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## BSA - The Business Services Association

### Submission to the consultation on the Civil Society Strategy

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#### Introduction

The BSA - the Business Services Association - is a policy and research organisation. It brings together all those who are interested in delivering efficient, flexible and cost-effective service and infrastructure projects across the private and public sectors. The business services sector accounts for over 9.3 per cent of economy-wide gross value added to the economy with an annual turnover of around £263 billion, and employs 3.3 million people, or 10 per cent of the UK workforce.<sup>1</sup>

The BSA welcomes the opportunity to respond to this strategy and strongly supports the government's interpretation of civil society as "inclusive of all those outside of the public sector, who share the mission of building a stronger society and improving lives, regardless of traditional sector boundaries such as charity or private and for profit or not".

Business services companies are uniquely placed to provide input into the civil society strategy. As providers of services to the public and private sectors, they are deeply embedded in local communities up and down the country - delivering frontline services, supporting employment, working with SMEs and the VCSE sector through their supply chains, and delivering social value in their contracts.<sup>2</sup>

Our response to the consultation document focuses on the two overarching themes of 'Partnership' and 'Place' and the questions within them that are most relevant to the business services sector. We have also included case studies from BSA members to further illustrate the sector's contribution.

#### Partnership

*Reflecting on your own experience or examples you are aware of in the UK or abroad, how are partnerships across sectors improving outcomes or realising new potential?*

*Are there any additional factors that would enable more impactful partnerships across sectors?*

*Reflecting on your own experience, or examples you are aware of in the UK or abroad, what does an effective pool of funding and financing as well as income opportunities for the voluntary and community sector look like?*

*Are there any additional changes that would improve the funding and financing environment for the voluntary and community sector?*

*Reflecting on your own experience or examples you are aware of in the UK or abroad, how are new investment models unlocking new potential and partnerships?*

*Where is there the greatest potential for the future development of investment models for civil society?*

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<sup>1</sup> [Oxford Economics - The UK market for business services, The national, regional and constituency picture in 2013 - January 2015](#)

<sup>2</sup> [Business Services and Place-Based Growth](#) ; [BSA Paper: Supply Chains - Building ecosystems for local growth](#)



Business services companies have extensive experience of building partnerships across sectors to deliver services. Several BSA members operate place-based partnerships within cities across the UK, including with major local authorities, that improve public services, bring innovation, create significant savings, and invest in training and staff progression.<sup>3</sup>

While other large parts of the economy tend to be clustered in particular cities or regions, the components of the business services sector are common to organisations in the public and private sectors, regardless of location. Providers build and maintain the environments that people live, work and play in - parks and offices to high streets and schools.

As a result, BSA members come into contact with civil society in everything they do. To deliver services well, they have to have an understanding of the needs of the areas they operate in and work with local groups and institutions to deliver outcomes.

Partnership working between the private sector and civil society benefits both sides. Larger private providers are able to draw on the specialist local knowledge of an area built up through years of community work. This can further improve service quality and also open up new commercial opportunities. For civil society, voluntary sector organisations may have difficulty accessing capital for investment. Partnerships with the private sector can help secure a stable revenue stream for smaller voluntary sector organisations. Local schools, colleges and businesses - as well as local education and training providers - can benefit from building links with large employers to address their training and skills needs.

There are several ways to enable more impactful partnerships across sectors. There is still often a lack of mutual knowledge about the existence of which companies and civil society organisations operate in a local area. Better public data gathering by local authorities might usefully help shed light on this, as could more sustained government communications in this area. Local Enterprise Partnerships have been successful at getting local businesses to collaborate and find a collective voice locally, and may serve as a useful template for wider civil society forums.

Other opportunities to extend collaboration, particularly from the perspective of business services providers, are through the development of local industrial strategies. The UK Government Industrial Strategy gives local areas - through the leadership of combined authorities and LEPs - the responsibility to draw up Local Industrial Strategies in partnership with government. These will “guide the use of local funding streams and any spending from national schemes”. While the precise structure under which local industrial strategies are drawn up in each area will vary, it is essential that the public, private and civil society sectors work together, with each playing to its strengths.

In particular, the BSA stresses the need for all types of business - including national and international companies - to be involved in local strategies, as they will be able to help identify the limiting factors to local growth and collaboration and then help address them. The BSA is actively discussing the development of such local strategies with LEPs and combined authorities across England. As businesses with supply chains that are comprised of numerous civil society bodies, we have a vital perspective to bring. Although dealt with in greater detail below (under ‘Place’) the commissioning process and the tool of public procurement are vital ways of enabling greater cross-sector partnerships.

Funding and financing opportunities are a significant challenge for many civil society groups. Many smaller organisations may be missing out on opportunities to become part of a business’s supply chain, or make the most of local funding opportunities, due to the same lack of awareness about what exists locally. To build local networks with SMEs and civil society organisations at their core, large providers often hold supplier engagement days, inviting local suppliers to meet with them and

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<sup>3</sup> [BSA 2017 Annual Review](#)



learn how to bid for work packages on a contract. This expands opportunities to more suppliers, helps develop long-term relationships for future work and creates a cohesive local network for delivery.

More ambitiously, civil society organisations can consider Joint Venture (JV) partnerships with the private sector. The distinct advantage of a JV is that it allows, under the right conditions, an effective mechanism for capitalising on the strengths of each sector in the pursuit of common objectives. JVs require each party present to contribute resources into the venture. This will ensure that liability is shared. Resources may be land, intellectual property, experienced staff, equipment, capital, or any other form of asset. The specific model of public service mutuals is addressed under Place.

The consultation requests respondents to identify the three most important factors in enabling more impactful partnership working across sector from a set list. We would list these as:

1. Better knowledge of opportunities to work in partnership
2. A common agenda / shared vision and strategy
3. Better skills (e.g. commercial skills, collaborative commissioning practice and social value) and capacity (e.g. time, resource) to form partnerships

The consultation states the government is “particularly interested in unlocking the full potential of the private and public sector to work with civil society, to create social good and have a positive impact across society.” A series of case studies are included as part of the Appendix which demonstrate partnership working in action with private providers at the heart of the process.

## Place

***Reflecting on your own experience or examples you are aware of in the UK or abroad, how have local public services successfully responded to the needs of communities?***

***Are there any additional changes that would enable local public services to respond further to the needs of communities?***

***Reflecting on your own experience or examples you are aware of in the UK or abroad, do you know of any public service mutuals that are unlocking new partnerships and potential? If yes, please tell us how this is different to other types of organisations.***

30% of business services are delivered to public sector organisations.<sup>4</sup> Business services providers can deliver for communities by helping councils achieve efficiencies and transformation through their services at a time of funding constraints, but also more broadly by delivering real social value to local areas.

As an industry that works effectively in partnership with government institutions and local authorities - whether through shared outsourced services, or other delivery models such as strategic partnerships, mutuals and joint ventures - we have seen numerous examples of local public services responding well to the needs of communities. Taking a more strategic approach to commissioning and the use of public procurement, tailored to the unique needs and requirements of the local area, is often the best way to bring private, public and civil society sectors together.

Depending on the particular needs of the community, strategic use of commissioning and public procurement can promote social value and stimulate inclusive growth. Private sector service providers include social value clauses in a variety of contracts, from construction to employment services, promoting, for example:

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<sup>4</sup> [Oxford Economics - The UK market for business services, The national, regional and constituency picture in 2013 - January 2015.](#)



- employment of local workers, including specifically those further away from the labour market;
- scaling up local SME capacity, making full use of the external expertise and supply chain management which larger companies can bring to the table;
- providing specific skills training where this is the key limiting factor in an area;
- inward investment into the area;
- developing people capacity, amongst employees and the wider community, through training, employment support and related services;
- wider community working with the local VCSE sector;
- scaling and replicating innovation and change in service delivery which has taken place elsewhere to spread best practice; and
- reducing the environmental impact of service delivery.

While these considerations stem from the Social Value Act, such behaviour is also simply good business - not just to win contracts, but to help recruit, motivate and retain talented people who are increasingly interested in wider business responsibility.

The industry has a particular responsibility to develop links with schools and with training and employment support providers, both to make sure training matches the jobs available but also to help expand the horizons of young people as to the full range of opportunities open to them across the industry. Business service providers often have large organisational structures which enable them to provide expert training and apprenticeships, but targeted in local areas where their contracts ensure the skills will be most employable. BSA full members employ over 17,000 apprentices and provide circa 845,000 days of training each year, much of which is targeted locally so earnings and skills having a positive impact on the area.<sup>5</sup>

Service providers can also keep their supply chain local by ensuring, for example, that on large infrastructure projects supplies are sourced close to the site to build local partnerships and stimulate the economy.

Working with supply chain partners in a responsible and collaborative way can directly stimulate inclusive growth. Working with SMEs to deliver services also supports local businesses, for instance a company providing security services may choose to have its fleet serviced at a local garage, creating further jobs and value for the community. BSA members work with approximately 250,000 SMEs throughout their supply chain and run 'meet the supplier' days with local SMEs in an area where they have a contract to ensure regional development plays a key role in delivery.

Finally, investing in local projects, such as sponsoring sports teams, renovating schools or parks, and working alongside local charities, brings further value to an area and are seen by providers as an important way to engage with communities and become involved directly. In this way, business services companies themselves can become 'place leaders' that make material contributions to local communities.

Increasingly, councils are looking for contractors who are innovative and proactive in offering relevant, achievable social value commitments, covering areas like employment conditions, apprenticeships and training, support for young people and work with SMEs. To enable local public services to respond further to the needs of communities, the skills and experience of business services

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<sup>5</sup> BSA - Apprenticeships in the Business and Outsourced Services Industry - June 2014.



providers could be invaluable in working with Place leaders to analyse the needs and wishes of residents, and the factors limiting inclusive growth. The evidence from areas which have pioneered successful projects achieving inclusive growth and social value is that full stakeholder consultation is essential.

For public procurement to be a mechanism for place-based inclusive growth, commissioning decisions need to be taken at a high enough level for them to be based on a view of the needs of the community as a whole. This process involves:

- Identifying need across the community, with outcomes led ultimately by the requirements and wishes of residents. The private sector can offer analytics and insight, in particular in assessing user need and engaging with customers, facilitating co-production and helping people engage in the commissioning of services - allowing *them* to ‘market shape’;
- Working with all stakeholders to identify ways to help meet those needs, with fully integrated public services focused on outcomes and ultimately the needs of the citizen. The private sector is expert at using data as a rich source of information for future service configuration. Commissioners need to have meaningful dialogue with service providers early in the process to ensure that providers’ ideas for innovation in social and wider value can be adopted, and new ways of providing services can be developed.
- It should not just be done on the basis of the need for a specific pre-determined project, with the contract then decided solely on the basis of lowest cost.

We have therefore identified the most important changes needed to enable local public services to respond further to communities would be:

1. Service providers delivering more public services that have been designed and produced with their users
2. Changes to commissioning practices
3. Greater understanding of how to demonstrate and measure social value

Finally, on the issue of public sector mutuals, we believe this is an area the government could be significantly more ambitious in developing in the interests of civil society. The BSA and its members have long been advocates for alternative models of service delivery. In 2011, we published ‘Making Mutuals Work: Guidance for proposed partners in a public service mutual joint venture’ which set out our view of how this innovative model could be approached. Since then, several members have successfully adopted this model or committed to exploring how they could incorporate into their activities.

Sodexo, half of whose core supply chain is comprised of SMEs or social enterprises, recently pledged “to prioritise partnering with staff mutuals, small to medium enterprises (SMEs) and voluntary and community sector organisations in the delivery of public services.” The London Boroughs of Hammersmith and Fulham, Westminster City Council and the Royal Borough of Kensington and Chelsea formed a mutual joint venture with Prospects Group in 2013 as a public service mutual to deliver services directly to local schools as well as delivering strategic functions back to the 3 local authorities. The project was cited as a positive case study by the Cabinet Office in 2015.<sup>6</sup>

The government’s own recent ‘state of the sector’ review of public service mutual has demonstrated the success of this model. It found that mutual were<sup>7</sup>:

- operating at scale - representing a combined turnover of £1.6 billion

<sup>6</sup> <https://www.gov.uk/government/case-studies/school-support-services-3bm>

<sup>7</sup> <https://www.gov.uk/government/publications/public-service-mutuals-state-of-the-sector-2018>



- diverse - operating across the health sector, education, employment and skills and youth services
- profitable - 92% made a profit in the most recent financial year
- growing - by on average 50% since launch, and 7% in the most recent financial year
- flexible - 90% reported faster or easier decision making than when part of the public sector
- engaging their workforce - 85% thought the primary benefit of becoming a public service mutual was having a happier and more engaged workforce
- innovative - 66% have developed new products or services in the past year

However several barriers remain in the way of wider adoption. While the traditional ‘start-up’ concerns of expertise, resources and access to finance remain, the greatest challenges are the “capacity to win and deliver new contracts, competition in the market and poor commissioning and procurement practice”.<sup>8</sup>

To advance the mutuals agenda, we believe government must be much more ambitious. We agree with several of the recommendations of the ‘State of the Sector’ report, in particular the suggestions that government should “focus on two or three specific areas which are already showing the greatest strength and potential” and also that “Government should put greater focus on practical steps to overcome commissioning challenges, especially in healthcare”. The report identifies health and social care as an area of greater potential given the relatively high incidence of mutual in this sector.

We believe the most important factors in enabling more people to work in mutuals to deliver public services in future are:

1. Greater understanding of mutuals and their benefits amongst those commissioning public services
2. More partnerships between organisations bidding for contracts
3. Building further staff capabilities to set up and run this sort of organisation

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<sup>8</sup> Ibid.





## Appendix - Case studies

### Business services and civil society: partnership working and place-based inclusive growth

#### **INTERSERVE: FACILITY TO HELP SOCIAL ENTERPRISES OPENS IN LIVERPOOL**

A new Interserve-backed organisation to help voluntary, community and social enterprises (VCSEs) across Merseyside opened in Liverpool in May.

Capacity: The Public Services Lab is a collaborative venture between Interserve, Catch22, Clubfinance and Big Society Capital. It acts as an 'incubator centre' to help VCSEs develop the skills and business practices in order to take a more central role in delivering innovative, effective and sustainable public services.

The facility was launched to look at ways to support organisations with procurement, risk management and project management so that they can become established and meet local need, including reducing reoffending and supporting people with health issues or accommodation.

Capacity hopes that by 2022, 50 per cent of VCSE organisations will be delivering public services, a 40 per cent increase.

#### **ENGIE: A COMMUNITY INTEREST COMPANY DELIVERING SOCIAL VALUE**

The Our Parklife Community Interest Company (CIC) was established as a social enterprise to help deliver the legacy of the 2012 London Olympic Games. The first CIC to bring together skills and experience from the private, charitable and social enterprise sectors in one organisation, the unique partnership comprises ENGIE, principal contractor for estates and facilities management, and other sub-contractors, social enterprises and charities. Working in partnership with local communities, Our Parklife created approximately £2.7m of economic and social value for the local economy in 2016.

In 2016, Our Parklife:

- Coordinated and managed over 850 volunteers giving up over 13,700 hours of their time, creating a value of £133,600 to the Park and £1,849,500 of value through subjective well-being
- Delivered over 70 accredited training qualifications and supported 15 apprentices in facilities management, horticulture, cleaning and team leading
- Collaborated with local schools, colleges and universities - delivering educational visits and volunteer placements for over 20 local students with Special Educational Needs
- Facilitated local employment - its current estate facilities management workforce employs 149 people locally of which 67% are from surrounding boroughs
- 50 of staff were previously unemployed, creating approximately £740,000 for the local economy by getting people back into work.



#### **SODEXO: PROVIDING FM SERVICES ACROSS THE NORTH WEST OF ENGLAND**

Sodexo provides a range of services in the North West of England for major clients in markets including justice, healthcare, education and corporate services. One of the largest is Central Manchester University Hospitals NHS Foundation Trust, where an 800-strong Sodexo team delivers services to the Trust's five specialist hospitals which together treat more than one million patients every year. Other clients include HMP Forest Bank, a number of Oasis Academy schools, Cheadle Hulme School, The Co- Operative Group and AstraZeneca.

Greater Manchester is also home to the organisation's IS&T, finance and HSEQ teams and Sodexo's Salford office accounts for some 400 of the 4,000 employees it has across the North West. It received a Business of the Year award at the 2016 MEN Business Awards in recognition for making a significant contribution to the region through employment, development and investment.

Sodexo is committed to being an active participant in the communities where it operates and as a major employer works with clients across the region to identify opportunities where it can support the wider community. For instance, Sodexo's catering team at AstraZeneca UK's Alderley Edge and Macclesfield sites has strong links with the local community supporting the next generation of chefs from Liverpool Community College as well as mentoring young chefs from across the local area.

#### **SERCO: WORKING WITH LOCAL PROVIDERS**

Serco's model for delivering is to combine the company's strengths as a prime contractor with the knowledge and expertise of local providers and stakeholders delivering a localised offer. This means that, even as a large organisation, it still seeks to provide a very local offer. Its partnership approach means that customers receive the expertise and experience of the very best regional and local providers from the private, public and third sectors.

In many cases Serco uses a 100 per cent subcontracted delivery model, demonstrated through its Work Programme contracts in South Yorkshire and the West Midlands (where 46 per cent is delivered through the voluntary, community and social enterprise (VCSE) sector) and European Social Fund Skills Support for the Workforce programmes. This approach means Serco can increase delivery capacity quickly and respond to any localised issues such as the closure of a large employer or specific skills needs.





## MITIE CARE & CUSTODY: INTEGRATED HEALTHCARE WITHIN GREATER MANCHESTER

Jointly commissioned by NHS England and the Police and Crime Commissioner, the integrated service for Greater Manchester Police (GMP) demonstrates a leading approach to custodial healthcare and wider Liaison and Diversion (L&D) services. The new integrated model combines two essential services that historically have been commissioned separately.

Under this innovative model (which brings together Mitie Care&Custody, NHS Northwest Boroughs Healthcare and Cheshire and Great Manchester CRC), joint consideration will be given to the Physical and Mental Health needs of the Service Users (SU's). They will also be supported upon their release from custody. Therefore, not only are immediate health outcomes improved, provision of on-going support and robust signposting and referrals increases the uptake of secondary healthcare and reduces recidivism. Benefits of this integrated approach include:

- Supporting people to play an active role in building a stronger society: The Integrated model contains skilled and experience Healthcare Professionals, Liaison and Diversion Practitioners, Support Navigators and Peer Mentors. They all have local knowledge and understanding of roles, pathways and processes that provide opportunities for SU's to; Initiate behaviour change, re-engage with the community, improve their Health outcomes and break the revolving cycle of re-offending. All of these outcomes contribute to a better and stronger society.
- Unlock the full potential of the private and public sectors to support social good: The Integrated Healthcare Model is delivered by a partnership involving both the private and public sectors. Combining the expertise and experience held by each partner has enabled an integrated and holistic service to be delivered to SU's across the region, whilst offering value for money to the commissioner.
- Help improve communities to make them better places to live and work in: The Integrated Healthcare model within Greater Manchester delivers mental and physical health screening to 100% of detainees (on an "opt out" basis) to reach accurate, frequently dual, diagnoses of each detainee's care needs, along with the mobilisation of appropriate and accessible care pathways, including diversion out of the criminal justice system to more appropriate care. This dual diagnosis along with hr role of the Support Navigators help ensure SU's receive the correct level of diagnosis and care to aid in them becoming a positive member of the community.
- Build stronger public services: C&C has invested in and developed an Integrated IT and Case Management System to ensure it is suitable for use by all stakeholders across the partnership. The uniform access and use of the integrated case management system enables vital information to be shared across the partners, leading to improved examinations / interventions due to the availability of patient data. It will also allow health and demographic data to be collected and analysed for the area, this can be used to assess the health needs of the population and where we feel a particular need of the population is not being met, we can highlight this. This ultimately leads to an improvement in the Public Service offered



## **PROSPECTS: IN-WORK PROGRESSION**

Prospects is working with employers and individuals across twenty London boroughs to help achieve in-work progression for workers as part of the Employment Plus programme, funded by the European Social Fund and the Education and Skills Funding Agency, in line with the Mayor of London's commitment to tackle low pay and improve working conditions of those working in the capital.

Increasing in-work progression is seen as vital to improve the employment and wage prospects and daily lives of working people, as well as increasing productivity in business and boosting the country's economy a core part of the Government's Industrial Strategy.

Prospects are working with hundreds of employers across the capital to help redesign job roles and up-skill their workforce through one-to-one support and mentoring as well as access to training and recognised qualifications to develop new skills, or refresh their existing ones. They are also working with self-referrals who wish to further their skills outside of their current workplace, both to assist them in their current roles and to help them progress into other roles or careers.

Working through partnerships with community organisations, local authorities to deliver the training, Prospects expect to support to over 4,500 participants in only 13 months on issues as varied as confidence and motivation, teamwork training, English and maths in the workplace, IT skills, customer service, various legislation updates and vocational training.

Prospects have been targeting specific sectors of the London economy known to face recruitment and retention issues, operational challenges and a prevalence of low pay, including the care sector, security and other facility management services and retail.

Although early in programme, a direct and immediate impact has already been produced allowing participants to work in more lucrative roles and achieve increased rates of pay aligned to their level of training. Employers are expected to see results in terms of increased productivity in making best use of their staff, reduced staff turnover, identifying in-house talent and prospective leaders as a result of having a stronger and more loyal workforce which has up-to-date skills to take their business forward.