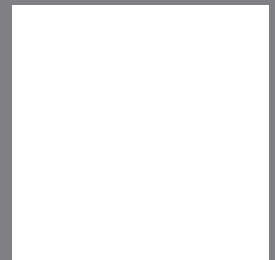


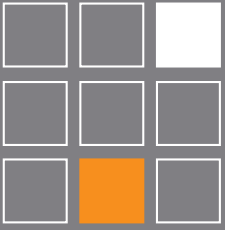


national programme for **third sector** commissioning



a better return:
setting the foundations for
intelligent commissioning to
achieve value for money
appendices

January 2009



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appendix 1: case study details

resources

Limited resources, both financial and non-financial, are one of the most significant challenges facing the public services. Finding ways of making resources go further is, therefore, a key part of maximising value for money. This section looks at three organisations that, in different ways, create value by using resources more effectively:

Sandwell Community Caring Trust has found a way of increasing the proportion of its budget that is spent on service delivery from 62 to 85 per cent.

Holy Cross Community Trust uses a co-production approach to involve service users in the design and delivery of services. This can lead to better outcomes and, over the longer term, savings in delivery costs.

City Gateway involves former service users in their employment programmes for young people who are NEET. The result is better outcomes to what otherwise presents a costly problem – the life-cost of a young person being NEET at 16 has been put at £97,000.^{xvii}

case study 1: Sandwell Community Caring Trust (SCCT)



key facts:	Sandwell Community Caring Trust (SCCT) social care provider that has achieved significant cost savings, while maintaining quality and staff conditions
founded:	1997
type:	registered charity and company by limited guarantee
location:	Sandwell
mission:	providing high-quality care to adults and children
turnover:	£12.5 million for 2008/2009
employees:	320
web:	http://home.btconnect.com/sandwellcct/trust/

key points

- SCCT has invested heavily in its staff, achieving substantial savings through a reduction in turnover and absenteeism
- SCCT is competitive on price with the private sector and statutory providers.

SCCT was established in 1997 when the local council was faced with significant reductions in its social care budget. Some services had already been closed to meet the saving targets, but core services – such as care for people with learning difficulties and the elderly – were then under threat. It was set up by the local authority as a last attempt to deliver savings to the care budget without compromising quality

for service users and pay and conditions for staff. Starting as an independent charity, SCCT was awarded a contract worth £1.2 million a year for five years and transferred 85 service users and 62 staff from the council.

Eleven years later, SCCT delivers nearly £9.5 million worth of contracts in Sandwell and, as of April 2008, a further £3 million worth of contracts in Torbay. Quality has been maintained or improved, as have staff pay and conditions. Yet the cost savings have been substantial – for example, the cost of providing residential care for the elderly has been almost halved since being transferred to SCCT.

SCCT has achieved these savings by investing in its most important assets – its staff. This investment has paid off, generating very real savings: absenteeism among SCCT staff runs at 0.34 days per year on average, which is significantly less than absenteeism in the public sector. SCCT believes this equates to a saving of between £300,000 and £500,000 for an average care home.

achieving value for money by making better use of resources

When SCCT was set up, it faced an immediate challenge. Although it had been given £1.2 million to look after the 85 service users transferred to its care, the council had spent £1.6 million on the care of these service users in the previous year. SCCT, in other words, had to quickly find a way to come up with nearly £400,000 in cost-savings.

Cutting back on staff numbers and pay, which is often the response to such budgetary pressures, was not an option. SCCT had been established with three principles, to deliver:

1. a quality service
2. care that represents value for money and
3. long-term and stable employment.

The commitment to provide long-term and stable employment meant that SCCT had promised to maintain local authority pay and conditions among its staff, including the pension provisions.

It was decided to seek savings by improving staff morale, effectively creating a culture where staff feel valued. The result was a dramatic reduction in absenteeism and turnover (see table 1).

table 1.
absenteeism and turnover at SCCT (Sandwell only), 1997 and 2008

1997	indicator	2008
24 (for £1.2m)	number of managers	12 (for £9.5m)
22%	administration costs	6%
62%	spending on service delivery	85%

Both the turnover and absenteeism generate direct savings. There are also indirect savings and benefits for the organisation and, most importantly, the service users:

- SCCT is able to invest in training knowing that staff are likely to remain at the organisation for some time – 97 per cent of staff have an appropriate NVQ qualification and funding has been allocated for the first 30 staff to begin training at NVQ Level 4
- the high qualification levels mean that SCCT can recruit on the basis of personal qualities, rather than formal qualifications. They look for people who will make good carers and then train them up
- service users get qualified and capable carers, and they can establish long-term relationships with them.

The commitment and quality of the staff has also made it possible for SCCT to reduce its spending on administration and management. Savings have been redirected to frontline service delivery, which now accounts for 85 per cent of the organisations spend (up from 62 per cent in 1997).

table 2.
management, administration and spending at SCCT (Sandwell only), 1997 and 2008

1997	indicator	2008
22 days	absenteeism	0.34 days
20–30%	turnover	4%

Geoff Walker, Chief Executive of SCCT, puts his value for money formula very simply: 'It's about not spending money on the things that don't get you anywhere – absenteeism, turnover, unnecessary administration costs, profits to shareholders – and spending it on the things that matter instead: delivering for service users.'

Putting this into practice allowed Walker to make his budget savings in 1997. Since then it has kept SCCT competitive with the private sector in both price and quality. Reinvestment is key to this.



box 3

building an organisational culture that can deliver value for money

When the council staff was transferred to SCCT in 1997, morale was very low. Many thought they might be out of a job in six months, and the absenteeism and turnover statistics reflected this. There was no silver bullet, but a number of commitments and changes that now see SCCT regularly come near the top of the 'Times 100 Best Companies to Work For' rankings:^{xviii}

- invest in staff development. SCCT staff is supported through NVQ qualifications, even when government targets have already been met
- fair pay and conditions. SCCT matches any improvements to pay and conditions in the council's agreement
- listen to staff and respond to their concerns. This is both on an everyday basis and through more general monitoring. The 'Times 100' survey is used to identify areas for improvement
- employ managers that are leaders. SCCT managers are not recruited for their formal qualifications, but because they are 'people people' who can support and motivate their staff
- managers that are available and visible. SCCT managers have at least a third of their diary clear. The Chief Executive is available to any staff member with a concern and is regularly seen out and about
- encourage a sense of ownership, belonging and responsibility among staff. Staff are made to feel responsible, and rewarded, for the successes of SCCT
- earn trust. If you say you are going to do something, do it. In the case of SCCT it was important to show that decisions are always made in a way that puts the service user first.

Service users are the top priority for SCCT. The investment in staff is a way of getting there: it recognises that quality in the social care sector is largely determined by the carer/user relationship.

The commitment to service users means that SCCT often delivers beyond their contracted terms. For example, SCCT delivers a drop-in centre for people with learning difficulties even though the Council subsidy does not come close to meeting the cost. The shortfall is made up with funding from other areas of SCCT work.

Walker believes that diversifying is the key to being able to meet less 'fundable' needs and, moreover, to achieve sustainability as an organisation. Changing government priorities are reflected in funding levels. Delivering services for just one target group can leave an organisation vulnerable when that target group slides down the list of priorities. If, on the other hand, the organisation provides for a range of groups and individuals then these changing priorities can be weathered more easily by cross subsidising.

The success of SCCT is becoming known around the country. In April 2008, SCCT took over services from the local authority in Torbay with the aim of replicating its model there. Another half-dozen local authorities and PCTs are in discussion with SCCT for similar assistance.

box 4. a question of scale?

Walker acknowledges that cross subsidising is not an option for small third sector organisations. He suggests that smaller organisations should work in partnership with other organisations that share their values. This would also help third sector organisations achieve economies of scale and so bid more effectively against private providers. There is often a fear among small third sector organisations that partnering with bigger organisations to deliver public services will compromise their local focus or values. Walker suggests that the third sector needs to become better at working in partnership, while still maintaining independence and mission-focus.

implications for value for money

By investing in staff and creating a positive work culture, SCCT have been able to reduce costs substantially and at the same time deliver a high quality service for the people in their care.

case study 2: Holy Cross Centre Trust



key facts:	Holy Cross Centre Trust (HCCT) community based charity which is placing service users at the heart of the design and delivery of a mental health day care service
founded:	1988
type:	registered charity
location:	London
mission:	reducing social exclusion in King's Cross by helping service users to integrate into the life of local communities
turnover:	£661,624
employees:	11 full time + volunteers
web:	www.hcct.org.uk

key points

- HCCT uses a co-production approach to tap into the social networks and abilities of service users
- involving service users and the community can lead to better outcomes and make public resources go further
- through a Time Banking model, service users and volunteers have contributed 483 hours of time to HCCT in the past year.

The Holy Cross Centre Trust (HCCT) was established in December 1988 by members of the Holy Cross Church to provide support to the rapidly growing number of homeless people in the King's Cross area of London.

HCCT is now an independent, secular organisation which works alongside over 1400 individuals a year.

HCCT's starting point is that mental ill health, homelessness and alcohol and drug abuse are challenges for the community as well as for individuals. The most effective interventions will be those that draw on the strengths and assets of service users and community, rather than being dependent solely on professional services and expertise. HCCT describes this approach as 'co-production' (see Section 2) and views it as key to realising more effective and sustainable public services.

In October of 2007, together with two other locally based organisations – MIND in Camden and Camden Volunteer Centre – HCCT formed a consortium to successfully bid for a £2 million mental health day-care services tender in the London borough of Camden. The consortium was not the cheapest tender on a unit cost basis, but commissioners' overall evaluation was that its focus on service-user and community involvement, as well as wider social and economic impacts would create the most positive outcomes and best value for money.

achieving value for money by making better use of resources

Camden is an inner city London borough of 220,000 people with high levels of mental ill-health, above-average levels of alcohol addiction and suicide, and large numbers of refugees and asylum seekers. A **Best Value** review of the Council's mental health day centres in 2006 found that services were not meeting the needs of some groups and suggested that the services should do more to promote the independence and recovery of service users, for example through direct involvement of service users in the design and delivery of services.

Responding to the challenges set out in the Best Value review, commissioners in Camden's social care department decided to re-commission mental health day care provision on expiry of the existing contract. The commissioners of the service worked closely with providers and service user representatives to design a service specification and commissioning model^{xix} (appendix 2) with a strong emphasis on co-production. The tender application form explicitly stated that 'the service should be delivered in partnership with service users'. Prospective providers were required to answer specific questions on service-user involvement and illustrate their answers with reference to previous contracts.

With co-production already at the heart of the HCCT's approach, the consortium they formed was well placed to respond to the tender. In the tender, the Consortium stated their intention to:

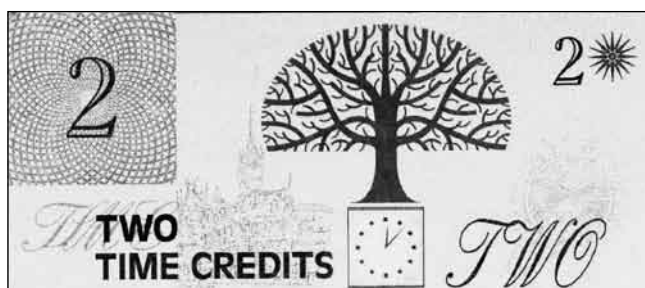
- provide opportunities for personal growth and development to people who have previously been treated as collective burdens on an overstretched system, rather than as potential assets

- invest in strategies, which develop the emotional intelligence of people and the capacity of local communities through seeking alternative methods and environments for service delivery
- use peer support networks instead of professionals as the best means of transferring knowledge and capabilities
- devolve real responsibility, leadership and authority to service users, and encourage self-organisation rather than direction from above
- offer participants a range of incentives – mostly sourced from creating spare capacity elsewhere in the service – which help to embed the key elements of reciprocity and mutuality.

Central to putting these objectives into practice was the use of a Time Banking model to incentivise service users and the community to become involved in service provision. Through the Time Bank, participants earn credits for engagement with the service and for helping each other. One hour of time entitles individuals to one hour of someone else's time or contributes towards participating in an activity organised by HCCT or another organisational member. HCCT has developed a time currency to allow Time Bank members to accrue and spend their credits.

figure 1.

HCCT time credit



A total of 483 hours of time has been earned in this way so far. Credits have been earned for the following activities:

- facilitating music appreciation workshop
- facilitating Yoga Group
- setting the table and washing the dishes
- shopping for milk, coffee/tea and newspapers
- watering plants and tidying leaflets throughout centre.

box 5. time banking^{xx}

Working on the simple premise of reciprocity, time banking aims to place value on community action, promote productivity and build social networks by engaging local people in the giving and receiving of services. It allows people to earn time credits by participating in or providing a service that benefits the wider community. These credits are then deposited in a time bank and can be spent on a whole range of skills and services on offer from other members of the bank.

Time Bank members spend their credits on a variety of skills and services offered by individuals, including computer tuition, language lessons and DIY. As well as spending credits on

services from other people in the Time Bank, members can also spend credits on a variety of rewards offered by the day-service. Examples include a trip to Broadstairs where 26 members paid 8 time-credits each to cover costs and transport.

There are also other organisational members. For Sam Hopley of HCCT, using time credits as a currency with organisational members is a win-win for both his organisation and statutory services:

Camden's services are all chasing the same profile of people. The time banking model works because it is uncompetitive – services are not competing with each other for same people but collaborating and sharing resources so we can access the groups who wouldn't normally come to some of these classes and access these services. But now they have these time credits, they feel like they have earned the right to attend these classes and they feel they are part of a wider community. So rather than a service paying for a member of staff to go and put posters up, they use the money to subsidise their services for Time Bank members and get better attendance. In this way we can all work together with the same client and claim outcomes for them.

HCCT's long-term plan is to make its organisation and its services sustainable by training up clients and volunteers (all of whom are members of the Time Bank) to become 'Support Time and Recovery' workers recognised by statutory authorities. In this way, even if statutory or philanthropic funding for the service runs out, a local community of self-trained experts in mental health recovery through co-production will be created. In line with this ethos, Holy Cross has also built into staff contracts that 10 per cent of their time should be contributed to the King's Cross Time Bank.

implications for value for money

By viewing and treating service users and the wider King's Cross community as potential assets in designing and delivering the mental health day care service, HCCT has been able to leverage previously neglected capacities and knowledge to deliver creative and, in the long term, more sustainable services.

Time banking rewards services users and volunteers in the King's Cross community for their contribution to the service, creating a culture of collaboration and reciprocity which enables public funding to go much further. The 483 hours of time traded by service users represents more than just additional labour or volunteering. Because service users are both giving and receiving, they are building social networks and the resilience of the service and helping to find peer-led solutions to their needs. This is important as clinical evidence shows that people's involvement in social networks are just as important as medical treatment in their chances of making a recovery.^{xxi,xxii}



case study 3: City Gateway



key facts:	City Gateway innovative employment charity and social enterprise hub achieving success progressing NEET young people into employment and further education
founded:	1999
type:	charity with four social enterprises
location:	Tower Hamlets, London
mission:	bringing hope to Tower Hamlets through employment
turnover:	projected to be over £1 million for 2008/2009
employees:	20–25
web:	www.citygateway.org.uk

key points

- City Gateway generates significant long-term savings by re-engaging NEET young people, a group that is often described as ‘hard to reach’, in education and training
- its success is the result of involving former service users, as well as a strong commitment to the local community.

City Gateway is a Tower Hamlets-based charity that has demonstrated real success at reaching and working with young people and, more recently, women who are economically inactive and excluded. City Gateway provides a continuum of services from initial contact in the community through to employment training and work placements in its social enterprise hub.

The young people who come on City Gateway’s structured employment training are NEET. The average life-time cost of being NEET at age 16 has been put at £97,000 by a study conducted at the London School of Economics. This means that services which are effective at re-engaging young people with education and employment generate significant cost-savings for the public purse over the long term.

During the first six months of 2008, City Gateway took 56 graduates from its ‘Export’ course into further education or employment. Even if only ten of these remain in education and training, then the value created by avoiding costs associated with being NEET would be sufficient to cover the entire

annual investment that is required to run City Gateway (currently £1 million).

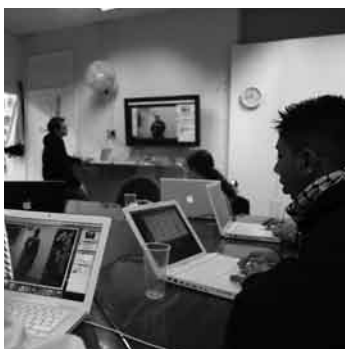
NEET young people are often described as a ‘hard to reach’ group. This makes not only City Gateway’s ability to transition young people into education and employment impressive, but also its ability to reach young people in the first place. During 2007, City Gateway made contact with more than 900 at-risk young people.^{xxiv}

The success of City Gateway can be attributed in large part to two factors. Firstly, a strong focus on mission that sees it deliver beyond their contracted terms. Secondly, its involvement of former trainees in service delivery.

achieving value for money through mission focus and involving service users

City Gateway was set up in 1999. Right from the beginning it had a strong focus on Tower Hamlets.

City Gateway's extensive and innovative outreach work is a good example of engaging young people in the structured training programmes. Yet, although City Gateway is funded to deliver the training, much of the outreach work is unfunded. This means that City Gateway relies largely on volunteers, many of them former service users, and on committed staff who work outside of regular hours. The volunteers, for example, enable City Gateway to run its Youth Centre in Limehouse every weekday evening.



box 6.

Outreach and youth engagement: innovative ways, beyond the contract

It's been good. Normally I'll just be chilling on the streets making trouble, so it's been great to do something positive. Scott, 16, user of the Limehouse Youth Centre.

The first challenge in working with young people who are NEET is connecting with them. City Gateway has developed a number of outreach activities that meet young people where they are and with things that interest them. These include:

- the graffiti bus, which is equipped with high-quality multimedia sound equipment. City Gateway travels with the bus to estates in the borough to run multimedia taster sessions for young people that can then lead into more structured training programmes
- limehouse Youth Centre which has a gym, computer facilities and a multimedia studio. It is both a social space, acting as a valuable community resource, and a place that can begin to make excluded young people think about education. During the summer holidays, the Youth Centre is the base for the City Gateway summer programme
- five-a-side football tournaments.

By using these activities, City gateway made contact with some 900 at-risk young people during 2007 and delivered 360 outreach taster sessions.

Former service users who want to give back to the organisation also help to make sure that young people achieve positive outcomes from the training programme. They are employed and volunteer, alongside other staff, to deliver the three structured training programmes that City Gateway has developed – Engage, EngagePlus and Export. In Stride’s experience, the young people on the training programme appreciate being able to learn from others who have already been through the training.

The co-production ethos at City Gateway helps both former trainees, providing new skills and confidence, and new trainees, who often respond best to people like themselves. The outcomes from the courses, as described below, are testimony to the success of this approach



box 7.

employability training outcomes

‘After school, I wasted four years of my life doing nothing on Job Seekers Allowance, then I got picked up by City Gateway and now this – I can’t believe it!’ City Gateway trainee, on hearing he had been made a job offer by Allen & Overy

Engage: Short, capacity-building course aimed at motivating and engaging young people.

- 110 trainees in 2007
- 71 per cent received at least one Level 1 qualification.

‘engage is better than school ... it’s helping me to think about what I would like to do with my future’

Engage Plus: Enables trainees to achieve a full Level 1 qualification.

- 89 trainees in 2007
- 70 per cent received a full Level 1 qualification.

‘one of our recent trainees told us how she has been to a number of training centres but none has engaged her in a positive way and built up her confidence like City Gateway’

Export: Work-based learning course aimed at providing a platform for moving into work. Each trainee gets a four-week work placement.

- 86 per cent achieved a unit or full Level 2 qualification
- 100 per cent entered skilled work placement
- 2000 days of work experience in 2007
- 70% of graduates were placed in education or training.

City Gateway also commits to making sure trainees make a successful progression from Export, the final training course. Some trainees are ready to move into employment after completing Export, but City Gateway was finding that, for others, the move from training to job was too big a leap.

It began thinking about an apprenticeship scheme. The scheme began informally, by placing former trainees within City Gateway's own offices. Now City Gateway has four social enterprises in its 'Social Enterprise Hub' that provide apprenticeship places for former trainees and, in the process, also generate income for the organisation. During 2007, more than a thousand days of work experience were offered in the Social Enterprise Hub. In September 2008, City Gateway will be expanding the apprenticeship scheme through partnerships with City firms and local businesses.

For those individuals who do move into employment, their contact with City Gateway does not stop immediately. In the first few months, City Gateway staff provides follow-up support to the young person and also stays in contact with employers to make sure that the young person keeps his or her job.

Some graduates from the Export Course move on to further education, rather than directly into employment, and City Gateway supports them to do this.

implications for value for money

City Gateway is an organisation that has achieved considerable community benefits. To make sure these good outcomes are delivered more consistently, they should be commissioned for directly using a tool such as the sustainable commissioning model profiled in appendix 2.

service-level outcomes

Effective services are those that make a positive and lasting difference to service users, whether these are individuals or communities. This section profiles six organisations that deliver services in a way that enhances positive outcomes and still represents value for money. Some create value by tackling an existing problem, while others are preventative interventions that create value by helping to avoid future costs.

Asha Centre and **Centre 218** provide community-based alternatives to prison for non-violent women offenders. SROI analysis demonstrates that these interventions would generate more than £100 million in benefits over a ten-year period if they were scaled up to all non-violent female offenders.

Tomorrow's People developed an innovative scheme that puts employment advisers in GP surgeries. The scheme has been shown to give rise to £10,274 in benefits to the NHS and state for every job that it creates and can now be found in more than 80 surgeries across the UK.

Impact Arts devised the Fab Pad project to reduce tenancy breakdown among young people at risk of homelessness. An SROI analysis found that every £1 invested in one of the Fab Pad locations gave rise to £8.38 in social value.

NOW Project is a Belfast-based charity that uses monthly and annual SROI reporting to make sure it is creating value for people with learning difficulties. In 2007/2008, the savings to the local social care budget through reduced day care needs amounted to £719,785, or nearly twice the annual budget of NOW (£353,384).

Shaftesbury Young People delivers a high-quality residential care service for children. Although more costly than standard residential care, the improved outcomes for care leavers at Shaftesbury create between £4.40 and £6.10 in social value.

Asian Women's Project runs the Jaan Tay Jahan Healthy Living Centre, which provides culturally appropriate health interventions to more than 500 Asian women in Nottingham. These are women that face considerable barriers to accessing mainstream health service, but have higher-than-average rates of health problems.

case study 4: Asha Centre and Centre 218



key facts:	Asha Centre and Centre 218 support-focused alternatives to prison that generate more than £100 million in benefits over a ten-year period when scaled up to all non-violent female offenders
founded:	Asha Centre 2002
type:	charity
location:	Worcester
mission:	the Asha Centre aims to benefit women who are isolated by disadvantage to help them to achieve their potential
turnover:	£220,000 pa
employees:	11 core staff, 7.1 fte plus two special project posts (1.4 fte)
web:	under development
founded:	Centre 218 (run by Turning Point Scotland) 2003
type:	charity
location:	Glasgow
mission:	providing person centred support to adults with a range of complex needs
web:	www.turningpointscotland.com

key points

- interventions that tackle the causes of crime can generate significant cross-departmental savings over the long term
- SROI modelling showed that interventions, such as that offered by the Asha Centre and Centre 218, could generate more than £100 million in benefits over a ten-year period.

The Asha Centre in Worcester and Centre 218 in Glasgow are community-based interventions that work with

non-violent women offenders to tackle the causes of crime. nef used a Social Return on Investment (SROI) methodology to investigate whether these initiatives represent value for money when compared to custodial sentences.^{xxvi} The headline findings were:

- for every £1 invested in support-focused alternatives to prison, £14 worth of social value is generated to women and their children, victims and society over ten years

- put another way, if alternatives to prison achieve only an extra cut in re-offending of just 6 per cent, the state would recoup the investment required to achieve this in just one year
- the long-run, discounted value of those benefits is in excess of £100 million over a ten-year period.

box 9.

Asha Centre and Centre 218

The Asha Centre in Worcester was set up in its present form in 2002 and has a national reputation for its work with disadvantaged women. It offers women easy, immediate and confidential access to a range of services. The centre provides access to resources that will strengthen service-users' position generally and help them find ways out of offending, poverty and deprivation, as well as raising their level of emotional confidence. The women-only centre also provides a safe environment for women from minority ethnic groups. It is a one-stop shop that provides access to many services, including health, legal advice, debt management, careers guidance, and general information. The centre runs a women's programme which aims to empower women to take charge of their lives, through tackling the underlying causes of their disadvantages such as abuse, drug misuse and low self-esteem. This programme was originally devised as an offending behaviour programme, but has proved itself in a much wider population of disadvantaged women.

Centre 218 was set up in Glasgow in August 2003 with the aim of providing a range of services for women in the criminal justice system primarily within the boundaries of Glasgow City Council. Based on a single site, the centre provides a day service and supported accommodation. As well as prescribing facilities, it offers support – residential or daily – for detoxification. The model for the service was developed by the Inter-Agency Forum which comprised representatives of the Scottish Executive Justice Department, Glasgow City Social Work Department, Glasgow City Council Housing Department, Greater Glasgow Health Board and a range of other agencies. It provides residential and community-based resources in a safe environment to women aged 18 or over who are involved in the criminal justice system, who are assessed as particularly vulnerable to offending or re-offending and who may have a substance misuse problem. The Centre is run by Turning Point, a voluntary sector organisation which provides support for those with complex social needs, particularly in relation to drug and alcohol issues.

achieving value for money through better outcomes

The UK prison population continues to reach new all-time highs, despite a steady reduction in the crime rate over the last decade. In April 2008, it topped 82,000 for the first time.^{xxviii}

The proportion of women offenders in prison has grown more rapidly than the male population, doubling since 1997.

The increase in the prison population has occurred even though there is little evidence to suggest prison is effective at reducing re-offending. In the case of non-violent offenders – most women serving custodial sentences are

non-violent offenders – prison does not seem necessary for public protection purposes. The Prison Governors' Association has suggested that 25,000 offenders serving custodial sentences do not need to be in prison and the Ministry of Justice has admitted that the prison estate now holds 10,000 more prisoners than it was designed for.^{xxix}

For people convicted of non-violent and minor offences, there is considerable evidence to suggest that prison does more harm than good. Prison sentences are disruptive. They often mean

losing employment and accommodation. In the case of women offenders who are also the primary carers of children, there is even more serious disruption and consequences for their children.

Support-focused alternatives to prison, such as the Asha Centre and Centre 218, are designed to address the underlying causes of crime in order to prevent re-offending. The Asha Centre finds that most women offenders are faced with weaknesses in three areas that lead to poor problem-solving and, in turn, to crime:

1. personal (how you function): common problems include mental illness, substance misuse, low self-esteem, lack of skills, eating disorders
2. environmental (resources for you): common problems include poverty, isolation and unemployment
3. situational (demands on you): common demands include those associated with being a single parent and with domestic violence.

Breaking the cycle of offending means that interventions have to address these interconnected and reinforcing weaknesses.

table 3.

Selected outcome indicators for Centre 218 (218), Asha Centre (AC) and Bronzefield Prison (B)

indicator	intervention	percentage of respondents
improvement in physical health (self-reported)	218	82%
	AC	62.5%
	B	40%
improvement in mental health (self-reported)	218	100%
	AC	50%
	B	20%
improvement in confidence and self-esteem (self-reported)	218	82%
	AC	50%
	B	36%
increased feeling of safety and security	218	73%
	AC	56%
increased feeling of autonomy and control	218	100%
	AC	89%

The one-stop centre model pioneered by the Asha Centre is an effective way of meeting the multiple needs of women offenders and other women who may be at risk of offending, but also to help them draw strength from the other women around them.

proving value for money using SROI

The re-offending rate is the most common indicator of success, but an imperfect one. It provides no information on progress that has been made to address the issues that cause crime, and so little indication of how long the improvement is going to last. Re-offending reduces when offenders deal with their mental health and drug or alcohol problems; when their confidence and self-esteem improves; and when their economic situation improves through employment. For this reason, when we worked with the Asha Centre and Centre 218, we collected information on these types of outcomes through snapshot interviews.

The results from the Asha Centre (AC) and Centre 218 (218) were compared to a prison population at Bronzefield (B). The results on some of the key indicators were as follows:

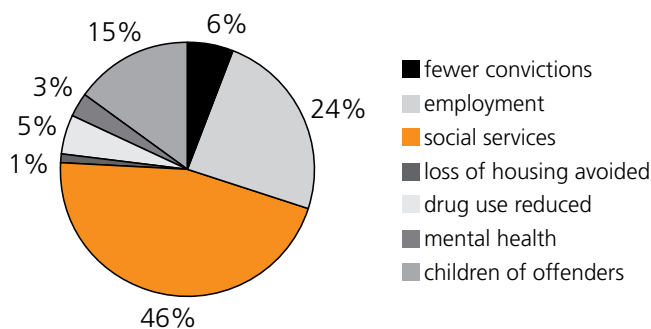
The significantly higher rates of mental health and confidence among the Asha Centre and Centre 218 women are leading indicators that they will also address their offending behaviour.

We used this information to construct scenarios for how much re-offending would be reduced by these alternatives to prison and what the economic implications of this would be.

To arrive at the economic and social benefits of reduced re-offending for non-violent female offenders as a whole, we looked at the number of female offenders sentenced to prison in one year (2005) for a non-violent offence, who did not have an extensive criminal history (less than three prior convictions). This amounted to 1,936 women, or 40 per cent of all non-violent women sentenced to prison in that year. Using data from a range of authoritative and statistically robust sources, we plotted the financial implications over a period of 10 and 20 years of giving these women support-focused community sentences instead of sentencing them to prison.

The SROI analysis found that the long-run discounted value of these benefits is over £100 million over a ten-year period. Perhaps more startlingly, the analysis revealed that the unit cost of the service delivered by the Asha Centre (£2,000) could increase more than 13-fold to £27,000 and the return to the state would still be positive, provided they achieve a very conservative 6 per cent reduction in re-offending rates. Figure 3 shows the benefits to the state broken down by where the savings accrue.

benefits to the state



box 10.

SROI versus cost-benefit analysis

Cost-benefit analyses in the criminal justice system often look very narrowly at the costs of crime and punishment. SROI encourages comprehensive and long-term measurement so that the wider costs and benefits of an intervention can be taken into consideration. This meant that the analysis not only considered how cutting re-offending has an impact on the direct costs of crime and punishment, but also on associated costs such as drug use, mental health, homelessness, and in relation to the children of offenders. These are all factors that are reliably correlated with reduced re-offending.

implications for value for money

Effective, support-focused community interventions, such as the Asha Centre and Centre 218, are realistic, value for money alternatives to prison for non-violent offenders. By addressing the underlying causes of crime, such as alcohol or drug addiction and low self-esteem, these interventions make re-offending less likely and generate savings to the health system and social services, as well as directly to the criminal justice system.

Most cost-benefit analyses are too narrow to take account of the full range of costs and benefits that flow from an intervention. The result is a false economy, which ignores the very real short- and long-term costs and benefits that affect the state and society. SROI provides a methodology for more comprehensively assessing costs and benefits to provide a better basis for making decisions about value for money.

case study 5: Tomorrow's People



key facts:	Tomorrow's People provider of an employment advice scheme operating out of 80 GP surgeries across the UK, providing cross-departmental savings by assisting long-term unemployed back into work
founded:	1984
type:	charity
location:	offices across England and Scotland
mission:	to help break the cycle of unemployment so that people can take positive control of their lives and build a brighter future
turnover:	£7.5 million
employees:	185
web:	www.tomorrows-people.org.uk

key points

Employment advice is not something that is normally part of health service delivery, but that is precisely how an innovative intervention pioneered by the James Wigg Practice and Tomorrow's People operates. The Back to Work scheme puts employment advisers inside GP surgeries to help people get back to work or keep their job. It is so successful that it is now in more than 80 surgeries across the UK, generating very real cross departmental savings.

Health-related worklessness is a costly problem for the state. The Department of Work and Pensions (DWP) has put the cost of Incapacity Benefits alone at £6.8 billion annually.

Research by the DWP suggests that around half of the 2.7 million people on Incapacity Benefit would like to work, provided they are given appropriate help and support. The preventative aspect of Tomorrow's People's work also contribute towards the goal of promoting well-being.

At a cost of £2,385 per job created (at time of pilot), the intervention developed by Tomorrow's People is cheaper than many comparable programmes. It achieves value for money because the outcomes it delivers for service users translate into £10,274 in benefits to the state for every job created.

achieving value for money through better outcomes

GPs at the James Wigg Practice in Kentish Town, North London had thought for some time that there was a connection between the health of their patients and their work status. They believed some patients could benefit from employment advice, but had lacked the expertise and capacity to deliver it. Partnering with Tomorrow's People provided a solution.

The partnership between them meant that an employment adviser could join the primary healthcare team. He came in one day every week to meet patients who either approached him directly or were referred by one of the GPs. In most cases, he would start by building up the confidence of the client, as in Caroline's story (box 11). In other cases, he would begin straight away to combine mentoring with specific help around CV writing and job searching.

box 11.

Caroline's story

When Caroline, 22, first came into contact with Tomorrow's People she was depressed, having problems sleeping and taking strong medicine to alleviate the symptoms. She had lost her full-time job and, unable to find a new one, had become entrenched in a cycle of appointments with the doctor and counsellors, and unwanted dependency on Incapacity Benefit. Her life had lost direction and some days she even struggled to get out of bed.

But Caroline's life turned around after a visit to her doctor. Her GP recognised that she needed more than just medical advice, and suggested she visit the on-site Tomorrow's People employment adviser. Caroline's weekly sessions began with the adviser focused on restoring her confidence and removing barriers to work. When she was ready to re-enter the job market, they worked together to update her CV and to improve interview techniques.

In a very short time, Caroline felt confident enough to apply for a job as a hairdresser's receptionist in her area. Despite facing strong competition, she got the job. More than a year later, Caroline is still in work.

Case study supplied by Tomorrow's People.

proving value for money through evaluation

Tomorrow's People has built up a great deal of expertise in employment work. It is a charity that for more than 20 years has worked on helping people facing barriers to getting back into employment. From its very first scheme in 1984, Tomorrow's People has been driven by a focus on outcomes; that is, a focus on making a meaningful difference to the lives of the people it is working with.

This has meant that Tomorrow's People has always emphasised measurement, so that it had solid evidence about whether it was making a positive difference. It brought this emphasis on outcomes and measurement to the pilot at the James Wigg GP Practice, arranging for an independent evaluation to be conducted between September 2001 to December 2004.

The summary data from the evaluation is displayed in box 12. This suggests that Back to Work was making a real difference, both in terms of employment and health outcomes. But before Tomorrow's People decides to roll out a programme, it always perform a social return calculation. This calculation is based on a tailor-made model developed by Oxford Economic Forecasting and NBS Consulting^{xxxiii} and is designed to make sure that 'rigorous targets are set at the outset and value for money outcomes will be met over the life cycle of the project'.^{xxxiv}

For the James Wigg Practice pilot, the SRI was calculated as follows:

cost of service delivery to create job	£-2,385
GP savings	£423
savings in income support or other benefits	£6,086
tax and indirect savings	£9,150
in-work benefit costs	£-3,000
total benefits arising per job	£10,274

In other words, once costs are accounted for, each job generates £10,274 in benefit.

box 12.

summary data for James Wigg pilot evaluation

200 individuals were seen by the employment adviser, with 61 registering for the full employment advice service. The rest received ad hoc advice.

demographics

85% were long-term unemployed

46% were on a combination of Incapacity Benefits

26% were on Job Seekers Allowance

28% were economically inactive, but not claiming benefits

outcomes at the end of pilot

8% clients were still receiving support

36% of completes had employment as their last recorded outcome

80% of these were still in employment 12 months later

55% of completes achieved other outcomes (e.g. training/voluntary work)

health outcomes after registration on scheme

20% reduction in GP consultations

74% reduction in referral to Practice counsellors

19% reduction in anti-depressant prescriptions (after 18 months being registered with their GP)

Source: NBS Consulting

With evidence that the Back to Work scheme not only provided good outcomes but also represented value for money, Tomorrow's People began to look for other GP surgeries to partner with. There was no shortage of interest, and the Back to Work scheme is now offered in 80 surgeries across the UK. Over 500 other GPs have registered their interest in setting up a similar scheme since the results of the pilot became known. The complexity of securing joined-up public funding for this sort of project has been a major constraint to achieving a wider roll-out.

box 13.

a history of innovation and success

The Back to Work scheme is the latest in a line of successful and innovative employment programmes by Tomorrow's People. These almost always focus on long-term unemployed or socially excluded groups within society that face particular barriers to employment. Some of the groups that Tomorrow's People has worked with include ex-offenders, socially-excluded young people, people with disabilities, asylum seekers and refugees, and homeless people. An independent evaluation by Oxford Economics estimates that Tomorrow's People has helped more than 400,000 people on the route back to employment, with an overall benefit to society of £450 million. This was based in large part on the following savings and benefits:

unemployment benefits	£190m
additional tax receipts	£130m
reduction in crime costs	£60m
reduction in health spending	£30m
benefits from training	£30m
reduction in government administration costs	£10m

implications for value for money

The most important lesson from the Tomorrow's Peoples' GP-based scheme is that effective interventions that generate savings for the public purse may span across public service areas. This means commissioning needs to have greater flexibility to fund across departmental budgets if they are going to achieve value for money.

A second lesson is that the innovation pioneered by Tomorrow's People was developed outside of a competitive tendering environment. To encourage similar innovations and opportunities for creating value, a mixed economy of funding needs to remain central to commissioning.



case study 6: Impact Arts



key facts:	Impact Arts smart, cost-effective solution that uses art and interior design to reduce homelessness among young people and encourage successful transitions into education and employment
founded:	1994
type:	social enterprise
location:	Glasgow, with project locations across Scotland
mission:	using the arts to make a positive and lasting difference to people's lives
turnover:	£1.2 million
employees:	varies
web:	www.impactarts.co.uk

key points

- preventative solution that successfully reduces the likelihood of costly negative outcomes in the longer term
- the savings to the state from homelessness avoidance alone (£175,170) are more than twice the entire cost of the programme (£75,873).

Impact Arts was founded in Glasgow in 1994 with the goal of using the arts to make a positive and lasting difference to the lives of people and communities. It now runs some 150 projects and activities across Scotland. In 1998, Impact Arts launched the first Fab Pad programme.

Fab Pad uses interior design and art to help young people at risk of homelessness make their flats and houses into homes,

instilling a sense of ownership and pride that reduces tenancy breakdown. Now running from nearly twenty locations across Scotland, an independent evaluation of the North Ayrshire programme found that 97 per cent of participants maintained their tenancy.^{xxxv}

Innovative solutions that prevent homelessness are highly prized. Poor housing and homelessness is a serious and costly problem. The full extent of homelessness is difficult to quantify. Communities and Local Government (CLG) figures put the number of statutory homeless in England at 115,430 for 2006/2007.^{xxxvi} The cost of providing emergency accommodation to homeless individuals and families reached

nearly £906 million in 2005/2006.^{xxxvii}

The value of savings from avoiding homelessness at the North Ayrshire programme was put at £175,170, more than twice the cost of the programme (£75,873). There were also significant savings around health, criminal justice and employment, as well as benefits to the individuals and community. Taken together, the evaluation found that every £1 invested in the programme generated £8.38 in social value.

achieving value for money through better outcomes

The overarching goal of the Fab Pad programme has been to help vulnerable young people achieve a more stable life so that they can pursue educational and work opportunities and become full participants in society. The lack of stable housing is often a barrier to successful transitions into education and work for vulnerable young people.

Fab Pad set out to work with young people who were transitioning from a chaotic life and had recently been given a new tenancy. The programme usually consists of a mixture of workshops that teach interior decorating and art skills, home visits for more personalised support, and a weekly drop-in.

A key part of the Fab Pad programme is that young people are encouraged to take responsibility for their homes and, by extension, their lives. Fab Pad tutors show participants how to make their house into a home rather than perform the makeover for them. Participants are also given responsibility for a budget of £100, which they can spend on furnishings, paint and materials.

Very early in the Fab Pad project, Impact Arts believed it had developed a successful intervention. Staff was witnessing dramatic transformations in some of the young people as they progressed through the programme. Lisa's story (box 14) illustrates the positive life changes that Fab Pad was helping to make happen.

Impact Arts also knew that word had got around that Fab Pad was a worthwhile programme. It had to start waiting lists in some places because it had more people wanting to take part in the programme than it could accommodate.

While Impact Arts strongly believed that it was delivering a successful intervention and outcomes around tenancy sustainment and employment backed this up, it wanted to be able to prove the financial value of the intervention.

box 14.

Lisa's story

Lisa was referred to Fab Pad by staff at her residential care home. She was 17 years old and about to receive her first tenancy. When she first started at Fab Pad, Lisa was not doing much during the days and had few friends. She had no plans for education or employment, and staff thought she might be suffering from anorexia.

With the help of the Fab Pad tutors and the other participants, Lisa regained confidence. She was able to maintain her tenancy and eventually retook school exams. She is now looking to enrol in a pre-nursing course at college.

Lisa has also been able to form positive friendships. She says that she is no longer keen to hang out in the streets at night drinking alcohol, but instead is focused on getting through college and making a good life for herself.

Case study taken from North Ayrshire Fab Pad Project Impact Arts Social Return on Investment Report, November 2007.

proving value for money using SROI

The North Ayrshire Fab Pad programme had been running for two years when it was selected to be part of an EQUAL programme of ten SROI project evaluations.^{xxxviii}

The evaluation found that for the period April 2006 to March 2007, the following were headline achievements for the 37 participants in the North Ayrshire programme:

- 97 per cent maintained their tenancies
- 23 per cent went into employment
- 48 per cent went into further education or training
- 27 per cent took up volunteering opportunities.

When translated into an SROI model, the evaluation showed that every pound invested in the programme generated £8.38 in social value. The added value per participant was put at £19,238.

This added value per participant was made up of benefits and savings to a number of areas. Some of the key benefits and costs are summarised in table 4.

table 4.
Selected costs and benefits per participant

homelessness avoided	£4,734
health improvements of participants	£2,779
value of volunteering	£2,270
increased income of employees	£1,715
avoided criminal justice costs	£1,611
welfare benefits saving to state	£456
new tax income to the state	£444

The total added value across all participants was £711,788. This contrasts sharply with the investment of £75,873 that was required to run the North Ayrshire Fab Pad project for one year. It is worth noting that the annual cost of the programme in North Ayrshire is equivalent to the cost of providing emergency accommodation to just three households for a year.

implications for value for money

The success of Impact Arts demonstrates the savings that can be delivered by preventative interventions. This is important if we are going to protect the limited resources that are available to deliver public services.

Impact Arts had the ability to try out a new intervention through grant funding from a range of organisations. This emphasises again the importance of a mixed economy of funding.



case study 7: The NOW Project



key facts:	The Now Project Belfast-based charity using SROI to make sure it is delivering value for money and positive outcomes for adults with a learning disability
founded:	1996
type:	charity and social enterprise
location:	Belfast
mission:	to provide training and support to enable adults with a learning disability to get the job they want and keep it
turnover:	£700,000
employees:	25
web:	www.nowproject.co.uk

key points

- NOW uses monthly and annual SROI reporting to encourage better outcomes for its clients and achieves better value for money
- every £1 invested in NOW gave rise to £3.80 in social value during 2007/2008.

The NOW project in Belfast is an award-winning organisation that provides training and employment support to people with learning difficulties. People with learning difficulties have some of the lowest rates of accredited qualifications in England and an economic activity rate of just 11 per cent. The work of NOW shows that, with the right support, people with learning difficulties can be supported into jobs and can stay employed. Trainees from NOW

are working for a number of employers in the greater Belfast area including: Ikea, the City Council, Tesco and local hotels.

NOW knows that supporting people with learning difficulties into employment is often considered costly. It is committed to showing that there are not only social reasons for supporting its work, but that there is also a business case for doing so. Over the past four years, NOW has been using SROI to measure the impact of its work on the lives of local people with learning difficulties and other key stakeholders. This work has developed over time and it is now the first organisation in Ireland to adopt SROI as a measurement framework.

For 2007, the SROI analysis showed that every £1 spent on the NOW project generated £3.80 in social value. In fact, the analysis demonstrates that NOW saves the local social care budget £719,785 in reduced day care costs. This is more than twice its annual budget (£353,384).

achieving value for money through better outcomes

Originally started as a pilot project by the local health authority, NOW was developed as an independent charity and supported by North and West Belfast Trust (now Belfast Health and Social Care Trust). It was set up to take over the delivery of a small catering and training project based in the University of Ulster campus in Belfast. The Board was a dynamic group of local parents and carers who were committed to providing equal opportunities for their sons and daughters in an area severely disadvantaged by years of conflict.

Today, NOW delivers a range of innovative services designed to support local people with learning

difficulties get the job they want and keep it (box 15). It also operates two coffee bars and an external catering business trading under the name Loaf Catering (www.loafcatering.com). NOW provides a structured training programme, work placements and employment support to nearly 200 people a year in North and West Belfast. As the organisation has grown, NOW has also invested in developing its governance and, over the past two years, has recruited a strong team of professionals to its numbers. Its Board now combines the best of business, the third sector and people with an interest in disability issues.

box 15.

The NOW model

The key to NOW's success is a high level of individual support and a system of progression. The emphasis on progression means that NOW delivers a continuum of services which mean that participants can start right at the beginning with basic skills, such as transport planning and being streetwise, and move through to job-related training and then on to work placement and employment. Once in employment, NOW carries on supporting its clients and some will come back for more training if they need to.

The training programme is split into three main areas: essential skills, catering and the transition programme. There is an emphasis in all the courses on getting real life experience, whether that is of budgeting in the money management course or actually working in one of the coffee bars during the catering courses.

These are some of the headline achievements of 2007:

- 9 people supported into either full- or part-time employment
- 11 people into further education
- 40 people into work experience or work trials

- 28 trainees attained a full NVQ1 in Hospitality and Catering.

While some of these numbers might not sound large, they represent a significant achievement given the barriers that many clients accessing NOW face to employment. Some of these clients were never expected to travel independently, let alone receive qualifications or hold down a paid job. Trainee A's story illustrates the sort of transformation that NOW can achieve.

trainee A's story

Trainee A, 37, was attending day care full-time. In 2007, he completed the NOW Independent Travel Training Programme and this has given him a new degree of independence. His family feels more secure about him being out and about in the community.

He very much wanted to find paid employment but his family has not supported him in this. His successful completion of the Travel Training has had a positive impact on how his family see his future and they are now helping him find a job. He recently completed the 'Get the Job You Want & Keep It' course.

Case study supplied by the NOW Project.

proving value for money using SROI

The overall results for 2007/2008 are displayed in box 16, as well as the value broken down by several of the key indicators monitored by NOW. It clearly shows that the benefits generated across a number of areas far outstrip the annual cost of the intervention (£353,384).

box 16.

SROI results 2007/2008

Cost of intervention:	£353,384
Total added value:	£1,345,627

The SROI ratio is 1:3.8. This means that for each pound invested in NOW over 12 months, the project will return an amount of £3.80 over the next five years.

Value of selected SROI indicators at the NOW Project

people not using supported accommodation:	£49,076
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day care space not needed due to NOW employ & catering work:	£719,875
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individuals travelling independently:	£63,117
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value created for employers are a results of work with NOW:	£55,673
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value of earnings from paid employment:	£140,763
---	----------

*values are for total participants achieving these outcomes, projected over five years

SROI helps NOW to show that investing in high-quality support for people with learning difficulties pays off by generating better outcomes in the form of cost-savings and benefits, such as tax receipts.

NOW was also interested in SROI for another reason. It saw in SROI the potential to encourage growth in mission-related outcomes, rather than just growth for growth's sake.

The SROI ratio goes up if individuals are placed in jobs that they are able to sustain or if they are put in a job that, for example, pays more than minimum wage. For this reason, SROI provides an incentive to deliver high-quality interventions that generate real and meaningful results. SROI has lent extra weight to NOW's focus not just on finding jobs but putting clients on a career progression path.

NOW has been working over the past two years to move away from using SROI just as a way of evaluating the programme at the end of the year, and is trying to embed it within the organisation. Since April 2008, it has been using SROI to monitor its performance monthly and annually. This has involved a change in culture and a lot of training and mentoring for the staff team, but now each team takes responsibility for monitoring outcomes in its area, and a business excellence manager pulls together the results.

implications for value for money

The NOW Project shows how SROI can be used to work out, not just value for money at any given time, but to monitor improvements in the efficiency with which an organisation achieves meaningful outcomes. This ensures that any savings represent genuine value for money and are not at the expense of compromising quality in the quest to increase outputs.

case study 8: Shaftesbury Young People



key facts:	Shaftesbury Young People provider of high-quality residential care for children that, if scaled up to the residential care population as a whole, would generate £700 million in social value
founded:	1843
type:	charity
location:	London and South East
mission:	improving the lives of young people, who are in care and need
turnover:	£9 million
employees:	200
web:	www.shaftesbury.org.uk

key points

- Shaftesbury Young People provides a high-quality residential care service that leads to better outcomes among its care leavers
- although more expensive in unit cost terms than standard care, the financial value of the better outcomes outweighs the higher initial costs by a ratio of at least 4.4 to 1
- scaled up to the residential care population as a whole, this equates to £700 million in social value.

Shaftesbury Young People is a voluntary sector provider of high-quality care homes in London and South East England. Residential care for children is often seen as expensive and poor value for money. Funding for residential care far exceeds its 13 per cent share of total care provision for children. Statistics that show residential care leavers to be over-represented on negative outcomes have created a perception that, despite its cost, residential care is failing.^{xi}

The high-quality service provided by Shaftesbury Young People can be more expensive than standard residential care. We used an SROI methodology to look at whether the better outcomes among care leavers compensated for the higher unit cost of the service. The analysis found that every additional £1 invested in Shaftesbury Young People generated between £4.40 and £6.10 in added social benefit.^{xii}

achieving value for money through better outcomes

Shaftesbury has a long history of working for the benefit of children. It was founded in 1843 as part of the Ragged Schools Movement, with the aim of breaking the cycle of poverty and deprivation for children in inner city London. One of the first things the new charity did was to buy two redundant warships. These came to house up to 400 boys on the Thames.

More than 160 years later, one of the main activities of Shaftesbury Young People is still the provision of residential care to children. It is also still motivated by a strong mission. Shaftesbury Young People declares itself to be 'grounded in the principles of the UN Convention on the Rights of the Child' and dedicated to:

Supporting young people in care and in need to find their voice, to be healthy, to learn, develop and achieve and to gain an independent and positive place in society.

These commitments translate into a high-quality, child-centred model of care in its homes, and an effort is made to involve young people in decision-making. Two young people have a seat on the Board of Trustees and Shaftesbury Young People employs a young person's involvement worker to make sure that the voices of young people are heard.^{xliii} (box.17)



box 17.

high-quality, child-centred model of care

Shaftesbury has an excellent track record providing supportive care to some of the most vulnerable and challenging young people in care. It has a high rate of stable placement, even among young people with a history of placement breakdown.

Its goal is to provide high-level support, while creating an atmosphere of trust and respect between carers and young people. Its model of care includes many of the elements set out in the Voice Blueprint for a child-centred care model.^{xliii} Some of the key features are:

participation

Children are involved in all aspects of their own lives.

Children are consulted and included in care plans and reviews.

They share the tasks of everyday living.

There is a collective involvement in running services.

belonging

Attachments are developed.

Children experience real caring and trusting relationships.

Children achieve emotional and personal growth.

stability

There is a long-term commitment to the child or young person.

There is continuity and stability in placements, education and relationships.

enjoy and achieve

Children are encouraged and supported to achieve at their own pace.

They have an environment that fosters learning, development and creativity.

They can access a comprehensive range of services to meet their needs.

They feel cared for and valued.

Achievements are recognised.

safety

Children can learn to take risks in a safe way.

Risk assessment is balanced with other aspects of the child's, or young person's well-being.

communication

There is an open environment for exchange of ideas.

The voice of the young person is listened to and valued.

Children are engaged in a way that is stimulating and fun.

The high-quality, child-centred care model has been shown to lead to better outcomes among care leavers. A young person at Shaftesbury has a 31 per cent chance of being NEET,^{xliv} whereas in the general residential care population the likelihood of being NEET is 55 per cent.^{xlv}

But the care model also has implications for the cost of service delivery. It often requires more one-to-one time between carers and the child or young person. It also means that the child should have access to a comprehensive range of support services and requires that staff turnover is low so that young people can develop stable relationships with carers.

Data on the average unit cost of care is difficult to find because much of it is commercially sensitive. Based on research and consultation with care experts, we estimated the cost of high quality care to be £68,500 for 30 weeks. For standard care, we estimate that the cost ranges between £49,800 and £56,100. That is, higher-quality care costs between £12,400 and £18,700 more per child than standard care. The question we wanted to answer was whether, despite the higher cost of the service, it could still represent value for money.

proving value for money using SROI

The SROI analysis took as its starting point the reduced likelihood of being NEET, because this is a leading indicator of future outcomes.^{xlvi} Our economic model was based on research evidence from York University which indicates that being NEET as a young person is associated with a number of short- and medium-term outcomes. For example, young people who are NEET are more likely to have mental health problems and lower rates of economic inactivity. Each of the outcomes in the York study was then costed so that we could construct an overall cost to being NEET and calculate the preventative value of Shaftesbury Young People.

The value for money calculation compared the saving in NEET-related costs, projected over a 20-year period, to the additional cost of providing higher quality care, with the following result:

In the low estimate of standard costs, for every additional £1 invested in higher-quality care a further £4.40 is generated in social benefit.

In the high estimate of standard costs, for every additional £1 invested in higher quality care a further £6.10 is generated in social benefit.

If this is scaled up to the care population as a whole, the Shaftesbury intervention would create £700 million in social value over 20 years.

The social benefit was spread across a number of public service areas, representing significant cross-departmental savings. Most benefit came from the areas of health, criminal justice and social services.

implications for value for money^{xlvii}

The SROI modelling of the Shaftesbury care outcomes demonstrates that, if short-term savings compromise care quality, then society and the state will be paying more in the long term to cover the costs associated with poor outcomes among care leavers. Establishing value for money, in other words, means measuring the long-term costs and benefits of intervening over the long-term, and in a more holistic way as encouraged by the HMT in its definition of value for money.

There is an important lesson here. Residential care services are increasingly put out to competitive tender or spot purchased. With this, unit cost has become increasingly central to decision-making. Providers that, like Shaftesbury are committed to high quality are finding it increasingly difficult to compete within this market and some have even closed down.^{xlviii}

case study 9: Asian Women's Project



key facts:	Asian Women's Project (AWP) provider of culturally appropriate services to Asian women and the wider Asian community. The Healthy Living Centre reaches more than 500 women, many of whom face barriers to mainstream health services
founded:	1991
type:	registered charity and company by limited guarantee
location:	Nottingham
mission:	providing a high quality service that tackles, in a holistic way, the inequalities that impact on Asian women
turnover:	£350,000–£500,000
employees:	5
web:	www.asianwomensproject.org.uk

key points

- 'One-size-fits-all' approaches can be culturally inappropriate for some populations, thus reducing uptake and/or effectiveness
- AWP has developed culturally appropriate services around health that reach individuals, who are otherwise described as 'hard to reach'
- the health services offered by AWP tackle obesity, diabetes and a range of other health problems. Diabetes is a significant cost to the NHS, accounting for 5 per cent of all NHS expenditure.

AWP was started in Nottingham in 1981 by three local women who came together to establish conversation clubs to help Asian women, newly arrived from Pakistan, Bangladesh and other areas, overcome the isolation of their daily lives and come to terms with their new home country. Since then, AWP has undertaken a large range of projects to meet the needs of Asian women and their families.

The communities in Nottingham where AWP works are within the 6 per cent most deprived in the United Kingdom. In 2003, AWP established a Healthy Living Centre with the aim of tackling the high levels of diabetes, obesity and other health issues among local Asian women. The Jaan Tay Jahan

Centre, funded initially by a grant from Big Lottery Fund, was established because AWP were aware that many of the women it worked with were not comfortable accessing mainstream healthcare. In many cases, this was because the 'one-size-fits-all' approach of mainstream services was culturally or religiously inappropriate.

achieving value for money through better outcomes

Mainstream health services were failing many of the local Asian women that AWP came into contact with. Women did not feel comfortable accessing these services. As a result there were high levels of unmet health needs in the community and, critically, also missed opportunities to prevent the development of costly chronic conditions, such as diabetes.

The focus of the Jaan Tay Jahan Centre is on diagnostic, preventative and well-being services. The Centre has three main aims:

1. to improve access to services by providing facilities from a locally accessible and culturally appropriate venue
2. to improve mental health and well-being by providing health, social activities and counselling
3. to develop satellite clinical services in partnership with the Primary Care Trust (PCT).

The Healthy Living Centres provide health advice and support – for example, for women with cancer – as well as culturally appropriate exercise, such as women-only swimming sessions and yoga. There is also a childcare programme/crèche for women participating in programmes.

The Centre has increased its reach from serving 95 women in its inception year (2003) to serving nearly 500 women in 2006/2007. The health needs of these service users point to the high levels of unmet needs:

- 50% of the service users were overweight when first coming to the Centre
- 37% of service users have diabetes
- 43% have blood pressure problems
- 50% experience stress and anxiety quite often.

Excess body weight, diabetes and blood pressure problems are costly health problems, and in many cases preventable. The total annual cost of diabetes alone to the NHS is £1.3 billion.

The aim of the Centre is to diagnose early where such health problems already exist and run health awareness programmes to prevent other women from developing these problems in the future. The awareness raising includes health education, special awareness raising events and physical activity programmes such as walking projects, allotments and sporting activities.

The women accessing Jaan Tay Jahan are often not reached by the mainstream health service due to language and cultural barriers. The majority of participants were referred by friends, family or others in the community as opposed to a GP or practitioner. AWP attributes its success in reaching so many women, which mainstream services often describe as 'hard to reach', to its existing social and cultural networks.

In terms of outcomes, more than half of the participants in programmes at the AWP Healthy Living Centre reported that activities improved their health and introduced them to new friends. Often the reduction in isolation was a key element in their health improvement. The case studies in box 18 show the centre's impact on health, self-esteem and confidence.

box 18.

AWP case studies

H, an Indian woman aged 65, suffered two strokes. Before coming to Jaan Taya Jahan, she was cared for full-time by her husband and rarely left her home. Through the yoga programme at the Centre, H's physical health has improved. She is able to walk for short periods and now joins her husband when he goes shopping. She is also more confident communicating with others and her social life has improved from meeting others at the Centre. The district nurse who visits her every week has reported a significant improvement in her mood since beginning the programme.

B, a Libyan woman, felt trapped, isolated, and disoriented after arriving in the St Ann's area of Nottingham in 2007. She had two young children, which made it difficult for her to leave the home. She has to live on a very tight budget. B was referred to Jaan Tay Jahan and soon became a regular. At one of her first visits, a health plan was constructed. B said she wanted to make new friends, lose weight, improve her English, and have a mentally and physically healthy lifestyle in her new surroundings. The free crèche and public transport made it possible for B to start swimming classes and attend the regular coffee mornings. She has now reached intermediate level in the swimming and has lost weight in the process. She has also met new people through the coffee mornings. B has more energy in life than before the project, and her isolation has decreased and her well-being and care of her children has improved.

The staff at Jaa Tay Jahan also attributes its success to having a range of services in one place, creating a hub effect, and to the local knowledge that is embedded into every service. Language appropriate to the clients is spoken by staff delivering each service and a base of trust has been built up by AWP in the community over 25 years of service across a range of initiatives.

Despite the success that Jaa Tay Jahan has had reaching local women, both the Centre and AWP more generally have found commissioning processes difficult (box 19).

box 19.

commissioning challenges

AWP has been involved in the full range of relationships with the council from total independence to grants, to contracts.

Aggregation. AWP has experienced negative effects from a more centralised approach to commissioning of Black and Minority Ethnic (BME) services from One Nottingham, the main funder of regeneration-related local community programmes, and Council. AWP believes that by awarding fewer, but larger, contracts, many of the small providers best placed to reach isolated women are undermined. AWP, for example, has been approached by other centres to use its networks to conduct intensive outreach to help them meet targets, but without corresponding funding. This puts AWP in a difficult position: it wants to help women in the area, but receives no funding to undertake the work.

Short-term funding. In AWP's experience, programmes often receive a large grant or award at the beginning of a project and then funding tails off. In some communities, social enterprise models are appropriate to make up the shortfall. In other areas with less money in circulation, fee payment is very challenging. This has been a specific problem for Jaa Tay Jahan. It has tried to get around this by training users to become instructors in yoga, walking, and swimming, so that these activities are less costly to provide.

implications for value for money

AWP delivers publicly funded services in culturally and religiously appropriate ways, and uses its existing networks in the local Asian community to bring individuals who are normally deemed 'hard to reach' into contact with its interventions. In this way, initiatives such as the Jaa Taya Jahan Centre can help to address high levels of unmet health needs and prevent chronic conditions, such as diabetes. The cost implications of early diagnosis and prevention are significant for the public purse. Yet, the drive to aggregate contracts within commissioning processes threatens the very organisations best placed to deliver interventions, namely the small local organisations that have established networks and trust in local communities.



wider social, environmental and economic benefits

If they are going to make the best use of resources, commissioners need to make sure that any money spent on public services achieves as many objectives as possible. Commissioning from narrow departmental budgets discourages thinking about broader savings for the public purse, even though the case studies demonstrate that achieving wider benefits need not necessarily make a provider more expensive:

Hackney Community Transport is a transport social enterprise that generates a range of wider benefits through, for example, recruiting locally and providing a way into employment for long-term unemployed people. HCT is able to deliver these benefits, while staying competitive on price with private and other providers.

Mid-Devon Community Recycling started as a community initiative over 20 years ago but is now contracted by the local authority to provide a kerbside recycling service to 33,000 households. In delivering the service, MDCR fulfils all the requirements of the contract but also delivers an additional £0.73 in social, environmental and economic value.

Unique CIC started out as a provider of youth services, but has diversified to provide a range of other services that benefit the local authority and community. These include a Scrap Store that diverts more than 50 tonnes from landfill every year and minibus hire to local community groups.

case study 10: Hackney Community Transport (HCT)



key facts:	Hackney Community Transport HCT is one of the UK's most successful social enterprises, developing community-driven services to enhance the mobility and independence of disadvantaged people as well as delivering high-quality mainstream public transport that is competitive on price
founded:	1982
location:	London and West Yorkshire
mission:	to make public transport available to everyone, in particular those who may be unable to use mainstream public transport due to disability, age, income or status. HCT promotes social justice and equality for all
turnover:	£17 million (Combined HCT Group)
employees:	400
web:	www.hctgroup.org

key points

- HCT puts the local community and users at the heart of service design and delivery
- the transport services provided by HCT are competitive on price but also deliver benefits to the community
- HCT is able to deliver benefits beyond the scope of its contract through reinvesting surplus.

HCT Group is one of the UK's largest and most successful social enterprises. It delivers mainstream transport as well as services targeted at users with special needs. It has demonstrated the value of the social enterprise business model, generating profits through commercial contracts to invest in community services. Communities have benefited from new and improved transport services, training programmes and community engagement. This has led to tangible social outcomes including increased independence, skills development, employment and greater community cohesion.

Often labelled as 'community benefits', these outcomes have implications for the public purse and can feed directly into improving the rating of a local authority. The problem is that value for money assessments often neglect them.^{xix} HCT is competitive with other providers on price, with 85 per cent of its funding currently coming from competitively tendered bids. The community benefits, in other words, do not have to come at an added cost.

achieving value for money through wider benefits

HCT was launched in 1982 when over 30 voluntary sector organisations came together to set up a minibus service. The objective was to provide community-based transport for the London borough of Hackney, a disadvantaged area of London with a high rate of unemployment, where many residents suffered mobility problems and there were fewer car owners.

Starting out with a small door-to-door minibus system and group transport service run on minimal funding and reliant on volunteers, HCT soon expanded its services. It began travel training courses and took on bigger contracts covering more communities in the area. HCT is now one of the UK's largest and most successful social enterprises, running 14 bus routes through a major contract with Transport for London (TfL) and also running school bus routes in West Yorkshire. HCT also manages £1.5 million of transport for Hackney Council and runs education transport for children with disabilities, independent travel training for people with learning disabilities, social services transport for older and disabled people, and many other community transport services.

HCT still remains strongly focused on delivering community benefit. The values of quality, equality and user involvement are fundamental to its development and growth. The commercial activities mean it can still invest in community services and innovation (box 20). HCT recruits locally (box 21) and also provides extensive training to its staff, volunteers and service users. For example, volunteers who have problems speaking and understanding English, are able to take up English language training.

box 20.

getting local people into sustainable jobs

Eric Boake joined HCT in January 2005 as an Intermediate Labour Market (ILM) trainee. The ILM programme creates temporary jobs to support people transitioning from long-term unemployment back into sustainable positions. During the temporary paid position the person is trained, given job search activities and personal development. Eric started as an HCT driver transporting people with disabilities. Only a few months after that, he was offered a full-time position as a minibus driver and in February 2007 he received his full Passenger Carrying Vehicle (PCV) Licence, which means he is now able to drive mainstream service buses. The skills Eric now has mean he can be a professional driver anywhere in the UK. He is currently a driver on the W13 London red bus route that began operating in March 2007.

box 21.

HCT service innovations

HCT has created a number of innovative services over the last 25 years, including:

- **Plus Bus:** This is a local fixed bus route for residents who find it difficult to use mainstream public transport. HCT worked closely with the community in Hackney which helped to decide on new bus routes that would meet their needs. This is one of HCT's most successful initiatives, and in 2007 this resulted in two new TfL bus routes in Islington and Hackney (routes 812 and 816).
- **Scootability:** This entitles residents of Camden and Islington to borrow mobility scooters and powerchairs free of charge for up to four days. This initiative started in 2005 and won the National Transport Award for project innovation in 2006. It gives people with mobility problems a way of moving around easily and independently to either see people, do shopping or simply have some freedom.
- **Door to Door:** This is an individual transport service for Hackney residents, relatives of residents and groups of people living in Hackney (in residential centres, for example). It is provided by volunteers and supported by the Borough. The motivation is to help local residents with mobility problems stop feeling so isolated. Members of this service do not have to be registered disabled and there is no age restriction. To keep the service low cost, volunteers are trained to be drivers.

box 22.

successful tendering: 2012 Olympic bus service

HCT Group's latest success was the result of a partnership with another award-winning social enterprise, Ealing Community Transport. They established a joint venture company and social enterprise, E&HCT which won a £2.5 million contract to deliver bus services for workers and visitors to the Olympic Park site in Stratford, East London. A skeleton service started in April 2008 which will expand in line with the increasing number of workers on the site. The service aims to reduce the number of private cars on local roads whilst reducing congestion and environmental pollutants. E&HCT will employ up to 45 local people to operate this service, targeting those who have experienced long-term unemployment, a key component of the Olympic social inclusion agenda. E&HCT beat five other transport operators - National Express Group, East London Bus Group, First Capital, Metroline Services and NCP Services to win the three-year contract.

'E&HCT was the successful bidder for this contract because of its commitment to making a difference to the areas in which it operates, primarily targeting the unemployed locally, who it then recruits and trains to drive its vehicles,' said the Hugh Sumner, Director of Transport at the Olympic Delivery Authority.

HCT is able to deliver a quality service, community benefits and still stay competitive on price (box 22).

implications for value for money

HCT demonstrates how community-focused organisations can innovate to fill gaps left by mainstream public and private sector services and, in the process, deliver wider benefits to the community and public purse. Crucially, it showed that creating value in this way need not cost more. HCT has been able to deliver a quality service and, at the same time, invest in its staff and local community.

As its Chief Executive noted, wider benefits for the community are not often taken into consideration in the commissioning process. This is partly because they are not measured. HCT is currently conducting an SROI exercise with a selection of its community transport programmes, so it can understand the value it is creating for service users, the community and local authority.



case study 11: Mid-Devon Community Recycling (MDCR)



key facts:	Mid-Devon Community Recycling through community-driven innovation and a strong mission focus, MDCR generates an additional £0.73 in social, economic and environmental value from a recycling contract
founded:	1988
type:	co-operatively owned social enterprise
location:	Devon
mission:	eto reduce the impact of waste on the local environment through careful company development
turnover:	£1.12m projected for 2007/08
employees:	40, including paid and voluntary (12 with learning disabilities)
web:	www.mdcr.org

key points

- MDCR is motivated by a strong community and mission focus to deliver social, environmental and economic value
- as well as fulfilling the requirements of its recycling contract with the local authority, MDCR delivers an additional £0.73 in social, environmental and economic value
- this extra value is created through innovative service delivery and by reinvesting the 'profit margin' of a private provider.

MDCR started in 1988 as a group of volunteers providing a tiny collection service at weekends. Through its pilot project with 400 households, the group wanted to show Mid-Devon Council that recycling was possible and valuable. When the Council set up a scheme to collect recyclables from the kerbside in 1992, the group formally established MDCR as a non-profit distributing company to bid for the contract. Its bid was successful and MDCR has provided recycling services in the area ever since.

MDCR now delivers a comprehensive kerbside recycling scheme to 33,000 households under a contract to Mid-Devon Council worth £3.5 million over a seven-year period. MDCR fulfils the requirements of the contract and delivers an additional £0.73 in social, environmental and economic value.^{lii}

achieving value for money through wider benefits

MDCR is still firmly rooted in the local community. The Board is made up solely of community representatives and elected staff, many of whom have been recruited locally. The result is that it is focused not on returning a profit, but on delivering benefit for the community, including the environment.

MDCR creates value by delivering beyond the terms of its contract. This is achieved, on the one hand through innovative approaches to service delivery that minimise environmental impact. For example, MDCR is converting trucks to use biodiesel from local cooking oil and is training drivers in safe and fuel-efficient driving. These measures have environmental benefits, but they also reduce the cost of service delivery. MDCR estimates that the driver training has delivered fuel savings of 15–50 per cent (for other measures see box 23).

MDCR also creates value in the way it organises its operations. It provides work placements for 12 people with learning difficulties and keeps local money flowing around the local economy by buying and recruiting locally, including its middle and senior managers. MDCR also contributes towards the development of more sustainable waste strategies at the local, regional and national level. It takes part in cross-sector working groups, best practice case studies, local schools' waste education and sustainable procurement in Devon.

box 23.

delivering an innovative service

Other service innovations used by MDCR to minimise environmental impact include:

- collecting materials, such as tetrapaks and batteries, that are beyond contract terms. MDCR believes that collecting a wider range of materials makes recycling more attractive to service users. After tetrapak recycling was announced, recycling rates rose by 5 per cent
- reducing vehicle miles for rural collections by placing skips at drop-off points where collection vehicles can unload recyclables and carry on collecting without returning to the depot. Skips are then brought back to the depot when they are full
- providing a comprehensive information service, beyond contract requirements, to increase recycling rates. This includes providing their own customer call centre, providing a website where customers can check collection days, as well as an annual leaflet and press releases on recycling. The website information service was one of the first to be provided in England, and arose from a need perceived by the community representatives on the board. The council estimates that this saves them £5,000 per year on information services and publicity.

proving value for money using SROI

We used SROI to calculate the added value created by MDCR's approach to service delivery. Using the level of activity before MDCR's new service as a benchmark, the analysis found that every £1 of public money gave rise to £0.73 in extra savings. The additional value is made up of carbon savings from increased recycling, improved human capital and the value of the work done by learning disabled volunteers.^{liii}

The value of some of the key benefits, beyond the contract, and a breakdown of where value accrues are detailed in box 24.

box 24.

value of monetised MDCR benefits

Total public investment: £410,939.

Public investment is made up of a £372,423 service charge to Mid-Devon Council and a £38,516 Lottery grant.

Avoided disposal costs (landfill tax) ^{iv}	£144,704
Savings to council on information services	£ 5,000
Carbon savings	£187,525
Reduced external environmental impacts to landfill	£ 18,000
Improved human capital	£ 37,000
Fuel savings	£ 14,300
Work contributed by 12 people in work placements	£ 55,680

For each public £1 invested, MDRC has generated:

£0.15 of added value to local authority

£0.13 of added value to local citizens and communities

£0.45 of added value to national and global citizens

£0.73 of total added value

MDCR was able to deliver these extra benefits while remaining competitive on price. When MDCR won the competitive tender to provide recycling services for Mid Devon for 2006–2013, it was in competition with five commercial multinational companies for the contract.

Although successful in the tender and competitive on price, MDCR was fortunate to have commissioners who were aware of the barriers to third sector organisations taking part, and who made adjustments to the process (box 25). These were made because the Council recognised MDCR's level of commitment and detailed knowledge of its business offering.

box 25.

Intelligent commissioning

Mid Devon Council identified some characteristics of third sector organisations that would normally be considered as a risk when choosing MDCR as a contractor. First, the requirements on financial guarantees for large contracts had to be waived because MDCR could not meet them. This risk was offset by MDCR's good track record since 1996 and a contract clause which allows the Council to take over MDCR's fleet and equipment and run the service themselves if MDCR fails.

Secondly, MDCR has very limited capital reserves which makes it hard for it to expand its operation, for example to increase the size of its fleet. The Council decided that this was outweighed by MDCR's innovative approach to vehicle design, which allowed it to access central government funding to buy the vehicles.

Beyond these changes, the Council has continued to engage with MDCR around its commissioning processes. This has led to more general changes to the process which are reflected in the Devon Positive Sustainability Matrix (appendix 3).

case study 12: Unique CIC



key facts:	Unique CIC innovative social enterprise that has achieved financial sustainability and continues to expand its range of services to the community
founded:	2000
type:	community interest company
location:	Newark
mission:	to carry out activities which will benefit young people, the environment and wider community
turnover:	£650k
employees:	22
web:	www.uniquesocialenterprise.com

key points

- unique's strong commitment to delivering benefit to the local community has driven the development of innovative services that create social and environmental value
- as a provider of alternative education, Unique is competitive with private sector providers and also delivers social benefits through a coffee bar for local young people which is beyond the terms of its contract.

Unique began as a coffee bar for young people in Newark. It was set up as an independent charity in 2000 after a consultation exercise by the Nottinghamshire County Council Youth Services Department found that local young people lacked a place to 'call their own'.

Today the coffee bar is financially self-sustaining, generating income through an alternative education social enterprise, and Unique has become a Community Interest Company (CIC) that runs a range of services and activities for the benefit of the community and environment. These range from sexual health testing services and community art workshops, to a scrap store

that diverts waste from landfill. Some are directly funded, but others rely on reinvestment of surplus from other parts of Unique. The strong commitment to delivering for the local community means that Unique has become adept at providing extra community benefits on the back of its existing services and activities.

achieving value for money through wider benefits

Unique Coffee Bar was established with a grant from the Council to cover the first two years of funding. By the time this first phase of funding was coming to an end, the coffee bar was being well-used by local young people and the board and staff were looking for ways to make it financially sustainable.

Around the same time, Unique was approached by the local Youth Offending Team (YOT) to provide help with a dozen socially excluded young people. A contract was signed between Unique and the YOT to provide basic skills training on the coffee bar premises. These courses ended up leading to a new business model.

Some of the young people who attended the first courses were still registered at local schools and their teachers noticed that the training was resulting in significant improvements in behaviour and educational improvements. Local teachers and schools started to approach Unique to provide courses to other young people who were not engaging in mainstream education. In this way, the training developed into a core part of Unique's activities and now provides the financial resources for the coffee bar.

Alternative education provision for young people is a competitive market and Unique has faced competition from a number of private providers, including large providers that wanted to enter the Newark market. Unique says it can deliver the added benefits that come from operating the coffee bar because it can reinvest what a private provider would earmark as profit.

box 26.

Unique Coffee Bar and Education, 2007 coffee bar

- 13,564 visits to drop-in by 812 individuals
- 4,000 Eat Unique meals sold.

education

- 78 young people educated
- 95 per cent of young people enrolling in the training had improved attendance.

Charles' story

Charles recently completed a 12-week course at the Unique Coffee Bar after a referral from social services. Lacking in confidence and self esteem, Charles did not know what he wanted to do in the future. He began his work experience in the kitchen alongside the Unique chef. He prepared meals for the other young people and staff, as well as for the outside Eat Unique catering business. He attended every session, always arriving on time. Charles also enrolled in a kickboxing programme that was designed to build confidence, discipline and fitness. He is now getting a job as a builder's apprentice.

Since developing the coffee bar model, Unique has continued to develop innovative services for the community. Other services and activities that Unique CIC offers include:

Unique ScrapStore receives unwanted 'scrap' items from local businesses and resells them to the local public and online: 50 tonnes were diverted from landfill in 2007, presenting a real saving to the local authority. The scrap store also holds regular environmental and craft workshops, attends craft and charity fairs, organises bi-annual fun days, and takes part in numerous community events.

Community Repaint receives leftover and excess paint from local businesses, retailers and the public. In this way, nearly 12 tonnes of paint were diverted from landfill and made available at low cost (50p a litre) to housing association tenants and community groups.

Eat Unique is a catering social enterprise. Food is made by young people excluded from mainstream education, who are studying towards a catering qualification at Unique Coffee Bar.

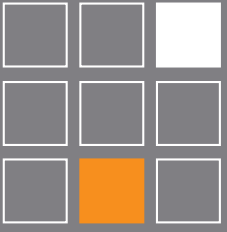
Unique also provides room and minibus hire, is a registered centre for Criminal Records Bureau (CRB) checks, and provides sexual health testing services.

implications for value for money

The range of services and community benefits Unique manages to achieve show what can be achieved by investing in an organisation that is strongly committed to the local community. The coffee bar model is a perfect illustration: other providers might receive the same level of funding to provide alternative education, but Unique uses this to deliver training and a social space for young people in the community.

Unique does not want to be given preferential treatment because they are from the third sector, but they do want to have the opportunity to compete against other organisations. This is not always the case at present. Unique recently had the experience of being excluded from a commissioning process because their turnover fell below the level specified in the pre-qualification questionnaire (PQQ).





appendix 2: the third sector and its role in public service delivery

The unifying term 'third sector' belies a diversity of organisations and entities. The Government has tried to capture all these within a broad definition that stipulates third sector organisations are:

- non-governmental
- value-driven, and
- principally invest their surpluses to further social, environmental and cultural objectives.

Organisations within the third sector are often broken down into four categories: charities, voluntary and community organisations, social enterprises, and co-operatives and mutuals (box 27).

box 27.

third sector organisations

Charities are voluntary organisations set up to provide public benefit as defined and regulated by the Charity Commission. There are around 160,000 in the UK.

Voluntary and community organisations are like charities but carry out work at too small a scale to register with the Charity Commission.

Social enterprises are set up as businesses and regulated under company law but invest their surpluses to further social, environmental or cultural goals. There are around 55,000 social enterprises.

Mutuals and co-operatives are businesses that are owned by those who use their services or products. There are about 8,000 co-operatives and mutuals in the UK.

the third sector and public service delivery

Even beyond these categories there is considerable variation, most notably by size. The variation among third sector organisations makes claims about distinctive features of the third sector difficult to sustain. For instance, a large health charity with a turnover of £50 million probably has more in common with a large private health provider than with a volunteer society that helps out at the local GP practice.

When thinking about the third sector, then, it is important to keep this diversity in mind. There is, in other words no distinctive 'third sector' way of operating, or any guarantee that a third sector organisation will be better at delivering for the public than an organisation from the private or public sector. However, as the case studies in Section 3 illustrate, in some cases organisations with a strong mission focus are able to achieve what is sometimes called 'added value' by delivering above and beyond their contract or reinvesting surplus for public benefit.

Third sector organisations have a long history of delivering public services, but in the last decade this has increased rapidly as the sector has become involved in the reform of public services. In 2005/2006, public funding to the sector reached £11 billion, or roughly one-third of all their income (£31 billion). This represents an increase from £4 billion a decade earlier.^{lvi}

Not all of this funding would go directly into the delivery of a public service, noting that there are three main types of financial relation between the third sector and state:

1. support for third sector organisations in general, which can be spent in any way that the organisation decides
2. support for a specific project or service proposed by an organisation
3. payment to a deliver a specific service on behalf of the state.

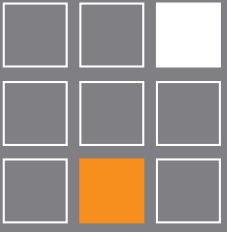
It is this final category – using third sector organisations to deliver services on behalf of the state – that has taken the lion's share of the funding increase over the past decade.

a new kind of relationship

There have been two primary reasons for the increasing involvement of the third sector in the delivery of public services. On the one hand, there has been increasing recognition and formalisation of the sector in general through initiatives such as the launch of the Compact in 1998. On the other hand, government has increasingly moved to contestable markets for public services and has involved the third sector in order to increase competition and because of a belief that the third sector brings something distinctive to public service delivery.

The intention to involve third sector in public service delivery was made explicit at several moments. The Spending Review in 2002 (SR02) established a target for increasing involvement of the third sector in public service delivery by 5 per cent in the three years to 2005/2006. Two years later, SR04 removed the 5 per cent target but re-stated the intention to continue increasing the involvement of the third sector. In December 2006, the public service delivery action plan was launched with a number of initiatives to encourage third sector involvement, including the commitment to train 2,000 commissioners as part of the National Programme on Third Sector Commissioning.

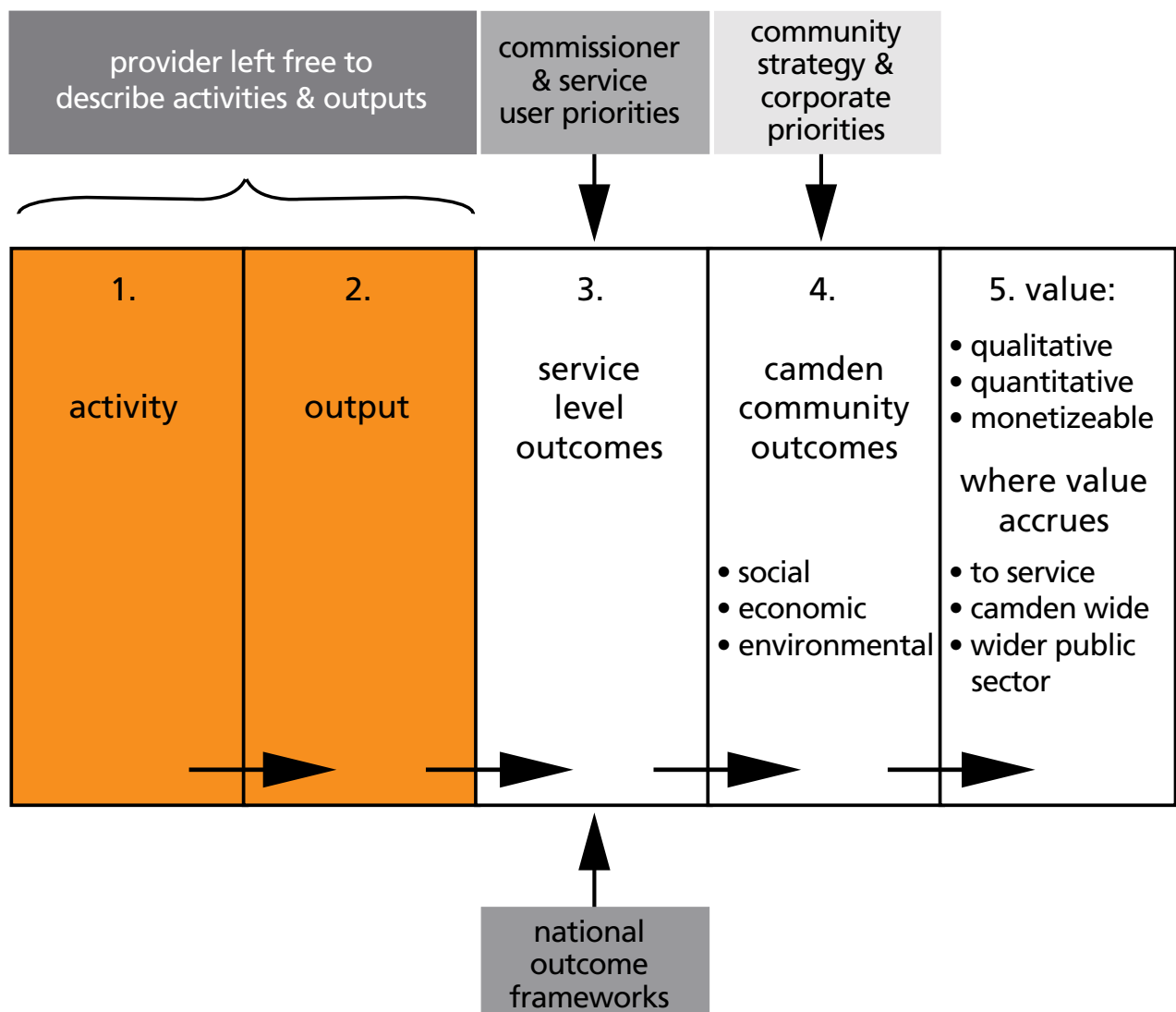
The result of these initiatives, and of opening up public service delivery more generally, is that third sector organisations increasingly find themselves in a procurement relationship with the state, whether that is at the central or local level. This procurement relationship is often in the form of a contract for service awarded through a competitive tender process. National Council for Voluntary Organisations (NCVO) figures indicate that grant-funding to the third sector has remained steady over the past five years, but contract income from the public sector has increased significantly.

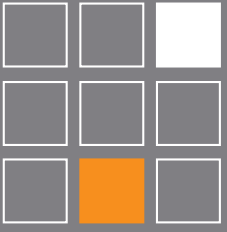


appendix 3: sustainable commissioning model

The Sustainable Commissioning Model (SCM) stimulates innovation by letting providers describe themselves, the activities (column 1) and the outputs (column 2) they think will create the outcomes (column 3) the commissioners want. The model also requires providers to specify how the service will meet wider community level outcomes (column 4). In the tendering process, these wider outcomes are weighted along with the service outcomes.

During the course of the contract, Camden will monitor the impact of these outcomes in terms of both financial and qualitative value and also track where this value accrues – because it also accrues across other council budgets, to its partners in the community and to the wider public sector. The model is designed to be used by public sector commissioners, easing the burden of administration on providers.





appendix 4: Devon's positive sustainability matrix

In co-operation with ten other local authorities in Devon, including the eight district councils and the unitary authorities of Torbay and Plymouth, Devon County Council has created a tool to embed social, economic and environmental benefits into the commissioning and procurement process. The authorities worked closely with community and voluntary sector organisations, including MDCR (case study 11) whose recycling service achieves significant extra value through employing local people, raising awareness of the benefits of recycling and reducing vehicle miles.

Local authorities across Devon have long recognised the value bought to waste and recycling services by community and voluntary sector groups, according to Ben Jennings, Waste Manager for Devon County Council:

We've been involved with community groups for over 15 years but they have frequently felt that they have been at a disadvantage when it comes to contracts but we're not able to incorporate the value they create at a community level. So we decided we needed to create a tool that would help us to take these less quantifiable elements in to account.^{lvii}

The sustainability matrix, which has recently been approved by the council's executive, will be used 'in contract specification and for the evaluation and assessment of added value and community benefit in the procurement of service delivery for waste, reuse, recycling and composting services'.^{lviii}

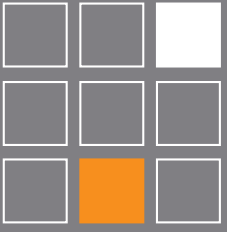
The sustainability matrix embeds social, local economic and environmental benefits in the quality schedule, with sustainability counting for 20 of a 60 per cent quality score (40 per cent price). Criteria on the matrix are scored out of five and the questions themselves are only available to commissioners so that those who seek to genuinely address the issues can be differentiated from those who simply wish to 'tick boxes' in order to secure a contract.^{lix}

	s	c	o	r	e
	1	2	3	4	5
1. how would you enhance and promote recycling and resource management in Devon					
participation rate – how will it be enhanced?					
how will awareness be raised of the need to reduce waste, conserve resources and for individuals and communities to take more responsibility for the waste they produce?					
impact on waste reduction – how will the proposals contribute towards reducing waste in Devon?					
2. what measures will you put in place to minimise the impact your contract delivery has on climate change/carbon emissions?					
how will the goods or services provided reduce people vehicle miles?					
how will the goods or services provided reduce haulage vehicle miles?					
fuel efficiency & fuel types used or proposed to deliver service?					
sustainable procurement - Does the contractor use recycled or environmentally friendly products in service provision and in its operations?					
how does the contractor use renewable energy?					
3. describe any community and/or social benefits that are or would be delivered by your organisation?					
track record of working with local communities?					
proposed community involvement & interaction?					
does the bidder provide other services and facilities of wider benefit to the communities in which they are based?					
delivering better access to local services and facilities?					
how does the contractor address the needs of disadvantaged or excluded groups or people (e.g. rural and urban)?					
alleviating poverty - does bidder include this in their work or in the proposal – what will be the positive impact?					
volunteering opportunities created or maintained?					
employment rehabilitation (e.g. for those with support needs, long term unemployed, mental disability, criminal record etc)					
4. what benefits will you bring to the local economy?					
will the company employ local management personnel?					
will the company have local premises?					
will the company's fleet be serviced and maintained locally?					
positive impact on local businesses?					
are surpluses or profits distributed reinvested or distributed locally?					
to what extent will other goods and services be purchased locally?					
developing local skills base (training opportunities)?					

In its guidance notes on the matrix, Devon makes clear that many of these factors 'require value judgments', but that such judgements can be 'supported by evidence, assessments of intentions and track records, and other factors'. It also adds that 'the assessment team must decide, based on their evaluation and assessment procedure whether the bidders' proposals for environmental, social, local economic and sustainability benefits are genuine or paying 'lip service' and whether the bidder has the necessary capacity, knowledge, understanding and commitment to deliver their proposed added value and community benefit.'^{ix}

Accompanying the matrix, are general guidelines for commissioning. These include the following recommendations:

- local authorities to consider letting smaller contracts and or breaking down contracts in to constituent parts allowing third sector organisations with specific expertise to compete
- consider linking social inclusion budgets with service budgets
- consider whether the high level of importance they sometimes attach to a minimum turnover requirement is necessary or relevant
- consider designing tender document to include open questions with regard to sustainability with the assessment panel having a comprehensive list (with weighting) of the benefits they would be looking for.



appendix 5: resources and contacts

commissioning tools

London Borough of Camden Sustainable Commissioning Model

contact: miia.chambers@camden.gov.uk
or josh.ryan-collins@neweconomics.org

and

Ryan-Collins J, Sanfilippo L and Spratt S (2007)
Unintended Consequences: How the efficiency agenda erodes local public services and a new public benefit model to restore them (London: nef).

Devon Sustainability Matrix
contact: annette.dentith@devon.gov.uk

co-production

Stephens L, Ryan-Collins J and Boyle D (2008)
Co-production: a manifesto for growing the core economy (London: nef).

and

Ryan-Collins, J., Stephens, L. and Coote, A., (2008)

The New Wealth of Time:
How Timebanking can help people build better public services (London: nef)

contact: lucie.stephens@neweconomics.org

national programme for third sector commissioning

Eight principles of good commissioning (available electronically:

<http://www.idea.gov.uk/idk/aio/6617745>)

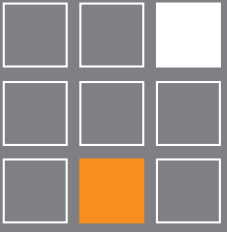
contact: sarah.wood@idea.gov.uk

web: <http://www.idea.gov.uk/idk/core/page.do?pageld=6583598>

social return on investment (SROI)

Lawlor E, Neitzert E and Nicholl J (2008)
Measuring value: a guide to Social Return on Investment (SROI) (London: nef).

Contact: eva.neitzert@neweconomics.org



end notes

- xvii Prince's Trust (2007) op. cit.
- xviii In 2007, SCCT came second. It was ranked first on four measures: 'Most helpful training', 'most managers who listen', 'best work-life balance', and 'mr motivator'. Eighty-seven per cent of SCCT staff responded to the survey.
- xix The sustainable commissioning model (SCM) is an outcomes-driven approach to commissioning which includes both service-level and wider social, environmental and economic objectives. For more information on the SCM, see www.procurementcupboard.org or Ryan-Collins J, Sanfilippo L and Spratt S (2007) Unintended consequences: how the efficiency agenda erodes local public services and a new public benefit model to restore them (London: nef).
- xx Ryan-Collins J (2008), Time banking: a tool for growing the core economy (London: nef).
- xxi Department of Health (2004) Choosing health: making healthy choices easier, (London: Department of Health).
- xxii Appleby L (2007) Breaking down barriers – the clinical case for change, Department of Health.
- xxiii Prince's Trust (2007) op. cit.
- xxiv Stephen Timms, the Minister for Employment and Welfare Reform, remarked at the Annual City Gateway Showcase in 2008 that government agencies could not have achieved the same level of success with the client groups that City Gateway serves (pers. comm).
- xxv City Gateway (2008) Annual Report 2007/8 http://www.citygateway.org.uk/pdf/CG08_Annual_Report.pdf [15 August 2008]
- xxvi Lawlor E, Nicholls J, and Sanfilippo L (2008) Unlocking value: how we benefit from investing in alternatives to prison for women (London: nef)
- xxvii Inter-agency Forum on Women's Offending, 2001.
- xxviii HM Prison Service (2008) Monthly bulletin April 2008 http://www.hmprisonservice.gov.uk/assets/documents/10003947Monthly_Bulletin_200804.doc
- xxix <http://news.bbc.co.uk/1/hi/uk/6766119.stm> [29 September 2008]
- xxx This question was not asked of the prison sample.
- xxxi This question was not asked of the prison sample.
- xxxii Department of Work and Pensions (2005) Five-year strategy http://www.dwp.gov.uk/publications/dwp/2005/5_yr_strat/pdf/report.pdf [5 September 2008]
- xxxiii Although termed a social return on investment model, this differs from the commonly accepted SROI framework. The acronym 'SRI' will be used to differentiate it from SROI analyses elsewhere in this report.

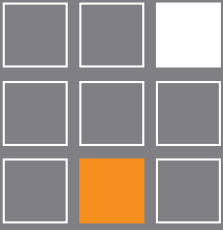
- xxxiv Tomorrow's People (n. d.)
The right prescription back to work
(UK: Tomorrow's People).
- xxxv Durie S (2007)
North Ayrshire Fab Pad Project Impact
Arts SROI Report
<http://www.cunninghame-housing.org/Assets/Downloadablefile/Impact-Arts--Fab-Pad-SROI--Report-15181.pdf>
[5 August 2008]
- xxxvi CLG (2007)
Statutory homelessness (London: CLG).
- xxxvii Chartered Institute of Public Finance
and Accountancy (2005) Homelessness
statistics 2005/06 actuals (London: CIPFIA).
- xxxviii Durie S (2007) op cit.
- xxxix Greig R (2005) Valuing people: the
story so far (London: Department of
Health) http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4107054 [11 September 2008]
- xi Department for Education and Skills
(2006) Care matters (London: DfES)
p46. Most of the statistics used are not a
good indication of quality. Outcomes for
residential care leavers are rarely compared
to an appropriate 'control' population
that has faced similar barriers to positive
life outcomes. This gives the appearance
that the residential care system is failing
when, in actual fact, care leavers may have
progressed from a disadvantaged starting
point towards positive outcomes.
- xli Lawlor E (2008) A false economy:
how failing to invest in the care system
for children will cost us all (London: nef)
- xlii <http://www.shaftesbury.org.uk/mission-statement/>
[19 September 2008]
- xliii Blueprint Project (2004) Start with
the child, stay with the child (London:
Voice/NCB) <http://www.voiceyp.org/docimages/28.pdf>
[17 September 2008]
- xliv Shaftesbury Homes and Arethusa (2005)
Annual review (London: Shaftesbury
Homes and Arethusa).
- xlv Petrie P, Boddy J and Cameron C (2006)
Working with children in care:
European perspectives
(Buckingham: Open University).
- xlvi Godfrey C, Hutton S, Bradshaw J,
Coles B, Craig G and Johnson J (2002)
Estimating the cost of being 'not in
education, employment or training'
at age 16-18. (London: DfES).
- xlvii Shaftesbury Young People recently
lost out to another provider because it
could not compete on price. Similarly,
the long-running provider of residential
care, The Catholic Children's Society, was
forced to close its doors in 2006 in large
part because of the move from block
contracts to spot purchasing. For more
evidence, see also Clough R, Bullock
R and Ward A (2006) What works in
residential childcare: a review of research
evidence and the practical considerations
(UK: NCERCC/National Children's Bureau).

- xlviiii Shaftesbury Young People recently lost out to another provider because it could not compete on price. Similarly, the long-running provider of residential care, The Catholic Children's Society, was forced to close its doors in 2006 in large part because of the move from block contracts to spot purchasing. For more evidence, see also Clough R, Bullock R and Ward A (2006) What works in residential childcare: a review of research evidence and the practical considerations (UK: NCERCC/National Children's Bureau).
- xliv Dai Powell, Chief Executive Officer, Hackney Community Transport, personal communication, 19 August 2008.
- l I&DeA (2008) Synopsis: Hackney Community Transport, March: <http://www.idea.gov.uk/idk/core/page.do?pagelid=8038713> [15 September 2008]
- li Dai Powell, Chief Executive Officer, Hackney Community Transport, personal communication, 19 August 2008.
- lii Forthcoming research by nef and Resources for Change, funded by DEFRA (Defra WRT318: Benefits of Community Sector Involvement in Waste Management)
- liiii The monetised SROI does not capture several of the key outcomes. For example, the value of tetrapack and battery recycling in raising participation rates has not been monetised and the financial value of volunteering placements for 12 learning disabled is based on for savings to care-services, with no financial value put on the well-being improvement to the individuals and their relatives.
- liv Not included in final SROI as recycling credits are being paid for this.
- lv We treat this as a financial benefit to MDCR.
- lvi NCVO (2008) UK Civil Society Almanac (London: NCVO).
- lvii Ben Jennings, Waste Manager for Devon County Council, personal communication, 20th August 2008
- lviii EEC/08/163/HQ, Devon Authorities Waste Reduction and Recycling Committee, 2 July 2008, appendix 3.
- lix Ibid.
- lx Ibid.

notes

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