



BUILT TO ACHIEVE – THE CONFERENCE CONFERENCE REPORT

MAY 2010

1. Introduction

On the 28th April 2010, 179 delegates joined Business Link and a wide range of regional and national partners to deliver Built to Achieve – The Conference. The day provided organisations from across the Third Sector in the North East with the opportunity to consider their long-term strategy for success. This report summarises the comments and views shared during the interactive parts of the day, including a Question and Answer session with Julie Ross, Keynote Speaker from the NHS North East Strategic Health Authority and findings from the afternoon's Discussion Forum on social finance entitled '*Social Investment or Social Subsidy?*'.

2. Julie Ross, Strategic Head of Commissioning & Primary Care, NHS North East Strategic Health Authority

Q: You mentioned PRONE in your presentation. Can you tell us a little more about it?

A: PRONE, now called the Commercial Support Unit – North East (CSU-NE) offers a range of services on behalf of its stakeholders. This includes the procurement of goods and supplies for providers of NHS services in the East and the procurement of health care services on behalf of the Primary Care Trusts (PCT). The CSU-NE also focuses on staff development and training in the arena of commercial/procurement competencies. In addition to these core services, the CSU-NE will work with partners to look at taking forward bespoke project work, such as the development of particular medical technologies.

Q: Public sector programmes now tend to focus on innovation in service delivery. But there is a tension for the Voluntary and Community Sector when existing provision might be fit for purpose. Can you tell us more about how you see dialogue between the sector and commissioners addressing this challenge? Also can you clarify the length of the community contract which is supposed to be shorter than the standard NHS contract?

A: As part of the World Class Commissioning agenda we have a statutory responsibility to champion innovation. But we are also guardians of the public purse which is key. Innovation is important but so is delivery; if a project delivers what it says it will deliver, if it is safe and enduring, then commissioners will be interested. But talk directly to your local PCT and have a conversation with them about your

ideas at the earliest stage; this will help make sure you're heading in the right direction.

Regarding the length of the Community Contract, it is a lengthy document - but its standardised. The detail specific to each provider is contained in schedules at the back of the contract.

Q: When procuring services are those that result in private profit for the provider assessed differently to not-for-profit providers?

A: No, we do not accord any weighting to different types of providers as we have to compare competing bids in a fair, consistent, open and transparent manner. Tendering documents, at a high level, will look at 3 things. Firstly, quality, secondly financial information and the ability to work within budget, and finally innovation, but there should be some evidence of testing of the fundamental components of the project, or evidence of track record to assure the commissioner of your ability to deliver. Exactly what and how specific components will be assessed will be set out in the evaluation strategy for each specific procurement and bidders should make sure they are familiar with this when completing their tender documentation.

3. Discussion Forum Feedback

During the second half of the Conference delegates were asked for their views, comments and thoughts on financing the sector in a section entitled 'Social Investment or Social Subsidy?'. Working in small groups with a facilitator and Business Link representative, delegates provided the following views on drivers and requirements for social investment in the North East.

Question 1: What drives social investment?

- It depends on who or what is investing – the motivations can differ greatly from philanthropy to a desire for commercial return
- Government policy (for example, the proposed Social Investment Bank)
- Market failure: addressing the gap between Government programmes and the needs of a community
- The Corporate Social Responsibility agenda of a business or investor
- *Social investment can be encouraged by:*
 - Understanding the investor's motivation and interest
 - Educating potential investors about the benefits of Social Enterprise
 - Communicating social outcomes and impacts through methods such as social return on investment
 - Potentially piggy-backing onto existing investor networks but modifying their approach to reflect Social Enterprise

- Raising awareness of what Social Enterprises do
- Identifying gaps in areas of support and encouraging investors to consider supporting Social Enterprises which fill them
- Understanding the long-term nature of social investment
- Working with the Board and Trustees of Social Enterprises to make them investment ready
- Threats – do the private sector and wealthy individuals understand social investment?

Question 2: How can we communicate the value of Social Enterprises to potential investors?

- We need to ‘blow the sector’s trumpet more’
- Become more professional and demonstrate that we’re not all ‘do gooders’ and have skills that are beneficial to the region
- By sharing information, collating evidence and creating a collective voice (especially for lobbying and policy change). The sector’s infrastructure should embrace marketing and the sharing of expertise and skills of individuals within Social Enterprises with the aim of raising awareness of Social Enterprise
- Regional/sub-regional representation to feed back into investors like PCTs and Local Authorities
- Case studies are very valuable, showing how organisations have affected people
- Engage in Social Enterprise Mark: www.socialenterprisemark.org.uk
- Understand the needs of the investors, what is it that they want to deliver and how our activities contribute to those aims.
- Clarify the messages that you want to convey to the investors and market yourself in language that they understand without compromising principles
- There are difficulties with demonstrating the impact of Social Enterprises and evaluating it – tools like Social Return On Investment can help but organisations need to know what it is really useful to measure
- Social Enterprises can also become a ‘slave to admin’ with lots of reports and evidencing – organisations need to get the right balance in relation to this

Question 3: Where does social investment sit in a sustainable funding mix?

- It’s important to find alternative sources of finance as grant funding is being cut. We do still need some grants for charitable aims but Social Enterprises do need to be sustainable, as it’s pointless having a Social Enterprise that doesn’t support itself
- Its different offer for different organisations - one size doesn’t fit all and social investment won’t be viable for all organisations so it needs to be fit for the purpose and the organisation
- Methods like loans can be used as a bridging mechanism to help organisations move between, for example, contracts. However there is some fear in the sector about the risks of loans funding

- Social investment is not just about money but about social return and reward so we need a better definition understand the risk and reward social investment represents, and where it can help with innovation, for example, by supporting research and development activities that commissioners are less likely to fund
- Opportunity – we need to talk to the commercial banks and tell them that Social Enterprises are less risky, proving that they also have other successes than financial. Ultimately sustainability in financing creates control for any organisation

Question 4: Are engaged investors at the heart of effective social investment?

- Probably should be! But this does depend on the needs of the organisation
- You cannot separate the investor from the values of Social Enterprise so they are necessarily more engaged. Social investors also tend to be more involved as they have a direct performance management role
- Commercial investment can allow greater freedom so social investors tend to be more engaged
- Statutory bodies could be more 'engaged' as investors too. For example, local authorities don't see themselves as engaged investors but Social Enterprises may want them to be
- *But it can be difficult to engage investors so how do we do this?*
 - Make sure that social investors know your organisations inside out and...
 - Involve them in the governance/commitments of organisation
 - Offer investors a 'prospectus' to respond to
 - Think like businesses about what return we're offering
 - But... Investors must not take over
- *Engaged investors should:*
 - Give the organisation freedom to deliver variations on their planned approach
 - Should give support and guidance to deliver outcomes
 - Can also be people who give advice and their time to grow the organisation
- Hopefully the involvement of social investors may get more intense as resources get tighter

Question 5: Is social investment distinctly different to commercial investment?

- Social investment is different as there is a different agenda, including community and social aims. For example, social investors are interested in community legacy, whereas commercial investors are (generally) not (personal gain vs. society gain)
- The difference is essentially that there are different measures of success, for example, social impact linked to a particular cause – but all investors look for

key elements, for example, track record, business model, aims of organisation etc.

- In financial terms the differences can be summarised as:
 - Commercial investment focuses on equity investment forms aiming for a capital return. A difficulty with social investment is that some structures for Social Enterprise don't allow equity investment or make it difficult for the potential investor
 - Differences in the value of the return each type of investment makes – financial investment often provides a return over a shorter period than social investment
 - Social Enterprises need to address concerns the investor may have about their sustainability in the longer term too
- There are differences in motivation and ethos but there are more similarities than differences

Question 6: How do we generate more home-grown social investors?

- Convert private sector investors into social investors
- Encourage big companies to invest as part of their Corporate Social Responsibility activities
- Bring investors and investees together
- Provide more incentives – tax, recognition, awards and in particular use some of the co-ownership models like community bonds and shares as an incentive
- Need better support for Social Enterprises in terms of models of good practice, sub-regional support and development organisations. Social Enterprises need to understand social investment better, for example, the differences between investment finance and revenue funding. They also need to raise their profile to attract more social investment
- But...in encouraging traditional private sector investors there is a risk that we encourage people who have personal motivations and don't look at wider community need
- And...it's not that there aren't enough social investors in the region – there aren't enough organisations investment ready