

Institution: University of Northumbria at Newcastle		
Unit of Assessment: 17 (Business and Management Studies)		
Title of case study: Transforming public services through new commissioning and management priorities		
Period when the underpinning research was undertaken: 2018 - 2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Toby Lowe	Senior Lecturer	01/11/2018 - Present
Rob Wilson	Professor	01/10/2018 - Present
Hannah Hesselgreaves	Associate Professor	08/08/2018 - Present
Max French	Lecturer	01/09/2019 – Present
Melissa Hawkins	Senior Research Assistant	01/11/2018 – Present
Deborah Harrison	Research Fellow	01/02/2019 – 30/09/2020
Amy Wheatman	Research Assistant	23/04/2019 – Present
Simon Penhall	Research Assistant	10/2019 - Present
Period when the claimed impact occurred: 2019 - 2020		
Is this case study continued from a case study submitted in 2014? N		
1. Summary of the impact (indicative maximum 100 words)		
<p>Prevailing approaches to public management have been based on principles of marketisation, management, and measurement. These are increasingly being seen to fail when faced with the complex world of public services. The Human Learning Systems (HLS) concept represents an alternative approach, one that embraces the complexity of the real world of organisations working to deliver social and welfare services. Research from Northumbria University has pioneered and rolled out HLS in the UK, as a result HLS has been adopted by local authorities across the UK, the NHS, and charitable foundations. Allocation of funding under this new approach amounts to over GBP169,000,000 and examples of resultant local service improvements include a 50% reduction in families occupying temporary bed and breakfast accommodation, fewer children in care, and improvements in employment and mental health.</p>		
2. Underpinning research (indicative maximum 500 words)		
<p>The dominant management paradigm currently used for the public and voluntary sector – known as ‘new public management’ (NPM) – fails to respond effectively to the challenges of complex 21st century services for care and welfare. NPM uses contract-based target-setting and performance measurement processes to commission and determine the effectiveness of service outcomes. It is widely acknowledged that this creates perverse incentives for organisations to manipulate the targets in an increasingly complex environment [R1, R2]. Northumbria’s research has developed, trialled, and rolled out an alternative approach to service commissioning, delivery, and performance management. This is known as the Human, Learning, Systems approach (HLS) [R2].</p> <p>Building on Northumbria’s strong track-record of public management research, in 2018 the Business School formed a ‘complexity and learning group’ funded by Big Lottery Fund, Lankelly Chase Foundation, and the Tudor Trust [G1-G3]. The group comprised 5 researchers, though this has now grown to 11. Much of the work they undertake is on-going, co-produced action research with groups of service providers such as adult social care, health, and financial support. Here, the research activities support organisations to experiment with the new approaches to service delivery that the group helps them to create [R2].</p> <p>HLS has been informed by ongoing academic work in the challenges of performance management for service organisations. The group conducted a comparison of two models of social prescribing (interventions that improve health and wellbeing of service users) in Northern England. The work interpreted approaches to commissioning and delivering the services to identify and critique features of NPM. One method focused on measurements of improved</p>		

outcomes, the other – more traditionally – measured the success of outputs or processes. Assessment showed that both methods were subject to the ‘tyranny of targets’ and recommended that a more nuanced approach to outcomes measurement and performance management could maintain the relationship and trust-based aspects throughout the life-cycle of commissioning and delivery, making outcomes less important as performance targets and more as a tool for learning and development [R3].

Researchers took this forward using complexity theory, which looks at how organisations adapt to their environments and how they cope with uncertainty, to put in place systems to learn and improve. This was achieved through action research with over 300 public and voluntary sector organisations in the UK, USA, Australia, Canada, and New Zealand, through a consultative process including master classes, online forums, horizontal engagement between organisations [R1, R2], and supported by a programme of evaluation [R4]. This work resulted in the ‘human, learning, systems’ approach (HLS). In contrast with results-based management approaches, HLS adopts the view that the outcomes public service organisations are commissioned to deliver are not independently produced by those designing interventions or services – but rather come from the systems in which they are embedded [R5].

The HLS (‘Be Human, Learn Together. Change the System’) framework is based on three key principles:

(1) Human – This element challenges a managerial and metric-focused approach by acknowledging the strengths, capabilities, and practice of the people involved, stressing the importance of relationships – particularly with service-users. This suggests service delivery should be more human-centred, building on intrinsic motivations of those involved. This is encapsulated as VEST – variety, empathy, strengths, and trust [R1, R2].

(2) Learning – With a learning focus, work is not about delivering a standardised service, but is instead a continuous process of learning which allows service providers to adapt to the changing strengths and needs of each person with whom they work. This approach challenges narrow forms of accountability based on targets and tick boxes. To meet this challenge, organisations recognise the multiple dimensions of accountability and explore who needs to provide what kind of account to whom. This process involves dialogue, not just data, is an experimental approach, and requires a move to funding learning, not services [R1, R2].

(3) Systems – To be successful, complex, often place-based systems need to be the basis for interventions, not single projects, or organisations [R5]. This requires trust between actors, establishing shared principles, values and behaviours, and the addition of stewarding roles to manage governance complexity between participating organisations [R1, R2].

This conceptual framework has been applied within funding and service delivery organisations. The researchers conducted work for the Lankelly Chase Foundation [G1, G2] which explored the application of the HLS approach within towns and cities in the UK, including Manchester, Barrow-in-Furness, and York. This used the concept of ‘place’ to identify a set of findings around actors, power and relationships, the learning journey, roles, and functions, which enabled them to identify lessons for using learning to create change, as well as the challenges around uncertainty, resources, and motivations of the actors [R4].

By sharing the results of this action-research process with wider public and voluntary sector actors and building a community of practice of organisations advocating for change – embracing more than 360 organisations in UK, USA, Australia, Canada, New Zealand – the HLS framework is shifting understanding of how public management should be undertaken.

3. References to the research (indicative maximum of six references)

R1. Toby Lowe and Plimmer, D.* (2019) ‘Exploring the New World: Practical Insights for Funding, Commissioning and Managing in Complexity’ Northumbria University and *Collaborate*

CIC <https://collaboratecic.com/exploring-the-new-world-practical-insights-for-funding-commissioning-and-managing-in-complexity-20a0c53b89aa>

R2. Toby Lowe, Max French, Melissa Hawkins, Hannah Hesselgreaves, and Rob Wilson (2020) 'Responding to complexity in public services - the human learning systems approach' *Public Money and Management* <https://doi.org/10.1080/09540962.2020.1832738>.

R3. Dayson, C.**, **Coles, A.*****, and **Toby Lowe (2019)** 'A Comparative Analysis of Social Impact Bond and Conventional Financing Approaches to Health Service Commissioning in England: The Case of Social Prescribing' *Journal of Comparative Policy Analysis* **22** (2) 153-169 <https://doi.org/10.1080/13876988.2019.1643614>

R4. Deborah Harrison, Max French, Simon Penhall, Amy Wheatman, Rob Wilson, Toby Lowe, and Hannah Hesselgreaves (2020) Lankelly Chase Foundation Place Action Inquiry: Learning Synthesis and Findings Summary Lankelly Chase Foundation: <https://lankellychase.org.uk/an-update-on-our-place-based-work/>

R5. Toby Lowe, Max French, and Melissa Hawkins 'Navigating Complexity: The Future of Public Service' in *The Palgrave Handbook of the Public Servant*, Sullivan H, Dickinson H., Henderson H. (eds) (Palgrave 2020) pp1-19 https://doi.org/10.1007/978-3-030-03008-7_16-1

R6. Toby Lowe, Max French, and Melissa Hawkins 'The Human, Learning, Systems Approach to Commissioning in Complexity' in *Local Authorities and Social Determinants of Health*, Bonner, A., (ed), (Policy Press 2020) <https://doi.org/10.2307/j.ctv177tqp0.24>

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Research Funding

G1. PI, Toby Lowe, Lankelly Chase, Nov 2018 – Dec 2020, GBP88,194.45

G2. PI, Hannah Hesselgreaves, Lankelly Chase, Apr 2020 – March 2022, GBP266,201

G3. PI, Hannah Hesselgreaves, Tudor Trust, Apr 2019 – July 2022, GBP146,168

4. Details of the impact (indicative maximum 750 words)

The Northumbria team worked closely with organisations, including councils/local authorities, the NHS, and charitable bodies to help them adopt an HLS approach to public management in their strategies and ways of working. This new approach has brought efficiency benefits to many of the organisations and changed public services (including delivery) leading to improved health and wellbeing for service users. It has influenced commissioning and funding, local public service infrastructure, and the practices involved in managing and delivering public services. These include work with voluntary and community sector organisations (VCSOs). More than GBP169,000,000 of public and charitable funding is now managed under HLS principles. Some examples are outlined here.

4.1 Improved commissioning and delivery of public services by using HLS

Northumbria researchers worked with Plymouth Council (260,000 population, annual spend GBP600 million) to develop a whole-systems approach to public service which prioritises learning as a mechanism for change. The adoption of HLS has changed the way the Council manages and commissions 'significant elements' of its public services [E1]. This led to the creation of a new, ten-year, GBP77,000,000 budget to provide a support system for vulnerable adults. This replaces 29 separate service contracts previously used. Plymouth Alliance was commissioned to undertake this work from April 2019. The commissioning contract focuses on learning and collaboration and is free from KPIs and other standard performance management mechanisms [E1].

In May 2020, Gary Wallace from Plymouth Alliance reported on how the HLS approach had changed its ways of working 'everybody has been fundamentally changed by this in terms of

how we see ourselves, our roles and our work. What it's really done is exposed how much effort in a system is to do with responding to organisation need rather than to real need... It also had placed all the values we enshrined in our contract, front and centre, so things like kindness, empathy, openness and trust' [E2, p9].

This change has led to a more efficient method of working and cost savings of over GBP750,000 per year with no reduction in quality or quantity of service. In fact, the service can now support more people in need [E1]. This has resulted in decreased waiting times for drug and alcohol treatment programmes and a cut in the numbers of homeless families in temporary bed and breakfast accommodation by ~50% [E1]. The Director of Public Health at Plymouth Council confirmed that *'Our action-research relationship with Dr Lowe and his team has been invaluable in the creation of our alternative approach to public management'* [E1]. The work has been applied to other services including place based, child obesity, smoking cessation, and public health education messaging during COVID 19 [E1].

In 2018, Dr Toby Lowe was retained as a consultant for Gateshead Council's Public Service Reform (120,000 population, annual spend GBP200 million). This led to new prototypes for public service working based on the HLS principles of forming effective human relationships. The work centred on council tax debt recovery, homelessness, and neighbourhood working. This represented an investment of GBP1,500,000 by Gateshead Council in the HLS approach [E3] and over GBP60,000,000 in using the HLS approach to commission public services for Information Advice and Guidance, Adult Social Care, and Learning Disability [E3]. The development of the HLS approach enables these services to adapt to the diverse and changing needs of the people in Gateshead and they are confident that this will result in millions of pounds of cost savings as the prototypes become standard practice [E3; E4, p70].

The new services have already led to: improved employment rates for people that saw little prospect of ever working; reduced interventions by the care system, meaning less children going into care; reduced levels of debt and increased income; and, improved mental health [E3]. Mark Smith, Director of Public Service Reform at Gateshead Council confirmed that *'The Gateshead prototypes have, according to citizens themselves, led to a material improvement in their lives and prospects in over 70% of cases, having been either ignored by or bounced around the confusing configuration of services hitherto'* [E3].

The Liverpool City Region Combined Authority (CA) was awarded GBP7,700,000 to develop a Housing First pilot across the city region. Housing First requires a system change to the prevailing approaches to homelessness and as such, a change in the way in which commissioning of homelessness services is carried out. Therefore, the CA has embraced HLS as an approach to commissioning and as a tool with which to understand the current homelessness system and to create change [E5a, p1; E5b, p1]. One example of commissioning services in this way is the Assertive Outreach service, a GBP675,000 contract [E5a, p4] which demonstrates HLS principles including a learning approach to contract management and the appointment of a 'systems steward' [E5b]. *'This approach results in better experiences, better outcomes and it has potential to increase collaboration, enable innovation, build employee motivation, and deliver cost savings'* [E5b, p2].

Collaborative Newcastle – a partnership comprising Newcastle Council, Newcastle-Gateshead clinical commissioning group, and Cumbria, Northumberland, and Tyne & Wear Mental Health Trust – works to service more than 1.5 million NHS patients every year. Since 2019, Lowe has worked with Collaborative Newcastle. The Chair of Collaborative Newcastle stated: *'Using Dr. Lowe's work, we have developed a health, wealth and wellbeing strategy for the city, and an underpinning 'Being Well' approach to service redesign which is built explicitly on the Human Learning Systems approach'* [E6]. The strategy encapsulated in The Joint Executive Briefing Note from 31 January 2020 [E7], adopting the HLS approach, underpins tens of millions of pounds of investment in improving support for people with complex needs, hospital discharge, and 'care at home' services [E6].

More broadly, Impower, the largest public sector management consultancy in the UK, worked with Lowe to adopt the HLS approach as part of its new Edgework Manifesto [E8, p140]. Impower works with more than 140 Local Authorities in the UK to create change in public service delivery. It now offers HLS as an approach to use with its clients.

Internationally, the Exploring the New World report [R1] has had a significant influence with the Australian Treasury who used it to develop a design approach in its 'Systems-led design guide' to embed systems-led design methodologies and techniques [E9, p67] in 'day-to-day work to help us understand, document and communicate the complexity of the tax and superannuation systems' [E9, p9].

4.2 Improved distribution and effectiveness of charitable funding by using HLS

Lankelly Chase is an independent charitable foundation which works across the UK to change systems that perpetuate disadvantage. It invests GBP5,000,000 annually in grant funding and commissioning via its partners. In 2018, the organisation commissioned Lowe to become a partner on its Place Action Inquiry. The Inquiry supported partners to develop the HLS approach to improve the ways they support people who experience severe and multiple disadvantages. It will run over a ten-year period with an expected budget of GBP5,000,000. The initial GBP1,000,000 investment means that: Greater Manchester Combined Authority has developed new co-production commissioning procedures; for the first time, organisations that support adults with complex needs in York have come together to create a new learning infrastructure; and commissioning in Gateshead Council and Clinical CG now focuses on learning rather than performance management [E10].

Tudor Trust is a UK-wide charitable foundation that in 2019 distributed ~GBP18,000,000 to more than 300 organisations to support communities to drive their own positive change. Tudor has also adopted the HLS principles and uses it with its grant holders, with relationships at the foundation of everything the Trust does [E2, p2-3].

5. Sources to corroborate the impact (indicative maximum of 10 references)

Ref.	External Source of Corroboration	Link to Impact
E1	Testimonial - Ruth Harrell, Director of Public Health, Plymouth City Council	Evidence that the research shaped Plymouth's GBP77,000,000 adult social care budget
E2	Webinar TRANSCRIPT (08/05/20)	Evidence of benefits to and through Plymouth Alliance and The Tudor Trust
E3	Testimonial - Mark Smith, Director of Public Service Reform, Gateshead Council	Evidence of shift in Local Authority practice
E4	Exploring the New World report, March 2019 [Also R1]	Case study evidence of use of HLS approach
E5	a) Tender - Assertive Outreach and b) Liverpool City Council case study	Evidence of use of HLS approach by Liverpool City Council's commissioning
E6	Testimonial - Martin Wilson, Chief Operating Officer, Newcastle upon Tyne Hospitals Trust, Chair Collaborative Newcastle	Evidence that Human Learning Systems approach is influencing change of policy at senior strategic level in NHS and UK Government
E7	Collaborative Newcastle, Being Well Strategy, Joint Executive Briefing Note 31 January 2020	Evidence of shift in local public service strategy & resources
E8	Impower – Edgework Manifesto	Demonstrates impact on professional practice
E9	Australian Tax Office Design Process guide	Demonstrates impact on government practice – reference to Lowe and R1
E10	Testimonial - Cathy Stancer, Director, Lankelly Chase Foundation	Impact of research on policy and practice of the Lankelly Chase Foundation