

Impact case study (REF3)

Institution: University of Northampton		
Unit of Assessment: 17 – Business and Management Studies		
Title of case study: Driving Policy Innovation for the UK Government in the development of an outcomes focused public service innovation market		
Period when the underpinning research was undertaken: 2014 - 2018		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Richard Hazenberg	Professor	2011 -2020
Period when the claimed impact occurred: 2014 - 2020		
Is this case study continued from a case study submitted in 2014? N		

1. Summary of the impact

The Institute for Social Innovation and Impact (ISII) at the University of Northampton (UoN) has conducted research to support disadvantaged individuals and those organisations that work with them. This work has supported government policy development focused on how best to design, commission, fund and deliver innovations in public service delivery focused on service-user outcomes. The Institute's research over the last six years has directly supported the Cabinet Office and HM Treasury to utilise evidence to inform their policy innovations. This has resulted in changes to public policy, specifically focused on social investment, impact measurement and outcomes-based commissioning. Additionally, it has supported the generation of new initiatives to further policy development.

2. Underpinning research

Hazenberg led a team at the ISII that produced research on social investment and the creation of outcomes-based commissioning contracts. The research explored how to best design/commission/fund/deliver innovations in public-service delivery focused on service-user outcomes. Working in coordination with the Cabinet Office, HM Treasury and Big Issue Invest, the team provided:

- analysis of the social investment market and its impact on Voluntary, Community and Social Enterprise (VCSE) organisations;
- theoretical understanding of what constitutes social value;
- frameworks for Social Impact Measurement, which have been piloted with third/public sector bodies.

The research [3.1] identified that there was a significant investment readiness gap between the third sector and social investors, within which it was difficult for investors to identify investable propositions. This situation was exacerbated by information asymmetry in the marketplace, whereby third sector organisations were not informed consumers and did not understand the social investment products available to them. It identified that this investment readiness gap was compounded by a lack of data on the financial and social impact performance of third sector organisations, which limited the deal-flow and the willingness of investors to invest. The research demonstrated that one of the best ways to overcome this information asymmetry in the sector was to encourage collaboration between research, practice and policy, which directly informed the team's subsequent research.

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This was further developed through the publication of two national evaluation reports for Big Lottery Fund/Cabinet Office/Social Investment Business for their GBP20,000,000 Big Potential Breakthrough and Advanced Funds [3.2, 3.3]. The database on VCSE investment readiness, funded with GBP127,150 from the Big Potential budget, is the first ever open-access dataset ([Advanced / Breakthrough](#)) [5.1, 5.2] related to VCSE sustainability and a direct output of the research. It currently contains data on 1,475 VCSEs that covers financial performance, social impact assessments, organisational size and investment needs. This data demonstrated that there remains a significant investment readiness gap between the third sector and social investors (in terms of financial performance and knowledge of investment products), and that broader policy focus on sustainability is required to support the survival of smaller charities and social enterprises. The three research papers [3.1, 3.2, 3.3] have also demonstrated the need to drive growth in social investment through innovative policy mechanisms, such as tax incentives, that were adopted as part of the Social Investment Tax Relief consultation.

This marketplace knowledge-gap was overcome through research into outcome performance in social enterprises [3.4], and the development of a methodological approach aligned with European Commission Groupe d'Experts de la Commission sur l'Entrepreneuriat Social (GECES) standards to measure this outcome performance [3.5]. Such social impact measurement approaches were then tested in research with 42 social enterprises engaged through Big Issue Invest's 'Corporate Social Venturing' programme (supported by the Cabinet Office) [3.6]. This allowed us to refine our approach and led to the development and refinement of the University's 'Social Impact Matrix[®]'. This new approach to social impact measurement is a crucial element in promoting VCSE sustainability, as it combines the GECES standards above (theory), with a holistic framework for measuring impact (practice). This led to us producing a book chapter [3.5] in collaboration with the Chair of the European Commission's GECES sub-committee into social impact measurement that developed a 10-point best practice code for delivering impact measurement research and argued for commissioners, investors and VCSEs to engage in collaborative impact measurement to demonstrate social value. This research was used to inform the Cabinet Office's work in designing the Government Outcomes Lab described in Section 4. The 10-point code and the 'Social Impact Matrix[®]' allows VCSEs to demonstrate both the softer outcomes they have on beneficiaries, and the broader (monetised) impacts that they deliver for society. This is critical to the successful functioning of outcomes-based commissioning and social investment contracts, as our research engaging commissioners, investors, VCSEs and funders identified the need for more knowledge in the sector and specifically amongst public sector officials including commissioners [3.1, 3.2, 3.3].

3. References to the research

[3.1] Hazenberg, R., Seddon, F. A., & Denny, S. (2014). Intermediary Perceptions of Investment Readiness in the UK Social Investment Market. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 26(3), 846–871. <https://doi.org/10.1007/s11266-014-9473-y>

[3.2] Hazenberg, R. (2018). *Big Potential Advanced Evaluation Report Year 3 | July 2018*. Social Investment Business. <https://www.sibgroup.org.uk/resources/big-potential-advanced-year-3-evaluation>

[3.3] Hazenberg, R. (2018). *Big Potential Breakthrough Evaluation Report: Year 4 | July 2018*. Social Investment Business. <https://www.sibgroup.org.uk/resources/big-potential-breakthrough-year-4-evaluation>

[3.4] Hazenberg, R., Seddon, F. A., & Denny, S. (2014). Investigating the outcome performance of work-integration social enterprises (WISEs): do WISEs offer 'added value' to NEETs? *Public Management Review*, 16(6), 876-899. [6]. <https://doi.org/10.1080/14719037.2012.759670>

[3.5] Hazenberg, R., Clifford, J., Durkin, C. (Ed.), & Gunn, R. (Ed.) (2016). Developing social impact measurement for social enterprise. In *Social Entrepreneurship: A Skills Approach* Policy Press.

[3.6] Hazenberg, R. (2017). Big Issue Invest Corporate Social Venturing: Final Research Report.

4. Details of the impact

The research has supported innovations in public policy, specifically around social investment, impact measurement and outcomes-based commissioning. It has been key in supporting the Cabinet Office and HM Treasury to utilise evidence in their policy innovations. This includes supporting the government in the development of the social investment market and Social Impact Bonds, the creation of outcomes-based commissioning, and the use of Social Impact Measurement (SIM) to assess these.

Contributing to HM Treasury's policies on social investment tax relief

In 2014, **Hazenberg** submitted his team's research exploring investment readiness in the social investment market to the HM Treasury's public consultation into Social Investment Tax Relief. Based upon this submission, HM Treasury invited **Hazenberg** to participate in a policy roundtable to discuss the design of Social Venture Capital Trusts (SVCT) within the wider Social Investment Tax Relief (SITR) consultation. In both the submission to HM Treasury and discussions at the roundtable, **Hazenberg** emphasised the need for further tax incentives to encourage social investment, so as to overcome the deal-flow issues that the social investment research had identified. **Hazenberg's** input to this roundtable, based upon his research evidence, contributed to the creation of the SVCT scheme, which launched in the Chancellor's Budget a year later in March 2015 and has since led to approximately GBP14,290,000 in additional social investment being raised due to the SITR as of 30 September, 2020 [5.1].

In 2015, HM Treasury commenced negotiations with the European Commission around State Aid clearance for the expansion of the SITR scheme. The Treasury was unable to identify any national data in the UK that provided evidence of the investment needs of social enterprises to support their negotiations. **Hazenberg's** team utilised their Big Potential research data to provide HM Treasury with the evidence that they required around investment need and sustainability [3.2, 3.3] and the datasets related to this [5.2; 5.3]. HM Treasury used the data to demonstrate the needs of VCSEs to the Commission, in relation to investment and how this linked to turnover and profitability, which directly contributed to the Treasury successfully completing these negotiations with the European Commission shortly after the Autumn Statement of 2014. This was critical in convincing the Commission of the need to approve State Aid for the SITR scheme. Additionally, the research data demonstrated the social investment needs of social enterprises and the current sustainability barriers limiting uptake of said investment, and so led to higher caps on State Aid designed to incentivise social investment and increase deal-flow (and hence sustainability in the sector). The Deputy Director of the HM Treasury's Enterprise and Property Tax Team stated that **Hazenberg's** team provided 'relevant details', and information that 'was not available from other sources', that allowed them to 'complete the case for the EU commission' [5.4]. Without this evidence the State Aid approval for SITR would not have occurred.

Informing the Management and Design of the Big issue CSV Programme

Our research with Big Issue Invest on their Corporate Social Venturing Programme was essential to the programme's success and development. The Director of Big Issue Invest has testified that the "University's evaluation for the Corporate Social Venturing Programme, led by Professor Richard **Hazenberg**, was integral to the successful functioning of the programme and its continued refinement over time" [5.5].

The team's report showed that the CSV had generated up to GBP37,000,000 of social impact from just GBP2,600,000 million of investment and pro-bono corporate support [3.6]. According

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to the Director, this was ‘particularly critical in allowing [Big Issue Invest] to demonstrate the social value of the programme and to retain support, especially from the Cabinet Office’ [5.5]. The ‘Social Impact Matrix[®]’ developed as part of the research has now been used with 54 public/private/third sector organisations globally. Its commercial success and alignment with the 10-point best practice code [5.6], demonstrates the quality of the approach and data produced. This has allowed these organisations to map their impact, and to measure and disseminate this to key stakeholders. Indeed, from a sub-sample of ten of these reports (including work for the Ministry of Defence, Goodwill Solutions, Canal and River Trust, and Big Issue) the social impact analysis has identified cumulative impacts of nearly GBP283,000,000 to society through the interventions/investments operated [5.7]. This data also informed UoN’s overall social investment strategy, which has been recognised for its impact by Big Society Capital (BSC) in the form of an online [case-study](#) [5.8]. This is the only case-study that BSC have produced aside from the University of Edinburgh, evidencing the national impact and uniqueness of our work in England.

Co-Design of Government Outcomes Lab for the Commissioning Outcomes Support Partnership Programme

The research into impact measurement, alongside the social investment research, identified the need for support around investment readiness and impact measurement in the growth of outcomes-based commissioning and Social Impact Bonds (SIBs). This led directly to the creation of the Government Outcomes (GO) Lab established by the Cabinet Office in 2016. The GO Lab was designed to grow the number of SIBs and outcomes-based commissioning contracts in the UK, and the Institute for Social Innovation and Impact was competitively shortlisted alongside the University of Oxford to design the GO Lab [5.9, 5.10], as part of the Commissioning Outcomes Support Partnership programme. Our extensive research into social impact measurement and social investment directly informed the final design of the GO Lab [5.9, 5.10]. The Senior Policy Advisor for the Cabinet Office’s Centre for Social Impact Bonds remarked that the research team’s ‘thoughtful approach and openness throughout the co-design process helped to shape the Cabinet Office’s thinking on how to create an effective partnership’ [5.9].

The Senior Policy Advisor specifically identified the following impacts on the resulting design of the project:

1. Providing ‘insights into perspectives and concerns of local commissioners’, ‘authority officials’, ‘elected members’ and ‘clinical commissioning groups’ regarding outcomes-based commissioning and how best to engage them [5.9].
2. Advised on the Cabinet Office as to how best to work with VCSE organisations, including social enterprises [5.9]. The GO Lab now has [Fellows of Practice](#) and a [Research Hub](#) to fulfil these functions [5.10.1, 5.10.2] as a result of our research findings and input, helping to narrow the gap between research and practice and drive innovation.
3. Provided evidence of how to develop social impact measurement frameworks that could be used with investors and especially in SIBs to assess impact and investment performance. Specifically, joint research that I completed with Mr Jim Clifford OBE (Chair of the European Commission’s GECES sub-committee) into social impact measurement resulted in an [E3M Policy Paper](#) that was submitted to the Cabinet Office outlining how best to implement the GECES report into social impact measurement into the UK social economy [5.6, based on 3.5]. The GO Lab now delivers impact reports and evaluations of: the [Life Chances Fund](#) [5.10.3] in relation to SIBs; production of annual [Evidence Reports](#) [5.10.4] and a [Project Database](#) for data sharing and best practice transfer [5.10.5]. This enables innovation, whilst demonstrating best practice to the sector and highlighting successful social investment strategies.

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The above impacts were all generated through our research data and practical experience gained during the co-design phase of the GO Lab's design, as well as our direct provision of research and policy papers to government. This resulted in our research directly informing the support provision that is being delivered on a continuous basis through the GO Lab to grow the number of SIBs and outcomes-based commissioning contracts. This has led to a SIB landscape in the UK now that includes a total of 83 investments totalling GBP74,100,000, affecting 87,600 disadvantaged beneficiaries. Indeed, the UK now accounts for 43.5% of the 191 SIBs in existence globally (data from [GO Lab](#) as of August 2020) [5.10.6].

5. Sources to corroborate the impact

- [5.1] Big Society Capital Sitr Open-source Deals Database (<https://getsitr.org.uk/sitr-glance>)
- [5.2] [Big Potential Breakthrough Open-Access Dataset](https://doi.org/10.24339/af55047c-a2bd-44f6-8fb1-ad1ae2c2cd1c) - <https://doi.org/10.24339/af55047c-a2bd-44f6-8fb1-ad1ae2c2cd1c>
- [5.3] [Big Potential Advanced Open-Access Dataset](https://doi.org/10.24339/adaebc69-7c6b-4bf7-bf8c-aca6cb383668) - <https://doi.org/10.24339/adaebc69-7c6b-4bf7-bf8c-aca6cb383668>
- [5.4] [HM Treasury Impact Statement](#)
- [5.5] [Big Issue Invest CSV Impact Statement](#)
- [5.6] [E3M Policy Paper](#) on Social Impact Measurement Strategy
- [5.7] Social Impact Reports produced by ISII
 - [5.7.1] [Ministry of Defence Cadet Impact Report](#)
 - [5.7.2] [Goodwill Solutions CIC Impact Report](#)
 - [5.7.3] [Canal & River Trust Water Adds Value Report](#)
 - [5.7.4] [Big Issue Invest CSV Impact Report](#)
- [5.8] Big Society Capital Case Study (<https://web.archive.org/web/20200917151745/https://bigsocietycapital.com/how-we-work/investors/university-endowments/university-northampton/>)
- [5.9] [Cabinet Office Impact Statement](#)
- [5.10] GO Lab Website (<https://golab.bsg.ox.ac.uk/>)
 - [5.10.1] [Fellows of Practice](#)
 - [5.10.2] [Research Hub](#)
 - [5.10.3] [Life Chances Fund](#)
 - [5.10.4] [Evidence Reports](#)
 - [5.10.5] [Project Database](#) (Archived link: <https://web.archive.org/web/20200805182041/https://golab.bsg.ox.ac.uk/our-projects/golab-project-database/>)
 - [5.10.6] [August 2020 Impact Bond Landscape](#)