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The UK Social Innovation Policy Agenda

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CrESSI
Creating Economic Space for Social Innovation

The UK Social Innovation Policy Agenda[1]

Introduction

Despite the presence of a range of policy instruments that have some bearing on the capacity and character of social innovation in the UK, there is no common conceptual or applied understanding of the term in political or policy discourse. Social innovation is used interchangeably to refer to a range of related, but discrete, domains of activity such as social entrepreneurship, social impact, social investment, social finance investment, social economy, third sector, civil society, new public management and privatisation. It is, on occasion, equally used to describe a range of activities that would not necessarily qualify as social innovation according to the definition employed in this paper (please see below). The lack of consistency in use of the term makes it particularly difficult to review the breadth and depth of policy schema relevant to social innovation. Having said that, taken collectively, the disparate and at times incongruous policy instruments implemented, can be seen as a tacit but embedded policy agenda intended to scale social innovation in the UK. The extent to which this marks a new chapter in state-supported social innovation is contested.

Taking an historical view, the social and economic development of the UK is scattered with examples of social innovation supported, in some measure, by the state or by civil society (including market actors). For example, public finances and policy instruments supported private and voluntary hospitals such as St. Bartholomew's to extend the range and quality of healthcare provided to low-income and marginalised groups (Abel-Smith, 1964). Municipal grants were offered to organisations such as the Ragged Schools Union and legislation was passed to enhance universal access to education (cf. Lee, 2009). Market actors were also involved in innovative forms of social and economic organisation such as guild systems, mutuals and cooperative organisations. Mill and factory owners such as David Dale and Sir Titus Salt pioneered new models of urban planning, education and welfare programmes in the villages of New Lanark and Saltaire respectively. As instances of social innovation, these examples demonstrate a complex but enduring relationship between the state and social innovation that has, over the years, been subject to different paradigm shifts (Lewis, 1999; Mulgan et al., 2007).

These activities and the public and private support they receive have transformed the fields of action and change within which social innovation and marginalisation occur in the UK. As a result, there has been a blurring of the boundaries and relationships between market, state and civil society (Evers and Laville, 2004). The hybridity criterion present within social innovation (Molina, 2010) means organisations and actors involved operate across 'over-lapping landscapes rather than distinct fields' (Alcock, 2009: 3). Social innovation is by no means a novel concept or phenomena. However, increased policy interest in social innovation reflects institutional and non-institutional recognition that responses to social problems have thus far failed to balance and/or integrate the *social* and the *economic* spheres in a sustainable or cogent manner (cf. Baglioni and Sinclair, 2014). Dimensions of policy activity supporting social innovation and coming some way to address this problem are discussed schematically below. Firstly, though it is worthwhile noting the contemporary origins of social innovation policy schema and the governmental structures that have come to support its coordination

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within the UK context.

The majority of central government departments and local authorities are involved in some measure of policy activity that could be deemed as facilitating social innovation in the UK. However, the Cabinet Office has the most explicit and consistent policy agenda designed to enhance social innovation at present. Given the capacity for social innovation to work across different sectors and policy domains, it is perhaps unsurprising and understandable that the Cabinet Office has the most coherent social innovation policy agenda. After all, the Cabinet Office is primarily responsible for implementing the policy priorities of the government by informing the direction of cross-governmental policy and enhancing the capacity of the civil service to deliver public service reforms. As such, the Cabinet Office has the capacity and resource to initiate policy instruments across all government departments. This perhaps comes some way to explain the ostensibly diffuse nature of policy measures designed to facilitate social innovation across a range of structural levels and areas of social and economic organisation. The role of these policies in contributing towards social innovation may not always be explicit but their presence does suggest a clear policy direction driven by the Cabinet Office. It is possible to draw a distinction between vertical policy intervention and horizontal policy intervention in this regard (Kendall, 2003; Brandsen et al., 2009). Vertical policy intervention refers to specific policy domains such as social security, health or education where social innovation may be facilitated through a particular policy instrument. Horizontal policy intervention refers to regulative and support frameworks to enhance social innovation more generally across all policy domains and areas of socio-political and economic structuration.

Since 1997, horizontal policy intervention pertaining to social innovation has been particularly prevalent (Alcock, 2009). This approach to supporting social innovation was arguably a key feature of the New Labour political administration and the rise of 'Third Way' thinking. In an attempt to identify an alternative between the market and the state, New Labour committed to supporting an effective *partnership* between the public, private and third sectors. The emergence of a social enterprise policy agenda in particular can be seen as a product of the historical connections between the Labour Party and Co-operative Party (Somers, 2013). This was intended to create and embed new forms of production and consumption through the innovative delivery of public services and the enhanced capacity of 'non-governmental organisations that are value driven and which principally invest their surpluses to further social, environmental and cultural objectives' (Hopkins, 2010: 9). Arguably, the Third Way was, in many respects, committed to:

> The development and delivery of new ideas and solutions (products, services, models, markets, processes) at different socio-structural levels that intentionally seek to change power relations and improve human capabilities, as well as the processes via which these solutions are carried out (Nicholls and Ziegler, 2014: 14).

This 'mode of thinking and doing' is perhaps most clearly articulated in the national Compact. In consultation and collaboration with over 25,000 third sector organisations (including voluntary and community organisations, charities, social enterprises, cooperatives and mutuals), the Compact was established in 1998 (Home Office, 1998)[2]. The Compact is a

[2] In 1995 the National Council for Voluntary Organisations (NCVO) established a commission to consider the future of the voluntary sector (Deakin Commission, 1996). The Deakin report was published in 1996 and

voluntary agreement defining the principles and codes of practice for effective *partnership* between the UK government and third sector organisations in England (Cabinet Office, 2008). Local compacts were subsequently established at the local authority level and codes of (best) practice were also introduced as guidelines for commissioning and procurement (Craig et al., 2002; NAO, 2007; 2015). Over the last 17 years, the Compact and its attendant components have provided an overall policy framework for collaborating with and supporting the third sector – or what has been increasingly termed 'civil society' (Deakin, 2001). Over the years, the Compact has been revised in an attempt to meet the changing needs of the third sector and the changing priorities of different political administrations.

Whilst third sector and civil society policy is not always directly relevant to social innovation, it is, in many respects, the most explicit attempt to reconfigure structural relations between market, state and society towards social, political and economic objectives. The latest policy developments in this area can, therefore, be understood as a continuation and extension of policy engagement between social innovation actors and the state. In 1997, New Labour inherited a pre-existing structure of support for the third sector and civil society. This was scattered across government departments with little coordination between ostensibly complementary activities. Based within the Home Office, the Voluntary Services Unit was one of the key bodies engaged in horizontal policy intervention for social innovation. In 1999, New Labour re-formulated the unit and extended its remit and funding as the Active Communities Unit and later as the Active Communities directorate. In 2001, the Social Enterprise Unit was established within the Department of Trade and Industry. Recognised as a core feature of the social economy, the Unit was designed to: act as a focal point and co-ordinator for policy making affecting social enterprise; promote and champion social entrepreneurship, take action needed to address barriers to growth of social enterprises; and identify and spread good practice (DTI 2002). In his foreword to the government's first social enterprise strategy, the then Prime Minister Tony Blair reflected on meeting actors and organisations involved in the social economy:

> Social enterprises are delivering high quality, lower cost products and services. At the same time, they create real opportunities for the people working in them and the communities that they serve. The combination of strong social purpose and energetic, entrepreneurial drive can deliver genuine results. But if the UK is to benefit fully, then I believe it is important that the Government seeks to do all it can to help the future development of social enterprise. Our vision is bold: social enterprise offers radical new ways of operating for public benefit. By combining strong public service ethos with business acumen, we can open up the possibility of entrepreneurial organisations - highly responsive to customers and with the freedom of the private sector - but which are driven by a commitment to public benefit rather than purely maximising profits for shareholders (DTI 2002: 5).

In 2006, the Cabinet Office established the Office of the Third Sector to support an environment for a thriving third sector (Cabinet Office, 2007a). The Active Communities Directorate and Social Enterprise Unit were combined under this new office to centralise policy activity and engagement with an expanded conception of the third sector. As part of this, a series of measures were introduced to enhance the capacity of charities, mutuals,

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outlined a number of recommendations: almost half of which were directed at central government. The Compact was, in part, motivated by this report.

cooperatives, social enterprises, and voluntary and community organisations. The Office of the Third Sector has principally provided strategic direction and guidance - enabling policy coordination and development across departments rather than directly engaged in policy implementation. Policy delivery was primarily left to local authorities and other government departments engaged in welfare sectors such as health, education and social care (Alcock, 2009). In addition, the Office of the Third Sector invested significantly in mapping the scope, activities and challenges facing the third sector to support effective policy design. The Cabinet Office commissioned two surveys of organisations engaged in social innovation in 2008 (National Survey of Third Sector Organisations) and 2010 (National Survey of Charities and Social Enterprises).

The national Compact and the Office of Third Sector significantly raised the profile of the third sector and in many respects mainstreamed aspects of social innovation in policy planning. The Home Office (1998; 2003; 2004), HM Treasury (1999; 2002; 2004; 2005), Cabinet Office (2006b; 2007a), Department of Health (2006; 2007a), Department for Communities and Local Government (2006; 2007b) and Ministry of Justice (2008) all produced key policy documents that improved commissioning practices and gave the third sector a stake in policy design. Policy priorities included;

- Modernising public services through a mixed economy of welfare that encouraged non-governmental organisations to fulfil public service contracts (Cabinet Office, 1999; 2006a);
- Facilitating social innovation by supporting social enterprises to realise their economic and thus social objectives (DTI, 2003; Cabinet Office, 2006b; 2007b);
- Increasing funds for training, support and capacity-building for organisations and actors involved in the third sector or civil society HM Treasury (2002); (Home Office, 2004); and
- Increasing civic participation and engagement to encourage social renewal (Home Office, 2003; Cabinet Office, 2007a).

From this, it is clear that a dramatic shift occurred between 1997 and 2010. This period under New Labour was characterised by a 'sea change' in the relationship between the state and third sector (Craig et al., 2004: 224; Lewis, 2005; Haugh and Kitson, 2007; Alcock, 2012). The extent of policy development and partnership between governmental and non-governmental organisations was unprecedented (Alcock and Kendall, 2011). Horizontal policy intervention, funding and support significantly raised the profile of the sector.

In 2010, the Conservative and Liberal-Democratic coalition government inherited a policy environment and approach that was highly conducive to many of the core features of social innovation. As part of its election manifesto and initial period in office, the coalition government launched the 'Big Society' agenda:

> The Big Society runs consistently through our policy programme. Our plans to reform public services, mend our broken society, and rebuild trust in politics are all part of our Big Society agenda. These plans involve redistributing power from the state to society; from the centre to local communities, giving people the opportunity to take more control over their lives (Conservative Party, 2010b).

This principally focused on: opening up public services to non-governmental organisations to deliver public services; encouraging and enabling people to play a more active part in society; and giving local councils and neighbourhoods greater decision-making powers (Woodhouse, 2013). A revised version of the Compact was published in 2010 to improve accessibility and transparency, and align it to the coalition government's Big Society agenda (NAO, 2015). In the same year, the Office of the Third Sector was re-branded as the Office for Civil Society to work 'across government to translate the Big Society vision into practical policies and to deliver a radical change in the relationship between citizen and state' (Woodhouse, 2013: 4). As a result, social innovation policy in the UK became closely tied to the Big Society agenda (Cabinet Office, 2010a; 2010b). Key objectives included: encouraging voluntary and civic action, charitable giving and philanthropy; supporting the creation and expansion of mutuals, co-operatives, charities and social enterprises; and injecting increased (and dynamic) funding into the social economy to support actors and organisations with a social objective or purpose. Many of the specific measures and instruments arising out of these developments became associated with social innovation policy in the UK.

It is worthwhile noting, that the policies and instruments attendant to the overall policy framework supporting social innovation in the UK were institutionally and historically contingent. As illustrated above, policies supporting social innovation have developed over time as a result of ideological commitments, economic constraints, changing social needs and bureaucratic structures. In many instances, they are not necessarily designed with the specific intention to facilitate social innovation, but rather to enable features, dimensions or levels of social innovation to occur within a particular sector or service arena.

Policy Frameworks

There are three key policy agendas that have affected the capacity of social innovation to operate across sectors and service areas in the UK since 2010. Whether these frameworks enable organisations and actors to realise their status, objectives and activities remains to be seen. In addition, it is not always clear how these frameworks affect the capacity of social innovation tackling marginalisation. However, these are perhaps the best starting point to consider the origins of specific contemporary policies, instruments and measures designed to develop an environment conducive for social innovation.

The first is the overall policy programme of the Conservative-Liberal Democratic coalition government published shortly after the UK general election in 2010 (Cabinet Office, 2010c). This specified areas of attention and action on which the government intended to focus. These were broad ranging and included key welfare and service domains as well as the procedural and regulative functions of the UK government. Whilst the term 'social innovation' was not explicitly referred to in the document, 'innovation' as a concept was drawn upon in a number of relevant ways to:

- Share information and decentralise power;
- Boost economic growth;
- Support environmentally-friendly growth; and
- Help people take responsibility for their own health.

Whilst innovation is regularly cited as a method or process by which to realise social objectives, it is less clear whether this is directly aimed at tackling marginalisation. There were two references to this in the policy programme of the coalition government. The first placed an emphasis on innovation towards social action:

> The Government believes that the innovation and enthusiasm of civil society is essential in tackling the social, economic and political challenges that the UK faces today. We will take action to support and encourage social responsibility, volunteering and philanthropy, and make it easier for people to come together to improve their communities and help one another (Cabinet Office, 2010c: 29).

This was supported by a number of key measures. For example, supporting the creation and expansion of mutuals, co-operatives, charities and social enterprises and enabling these groups to have much greater involvement in the running of public services. In addition, training a new generation of community organisers and supporting the creation of neighbourhood groups across the UK, especially in the most deprived areas (Cabinet Office, 2010c). The second aimed to support innovative and effective non-governmental organisations that were committed to tackling poverty (Cabinet Office, 2010c: 24). Importantly, this was outlined within the context of overseas development aid rather than poverty alleviation within the UK. Whilst the application of innovative methods or processes is regularly referred to with social or economic objectives in mind, it is less clear whether this manifests itself in policy implementation and outcomes. Nevertheless this policy framework undoubtedly has had significant implications for social innovation in the UK (Flening et al., 2015).

A range of organisations including the Innovation Unit and the Government Innovation Group supported the coalition government's policy agenda in this regard. The Innovation Unit was originally part of the Department for Education but has since become an independent social enterprise and innovation partner for public services made up of senior civil servants, practitioners, researchers and designers. The Government Innovation Group is dedicated to 'supporting social innovation both in and outside government by mobilising people, resources, programmes and data' (Cabinet Office, 2013a: 169). The budget for the Government Innovation Group has increased substantially since its inception, demonstrating the government's commitment to instigating innovation in the public sector.

As stated above, the second policy framework to be initiated by the coalition government was the Big Society agenda (Cabinet Office, 2010b; Conservative Party, 2010a). In policy and political discourse, the Big Society agenda has proven rather ill defined. Having said that, many of the measures and instruments conceived to support it have carried through to policy implementation (Alcock, 2012). There were three policy key objectives underpinning the Big Society agenda:

- Strengthening and supporting social enterprises to help deliver public service reforms by leveraging private sector investment and finance.
- Stimulating the creation and development of neighbourhood groups and community organisers, particularly in the most deprived areas in the UK.
- Encouraging mass engagement in neighbourhood groups and social actions projects.

These cross-governmental policies manifest themselves in different ways but make up another policy framework with the potential to enhance the capacity for social innovation in the UK. Central government departments, local authorities and quasi-independent bodies have all, to varying degrees, engaged in realising these cross-governmental objectives. However, the Cabinet Office, and the Office for Civil Society in particular, have taken the lead in policy design and co-ordination (Cabinet Office, 2010a). The Civil Society Compact is essentially a procedural framework supporting engagement and partnership between the public sector and non-governmental organisations for the purported 'benefit of communities and citizens in England' (Cabinet Office, 2010d). The revised compact enables the government to align governmental practices with the Big Society agenda, thereby embedding aspects of social innovation in horizontal and vertical policy intervention. Devolved administrations and local authorities have their own concordats with civil society organisations, but have, thus far, replicated a great deal of the guidelines developed in England. Reviewing the implementation of the national compact, the national audit office concludes that the prominence and quality of the Compact statement in departmental Business Plans has improved. Nine of the fourteen departments included information in their 2013 Business Plans that 'went beyond the minimum set out in the central guidance' (NAO, 2015).

As before, social innovation is not explicitly cited as a policy priority. However, the coalition government claimed the processes and objectives outlined in the Big Society agenda move towards the 'development and delivery of new ideas and solutions' (Nicholls and Ziegler, 2014: 14). This has been treated as both a means and end in the policymaking process 'to get more innovation, diversity and responsiveness to public need' (Cameron, 2010). In justifying the rationale for the Big Society agenda, the Conservative Party wanted to move away from what they saw as 'Labour's failed big government approach' that was 'sapping responsibility, local innovation and civic action' (Cameron, 2010; Conservative Party, 2010a: 3).

Since 2010, the third policy framework informing the direction of social innovation policy in the UK is the Open Public Services White Paper (Cabinet Office, 2011c). This White Paper set out the coalition government's strategy to reform and modernise public services, focusing on individual, neighbourhood and commissioned services across central and local government. To achieve this, the coalition government committed to five principles for 'creating a more innovative, diverse and dynamic landscape of public services' (Cabinet Office, 2014c: 1):

- Increasing choice and control to deliver personalised services tailored to an individual service user's unique needs.
- Allowing local decision-making and decentralising power to the lowest appropriate level by empowering neighbourhoods and communities.
- Opening up public services to a range of providers through top class commissioning, social investment innovations and challenging the public sector to innovate in their business models.
- Giving everyone fair access to public services.
- Making public service providers accountable to users and taxpayers for the quality of service and the outcomes they achieve.

Of the three policy frameworks considered thus far, the Open Public Services White Paper is perhaps the most explicit attempt to embed innovation in public and social policy. Introducing the White Paper, Prime Minister David Cameron and then Deputy Prime Minister Nick Clegg framed the importance of public service reform in terms of social justice and functional economic necessity:

> The failure to educate every child to the maximum of their abilities is not just a moral failure to accord every person equal worth, it is a piece of economic myopia which leaves us all poorer… and, as with education, so with housing, healthcare, civic space and sporting chances… reform of public service is a key progressive cause. The better our public services, the more we are helping those most in need (Cabinet Office, 2011c: 4-5).

The coalition government claimed that innovation in this context had the potential to meet complex social needs and tackle marginalisation. Across a range of service areas, the White Paper outlined how innovative methods might be employed to overcome inequality, deprivation and vulnerability. Ostensibly, this demonstrated a clear commitment from the coalition government to scale social innovation tackling marginalisation. However, upon closer inspection of the policy framework and the measures designed to realise policy objectives it is less clear whether this marked a new direction for social innovation policy or a substantive commitment to tacking marginalisation. As many have observed, the measures and policy frameworks set out by the coalition government were not necessarily new or innovative:

> Despite the rhetoric of innovation… not all of these ideas are new. Indeed many build on previous government policy planning, such as the Big Society Bank, transfer of public services to new worker-led organisations, and the commissioning of third sector organisations to deliver public services (Alcock, 2012: 7).

For example, there is very little that distinguishes the Friends and Family Test and the Performance Platform from the National Performance Indicators introduced by New Labour. Between 1997 and 2010, there was a significant growth in 'new ways of engaging in dialogue with citizens' through polling, co-production, market research, public consultations and e-participation strategies (Barnes et al., 2004: 270; Clarke, 2005). Alongside this, a litany of National Performance Indicators (NIs) were outlined in 2008 (Audit Commission, 2011). NIs quantified and tracked the performance of public services and institutions and a significant minority of these were based on the attitudes and subjective impressions of the general public. Since 2010, a number of NIs have been scrapped, including many constructed from the attitudes and impressions of the general public. The more recent measures designed to empower citizens and make public services transparent and accountable can be seen as compensating for this.

A progress report suggests the Open Public Services White Paper had significant and far-reaching consequences across service sectors, levels and governmental departments (Cabinet Office, 2014c). Particular attention has been paid to health and social care services, education, probation services, the employment support sector and community development. Many of the interventions that fall within the Open Public Services framework claim to direct resources and support towards the areas and individuals who need it most. However, many of these initiatives have been criticised for failing to; target resources and support in a progressive manner (Rees et al., 2013; Green et al., 2014); tackle structural determinants of marginalisation (Levitas, 2012; McKnight, 2015); and retain accountability whilst encouraging innovation in public services (Newton et al., 2012; CESI, 2014).

Nonetheless, taken together, these three policy frameworks demonstrate a clear discursive commitment to innovation with a social purpose. The coalition's overall policy programme, the Big Society Agenda and the Open Public Services framework all stated their intention to instigate and embed innovation across the third, private and public sector. However, there is some uncertainty as to whether progress enhanced or hindered the capacity for actors and organisations to tackle marginalisation and meet complex social needs.

In May 2015, the Conservative Party won an overall majority in the UK general election. At least with regards to social innovation, the incumbent political administration is yet to outline its overall strategy and public policy agenda. Having said that, there are some clear indications that policies that contributed towards the social innovation eco-system between 2010 and 2015 will remain prominent over the coming years. For example, civil service reform, central government efficiency, research and innovation in health and social care and NHS efficiency remain policy priorities for the conservative political administration. It is clear that social investment will also remain a strategic priority with a £20 million Local Sustainability Fund recently announced to help increase the sustainability of organisations working in the voluntary, community and social enterprise sector. There is also a continuing commitment to social action with the conservative government updating a discussion paper, on the role of social action in the delivery of public services and community empowerment, very shortly after securing an overall majority. The Cabinet office has also launched a £1 million Social Action Fund encouraging civic participation and engagement of young people living in deprived areas.

Whilst we are very much in the nascent phase the current conservative government, there appears to be a continuing commitment to some of the key features that have characterised the social innovation policy agenda since 2010. However, mindful of the change in government, the remainder of this section focuses on contemporary policies and instruments that have been fully realised and therefore fall under the ambit of previous political administrations.

Regulatory Frameworks

There is a range of regulatory frameworks that aim to support social innovation in the UK. The three focused upon here are the privileged legal status of social innovation organisations, reducing bureaucratic and procedural burden and favourable procurement and commissioning guidelines.

Privileged legal status

The Department for Business, Innovation and Skills has published detailed guidance on the specific legal forms available for social enterprises and mutual ownership models. These include community interest companies (CIC), industrial provident societies (IPS) and limited liability partnerships (LLP). Since 2005, social enterprises have been able to register as community interest companies (CIC). CICs effectively lock in the social mission of an organisation to ensure the greatest benefit to the target community. The CIC regulator is responsible for ensuring CICs abide by the necessary regulation. In addition though, the regulator supports social enterprises establish their legal status more easily by offering a range of model constitutions[3]. Finally, the Charities Act 2011 introduced a new legal structure for not-for-profit organisations so that they benefit from limited liability without risks and bureaucracy involved in the event of financial loss.

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[3] Independently of the public sector, the Social Enterprise Mark operates a certification system that validates and differentiates social enterprises from other private sector organisations in the UK.

Reduced bureaucratic and procedural burden
In a recent report, the national audit office raised concerns about the increasing number of organisations that work in the public interest but sit outside of charity law and regulation (NAO, 2012). Referring specifically to social enterprises, mutuals and co-operatives, it was suggested that an increase in these types of organisations raised questions about the capacity and role of charity regulation. It goes without saying that regulatory systems and bodies have the capacity either to support or stifle social innovation. By their very nature, organisations engaged in social innovation often sit outside such regulatory frameworks. By virtue of their status and activities, these organisations are often peripheral to the dominant institutions, networks and ways of thinking. In certain instances, this may benefit an organisation as they are able to circumvent the bureaucratic and procedural requirements often incurred by others. However, it can also hinder their legitimacy and capacity if regulatory systems are not able to support an economic or social environment that is conducive to their work.

In trying to scale the capacity of social innovation, regulatory bodies and measures are faced with a perennial challenge: how to support and incorporate activity that is essentially transformative or peripheral without compromising the methods and objectives from which it derives its value. Actors and organisations are often confronted with a range of bureaucratic barriers that stifle the capacity for social innovation. The coalition government introduced a range of measures that attempt to reduce bureaucratic and procedural burden.

In 2010, the Cabinet Office established a Task Force to consider how to cut red tape for small charities, voluntary organisations and social enterprises. In 2011, a report was published outlining barriers to some of the dimensions of social innovation and a series of recommendations and policy actions were proposed (Cabinet Office, 2011d). In 2012, the Task Force published a progress report stating that ‘there has been good progress in implementing the recommendations: some have already been fully achieved; others are well in hand but will take longer to achieve and for others the legislation is now in place and we look forward to see how will it works’ (Cabinet Office, 2012c: 3). For example, the Task Force recommended that civil society organisations and volunteers should be able to assess risk, and where necessary, get appropriate insurance cover at a reasonable cost. A working group of representatives from the insurance industry and civil society organisations was subsequently set up to address the insurance needs of the sector.

In an attempt to remove the bureaucratic burden and improve regulation, the Cabinet Office also introduced the Red Tape Challenge. The reforms implemented are wide ranging and include making it easier to volunteer through the introduction of DBS checks and allowing investment retailers to offer social investment products to consumers.

Favourable procurement and commissioning guidelines
In December 2010, the Cabinet Office launched a consultation to collect stakeholder’s views on how the government could create a ‘level playing field for charities, voluntary groups and social enterprises that wanted to bid for public service contracts’ (Cabinet Office, 2010e). This was followed by the Open Public Services White Paper discussed above (Cabinet Office, 2011c). Since then a range of cross-governmental measures have been put in place (Cabinet Office, 2014b). For example, initiatives such as More Than the Sum and Transforming Local Infrastructure are enhancing the capacity for smaller organisations to bid for public sector contracts by helping them pool their resources and strengths. Other measures include Contract Finder, the Open Government Partnership National Action Plan and the National Information

Infrastructure which are helping social purpose organisations identify opportunities to deliver public services.

There have also been some significant changes in recent years to the tendering and procurement guidelines and process. Payment by results has become an increasingly popular strategy in public sector commissioning as it is believed ‘it encourages value for money and innovation at the same time’ (NAO, 2012: 6). The introduction of Social Impact Bonds has strengthened the social investment market in the UK and encouraged payment-by-results commissioning that is focused on social outcomes rather than purely procedural outputs and requirements. In delivering public services, Social Impact Bonds make funding conditional on the outcomes achieved by not-for-profit organisations and social enterprises. Payment for public services is based on what has been achieved rather than what processes have been followed or undertaken. As a result, Social Impact Bonds ‘harness private investment for the benefit of the community and enable investors interested in public welfare programmes to achieve financial returns and social impact simultaneously’ (Nicholls and Tomkinson, 2013: 29). Social Impact Bonds give not-for-profit organisations greater flexibility to offer innovative and responsive services to complex and expensive social problems. In this sense, Social Impact Bonds have the capacity to embed social innovation in the commissioning and procurement process.

More recently, the Public Services (Social Value) Act received royal assent in 2012. The Act places a duty on commissioners to *consider* the social, environmental and economic value of public service contracts ahead of procurement. Public bodies are also *encouraged* to undertake consultations with stakeholders of the procured service. The Act is designed to place social value high on the commissioning agenda for public sector organisations:

The public authority must consider –

a) How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
b) How, in conducting the process of procurement, it might act with a view to securing that improvement.

To support this Act, the Department for Communities and Local Government has published ‘Best Value Statutory Guidance’ and Community Matters has launched ‘Your Value’. These information tools are intended to support local authorities and community organisations in meeting the requirements of the Act. Whilst the legislation offer the opportunity to incorporate social value as a consideration in the procurement process, it is ‘certainly a ‘carrot’ rather than a ‘stick’ – encouraging good practice rather than penalising poor practice’ (Social Enterprise UK, 2013b: 8).

Increasing the role of civil society organisations in the delivery of public services raises a number of philosophical tensions for Conservatives: between market liberals and those who favour tailored community-driven self-help (Teasdale et al., 2012). Market liberals desire a reduced role of the state and care little about the social value that a service provider may offer – with competitive efficiency as the ultimate goal. Others are more inclined to advocate a community self-help approach attempting to incorporate social value and outcomes. Teasdale et al. (2012) argue that in spite of measures such as the Public Services (Social Value) Act, liberal market principles are likely to dominate procurement processes. Given the financial pressures and constraints faced by many public bodies in the UK, it is perhaps unsurprising that a recent review of the act found that the number of procurements incorporating social value was very low (Cabinet Office, 2015). The opportunity to *consider* the social, environmental and economic value of public service contracts may not lead to a significant transformation in procurement processes, particularly without statutory guidance underpinning the act.

Social Innovation Funding and Finance

Actors and organisations engaged in social innovation are often constrained by a lack of available finance and funding. In two separate surveys commissioned by the Cabinet Office (2013b) and Social Enterprise UK (2013a), poor access to finance was cited as the biggest barrier to the operation of social enterprises. In the State of Social Enterprise Survey 2013, when asked to identify the main barriers to the growth and sustainability of their social enterprise, 39 per cent of respondents said a lack of, or poor access to, finance or funding, 32 per cent said the economic climate / recession, 18 per cent said prohibitive procurement with public services and 17 per cent said cash flow problems. With this in mind, public funding instruments and policies have the capacity to create economic space and opportunity for actors and organisations engaged in scale social innovation.

In recent years there has been a shift away from 'business support' for social enterprises towards an agenda to 'grow the social investment market' (Stroyan and Henry, 2014). Nicholls (2010) suggests that this development in UK social investment policy is comprised of three stages. The first stage of UK social investment policy was characterised as 'community investment', designed to increase access to finance for community enterprises, social ventures and businesses working in deprived areas (2001-2009). The second stage saw a rise in interest and activity in finance instruments for civil society organisations (particularly social enterprises) to enhance their capacity and deliver public services (2001-2009). The third stage saw social investment as an opportunity to meet economic, social and environmental objectives concurrently (from 2009 onwards). In many respects, the Commission on Unclaimed Assets and the subsequent Dormant Bank and Building Society Accounts Act 2008 was a necessary precursor to the establishment of Big Society Capital in 2012 (cf. Nicholls, 2010). All three approaches to social investment still persist today but the second and third proved particularly formative of the coalition government's approach to social investment. This trend will be considered in greater detail later on. However, this section first turns to consider the range of instruments either solely or match-funded by the public bodies to inject funding that enhances the capacity and scale of organisations engaged in social innovation.

Public Funds for Capacity Building, Incubation and Experimentation

As a result of the global financial crisis 2007-2008, the UK witnessed an economic recession and liquidity crisis between 2008 and 2009. Between 2010 and 2015, the coalition government made significant cuts to public and social spending in the UK. To help actors and organisations engaged in aspects of social innovation overcome these challenges, the Cabinet Office has introduced a range of funding schemes and opportunities. These funding instruments[4] have tended to focus on helping organisations cope with a changing economic and funding climate:

- The Transition Fund was designed to help voluntary and community organisations, social enterprises and charities operate and adjust within a changing funding environment. Over a 1,000 organisations that usually rely on public service contracts for a significant portion of their revenue were awarded a total of £104.9 million between 2010 and 2012. In a report on interim findings, the Cabinet Office (2012b) stated funds had been used to: develop new partnerships, redesign current services, train staff to become more flexible/able to adapt to new situations, develop new services to generate alternative income streams, implement efficiency-savings and restructure organisations. Also, over 65 per cent of grants made were directed at organisations working in the top 30% of most deprived areas.
- The Transforming Local Infrastructure Fund was introduced by the Office for Civil Society to increase access to advice and support for social enterprises, community groups and charities. The Cabinet Office contributed £30 million to the scheme and the Big Lottery Fund contributed an additional £20 million. The Fund supported partnerships of local infrastructure organisations to transform the processes by which they offer support to front-line civil society organisations. One of the principle objectives of the funding was to ensure infrastructure organisations became more autonomous and less reliant on Big Lottery or public sector funding.
- Funded by the Office for Civil Society, Funding Central is a free resource run by the National Council for Voluntary Organisations. The website provides access to thousands of funding and finance opportunities as well as a range of information to support organisations become financially sustainable.
- The Advice Services Transition Fund offered £65 million to not-for-profit advice service organisations to help them innovate in the face of falling income and funding sources. On the same day the scheme was launched, the Office for Civil Society released a report on the challenges facing the not-for-profit advice service sector and some of the proposed solutions. The report recommended that state funding could be used to help not-for-profit advice service organisations to pool resources, engage in more preventative work, diversify their funding sources, engage in innovative outreach work and more clearly demonstrate their impact.

Beyond the remedial funding offered to compensate for the economic crisis and cuts to public spending, the coalition government also introduced a range of funding mechanisms to enhance the capacity and scale of actors and organisations engaged in social innovation:

- Delivered on behalf of the Office for Civil Society, the Big Lottery Fund has administered the Social Incubator Fund since 2012. A total of £10 million is available to support the development of social start-ups and social entrepreneurs. Rather than funding for front-line social ventures, the fund provides grants to social incubators to remove some of the financial risk and barriers to actors and

[4] These funds were preceded by a range of departmental and cross-departmental initiatives that sought to invest in the capacity and sustainability of civil society and third sector organisations (for example, Adventure Capital Fund, Phoenix Fund, Futurebuilders and Social Enterprise Investment Fund).

organisations engage in social innovation. The fund is structured in such a way that it enables partnerships and collaborative support from the voluntary sector, private sector and social market sector. Thus far, social incubator funds have supported start-ups working in health and well-being of an ageing population, education and employability of young people, public service innovation, finance innovation and future manufacturing.

- Launched in 2012, the Investment and Contract Readiness Fund will run for three years and will support over 130 social enterprise organisations based and working in England. Eligible organisations will be able to apply for a grant between £50,000 and £150,000. Grant funding is available for themed streams of activity including health and social care, arts, rehabilitation and mutual. The purpose of the Fund is to help social enterprises secure social investment and bid for public service contracts. A total of £10 million is available of the 3-year period. Thus far, the programme has 'helped 116 frontline social ventures get investment and contract ready, and has created 10 social incubators that will support over 600 start-up ventures' (Cabinet Office, 2014a: 7).
- The Centre for Social Action Innovation Fund is run by the innovation charity National Endowing for Science Technology and the Arts (Nesta). Supported by funds from the Cabinet Office, the £14 million funding pot is being used to facilitate innovations and ventures that support social action. Once again, priority areas include health and well-being, young people and employability, impact volunteering and digital social action. Organisations and bodies across the private, public and third sector are eligible to apply for grants of between £50,000 and £500,000. Significantly, the majority of these grants have to be match-funded.
- The Cabinet Office has also partnered with Nesta to deliver an Innovation in Giving Fund designed to identify and scale promising innovative social action ideas. The funding supports projects that have the potential to create a step-change in the levels of money and time individuals give with a social purpose. The £10 million fund is primarily being directed towards established organisations to scale platforms, technologies and processes that encourage and enable innovative forms of giving.
- Needles to say, local authorities also provide a significant amount of funding to local communities and organisations engaged in aspects of social innovation. Many local authorities offer voluntary sector grants, funding for social businesses and community enterprises. However, according to the NCVO Civil Society Almanac, cuts to local authority funding have significantly affected the income sources of these types of organisations and activities.

Beyond national funding schemes available to actors and organisations, the devolved administrations also offer funding for social innovation activities within their respective nations:

- The Social Entrepreneurs Fund ran between 2008 and 2012 and was funded by the Scottish Government. A total of £1.5 million was available to organisation to build capacity, capability and financial sustainability. It was specifically designed with the intention of 'increasing the turnover of the social economy and reducing long-term dependence on grants and contributing to public services' (Scottish Government, 2008: 3)

- The Enterprise Ready Fund was a Scottish Government programme distributing funds of £6 million between 2013 and 2015. The funding programme was designed to offer up to £250,000 to organisations with a social purpose to become more innovative, self-sustainable and operate as robust, flexible, efficient and growing businesses. The funding was also designed to support the co-production of services and products and make organisation more capable of winning contracts from the public and private sector.
- The Welsh Government provides a wide range of grants, funding and loans to actors and organisations engaged in aspects of social innovation. A Children and Families Delivery Grant is available to voluntary organisations to reduce inequalities in health, education and economic outcomes for children living in poverty. A grant scheme is offered to specialist voluntary organisations providing advice services in relation to youth crime and domestic violence. Between 2008 and 2013, the Health Challenge Wales Voluntary Sector Grant sought to develop the capacity and capability within the voluntary sector in Wales to work in partnership with the Welsh Government. The Social Housing Grant provides funding to housing associations to meet local housing needs as well as support innovations in social housing management.
- The Communities Investment Fund is a loan scheme run through the Wales Council for Voluntary Action and funded by the Welsh Government. The Fund will provide loans and grants of £6 million to third sector organisations - £4 million to assist organisations fulfil public service contracts and £2 million to develop the third sector more generally.
- In 2012, the Northern Ireland Executive launched the Social Investment Fund. This programme offers £80 million in capital and revenue grants to improve social conditions and encourage economic growth in certain areas of Northern Ireland where there are high levels of poverty, unemployment and dereliction.
- The Office of the First Minister and Deputy First Minister in Northern Ireland has also launched the Accelerating Social Enterprise Programme. With a total of £4 million funding, the programme is designed to tackle unemployment and dereliction in specific areas and encourage social business start-ups within local communities. 11 Social Enterprise Hubs across the nine Social Investment Fund zones have been established under this programme. The Department for Social Development and the Department of Enterprise, Trade and Investment overseen this programme.

As summarised above, public grants and funding directly available to social ventures have tended to focus on a few particular aspects or ends of social innovation: public service delivery, cost-cutting and amalgamation and increasing (financial) independence. These objectives are potentially in contradiction with one another, but they nonetheless represent a significant public investment in projects and activities enhancing social innovation. Some horizontal funding schemes are designed to tackle a range of social and economic challenges, including marginalisation. These funds are directed towards incubation projects and resources, capacity building, experimentation and scaling methods and aspects of social innovation. These range from supporting the development of new products, ideas and services, to transforming charitable giving formats and volunteering. To some degree, these funding schemes represent the more applied nature of public funding available to support social innovation. The following section considers the range of public funding initiatives that are designed to create economic space and opportunity for social innovation more generally.

Creating Economic Space and Opportunity for Social Innovation

In 2011, the Cabinet Office published a report called 'Growing the social investment market: a vision and strategy'. In this document the Cabinet Office states that 'social ventures need easier access to capital. They need capital just as businesses do – to finance their expansion and build their resilience' (Cabinet Office, 2011b: 7). Whilst the social investment market has been growing over the last fifteen years, the UK has witnessed a step-change in the 'third pillar' of finance for social ventures since 2011. The Social Investment Readiness Charter demonstrated the coalition government's commitment to building an effective social investment market by supporting sustainable investment practices, appropriate finance instruments and a robust market infrastructure. To overcome some of the existing barriers to accessing finance for social innovation, the Cabinet Office identified three key objectives:

- Increasing the supply of finance: more individual and institutions lenders willing and able to invest in social ventures based on both social and financial returns.
- Increasing demand for finance: equipping organisations with the skills, resources and knowledge to take on finance based on their social and financial returns.
- Creating an enabling environment: developing market infrastructures, platforms and standards that enable transactions between the financial and social sector.

The coalition government introduced a range of measures to increase the supply and demand of appropriate finance for organisations engaged in social innovation. Since 2012, the three most significant policy developments in this area have been the introduction of Big Society Capital, the Social Outcomes Fund run by the Centre for Social Impact Bonds and the Social Investment Tax Relief.

In 2012, Big Society Capital (BSC) was established as a 'social investment wholesaler' institution. Rather than investing directly in front-line social ventures or organisations, BSC invests its funds in social investment finance intermediaries (SIFIs). These SIFIs include social banks, impact investors, community development finance institutions and venture philanthropy funds. These organisations then provide appropriate finance packages and products to a range of organisations engaged in social innovation. For example, the Community Investment Fund run by Social and Sustainable Capital provides equity and loans to community-based social enterprises (Stroyan and Henry, 2014: 14). ClearlySo, a matching platform, has received £1 million from BSC. With financial support from the Reclaim Fund Ltd, BSC has secured mpre than £400 million from dormant accounts with banks and building societies. The four main retail banks have also agreed to provide an equity investment of £50 million each. BSC has also invested £850,000 in the Social Stock Exchange, which is designed to connect social impact businesses that need capital with socially motivated investors. This is specifically designed to develop the social investment market infrastructure. BSC has also contributed substantial funds to Nesta's Impact Investment fund, which seeks to invest in high-impact social innovations. Beyond financial commitments, BSC has prepared a Social Investment Compendium compiling the latest research and information on the social investment market. According to a progress report published by the Cabinet Office, 'these interventions are beginning to show real and sustained impact. Big Society Capital has made commitments of £149.1 million, with match funding of 116 per cent from third party investors alongside its signed investments' (Cabinet Office, 2014a: 7).

To ensure the social investment market continues to grow, the Cabinet Office is also supporting co-mingling funds and community lenders to offer affordable finance to people on low incomes. In 2015, it was announced that Access: The Foundation for Social Investment would receive an endowment of £60 million over 10 years from the Cabinet Office to support social investment capacity building. To bridge the gap in social investment, Access has also received a £45 million Growth Fund from Big Lottery Fund and Big Society Capital to help start-up charities and social enterprises access social finance and investment. The Big Lottery Fund has introduced the Next Steps Fund (£3 million), which supports the development of new and sustainable social investment products to be scaled in the market. The Department for Communities and Local Government is supporting community shares through online platforms such as Microgenius that enable the general public to invest in community-based projects. In November 2012, the Cabinet Office and the Said Business School at the University of Oxford co-hosted a symposium on social investment exploring how public policy might overcome some of the challenges and enhance some of the opportunities for social innovation. The Minister for Civil Society delivered a keynote speech at the event and said that 'there is a huge amount of buy-in from the top of government, but ultimately this [social innovation] will be driven by the market (Patton, 2012: 3).

To bolster this market, Social Impact Bonds are being supported by the Social Outcomes Fund (£20 million) and Commissioning Better Outcomes Fund (£40 million). These funding schemes are designed to tackle some of the primary barriers inhibiting the growth of social impact bonds. They provide a 'top-up' contribution to outcomes based commissions that are designed to deal with complex and expensive social issues. Government departments, local authorities and other commissioning bodies are eligible to apply. According to the Big Lottery Fund, the Commissioning Better Outcomes Fund is specifically designed to support the development of 'more innovative approaches to improving social outcomes. This is to enable more people, particularly those most in need, to lead fulfilling lives, in enriching places and as part of successful communities'. Big Society Capital has been instrumental in scaling social impact bonds. Examples include, the Adoption Social Impact Bond and the Essex Social Impact Bond. These are said to, in some measure, tackle the causes and/or effects marginalisation. The DWP Innovation Fund has directly financed the development and operation of 10 social impact bonds aimed at the education, training and activation of disadvantaged young people. Each of these social impact bonds works with vulnerable young people who have been identified by their schools as being most at risk of dropping out of school and becoming unemployed. According to the Centre for Social Impact Bonds, these programmes focus on helping improve confidence, well-being, life skills and attainment at school, with a view to assisting the successful transition from school to employment, further education or training. In 2014, the Department for Communities and Local Government and the Cabinet Office launched the Fair Chances Fund (£16 million) and the Cabinet Office, Department for Work and Pensions and Ministry of Justice launched the Youth Engagement Fund (£16 million). Both of these funds are supporting the introduction of more social impact bonds to improve the education, training and employability of vulnerable young (homeless) people.

In addition to all of this, the Cabinet Office introduced a cross-governmental policy designed to boost the supply-side of the social investment market. In 2014, the Cabinet Office, HM

Treasury and HM Revenue and Customs announced a new Social Investment Tax Relief (SITR) scheme that gives individuals and organisations who invest in qualifying social ventures a 30 per cent reduction in their income tax liability (HM Government, 2014). Under EU rules, organisations can receive up to €344,827 over three years and have to invest for a minimum period of three years. It is anticipated this will introduce long-term finance into the social investment market in an innovative way. The 30 per cent rate of tax relief is the same as the Enterprise Investment Scheme and Venture Capital Trust and therefore places social investment on an equal footing with other mechanisms. Individual investors can invest up to £1,000,000 and can invest in more than one social enterprise.

The policies outlined above are explicitly designed to enhance the infrastructure, supply and demand for social impact investment. Without doubt, these measures are set to have significant repercussions for the character and capacity of social innovation organisations and the overall social innovation eco-system in the UK.

Identifying and disseminating barriers and best practice

Over the last 10 years, there has been a significant investment in research and development to support actors, networks and organisations engaged in social innovation. The Third Sector Research Centre, perhaps, represented the most explicit commitment to social innovation research and development. The research centre was jointly funded (to a total of £10 million) by the Economic and Social Research Council (ESRC), the Office for Civil Society and the Barrow Cadbury Trust between 2008 and 2013. The research centre subsequently received bridge funding from the ESRC to support activities running until 2014. The outputs of the research centre produced original data on social enterprise, economic and social impact, the life cycle of third sector organisations and the role, function, impact and experiences of small community action groups or organisations. The primary aim of the research centre was to explore issues affecting charities and voluntary organisations, community groups, social enterprises, cooperatives and mutuals. The ESRC has also funded a number of other research centres and programmes.

- Third Sector Capacity Building Clusters (funded 2008-2013): developed academic training and collaboration with civil society through a variety of methods including studentships and Knowledge Transfer Partnerships. Capacity building clusters were specifically targeted towards generating and applying knowledge to enhance the capacity of social enterprises and community and voluntary organisations.
- Centre for Charitable Giving and Philanthropy (funded 2008-2014): the centre aimed to develop knowledge and engage with donors, charities and practitioners. Outputs from the centre include novel data and insight into social innovation, social entrepreneurship and the practice of contemporary entrepreneurial philanthropy.
- Productive Margins: Regulation for Engagement (funded 2013 – 2018): is an applied research programme exploring how research might realise the creativity, knowledge and passions of communities at the margins of power to co-produce new forms of engagement and decision-making. The collaborative project involves social enterprises, community organisations and academics based in Bristol and Cardiff. Research themes include: mobilising neighbourhoods, harnessing digital space and spaces for dissent.

More recently, the ESRC has exhibited an increased commitment to funding research on innovation that has an applied social or economic benefit. These research and knowledge exchange grants focus on a wide range of topics including the workings, outcomes, models, claims and impacts of social entrepreneurship, humanitarian technologies and business innovations towards improving social justice. Research priorities of the ESRC include social innovation, digital technology and urban transformations as well as inequalities, diversities and difference.

A range of events, seminars and conferences have been funded by public bodies and organisations on the subject of social innovation. For example, the Arts and Humanities Research Council, the British Academy and the ESRC jointly organised an international seminar to inform and broaden the policy debate and research agendas pertaining to social innovation and global urban transformations.

The Department for Business, Innovation and Skills invests a significant amount in research and development that has the capacity to identify and disseminate barriers and best practice associated with social innovation. Beyond the funding allocated to Research Councils UK and higher education funding bodies, there is a range of initiatives specifically designed to fund social innovation research or research-informed social innovation. Innovate UK is non-departmental public body that reports to the Department for Business, Innovation and Skills. Innovate UK runs a number of competitions and funding schemes that enable organisations, researchers, or both parties to undertake and apply research that will facilitate innovation towards social, technological and/or economic objectives. For example, Knowledge Transfer Partnerships (KTPs) offer up to £80,000 to organisations in the third, public and private sector. KTPs facilitate collaborative opportunities between higher education institutions, qualified individuals and organisations to enable the production and dissemination of knowledge that enhances the social and economic objectives of that organisation. Up to 67 per cent match funding is available. These schemes are innovations in themselves and offer unique opportunities for social ventures to learn from and scale effective social innovation.

In October 2013, the Social Investment Research Council was established as a collaborative venture between the Big Lottery Fund, Big Society Capital, the Cabinet Office, Citi and the City of London as founding members. The primary objective of the research council is to consolidate research on the UK social investment market and use this to identify challenges and opportunities for organisations and investors. The conceptual and practical insights gained inform the strategy and direction of public agencies and publicly funded initiatives and (it is hoped) social ventures. The research programme for 2013/2014 focused on improving the understanding of social investment market products and investors. To ensure the research undertaken reflects the interests, concerns and needs of the sector, the Social Investment Research Council encourages direct input from stakeholders on what they believe the research priorities of the council should be. Big Society Capital also hosts a social investment research library on their website with freely available information, data and research on the social investment market.

NESTA was originally established under New Labour as a public body designed to promote creativity, talent and innovation across a wide spectrum of areas and interests. In 2012, NESTA became an independent charity but still receives a significant amount of public funding to research innovation with a social purpose and apply lessons learnt to investments in social start-ups, incubation and experimentation. For example, in 2013-2014, the Cabinet

Office commissioned NESTA to undertake a body of research on Good Incubation. This research tracks the growth and analyses the trends of social venture incubation worldwide by identifying five models of support. From this, a number of clear lessons have been disseminated for programme managers, investors and policymaking involved in developing the impact investment ecosystem. The Alliance for Useful Evidence – a partnership between the Big Lottery Fund, ESRC and Nesta – provides a focus point for improving and extending the use of social research and evidence in the UK. It is hoped this will lead to debate, collaboration and innovation. The Alliance for Useful Evidence co-sponsors the SPARK initiative (Social Policy Analysis for Robust Knowledge), which brings together policymakers, practitioners and researchers to promote social policy innovation and share ideas on developing, trialling and evaluating new policies. Supported by the Scottish Government, Nesta has also recently undertaken research and experimentation with their digital education programme to encourage innovation in education through digital technologies. One particular stream of applied research is exploring the impact of remote tutoring in primary schools serving disadvantaged communities.

Much of this research examines the economic, social and cultural barriers to social innovation but, in addition, a great deal of research is funded that identifies the best means of scaling social innovation, growing the social investment market and mapping the sector.

Supporting participatory and grass-roots social action

As discussed in further detail above, even if the Big Society agenda has not featured significantly in policy and political rhetoric, the objectives underpinning it proved formative to the coalition government's overall policy programme. Two of the flagship policies of the coalition government were a) to promote social action by encouraging and enabling people to play a more active part in society, and b) to give people more power over what happens in their neighbourhood. This is significant because, if implemented effectively, these policies have the capacity to disrupt hierarchical and power relations by grounding institutional and non-institutional responses to marginalisation in the communities most affected by it. These two policies are overseen by the Cabinet Office and the Department for Communities and Local Government (DCLG) respectively.

Illustrative of the government's commitment to promoting social action, the Giving White Paper was published in 2011 outlining how the government intended to make giving, both time and money, as easy and appealing as possible, and give better support to those that provide and manage opportunities to give (Cabinet Office, 2011a). A year later, a progress report (Cabinet Office, 2012a) was published detailing the measures taken and currently underway to realise these objectives. The Centre for Social Action was established as a hub for policy development and coordination to identify and support social action innovation and develop modern and effective infrastructure to support social action. Thus far, the Cabinet Office has:

- Introduced Civil Service Local which is a cross departmental initiative to encourage all civil servants to actively participate in civil service reform through volunteering and shared learning and development;
- Launched a Decade of Social Action and the campaign for Youth Social Action to support a generation of 'socially responsible young people' through encouraging volunteering and active participation. Working in collaboration with the voluntary

sector, schools and businesses, the initiative is designed to create opportunities for social and intergenerational mixing and improve skills and value to future employers;

- Contributed £80 million towards Community First - a funding initiative designed to provide small grants to community groups and local social action projects. This initiative is split into two streams. The Neighbourhood Matched Fund (£30 million) offers small grants to the most deprived areas in the country. Importantly, decisions on funding are made by community panels made of individuals from the local areas they go to rather than by public bodies. The Endowment Match Fund (£50 million) is being used to match private donations invested in community endowment funds that pays out money for small grants well into the future. The Cabinet Office claims Community First is helping communities come together to identify their strengths and local priorities in order to plan for their future and become more resilient. In a press release, the Minister for Civil Society said 'people are frustrated about not being able to make a difference in the communities in which they live. This is especially true in areas of high deprivation that have been failed, again and again';
- Where possible, encouraged collaboration between Community First and the Community Organisers programme. The Community Organiser programme aims to recruit and train 500 community organisers and 4,500 volunteer community organisers between 2011 and 2015. The primary objective of the scheme is to build a network of skilled community organisers that can encourage social and civic action in their respective local areas;
- Initiated the National Citizen Service (NCS) which offers 16 and 17 year olds the opportunity to take part in a 3 week volunteering and social action programme during the summer holidays in England. In 2012, the programme was delivered by twenty-nine independent charities, social enterprises and businesses, local councils and sixth form colleges - all of which had to compete to run the programme through an open tendering process. In an independent evaluation of the programme, it was found that the young people participating in NCS were broadly representative of the general population of 16 and 17 year olds. The only exception was that there was a slight overrepresentation of participants from socio-economically deprived backgrounds (NatCen, 2013: 23). Whilst the programme is cited as a mechanism of social action, evaluations have tended to focus on the impact on participants rather than the communities or social action projects targeted;
- Sponsored the Social Action Fund (£20 million) between 2011 and 2013 which helped 40 programmes increase their social action activities. Over half a million new volunteers were recruited through this Fund. This scheme was designed to create new social action opportunities by encouraging people to give what they can, be it in time, money, assets, knowledge or specific skills. Programmes of activity included providing teaching support, increasing citizenship awareness, and providing services to homeless people and disadvantaged young people. There are a number of social action funds that target specific social issues and problems: Vulnerable Young People Fund (£2.5 million), Rehabilitation Social Action Fund (£2.4 million), Carers Social Action Support Fund (£700,000), etc. Follow on funding of £3 million was awarded to 7 programmes in October 2013.

The range of measures introduced by the Cabinet Office reflected the coalition government's desire to 'establish giving as a social norm – encouraging closer connections between business and charity; getting serious about payroll giving; encouraging legacy giving and the next generation of givers; while doing more to value those who give'. (Cabinet Office, 2012a: 6). DCLG focuses more explicitly on 'transferring power so people can make more decisions locally and solve their own problems'. The Localism Act 2011 introduced a range of new rights, which give local residents more power and say over what happens in their neighbourhood. Co-production in public service delivery and local area development is not a new phenomenon but the rights introduced in the Localism Act have the potential to re-align the locus of power in state intervention and community organisation. Offering a quick guide to the measures taken to enhance community rights, DCLG has published a report (2013) summarising the following policies:

- Right to Manage and Community cashback: gives new rights to social housing tenants to hold their landlords to account in the quality of housing provided and the management services they deliver. This 'tenant empowerment programme' supports the establishment of new social tenant panels that can track and inspect landlord performance. These measures also make it easier for council tenants to take over the management of local housing services.
- Community Shares: enable communities to invest in enterprises serving a community purpose. This type of share capital is unique to co-operative and community benefit legislation and can only be issued by co-operative societies, community benefit societies and charitable community benefit societies.
- Community Right to Challenge: places an obligation on local authorities to respond to community bids to run local authority services. The initiative allows voluntary and community groups, charities, social enterprises, parish councils, local and fire and rescue authority staff to bid to run authority services where they believe they could provide a more effective service. This has the potential to trigger a procurement exercise for that service.
- Right to Reclaim Land: makes it easier to bring land back into use if it is owned by local authorities or other public bodies.
- Our Place!: is a programme designed to enable people in communities to have more control over, and input into how money is spent in their neighbourhoods. Our Place areas develop operational plans that bring together councillors, public servants, voluntary and community organisation and the community themselves.
- Community Right to Bid and Community Right to Build: enable local communities to bid to buy community buildings, assets and facilities. These bids for small-scale, site—specific, community led developments are not subject to the normal application process. These measures are designed to give community groups a fairer chance to preserve community assets.
- Community Infrastructure Levy: is a new levy that local authorities can charge on property developments in their area. The money raised can be used to fund infrastructure that the council, local community and neighbourhoods want, such as new facilities or community investment.

These measures represent a significant capital and procedural investment in giving greater powers to local actors and organisations. In some measure, this represents an attempt at social innovation, but is principally focused on leveraging local power and influence on existing institutions and structures. Importantly, these measures are being implemented as cuts to public social expenditure impact upon local authority spending and services.

Training, networks, and support

A great variety of umbrella body organisations, think tanks and networks support front-line actors and organisations engaged in social innovation in the UK. Below is an illustrative list of these entities:

- NESTA, Young Foundation, NCVO, Social Enterprise UK, Cooperatives UK, Un Ltd, Locality, Social Firms UK, Creativity NI, Regional networks (e.g. Social Enterprise Lancashire Network) and local networks (e.g. iNnovation Network), local enterprise partnerships, Building Change Trust, Social Enterprise Network, Social Firms Wales, Wales Cooperative, Social Value Lab, Global Social Entrepreneurship Network, Social Innovation Exchange, DESIS-UK, Community Enterprise Scotland, Social Innovation Scotland, and Social Enterprise NI.

Such organisations and networks perform a crucial role in scaling the capacity and effectiveness of social innovators. Think tanks perform an important role in raising the profile of the social innovation sector and disseminating applied research findings. The general public, policymakers and practitioners can all be sensitised to the benefits of social innovation in this regard. Think tanks also undertake research and experimentation on the barriers to social innovation, and the best means to overcome it. This can and does support evidence-based incubation, capacity building, training and support. Umbrella body organisations can represent actors and organisations engaged in aspects of social innovation. They can also provide training, support, information and guidance to members. Umbrella body organisations can also provide opportunities for funding, networking, collaboration and joint working, Similarly networks of actors and organisations provide a forum for networking and collaboration on projects and issues of mutual interest and concern. In sum, there are a large number of organisations and networks, 'which collectively and individually provide a very broad range of support services to the sector' (Stroyan and Henry, 2014: 9).

Through funding and benefits in-kind, public bodies provide a great deal of assistance to these support providers. Many of the initiatives and schemes outlined in the preceding and forthcoming sections are delivered, hosted and/or match-funded by support providers. These are delivered through partnerships or networks of support providers and public sector bodies. Either by proxy or directly, these public initiatives and funding have the capacity to enhance the activities and impact of front-line social innovators. Perhaps, unsurprisingly, there was a tendency to privilege organisations and networks that fell in line with the policy agenda of the coalition government. Public support for the sector then can run a danger of becoming instrumentally contingent. That is, vertical (and even horizontal) policy intervention can provide resources and funds that help scale social innovation activities but often only in a way that is commensurate with the social and economic objectives of policymakers and political leaders. This has potential limitations for disruptive social innovation that seeks to re-configure the relations between institutions, networks and norms. Having said that, there were a range of funding, training and capacity-building schemes implemented under the coalition government that did not necessarily constrain and/or dictate the social purpose and capacity of social innovators.

Raising the profile of social innovation

Both directly and indirectly, the coalition government introduced a series of measures to raise the profile and role of social innovation in policy, political and public discourse. These ranged widely from sponsoring social innovation competitions to placing social investment on the 2013 global G8 agenda.

Beyond the role of Big Society Capital (BSC) as a 'social investment wholesaler' institution, BSC undertakes a range of activities to 'champion' the social investment market and increase confidence in its infrastructure and products. In collaboration with the Royal Bank of Scotland, the Cabinet Office sponsored the first ever UK Social Investment Awards to showcase investors supporting social enterprises and charities that enable them to grow and remain sustainable. The Cabinet Office states that the awards aim 'to inspire other investors to back charities and social enterprises so they can continue making a big difference to millions of lives across the UK'. There are also a number of public sector prizes to reward and recognise innovation in the public sector. For example, the TeachFirst Innovation Award for redressing inequalities in education, a specific category for innovation in the Annual Civil Service Awards and the NHS Innovation Challenge Prizes designed to encourage front-line innovation and encourages its adoption across the NHS.

NESTA runs a number of funding, recognition and support competitions to raise the profile and capacity of social innovation. Many of these receive a large portion of their funding from government departments. Nesta's Centre for Challenges Prizes runs a series of funding and recognition competitions to support social innovation tackling economic, social and environmental challenges. The Office for Disability Issues has committed £67,000 to the Inclusive Technology Prize. The Giving Challenge Prizes were intended to stimulate social innovation in the giving of time, skills and resources to tackle two social issues: reducing isolation of older people and reducing waste. Launched in 2012, these prizes were funded by the Cabinet Office with a combined prize pot of £210,000. The Department for Business, Innovation and Skills donated £358,000 to the Open Data Challenge Prize that champions the innovative use of open data to tackle issues surrounding crime and justice, food, housing, education, etc. Innovate UK and BIS have also jointly funded the Longitude Prize 2014 (£10 million).

In 2012, the Cabinet Office appointed 15 individuals to support the Mutuals Ambassadors Programme. In 2013, Chris White, MP for Warwick and Leamington, was appointed as the first official Social Value Ambassador. Chris White brought forward the Public Service (Social Value) Act and now works with local authorities and the voluntary sector to raise awareness of the legislation and subsequent best practice.

The UK held the presidency of the G8 in 2013 and exploited this opportunity to promote the UK's G8 agenda. Prior to the G8 Summit itself, a number of events were organised in advance including a G8 Social Impact Investment Forum and a G8 Innovation Conference. At the Social Impact Forum, Prime Minister, David Cameron opened the Social Impact Investment Forum by outlining some of the developments in UK social investment and social innovation policy. As a result of the event, a number of agreed actions were taken forward: the establishment of a Social Impact Investment Taskforce to build a global social impact investment community; the creation of a common framework for understanding the impact of social investment and the publication of an OECD report on social impact investment; and developing and sharing best practice through the Global Learning Exchange. At the

Innovation Conference, more than 250 entrepreneurs, researchers, scientists and policymakers attended from more than 22 countries. This conference centred on the priorities of UK Trade and Investment but there were many sessions around innovations that have the capacity to tackle aspects of marginalisation.

Whilst many of these activities have had a measurable impact on the financing and capacity for social innovation, they have equally altered the cognitive frames and public profile of social innovation and its capacity to address social and economic challenges in the UK and further afield.

(Other) Innovations in Social Policy

As previously discussed, the Open Public Services White Paper (Cabinet Office, 2011c) was perhaps the most explicit articulation of the coalition government's commitment to embed innovation in public and social policy. A range of horizontal and vertical policy interventions have been introduced that are designed to improve the accountability, cost-effectiveness, delivery and impact of public services. Many of these measures have already been discussed, including the introduction of Social Impact Bonds and the increased powers of communities and neighbourhoods in shaping the delivery of public services. This section focuses on other areas of innovation in social policy not yet covered in any particular detail. Some of these initiatives focus on innovation in particular service areas whilst others are cross-departmental measures intended to facilitate innovation in the processes by which social problems are identified and public services are delivered and assessed.

In April 2011, the National School of Government and the Civil Service Capability Building Programme published a report based on a 12-week project undertaken by civil servants across government departments. 'Scaling up innovation in the Public Sector' offered nine policy recommendations to create 'systemic change' in public services. These centred on the capacity for innovative ideas to scale across the public sector, the organisational culture, leadership and people supporting innovative ideas, the networks that facilitate knowledge dissemination and the appraisal and evaluation of innovations that strengthen the business case for scaling up. Whilst some claim that public spending cuts have instigated interest in social innovation, this report suggests that reduced public expenditure may also prove to be an obstacle to social innovation:

> … we are in an era of public service reform with pressures on resources and major structural change across the public sector and this may constrain the opportunities and enthusiasm for scaling up. However the shift away from 'Big Government, towards the 'Big Society', including an emphasise on social reform, localism and community empowerment, presents a genuine opportunity to be more radical in galvanising the scaling up of innovation across the public sector (HM Government, 2011).

Mindful of the challenges and opportunities faced in social and public service reform, the report outlines the conditions believed to be necessary for innovation in the public sector to flourish. Across the public sector, innovation teams and leaders are charged with realising the objectives of the Open Public Services White Paper and embedding innovation within their respective service departments. The Government Innovation Group and Efficiency and Reform Group situated within the Cabinet Office broadly coordinate and direct these activities. The Department for Business, Innovation and Skills also hosted a blog to raise the profile of public sector innovation until 2012.

In an attempt to inject innovative action and direction, public service mutuals have been posited as solution to old and new social risks. The Cabinet Office defines a public service mutual as an 'organisation that has left the public sector (also known as 'spinning out') which continues to deliver public services; and has staff control embedded within the running of the organisation'. This retains the skills and knowledge of the personnel that previously worked for the public sector organisation but provides greater flexibility and innovation in service design and delivery. In 2012, the Mutuals Task Force published the report 'Public Service Mutuals – the Next Steps' which set out the recommendations for the development of more public service mutuals in the future. Two years later, the Cabinet Office published a progress report. There are now over 100 public service mutuals and an interactive map of organisations is available here.

The Mutuals Support Programme offers a broad range of training, advice, guidance and support for individuals and teams considering, or in the process of, mutualisation. Support ranges from short and intensive training programmes to longer advice schemes that help future potential leaders of public service mutuals to explore what mutualisation would mean for their service and how they can capitalise on their knowledge, skills and new found flexibility. In an attempt to raise the profile of public service mutuals, the Cabinet Office also showcases existing public service mutuals as case studies in the areas of adult social care, children's services, young people and health. Building on progress made under the Right to Request programme, the Department of Health has also introduced the Right to Provide, which assists the development of staff-led enterprises.

Beyond Social Impact Bonds and the enactment of the Public Service (Social Value) Act, the coalition government also attempted to instigate innovation in public sector commissioning by other means. This principally includes the Commissioning Academy, which is a development programme for senior civil servants across the public sector. The Academy is support by the Department for Work and Pensions, the Home Office, the Department for Education, the Department of Health, the Ministry of Justice, the National Offender Management Services, the Department for Communities and Local Government and the Local Government Association. More than 1,500 senior civil servants have already taken part in the Academy. This is likely to cause a significant shift in the culture and practice of commissioning. As an extension to the Commissioning Academy, the Office for Civil Society has launched the OCS Commissioning School in 2015 which will encourage better public sector commissioning by helping commissioners understand and use a range of 'innovative civil society techniques'. The Minister for Civil Society responded by emphasising the 'importance of supporting commissioners to design better quality, more efficient services and to build the commissioning skills which can make the most of the expertise and innovation of the voluntary sector'.

The coalition government was also particularly committed to facilitating multi-agency and partnership approaches to public service delivery. In 2013, at the Local Government Conference, Nesta organised an 'Innovation Zone' for civil service delegates and Erick Pickles announced that nine local areas were to receive 'innovative support to help them 'break down barriers and focus on people's issues rather than public structures'. The Public Services Transformation Network is part of this project and is made up of people with experience and expertise from across government departments, councils and local agencies, as well as employees from the NHS and other public bodies. The Network considers initiatives such as the Troubles Families Programme an example of best practice. In a review of actions take, the National Audit Office suggested that ‘early indicators are that the ‘Troubles Families’ initiative and community budget pilots have catalysed local authorities and other local bodies to work more collaboratively across traditional service boundaries’ (NAO, 2013: 40). The same report explores the measures taken to address causes rather than symptoms of social problems in public spending and public service delivery. These range from prevention, early-intervention and early remedial treatment in the areas of health, education, crime and social services. Despite cross-governmental recognition of the social and economic benefits of early action policy intervention, there has not been a significant shift in public resources dedicated towards it (NAO, 2013).

Relatively independent of government support and funding, Nesta has published a number of reports on innovation in the public sector. The first report was published in 2011 and was principally a pilot survey for measuring innovation across the public sector. The report was commissioned by Ernst and Young and involved a consultation with senior policymakers and civil servants engaged in public sector innovation. The second report was published in 2014 to consider how public sector actors can become more effective innovators. With direct and indirect public sector funds, Nesta has also worked on:

- Cities of Service UK – a volunteering scheme that identifies local challenges, mobilises volunteers and measures the impact of interventions.
- i-Teams – a resource to help city, regional and national governments learn from new methods and approaches being developed by innovation teams, funds and units around the world.
- Open Data Scotland – a project encouraging collaboration between local authorities and digital media developers to provide innovative, digital services.
- Creative Councils – a programme helping local government innovators across England and Wales develop radical new solutions to challenges facing their communities.
- Make it Local – a competitive tendering process that led to four local authorities collaborating with digital media businesses to develop an innovative web-based service using the council’s publicly owned data.
- Reboot Britain – an applied research programme exploring the potential, barriers and effects of collaborative technologies in public services. Areas of focus included ‘young people not in education, employment or training; individuals who are disabled or have mobility problems; offenders; families in chronic crisis; and vulnerable children and adults.
- a research compendium on what works in innovation policy.

Policies designed to instigate innovation in the public sector have occurred alongside substantial cuts to public social spending. These cuts have been particularly severe in service areas that have a commitment to tackling marginalisation. Analysis of current and projected public social spending suggest that cuts are set to be highly regressive, affecting those socio-economic and demographic groups already most likely to experience marginalisation (Brewer et al., 2011; Treasury, 2013). As such, the social innovation public policy agenda cannot be considered in isolation. In order to understand its effect on marginalisation, it will be necessary to understand how this intersects with cuts to public social spending in the UK. This will be considered at a later stage of the CRESSI project.

Conclusion

Without doubt, there is a strong social innovation public policy agenda in the UK. Since 2010, political and policy rhetoric has, towards different ends, advanced the case for social innovation. In policy terms, horizontal policy interventions have attempted to scale social innovation as a holistic concept. This approach advances a socially sensitive and community-orientated way of working that has the capacity to be efficient, accountable, dynamic and cost-effective. By contrast, vertical policy interventions have attempted to embed specific aspects of social innovation in service design and delivery to address common (but rarely specified) economic and societal challenges in a pre-emptive manner. These interventions have been more prevalent in certain service areas than others. Central to the coalition government's approach was the development of support mechanisms (financial or otherwise) for actors and organisations engaged in social innovation. Importantly, this measure was largely driven by an ambition for incorporation: to enable social innovators to deliver public services in a way that corresponded with the coalition government's overall policy programme. Arguably, this amounted to another 'sea change' in the relationship between the state and civil society organisations, and senior political leaders are no less emphatic of such a shift (Craig et al., 2004; Alcock, 2012).

However, in spite of the rhetoric, the Office for Civil Society has witnessed a dramatic reduction in funding since 2010. In 2009/2010, the Office of the Third Sector had a total budget of £227 million to spend. By 2014/15, this had fallen by more than 75 per cent to £56 million. These cuts to public expenditure have not been proportionate or in line with spending cuts in other areas and seem to belie the Conservative Party's stated commitment to the Big Society agenda. In addition, cuts to local government funding have significantly reduced sources of support and funding available for community and social action. Crucially, cuts to local authority funding have been particularly regressive with deprived areas seeing larger cuts to local authority budgets than more affluent ones (Hastings et al., 2013). Such spending cuts damage the capacity for social innovation tackling marginalisation or operating to meet the most urgent social and economic needs. Having said that, the role of the Office for Civil Society has changed significantly since 2010. Rather than large-scale investments designed to facilitate social innovation, funding from the Office for Civil Society has often been small, match-funded and aimed at supporting civil society organisations adapt to cuts in public social expenditure. The Office for Civil Society now primarily functions as an advocate for the civil society sector across local and central government.

By contrast, the Cabinet Office more generally has taken on a rather active role in channelling a significant portion of its funding into mechanisms that enhance the financial sustainability of social innovation organisations. Between 2010 and 2015, the coalition government developed the world's largest social investment bank, the world's first tax relief on social investment and now has more social impact bonds than the rest of the world put together. This is a considerable development, creating both supply and demand for social innovation finance that is likely to profoundly affect the economic space within which social innovation occurs.

Policy instruments have also supported initiatives designed to: identify the challenges and opportunities facing social innovators; fund social innovation incubation and capacity building; embed social innovation commissioning practices and public service delivery; and raise the profile of the social innovation sector more generally. Whilst there are many commonalities in the means employed by government departments and policymakers, there appears to be less immediate and projected coherence to the intended ends of social innovation. Whilst social innovation is undoubtedly an end in itself, its effects over the short and long-term can take many different forms. The desired or anticipated impact of social innovation was less clear for the coalition government. Stated objectives were wide-ranging and included:

- Supporting civil society organisations to fulfil their own social objectives;
- Incorporating the dynamism and skill-base of civil society organisations to deliver public services;
- Capitalising on the economic efficiency of private sector organisations to deliver public services according to a social objective;
- Synthesising the knowledge base of public sector organisations with the accountability and ownership structure of mutuals;
- Increasing finance and thus capacity of organisations engaged in social innovation; and
- Giving greater power to neighbourhoods, communities and social-purpose organisations to determine and deliver the services they need.

In many respects, these objectives are a precursor to the potential impact of social innovation. As such, the coalition government did not clearly or consistently articulate what it saw as the potential function of social innovation in social or economic terms. Arguably, the coalition government conceived of social innovation as a *means* to realising it's own policy programme rather than an *end* in itself. As such, public measures supporting social innovation became intimately connected and contingent on the social, political and economic objectives that have existed and developed (somewhat) independently from the social innovation policy agenda. This has significant repercussions for the effectiveness and outcomes of social innovation policy. In particular, it profoundly affects the capacity for social innovation to tackle marginalisation in the UK.

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