SUBMISSION FROM YMCA SCOTLAND

Introduction
This is an exciting time of opportunity for us in Scotland with the coming together of challenging reductions in public expenditure and the leadership and ideas of the Christie Commission.

There is no doubt that, if we have the courage, we can effect change in the delivery of public services that could realise cultural change in our communities shifting the balance of responsibility for support so that ordinary people rely less on statutory services and accept greater responsibility for each other.

Our drive in this is the number one recommendation from Christie to "engage people and communities" in how we address the multiple issues that challenge their lives. Over the years we have created a risk averse culture in Scotland by urging people not to engage with young people on the street, not to put an arm around a child, not to investigate a neighbours absence. We have encouraged people to call social workers and police in these circumstances and in so doing have suffocated the potential for communities caring for neighbours and maintaining standards of acceptable behaviour on their streets.

It is the willingness of public servants across Scotland to genuinely consider alternatives that will direct the success or failure of our ability to seize this opportunity to do things differently. YMCA welcomes this inquiry as timely with an opportunity to influence the pace and scope of change that to date has not reached where Christie envisaged it might.

YMCA operates in over 120 locations across Scotland working in grassroots communities, led by local volunteers and employing professional staff to respond to children, young people and families in the greatest need. YMCA Scotland won UK Charity of the Year 2012 (Children and Young People).

We offer a response to the Inquiry questions as below:

1. What is hindering moves toward developing shared and innovative service delivery models?

YMCA's overall perspective on partners working together to identify better ways
of delivering public services with less money in the pot is that there is little openness among our colleagues in local authorities to consider new ways of working.

This for many reasons, not least the difficulty of managing existing service provision and employees and the potential for managing significant change. It may also be the case that those with the ability to see potential in new approaches are themselves snowed under in terms of increased workload with less staff due to recent budget cuts.

Whatever the reasons there is no obvious open door for voluntary partners to engage in discussion with their statutory colleagues regarding ideas and opportunities for public service reform.

At present we enable the statutory agenda for public service reform by identifying within local authorities those areas we feel could improve. However we are not enabling the non-statutory agenda for public service reform. YMCA is one of the leading community-based organisations most likely to be able to "engage people and communities" yet struggles to contribute and engage in any consideration of new approaches.

This struggle to be heard in the debate seems ironic as the community/voluntary sector is the very partner implied by Christie as being critical if we are to engage people and communities.

Within our structures we consistently deny the voluntary sector a clear voice. It has been very clear for example that across Community Planning Partnerships over recent years voluntary sector partners have generally felt excluded from the process and unable to engage effectively. Until we find ways to engage effectively with the voluntary/community sector we will not be able to identify the real change which is the ultimate prize.

There is real potential for improved public services in many areas but much of this requires the giving away of power by local authorities and a fairly radical change. Until we accept this we will never genuinely consider such change.

Recommendation: A Clear Invitation to the Voluntary Sector

Would it help to better clarify and publicise to voluntary sector partners key contacts in each local authority willing to consider improved ways of delivering services?

This would need to establish a reporting channel to Council senior management creating a greater expectation on local authorities to consider options. It would also provide an opportunity for voluntary partners (using a defined but non-
bureaucratic process) to feel able to present their ideas as to how an existing public service could be delivered.

Within our Community Planning Partnerships we need to better engage voluntary partners. As has happened to some extent in Glasgow perhaps this can be through formal voluntary sector sub groups chaired by a member of the CPP and designed to listen to and feed contributions from the sector.

2. In what ways can innovative delivery methods and collaborative arrangements (as mentioned, for example, in the Christie Commission report) help to improve outcomes and tackle embedded social problems?

We would wish to contribute just two specific examples that can demonstrate the potential that exists to deliver public services in different and better ways.

The first outlines the benefits of community mentoring delivered by the YMCA that have been proven and recognised across the UK as preventing high risk young people from entering the criminal justice system.

The second is the really encouraging set of outcomes emerging from the first Social Impact Bond in Scotland being delivered by the YMCA in Perth and Kinross.

Community Mentoring

The cost of prison, let alone the effectiveness of custodial sentences in reducing crime, drives us to consider how we can better serve the public by dealing with criminal behaviour.

Research tells us that mentoring can be an effective means of diverting young people away from a direction of travel towards the adult criminal justice system (Farrington 1996, Whyte 2004).

Since 2005 YMCA has been testing and developing a mentoring approach that recruits local volunteers who are then trained as mentors and matched with referrals of young people on the cusp of entering the justice system.

From 2009 - 2011 YMCA partnered with the Association of Directors of Social Work and with the Violence Reduction Unit of the police to pilot an approach called plusone mentoring in three local authority areas, Fife, North Lanarkshire and Perth & Kinross. At risk young people were referred by local authority colleagues as being in danger of moving into the formal justice system. Each demonstrated behaviours that evidence shows set them on a path likely to progress into the criminal justice system.
The pilots were evaluated by Dundee University finding that 86% of the young people had significantly improved their behaviour and attitudes backed up by positive change for the vast majority of individuals including reduction of school exclusions, substance misuse, offending behaviour and family conflict.

The evaluations proved that the approach, which engages volunteers in local communities to be part of their own solution, effectively diverts at risk young people away from crime and into positive destinations thereby preventing the need for high cost criminal justice or custody options. It has been recognised by police at national level and has won multiple awards across the UK.

From a financial perspective YMCA carried out a Social Return on Investment on the programme to ascertain value for money. This reported that plusone mentoring generated a social value of over £1.05m for an investment of just under £108,000. So for every pound of investment the programme returns value tenfold in what it achieves.

This initiative now fully tested and mainstreamed in the three pilot authorities provides clear evidence of how we can reduce expenditure within criminal justice budgets by investing through early intervention in those most likely to progress into our justice system.

The approach is firmly designed upon the available research therefore is evidence based so that it targets the right client group and focuses spend on exactly the right place. It works with 8-14 year olds selecting the right age group for the intervention and it uses the training and expertise of the YMCA to ensure the safety and health and best practice we all demand.

This is one example of how we can engage people and communities to engage with and support others in their locality in order to reduce future cost to the public purse and at the same time building community responsibility and beginning to change the culture. It requires local authorities to recognise the value and to hand over the responsibility to a community agency who can recruit and supervise and direct local volunteers.

**Social Impact Bonds**

The second example we wish to present to the committee is that of Social Impact Bonds. This is a new and innovative funding model designed to help resolve challenging Social issues. The structure of a Social Impact Bond (SIB) is outlined later in this submission.

YMCA in Perth has established “Living Balance” as the first Social Impact Bond in Scotland. This follows the successful launch of the first such bond in Peterborough, England.
Living Balance supports the most difficult to reach unemployed young people with a view to enabling them to achieve a positive destination in employment, training or further education and facilitating their attaining recognised qualifications while on the programme.

Having started in March 2012 Living Balance is achieving almost 60% positive outcomes. This compares to the 3.5% achieved in the first year of the Work Programme. It should be noted that the outcomes for Living Balance and Work Programme are not identical and this is therefore not entirely a like for like comparison but even making allowances for this the differences in the impact of Living Balance and Work Programme are stark and the model underlying Living Balance demands serious consideration.

**Social Impact Bond Structure**

The Social Impact Bond is a payment by results model which provides *realistic access to working capital* for non statutory agencies working in partnership with Government to provide high quality sustainable services in local communities.

There are three parties in a Social Impact Bond:

1. A service delivery agency – in this case YMCA
2. An investor, or group of investors
3. A Government Department

The service delivery agency designs a process which will address a given social issue and creates a set of positive outcomes which will result from this process. These outcomes will arise from a prevention/intervention approach on the part of the service provider and will therefore offer a significant saving to Government in the medium / long term by preventing the need for more expensive social care provision at a later date. This focus on Prevention is very much in keeping with the recommendations of the Christie Commission and the guidance to Local Authorities published by Local Government Minister Derek Mackay on December 4th 2012. This guidance emphasises the importance of preventative approaches in the context of Single Outcome Agreements which has just been updated to even more strongly encourage such early interventions.

The investor/s place retail deposits in the Bond. These deposits may be held by a management agent where necessary to meet the requirements of the Financial Services Authority (FCA in due course). The funds are used to make monthly payments to the Service Provider for the services they deliver thus providing realistic working capital to sustain the service.
The Government Department will have agreed the Outcomes in advance with the service delivery agency. If these outcomes are met then government repays the investor/s their initial investment plus interest at a previously agreed rate. The Government Department still achieve a saving, even after the repayment of the capital and interest to the investor/s, as the service provided is significantly cheaper than existing provisions or likely additional provisions if the intervention of the Social Impact Bond had not been delivered. Cashable savings are achieved by Government.

This innovative funding model is working very well in delivering a high quality sustainable service at YMCA in Perth. We are convinced that the SIB funding model has the potential to facilitate a breadth of quality sustainable public service provision across Scotland.

YMCA is committed to the value of the Social Impact Bond model and has committed significant time and funds to develop a Suite of Template Legal Documents which would create an “off the shelf” SIB agreement for use by any service delivery agency in partnership with Government and investors. The only adaptation which this Template documentation would require for individual use would be to add the Outcomes for a given SIB as schedules to the legal papers.

We believe that this will make the model available for much wider use.

We believe that Scottish Government is in a position to promote the use of SIBs by taking the role of the Government Agency Partner in one or more pilot SIBs to give confidence to Local Authorities, Health Boards and others to progress with using the SIB as a powerful and effective tool to contribute to public service reform in Scotland. This commitment from Scottish Government would also give increased confidence to potential investors in SIBs.

The Living Balance Social Impact Bond at YMCA in Perth has drawn the vast majority of its investors from the local community, from people who wish to invest in a locally based organisation which can make a real difference in their local community. One investor said: “this gave me a chance to use my funds in a way that made a real difference that I could see and touch in my own community, I have recommended the concept to several of my friends.” The investors have invested sums ranging from £5,000 to £50,000.

This investor profile has created a unique “mutual accountability” in the local community: the investors are offering work placements, and interview support to unemployed participants on Living Balance and YMCA staff are very conscious that they are being supported by the funds of local people who they know and meet with regularly. A partnership has been generated that goes beyond contractual agreements and is committed to achieving real impact and change in a local community. This mutual accountability will be key to effective public
service reform in the years ahead.

In Summary:

The Social Impact Bond funding model offers:

a) an effective and efficient model of providing high quality sustainable public services.

b) a key element in public service reform.

c) engagement with a wider cross section of investors. At a local level these investors and the service delivery agencies can generate a mutual accountability within a community.

YMCA has committed, and will continue to commit, to the development of Social Impact Bonds in Scotland. YMCA presents this second example as another means of achieving critical goals (reduction of NEET group) in better and less expensive ways through adopting new and innovative ways of working together.