

# Catching the Wave

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# A service reform Tsunami ?



# Three waves joining together

- 1) A drive to results-based funding
- 2) Spending cuts forcing a process of 'open budgeting' at local level
- 3) A drive to 'personalise' services and enable self-help and mutual aid

# 1) Results based funding

- The new Work Programme will operate on a pure results basis and set the new commissioning approach for other services
- Major cash flow challenges for all providers – not just civil society
- A theoretical working capital requirement of £1.4bn
- This volume of capital - given the associated risk profile - cannot be financed at present
- **Key need for third party guarantees e.g. from a new Big Society Bank – once it is established**
- **In the meantime, the DWP should pay providers part on account**
- **It will become imperative for all providers to be able to track and evidence the results they achieve, in real time**

## 2) Beyond Total Place

- New white papers will build on the best of the Total Place pilot programmes
- A “no-holds barred” review of capital and revenue spending at local level
- Reviews will look at self and co-funding as well as public spending
- What should LSPs continue to fund? When should LSPs facilitate self help and mutual aid?
- Commissioning will look to align resources to population segments and target outcomes, with a whole new set of funding tools – from pure results, to part results, to personal budgets etc
- **Major implications of e.g. 40% cuts in social care spending**

## 2) Beyond Total Place

- Providers and lead agents plus supply chains will be more proactive in offering solutions to LSPs: “we’ll do x, achieve a cost saving of y and would like to be paid z”.
- Small and medium sized social enterprises will need to band together in order to survive
- Work Programme model will impact on other funding streams, creating greater cash-flow pressures and thus major working capital requirements
- Focus on early intervention will be capable of delivering medium term cost savings e.g. re addiction or family intervention and thus a way of paying for the increased costs of capital
- Lead agents, in particular, will need to invest in core systems in order to compete with the private sector
- **A growing role for social impact bonds to capitalise commissioning and bonds / loans /equity to capitalise providers**

### 3) Personalisation of services

- Use of personal budgets for social care will expand to health e.g. long term medical conditions and learning (SEND, Pupil Premium and adult skills)
- Related growth in lead professional budget holding – probably with an element of results funding
- The scale of social care funding cuts means that only a minority will receive personal budgets
- **The main focus will be upon putting in place the systems and support for self help and mutual aid**

### 3) Personalisation of services

- Government should support and incentivise people to band together to manage their care
- Providers should band together to market their services and offer a more coherent package of support
- Major investment required to support providers to work on a new retail basis



# Catching the Wave...

- 1) Maximise the flow of social investment
- 2) Prove your impact
- 3) Band Together

# Maximise the flow of Social Investment

- We need urgently to expand the pool of social investment
- The decision to freeze Futurebuilders, the only general purpose fund for public services should be reviewed, and the loan book sold to the sector at a reduced price
- Implementation of a Big Society Bank should be fast-tracked
- A new 'BritSave' credit (similar to an ISA or tax free National Savings investments) should be used to make all interest from social investment tax free
- We should create extra incentives for Trusts to apply their balance sheets to social investment

# Evidencing impact

- An ability to track and evidence impact in real time is mission critical
- **Views** is a new outcome management system for social mission organisations
- Real-time results tracking – which outcomes have been delivered, where, by whom?
- Performance analysis – which services are working with the right people in an effective way?
- Cost analysis – what is the cost of different services and outcomes?
- Market intelligence – what unmet needs could we serve next?
- Personalisation – personal reports on customers that show how services can be tailored
- Benchmarking – compare your services or your organisation against its peers
- Programme management – instant alerts that encourage early problem solving
- Real time reporting – at the click of a button, tailored to your funders' need
- Access to a growing bank and app store of the best evaluation tools, like the Outcome Star

# Band Together

- There are opportunities to be seized, but the risks are also unacceptably high – we should therefore look to band together where possible
- Lead agent and supply chain models will become ever more important
- 3SC is the first properly scaled lead agent that is also a social enterprise
- We will see explosive growth in sub-regional and thematic expert agents over the next two years

# Contact

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