

Seminar 6: Articulating value in a remixed economy of welfare

Thursday 30th September 2010

10.25 – **Rob Wilson** (*Newcastle University*) welcomes. We've spoken throughout this seminar series about the mixing economy of welfare, but how do we understand and articulate social value?

10.30 – **Task** – how do we describe social value to a friend?

10.40 – **John Mawson** (*Durham University*), praises this seminar series for policy relevance, practical experience and the debates that have occurred. Keen to see academic outputs and research agendas from this. John is director of Institute for Local Government, and chairman of Social Enterprise West Midlands. Has seen first hand many of the debates that have occurred in this programme. Institute for Local Government is a North East partnership between universities, local authorities and major public sector organisations, acting as a broker with public sector research requirements and to try to respond. Based on co-production, and on collaboration between universities. About a year's experience, and finding that academics can work across boundaries to address needs. Aim is to get the two sides understanding each other. Aims to involve the private and third sectors more. Has a budget from each local authority who can use it to explore knowledge transfer issues they are concerned with. Social enterprise and community and voluntary organisations are high on their lists of interest, and while we can be cynical about their motives, it does offer an opportunity for both the local authorities and for academics. But sad to see that capacity for this sector is being cut back while rhetoric at this time is at a high. In West Midlands, it's taken 10 years to create a regional support structure, with 400 social enterprise members. Provides advocacy and business advice, support and capacity building. Problems have been a lack of knowledge of some models of social enterprise, a lack of capacity within orthodox business support structures to support SE, and

a lack of know how. Also the parachuting in of the latest Whitehall fad creates chaos where they were trying to create structure. The Regional Development Agencies (RDAs) were there to channel funding, but business leadership in RDAs was poor, and most frustrating was that it was pitched to them that social economy was a big integrated group, but this was rejected. West Midlands has some huge social enterprise organisations, and in other regions where this is the case, macro scale economic activity can be created on the back of it. Yet the RDA wouldn't have any of this. In 2007 then orders came to take social enterprise seriously, and suddenly they did. But now they've gone. Where next – currently BS agenda being pursued with no knowledge of capacity issues of establishing social enterprise activity. Regional social enterprise structures are necessary, but no clarity on funding for these and likely they will soon go as they are funded regionally, not sub-regionally. Social enterprise are barely mentioned in the plans in business leadership models. Putting business development organisations in charge is dangerous, as the social economy will be left behind. Must still think big to survive, investment must be a key part of survival, but must be at a regional scale, not a local one. In the past has had success in doing this at a regional level, lasted for 15 years and many of the businesses financed by this structure are still going. Investment can break through the current situation, as they are going to try in the West Midlands, so they have invited dialogue with the public sector agencies – here's what we do, what can you do? Concludes by saying that this seminar programme is directly addressing these issues, and hopes these can be brought together with outputs at the end of it. John to send Rob some material which Rob will circulate.

11.00 – Pauline Allen (*London School of Hygiene and Tropical Medicine*)

Nice to be here because doesn't spend much time with those from the social sector. Department of Health wanted this work done in order to measure the differences between 3 forms of provider – for profit, not for profit and the state. But of course you can't, because it doesn't work like that, because not everybody from each sector does everything – social enterprises can't really run hospitals. DoH wanted to know because they

thought that somehow everything would get better with a wider range of providers. For profit were bought to bring down waiting lists by doing fairly routine work. Social enterprise agenda was the idea that they would be more responsive to local needs and cheaper. So can't really compare. They looked at 4 local health areas, but couldn't look at cost as the day data was not available. Interested in entry and growth of providers, and on what the effect of entry on NHS performance is. Hypothesis are on PowerPoint slide. Did 2 things; a study of 4 local health economics, hip and knee operations and help at home and; an analysis of an existing dataset looking a patient experience to see if there was a difference between types of provider. Looking at commissioning practices, very little money actually goes to diverse providers. The private sector is efficient and positive for patient experience. The third sector has a niche and is good at getting to hard to reach groups. Information sharing between them was poor. In terms of performance, private sector has good processes, good efficiency and well streamlined process. Third sector used non-traditional methods, but also embedded in wider health practices. Kept hearing that third sector organisations couldn't afford to enter healthcare because they couldn't afford to bid, and without a track record the NHS wouldn't give funding. Some organisations complained about the information they have to give. Also looked at for profit GP services, where business models depended on certain numbers of visits per capita, which in some areas were way higher than expected, and so the surgeries suffered financially. Nowhere near as many third sector community organisations as you may think, and they are mainly ex-NHS employees carrying on their roles but as social enterprises. Unions are not keen on this. Concern that more fragmentation of service will occur if more and more providers are involved. Colleagues did a quantitative systematic analysis to see if patients experienced the three organisation types differently, and there were hardly any differences. It is not the sector that the hospital is in that affects the patients' experience. Private sector organisations do seem to perform better, but no evidence that this is because they are private – they aren't worse, but little evidence to suggest they're better. Therefore the team suggest that patients should be free to chose. Private providers are not more innovative, but can

respond quicker to innovation. Enthusiasm for organisations setting up social enterprises is vital, and currently so little money goes into it. Barriers to entry are high. Doesn't think that using contractors heavily in this is going to get the NHS where it wants to be. Since then a monitor has been bought in to licence providers – not necessarily a bad thing but does make the barriers to third sector organisations higher. If you just move the same people from the state to the third sector, does any change happen? There has been limited entry of social enterprises, thanks to the large costs involved.

?? – where does teaching and research and training fit into all this?

PA – there is a separate funding stream to pay for that, but now almost all the money goes into the NHS, so not an issue because it gets to the teaching hospitals. So it is ok now, and if we don't get lots of provision of hospital care from others, then it'll be ok. But if this does change – and no suggestion that it will – then this will be an issue.

Julie Cheetham (*NHS Northwest*) – on the patient experience side, was that just was the surgery that was ok, or was it the wider experience of their time in the hospital?

PA – not clinical outcomes, things like access and waiting, information, choice, cleanliness, safety etc.

RW – interesting in health, what knowledge can you gather to make a judgement in this?

PA – true, the differences you get in responses change it.

Chris Ford (*Newcastle University*) – what will or would personalisation do to this?

PA – we don't really know what sectors in the health service personalisation would come into. If personalisation were more in the community end – which would make sense – it would be interesting if people chose where their services were provided, but not convinced there will be lots of choice, as no large new provision of anything is likely to occur.

11.30 – **Clare Moxham** (*Manchester University*) Talking about the use of performance management in the third sector, and why. If talking about value, interested in why we are measuring this and what are the implications of it. Wants to talk about a framework being developed to measure performance, and the uses of current measures. Talked already about public sector engagement with voluntary sector for all the reasons discussed. Presented this recently in Montreal, and the issue is global but no consensus on it. Interesting that third sector organisations that engage with public sector need to be accountable and show value for money, that they are effective. Literature talks of positive relationship between organisational effectiveness and organisational learning. So if public sector asks third sector to report on its performance, is it encouraging learning? Theoretical lens of organisational learning, but no consensus on what this is, but agreement of positive relationship between learning and effectiveness. Argued that the more uncertain the environment, the more learning is needed – third sector is very uncertain, so this is important. Much of the work has focussed on large private organisations, not much on third sector. Huber's (1991) theory of organisational knowledge, keen on 4 stage process. Daft and Weick (1984) propose a more linear process. But no consensus on the process that organisations need to go through to show that learning has taken place. Concepts of learning (Argyris and Schon, 1978), and how organisations learn – single loop, double loop and deuteron. Thinking about measuring performance, in the public sector there are all sorts of measures in place. Key in developing strategic plans, as learning comes from knowing. So wanted to develop a conceptual model of the relationship between data collection, interpretation and learning. Came up with a matrix, as can be seen on PowerPoint; Stagnation, Compliance, Standardisation and Learning. But needs to be something about action in this too – work in progress now that needs work. Challenge for voluntary organisations is that while they benefit from working with public sector, the burden of measuring, accountability etc can be too much. Voluntary sector organisations accountable to those above, below and within themselves. Key themes are that governments across the world are keen to improve public service provision, but needs to be a relationship

between measuring and improvement. Research design on PowerPoint. Took 6 cases; 2 local, 2 national and 2 international. Did interviews to map out the story of performance management. Key themes on PowerPoint. Found that majority of public funders did measure third sector organisations' performance. Upward accountability predominant, little downwards or internal. Third sector organisations collect the data, and different funders have quite different demands of measurement practices. Expenditure focus, performance management was most common. Target focussed was the second most common, public sector say agreed, third sector organisations say imposed, and based on quant targets. 3 was outcome focussed performance management, but this is rare despite being talked of lots. Organisations under scrutiny for this said it was very ambiguous and couldn't get their head around it. Audit s were focussed where public sector looks at accounts, visits etc. Unfocussed where there was very little measurement, maybe just asking if things were ok, yeah, good. Lastly mission focussed where third sector organisations had designed their own measurement, generally used by the large organisations. But lots of these can run in parallel. So put these on the matrix, and looked where they sat; only Mission-focussed is Learning, Expenditure, Target, Outcome and Audit were all Compliance and Unfocussed was Stagnation. Upwards accountability was the main drive for measurement. No standard process, limited feedback, limited scope for performance improvement. Conclusions that if public sector stipulates measurement, there needs to be feedback and a learning group. Otherwise what's the value of these measurements if they're resource intensive but there's no feedback, so no long term benefit.

Questions

PA – what would an economist say – does it have something to do with the market position. More information being collected because they have to run their businesses better, so what would make them run their organisations better.

CM – this may be right. The study so far has been small, needs more detail. What was found was that very few voluntary organisations had the capacity to think that far ahead, particularly the smaller ones. Working to

short contracts, 3,6,12 months. Only think about data collection when the form lands on the doormat. Haven't the time or the space to think about how to use data strategic.

PA – One of the reasons why business is less favourable of VCS, because they see them as not knowing where they're going.

CM – they may just not have the resources to do this.

RW – local authorities probably aren't far away from this model either, they're just sending data into Whitehall, so no one is learning.

Carol Candler – does the information going up to funders get used to learn?

CM – No, went to a number of funders and there would be piles of data sitting on desks that was never going to be used.

?? – did you speak to trustees or those who should be involved in the strategic management of the voluntary organisations?

CM – I didn't, simply looked at third sector organisations and their funders. Would also like to speak to users, at some point.

CF – Outcome focussed, you said the CEOs didn't know what it meant.

CM – yeah, they didn't really understand what this meant.

PA – You might not be able to measure the outcome

CM – So they just gave up on it, didn't really know what was meant.

?? – how many of the funders were public sector and how many were trust funders?

CM – Mostly statutory bodies, not trusts.

CC – Bear in mind the differences within the sector, they're looking at the characteristics of organisations within the sector, are some more predisposed to learning?

CM – yes, and has a paper coming out specifically on health and social care issues.

12.00 – **Jane Gibbon** (*Newcastle University*) Long history of looking at social funding, particularly at Jesmond Swimming Pool. Thinks accountability central to learning, but then again is an accountant. **Glenn Armstrong**, (*Jesmond Swimming Pool*) – the pool was closed down, and local people asked if they could run it themselves as a community organisation, in 1992. Have won national social enterprise awards and is still there as a small leisure centre. No funding from city council, but no accountability therefore. Kept running year on year, kept an eye on finances, but didn't look at social accounting. Part of Sporta, a network of sporting trusts across the UK, was one of the founder members and part of a group of social enterprises and community groups. Newer members are ex-council things which have been outsourced to social enterprises to save money. Four organisations got together to try to produce a toolkit to measure social benefit and impact on community. In the 70s and 80s success was measured by the number of people through the door. Later, it became quality and consistency. Trying to find a way to measure impact. Pool started social accounting 7 or 8 years ago, but took a year to persuade the board of trustees that the organisation had the capacity to do it. Wanted to break down for the stakeholders to see where value was being added, but hard to do as how do you prove that you're adding value, how do you measure it with stakeholders. Drew a stakeholder map and looked at who they could report to. So chose people, initially staff and customers. Mission values affect what they look at, and really mission focussed on what they are there for and what it is they want to do. Had to start gathering information, not just letting it pass them by, all the information on people's experiences was in the staff's heads, so had to gather this. Real positive experiences were being lost, so staff had to be trained to note when customers said things to them, so that a record of experiences could be kept. And how do you then put this information out there and use it? They put it in their social account – facts, but also experiences, letters etc. They did this for their first social account, had it looked at, defended it and how it could be proved. PowerPoint slide on how they did this. They now have written evidence on how they are benefitting their stakeholders. This has contributed to a document which can be used in funding and grant applications, which proves to be

excellent political firepower when this is required. Allows future strategic planning to be conducted, and provides a document for everyone with stories and information on what's happened that year. **JG** – Glenn has underplayed the actual technique they use, the social accounting framework. Thinks also that they underplay how much work has gone towards it from him. Also helps to address negatives when they arise, and how they have been dealt with has been logged. So a very positive learning device. The purpose of the social measurement and reporting is both internal and external, with the former coming first and being the most important, with the external coming from how this has been learned from. There are many other approaches to social benefit measuring, and it's a matter of using the right approach for each organisation. Social accounting is rigorous, getting audited externally and reviewed, and it is a recognised technique which has external validity. The Sporta North East collaboration between organisations to develop a toolkit for leisure trusts to develop their social accounts, using the Jesmond Pool experience to help this. Moved on to look at how this could be developed, looking at staff, customers, local community and demonstrating public benefit. So who is the stakeholder, what is their activity, what was their outcome, what was the benchmark, and how does that fit against national indicators. Setting out a table of all the information needed in order to demonstrate social benefit. See example on PowerPoint. The toolkit is still moving forward, being tested and being implemented in the areas. Dissemination across all of Sporta's organisations over the next 12-18 months. Not the only way of proving impact, and not always great at it, but a move towards being more refined and aware and having more understanding.

Questions

Ruth Lewis – Can see why this wouldn't be useful for Jesmond, but for other centres would you be able to quantify monetarily this impact so they can justify themselves financially?

JG – Yes, and it's not instead of it's as well as.

RL – So to monetise you'd need social return on investment methods as well as social accounting?

JG – yes, and there are narratives behind this. Have to be careful to do this, taking into account who owns assets, and what the return is on.

?? – Have you attempted to monetise the cost of undertaking social accounting? What are the implications in terms of resources?

JG – the resistance is often about a lack of understanding of what the outcomes are going to be. But has an opposition to monetising – won't monetise volunteer hours, because people aren't doing it for financial return, so has a fundamental objection to this. It should be an internal exercise first.

?? – Worry that you are only getting organisations in a certain mindset doing it, and the rest won't touch it. So can that win the rest of the sector over?

JC – on the other side, as a statutory body, the chief executive would be saying it makes good business sense to do social accounting, so it makes sense to do it both internally and externally.

Lunch

13.15 – **Linda Milbourne** (*Birkbeck College*) Wants to ask questions of collaborative solutions in community based work. Will talk about policy environment, why people get involved in collaboration, to look at example studies from 2 areas, and to look at the implications for cross sector collaboration. VCS has seen ongoing changes in last 30 years; public service outsourcing and a decline in grant funding, modernisation and managerialism with lots of monitoring and; new approaches to governance involved in the third way, compacts, community turn, and this is ongoing with the coalition government. There are linked parallel and contradictory policy agendas; competition undermines collaboration if organisations are working against each other, but can also drive collaboration as organisations work together to win services, and a wider agenda about involving local knowledge. Government policy post-1997 has been about adding value to services and improving government and civil society relationship. But behind these motivations are capacity building, accessing larger contracts and survival and recession, which do

not generally favour smaller third sector organisations. With Big Society it's hard to see specific policies yet, but devolution of services and cost-cutting already seem to be significant. If you devolve responsibility out to local providers, you're putting more responsibility out there and not on the state, and in theory reducing civil disorder potential. Collaboration allows growth, winning and maintaining contracts, sharing resources etc. Huxham and Vangen (2004) about collaborative advantage and adding value. But also disincentives; funders and public agencies will benefit most from growth, small third sector organisations may reject growth if it affects their mission, collaboration is time consuming if it is to be done well, learning from others involves change and organisations may be resistant to this and, different organisations have different missions and values and may not be happy to put these on the line. Can't see collaboration as a static object, and involves sets of assumptions which can be very different, locally diverse and involve individual motivations. It is necessary to distinguish from different forms of collaboration; consultation to committed. Who has the power to define the form of collaboration – when organisations with differential power collaborate, who dictates terms. So what happens to the real differences and the independence of the third sector if widespread collaboration occurs. Two studies in large cities in England, deprived, ethnically diverse. Qualitative large scale research. In first project, set up to build capacity in smaller organisations & to build bridges between them. Clear that some capacity was built, but that bridging pretty much didn't take place at all. Organisations felt they got something out of it, but goals and targets are top down and to get more engagement it needed to be more bottom up. Competition comes up again and again, competing interests undermining collaboration. Sharing problems can't really occur, if the organisations are competing for funding. In the second project, co-construction occurred between 2 organisations, with infrastructure being shared, flexibility being enhanced and learning occurring from different perspectives. But was also clear that it was very time consuming, a big effort to create the project. Always a strong need for relational space as well as infrastructure to facilitate sharing. Important to recognise that projects involve committed individuals, so these are required to relate well. Third

study was an education project around parent-child groups, and had success in building confidence among unemployed individuals. But then Sure Start made a disruptive policy change, funding was cut for the local projects, instead focussed on bigger centres. So highlights the risk of policy changes to individuals working and relying on local organisations and means that such collaborative projects may not occur again because of the troubles before. Some reflections, in the successful examples they suggest some evidence of collaborative advantage or value added, but depends on mutual respect, legitimacy giving to local knowledge, and organisations willing to cede some power and invest resources. Also needed organisations to acknowledge diversity and contingency. But barriers included (possibly perceived) institutional constraints, assumptions about consensus and conflict, recognising that capacity building often serves the competitive interests of larger agencies, and the risks and potential casualties are often not considered. Poses some questions; does instrumentality in collaboration matter? Is there space for different kinds of collaboration? But if we lack committed collaboration, we lose the opportunities to learn from alternatives. Does committed collaboration necessarily result in the lack of independence for smaller organisations? Is this compatible with respect for partners in collaboration? Are new approaches to government continuing to extend the governable terrain? To what extent are resistance and counter-agency valuable features of this terrain?

Questions

RW – Huxton talks about collaborative thuggery, did you see any of that going on?

LM – In a way, yes, particularly when competing interests came in, there were issues about not sharing or sharing and getting involved in partnership and networks and collaborating in order to get funding money. But is that thuggery or realism?

RW – have you seen any organisations where structure doesn't allow any time or space for collaboration?

LM – yes, some groups can't get involved in collaboration. But also this lack of focus on relational space. Assumption that big means recession

proof, but this isn't necessarily true. Merger can actually cost a huge amount of money that could be used.

?? - Could you say more about orgs resisting the work of agencies?

LM – small organisations sometimes had work in a way that was against agency, but not sure it was deliberate, although can think of one organisation where they chose not to engage with agency, but this was contested within the organisation. So yes there are examples, but not sure they can be read as subversive.

PA – Interested in competition and collaboration, and firms often mix this in the commercial arena. Could one tease out in more detail where it's useful to compete and where it's useful to collaborative, as that could be useful. Also did some research 10 years ago or so on the costs of merging organisations.

*13.45 – **Chris Ford** (Newcastle University) Breakout Session.* Is working with project partners on work to raise awareness about a range of social value techniques. Working with agencies within the region who have used these techniques to build case studies and to develop and decision support tool to help informed decision making. Intention is to capture some of the third sector experience in the region and use it to help agencies making decisions to make better informed ones. Assumption is that all voluntary organisations need organisational development, evidencing delivery and regulatory compliance. There are multiple stakeholder perspectives on this. Started with the Prove and Improve Toolkit, with 20 different tools in it and is a helpful way of focussing swiftly on the tools that might be relevant. In a year long project, they've got quite a long way because of the starting point this made. Different organisations used different methods, as outlined on PowerPoint. Task – why would people do this, thinking about why the chosen tool is the best one for what they want to do. Group divides into 4 and then looks at one of these scenarios.

14.45 – Panel Session

Rhiannon Bearne (VONNE)– Two things about today; in scenario, decision based on economics, because this current climate is going to make it tough to justify these sort of activities, but doesn't mean they're not important. Their work looks at how to better support third sector organisations to ensure it's in the best place to deal with the challenges ahead. In times of change it can be hard to demonstrate what it is you do when all you're trying to do is to do it. Hopes there are tangible tools to prove worth in Big Society. Heard recently someone say that Big Society is empty rhetoric, but feels there is a space to fill, and if third sector organisations move quickly they can fill this space.

Carol Candler (Northern Rock Foundation) – Thanks to all speakers. They are not a third sector delivery organisation nor commissioning services, which puts them in a unique position to support learning and sharing. Philanthropy has been about people giving money and feeling good about it. Organisation now keen to put funding into the things where it has most value. They need to know therefore where they'll have the greatest impact and what difference they're making. Thinks that some themes have emerged; why do we collect information, and we should only collect information if we're going to do something with it. Challenge to use data and learn from it – they have experience and want to share it. Needs to make the learning relevant so that people are keen to get involved with it. As an organisation have supported organisations to do work on what vol sector looks like in the region and what makes it tick. Huge number of organisations who aren't operating that well and need support.

Julie Cheetham (*Northwest Healthcare*) – from being at strategic health authority, view is that they wanted to understand where social enterprise sat within health care. Decided that there was a really good story to tell, and got funding and support for it. Sector was growing, developing and accessing lots of different funding. Now looking at how they can look internationally at how they can make this work, so went to USA to look and the mantra was, if it works well, do it. This interviewed lots of Chief Executives across the North West to look at how they could do this and improve social value. Lots of people said it was social return on investment, but isn't it actually more than that. So looked to set an

umbrella like statement across the authorities to try to outline what social value is, with toolkits etc. So encouraged organisations to do social accounting share their results and contribute to learning. They have set up a bottom up social value organisation working with communities, to be launched in November, but governance is still needed around this. So how to bring 64 organisations together – healthcare has a massive responsibility to keep third sector organisations involved in the provision of care. As a massive funder, they can encourage and support social enterprise and third sector organisations. So keen to be an advocate for the work that has gone on here.

Anna – Reassured but excited. Working to deliver support to organisations. Coming away excited, because the questions today have been asking how we can ensure that social accounting works and can be learned from. A lot of the sector has a lot to learn about the value of social accounting, to be shown how it can benefit their work

Questions

LM – The idea of narrative reporting, how can that enter the frame more powerfully, and how can it compliment numerical analysis? Can we weave it in?

CC – comes from a social background, so saying no numbers without stories and no stories without numbers. They support projects and work with them in quite an in-depth way, they don't want to hear about through-put, they want to hear about the changes made to individuals and the help down to communities.

A? – they look at value, in terms of money but also in terms of case studies, what does the support mean to the people involved, what stories can they tell.

JC – The story told by a user is much more powerful than what the organisation can say. So when service users get involved in the commissioning process, outlining the social benefit they have gained, it helps the funding and the organisation prove it's worth. But pound signs are necessary.

R? – Their organisation does mostly measure in financial outputs, which they're looking at.

LM – Work done on impact and longer term, and that feels like somewhere there must be threads.

JC – How can we use these social impact models far more in the public sector than we now do.

PA – Doesn't agree with this altogether, you need numbers and stories. But strikes her that a lot of the social benefit is measurable and can be understood and interpreted alongside the economic benefits. A lot of this information in the NHS goes upwards. The vast bulk of government money is spent in the public sector, so if things like accounting are important, then they should be undertaken and understood in the public sector too.

JC – What is interesting there is what the private members bill going through on social enterprise adding social value, comments that we should be looking at social value on anything in public sphere. The health service absolutely must be able to prove social value the whole way through

CC – Stories could move from the third sector from the public sector, rather than most ideas that seem to go the other way.

15.15 – **Sue Baines** (*Manchester Met*) Concluding remarks from the seminar series. Purpose was to get dialogue between academia, VCS and the public sector, which it is felt has been achieved. Have contributed to research capacity across the whole range of the research community, and have asked big questions of big ideas. Visions for the future we have posed many questions without too many definitive answers, but lots of thought. Going through Parliament is a bill looking to get value included in social enterprise contracts. Health bill going through to create a huge social enterprise sector, potentially. Personalisation agenda means that individuals may become commissioners of their own services.