

How can government commission more effective social services while letting clients choose their own outcomes?

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Abstract

The efficiency of social services is currently unknowable because contracts which buy them do not require the definition or measurement of the outcomes they intended to achieve. Rather, they define and pay for the delivery of service outputs like number of staff employed or number of referrals received. Not knowing the efficiency of such services is a problem because the opportunity to improve happiness, health and wellbeing is spent, along with billions of tax dollars at the expense of potentially more efficient means of providing them.

There is growing sentiment among governments to change the contract requirements of social services to focus more directly on the outcomes they intend to achieve, but changing a very large service system containing millions of participants, billions of dollars and ill-defined goals is a very complex project. Manufacturing and other industries use formal quality management systems to control efficiency and maximise profit in complex environments, but until now social services have not been able to do this because they lack a hard analogue of success like profit.

The intention of this research is to define a model for implementing an industry style, formal quality management system to control the processes and efficiency of social services, replacing profit as the guiding quality principle with a recently developed wellbeing goal framework.

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INTRODUCTION

Current methods of procuring social outcomes lack a means of measuring their own impact and therefore cannot continually improve (Gruen 2016). Billions of dollars of tax revenue are spent every year implementing social policy for services like child protection, community building, disability services and domestic violence (NSW Treasury 2016). Services offered to the community in pursuit of the aims of such social policy are provided both directly, through government departments like New South Wales Family and Community Services (FACS) and by Non-Government-Organisations (NGOs) through contracts awarded by the procurement process.

Mostly, the success of a private business is measured by the financial return it makes for its owners. However, the success of services run with the intention of improving some social condition, like the incidence of child abuse, cannot be measured by financial return. At least not directly. So those services must rely on non-financial data to judge their relative success or failure. The problem is that the data gathered from many such social services is either not applied to judging or improving the service, or is only 'output' data, which measures work done rather than results achieved, and as such is at best a very indirect measure of success (Head 2015).

In the author's experience of eight years in public procurement, despite well written policy being implemented by a well resourced public sector, specific and measurable outcomes are neither defined during their authoring, nor collected during their procurement and management. The lack of a hard analogue of success like 'profit', leaves social services without the means of formally knowing their result. For example, the NSW government will spend \$1.7 billion on child protection in the 2015/16 financial year (NSW Treasury), with the stated policy outcome that:

Children and young people are protected from abuse and neglect. (FACS 2016)

But this policy outcome does not specify which conditions qualify as *protected from abuse and neglect*, so there is no way of telling from the goal itself how to judge success or failure. It may or may not be the role of policy makers to set the specific ways and means that the intended outcomes of social policy can be achieved. Nevertheless, that task must fall to someone in the chain of people that design or deliver the service to the end user. Not counting the policy makers themselves, those people include;

- the people who make service models from the policy
- the people who tender out and manage the contract to run the service model
- the NGOs who run the service model
- the end user of the service

While it is probably a safe bet that the road to success has a bus from each of these groups on it, the purpose of this research is to focus on the part played by the people who make service models from the policy and those who tender out and manage contracts to run the service models. These two groups collaborate to define the terms of service and the success criteria. It is their action or

lack of it that determines the form of these services and sets the foundations for success or obscurity.

LITERATURE REVIEW

Enter the bureaucrat

The aim of public procurement is to purchase the intended outcome of policy, for the lowest possible price (NSW Procurepoint 2016). Achieving value for money when buying things on behalf of the taxpayer is called delivering 'public value'. To deliver public value, the procurement process must specify the nature of the service being purchased, including the conditions that indicate success (Moore 1995). Specifying exactly what service should be delivered is the first step in bringing the service about in the world, and is done by one set of bureaucrats.

How are the conditions that indicate success defined now?

Historically, government has used its law making and purchasing power to influence social outcomes like the impact of race, gender and disability discrimination, at the end of slavery in North America and more recently to reduce human impact on the environment (McCrudden 2004). Passing laws that limit people's actions is one way that government can influence behaviour and paying for various activities is another. By paying businesses and Non-Government Organisations (NGOs) to pursue social outcomes, governments have linked desired social outcomes described in policy with payment, through contracts. Such contracts are a tool that make continuing payments to contractors contingent on them doing the work defined in the contract. That work is intended to bring about the desired policy outcomes, but because most FACS contracts provide payment for 'work done' rather than 'results achieved' it is hard to tell directly if the intent of the contract was delivered, or to what extent.

The issue of the methods and effectiveness of public procurement was discussed at length by the British Government during their Public Administration Select Committee (PASC) Report on Government Procurement (2012). The PASC enquired about procurement practices by talking to a broad range of stakeholders in public procurement across Britain and Europe. Their findings included comment that the public service in Britain;

- lacks the skills and ability to define the requirements or outcomes of their procurements,
- lacks the policy detail and data gathering systems to set, monitor or evaluate outcome measures,
- focuses too much on processes and not at all on outcomes,
- relies on risk assessment as a means of delivering social value to the extent that it actually costs money, wastes time and potentially precludes the outcomes sought in the first place,
- and that these failures of public procurement are in fact a failure of government.

Generally, these conclusions and recommendations site ineffective, process-heavy procurement practice and urge the government to review and improve procurement process across all departments in favour of one that better sets, monitors and evaluates outcomes. Yet, as with criticisms of

past procurement failures (McCrudden 2004) there is no specific proposal about the kind of outcome measures that might be used or even how they would be determined.

The PASC Report shows that public procurement in Britain and Europe often fails to communicate specific information about the outcomes it is trying to achieve. This is a barrier to delivering public value because performance measures in the contract cannot be mapped to outcomes. This means that the contractor themselves lacks a meaningful benchmark to work towards, so can neither direct their effort in an agreed direction nor track and improve the quality of their effort over time.

In fact, it is difficult for governments to specify how social outcomes can be mapped to performance in contracts because the literature and precedents on these details are scant (Head 2015). While there is growing literature on the determinants of desirable social outcomes (Marmot 2016) there is very little information available in the public domain on how to systematically define and collect data on the outcomes of public procurement pursuant to social policy. The main problem is not necessarily that data on the success of public procurement of social policy is unattainable, but rather that there is no convention about which evidence to gather (Head 2015). As such, even when evidence about effectiveness is available, it is not used to inform an evaluation and improvement process. Although data concerning the impact of policy is increasingly gathered in developed countries, there is little or no agreement even among like policy areas about how to use that data to evaluate performance or improve outcomes. Maybe because these issues have been difficult to agree on, the conventions around what information is gathered and how it is used is a very thin area of research (Head 2015).

Outputs and outcomes

Success criteria is actually written into government contracts now, but usually in the form of outputs (Barrett 2015). Outputs are the actions that are intended to make the outcomes happen. Outputs are not outcomes. The current convention for guiding and managing the performance of such contracts is to have contractors collect and report output data, like number of hours worked, and to use this as the mechanism to judge success. In many cases contractors are asked to perform such actions in pursuit of the main intended outcomes of the contract while also performing adjunct actions in pursuit of outcomes that are not related to the main aims of the policy, like supporting the growth of local industry and promoting fair work principles (Barrett 2015).

An example of an output based performance contract

One service that is currently purchased under contract by the New South Wales (NSW) State Government in Australia is the Intensive Family Preservation Service. This service was first funded in 2014 to help the NSW State Government achieve several goals it had identified under its 10 year plan, 'NSW 2021', and as a response to the Keep Them Safe Report on the Royal Commission into Child Protection (FACS 2014).

Specifically, the policy goal of the NSW Government was to:

Implement Intensive Family Preservation and support services to reduce entry into out-of-home care (OOHC). (Goal 13 of the state plan 'NSW 2021' commits the State government to

actions that “better protect the most vulnerable members of our community and break the cycle of disadvantage”

(FACS 2014)

Policy initiatives like this are interpreted by a branch of government that turns policy into a specific service contract that can be purchased. This work operationalises the notional, moral outcomes contained in the policy into a set of service activities that can be measured and funded and a set of analogous data representing the performance of those activities that can be collected. Within FACS, the document produced is known as a Program Guideline.

As you can see from the policy goal above, the specific reason for implementing and funding this service is to stop children from entering the Out-of-Home-Care (OOHC) system (being removed from their families & placed in foster care). With this in mind, the Policy, Programs and Strategy Directorate prescribed the following activities and data collection:

Service activities

- Advice & referral
- Assessment & case planning
- Family focused case work
- Home visiting
- Counseling
- Skills focused groups
- Parent support groups

Data collected from contractors as a representation of the performance of those activities

- Number of children who participated
- Number of parents who participated
- Percentage of parents who say they learnt new things through the program
- Number of families referred
- Number of families that were accepted into the program
- Number of families that participated in the program for the planned duration
- Number of Aboriginal Families
- Number & percentage of families where the worker assessed increased strengths

(FACS 2014)

What’s wrong with that?

The issue with this approach is that the data collected measures outputs, not outcomes.

Outputs are the activities that the contractee pays the contractor to perform (FACS 2014), but they are not the goal. Outputs are assumed to bring about conditions that achieve the goal, but outputs only imply the intended outcome. In fact, outputs may have no effect at all on the outcome the policy intended to achieve. For example, the data collected for the Intensive Family Preservation service measures the number of service participants (families, children, etc.); this is an output, and says nothing about whether a child of that family benefited from the service or if they ended up entering OOHC.

Outcomes are the actual changes that the policy intended to bring about as a result of outputs (Murray 2014); in this case, if we expressed the required outcome of the policy it would be that less children enter OOHC than otherwise would have. But no data is collected on the number or percentage of families who did NOT enter OOHC either during, or after that family's involvement with the Intensive Family Preservation service. So, although this is the sole intended outcome of the service, it remains unexpressed and unmeasured.

Not knowing the outcome of the outputs, means that we are unable to make judgments about the performance of the whole project, including the policy, procurement and contract. This in turn means that we have no prospect of improving the performance of this project, intended to achieve social outcomes over time.

The lack of an express outcome makes this procurement project ill-defined in two ways; both the goals and the knowledge of methods to achieve them are unexpressed (Turner 1993). This type of project is very difficult to plan either plan or manage. In the 15 years experience of the author of this paper, Government currently deals with this problem by asking the market to solve it. Tenders are announced which contain details of the broad intentions of the funding without imposing any means to provide them or performance measures which could be used to judge efficacy in the execution of the contract. The problem with this is that the market tends to favour its own viability, so in proposing the parameters of service during the tender process it defines the most easily achievable goals. This perfectly understandable bias to survival is a vested interest that runs directly contrary to the interest of both the tax paying public and the end user of the service being purchased, and yet due to the government's deficiency in specifying sufficient rigour in the performance measures of the tender, it goes completely untreated. Projects with poor goal and method definition are unmanageable and should at least have their goals defined if at all possible (Turner & Cochrane 1993). This at least allows for a trial and error style management to take place until effective methods of achieving the stated goals can be found.

An analogy to demonstrate the gravity of this seemingly minor factor might be useful here. Say you want a swimming pool. You want a big blue swimming pool built right in the middle of your back yard **so you can jump in & cool down this summer**. How would that come about? Well, the process might look something like this;

Process where payment is contingent on outcomes

- Think about what kind of swimming pool you want
- Set a realistic budget & timeframe for building it
- Get a few quotes
- Contact the best quoter & ask them to build that pool
 - *Start looking out into the back yard longingly as work progresses*
 - *Big blue swimming pool appears in back yard (means to realise outcome)*
 - *Pay the builder*
 - *Jump in the pool (realise outcome)*

In that process, payment for the object of the contract (big blue swimming pool) was contingent on the *outcome* of the project being realised. But if you were using an *output* based performance

evaluation to judge when the object of the contract was delivered, that would look something like this;

Process where payment is contingent on outputs

- Think about what kind of swimming pool you want
- Set a realistic budget & timeframe for building it
- Get a few quotes
- Contact the best quote & ask them to build that pool
 - *Make regular payments as work hours (outputs), are charged by the builder*
 - *Hope that the hours you pay the builder for are used to build the pool*
 - *Never ever look in the back yard again*

This example makes it obvious why an *output* based performance evaluation system is not an efficient contract management system, yet it is exactly how FACS currently judges the performance of contracts allocated to deliver the Intensive Family Preservation Service. Why would such an obviously ineffective system be employed to judge the effectiveness of this, and many other important social services?

Deciding on the direction and detail of public policy intervention is a complex business. Policy makers and people in government departments make decisions based on input from stakeholders with various levels of power, like lobby groups and industry (Gruen 2016) who may see a funding grant as an outcome in itself. Decisions about policy and procurement details must also be made relying on a broad range of information sources, well beyond the limit of rational arguments for technically difficult to gather outcome data (Duignan 2003).

Decision making in matters of public policy and procurement would be far better supported by focusing on the intended outcomes of policy, rather than the current practice of focussing on secondary indicators of success using outputs like correct financial acquittal (Shergold 2015).

The result of focussing on outputs is that precious resources are spent year after year regardless of the success or failure of the social reform program. This means we have used our opportunity to impact social issues without knowing whether we did. So if not knowing the outcomes of social policy is a problem, why don't we start measuring them?

What are the alternatives?

In addressing issues of homelessness Gronda (2011) proposes a Client Outcomes Framework, which sets the parameters for construction of outcome measures and evaluation that could be defined in government contracts. Elements of the framework are based on a meta-analysis of homelessness research and form an interrelated set of concepts that outcome measures could be mapped to to collect performance data. In this case, Gronda says that the outcome of any service that tries to address homelessness should focus on both providing accommodation and also on support for the occupant to maintain lifestyle habits that sustain their tenancy. She recommends this because her meta-analysis of historical homelessness data suggests that these two elements together are required for these services to have a lasting positive effect.

Proposed elements of Gronda's Client Outcomes Framework include;

- Person is engaged with housing focussed support
- Case management services
- Opportunity to participate in Housing industry work
- and others ...

While this kind of detail is useful to guide authorship of mathematical measures that could inform quantitative data on these services, the elements described are not actually outcome measures but are more like the familiar outputs already in universal use. For example, if we wanted to measure of performance of the 'Case management' element of Gronda's framework we might ask questions like:

- Was case management provided; yes or no?
- How many hours was case management provided?

But case management is not an outcome for a homeless person. It intends to produce an outcome, namely the coordination of support services that lead to a house for the homeless person. This makes it an output and the same argument might be made for other elements of Gronda's Client Outcomes Framework.

FACS have recently begun work to define client relevant outcomes that can be evaluated in their Human Services Outcomes Framework. Its focus is social housing, also known as public housing. Work on the planning stage for installing an outcome evaluation system has been reviewed in their recent publication, *Measuring Social Housing Outcomes: Desktop Review of Evidence* (FACS 2016).

The following phases are now complete:

1. Establish guiding principles
2. Determine wellbeing domains and objectives based on evidence of what works
3. Build a model of outcomes that inform the work of a new service system

But some notable pieces of work still need to be done if we are to start using this system of measurable outcomes. They include;

1. Operationalise outcome domains in terms that can be measured and paid for by a contract
2. Change the public procurement system from one that pays for outputs, to one that pays for outcomes

Operationalising outcomes in measurable terms

This is the piece of work that takes the outcome domain that you want to affect and imposes a numerical scale on it.

For example, one of the outcome domains identified by the FACS Desktop Review of Evidence (FACS 2016) is education. If you want to increase the level of education of people living Social Housing, you would first define 'level of education' in measurable terms and then define how much

you would want to improve it. Such work promises a defensible operationalisation of outcomes in the future but this is yet to happen. Shergold (2015) provides strong support for an operationalised system like this on grounds that it has the capacity to provide robust advice that supports effective decision making.

We would still have to establish how to objectively judge the success of the procurement of social policy outcomes so we could tell what works and what doesn't, and so continually improve the results we get from our scarce resources. Doing this also requires that the existing public procurement system has to undergo a significant change in the way it does business.

Changing the public procurement system to pay for outcomes

Public procurement is a large system that consists of billions of dollars, thousands of people and many laws and policies. People involved in the system include politicians, government employees, NGOs, service users and many supporting industries like banking, real estate development, paramedical support, counseling and so on. Because the existing system is so large and so entrenched it is difficult to plan for and monitor all the actions and processes that have to change to deliver a more transparent and efficient system.

There are established means of managing the quality of large processes and systems but FACS does not currently employ them. A notable example of a quality management system that could fill this hole is the International Standard for Quality Management Systems (ISO9001). This Standard has the capacity to support the development of a framework which addresses the lack of evidence determining the success or failure of public policy in Australia.

Such a quality management system could be administered by individual departments like FACS or through an office within government whose sole purpose is to evaluate the success or failure of policy initiatives (Gruen 2016). This is a similar role to that of the Australian National Audit Office, whose function is currently limited to evaluation of economic effectiveness on purely fiscal terms. A department which might be called something like the Office of the Evaluator General could be formed in such a way as to avoid the bias inherent in relying on advice from paid operators from the service system that is being evaluated by introducing an impartial party. It could develop tools and measures that form a quality management system that shows how policy and its administration (including procurement) performs against defensible benchmarks over time.

What are the arguments for and against the alternatives?

One of the barriers to setting tangible goals in the kind of 'soft' outcome project of social policy is knowing what to measure and how to measure it. At the moment, this is an area of much research and opinion without the benefit of real world examples of attempts to replace output based contracting (Donaldson 2016). Given this lack of an example to draw from, it may be naive to believe that an ideal sounding but untested system can offer any improvement at all. Uncertainty and divisions in society, politics and policy are probably too complex to apply a one-size-fits-all prescription so instead of indulging the hope that untested and radical system change can solve all problems it is may be better that public servants address known problems in a systematic and incremental way. This approach requires consultation, creativity, a passion for solutions and bravery in implementing them and offers a far more certain alternative to provide the tax payer with value for mon-

ey by exploring the possibilities for value in the circumstances that we find ourselves in (Moore 1995).

There may be a number of methods for knowing the broad quantitative outcomes of social policy but all would involve picking a suite of mathematical analogues of success and measuring them over time until you can make a judgement about the relative efficiency of inputs (money) to outcomes (health & happiness or similar). It seems self evident that trying to observe this is a good thing to do, but it is also risky for politicians and public servants because once you name outcomes and the way you will measure them, there is a way to prove failure. This makes the main argument in favour of implementing outcome evaluations also be the main deterrent; that reliable outcome evaluations demonstrate failure as well as success (Murray 2014).

Government contracts and the organisations who run them are exposed to the political process, including scrutiny of the public, the media and opposing politicians, all of whom may cast the work being done in an unfavourable light. This risk to policy makers of being characterised as a failure means that the wording and methods of accountability in many government contracts avoid concrete terms (Weinstein 1977). So far, this dynamic of the social / political system that government contracting operates in has excluded the possibility of imposing quality measures that reveal client or social outcomes because evidence of policy failure reflects badly on both the politician who writes it, and the public servant who reports it (Gruen 2016).

But failure, under this analysis is only evaluated from the perspective of the government's reputation and not from that of the tax paying public, whom are failed by the lack of transparency in the performance of government. The failed Commonwealth Home Insulation Program for example had an inadequate document management system. Lack of process and control around document management failed to provide transparency and fostered a culture in which public servants were unwilling to give advice in writing on the implementation of programs as robustly as they did verbally (Hanger 2014). Advice from public servants is meant to be 'frank and fearless' so it should be analytically rigorous and unbiased in its assessment of evidence, especially if it exposes failure and thereby provides a way to observe and improve performance (Shergold 2015).

From this perspective, defining and imposing measurable outcomes on the contractors of social services increases our ability to judge effectiveness because it facilitates monitoring and transparency. However, limiting the definition of 'effectiveness' to something that can be reduced to numbers and percentages necessarily ignores a large amount of qualitative information that is available to the contractor providing the service. More than a limit, this might constitute a misrepresentation of the effect of a policy altogether, rendering measurement based judgements counterproductive to the end of continual improvement (Donaldson 2016). If this is the case then there is an argument that defining the outcomes of a funding program may limit the flexibility and creativity of the people who are delivering it. Measuring only *outputs* at least allows workers in social contexts to adapt their practice to best suit the needs of the client without having to change their practice to match reporting requirements. Thus, imposing badly designed outcome measures runs the risk of mandating practice contrary to the needs of specific clients and could actually be a force against performance (World Health Organisation 2000).

So which outcomes are good ones? There is a strong argument that a good outcome is one that is adopted by the person it affects. People don't often identify with expert opinions of their lives and so they don't often adopt the goals of experts. The views of experts, even if they are broadly correct are limited by the fact that they are formed from outside of the problem. Experts don't need the solutions they propose. The people who do need solutions have an inherent ability to solve their own problems and are far more likely to adopt and pursue goals they set themselves (York 1999).

To engage the person who needs better outcomes in their life we must genuinely ask questions about their own knowledge and views. We must find out how they conceptualise the problem, how they value the various aspects. Providing answers is not as persuasive as asking questions, so if we are to work with people to improve their life outcomes the key is to ask questions that lead the questioned person or group to find the path to the best possible outcomes for them in their current circumstances. This way of engaging with people allows them the opportunity to feel personally effective, like they own the solution; in fact they do (International Foundation for Action Learning 2012). If we genuinely collaborate with people to define the problems that need attention then allow them to use their own ingenuity to set outcome goals they identify with, they engage more and feel like their situation and skills improve (Dinham 2009).

The hole in the literature

The NSW Human Services Outcomes Framework (FACS 2016) proposes domains like health and wellbeing as areas to inform the construction of contractable outcome measures, but as yet no contracts within FACS have been defined or tested. Despite the apparent case in the literature supporting the use of outcome measures in the procurement of social welfare services this FACS policy initiative is the closest thing I could find to an operating model for outcome based contracting, and it is incomplete because it does not provide any detail on how it can be used. The existing government contracting system is large, complex and well established so a large part of the work to move to contracting that pays for client outcomes will be spent on designing and implementing system change. The government currently has no way of meaningfully observing the result of its investments and implementing a system that does is a giant undertaking.

How can we implement a client directed outcome based contracting system AND understand and improve its effectiveness over time? This is a complex problem but aversion to complexity is not legitimate grounds for spending billions of tax dollars per annum in exchange for output data like 'hours worked'. It seems that there is at least a *prima facie* case in favour of meeting the challenges to move towards a contracting system whose process and results are transparent.

My view and the thrust of this research proposal is to test whether transparency of process and better clients outcomes can be reconciled in a new service commissioning method by using some kind of quality management system like ISO9001.

A quality management system can provide a method of;

- Implementing an outcomes based contracting system in the very complex environment of government delivery of better social outcomes

- Linking the Human Services Outcomes Framework with Outcomes based contracting through service models that allow users to define their own goals
- Observing and measuring the result of the new outcome based contracts
- providing advice for the regular revision of policy, based on evidence of what works and what is needed in the service system

Clients using such a system would define their own goals and be helped to achieve solutions by government services (and NGOs) within areas or their remit (housing, health, NGO contracts etc). Allowing clients to set their own goals has the advantage of user acceptance, a benefit emphasised by Action Learning. The sophisticated NSW Human Services Outcomes Framework would then be used to compare evidence based indicators of wellbeing with outcome data from services. This comparison would be systematically observed and reported back through the quality management system which would establish a means to judge the efficacy of the service system including areas of strength and proposals for improvement.

As discussed above, there has been very little empirical exploration of how a system like this actually works in real life. Because of this, there is currently no capacity in the literature to answer the question:

How can government commission more effective social services while letting clients choose their own outcomes?

METHODOLOGY

What I will do

I propose to:

- 1. Build a detailed description of the current contracting system.*
- 2. Collaborate with key stakeholders to build a proposal for how to incorporate a quality management system to improve its effectiveness.*

How I will do it

- 1. Build a detailed description of the current contracting system*

A description of the current system is necessary so that we can understand how to transition to a more effective new system. The detailed description of the current contracting system will use Soft Systems Methodology (SSM).

SSM is an approach to problem solving informed by the same concepts of 'systems' as Systems Engineering, and was first conceived by Peter Checkland in his 1972 paper, 'Towards a system-based methodology for real-world problem solving' (Checkland 2000).

SSM is based on carefully defining problems using input from as many sources as possible, observing how the problem operates in the real world, then developing a model of human activity that could address the identified problem situation. Some additional features of SSM are:

- Soft system problems involve humans and human systems
- SSM assumes that problems do not exist independent of humans
- Soft system problems are ill-defined because there is no objective reality, ie, all the stakeholders of a given problem have their own interpretations and perspectives on the problem.
- Solutions to soft problems rely on judgement & creativity
- SSM employs a loose framework of tools at the discretion of the analyst
- SSM provides a good way to understand how systems and people interrelate
- SSM gives structure to loosely defined human problems by focussing on the right sub/system
- SSM does not prescribe solutions but provides a methodological framework through which problem situations can be viewed

(Checkland 2000)

There are notionally seven stages of applying SSM, they are;

1. Problem situation discovered
 - research the problem as much as possible
 - record as many views & definitions of the problem as possible
2. Problem situation expressed
 - use rich pictures to explain the problem and the interrelationships

3. Create a root definition of the problem situation
 - Can use CATWOE; a checklist to assist thinking about what constitutes the root definition of the problem and how the solution will affect the people involved in the system. The root cause should include the CATWOE elements:
 - Clients - who are the beneficiaries / victims of the system
 - Actors - who are the people working in the system or making the changes
 - Transformation - what transforms the inputs into the right outputs?
 - Weltanschauung, (Worldview) - what is the perspective from which the root definition is seen.
 - Owner - who are the owners of the system in question? can they help or hinder? how?
 - Environmental Constraints - what are they?
4. Build a conceptual model
 - build a logical model of the system that describes the root definition
5. Compare conceptual model with reality
 - you can make more than one model
6. Assess the feasibility and desirability of the change you have modelled
 - Is the proposed change feasible & desirable?
7. Take action to improve the problem situation
 - Apply the model

(Jackson 2003)

In the case of my research, SSM would be applied in consultation with as many stakeholders in the system of the procurement of social policy that I could access to build a comprehensive system model of the current contracting system that considers:

- Clients
- NGOs
- Government contracting staff, business units, contracting methods, communication methods and performance data systems and their interrelation
- Policy and its intention
- Current efficiency in delivering outcomes

2. Collaborate with key stakeholders to build a proposal for how to incorporate a quality management system to improve its effectiveness.

Research to propose for a more effective replacement system will also use Soft Systems Methodology (SSM) to understand the problem of increasing efficiency.

To build the detailed proposal for a more effective replacement system, as with stage one, I will collaborate with key stakeholders in the system of the procurement of social policy to establish:

- A Human Activity System Model that describes how the HSOF will be used to monitor and evaluate the effectiveness of procured social services using a quality management system
- A Systems Dynamics model that shows in detail how quality can be controlled by the imposition of integrated quality policy setting, records management, reporting responsibility and mandated quality system review.

What I expect the result to be

I intend to develop;

- an interdisciplinary understanding of barriers and opportunities to outcomes based contracting in the NSW public sector, and
- a framework for the quality management and continual improvement of public sector procurement based on outcomes based contracting.

In doing these things I hope to contribute to the literature in the areas of, Public sector procurement, Project management and Systems Thinking (including Systems Engineering and SSM).

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