

Optimising Public Services

There are several complementary options potentially available to optimise public services that statutory agencies might use to achieve their desired outcomes. These are not exclusive from each other, and could all be achieved together, while requiring minimal or no additional resources from within statutory budgets.

1. Commissioning for outcomes: developing specifications for all providers that focus on achievement of outcomes (rather than specifying services, processes and/or outputs).
2. Commissioning for multiple outcomes: commissioning services that focus on not only outcomes for one aspect (such as public health), but also outcomes for other aspects (such as employability), thus obtaining greater value for money through developing shared specifications between agencies and/or directorates.
3. Commissioning for social value: It is likely that the Public Services (Social Enterprise and Social Value) Bill will become law in 2011. This will require all contracts from statutory agencies to include added social value, beyond the direct delivery of the service required. This should include social, economic and environmental impact. If early action is taken, there is great potential for statutory agencies to shape a generic specification for this added value, to ensure that all public expenditure requires action by every provider that addresses determinants of health, employability, etc.
4. Social finance: There are new social financing tools now available – such as social impact bonds – that might make it easier to raise finance for services that have a direct impact on positive outcomes, especially by social organisations.
5. Social enterprise: Rather than just focusing on social organisations as direct providers to statutory organisations, there is scope to encourage and support social enterprises to develop commercial solutions to public service issues that require little or no statutory finance. This might be done together with economic development agencies in the local authority or elsewhere.

An existing example is the Big Issue, which uses a commercial approach (selling a magazine) to address a significant social issue (homelessness). Other possibilities might include retail outlets run by social enterprises that offer an alternative, more attractive and more socially beneficial option in areas such as alcohol and food.

6. Outsourcing: If required, statutory agencies might consider the increased cost-effectiveness of outsourcing existing services into social enterprise. Possible routes include:
- Converting an existing agency or service into a new social enterprise.
 - Commissioning an existing social enterprise to provide the service.
 - Transferring a service into an existing social enterprise.
 - Transferring a service to be incubated within an existing social enterprise, with a view to it becoming a separate social enterprise within a specified period.
 - Community asset transfer, which helps social organisations to develop an asset base.
7. Commissioning for collaboration: Using new creative approaches to commissioning to encourage and facilitate collaborative options between social enterprises, especially where their strengths are complementary and could produce enhanced outcomes if coordinated.

There are existing examples and models for the approaches above, from which learning could be drawn to inform a new approach locally, consistent with national and local requirements. There might also be support for creative and innovative solutions from agencies such as New Economics Foundation, NESTA, the RSA and the Young Foundation.

*Chris Dabbs,
Chief Executive.*

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Social Enterprise Strategy

Definition.

A social enterprise is a business with primarily social and/or environmental objectives, which reinvests its surpluses for that purpose in the business or in the community. It is therefore not driven by any requirement to maximise profit for shareholders or owners.

Social enterprises include co-operatives and mutual organisations.

A social enterprise should be able to demonstrate that:

- it has social and/or environmental aims
- it has its own constitution and governing body
- at least 50% of income is earned through trading (as opposed to grants and donations)
- at least 50% of profits are spent on socially beneficial purposes
- it can provide externally verified evidence showing the achievement of its social / environmental aims
- on dissolution of the enterprise, all remaining assets would be distributed for social and/or environmental purposes

Aims.

This strategy aims to create, at minimal cost, a positive enabling environment for social enterprises as businesses by:

- encouraging and supporting individual social entrepreneurs
- supporting small and medium social enterprises to develop, flourish and grow
- working with established medium and larger social enterprises to maximise their social, economic and environmental impact

While social enterprises ultimately have social and/or environmental objectives, they should be treated primarily as businesses. This Strategy should therefore clearly sit within the field of economic and business development, and not within strategies for the voluntary sector.

Social entrepreneurs.

The establishment of social enterprises depends on individual social entrepreneurs, who exist in every part of the population.

Support and finance for social entrepreneurs should be attracted and promoted, such as from UnLtd, the School for Social Entrepreneurs, NESTA and the Young Foundation.

Unlimited Potential is registered with the Financial Services Authority as an industrial and provident society (Register number 30669 R).
Registered Office: Energise Healthy Living Centre, 3 Douglas Green, Salford M6 6ES.

Conversion.

In order to encourage the development of the social economy, services and organisations in the statutory, private and voluntary sectors who wish to convert to social enterprise should be enabled and supported to do so, including through the promotion of social enterprise models and leading examples.

Maximising value.

Every statutory agency can do much within existing resources to gain greater value from commissioning and procurement by:

- always commissioning and procuring for value and cost-effectiveness, rather than on cost and price
- requiring in every contract added "social value" beyond just the delivery of goods and services – that is evidence of the added value in terms of the economic, social and environmental well-being of the people and communities that it serves

In order to demonstrate their full value, social enterprises should be enabled and encouraged to use mechanisms such as:

- social accounting and audit
- social return on investment

Resource base.

There is a wide range of social finance and social investment available, but much of it is often unknown to social enterprises or other agencies. The full range should be promoted to emerging and existing social enterprises.

Every successful social enterprise requires a strong resource base. Every statutory agency can support this through means such as:

- social impact bonds
- community asset transfer

Recognition.

Social enterprise has a generally low profile. There are, however, means available to promote social enterprise to individuals, communities, agencies and the media, such as:

- Social Enterprise Mark
- SE100 Index
- Social Enterprise Awards

- Co-operative Awards

External support.

Social enterprises should be made aware of, and encouraged to consider using business support services such as:

- Business Link
- ACAS
- Health and Safety Executive

Social enterprises should be made aware of, and encouraged to consider joining, appropriate organisations and networks, such as:

- Social Enterprise Coalition
- Social Firms UK
- Co-operatives UK

