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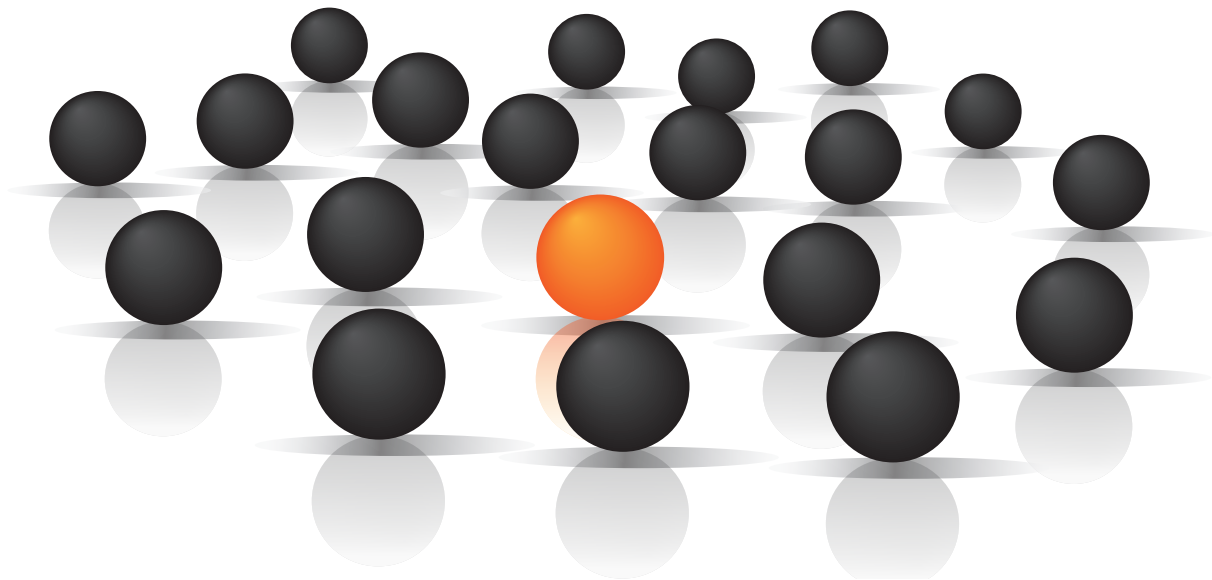
Social Impact Measurement,
commissioning from the
Third Sector and supporting
Social Enterprise Development

May 2010

mutualadvantage   EEDA East of England Development Agency   Social Enterprise East of England   Improvement East   THE GUILD   Middlesex University

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EXECUTIVE SUMMARY

Background

In January 2009, Social Enterprise East of England (SEEE) held a seminar to discuss the role of social impact measurement in its future work. The event was attended by EEDA and as a result, EEDA issued a tender in September 2009 to investigate three areas of work:

Strand 1   Strengthening local procurement and tendering processes

Strand 2   Measuring the social and economic impact of local services

Strand 3   Supporting local social enterprise development

The assignment was carried out by a partnership consisting of The Guild, Mutual Advantage, Third Sector Research Centre/Middlesex University and SEEE. The work took place between December 2009 and March 2010, with a dissemination conference taking place in April 2010.

The report consists of four short summary papers, each written by the project leads. They describe the work undertaken within each of the three project strands (there are two reports for strand 3) and the main findings.

Strand 1   Strengthening local procurement and tendering processes

The strand involved:

▪ Negotiating and delivering a workshop for procurement, purchasing and commissioning staff of each of the three local authorities

▪ Where possible, acceptable, and practical, considering the documentation, websites and processes in each locality

▪ Negotiations or discussions with ten social enterprises, over their potential involvement in a local procurement process, or experience of selling to public bodies

▪ Direct support to five individual social enterprises, including:

- Assistance with two specific tender opportunities

- Briefings on the legal and practical frameworks for public sector procurement

- Briefings on accreditation and Social Return On Investment (SROI)

- Supporting the capacity to achieve Pre-tendering Qualification Questionnaire (PQQ) status

- Support with business planning and organisational development in preparation for procurement

Findings

From the purchasers' perspective, the perceptions of barriers for social enterprise consisted of the following areas to be addressed:

- Social enterprises' capability or capacity as a business
- Social enterprises' ability to meet basic requirements, typified by the PQQ
- Social enterprises' awareness of opportunities and ability to engage in the procurement process
- Public bodies' understanding of the third sector
- The approach taken to procurement
- Procuring community benefits

Learning

1. Challenging expectations

There have been significant changes on both sides of the procurement process. Public bodies have often developed a positive attitude to the third sector; more social enterprises have developed the capacity to take part effectively in procurement processes and their understanding of the process has increased

2. Timing support

Assistance with tenders is only useful when someone is doing a tender bid. Support needs to be focused onto the individual needs of the specific organisation

3. E-procurement and portals

Some portals are highly sophisticated and designed not just to select providers but to manage the contract after the selection has been made. Access and language on these sites can be difficult when they are also used for small one-off procurements

4. There is more to life than the EU Process

Whilst EU rules require and define the complex process involving PQQs and a formal staged bidding process, many procurements that are potentially attractive to social enterprises can, and are, undertaken using simple procedures defined individually by the buying organisation.

Strand 2   Measuring the social and economic impact of local services

A research study was undertaken by CEEDR, part of Middlesex University and the Third Sector Research Centre. Following a review of current methods and the development of questionnaires, interviews were carried out with 40 third sector organisations, 32 of whom had carried out social impact measurement. A further 10 organisations or individuals providing training in social impact measurement to organisations in the East of England Region were also interviewed.

The study identified the main motivations that led organisations to undertake a social impact measurement exercise; what approaches and tools are most commonly being used to measure social impact; the costs incurred by organisations measuring impact and undertook an analysis of the methods and tools used.

In summary, there are six points of potential bias that those carrying out SIM and those reading SIM reports should be aware of:

1. Defining what is (and what is not) being measured
2. Collecting and measuring data
3. Setting proxies for monetisation
4. Analysing net benefits
5. Presenting results
6. Using results

These can be minimised through having transparent procedures and systems of external validation.

Findings

This study has shown that there is no holy grail for a detailed impact measurement without spending time and money. The amount of resources allocated to this will depend on the objectives of the organisation. The report does not set out a single methodology but outlines the range of approaches that are each suitable for different purposes. It has not tried to set out all methods and approaches as this is done elsewhere.

The challenge for organisations is knowing what method is most suitable for them. The choice of what method to use can be informed by answering the following four key questions:

1. What do you need the information for? Who is the customer or user of information?
2. What outcomes and indicators do you want to measure?
3. What resources do you have available?
4. How can you minimise bias?

The report shows that organisations are turning measuring into an opportunity to develop new work, and improve services, and in this way it is seen as a positive action rather than something they have to do for others. Measuring impact is therefore seen as a form of marketing, with more detailed information combining quantitative and qualitative having greatest influence.

Organisations are also putting the cost of measuring into their proposals and business plans. In this way costs of generating information are not seen as prohibitive and the results will allow them to grow and have a greater impact. Separate costs for measuring impact are hard to ascertain if the process is fully embedded as part of internal procedures for keeping records on beneficiaries within the organisation - what might be called 'social bookkeeping'.

There are also lessons for commissioners of services and grant makers. They are driving the interest in measuring impact but they must have a greater understanding of what can be measured and the resource implications. They also need to be aware of potential bias in some figures that might be quoted and the dangers of comparing social impact measurements that have used different approaches.

Strand 3   Supporting local social enterprise development

Strand 3 consisted of two pieces of work: examining the strategic role of local authorities in supporting social enterprise development, and interviewing local authority elected members about their role as community leaders and in identifying whether they could offer support to social enterprises.

The strategic role of local authorities

A significant gap was identified in a regional consultation undertaken by SEEE, in the number of specialist social enterprise advisers that are available consistently across the region delivering support for pre-start and start up social enterprises. As a result SEEE committed to supporting the regional roll out of the Ensuring Seamless Support (ESS) programme that has been running for four years in Norfolk.

SEEE and The Guild met with five strategic partners to discuss the possibility of developing an Ensuring Seamless Support partnership in their area. The meetings were held with existing social enterprise development networks, existing voluntary and community sector infrastructure organisations and cross-departmental teams from local authorities. In each case there was a commitment to taking forward the Ensuring Seamless Support approach and in some cases resources could be contributed from the local area. SEEE will enable a support package, to help establish the partnerships, to be delivered through its pre existing OTS programme.

Learning points and issues emerging from the project

- Build on what is there already

- Clarification of partners – likely to be larger Councils for Voluntary Services and Rural Community Councils

- Identify appropriate social enterprise partners - quality control is essential

- Put a programme of practical support in place - this may include setting up the on-line client management systems, learning to use the diagnostic tool and training for outreach or development workers

- Finance - develop a costing for local funds

- Strategy - It is easier to establish partnerships of organisations that are committed to the approach rather than those looking to access a pot of money

- Evidence base - basing the programme on existing evidence has been beneficial

- Future delivery - the project has reinforced the original assumptions behind the roll out of ESS: that social enterprise business support needs to be free at the point of delivery, there should be no post code lottery with support available in one area but not in another, support should be open - ended and able to deal with complex, multi-stranded plans

The role of elected Councillors as community leaders

We held interviews with eleven Councillors representing ten local authorities across the region during February and March 2010.

Summary and conclusions

Local Councillors are extremely well placed to identify and support social enterprises. Their future role could encompass:

- Identifying issues and gaps in services that could be resolved by new or existing social enterprises

- Identifying communities in which a social entrepreneurial approach is present and could be developed

- Supporting and promoting local social enterprises to others and particularly helping to create opportunities for social enterprises to trade with the council

- Ensuring that officers are aware of the needs of social enterprises and are able to broker social enterprises towards appropriate sources of support

In order to develop an effective role as a community leader, Councillors need to know:

- How to engage with people in the community who would not normally approach them
- Where the community meets and how to have a presence
- How to deal with conflict
- What resources are available across the council to support community members

In order to provide support for social enterprises, Councillors need to know:

- How to distinguish between a traditional voluntary or community organisation and a social enterprise or potential social enterprise
- What support exists in the council for social enterprises
- What other specialist support exists for social enterprises in the area
- What social enterprises are already operating in the area and what issues they face

This would require a combination of additional training, briefing papers and planned visits to social enterprises.

Project recommendations

Based on the outcomes of the three strands of activity we have carried out, our recommendations are as follows:

- Production of a tool kit for social enterprises to choose appropriate Social Impact Measurement tools and methods
- Production of a tool kit for funders and commissioners to understand the range of SIM tools and methods that can be used to evidence performance within a contract or a tendering process
- SEEE should continue to roll out the Ensuring Seamless Support model across the region and to share the experience with other regions
- SEEE should promote the findings on procurement to local authorities via the Local Government Association, the Local Government Information Unit, Regional Improvement and Efficiency Partnerships and others
- Those seeking to support social enterprises and enable them to deliver more public services should seek to encourage better communication within public authorities between those responsible for policy and those responsible for carrying out the commissioning/procurement process
- There should be more consistent use of language relating to procurement and commissioning so that organisations attempting to deliver public services are aware of the exact nature of the transaction.

PROJECT REPORT

Background

In January 2009, Social Enterprise East of England held a 24 hour residential workshop on the subject of Social Impact Measurement. The event gave the Board and staff of SEEE, along with invited guests including EEDA and Business Link, the opportunity for an in depth look at the topic, with expert witnesses and a facilitated discussion.

There were 2 key actions that came from that discussion: 1 for SEEE & 1 for EEDA.

Social Enterprise East of England concluded that social enterprises should be encouraged and supported to measure their social impact, and to use whichever of a range of methodologies, tools or frameworks are available to do so. SEEE's role would be twofold:

- To ensure that information about the various methods was available, but not to prescribe a single model
- To influence funding to ensure that a wide information base could be made available to social enterprises in the East of England.

EEDA agreed with these conclusions, and undertook to explore the possibility of funding the development of these results to establish a practical support base for social enterprises and other third sector organisations seeking to measure social impact, and to inform and support those likely to procure from social enterprises and other third sector organisations regarding the benefits and value of social impact measurement and reporting.

The Assignment

An assignment was developed by EEDA which also took into account the previous Government's response to the Houghton review on worklessness, their commitment to ensuring the third sector is not disadvantaged in commissioning and procurement arrangements, and their commitment to promoting the use of impact measurement and an environment of a thriving third sector.

A contract was advertised in September 2009. The purpose of the assignment was to look at ways in which the third sector could be encouraged to provide more local services, demonstrate the value and impact of the services they provide and not be disadvantaged in national, regional and local commissioning and procurement arrangements. This would in turn help to inform future mainstream and ESF provision supporting economic participation and the improvement and efficiency agenda for local authorities and other public sector bodies.

This was to be taken forward by testing three issues:

1. How local commissioning and procurement processes could be strengthened
2. How third sector organisations alone or with public sector partners might measure the economic, social & environmental impact of the services they deliver
3. How local authorities can help support social enterprise development.

This contract was awarded in December 2009 to a partnership made up of The Guild, Middlesex University, Mutual Advantage and Social Enterprise East of England after a competitive tendering process. The contract included the requirement to complete the work by March 2010, with a conference to announce and publicise results in April 2010.

Delivery Partners

Mutual Advantage

A specialist social enterprise consultancy with extensive expertise in the field of third sector commissioning and procurement.

The Centre for Enterprise & Economic Development Research (CEEDR) at Middlesex University

One of the leading academic institutions in the field of social enterprise research, responsible for the social enterprise work of the Third Sector Research Centre with a particular expertise in social impact mapping.

The Guild

A specialist third sector consultancy that has both delivered support to social enterprises and researched the policy context for social enterprises, including the business support environment.

Social Enterprise East of England (SEEE)

The strategic infrastructure organisation for social enterprises in the East of England, it has a membership of 199 that includes 144 social enterprises. SEEE has built high level strategic relationships with key public sector agencies and also has an excellent working relationship with the other infrastructure agencies identified in the specification.

Advisory Group

These partners invited key stakeholders to form an Advisory Group which would meet three times during the life of the programme. These were: Suffolk County

Council, Fenland District Council, MENTER, COVER, East of England Faiths Council, Rural Action East, EEDA, Business Link East, Improvement East and Exemplas.

Summary of Results

The partnership identified leads for delivery for the three strands and one overarching theme.

Strand 1	Strengthening local procurement and tendering processes	**Mutual Advantage**
Strand 2	Measuring the social and economic impact of local services	**CEEDR**
Strand 3	Supporting local social enterprise development	**The Guild & SEEE**
Communication	With the wider third sector & other partners	**SEEE**

Strand 1 provided bespoke support to three public authorities to help them to review and develop their procurement processes in order to engage third sector providers.

Findings - Three main findings came from the work – that communication between buyers and sellers in public procurement is getting better; that social enterprises are accepting the limitations of the procurement process and getting better at working within it; and that building good relationships, exploiting websites and using local information may be more productive than using specialist websites such as supply2gov.

Strand 2 reviewed and evaluated a wide range of tools used by third sector organisations and public authorities to measure the impact of the work they do and to assist third sector organisations and public authorities to assess the wider value of commissioned work.

Findings - Organisations are turning measuring into an opportunity to develop new work and improve services; organisations are putting the cost of measuring into their proposals and business plans; commissioners need to get to a point of understanding what is possible to measure and what is not, and should be aware of some potential bias in some figures that might be quoted.

Strand 3 built on existing networks and providers to build a strategic framework in which social enterprise support can best be delivered across the East of England. It engaged with local authorities to explore strategic opportunities for supporting social enterprises and the role of Councillors as community leaders who can identify and support social enterprises.

Findings - There is a high level of interest in the Ensuring Seamless Support regional roll-out from both delivery partners and strategic partners; we need to ensure that localism doesn't result in losing the principle of good quality consistent support being available to social enterprises wherever they are in the region; we need to have a realistic expectation about the role that elected Councillors can play in supporting social enterprises.

Resources

It became clear that a number of very practical resources could be produced in addition to this report. The summary of the conference is available on:

http://www.seeewiki.co.uk/~wiki/index.php?title=Joining_the_Dots_Conference

These include:

- A social enterprise briefing paper for elected Councillors
- A summary and pathway tool to help people choose SIM tools
- A guide to procurement web sites for social enterprises
- A research report on Social Impact Measurement
- A progress report on the Ensuring Seamless Support roll-out for partners and stakeholders in the project

Next Steps

This assignment has been an excellent way to explore the issues of social enterprise development, social impact measurement and public procurement as an integrated approach to developing and enhancing the role of social enterprise in civil society and public service delivery. Ensuring Seamless Support has been accepted by a range of local strategic and delivery partners as a way of exploiting existing expertise and the natural customer journey to ensure a sustainable and consistent support to pre-start up social enterprises.

Summary Reports

The following reports consist of four short summary papers, each written by the project leads. They describe the work undertaken within each of the three project strands (there are two reports for strand 3) and the main findings.

STRAND 1 STRENGTHENING LOCAL PROCUREMENT AND COMMISSIONING PROCESSES
Report prepared by Mick Taylor of Mutual Advantage

Introduction

The objective of Strand 1 was to strengthen local procurement and tendering processes by working with three local authorities, and the social enterprise sector in each locality. This was an implementation strand, and involved no research. It was designed to be as flexible as possible and to be able to meet the current needs of the individual participating authorities. The conclusions and comments in this report are therefore drawn from informal discussions with local government officers, members and employees of social enterprises, and others attending workshops or the final conference, rather than any formal or informal research process.

The strand involved:

- Negotiating and delivering a workshop for procurement, purchasing and commissioning staff of each of the three local authorities
- Where possible, acceptable, and practical considering the documentation, websites and processes in each locality
- Negotiations or discussions with ten social enterprises regarding their potential involvement in a local procurement process, or experience of selling to public bodies
- Direct support to five individual social enterprises, including:
    - Assistance with two specific tender opportunities
    - Briefings on the legal and practical frameworks for public sector procurement
    - Briefings on accreditation and Social Return On Investment (SROI)
    - Supporting the capacity to achieve Pre-tendering Qualification Questionnaire (PQQ) status
    - Support with business planning and organisational development in preparation for procurement

The seminars provided to the local authority teams included:

- Barriers to the procurement process
- Equality Impact Assessments
- Action plans to improve access for SMEs, social enterprises and others
- Including community benefits in specifications

Purchasers' perceptions of barriers for social enterprise

As part of the seminars we asked officers involved in procurement, purchasing or commissioning about their perception of the barriers facing social enterprises which are, or want to be, engaged in the procurement process and to win public sector business. These can be grouped into five main areas:

1. Social enterprises' capability or capacity as a business, including:

    - management skills
    - ability to deliver to scale or quality required
    - track record
    - limited range of services
    - level of IT skills and investment
    - business planning
    - sustainability and financial security

2. Social enterprises' ability to meet basic requirements, typified by the PQQ, including:

    - financial and credit checks
    - meeting statutory requirements
    - equalities and other policy requirements
    - turnover levels
    - insurance and business infrastructure

3. Social enterprises' awareness of opportunities and ability to engage in the procurement process, including:

    - knowledge and awareness of opportunities
    - the cost of preparing a tender bid at risk
    - preparation time, forward knowledge of contract opportunities
    - being on government or other approved lists
    - understanding the procurement process and criteria

4. Public bodies' understanding of the third sector

    - understanding or preconceptions of social enterprise
    - confusion over grants and contracts
    - knowledge of who is there

5. The approach taken to procurement

- advertising opportunities

- standing orders and processes

- payment

- devolved procurement, low value opportunities, managers' choice

Procuring community benefits

There does now seem to be a general acceptance of the value of considering community benefits in procurement, particularly where they align directly to the procuring organisation's high level strategies, aims or priorities, or those set in partnership with other public bodies.

This can be done by the procuring organisations considering additionality in the formal appraisal process, or by writing the achievement of these outcomes directly into the specification. Whilst organisations need to reassure themselves that their approach is appropriate, it is now generally accepted that for the criteria to be considered to have community benefits or social outcomes, they at least need to be:

- relevant and proportional to the specification
- consistent with an outcome approach
- measurable
- deliver high level strategic aims or objectives

The social enterprise sector by definition often delivers community benefits or social outcomes alongside other types of business success. The requirements of the procurement process laid down by regulation rather than those undertaking a specific procurement activity, requires this assertion to be justified by evidence. If a specific social enterprise can offer additional community benefits or social outcomes in a specific procurement, then that enterprise must be able to show evidence of past achievement and produce an evidence-based analysis of potential future achievement.

This requires some form of accredited process for measuring and reporting social outcomes, and linking those outcomes to specific public policies. A range of social impact measurement methods is available for this purpose, including SROI. All require that social enterprises:

- clarify the social outcomes they achieve

- systematically measure and report their performance
- audit their processes
- use robust data in predicting future outcomes

See the summary of Strand 2 (page 6) for further information

Issues for procuring organisations

The project identified a number of ways in which procuring bodies in general could facilitate access by social enterprises.

- Continue to engage positively with the third sector: inviting social enterprises to meet the buyer events; offering training courses; providing support with building capacity to achieve PQQ standards and consulting with the sector
- Continuing to review documentation to simplify and clarify language
- Reviewing web sites, ensuring that documents are comprehensive, accessible, and up to date, and the range meets the standards set by best practice
- Increasing their knowledge of the social enterprise sector, challenging perceptions and expectations of capability and performance, separating social enterprise from community and voluntary organisations, and understanding the legal and financial structures that they use, and any sector specific quality or sustainability accreditations
- Considering ways to facilitate supply chain development in particular procurements
- Encouraging devolved purchasers to ensure opportunities exist for social enterprises to present their services for consideration, on an equal basis with others
- Review procurement portals ensuring accessibility, in terms of languages and structure; working with the portal managers to simplify access, clarify language and make structures easier to search.

Issues for social enterprises

There are some standard issues that apply in general to the range of social enterprises that are, or wish to be, involved in public sector procurement process.

- Getting the core business fit for purpose and resolving any organisational weakness before entering a procurement process
- Implementing the organisational arrangements so that a Pre Tender Qualification Questionnaire (PQQ) can be completed in an afternoon. There are three elements to this:
  - Establishing simple data and information management systems so that all relevant data is up-to-date and accessible

- Practising on a small number of local PQQs taken from the web to ensure that all data is accessible

- Maintaining all appropriate polices, and quality standards, and moving towards obtaining externally accredited standards for quality and sustainability

- Understanding the style and level of procurement process that they might be involved in. Public bodies now often publish their financial regulations, and many still make purchases below the EU threshold using simple systems; perhaps even just quotes for a small number of suppliers

- Understanding the role of specific people in target organisations, what are the roles of procurement officers, commissioners, purchasers or service managers? Who does what, who makes the key buying decision and how?

- Taking a strategic and medium term approach to procurement opportunities that match the organisation's goals and strengths. Considering the scale of likely procurements as well as the organisation's capacity to grow and manage delivery

- Researching the websites of the social enterprise's target organisations

- Considering how they will best identify procurement opportunities based on a realistic assessment of their capacity

  - Considering opportunities in supply chains If the organisation is too small, too focused in expertise or too limited in geographic distribution.

Learning

1. Challenging expectations

There have been significant changes on both side of the procurement process. Public bodies have often developed a positive attitude to the third sector; much more information is available on local government web sites; third sector organisations are invited to events and training, and local Compacts are in place. More social enterprises have developed the capacity to take part effectively in procurement processes and their understanding of the process has increased. However it was surprising how often the expectations of both sides did not reflect this change. This seems to be a reflection of the diversity of the procurement options, and the diversity of the sector.

2. Timing support

Social enterprises need support at the right moments, appropriate to both their organisational development and their engagement in procurement. Assistance with tenders is only useful when someone is doing a tender bid. Support needs to be focused onto the individual needs of the specific organisation.

3. E-procurement and portals

Much is made of "Supply2Gov" and e-portals. For some social enterprises, this is an appropriate and effective way to identify tender opportunities. For many it is not. Some portals are highly sophisticated and designed not just to select providers but to manage the contract after the selection has been made. Access and language on these sites can be difficult when they are also used for small one-off procurements.

4. There is more to life than the EU Process

Whilst EU rules require and define the complex process involving PQQs and a formal staged bidding process, they are not a legal requirement or the best practical approach for many procurements. Social enterprises need to identify specifically how the opportunities they wish to take part in will be organised. They need to understand the different roles of staff in the procurement process. For example, between commissioners deciding what is to be bought and procurement officers describing how things might be bought.

A strategic framework for social enterprise and public sector procurement is attached as appendix 1.

STRAND 2 MEASURING THE ECONOMIC AND SOCIAL IMPACT OF LOCAL SERVICES

Social Impact Measurement (SIM) Experiences and future Directions for the Third Sector organisations in the East of England

Report prepared by Centre for Enterprise and Economic Development Research/ Third Sector Research Centre at Middlesex University with Malin Arvidson, Third Sector Research Centre at Southampton University

Introduction

Exploring ways to measure impact is not a new focus for the third sector or social enterprises, but one that is becoming more of a concern as organisations look for ways to improve what they do and demonstrate their impact to others. In part this requires a shift in thinking from measuring outputs to measuring outcomes, and the challenge is to find ways of measuring the softer elements related to social inclusion. There is also interest from outside of organisations with pressure from philanthropic funds and public service commissioners to find ways of making their decisions on how resources are allocated.

Social Impact Measurement (SIM) is the process by which an organisation provides evidence that its services are providing real and tangible benefits to people or the environment (SEEE 2009). Issue 2 of the EEDA Social Impact Measurement (SIM) project examines a range of SIM models currently adopted by Voluntary and Community Sector organisations and social enterprises. The aim is "Ultimately… to gain a better understanding of the various social impact measurement models" (EEDA ITT 2009-082). Through the study of the experiences of a set of organisations, this research will examine why organisations are measuring impact, how they are doing this, the challenges they face and how these can be overcome. This will involve a review and evaluation of a wide range of tools used by third sector organisations to measure the impact of the work they do. It will provide guidance to assist third sector organisations in selecting approaches to measuring impact and help public authorities to assess the claims made by those who are using impact measurement tools.

The research has involved a review of the literature and of over 40 different methods commonly in use in the UK. Following the development of questionnaires, interviews were carried out with 40 third sector organisations, 32 of whom had carried out social impact measurement. A further 10 organisations or individuals providing training in social impact measurement to organisations in the East of England Region were also interviewed. Data was also collected on the issues raised by the attendees of two training courses on Social Impact Measurement, one covering Social Return On Investment (led by Kate Lee of City Life) and one covering Social Accounting and Audit (led by John Pearce of Community Enterprise
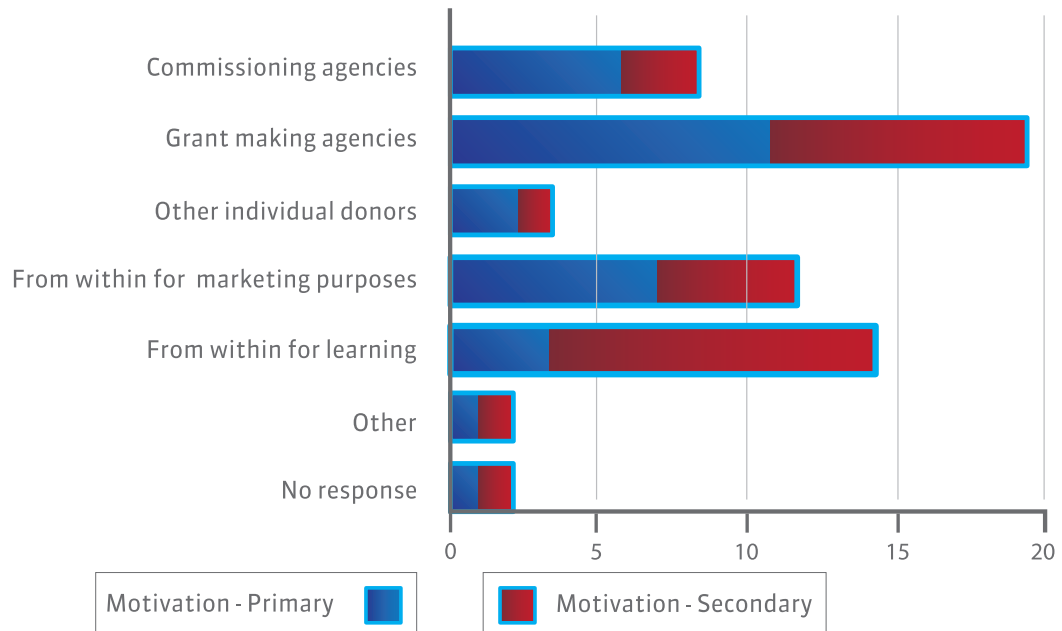
Consultancy and Research), each of which had 12 participants. Finally feedback from participants of two workshops, each with approximately 50 attendees, has been integrated into this study.

Motivations to measure

Our survey of 32 organisations measuring impact found a range of different motivations. The main and secondary motivations are presented in the figure below. The data shows the motivations which may be different to the actual triggers that initiated the social impact measuring exercise. In many cases organisations were wanting to measure but it was only when they were offered free services as part of a pilot project or pro-bono support from a private company that they were able to do it. Others started measuring when they had a new chief executive or had pressure from a national office.

The relationship to commissioners was an important motivation for organisations currently delivering public services as well as those looking to enter this field. Where there is competition for contracts, social enterprises can use social impact measures as additional information to demonstrate their added value and the wider social benefits that they can bring. SIM has become important in an era of individual budgets where users can decide who to 'buy' services from and therefore take on the role of commissioner. Information on impact can be used to attract users and to demonstrate that an organisation is offering the best services or likely to provide longer term benefits.

Pressure from grant making agencies was the most common motivating factor (stated by 19 of the 32 interviewees), and this can be both through requiring social impact measurement evidence in applications as well as requiring organisations to collect impact measures once they have received funding. In this way organisations are marketing their services to funders. Having information on social impact was not seen as the only way to get support, but it was important for attracting attention and as one organisation stated, "getting them through the door". This information was also being used to attract donations from individuals and demonstrate how far their money would go to address particular problems. Again this can be seen as a form of marketing in an increasingly competitive fundraising environment.

Figure 1. Motivations to measure impact

Commissioning agencies
Grant making agencies
Other individual donors
From within for marketing purposes
From within for learning
Other
No response

0   5   10   15   20

Motivation - Primary   Motivation - Secondary

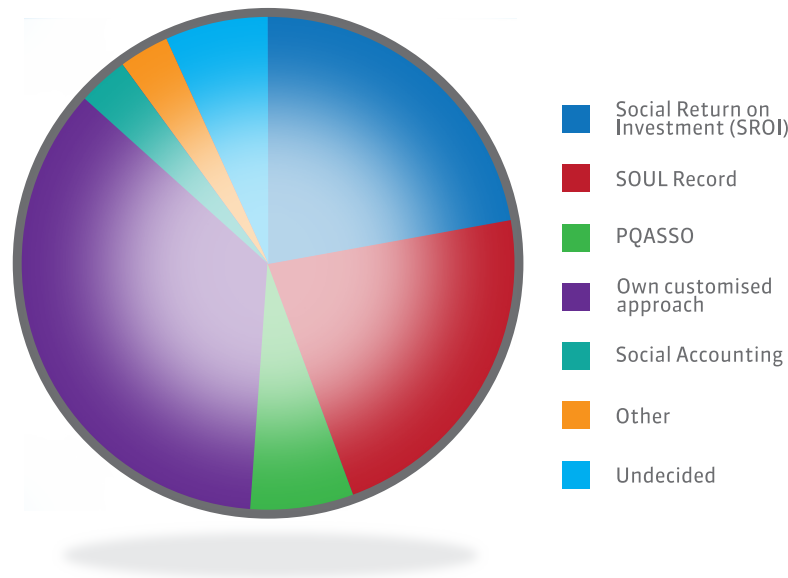**(N= 32, based on a sample of organisations responding to requests sent out through regional networks)**

Just under half of those interviewed were carrying out SIM that aimed to encourage learning within the organisation. Only four of these had this as a primary reason with 11 having it as a secondary reason. This includes providing information to senior managers, other staff, volunteers and trustees. The role of this data in influencing trustees was reported to be particularly important as senior managers wanted to use the findings to develop longer term strategies that either continue what they are doing or develop new directions.

Finally, SIM was found to be used for lobbying activity by those organisations that want to use evidence from impact of their service delivery to change national, regional and local policy. The results of SIM can therefore be used to back up their arguments and demonstrate the importance of their area of work.

Approaches to measuring

While this study does not purport to be representative as it only included those organisations that volunteered to be interviewed, the figure below gives an indication of the different methods currently being used by organisations in the East of England. A brief description of each approach is given below.

Figure 2. Approaches to measuring

Legend:
- Social Return on Investment (SROI)
- SOUL Record
- PQASSO
- Own customised approach
- Social Accounting
- Other
- Undecided

Social Return on Investment (SROI)

Social Return on Investment (SROI) is a model which provides a monetary value for service outcomes in their broadest sense. It aims to calculate a financial rate of return for money invested in services by calculating in financial terms the social value of the service provided. SROI is a development of cost-benefit approaches and has been designed as a framework applicable for organisations or single projects, capable of retrospective evaluation and predictive forecasting. However the ratio produced by SROI should not be used as a comparison of social value between different organisations as the process (i.e. of proxy value calculation) will be different in each case unless, perhaps, if undertaken by the same independent auditors. Its advantages lie in the ability to communicate impact and help decision making. Its limitations include difficulties in monetising social impacts, and the amount of resources and training that are required to carry it out.

Social Accounting and Audit

Social accounting and audit is a well established process of collecting performance information for social, environmental and economic objectives. The approach can be adjusted to have differing degrees of detail and can also include elements of other approaches such as SROI and SOUL Record. The defining element of this SIM process is the emphasis on audit by an independent panel with at least one trained audit professional (SEEE 2009). The stages set out by the Social Accounting Network (2008) include: involving everyone in the organisation; social, environmental and economic planning, including the organisation's mission, aims and goals; consultation and gathering of data for social, environmental and economic accounting; establishing a panel of social, environmental and economic

auditors, including independent professional auditors and a range of other interested organisations/parties, in order to ensure a robust process.

SOUL Record (Soft Outcomes Universal Learning)

Soul Record aims to measure soft outcome progress with projects assisting adults, young people and children. It specifically measures adults' progress in attitude, personal/interpersonal and practical skills and children and young peoples' progress against 'Every Child Matters' criteria (e.g. being healthy, staying safe, enjoying and achieving, making a positive contribution, economic wellbeing). SOUL Record offers a range of questionnaires, worksheets and observation sheets for organizations to use where appropriate, with a spread sheet results package designed to assist collation of data and to provide graphic display of results. It has been developed by Norwich City College and is widely used in the East of England as well as other regions. The Social Accounting Pilot Report (2007) suggests that, although this is a narrowly defined approach, it could be used in collaboration with a broader social accounting approach, enabling an organisation to tailor measurements to their unique vision and values.

PQASSO

PQASSO (Practical Quality Assurance System for Small Organisations) is a quality management system designed to assist organisations to run more effectively and efficiently, developed for the charity sector. It is only a partial SIM toolkit, being particularly strong with regard to performance, but weak on the specifics of how to undertake impact assessment. It can be seen as a framework within which approaches to measuring impact can be integrated into management systems.

Customised approaches

Of the 32 organisations, 11 were developing their own customised approaches that draw on other elements. Many were relying on case stories that showed the effect of their services on users. Others were developing systems that set out Key Performance Indicators against which impact was being measured and also using balanced scorecard approaches. The latter approaches assist organisations to clarify and articulate their strategic objectives and to decide how they will deliver their economic, social and environmental bottom lines. It also provides a mechanism for organisations to track performance holistically through quantitative and qualitative information. This is primarily an internal tool and identifies critical elements of social and business strategy.

Costs of Social Impact Measurement

The approaches outlined above are not discrete approaches but rather there is considerable overlap. Analysis of the data shows that the key factor in choosing

a method is the amount of resources available for the exercise and the types of data required. Some methods are less resource intensive but then have limitation in terms of their rigour (this issue will be discussed later). Organisations often start at one end of the spectrum and move towards the more resource intensive end of the spectrum over time. The exception to this is when more intensive SIM approaches are offered free of charge and carried out by external consultants.

Figure 3: Resource intensity of methods

Increasing resources required
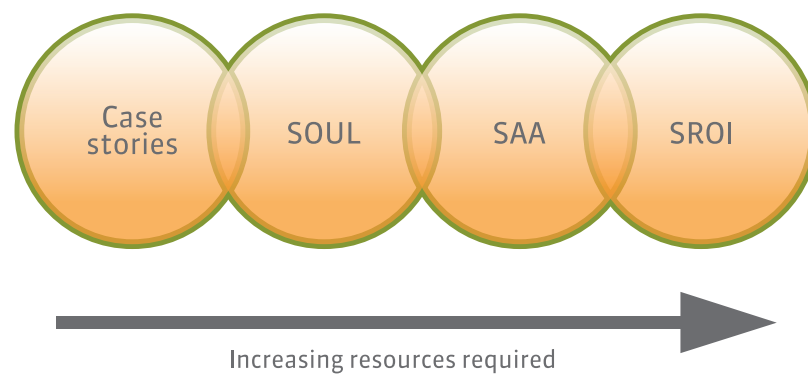
The study also asked organisations about the costs of their social impact measurement approaches and the results are presented in Figure 4. This question could only be answered by 11 organisations that had set out to do a SIM exercise separately to their other work, and estimates have been included for the costs of staff time in collecting and preparing data.

Figure 4: Costs of measuring impacts
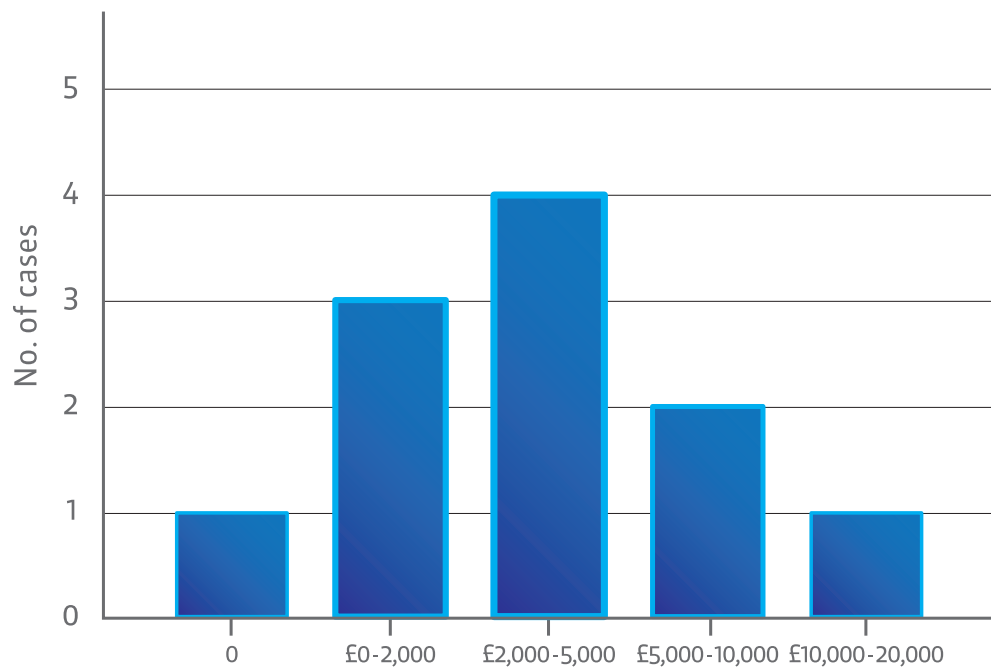
Those organisations that have embedded the SIM approaches in their service delivery were not able to answer the question as data collection was being carried out by all staff. For larger organisations, particularly those with public service contracts, such approaches are a requirement to the delivery of the service and therefore the cost of SIM cannot be distinguished from the delivery operations. In such cases respondents reported that hundreds of thousands of pounds are put into reporting systems that satisfied commissioners and the prime contractors that were subcontracting to these third sector organisations.

The costs of the IT systems and labour were covered by the payments within the contracts but it entailed the organisation investing upfront, before they had been assured of the contract. However, without the systems in place they would not have been able to win the contract, and so considered it to be a very good use of their resources. Similarly, grant funders are encouraging organisations to include monitoring and evaluation costs in their bids and businesses plans so measuring impact is not seen as an external cost but part of the service delivery.

Analysis of methods used and challenges faced

The range of differing approaches to SIM all share a common set of key steps. The extent to which the organisation can explore each one of these elements in detail does vary depending on the data required and the resources available.

The key steps in theory include the following:

- Clarifying outcomes and indicators with internal and external stakeholders
- Causality, counterfactuals and deadweight- how much of observed changes are caused by the activity and what would have happened anyway
- Measuring: collating data, collecting data
- Analysing data
- Reporting
- Embedding measurement in the organisation's practices

In practice, the study found a range of challenges that organisations faced.

Identification of indicators

Deciding what to measure is a critical issue. Some organisations were more focused on their core objectives and desired outcomes than others, with those organisations with chief executives coming from the private sector showing more focus. However, in most cases examined it also appears that the choice is influenced by a few staff, funders and commissioners with little evidence of wider consultations with different stakeholders.

The process of selecting indicators was also assumed to be a neutral process ignoring the potential power imbalances that can shape what is measured and therefore the direction an organisation may go in. The reports on measuring impact made little reference to the process of identifying indicators and who had been involved. Those organisations carrying out SROIs were also found to be relying on key indicators that could be quantified such as the value of volunteering, while other indicators that relied on qualitative data were included as additional evidence to support the quantitative data. There were also concerns over putting financial values on some social outcomes such as reduced crime.

Causality and counterfactual

The study found that there was limited analysis of what causes changes and comparison to what might have happened without the intervention being evaluated. This can be referred to as the counterfactual and can be used to ascertain the extent of deadweight, or the proportion of the suggested impact that may have happened if the organisation's intervention had not been present. This is notoriously difficult to identify when there are complex socio-economic situations constantly changing with a wide range of public policy and third sector activities attempting to have an influence. How organisations therefore decide how to measure their net benefit varies and is a further area of potential bias.

Measuring

The collection of data is time consuming and most organisations were relying on collating what they already had rather than starting new surveys. There was evidence that organisations are reluctant to collect information as they perceive surveys as a form of monitoring staff and volunteers. Some organisations were including new data to be collected from beneficiaries as they started to use the service which could then be used to measure impact at a later date, although this required much foresight.

For those using surveys to collect data, there are questions raised over the extent to which there is bias in samples and bias from leading questions. There is also potential bias in trying to measure the monetary value of social impacts as some of the softer indicators are harder to measure. Organisations aware of this ensured they took a conservative value that they felt was low but could be easily defended.

Using results by the organisation and others

There was concern about how others outside the organisation would use the results of any SIM report, and the extent to which measuring impact can lead to a loss of control by senior managers. Interviewees were honest in admitting that negative impact measurement results would not be made public as it would damage their reputation, although these results would be valued as a way of making internal strategic changes.

There are also questions raised about how the organisation and others use the findings. With the SROI approach, a ratio is produced that states the social return for every one pound invested/donated or contracted. While proponents and trainers of this method stress that it is more than this single figure, organisations were open in their desire to have a single figure that they could quote on their promotional material. They were also explicit in their desire to use the data to compare themselves to others in order to win contracts or gain more grants, despite the caveats that SROI should not be used for comparative purposes.

Finally, in only a small number of cases was SIM becoming embedded in the organisations with the others seeing the exercise as a one off activity, particularly when it was funded by pilot projects.

In summary, there are six points of potential bias that those carrying out SIM and those reading SIM reports should be aware of:

1. Defining what is (and what is not) being measured
2. Collecting and measuring data
3. Setting proxies for monetisation
4. Analysing net benefits
5. Presenting results
6. Using results

These can be minimised through having transparent procedures and systems of external validation.

Conclusions

This is an exciting time for third sector organisations with challenges of how to demonstrate their impact. In response to this demand a wide range of approaches to measuring impact are emerging and being developed. There is therefore a need to take a step back to reflect on the different approaches and the factors that need to be considered when using different methods.

This study has shown that there is no holy grail for a detailed impact measurement without spending time and money. The amount of resources allocated to this will depend on the objectives of the organisation. The report does not set out a single methodology but outlines the range of approaches that are each suitable for different purposes. It has not tried to set out all methods and approaches as this is done elsewhere for example see www.proveandimprove.org .

The challenge for organisations is knowing what method is most suitable for them. The choice of what method to use can be informed by answering the following four key questions:

1. What do you need the information for? Who is the customer or user of information?
2. What outcomes and indicators do you want to measure?
3. What resources do you have available?
4. How can you minimise bias?

This report sets out how organisations can learn from others about how they answer these challenging questions for their own situation. The report shows that organisations are turning measuring into an opportunity to develop new work, and improve services, and this way it is seen as a positive action rather than something they have to do for others. Measuring impact is therefore seen as a form of marketing, with more detailed information combining quantitative and qualitative having greatest influence.

Organisations are also putting the cost of measuring into their proposals and business plans. In this way costs are not seen as prohibitive in generating information that will allow them to grow and have a greater impact. The costs are hard to ascertain if the process is embedded as part of internal procedures for keeping records on beneficiaries within the organisation - what might be called 'social bookkeeping'.

There are also lessons for commissioners of services and grant makers. They are driving the interest in measuring impact but they must have a greater understanding of what can be measured and the resource implications. They also have to be aware of potential bias in some figures that might be quoted and the dangers of comparing social impact measurements that have used different approaches.

STRAND 3 SUPPORTING LOCAL SOCIAL ENTERPRISE DEVELOPMENT

The strategic role of local authorities

This report forms part of the summary of activities that have taken place within Strand 3 of the project. Nicky Stevenson from The Guild and Michele Rigby from Social Enterprise East of England had five strategic meetings with local authorities between January and March 2010. Nicky Stevenson undertook the interviews with elected Councillors. The report was written by Nicky Stevenson.

Context

In 2008 SEEE undertook a consultation process to find out what kind of support is needed for social enterprises in the East of England. A significant gap was identified in specialist advisers that could be available consistently across the region delivering support for pre-start and start up social enterprises. As a result, SEEE developed a partnership with Business Link East, EEDA and East of England Co-operative Gateway to roll out the model of the successful Ensuring Seamless Support programme that has run in Norfolk for the past four years.

The regional roll out of Ensuring Seamless Support is resourced by the funding made available to EEDA from the Office of the Third Sector to develop business support for social enterprises. A programme of activity has been taking place to meet with local third sector partnerships, led by East of England Co-operative Gateway (EECG).

The aim of the roll out is to establish local delivery partnerships for the Ensuring Seamless Support model. These consist of local partners identified in each local area, normally consisting of large Councils for Voluntary Service and Rural Community Councils[1] , plus an organisation that is able to provide hands on specialist start up support for social enterprises.

There are six wider partnerships known as voluntary sector infrastructure consortia operating in the old county areas of Bedfordshire, Cambridgeshire, Essex, Hertfordshire and Suffolk, plus the unitary area of Peterborough. In most cases these consortia have provided the entry point for the regional roll out. These are significant because, in practice, the members have already begun working more closely and this has pre-disposed them towards the Ensuring Seamless Support approach. A briefing paper was circulated to everyone who attended one of the strategic meetings – see appendix 2.

[1] **RCCs are called ACREs in some areas and have local names in other areas. We have reffered to them generically as RCCs throughout this report.**

In addition to the existing work to roll out Ensuring Seamless Support, this project has been able to build on recent research undertaken by Social Enterprise London. As part of an investigation of the role of voluntary and community sector infrastructure organisations in supporting social enterprises, research took place in the East of England to explore the existing capacity of voluntary and community sector (VCS) organisations to provide business support and their interest in doing so.

The research identified that many of these infrastructure organisations were not offering business advice, even if they were delivering some kind of social enterprise project, did not know who in their area is providing business advice, so that they could signpost social enterprise clients and, in particular, in most cases did not have relationships with Business Link. Where they did have relationships with Business Link, these tended to be ad hoc and not using the formal entry routes.

The level of activity varies from agency to agency but in broad terms a gap was identified that is not currently being filled.

One key issue regarding the Ensuring Seamless Support roll out is that it has been designed to operate at the old county level. This is in order to achieve a balance between local knowledge and networking with reasonable economies of scale. The county profile is meaningful to the voluntary sector infrastructure partners and the Ensuring Seamless Support roll out partners are committed to the aim of reducing the current post code lottery and that the requirement to operate at this level to avoid establishing a fragmentary service that is inconsistent across the region. Where there are separate unitary authorities, it will be part of the remit of the roll out to establish how the authority areas can work together.

Project activity

SEEE and The Guild met with five strategic partners to discuss the possibility of developing an Ensuring Seamless Support partnership in their area. The meetings were held with existing social enterprise development networks, existing voluntary and community sector infrastructure organisations and cross-departmental teams from local authorities. In each case there was a commitment to taking forward the Ensuring Seamless Support approach and in some cases resources could be contributed from the local area. SEEE will enable a support package, to help establish the partnerships, to be delivered through its pre-existing OTS programme.

Learning points and issues emerging from the project

Build on what's there already

Although the regional roll out was always based on the principle of working with what was already in place, a review of our activities has led to the recognition that there will need to be more flexibility in the make up of the delivery partnerships than was originally thought.

Clarification of partners

ESS partnerships are not contiguous with existing voluntary sector infrastructure consortia. The ESS partners are likely to be members of the consortia but the whole consortium will not have a role in ESS. The partners are likely to be larger Councils for Voluntary Services that have a capacity building role and Rural Community Councils as they offer business support, such as the village shops initiative.

Social enterprise partners

Social enterprise business advice is likely to be contributed by a wide range of providers. Potential partners in different parts of the region have included a university, a social enterprise and private consultants. The issue of quality control is essential particularly if the provider is new to this work. One of the main criteria regarding the identification of social enterprise advice partners is that the partners must take into account where people already go for support. Providers can't be imposed on a partnership or on the end user.

Practical support

The next steps will be to roll out the help that is offered to set up ESS partnerships. This may include setting up the on-line client management systems,   learning to use the diagnostic tool and training for outreach or development workers – depending on the needs of the individual partnerships.

Finance

The next steps will also include undertaking a costing of how any extra funding offered to a local partnership will work. It is likely that local money will pay for training and bursaries etc – not one to one business advice as that will be the core offer of all the partnerships. There also needs to be a review of how to put partnerships together where unitary authorities are involved, avoiding fragmentation of the support package.

Strategy

It is easier to have conversations with potential partners and other stakeholders when money is **not** on the table. It is easier to establish partnerships of organisations that are committed to the approach rather than those looking to access a pot of money, and it can be a distraction to strategic funders, focused on outcomes and outputs rather than processes and infrastructure.

Evidence base

There has been a real benefit to the roll out of ESS being linked to a separate piece of research undertaken in this region. This had established where the gaps were in social enterprise support and the real capacity of the voluntary and community sector to offer business advice.

Future delivery

The project has reinforced the original assumptions behind the roll out of ESS: that social enterprise business support needs to be free at the point of delivery, there should be no post code lottery with support available in one area but not in another, support should be open-ended and able to deal with complex, multi-stranded plans.

STRAND 3 SUPPORTING LOCAL SOCIAL ENTERPRISE DEVELOPMENT

The role of elected Councillors as community leaders

Background and context

As part of the Social Impact Measurement contract, EEDA wished to identify what the role of Community Leaders is, or could be, in relation to social enterprise development. The Guild set out to interview individual local Councillors in order to explore this issue. In order to explore the specific issue of elected Councillors supporting social enterprises, it was necessary first of all to scope the role of community leaders.

We held interviews with eleven Councillors representing ten local authorities across the region during February and March 2010. This was a small, self-selecting and unrepresentative group of Councillors and cannot be said to show conclusively what the answers are to our questions. However, there was sufficient consensus on some issues to indicate some actions that could be taken by councils to enhance the Community Leaders' role.

What we found

What skills and knowledge about social enterprises do Councillors have?

Most of the interviewees pointed out that the knowledge and approaches that they use as Councillors are not universal and others may not do as much as them or have the same approaches.

Some Councillors said they knew what social enterprises are and some said that they did not. Others thought that they knew but the examples they gave were often voluntary and community organisations, which is a common misunderstanding. Some asked the interviewer for a definition and some examples of social enterprises.

The examples of social enterprises given were mostly local groups, some of which they had direct experience. These included:

- A furniture re-cycling project
- A community radio station
- Community cafes
- Business support organisations
- Community transport

- Community centres
- Housing Associations
- Leisure Services
- Credit Unions

The kinds of help that they were able to offer social enterprises were:

- To offer advice on where to get funding
- To provide funding
- To refer people to appropriate council officers
- To facilitate links between organisations
- To resolve premises issues – specifically relating to council owned property
- To promote the social enterprise to others
- To identify ways to transfer assets and services to social enterprises
- Creating opportunities for social enterprises to trade with the council

In most instances the interviewees saw their main role as being to refer people to the right officer within the council or, where appropriate, to an external agency. They did not see their role as being to provide business advice to existing or potential social enterprises.

Some interviewees came to the council with skills and expertise from their previous work experience that they were able to utilise as elected members. These included:

- Community development
- Strategic knowledge
- Good community links

Where and how do Councillors acquire these skills?

Some induction training is given to all new Councillors although it varies from authority to authority. There appears to be more training given in top tier (County and Unitary) authorities than at district level. Interviewees had been trained in one or more of the following issues:

- Community engagement
- Equality and diversity
- Safeguarding adults

- Codes of conduct
- Legal issues
- Finance
- Dealing with the media
- IT
- Planning and licensing
- What all the departments do

They had also been formally introduced to senior officers as part of the induction process and learned about the council's strategic priorities. One member from a district council said that all the training was optional.

Some learned more by formal and informal mentoring from more experienced members and by building relationships with officers. One cited the Local Government Information Unit's handbook for elected members. Some issues were identified where training would be useful, things the interviewees would like to have had when they joined the council. These included:

- How to manage a case load
- How to engage with groups of people
- How to manage following up on queries made by constituents
- People skills
- Speed reading
- Communication
- Short overview with detailed training spread over a longer period

Other actions that the interviewees thought helped them to be effective as Councillors included:

- Knowing what groups and networks exist in the community and actively taking part in them
- Working as much as possible with other agencies
- Building good relationships with officers
- Having a politically appointed researcher to find things out – such as examples of good practice elsewhere
- A weekly members' bulletin – or access to staff bulletin
- Writing articles for the local paper

What capacity have Councillors got?

The main issue raised was that of time. It was clearly stated by the majority of interviewees that it would be an extremely heavy commitment to have a full time job and to be a cabinet member with a major portfolio. None of the interviewees had full time employment in the private sector. Those who currently worked in local government or had previously done so, thought that this was an easier proposition because the knowledge they had from their paid work could inform their role as a Councillor.

Why do people become Councillors?

It would appear that amongst this group of Councillors, some are highly motivated by a party political agenda but more of them with this particular area of interest see themselves as primarily interested in their role as a community leader. It was made clear by many of the interviewees that elected Councillors operate at different levels and they were unhappy that some Councillors appear to do very little. They commented that there is no minimum standard for being a Councillor and that there are few, if any, sanctions if a Councillor is not working effectively. Accountability in this case is with political parties not the council.

Summary and conclusions

Local Councillors are extremely well placed to identify and support social enterprises. Their future role could encompass:

- Identifying issues and gaps in services that could be resolved by new or existing social enterprises
- Identifying communities in which a social entrepreneurial approach is present and could be developed
- Supporting and promoting local social enterprises to others and particularly helping to create opportunities for social enterprises to trade with the council
- Ensuring that officers are aware of the needs of social enterprises and are able to broker social enterprises towards appropriate sources of support

In order to develop an effective role as a community leader, Councillors need to know:

- How to engage with people in the community who would no normally approach them
- Where the community meets and how to have a presence
- How to deal with conflict
- What resources are available across the council to support community members

In order to provide support for social enterprises, Councillors need to know:

- How to distinguish between a traditional voluntary or community organisation and a social enterprise or potential social enterprise
- What support exists in the council for social enterprises
- What other specialist support exists for social enterprises in the area
- What social enterprises are already operating in the area and what issues they face

This would require a combination of additional training, briefing papers and planned visits to social enterprises.

In conclusion, the findings from interviewing this small group suggest that:

- Expectations about how much additional work Councillors can do must be realistic
- It is hard to motivate Councillors to learn about new areas such as social enterprise as they already have a complex and demanding work load with many pressures on their time
- Whilst recognising that different people become Councillors for different reasons, there are ways in which Councillors can be given short and easy to digest information about social enterprises that will help them to do their job better
- Building good relationships between officers and members is essential for the community leader role to be effective
- Dissemination of the findings of this report will help to promote the issue amongst other Councillors.

Project Summary and recommendations

This assignment has been undertaken immediately before a general election and the report has been written as a new Coalition Government has taken shape. It is understood that the new Government's immediate priority is to reduce the public finance deficit and that there will be spending cuts and new priorities for the public funding that is available. Nevertheless, there are indications that the new agenda for a 'Big Society' is likely to lead to a significant role for voluntary and community organisations and social enterprises. When public funding is tight, it is more likely that commissioners will be looking for organisations that can help reduce costs and can demonstrate that they represent good value for money and make a lasting impact through the work that they do.

It will therefore be more important than ever that voluntary and community organisations and social enterprises know how to take advantage of procurement opportunities that are available to them, that they can produce evidence of the impact of the work that they do and that they can access effective support for their organisations. Social Impact Measurement is critical to this approach and must be linked across all three strands of development explored in this commission.

Based on the outcomes of the three strands of activity we have carried out, our recommendations are as follows:

- Production of a tool kit for social enterprises to choose appropriate Social Impact Measurement tools and methods

- Production of a tool kit for funders and commissioners to understand the range of SIM tools and methods that can be used to evidence performance within a contract or a tendering process

- SEEE should continue to roll out the Ensuring Seamless Support model across the region and to share the experience with other regions

- SEEE should promote the findings on procurement to local authorities via the Local Government Association, the Local Government Information Unit, Regional Improvement and Efficiency Partnerships and others

- Those seeking to support social enterprises and enable them to deliver more public services should seek to encourage better communication within public authorities between those responsible for policy and those responsible for carrying out the commissioning/procurement process

- There should be more consistent use of language relating to procurement and commissioning so that organisations attempting to deliver public services are aware of the exact nature of the transaction.

APPENDIX 1 - A STRATEGIC FRAMEWORK FOR SOCIAL ENTERPRISE AND PUBLIC SECTOR PROCUREMENT

Type 1	Approach
- Larger third sector organisation - Service range at least regional or wider, perhaps national - Quality systems in place and externally accredited - Dedicated staff member responsible for identifying and responding to tender opportunities - Financially stable with audited accounts - Turnover at least three times greater than the size of typical procurements - Active in delivery partnership development - Prepared to take risks, and able to cover resulting losses	- Register with and monitor e-procurement websites and portals - Undertake opportunistic bids, accept win rate of 50% or less - Take leadership role in partnerships and consortia - Identify specialist sub-contractors - Invest in capacity building and gap filling internally - Take part in national and regional organisations, consultations and networking opportunities - Invest in advanced IT and data management
Type 2	Approach
- Medium sized third sector organisation, but significant local player - Good sub-regional reach - Tenders prepared by managers alongside other work - Quality systems in place but not externally accredited - Financially stable, good accounts - Turnover at the same level or marginally greater than typical procurement size - Member of developing partnership, or some sub contracting - Limited capacity to take risks or sustain losses	- Participation in local or sector specific consultations - Ensure organisational strategy and potential local procurement opportunities align in the medium term - Identify future tender opportunities at least 1 year ahead through web based research and local networking - Build good practical personal relationships with local buyers - Establish capacity to achieve maximum assessment of PQQ, and complete within 2 working days - Obtain as much business through informal quotes or other simple purchases as possible, establishing a track record - Build turnover into the range of double the typical procurement size

Type 3	Approach

• Strong local third sector organisation, good reputation for social performance, not always businesslike in its approach, management and organisational performance
• Limited or no track record in delivering public services under a contract won through an open competitive process
• Accounts in place, but limited trading experience, or trading turnover below 50% of income
• Some elements of quality systems in place but not complete system
• Low readiness to take risks
• Limited management capacity, most management time spent operationally running the organisation day to day
• No existing contracts of any kind above £50K
	• Understand internal rules in local public bodies and clarify buying decisions. Package and market services to managers with devolved purchasing authority
	• Extend approach geographically, either to regional level, or a focused national strand for key products or services
	• Decide if the strategic development of the organisation includes an aspiration to grow to Type 2
	• If yes, prepare a two year plan to:
	  - Improve business performance and resolve organisational weakness
	  - Identify and implement a basic quality system with the potential for external accreditation
	  - Increase internal knowledge and skills in procurement by training and networking
	  - Maximise small scale sales to public bodies
	  - Increase turnover through trading
	  - Build capacity and readiness to take managed risks
	  - Look for specialist sub-contracting opportunities, or take part in partnership consortia, where this does not distract from the organisation's development

APPENDIX 2 – BRIEFING PAPER CIRCULATED TO THOSE ATTENDING STRATEGIC MEETINGS FOR STRAND 3

SUPPORTING LOCAL SOCIAL ENTERPRISE DEVELOPMENT

The programme aims to explore three issues:

- The extent to which social enterprise development is featured in local strategic plans such as LAAs and whether there are specific targets and resources that relate to social enterprise development
- The regional roll out of the Ensuring Seamless Support approach to social enterprise development
- The extent to which elected members in their role as Community Leaders can identify and signpost social enterprises to appropriate support

SEEE commissioned The Guild to review the presence or otherwise of social enterprise development in LAAs throughout the region in 2008 and this is providing the benchmark for our investigations

The Ensuring Seamless Support approach was developed in Norfolk and in 2009 SEEE, EEDA and Business Link committed to supporting the roll out of this model across the region. The aims of Ensuring Seamless Support are:

- To enable pre-start or existing social enterprises to access appropriate business support, wherever they are in the region
- To develop a system that is consistent with the Business Link approach and the Business Support Simplification Programme, Solutions for Business
- To provide a cost effective solution that does not rely on replicating existing support and infrastructure organisations but rather to share these resources
- To recognise that social enterprises (as opposed to traditional small businesses or the voluntary and community sector) have specific needs for specialist support
- To ensure that the limited specialist support within the region is used effectively and is not replicating what others could provide
- To provide a support system that is customer focused and easy to access

Elected Councillors are closely linked to the local communities they represent and the new role of Community Leaders places them in an excellent position to identify and encourage opportunities for social enterprises. We will identify the extent to which this is happening in communities and how this knowledge can support local social enterprise development.

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