



Promoting social innovation in the public sector

Investment, innovation, impact

ESN position paper

Date: 15 September 2014

The modernisation of public social work is placing an increasing emphasis on innovation and evidence. This paper addresses the requirements for driving forward social innovation in the public sector, and makes the case for the appropriateness, novelty and relevant evidence of needs, efficiency and effectiveness as the tools of empowerment for policy and decision-makers to promote social innovation.

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Investment, innovation, impact

The modernisation of public social work is placing an increasing emphasis on innovation and evidence. At the level of service management and provision, accountable, regulated services means ensuring that practice is based on evidence rather than on traditional models. In difficult economic times, the imperative to spend public money efficiently is even higher. At a political level, service reform should increasingly be based on effectiveness rather than on a political agenda. At EU level, the European Commission has acknowledged the potential of innovation and evidence for promoting effective social interventions.

What is social innovation?

According to the European Commission's definition, social innovation implies "*developing new ideas, services and models to address better social needs*". Social innovations must, therefore, be social in their ends and means.

A social innovation may approach:

- Social demands directed towards specific vulnerable social groups (e.g. people with disabilities)
- Social challenges where boundaries between economic and social blur and directed towards society as a whole (e.g. unemployment or poverty reduction)
- Systemic change to reform society towards a more participative manner with empowerment and learning as sources and outcomes of wellbeing (e.g. the balance between a social protection and a social investment budget).

A practice would be considered innovative if it fulfils a certain number of criteria, such as appropriateness, relevant evidence, novelty and impact, due to which it will make a difference when compared to previous practices.

The innovative element of a practice should be first studied by measuring the necessity, opportunity and urgency of the specific social problem upon which it is sought to intervene (appropriateness), which in turn should be based on data (evidence). These data should be relevant and useful for improving the chances of a policy producing good outcomes for users and an efficient use of public money.

Innovation needs also to include a novelty element and have the purpose to generate social benefits, which links with the dimension of appropriateness. In addition, as highlighted above, an innovative practice needs to make a difference for which it should be studied on the basis of its possible scope on the target population, the social risks and sectors it wants to address.

Finally, a social innovation practice needs to foresee the measurement of impact, as this will allow social policy to move forward towards a more effective social welfare provision. For instance, a social practice needs to be able to prove a degree of improvement which may go from an organisational level to a financial or services level. In addition, it should demonstrate a degree of improvement in final outcomes (whether these are health improvement,

preventing social problems or improving the educational level of a target group). In order for this to be properly measured, practices need to include evaluation mechanisms or indicators.

European responses to social innovation

In the current socio-economic context, we have been witnessing how short and long term social demands have been growing, whilst there have been considerable budgetary constraints. At the same time, these social challenges may represent new growth sectors, and there is an acknowledgement of the need for a smart, green and inclusive growth within the EU 2020 Strategy, which are also opportunities. Therefore, the social innovation debate addresses a range of questions, including:

- *How to address societal challenges effectively and efficiently within a tight budget?*
- *What does strategic social investment look like and how can social policy support it?*
- *How to support people in lifelong learning to ensure adequate livelihoods in a changing world?*
- *How can innovative partnerships bring private and non-governmental resources to complement state funding?*
- *How to strengthen evidence-based knowledge in policy-making and reforms?*

At policy level, the European Commission launched the Europe 2020 Strategy and flagship initiatives (e.g. the [European platform against poverty and social exclusion](#) in 2010 and the [Social Investment Package](#) in 2013).

The social investment package includes five pillars:

- Increase the sustainability and adequacy of social policy budgets
- Activating and enabling policies
- Invest across the life course (starting with children)
- Innovate and reform policy based on evidence
- Streamline monitoring and governance

This paper focuses on addressing social innovation through a social investment approach, and specifically pillar four on **innovation and social policy reform on the basis of evidence**. The EC calls social policy experimentation the “*process of testing the validity of new innovative policies by collecting evidence about the real impact of measures on people*”. The result is the formulation of policy and practice based on evidence. These ‘experiments’ involve:

- bringing innovative answers to social needs
- small-scale probing interventions to test impact
- being made in conditions where their impact can be measured, e.g. by having a pre/post analysis or by applying the measure to a group and comparing the results to those who did not receive the intervention
- being scaled up if the results prove convincing.

Types of data

As highlighted above, the appropriateness of an intervention should be based on **data**, which in turn should be **relevant** and **useful** for increasing the chances of an improvement in **outcomes**. Three types of data can produce good evidence:

1. Evidence on population needs
2. Data on what works (effectiveness)
3. Economic data on costs and benefits (efficiency)

1. Evidence on population needs

Traditionally, the public sector has measured outputs, for example, how many children go to school or how many access a particular service such as children and young people's mental health services. If public services want to work on prevention, they need to reduce the number of people needing certain services, typically specialist services.

Reducing the need for these specialist services may depend on preventing the risks and impairments that produce that need in the first place. In order to do that, public authorities need to measure these risks and impairments to get a sense of who should be targeted with preventative services, but this exercise is more complicated than measuring, for example, the number of children accessing mental health care. This data often does not exist at the local level or when it exists it focuses on those already accessing services.

Data-based child protection policies in France

The importance of data in order to formulate effective child protection policies has been understood in France where following the adoption of the child protection national law in 2007, several protocols and infrastructures have been created to undertake data collection and monitoring at local and national levels.

At local level, local observatories for child protection were established to gather systematically data within a planned strategy established at national level. The systematic gathering of data is transferred to the national level where the National Observatory for Children at Risk is responsible for collecting & comparing these data across the French regions and draw national conclusions on the basis of the collected data. An annual report is produced each year and a longitudinal study is due in 2014.

2. Data on what works (effectiveness)

When it comes to looking for evidence of what works, policy-makers and public services directors need to consider two questions: is a particular evaluation relevant and is it of good quality? Elaborating on the first question, outcomes are relevant depending on a particular population group and context, so evidence should identify *'what works, for whom, in what circumstances and why'* (Pawson & Tilley 1997).

Transferability is another important criterion in assessing whether research is relevant and of good quality - *'the relevance of studies conducted outside of geographical, cultural or national boundaries'* (Macdonald 2003). This is particularly important for a European

organisation like ESN and also for the use of evidence by European institutions and the design of programmes under the European Structural and Investment Funds.

3. Economic data on costs and benefits (efficiency)

A third and increasingly used type of evidence concerns the costs and benefits of social services and programmes. Various types of economic analysis can help model costs and benefits.

A cost-benefit analysis of interventions puts a monetary value on the intervention and its outcomes. For instance, a cost-benefit analysis to reduce smoking would transform a quitter's improved health or longer life into a monetary value, for example the actual costs saved due to reduced healthcare or the actual benefits that follow from someone living longer, earning more and making a greater contribution to the tax burden.

In a cost-effectiveness analysis, the benefits of the intervention are measured in natural units (improvement in quality of life, reduction in cognitive impairment, etc.) and cost-effectiveness is expressed as the effect achieved per unit cost. This type of analysis can be used when the benefits of the interventions can be directly compared.

In a cost-utility analysis, the benefits of the interventions being compared are "translated" into a common measure, quality-adjusted life years or QALYs (for example), which reflects the quality as well as quantity of life gained thanks to the interventions. It is appropriate when interventions lead to improved health, and is frequently used to prioritise health spending, because it allows requesting interventions or treatments according to the aggregate health benefits they provide.

A cost-effectiveness study of person centred-care for older people

This study is based on a randomised control trial undertaken in the Basque Country. The project Etxean Ondo is piloting services for older people including:

- Person-centred and coordinated home care services
- Personalised residential units

Pilots have run for two years during which a cost-effectiveness study commissioned by the Basque government to the research centre SIIS has been conducted to determine which service is more cost-effective.

The study is measuring outcomes variables such as functional ability, cognitive capacity or users' health status. In terms of measuring costs, the overall question is if care provided through the new services is cheaper, more expensive or the same as usual care. In order to ascertain this, they have measured the use of the different services by intervention and control subjects and estimated the unit cost of each service, calculated the average cost per user and compared average costs in intervention and control groups.

Looking ahead

Evidence on needs, effectiveness and efficiency are a source of empowerment for policy and decision-makers to promote social innovation. However, evidence is still limited and there are other factors which also play an important role in decision and policy-making. Besides its appropriateness and novelty, measuring the innovative capacity of a social intervention requires assessing and demonstrating its beneficial effects and that it may be replicated somewhere else. Therefore, the following aspects are key in promoting social innovation at various levels:

1. **Investing** in tools to improve needs data about the local population;
2. **Innovating** or trying a new way of doing things, based on a clear idea of what outcomes are being targeted, available data about what factors are known to impact this outcome, and what types of approach are known to work in improving this outcome ('theory of change');
3. Promoting commitment; for instance, getting stakeholders (e.g. practitioners) engaged, and building alliances with universities or research centres;
4. Monitoring outcomes for clients using services before, during and after an intervention;
5. Proof of **impact**, which may be demonstrated via experimental evaluation, where the change in outcomes for a group of users receiving a service is compared to a comparable group of those who do not;
6. Ensuring enough material is produced in order to assess to what extent the strengths and weaknesses of a practice may enhance or limit the chances of its transfer to various contexts, situations, institutional and policy arrangements.

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