

Making it easier for
civil society to work
with the state
Progress update

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Foreword

This Government is determined to improve the quality of public services, while continuing to reduce the deficit in public finances. To meet this challenge, we are opening up public services with two objectives. First, we want the public to have more information about what is being done in their name and more power to change what they do not like. Second, we want those buying services on our behalf to have more space for innovation and more choice – because we believe in the power of competition to increase standards and deliver better value.

We also have a Coalition Government commitment to ‘... *support the creation and expansion of mutuals, co-operatives, charities and social enterprises, and enable these groups to have much greater involvement in the running of public services.*’ This commitment is rooted in a recognition that charities and social enterprises have an enormous amount of value to add in helping us shape and deliver better services.

This paper is a stocktake on progress made against that commitment.

It is clear that we are at an early stage of a very challenging journey. Over many years and different governments, the private sector has dominated the outsourced public services market. Creating more space for civil society requires culture change within the public sector, and that will take time. Civil society also faces many challenges in sharpening its competitive edge. Some big new central opportunities, such as the Work

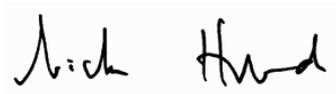
Programme, have presented significant difficulties for the sector. At a local level there is a very mixed picture of engagement with the sector and widespread concern that the small and local will lose out. Whatever the difficulties, we should not lose sight of the scale of the opportunity and that some real progress has been made. Less money is driving fresh thinking about what services are really needed and how they are best delivered. Leadership is being shown and there is learning to be shared. The public sector is becoming more open to innovation, cooperation and the need to focus on and pay for outcomes. The growing emphasis on Payment by Results places a premium on organisations that can deliver. In addition, there is a healthy pipeline of public service mutuals emerging across the public sector, with over 100 developing and established projects currently being tracked by the Cabinet Office, spanning twelve different sectors of public service delivery, from youth to fire services.

Sector organisations looking to compete for contracts are responding to the need for more business know-how and financial resilience. Already we are seeing significant new opportunities opening up for charities and social enterprises. At the same time, we are seeing fast growth in the social investment market that wants to help them seize those opportunities.

Of course, civil society involvement in the push for better public services is not restricted to the delivery of contracts. We want to see civil society more involved in helping us shape the services that

are really needed. Furthermore, we want to offer the public more opportunities to make a difference through their voluntary action. Initiatives like the Prime Minister's Dementia Challenge demonstrate a new willingness for government, business and civil society to work together in finding a better 'whole society' approach to the major social problems that undermine our progress as a country.

We have made a start. There is much more to come.

A handwritten signature in black ink that reads "Nick Hurd". The signature is written in a cursive style with a large initial 'N' and 'H'.

Nick Hurd MP
Minister for Civil Society

Executive Summary

The Office for Civil Society exists to help charities and social enterprises do more good. In the context of public services, we will focus on three things:

1. We will work with commissioners to make sure that new contract opportunities are as open to civil society as possible.
2. We will help the sector become more competitive in this emerging landscape, in particular through our new plans to run a series of commercial skills ‘masterclasses’ in 2013.
3. Finally, through the Social Action Fund, we will back projects like Dementia Friends, which create inspiring opportunities for the public to make a difference.

This paper sets out our plans.

We are supporting intelligent commissioning through...

- The **Commissioning Academy**, a programme designed to support capable and confident senior public-sector staff to commission in a way that is sensitive to the needs of civil society.
- The **Social Outcomes Fund**, a £20 million central top-up fund that will bring in investment to help finance early, preventative programmes on some of the most complex and expensive social problems; and the **Centre for Social Impact Bonds**, a team within the Cabinet Office that promotes the development of more and better Social Impact Bonds (SIBs).
- The promotion of **Social Value**. From January 2013 commissioners will be required to consider social value in the pre-procurement stage of

services contracting, helping to ensure full value from contracts is obtained.

- The **Mystery Shopper Service**, which allows any organisation to register difficulties encountered in dealing with public body or prime contractor procurement and provides support so that action is taken to improve processes.

We are making it easier for civil society to...

- *Access public service contracts*: such as setting up a **Free School** or running part of the **National Offender Management Service**. In addition, the **National Citizenship Service** is powering ahead through numerous local civil society organisations, and we have opened up public health services through the NHS’s **Any Qualified Provider** scheme. As the number of public-service contracts available to civil society providers increases, it is important that the terms of business ensure that no provider is disadvantaged. For this reason, the commitment of both government and the sector to **the Compact**, the Government’s agreement with the sector, remains as important as ever.
- *Identify opportunities*: through the new **Contracts Finder** website, a central hub where both future and current procurement opportunities can be easily accessed. We have also developed public-sector **Procurement Pipelines**, which allow organisations to plan ahead in terms of future commissioning opportunities.
- *Get involved in shaping local priorities*: it’s not all about delivery; our **Whole Place Community Budget** pilots have involved civil society in

shaping local priorities for public services. Furthermore, through our commitment to **transparency**, organisations will be able to see how government money is spent.

- *Challenge existing provision:* through our **Community Right to Challenge** initiative, organisations now have the opportunity to challenge local authorities to open up service delivery to competition.
- *Propose different delivery models:* we are pioneering innovative models for the delivery of services; supporting the transformation of services traditionally delivered by government into mutuals; and offering staff in public bodies the opportunity to ‘spin out’ and run their service themselves. To support this trend, the Government is rolling out new **‘Rights to Provide’** across public services, so that employees can request or bid to take over the services they deliver.
- *Argue for genuine innovation:* **SIBs** provide opportunities for more social enterprises and charities to deliver public services through providing the crucial up-front capital which allows commissioners to pay for real-life successful outcomes.
- *Overcome barriers to entry:* even if the design, commissioning and delivery of public services is opened up to civil society, we recognise there can still be bureaucratic barriers to participation. So we have removed the need for **Pre Qualification Questionnaires (PQQs)** for smaller procurements and implemented as best practice **LEAN** processes that reduce procurement processing times by 40% on average. Alongside this, we are examining how **TUPE** regulations might be made less burdensome. And through our **Transforming Local Infrastructure** initiative we are supporting many organisations to build local consortia that can be effective in winning and running public-service contracts.
- *Plug skills gaps, especially business skills:* we understand also that civil society may lack the capacity to work effectively with the state. So we have set up a £20 million **Investment Readiness Programme** (consisting of a £10 million Investment and Contract Readiness Fund and a £10 million Social Incubator Fund) to support the development of more social start-ups and social ventures in England). We are also undertaking the **Marsh Review** of skills and have supported programmes like **Business Connectors** and **Professionals**, both of which transfer skills from business professionals to civil society organisations. This report also sets out new plans to run a national series of **Masterclasses** on winning and working with contracts.
- *Access long term finance:* through the social investment of our **Big Society Capital** partnership with UK banks, we are making it easier for civil society organisations to access long-term affordable finance.
- *Mobilise volunteers to work with and enhance statutory provision:* finally, through the **Social Action Fund**, we are supporting social action projects that can augment existing public services.

1. New Opportunities

Opportunities from Central Government

Across government there are opportunities for civil society as public services are opened up to the best provider. The **Free Schools** programme has allowed a wide range of providers to set-up and run brand new schools, including a number of charitable organisations, such as the Constable Educational Trust, which runs a primary school in Tower Hamlets (see Annex A).

The Ministry of Justice's £275 million **National Offender Management Service (NOMS)** ESF Co-Financing Organisation (CFO) programme recognised that it could be difficult for civil society organisations to secure contracts on a large scale. In response, NOMS CFO has adopted a simplified and more flexible contracting process, as well as an upfront Payment By Results model, all of which has led to civil society organisations designing and delivering services, and forming service-delivery consortia or partnerships (see Annex A).

In addition to this, Secretary of State for Justice Chris Grayling has announced new opportunities for civil society organisations to work in **Probation** services on a Payment By Results basis.

The **Work Programme**, which has attracted to date over £600 million of investment from prime contractors alone,¹ has been designed on a Payment By Results model. Just over a year into existence, a significant proportion of the programme is being delivered on the ground by 368 voluntary and community organisations (47 percent of the entire supply chain). Although there are significant challenges to civil society participation in the Work Programme, it remains a

big opportunity for the sector to deliver efficient and effective frontline services. And this seems to be happening; it is too soon to judge how the programme is performing from job outcomes alone, but it is clear that it is getting people off benefits and into employment. Since the launch of the Work Programme, other Payment by Results models have been designed.

Case Study

The Cabinet Office-funded **National Citizen Service (NCS)** has moved from grant funded pilots to 19 regional multi-year contracts, allowing charities and social enterprises more certainty about future funding. Over 120 organisations will be involved in the delivery of NCS from 2013, including 73 from the VCSE sector. Of the £200 million budget, organisations will spend £190 million on programme delivery, with the vast majority of the money going to the frontline organisations. The **NCS contracts** pay out 75 percent in advance of delivery so that all organisations have access to funding before outcomes are achieved. Such contracting also ensures value for money for taxpayers through the 25 percent Payment By Results element. These contracts were tendered according to **NCVO and Serco's joint Best Practice Guidance** for effective working with the VCSE. This guidance builds in part on the Department for Work and Pension's **Merlin Standard**, which sets out how prime contractors should work with subcontractors.

¹ According to the Employment Related Services Association (ERSA), Media Pack Release of Job Start Data: November 2012 (<http://www.ersa.org.uk/hub/details/723>)

Opportunities at a local level

Opportunities for civil society to participate in public services are also opening up at a local level as budgets are devolved and co-operation over how to spend them is encouraged (see Annex B).

As an illustration of this radical new approach, the recently piloted **Whole Place Community Budgets** were designed to structure local services around the needs of citizens, improve outcomes, and save public money by reducing duplication and waste. As a result of one pilot which civil society organisations were involved in developing, an integrated care service across three London boroughs was proposed, with a projection of £66 million per annum in gross savings after five years.

Case Study: Kent County Council (KCC) Youth Service – innovative and inclusive commissioning

KCC has secured contracts with a range of civil society providers to deliver youth activities that respond to local needs and achieve savings. 128 diverse providers expressed interest, and 55 tenders were received, including from consortia of smaller groups collaborating together. 23 of the 24 organisations that successfully tendered were Kent based. Barriers for small organisations were removed by asking potential providers to complete a simple questionnaire to apply to join a dynamic purchasing system. In addition, 30% of the tender score was based on how the organisation would actively engage young people, incorporating social value.

Local members and young people were heavily involved in the process. 'Locality Boards', comprised of county and district members, used local knowledge to identify priorities in each district area and shape contracts accordingly. With help from young people, the Boards also evaluated tenders and influenced the allocation of available funding.

Opportunities are also opening up as new commissioners enter the market. **Clinical Commissioning Groups** have enormous potential for working with the civil society sector on public health (see Healthworks case study in Annex C). **Local Authorities** are creating opportunities in this area too, such as Dorset County Council's Continuum Consortia of small civil society organisations that run children's services. In addition, schools have freedom over whom they commission services from, as long as best value is achieved, presenting opportunities for civil society organisations. And **Police and Crime Commissioners (PCCs)** will have a single budget to give them maximum freedom and flexibility to support the local priorities set out in their police and crime plans. This new arrangement will provide opportunities for innovative ways of delivering services, such as **Payment by Results** or community budgeting, making it more likely that local needs will be met. In the New Year, the Government's new **Crown Representative for VCSEs** – the voice of civil society at the centre of Government (see Annex D) – will chair a one day symposium on commissioning opportunities and how civil society organisations can work with PCCs.

The **National Compact** was refreshed by this government and is taken seriously. The Compact is one of only six cross-cutting Whitehall priorities included in all Departmental Business Plans, against which government reports annually. Furthermore, the Compact's principles are being applied with great effect in relationships between public sector commissioners and civil society. In the example of South Gloucestershire, the Compact Implementation Group, made up of voluntary sector representatives and key public-sector stakeholders, has produced and supported the implementation of joint guidance for commissioners on working with civil society organisations.

Better information and the Community Right to Challenge

What's more, this Government has committed to being one of the most **Transparent** in the world. For example, we have ensured that local authorities are required to publish all expenditure

on items over £500. We expect civil society to take full advantage of this new openness, not only by challenging government, but also by using open data in order to create innovative new services and effectively communicate outcomes that are achieved. Where authorities remain resistant to the contribution of civil society, our introduction of the **Community Right to Challenge** will mean that any organisation will be able to challenge local authorities to open up service delivery to competition (see Annex A). And through our **Mutuals Support Programme** we are supporting staff in public bodies to 'spin out' and run their service themselves, providing an environment in which professionals are trusted to control the services they deliver (see Annex E).

Case Study

City Health Care Partnership CIC (CHCP CIC), which launched in 2010, delivers NHS services in Hull and the East Riding of Yorkshire, and recently won the Cabinet Office endorsed Public Service Mutual award at the Philip Baxendale Awards for Employee Ownership. With a turnover of around £50 million and around 1,400 staff, the Partnership helps to minimise the need for acute care in hospital through early interventions, community based treatment and the promotion of healthy lifestyles. As an employee owned organisation, permanent staff are given the opportunity to purchase a £1 share and new starters automatically become shareholders, which gives them the right to have a say in the running of the organisation. The approach adopted by the Partnership of involving patients, staff and service users in designing local services has helped to deliver improved care and increased efficiency. In its 2011 patient survey, 85% of respondents rated the care and support they received excellent or very good, a 6% increase on 2009. In addition, the Partnership has delivered 4% efficiency savings, worth £600,000 a year. It has also secured a number of new services, such as the Eating Disorders Service and has recently acquired a Community Pharmacy business.

In addition, we are making it easier to find and prepare for future central and local government procurement opportunities, through the development of **Procurement Pipelines**. In November, we launched four new pipelines, including for professional and financial services. A new pilot pipeline for children's social care services will also be published early in 2013, followed by pilot pipelines for adult social care and housing services later in the year. Since November 2011 pipelines with a value in excess of £84 billion have been published.

Finally, to ensure that all public-service contracts are easily visible to all potential providers, the **Contracts Finder** section of Gov.uk acts as a central hub for the vast majority of central government contracts and is being increasingly used by local government, other public bodies and prime contractors. Furthermore, we recently extended the Funding Central contract to bring together a tailored source of contracts and grants for the civil society sector.

2. Intelligent commissioning

The public sector spends £230 billion on goods and services a year: that's roughly 15 percent of the UK economy and £1 of every £7 spent in Britain. Historically, when it came to bidding for public-sector contracts, smaller organisations, often civil society organisations, were shut out. Bureaucratic, complex and costly procurement practices tended to favour the big providers, excluding some of the most competitive and innovative suppliers. We have started to radically transform the way government does business to correct this systematic bias towards big organisations.

Transforming commissioning

We cannot expect commissioners to adapt to this change unsupported. In order to transform public services in a climate of fewer resources and more demand, we need capable, confident and courageous people in the public sector who are responsible for designing and delivering the very best services. That is why the Cabinet Office has launched the **Commissioning Academy**, a development programme for senior commissioners from all parts of the public sector. The programme is looking at innovative ways of bringing commissioners together to learn from the examples of the most successful commissioning organisations. The aim of the programme is to develop a cadre of professionals that is progressive in its outlook on how the public sector uses available resources. The delivery of the Academy is being supported by civil society organisations and will include discussion of topics such as social value, commissioning-for-outcomes and market engagement. It is currently in pilot phase, with full roll out planned for 2013.

We have also launched a **Mystery Shopper Service** to foster greater accountability on the part of government. The Service allows any organisation to report difficulties experienced with public body or prime contractor procurement. By the end of October 2012 the service had investigated over 300 cases of poor procurement practice and in 79% of cases practice had been changed for the better.

Social Finance

Since the Payment by Results approach requires service provision before payment it can make it difficult for small civil society organisations to participate in public services. A **Social Impact Bond (SIB)** overcomes this difficulty by allowing investors to provide upfront capital for providers in return for payments if the relevant outcomes are delivered. In this way, SIBs are opening up serious resources to tackle social problems in new and innovative ways. This is about communities, businesses and charities all working together to change people's lives whilst at the same time making savings for the tax payer.

In November, we announced the launch of the £20 million **Social Outcomes Fund**, a strategic fund designed to attract new investment that will help finance early, preventative programmes. The fund aims to leverage up to £60 million of social investment to provide a 'top-up' contribution to Payment by Results or SIB contracts that are designed to deal with complex and expensive social issues. It will catalyse innovative new projects in areas where the wider benefits mean that a SIB is value for money, but where no single

commissioner can justify making all of the outcomes payments. The Fund will support SIBs that provide funds for local voluntary sector, charitable or social enterprise organisations to deliver public services.

The Social Outcomes Fund is not restricted to SIBs (it can be used for other Payment by Results vehicles too), but will be largely focused on them. The Fund addresses the main problem holding up the growth of SIBs: the difficulty of aggregating benefits and savings which accrue across multiple public-sector 'silos' in central and local government. Operative only in England, funding will be available to government departments, local councils, and other commissioning bodies such as police forces or clinical commissioning groups. It is expected that the Fund will top up payments for outcomes by 20% on any particular project.

In support of all this, the **Centre for Social Impact Bonds** is promoting the development of better SIBs. Based in the Cabinet Office, the team is increasing awareness and understanding of SIBs through online resources and at workshops and conferences. The Centre works closely with the Social Outcomes Fund and helps to support SIB developers by providing feedback on SIB proposals, advice and analytical support. For more information on SIBs and to keep up-to-date with all SIB-related activity, follow the blog at: <http://socialimpactbonds.cabinetoffice.gov.uk/>.

In addition to pioneering SIBs, we have set up **Big Society Capital (BSC)**, the world's largest wholesale social investment bank, capitalised with up to £600 million (up to £400 million from the English portion of dormant bank accounts and up to an additional £200 million from the four largest UK high street banks). BSC will invest capital in intermediaries so that they are able to invest in frontline organisations and will also invest in developing a powerful infrastructure for the social investment sector. This infrastructure will include a £10 million Results Fund which will invest in civil society organisations competing for Payment by Results contracts.

Case Study: Essex Social Impact Bond

Essex County Council is the first local authority to commission a Social Impact Bond in Children's Services. The Bond will fund a five year programme of intensive support to approximately 380 adolescents and their families. The target is to divert around 100 adolescents from entering care by using Multi-Systemic Therapy (MST), which focuses on improving parenting and rebuilding positive relationships so that families can manage future crisis situations. It is an evidence-based programme with a 30-year international track record and will be delivered by Action For Children, a UK national charity.

The success of the Social Impact Bond will be measured by the reduction in days spent in care by the adolescents, as well as improved school outcomes, wellbeing and reoffending rates. If the interventions deliver successful outcomes, the investors might expect returns in the range of 8-12% per annum. However, the investment is entirely at risk; should the intervention not deliver successful outcomes, the local authority does not pay.

Social Value Act

Better commissioning skills and innovative finance are all great steps forward. But if we are really to gear public services to positive social outcomes we need to consider social value as part of our value for money considerations. The **Social Value Act** requires commissioners to consider social value in the pre-procurement stage of services contracts and will help commissioners achieve full value from such contracts. Advice on the Act will be published on the Cabinet Office website later in December 2012. Importantly, this Act reinforces the message of the Department for Communities and Local Government's **Best Value Guidance**, which highlights the need to commission intelligently through the 'Duty of Best Value' and to treat civil society organisations equitably.

3. A more competitive sector

Reducing barriers

We understand that none of the policies and changes discussed above will be easy to implement. Hence we want to support the sector to become more competitive through reducing its bureaucratic burden. In the last two years we have removed the need for **Pre Qualification Questionnaires** for smaller procurements and implemented **LEAN** processes as best practice in procurement, with the latter meaning that all but the most complex central government procurements will be completed in 120 working days, 40% faster than before.

Transfer of Undertakings (Protection of Employment) Regulations (TUPE) safeguard the terms and conditions and continuity of employment of staff transferred from one employer to another. However, they are sometimes cited as a barrier to taking on state-run services. There have been calls for the regulations to be made as clear, simple and as fair as possible. A lack of transparency around potential TUPE liabilities is often cited as an issue which leads to providers being unable to accurately price their bids for services, or choosing not to bid at all. In response to this issue the government is already advising public-service commissioners to disclose their TUPE liabilities during the commissioning process. Furthermore, the Department for Business, Innovation and Skills recently ran a public consultation with the aim of removing any unnecessary bureaucracy associated with TUPE regulations.

Consortia-building allows civil society organisations to combine their expertise in

achieving outcomes with the management capability and capital that larger organisations enjoy. Consortia building is key to involving small civil society organisations in the delivery of public services.

Case Study

Dorset County Council (DCC) has been involved in some innovative market shaping of services for children and young people. The council realised that local civil society organisations were doing excellent work in this area, but were fragmented and unable to compete with larger, national organisations. Rather than leave the market to decide, the council supported the formation of a consortium – called Continuum – of civil society organisations, including small and local organisations. In order to give the consortium some credible operational experience, DCC undertook a pilot, whereby Continuum acts as the Council's main contractor for the delivery, by smaller voluntary providers, of information advice and guidance to young people. The consortium is working well and is gaining valuable experience of managing contracts and acting as a corporate body.

Civil society organisations have told us that **contract size** is one of the greatest impediments to their winning contracts. We agree that government contracts do not have to be, and often should not be, as big and complex as they are. So earlier this year, the Minister for the Cabinet Office, Francis Maude announced that government contracts, starting with ICT contracts,

would be more flexible so as to make them more amenable to bids from small and medium enterprises (SMEs).²

We recognise that the transition to an environment where more income for civil society organisations comes from working to contracts and delivering public services is not an easy one. So we invested £30 million through the **Transforming Local Infrastructure Fund (TLI)** in strengthening local civil society infrastructure organisations so that they might offer better support to local organisations.

Case Study

The **Big Society Co-operative** is a newly formed mutual whose role is to enable, support, and facilitate connections between public, private and civil society organisations. The Co-operative is the lead partner for the Kent TLI, working with ten further partner organisations from across the county, representing the range and diversity of infrastructure and support within Kent. One of the key successes so far is the development of a bidding consortium, the Domestic Abuse Consortium, which brings together not-for-profit providers from across Kent. The organisations within the consortium have shifted from competition to collaboration in order to effectively deliver their services. The consortium has been successful in winning a countywide contract to deliver domestic abuse services, competing against a national provider in the bidding process. The Big Society Co-operative is now developing both Children and Young People's and BME consortia along similar lines.

Building skills

Many social ventures are not quite 'investment ready' or ready to win a public service contract. So we have launched the **£10 million Investment and Contract Readiness (ICR) fund** to help successful social ventures to grow. The ICR Fund supports ventures that have the potential to

deliver services and have a positive social impact at scale, but are not yet in a position to take on repayable finance. It is used to pay for the intensive support needed to assemble business plans, prove impact, build financial management systems and strengthen senior management teams. The Fund helps match social ventures to providers able to offer such support. Once matched, the social venture and provider jointly submit a bid for funding from the ICR Fund. In September 2012, the ICR Fund committed almost £1 million to eight social ventures in order to help them scale up and do more for society. We hope that this support will raise £23 million in further investments and contracts. An example of an early grant awardee includes the 'Centre at Threeways', a newly formed Community Trust which was supported by Calderdale Council in its bid to take on the largest community asset transfer in England. The former Ridings School in Overden (once dubbed "the worst school in Britain") will be turned into an enterprise development hub for the community, owned by the community.'

We are also building skills by working with private sector providers, civil society organisations and the Commissioning Academy to deliver a series of practical '**masterclass**' workshops to civil society organisations. Designed to disseminate practical commercial skills, particularly around commissioning and procurement, the 'masterclasses' will take place across the regions in 2013. The classes will develop skills, such as: writing winning bids; adjusting to the changing tendering environment; developing consortia; and financial skills, such as how to profile and manage risks.

What's more, we are taking steps to understand and improve the skills the sector needs to engage with the new environment. Government recently appointed Dame Mary Marsh to conduct a **review of skills and leadership** in the sector <https://getsatisfaction.com/skillsocialaction>. Dame Mary will bring together a wide range of organisations and individuals to look at the challenges and opportunities that exist for the sector. The review will also promote effective solutions for recruiting, retaining and developing talent within civil society.

² Cabinet Office Policy Procurement Note (02/12), 30th March 2012
<http://www.cabinetoffice.gov.uk/sites/default/files/resources/PPN-Guidance-on-ICT-Contracts-less-than-100m-new.pdf>

We are also seeking to leverage more business support into the civil society sector. **Business Connectors**, led by Business in the Community, is supported by a coalition of businesses. Through this initiative businesses provide members of staff on secondment for six months to a year in order to build networks between local businesses and the local voluntary, community and social enterprise sector, with the aim of supporting the local community. The programme aims to recruit over 670 Business Connectors to work in over 200 disadvantaged areas within five years, leveraging more than £39 million worth of talent from businesses and creating £52 million worth of impact in local communities. We have also supported, through the Social Action Fund, the **Professionals**, a CVS programme where business professionals volunteer their skills for the benefit of civil society. And through the **Innovation in Giving** fund we are supporting several projects, such as **Give What You're Good At**, which facilitate skills transfers from individuals to civil society organisations.

4. Encouraging volunteering and social action

We have been clear from the beginning that we are committed to making it easier for people to participate in public services. Emerging evidence suggests that services which seek to combine state resources with citizen/community involvement achieve better results than could be achieved by the state alone (see below). Given these positive findings, the Government is keen to explore further how social action might better respond to key social and public service challenges facing contemporary society (e.g. isolation and loneliness). Early next year we will make a further announcement on how we plan to allocate some of the £40 million Social Action Fund to support innovation in this area.

Social action examples are illustrated below:

Case Study

King's College Hospital has developed an innovative approach to engaging and using volunteers. It started by asking staff what they wanted to do for patients but couldn't because of the pressures of their jobs. The list that staff generated – simple acts of support like popping down to the shop for a newspaper or waiting with patients before surgery – formed the basis of a new ask the hospital made to the community. Hundreds of people responded and the result is a programme of volunteering that has already led to a significant rise in patient satisfaction and has the potential to go further, improving the transition from hospital and impacting on readmission rates.

Case Study

The **One Million Dementia Friends project**, delivered by the Alzheimer's Society and supported by Department of Health and Cabinet Office, will create a social movement to improve the lives of those living with dementia. The main objective of the programme is that by 2015 one million people (Dementia Friends) will have received basic dementia awareness training, which invites and supports them to take action on dementia in their communities. Examples of the sort of thing Dementia Friends will do in their communities are: giving time to a local service for people suffering from dementia such as a dementia cafe; campaigning or fundraising for a dementia charity; and raising awareness amongst colleagues, friends and family about the condition.

This will be achieved by:

- Recruiting and training over 6000 Dementia Community Champion volunteers who will each contact and train at least 150 people, resulting in 1 million Dementia Friends. These Friends will be asked to commit their time to the dementia cause, as well as increasing their understanding of the condition.
- Developing a digitally led programme that directly targets people and invites and supports them to take action on dementia in year 3 of the project.

Conclusion

This paper argues that we have made a start in creating the conditions for a transformational shift in how civil society can help us deliver better public services. It is no more than a start because this is a long journey. However we are serious about seizing this window of opportunity to find better ways of delivering the services that people really need. Our agenda is very ambitious. It encompasses new opportunities for service delivery; co-production and innovative social action. It includes investment in practical support for both commissioners and civil society. In certain areas such as social investment, we are already recognised as leading the world. To achieve wider success we need to work closely with leaders in all sectors who share the ambition, understand the difficulties and want to learn by sharing. Through initiatives like the Commissioning Academy; the Centre for Social Impact Bonds and the Masterclasses we can build the networks of leadership and collaboration that will sustain this drive for public services that are more open and deliver better value.

Annex A: New Opportunities

Case Study

Free Schools: CET Primary Schools in Tower Hamlets and Westminster, London

CET Primary Schools, established by the charity the Constable Educational Trust, has opened two 350 place non-faith primary schools in Tower Hamlets and Westminster. CET will be using the ethos, vision and experience it has developed over a numbers of years specialising in the teaching children with dyslexia and specific learning difficulties, in order to provide a highly targeted primary education for children of all abilities from the local area. The organisation's vision is centred on the belief that **“all pupils have the potential to succeed”**. Through early identification and early intervention, pupils will be supported to reach their potential, wherever their talents lie. The schools will also operate optional extended hours and enrichment activities to give pupils a chance to further their learning. CET plan to open more primary schools in London in the next few years.

Case Study

Opening up NHS services to VCSE providers

The NHS **Any Qualified Provider (AQP)** initiative allows patients to choose any provider that meets the necessary quality requirements. Under the initiative, all providers must accept a single specification for a given service, the terms and conditions of the NHS Standard Contract and a standard price set by the commissioner. Competition is based on quality not price and only the best providers need apply. It is for commissioners to decide which community services are local priorities for the extension of patient choice. By creating greater choice, AQP allows for increased involvement from social enterprises or voluntary sector organisations. Recognising that there may be barriers to such enterprises and organisations becoming qualified providers, the Department for Health is engaged in ongoing work to make the qualification process as straightforward as possible. The Department has had a good response from the sector: at December 2012, approximately 12% of all applicants identified themselves as social enterprises, charitable or voluntary organisations.

Case Study

Ministry of Justice (MOJ) is enabling civil society organisations through the NOMS CFO social enterprise consortia-building programme: More than the Sum (which is European Social Fund Technical Assistance funded). NOMS engagement with civil society organisations during the early stages of the CFO programme illustrated the need for capacity building measures to enable civil society organisations to compete for contracts of sufficient size to sustain their work above and beyond the terms and constraints of grants programmes. In response to this, NOMS CFO has secured additional Technical Assistance funding from ESF with the aim of creating diverse supply chains which include VCSE, private and statutory organisations with sufficient capacity to participate in future procurement opportunities.

The programme will assist civil society organisations to develop and improve their capability to participate in current and future service delivery. Specifically, it will help organisations to develop consortia allowing them to compete for future services that will enable offenders to access mainstream education, training and employment. Additional technical support was commissioned to assist the development of consortia models and was made available to support those consortia shortlisted at Stage 1 of the procurement process. The technical support services were based on feedback from potential VCSE bidders during the engagement events and covered the following areas: social value; social finance and sustainability; legal constitution; and governance.

Case Study

Community Right to Challenge Support Programme

The Department for **Communities and Local Government** has launched a 3-year, £11.5 million support programme to help groups that want to use the Community Right to Challenge. The Social Investment Business runs the programme in partnership with Locality and ACEVO (Association of Chief Executives of Voluntary Organisations), supported by a wider partnership. The support package provided by the programme includes an advice service, guides and toolkits, as well as grants.

Organisations can apply for pre-feasibility grants of between £5,000 and £10,000. These grants are for the purpose of helping organisations to build the internal capacity necessary to scope out a successful challenge. Organisations that can demonstrate strong potential to compete for public-service delivery contracts can apply for feasibility grants of between £10,000 and £100,000 to help prepare an Expression of Interest or compete in a procurement process. More information can be found at <http://mycommunityrights.org.uk/community-right-to-challenge>.

Annex B: Local Opportunities

Case Study

Transforming Local Infrastructure – Voluntary Action Leicestershire (VAL)

Voluntary Action Leicestershire lead a partnership of infrastructure organisations that was awarded £941,996 from the **Transforming Local Infrastructure Fund**. The partnership will use this money to transform support to frontline organisations in Leicester, Leicestershire and Rutland. The partnership includes eight other local civil society infrastructure organisations. By developing and supporting commercial skills and effective partnership working VAL aims to see civil society organisations take a leading role in shaping and delivering local services.

Case Study

In **Yorkshire and the Humber**, Barnsley Metropolitan Borough Council plan to set up a group of six area councils that will command a budget of £2.7 million per year. The aim is that these local mini councils will procure services from SMEs, social enterprises and charities within Barnsley to strengthen the local economy and boost social capital in local areas. Setting up these mini-councils is part of the local authority's agenda to transform the relationship between citizens and the state. While central budgets reduce, the intention is to maintain these local budgets and over the long term to achieve the maximum possible devolution.

Case Study

County Durham Childrens' Services

In the North East, County Durham Childrens' Services are benefiting from improved delivery through a consortia framework agreement between 38 VCS organisations, ranging from the very small to larger organisations. County Durham Children's Trust, which comprises public agencies such as the local authority, police, NHS Foundation Trust and Probation Trust, has encouraged co-production to deliver better commissioning and contracting outcomes. Market engagement events with the VCS, have been established to inform service delivery for a range of priorities including teenage pregnancy and NEETS. Innovative new partnerships are being established and the VCS is seen as a valued partner who can maximise impact and add value to these new service delivery models.

Case Study

Gloucestershire Police Authority and Gloucestershire Association for Voluntary Action (GAVCA)

GAVCA, working with the Gloucestershire Police Authority and Gloucestershire Constabulary, recently won a Compact Award for their work to help civil society to engage with the new Police and Crime Commissioner, and se,, to influence his/ her agenda.

GAVCA coordinated civil society organisations to stimulate debate about what their priorities for the Police and Crime Commissioner might be. They also sought to establish what the membership's wider views on policing and tackling crime were.

This work focused on selected potentially marginalised communities. The information collected was then given to Police and Crime Commissioner candidates to help them develop evidence-based manifestos.

Gloucestershire Police Authority recognised that gathering the views of communities is something that civil society organisations are excellently placed to do, and that using voluntary and community groups would ensure engagement with seldom heard communities.

The impact of this work has been stronger partnership working between the civil society organisations, Gloucestershire Police Authority and Gloucestershire Constabulary. This work has also increased engagement with – and raised the profile of – the Police and Crime Commissioner elections amongst communities across Gloucestershire, and has helped to inform those elections about community needs.

Annex C: Social Impact Bonds: case studies

The Department for Work and Pensions (DWP) has launched the **Innovation Fund**, creating ten SIBs targeting young people aged 14 years and over who are disadvantaged or at risk of becoming so. The support that is offered as part of the SIBs is individually tailored and includes relationship counselling, one to one support, rewards for positive behaviour, and team and peer support. Many of the projects are delivered by the voluntary and community sector and one of the aims of the Innovation Fund is to support the development of the social investment market, as well as build the capacity of delivery organisations, particularly within the VCS.

In London, a social impact bond has been developed by the Department for Communities and Local Government, in partnership with the Greater London Authority and leading charities St Mungo's and Thames Reach. It will provide support for around 800 rough sleepers who are neither very long-term rough sleepers nor new to the streets. The aim is to reduce rough sleeping, help people get into stable accommodation, get them jobs and manage their health better. Thames Reach and St Mungo's have been selected as the organisations that will help the homeless people turn around their lives.

In Newcastle, **HealthWORKS** is working with the West Newcastle Clinical Commissioning Group (CCG) and Philip Angier, an ex-banker working with social enterprise, to develop a local social impact bond around non-medical solutions to health problems. The hope is that community interventions can reduce costs from GPs' time, prescription drugs and visits to hospital. Initial

work indicates that the bond may attract investment over an eight year period which the CCG could pay back to investors if sufficient savings are made. The bond would enable GPs to refer patients to a single point of contact who would be able to coordinate community support. ACEVO and Social Investment Business have expressed interest in this work.

Annex D: The Crown Representative VCSE

For the first time, civil society organisations have a real voice at the centre of government, leveraging engagement across Whitehall departments. Earlier this year we recruited a **Crown Representative for the VCSE sector**. Since coming into post Michael O'Toole has brought his wealth of experience in

the sector to support the Cabinet Office and wider government to improve their engagement with civil society organisations and the ways in which they procure. He has also worked hard to promote support services and best practice in the sector.

Case Study

Michael O'Toole was appointed as the first Crown Representative for the Voluntary Sector in June 2012. The role is focused on opening up more public services contracts to civil society organisations and influencing public sector commissioning and procurement to ensure a level playing field, without unnecessary barriers.

Michael builds strategic dialogue between government and the civil society sector and uses intelligence on opportunities and barriers to improve policies, processes and develop government's procurement capabilities. Michael's priority is to open up public sector business, by:

- Making it easier for more civil society organisations to tender for public contracts
- Making decisive interventions on public procurement policy and practices
- Building effective working relationships with other government departments and leading on the voluntary sector focus within major commercial opportunities
- Helping civil society organisations take services to the public sector market and remove barriers to that market

Since June Michael has made progress by leading work within government departments, including Department for Work and Pensions, Ministry of Justice, Department for Communities and Local Government and Home Office.

As well as this work Michael has reached out to the sector to promote opportunities, best practice and support services available to organisations. He has also ensured that a good understanding of issues has been communicated back into government through mechanisms such as the Commissioning Academy and the Government Procurement Unit.

You can learn more about Michael's work on his website: <http://www.cabinetoffice.gov.uk/content/crown-representative-voluntary-community-and-social-enterprises>

Annex E: Mutuals and the Mutuals Support Programme

A public-service mutual is an organisation which has spun out of the public sector, continues to deliver public services (under contract) and has a high degree of employee control.

The Mutuals Support Programme provides support to promising public-service mutuals in order to help them to develop and grow. The programme does this by funding and sourcing the professional expertise and advice mutuals do not have access to and cannot fund themselves. The **Mutuals Support Programme** is a £10 million programme that comprises a website, dedicated hotline and funds and is already **supporting 23 different organisations across a range of sectors**, including a £95,000 package of support for Cleveland Fire Brigade. The Mutuals Information Service (MIS) website gives information on the process of becoming a mutual, case studies, high-level guidance and access to a resource library. The website can be found at <http://mutuals.cabinetoffice.gov.uk>

Pipelines – There are now 64 live public service mutuals operating across England, delivering around £1 billion worth of public services. These projects together are part of a pipeline of more than 100 developing and established projects that the Cabinet Office tracks, and which span twelve different sectors of public service delivery, from youth to fire and rescue services. The pipeline also includes around 50 proposals currently being developed by staff in health and social care, covering a diverse set of services.

Mutuals Ambassador Programme: Cabinet Office have also launched the Mutuals Ambassador Programme, with 15 inspiring individuals working with projects on the ground in order to troubleshoot concerns, share commercial expertise and promote the mutuals agenda. Furthermore, there is significant work underway to lobby hard in Brussels so that **EU procurement directives** allow fledgling mutuals, when they bid for public-service contracts, time to become established before being fully subjected to EU-wide competition.

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