms of achieving the partnership's priority outcomes.

Fig.2 Summary of Good Practice in Using Outcome Indicators

- Include a relatively small number of indicators / targets
- Use SMART targets when possible / appropriate
- Set targets that are based on a sound understanding of technical issues, such as overall robustness of the data, confidence intervals, seasonal variations in data, etc
- Establish a robust baseline
- Set challenging but realistic targets
- When setting targets consider issue such as resources required to deliver, political factors, etc
- Regularly review progress towards achievement of outcomes
- Use indicators / performance reporting to pro-actively manage partner resources and interventions



What Next?

The shift in recent years towards a greater focus on outcomes requires the development of robust outcome-focused indicators and targets. This undoubtedly brings a series of technical challenges, in relation to identifying the robust outcome indicators, setting outcome-focused baselines and targets, and in developing and pro-actively managing partnership performance management systems.

However, the key benefit of the outcome-focused approach to target-setting is that it can help to focus the partnership's efforts clearly upon the issues that matter most to communities. As such, carefully considered outcome targets can act as a powerful tool in harnessing partnership resources and focusing them in ways that will achieve the greatest impact.

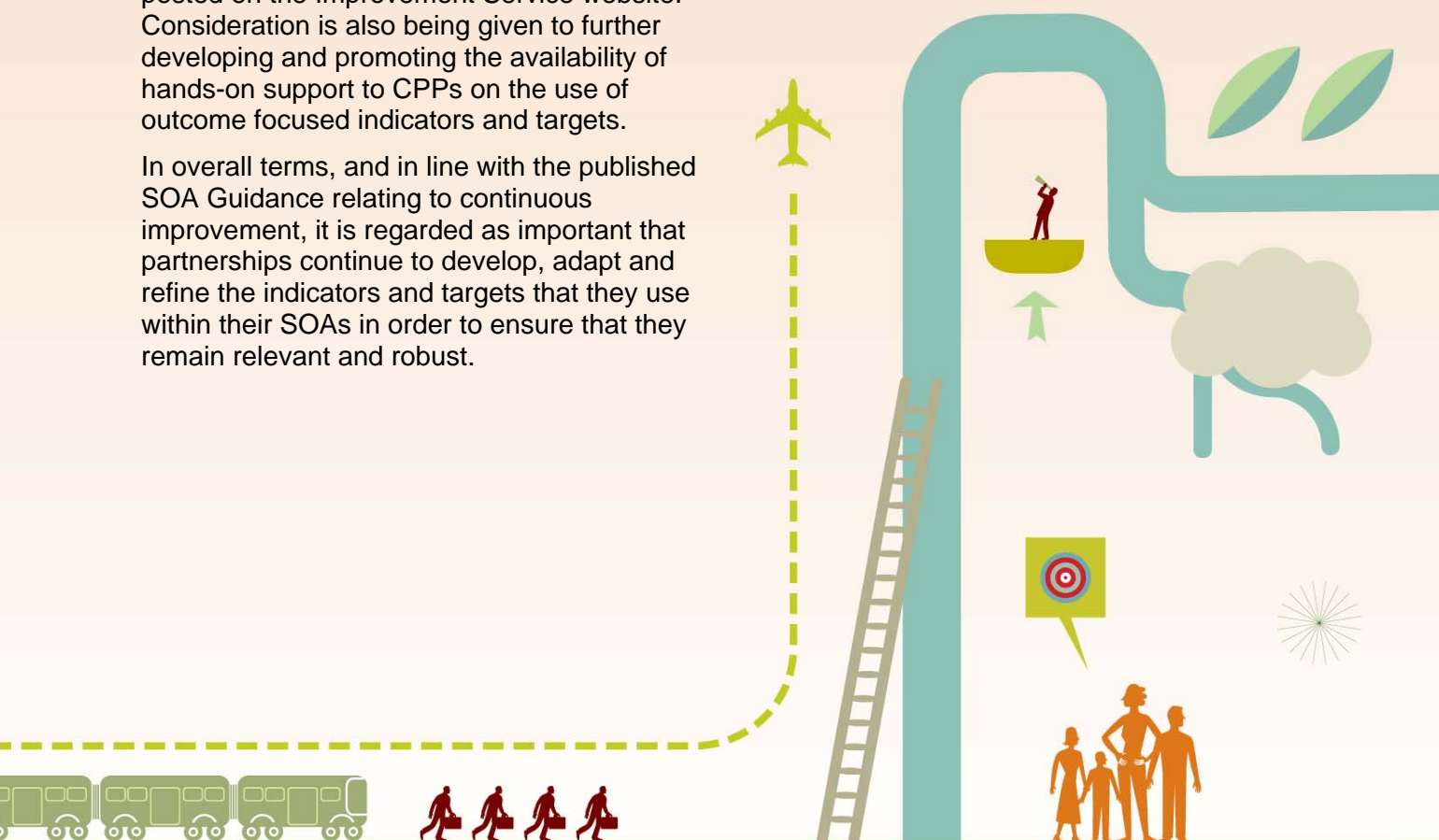
A number of activities are planned to help support and encourage the use of outcome-focused indicators and targets. The Improving Local Outcome Indicators Project has now developed its second year workplan and this includes consideration of a number of outcome data gaps. Further refinements and additions to the Local Outcome Indicators Menu will be posted on the Improvement Service website. Consideration is also being given to further developing and promoting the availability of hands-on support to CPPs on the use of outcome focused indicators and targets.

In overall terms, and in line with the published SOA Guidance relating to continuous improvement, it is regarded as important that partnerships continue to develop, adapt and refine the indicators and targets that they use within their SOAs in order to ensure that they remain relevant and robust.

Further Information

A number of websites and documents exist relating to the issues covered in this Learning Point. Below is a selection of some of the most relevant:-

- Information on the Local Outcome Indicators Project, including the Menu of Outcome Indicators and Good Practice Note:
 - <http://www.improvementservice.org.uk/local-outcome-indicators/>
 - <http://www.sns.gov.uk/Reports/LocalIndicatorsReport.aspx>
- Scottish Government information and guidance on measuring change and monitoring targets:
<http://www.scotland.gov.uk/Topics/Statistics/About/Methodology/targets>
- Scottish Government guidance on calculation of confidence intervals for point estimates and change:
<http://www.scotland.gov.uk/Topics/Statistics/About/Methodology/confiniv>



- Royal Statistical Society Report of a Working Party on Performance Monitoring in the Public Services: <http://www.rss.org.uk/PDF/PerformanceMonitoring.pdf>

Advice and Support

Advice and support on the types of issues covered in this paper is available from the Scottish Government. Contact can be made via e-mail analysts.network@scotland.gsi.gov.uk or by telephoning the Office of the Chief Statistician on 0300 2441015.

Footnotes

1. <http://www.scotland.gov.uk/Resource/Doc/94257/0098455.pdf>
2. www.improvementservice.org.uk/single-outcome-agreements/
3. (*Employment Rate measures the proportion of a local area's working age population who are in employment, expressed as a percentage of the total working age population for that area*).
4. SMART = *Specific, Measurable, Agreed, Realistic and Time-bound*
5. HM Treasury. 1997, Economic appraisal in central government: a technical guide for government departments (The Green Book), London: HMSO.
6. www.improvementservice.org.uk/local-outcome-indicators/
7. www.improvementservice.org.uk/local-outcome-indicators/
www.sns.gov.uk/Reports/LocalIndicatorsReport.aspx
8. (*HM Treasury, 1997, p6*)

Scottish Centre for Regeneration

This document is published by the Scottish Centre for Regeneration, which is part of the Scottish Government. We support our public, private and voluntary sector delivery partners to become more effective at:

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- creating and managing mixed and sustainable communities
- making housing more energy efficient
- managing housing more efficiently and effectively

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