E3M

E3M Imagine:

Social Economy Models for the Future of Public Services

2026 REPORT

E3M Imagine was supported by Stone King LLP, Better Society Capital, Lloyds Bank Foundation, The Change Coefficient and Power to Change

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Rocketing demand, financial constraints, workforce shortages, market failures and extractive practices: the UK's public services face unprecedented pressure. These issues restrict the ability of services to meet people's needs.

The launch of the Office for the Impact Economy and £500m Better Futures Fund demonstrate the Government's commitment to new ways of working. Social enterprises, including co-operatives, charities, community organisations, voluntary and faith-based groups, already deliver a wide range of services effectively. But such arrangements are still exceptions to the norm. To deliver public services more effectively and sustainably requires more partnerships with the social sector.

E3M's Imagine events facilitate innovation, partnerships, new projects and investment, to create better outcomes in people-focused public services. Imagine 2026 took place in May 2026 at the People's History Museum in Manchester. It brought together more than 100 participants, combining the experience of commissioners responsible for public services, social enterprise leaders, funders and social investors.

They worked in mixed groups to explore how to scale up successful social enterprise and co-operative models and address important challenges in public service delivery.

With particular emphasis on the role of social enterprise innovation, social investment and partnership approaches to delivering people-focused services, Imagine also explored opportunities resulting from the Better Futures Fund, social sector covenant, and establishment of the Office for the Impact Economy.

Imagine is a crucial platform to build partnerships. Its participants have a track record of turning ideas into action. I look forward to further transformations of public services as a result of E3M Imagine 2026 and thank all participants and supporters for their insights, commitment and input.

Jonathan Bland
E3M

The third year of E3M Imagine was even better than the first two and again, table conversations are continuing into projects.

Ground-level discussion between mature social enterprise leaders, progressive commissioners, social investors, and Government representatives addresses complex issues in a genuinely practical way and promotes vital collaboration towards transforming cultures, mindsets, relationships, and practices and thereby the commissioning environment for people-focused services.

Julian Blake
Partner, Stone King LLP

Key insights from E3M Imagine across all challenge areas

1. Prevention requires upfront investment and new evidence

Systems were designed to address crises and continue to reward services which respond to problems, rather than prevent them. The prevention agenda is backed by national and local policies; Imagine participants across multiple tables pointed to strong evidence from Salford, Wigan and the Ways to Wellness programme. But making prevention the default requires upfront cost, deferred returns and accepting cross-system benefits. Measuring what matters (including outcomes described in the words of people who use services, as well as KPIs and quantifiable metrics) is important. The most persuasive cases combine stories and data.

2. Co-design: services must be shaped by people who use them

Across all tables, Imagine participants noted that services designed for people without their input fail to meet their actual needs, and often create new problems. Participants called for co-production to be embedded throughout service design.

3. Relationships, purpose-alignment, culture and trust are structural foundations; contracts should be enablers not barriers

Imagine participants observed issues previously described in E3M's *Scaling Social Enterprise Innovation in Public Services* report and *Vitalising Purpose book*: public service provision remains dependent on transactional relationships between commissioners and providers. Over three quarters of local authority budgets are spent on people-focused services through procurement systems designed to buy products, not complex services. Short term contracts exclude many social enterprises and community businesses and limit the potential to lever in impact investment.

Partnerships are demonstrably impactful with wide evidence of their effectiveness in creating services that truly meet needs. But genuine partnerships (also sometimes referred to as Public Social Partnerships, strategic collaborations between public sector bodies and social enterprises, co-operatives, charities, and community groups) are built on trust, transparency and shared purpose. Integrated services means working beyond silos.

Again, this emerged from all challenge areas although the discussions around social outcomes partnerships (and opportunities from the Better Future Fund) were especially frank: successful outcomes partnerships depend on relationships, trust and alignment between commissioners, investors and providers.

4. Social investment can catalyse effective delivery of people-focused services

Such investment can enable innovative service delivery, not only as a funding mechanism but by aligning incentives, sharing risks and supporting outcomes. Social outcomes partnerships can link funding to measurable outcomes while offering flexibility to providers in how these are achieved; the Better Futures Fund will offer an exciting opportunity to co-design and deliver genuinely innovative, user-centred services.

Community Development Finance Institutions (CDFIs) such as Kindred, Key Fund and Resonance have proven successful at unlocking considerable growth in regions' social economics, supporting a thriving and sustainable ecosystem. Community asset development finance can play a key role too; such finance can be blended with (and unlock) other forms of investment.

5. Commissioners need more support

The rigid and risk-averse interpretation of procurement law gets in the way of purpose-aligned partnerships. But procurement is only one facet of commissioning; we must make better use of other instruments and methods including reserved contracts, joint venture pathways, innovation partnerships, alliance contracting, co-investment and levering social investment, community asset transfer, cross-service integration, and outcomes contracts. Imagine delegates pointed to examples in Plymouth, Essex and elsewhere. We have specific examples in E3M's *Scaling Social Enterprise Innovation in Public Services* report and *Vitalising Purpose* book. Commissioning teams should be empowered to cultivate healthy local ecosystems – "system stewardship" – and to manage contracts.

6. Social enterprises and VCFSE organisations need the conditions to succeed

The **social enterprise difference** was visible in every challenge area. Social enterprises and community businesses are trusted; person-centred, flexible and responsive; capable of connecting the wider determinants of health, wealth and wellbeing; and aligned to mission rather than profit extraction. The factors to enable social enterprise innovation described in *Scaling Social Enterprise Innovation in Public Services* remain essential.

Challenges addressed at E3M Imagine 2026

Children and young people:

- Meeting a continuum of needs for young people transitioning to supported accommodation.
- Informal kinship care as an alternative to local authority care.
- Joint Commissioning of Tier 3.5 therapeutic homes in Bradford.

Unlocking social investment to scale prevention in Greater Manchester.

Rural transport: improving connectivity, central to economic participation, skills and employment, health and wellbeing, social inclusion, net zero and sustainable travel.

Outcomes partnerships: harnessing the potential of community business to keep people healthy, active and independent.

Neighbourhood health: ingredients for success, measuring outcomes robustly in ways that build trust, and designing processes that cannot be "gamed".

Mainstreaming **Community Wealth Building** and delivering more through Manchester's Voluntary, Community, Faith and Social Enterprise (VCFSE) sector.

E3M Imagine 2026 also included:

Opening discussions about needs and opportunities, featuring:

- **Esmé Clifford**, *Deputy Director* and **Jennifer Van der Merwe**, *Senior Place Advisor, Office for the Impact Economy, Cabinet Office*
- **Dominic Llewellyn**, *Director, Achieve Good and The Impact Economy Collective*
- **Jennifer Rouse**, *VCFSE Accord Strategic Lead, Greater Manchester Combined Authority (GMCA)*

Watch here:
youtu.be/25ghHEAdU0I

An update from Sandra Hamilton of Stone King LLP on:

- Distinguishing market purchasing from system stewardship, and the need for a distinct legislative regime for people-focused services
- Three key shifts resulting from the NHS 10 Year Plan and the integration of health and social care systems
- Collaborative commissioning demonstration projects in Greenwich, Essex, and Richmond and Wandsworth

Watch here:
www.youtube.com/playlist?list=PLZJ3oN3SSfGM

Vignette sessions by:

- **David Parks**, *Founder and Managing Director, The Skill Mill* – an award-winning social enterprise employing ex-offenders aged between sixteen and eighteen, reducing reoffending while increasing participation, employability and educational levels to increase life chances.
- **Lisa Wilson**, *Integrated Director of Commissioning, Adults, Royal Borough of Greenwich* on how the Healthier Greenwich Partnership is implementing, innovating and integrating neighbourhood health and care to enable thriving communities where people feel heard, supported, and empowered to live as independently as possible.

A closing panel discussion of key points emerging from the challenge groups, featuring:

- **Grace Lynch**, *Director of Commissioning – People, Swindon Borough Council*
- **Gemma Bukel**, *Managing Director, P3 Charity*
- **Warren Hepolette**, *Director: Prevention Demonstrator, Greater Manchester Combined Authority*

Watch here:
youtu.be/ZQUgc38yRH4

The following pages present key ideas and insights from each challenge area covered at E3M Imagine.

Children and young people (supported accommodation):

how do we work differently as a system to meet a continuum of need for young people with complex needs transitioning to supported accommodation?

Challenge owner:

Sally Atkinson, *Head of Children's Commissioning, Tameside MBC*

Challenge supporter:

Jonathan Copping, *Senior Associate, Stone King LLP*

Objectives

Children and young people who live in supported accommodation are often described as "ready for independence" yet in practice, many are navigating independence alongside trauma, disrupted attachments, unmet needs and developing identities. For these young people independence is not an end point to be reached at 18, but a complex, uneven process that requires thoughtful, responsive support.

Supported accommodation is designed to provide accommodation with support, not care, for 16- and 17-year old looked after children and care leavers who are ready for increasing independence. However, for many children, particularly those with hidden or emerging needs, the level of independence assumed by this model does not reflect their lived reality.

The challenge owner sought Imagine participants' input to develop a preventative community support offer for pre-16-year olds to schools, alongside support to young people outside of provider responsibilities which sits between care/support for children with complex needs.

Why this matters

Children and young people whose needs exceed a support offer but cannot legally be met within supported accommodation are among the most vulnerable in the care system. Placing children in accommodation that cannot meet their needs is not only a regulatory risk – it undermines stability, safety and the child's right to care that genuinely meets their needs. Alongside poor outcomes it increases system pressure. But the gap continues to grow, whilst children and young people are presenting with higher levels of complex needs.

Ideas and insights

The offer must bridge the gap for children and young people in care whose assessed or emerging needs exceed a standard support model, but who cannot safely be accommodated in supported accommodation as it is currently defined and regulated. The primary aim is stability, safety and progression, not premature independence. This offer must not blur or unlawfully substitute care. It must identify need early; provide lawful, proportionate additional oversight; and ensure timely transitions to care settings where required.

Participants noted the impact of organisations and projects including:

- Bridging the Gap (P3 Charity), which registered with CQC to allow young people to remain post-18 and rather than starting with a specification, built it with providers; this ensures community-based support when exiting the service to independence.
- The Be Counted app developed by GMCA which supports independence.
- A Wigan project which registered as a children's home and supported accommodation to allow for change in need.

How to alleviate barriers to funding streams and budgets

- Charities (block contract over spot purchasing can be barriers).
- Payment by Results.
- Work with providers that accept housing benefit (HB)/local authorities claim HB.
- Shared small accommodation: bespoke package.
- Commission from an 8 year open framework; join up frameworks.
- Charity bank to communicate with local authority (and complete due diligence).

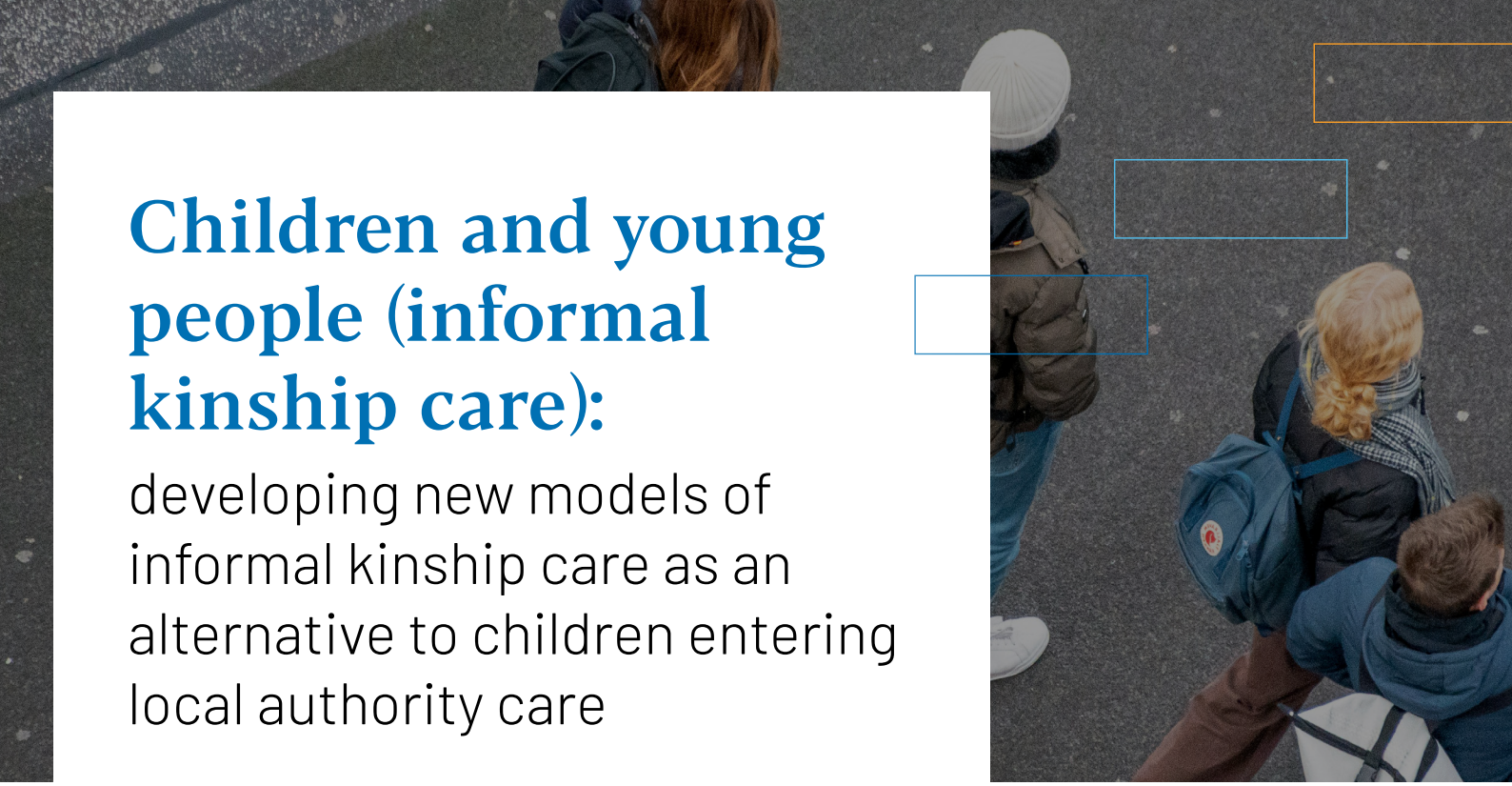
The current system transfers risk to young people because of the cliff-edge at 18 years of age and the lack of any provision between care and support. This creates reverse incentives alongside risks that no local beds may be available due to other local authority placements.

What a more responsible risk sharing model would look like

- Bring young people into the conversation: voice of the child is required.
- Transparency on profit; an agreed level of profit share through Social Value.
- Positive relationships, trust, collaboration.
- Outcomes should be led by what the young person wants, not to achieve a tick box.
- Cross-team commissioning.
- The No Wrong Door model.
- Change the lots in the framework.
- More oversight of internal services.

Designing a support offer that prevents both drift into unregulated care and the premature withdrawal of support, including appropriate safeguards

- Have zero tolerance of uncertainty and a bigger margin to reduce risk.
- Bespoke packages per young person – one size does NOT fit all.
- Commission to flex up or flex down.
- Mentor: advocacy role; needs assessment (NA); NA should state whether a young person is ready for independent living.
- Gain a local profile.
- Pathway to independence.
- Support the need that is presented, rather than the diagnosis.
- Providers should be able to offer the pathway from foster, residential and supported accommodation to post-18.
- Consideration of the Questions app to check level of need.
- Ofsted needs to support differences in need.
- Payment by results and social outcomes contracts.
- Also create an Adult service for those not eligible under the Care Act.
- Keep young people where they are and commission relevant temporary support.



Children and young people (informal kinship care):

developing new models of informal kinship care as an alternative to children entering local authority care

Challenge owners:

Corrie Castleman, *Service Manager – Kinship* and **Abigail Parker**, *Service Manager – CFS, Essex County Council*

Challenge supporter:

Alison Allen, *Head of Trusts and Estates, Stone King LLP*

Objectives

To consider the challenges that prevent informal kinship care from being sustained, or that lead to the breakdown of existing arrangements; to inform discussion on how a more consistent, preventative, and sustainable approach to kinship care could be designed.

Participants explored what a designed solution could look like to make kinship care an accessible, supported, and sustainable option, so that more children can remain safely within their own families whenever possible.

Why this matters

Informal kinship care is when a child lives with a relative or close family friend through a private family arrangement, without a court order and without the child being looked after by the local authority. It supports a large number of children nationally and plays a critical role in preventing care entry. However, it remains largely invisible in policy, data, and funding. Families often step in during crises with little financial, legal, or practical support, making these arrangements fragile and increasing the risk of breakdown and, consequently, more children entering care.

There is growing national and inspection emphasis on family-led, preventative approaches, alongside clear evidence that children do better when they can remain safely within their family networks. Yet informal kinship care continues to be identified too late or inconsistently, resulting in avoidable care entry, missed opportunities for stability, and increased financial pressure. Long term early intervention helps prevent children from falling into situations where they are vulnerable to exploitation.

Ideas and insights

Participants discussed the challenge of identifying informal kinship arrangements and deploying resources to support them, to prevent such arrangements from failing and enable children to remain within them.

Identifying informal kinship care earlier

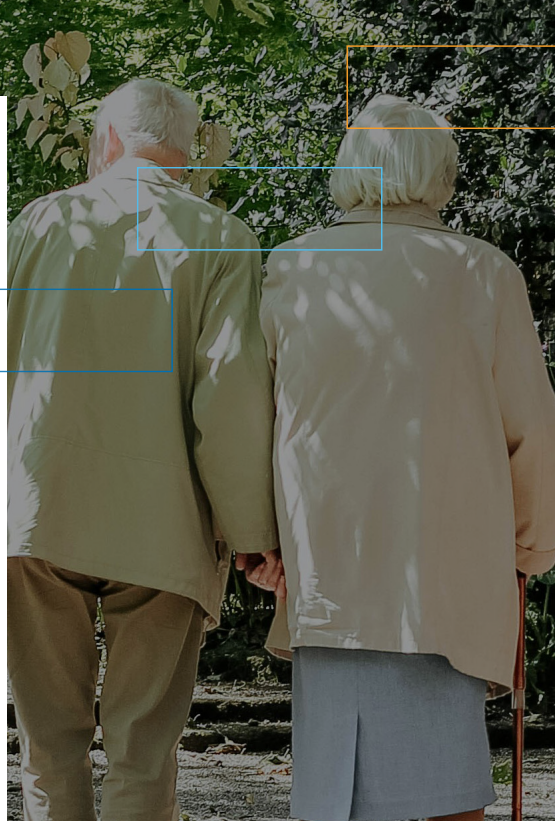
People don't reach out due to a lack of trust, fear that doing so could lead to the child's removal, and not knowing that these arrangements are viewed positively.

We can identify informal kinship care by increasing partnerships with and signposting from schools and by increasing awareness directly (e.g. by using social media campaigns) and through social prescribing partnerships.

Supporting informal kinship care more effectively

Unlike formal arrangements, informal kinship care arrangements don't automatically trigger funding or support; a council's statutory duty to support families does not arise unless a formal kinship arrangement is in place. Participants discussed:

- Flexing and leaning into (i) existing services (such as Family Hubs) and (ii) contracted VCFSE organisations to help. Families are less likely to feel threatened if these services can support informal kinship too.
- Embedding support into Integrated Front Doors, so informal kinship carers can access council services and signposting.
- Offering informal kinship carers access to training and to benefits and financial inclusion advice.
- Developing the Family Network Package which can be a source of direct financial support for informal kinship.
- Taking on an outreach worker to develop and strengthen relationships.
- Making housing stock available for crisis support for informal kinship care (and ensuring people are aware of this).
- Room mate schemes and garden pods to create additional bedrooms.



Older people:

developing a Practical Prevention Alliance to support elderly people and others needing care to retain independence

Challenge owner:

Carol Watson, *Service Director – Commissioning, Housing and Partnership, South Gloucestershire Council*

Challenge supporter:

Ciara Campfield, *Partner and Head of Business and Social Enterprise, Stone King LLP*

Objectives

To examine the options, opportunities and potential structure and governance of a practical, preventative alliance with VCFSE/VCSE partners informed by personalised input and with hyper-local solutions; discuss how such an alliance can be supported to start and be sustainable; and identify critical actions, milestones and benchmarks.

Why this matters

South Gloucestershire Council has an ageing population with approximately 2 in 5 people over 50. The population is expected to continue to grow over the next 20 years, with the over-75 population increasing to 11.4% of the total by 2041. Many people live in poverty even though they are residents of areas of relative affluence. This puts them at risk of even poorer health outcomes than people living in more deprived areas, who may have access to additional targeted support or infrastructure. A practical preventative service could enable older people to remain living independently with better quality-of-life outcomes, all while increasing the sustainability and capacity of South Gloucestershire's VCFSE.

Ideas and insights

Participants stress-tested (i) the idea of practical prevention, linked to and informed by personalised input and with hyper-local solutions; (ii) whether an alliance is the best way to deliver practical interventions. They agreed with both premises.

Prerequisites and conditions to ensure an alliance is secure before taking on work and successful

- Mapping the "cost of doing nothing".
- Infrastructure support.
- A capacity building and funding programme with VCFSE organisations.
- Community connectors and builders, and a community capacity exchange.
- Social investment, through the VCFSE, including into community assets.

- The alliance would be an outcomes-based partnership; it should access health and wellbeing funding from commissioners.
- Outcomes must be described in citizens' voices.
- Develop relationships with anchor organisations including the college/colleges and housing associations as hubs for shared services.
- Community Wealth Building as a principle and tool to enable local provision and circulate investment from city to rural areas; framing around continuity of care.
- System and demand mapping.
- Consideration of power dynamics in the partnership to ensure the voices of grassroots and small VCFSE organisations are heard.
- Understanding the role of commercial providers as contributors to the ecosystem.

Commissioning and procurement

Procurement should not be a barrier to such an alliance; it should be a strategic tool and enabler or driver of innovation and impact. But (and E3M has gathered extensive evidence about this) the rigid and blinkered interpretation or application of procurement law can be a barrier to purpose-aligned partnerships. Widespread education and training for procurement teams about more strategic approaches to procurement remains necessary. Examples including the Plymouth Alliance contract (featured in a case study on the E3M website and in the ***Vitalising Purpose*** book) and **many others**, alongside Julian Blake's ***Art of the Possible*** and demonstration projects supported by Stone King all show what is possible.

Ensuring sustainable income opportunities benefit the whole alliance

- Mapping and stakeholder voice work, described above, is a crucial foundation.
- Embed trust and representation at all levels.
- Take a strategic and phased approach to co-design and commission these as people-focused services.
- Strengthen the alliance with a capacity building programme.
- Invest early in co-ordination roles.
- Link into or align with the council's excellent TEC offer.
- Appropriate funding and investment: catalyst fund (to start up), social investment (as above).
- Develop income streams: businesses funding VCFSEs; subscription services; charges to more affluent people for services that also improve their outcomes to reinvest into supporting less affluent customers.

Culture and governance

- Embed preventative working, innovation, responsiveness and flexibility in alliance governance and as services and outcomes are designed.
- Enable "test and learn" approaches.

Neighbourhood health:

how do we harness the full potential of community businesses to keep people healthy, active and independent?

Challenge owners:

Catriona Maclay, *Associate Director, Practice and Innovation, Power to Change*

Afzal Hussain, *Chief Officer, Witton Lodge Community Association*

Challenge supporter:

Hannah Kubie, *Partner, Head of Charity and Social Enterprise, Stone King LLP*

Objectives

Community businesses are locally rooted, locally accountable, and trading for community benefit. The potential of these organisations to prevent health problems and contribute to the neighbourhood health agenda is huge, but they are frequently undervalued and poorly integrated into the wider preventative health ecosystem.

Participants explored and prioritised the conditions that will allow them to succeed and reach their full potential; co-designed practical demonstrator activities to break down barriers and build new opportunities; and identified partners interested in working with Power to Change to test new mechanisms and approaches for working with community businesses on neighbourhood health.

Why this matters

The Neighbourhood Health agenda aspires to deliver person-centred health close to home in a way which is preventative and works with a wide range of partners including VCFSEs and community groups.

But existing health and care ecosystems are not sufficiently preventative (despite agreement on the importance of this, ONS data shows that only 5% of health care spending was on preventative activity; lived experience indicates that existing systems are not preventative). Nor do health and care ecosystems treat community businesses, which are already delivering preventative neighbourhood-based activities, as core and meaningful partners.

Ideas and insights

Neighbourhood-rooted community businesses can play a key role in keeping people healthy, active and independent, because of their:

- Position among the most trusted institutions; they are often able to reach communities that formal healthcare systems have not managed to engage.
- Ability to be responsive to need, person-centred, agile and flexible.
- Ability to connect to the wider determinants of health e.g. quality of housing, economic security.
- Relationships with their workforce who tend to feel more valued, leading to different operational processes.

Enabling community businesses to achieve their potential in neighbourhood health

Barriers

- Lack of protected resources for real prevention; tendency of acute provision to absorb the majority of resources.
- Unbalanced collaboration practices e.g. a small community business being asked to attend 30 meetings a month.
- Inflexible contracts and commissioning, such as GP practice contracts offering little flexibility.
- Mismatched geographic footprints with health system boundaries dominating over citizen-experienced neighbourhoods.
- Constant change in systems meaning community businesses are constantly re-building relationships, or pushed aside for later engagement.

Ideas for practical pilots and demonstrators

- Demonstrator to put community businesses at the heart of delivering preventative health activities as part of the Neighbourhood Health agenda.
- Identify an ICB / related partner looking to work closely with a coalition of community businesses and VCFSEs.
- Community business as convenor for local areas and systems partners; building alliances across a local ecosystem of community groups who are likely to be the first point of contact for communities.
- Focus on recognised areas of priority for health system: winter pressures / "frailty" / older people.
- Don't focus on a physical space; do create some "glue" services.
- Focus on tracking and learning to support wider adoption.

Potential partners to develop and find these demonstrators

Power to Change – needs systems delivery partners (e.g. ICB, local authority) and funders to support a demonstrator project putting community businesses at heart of preventative action around winter pressures.

Watch this short video clip featuring Catriona Maclay filmed at Imagine 2026:
youtu.be/Pw-njZhOk10

Joint commissioning of Tier 3.5 therapeutic homes

for children and young people in Bradford

Challenge owners:

Steve Harrison, Chris Dickinson, Nathan Atkinson, *City of Bradford Metropolitan District Council working with the Bradford Children and Families Trust (BCFT)*

Challenge supporter:

Jamie Otter, *Partner, Stone King LLP*

Objectives

BCFT seeks to design care differently, co-producing homes with providers and the NHS. These homes will deliver therapeutic, trauma-informed care integrated with health and education, ensuring a holistic response to children and young people's complex needs. This will deliver outcomes that reduce escalation to Tier 4 inpatient care, improve placement stability, and enhance the overall wellbeing of children, enabling them to thrive in supportive, nurturing environments. To achieve this, the commissioning process will involve close partnership with a social enterprise to co-design the service specification, embedding innovation and long-term sustainability. BCFT set three objectives for Imagine:

1. To understand the role that social enterprises can play in the delivery of regulated children's home provision and how this model offers benefits over the traditional provider market.
2. To understand opportunities for integrated commissioning, joint decision making and shared risk management.
3. To gain a set of practical, testable ideas for expanding or redesigning Tier 3.5 stepdown provision within the next 6–12 months.

Why this matters

There is increasing and sustained pressure across Tier 4 pathways, with more children and young people (CYP) presenting with acute and complex mental health, neurodevelopmental, and social care needs requiring intensive support. Lack of available solutions and delays in accessing step down capacity are driving prolonged hospital stays, avoidable admissions, and escalating placement breakdowns in the community.

Several factors make this a priority now, including community need, demand trends, national policy priorities to reduce reliance on Tier 4 beds, financial pressure, and operational risk.

Ideas and insights

If nothing changes there will continue to be overuse of Tier 4 beds and unsuccessful use of crisis placements, with longer stays for children and young people who are clinically ready to step down. This would result in increased risks of placement breakdown due to insufficient local capacity; financial escalation through emergency or unplanned placements; and poorer outcomes for children and young people, including delays in rehabilitation, unmet needs, and loss of family or community connections.

Children and young people aged 15–17 with highly complex combined needs are most impacted by current limitations in Joint Tier 3.5 capacity.

Short term crisis placements and spot purchased packages have already been tried. These provide temporary relief but are costly, inconsistent, and not always appropriate.

The role that social enterprises can play

- Should not be limited to funding.
- Can co-design and be involved in commissioning the model and will be important to enable scale and quality.
- The table discussion covered whether or not a traditional procurement is necessary.
- Reduce volatility and add stability.
- Be involved in training and recruitment.
- Collaboration with a wide range of stakeholders.
- Social enterprises' aligned values are important; these can be enablers.
- BUT table participants agreed that provision does not have to be restricted to social enterprise: private providers can engage if they share values.

Opportunities for joint investment across health, social care and education; other funding or investment opportunities

Blended funding from foundations, the local authority, grant funding and public sector pension funds.

- Challenge: expense of social investment; time necessary to source. But having the right partners at the outset can help.
- It's important to be able to demonstrate financial savings/impact from the start.

Developing a sustainable social enterprise model

Barriers

- Workforce: recruitment, retention.
- Workforce resilience.
- Allocation of risk/risk tolerance.
- Timing: delivery on time.

How to address the barriers

- Incubate skill structure.
- Grow own staff.
- Secondments from local authority.
- Cultural fit.
- Flexibility re allocation of staff/ability to swap roles.
- Links with Universities and with Social Care provision.
- Co-produce service model; Terms and Conditions (with provider).
- Collaborate and share information.
- "War game" varied possible scenarios.

Watch this short video clip featuring Nathan Atkinson filmed at Imagine 2026: youtu.be/Rs_Vmh7WPdM

Unlocking social investment

to scale prevention through Live Well in Greater Manchester

Challenge owner:

Scott Darraugh, *CEO, Social adVentures*

Challenge supporter:

Sandra Hamilton, *Consultant, Stone King LLP*

Objectives

Greater Manchester is developing a Prevention Demonstrator through the Live Well model to show how a prevention-first approach can improve outcomes for residents while reducing long-term demand on public services. The challenge is to identify how social investment and blended finance can be unlocked to scale prevention – particularly through VCFSE organisations and community providers that are central to this system.

Why this matters

Public services across Greater Manchester are under increasing pressure from interconnected challenges including poverty, poor health, and economic inactivity. These issues are driving rising demand across health, social care, housing and justice systems.

At the same time, there is a clear opportunity – through the Live Well model – to shift towards earlier, preventative support. However, prevention is consistently underfunded due to fragmented budgets, delayed returns, and difficulty capturing cross-system value.

If nothing changes, demand will continue to rise, services will remain reactive, and opportunities to improve lives and reduce long-term costs will be missed.

Ideas and insights

Greater Manchester is already developing the Live Well model to create a more connected, proactive system of support. Nationally, programmes like Ways to Wellness have shown that social investment (e.g. Social Impact Bonds) can fund prevention where commissioners are hesitant to take upfront risk.

How to better demonstrate the economic value of prevention

- The All Child link worker model in Wigan and London evidenced the value of whole system support and there are learnings from the PAUSE project.
- Live Well is not known to procurement and commissioning teams.
- Map the system and create linkages to address interconnectivity.
- Lessons from Salford, which has strong examples.

- Commissioning – move from outputs to (system wide, shared) outcomes.
- Human Learning Systems (HLS) – commission for learning; Liberated Method.
- MMU/PERU/other academic partnerships.
- Contracts are a good opportunity to signal Live Well, but the best providers no longer bid: community partnerships are needed.

Social investment models best suited to prevention within the Live Well framework

- GMCA needs a social investment strategy.
- Impact bonds: payment for outcomes; diabetes – early wins.
- Philanthropic social investment.
- Community asset development finance (Power to Change).
- Community banks; Community Development Finance Institutions (CDFIs).
- Pride in Place money.
- Kindred regional hubs – 20% growth.

How blended finance (public, philanthropic, private) could unlock scale

- Maximise the flexibilities under the existing procurement regime: make use of the Light Touch Regime; supported employment reserved contracts; the procurement to partnership model.
- Local Authority Pension Fund.
- Accessing capital – flex on return on investment.
- £1–£7 SROI: lock into Liverpool Evergreen Fund.
- Scaling this: Good Growth Fund (£500m); investment readiness.
- Pride in Place Funding through Special Purpose Vehicles.

Impact Economy Partnerships with Greggs, Timpsons, etc.

How VCFSE organisations can access the capital needed to grow prevention services

- Social enterprises can leverage private and philanthropic investment; terms and ability for agility are critical.
- Community partnerships.
- Promote Live Well as a grassroots up movement; encourage all to use the brand.
- Need an equivalent of Kindred (a community development finance institution in Liverpool which supports socially trading organisations).
- Trust; valuing community knowledge; peer-to-peer learning.
- Change procurement practices; move from market purchasing only.
- Scale up the social enterprise alternative provider network (x 80 SEs)

How to measure and value long-term prevention outcomes

- Academic partnerships – start with the heavy users.
- DWP – Gentle Employment Pathways.
- Supported employment Section 32 reserved contracts.
- NHS: create incentive for the NHS to shift resources and change behaviour.
- Section 75.
- Support integrated commissioning e.g. enabling social prescribing.

Three key takeaways

1. **Procurement to Partnership:** integrated commissioning, Section 75 in GMCA.
2. **Adopt the Kindred model to unlock and enable social economy growth** (has achieved 20% growth amongst socially traded organisations in Liverpool).
3. **Inequality lens (Marmot)** risk of postcode lottery across GMCA.

Mainstreaming Community Wealth Building (CWB)

and delivering more through Manchester's Voluntary, Community, Faith and Social Enterprise (VCFSE) sector

Challenge owner:

Mark Leaver, *Strategic Lead for Integrated Commissioning, Manchester City Council*

Challenge supporter:

Julian Blake, *Partner, Stone King LLP*

Objectives

Manchester wants to deepen its approach to CWB by increasing spend with local VCFSE organisations to ensure more public wealth stays within communities. The challenge owner sought to explore opportunities, barriers, practical models, and ideas that could accelerate this work, transforming CWB from a peripheral project into something which becomes a core way of working across the Council, by gaining:

1. A shared understanding of the most significant barriers preventing VCFSE organisations from accessing and sustaining contracts.
2. An understanding of the role outcomes partnerships could play in this agenda.
3. A set of practical, proportionate ideas for how CWB approaches could be mainstreamed within a large public sector organisation.
4. Clear insight into what effective collaboration across commissioners, intermediaries, and providers looks like in practice.

Why this matters

Inclusive Growth is a core element of the Our Manchester Strategy and the Manchester Economy Strategy. The new Greater Manchester Good Growth Fund is a shift in economic approach; with stronger expectations around local spend, community wealth, social value, and inclusive opportunity. Meanwhile, a number of policy and systems change levers are creating new opportunities for deeper investment and different ways of working.

Public services continue to see high demand, with greater need for partnership delivery, preventative models, and community-based provision. There is evidence that VCFSE providers (i) often deliver higher quality services and larger social value impact than their counterparts; (ii) face structural barriers to accessing and sustaining contracts, even where they are well placed to deliver outcomes.

Manchester's inclusive growth, community wealth building and social value ambitions can only be realised through broader changes to economic approaches and by working with a diverse local delivery market. The Council seeks to partner more with VCFSE organisations, but needs to ensure that there are corresponding changes in contract design and risk sharing when delivering complex outcomes.

Ideas and insights

This is a system design issue involving procurement processes, contract structures, and risk allocation. We need to create an environment that can foster commissioning of innovative solutions that can help drive better outcomes for residents.

Where the system breaks down (for local VCFSE organisations) between grant-funded activity and sustainable public-contract delivery

- Location of grants programme into public health "better here".
- Purpose of grant is for subsidy, capacity development, supporting organisations in what they do for the public. Does not bring the security of long-term support.
- Statutory guidance. Domestic Abuse Act. (Subsidy control act – regulation only if a competitive situation or service of public economic interest.
- Problem: grant processes are like procurement processes.
- Problem: drive to standardise organisational contracts.
- Problem: pressure of political timescale to funding.
- Contracts should be managed by the commissioning team, not the contract team.
- Poor contract design and impossible KPIs.
- Commissioning is not procurement.

Changes to commissioning, procurement or contract management which would drive inclusive growth without increasing cost or risk

- Use the collaborative methodology to manage contracts and agree rules and policies.
- Support organisations with assets we hold.
- Learn from the Plymouth Alliance, which undertook analysis of (i) need (ii) method to deliver need (iii) partners needed to deliver in that way.
- Align leadership across local authority functions; appreciate VCFSE culture.
- Quality control within VCFSE organisations is very important.

Steps and activities to move CWB approaches from the periphery to the mainstream

- Understand and align on what we are trying to achieve.
- Co-produce with residents, not only with providers; embed co-production from outset.
- Invite ideas from VCFSE sector and Manchester Social Economy Alliance.
- Design for outcomes and work with data scientists on how to measure it.
- Commissioning Academy: start with design.
- Work with social investors such as Bridges/ other investors willing to share risks.
- Innovation partnerships can be a lever.
- Move from a procurement management to an investment management approach.
- Joint Ventures to enable co-investment; public authorities and VCFSE organisations both have a public benefit purpose and can work together and combine resources towards common purposes.
- Focus on social purpose through open book transparency.
- Joint planning and thinking time with communities to embed trust.
- Consult the less obvious perspectives with potential and/or a fresh outlook.
- Consider impact models (e.g. the Liberated method); encourage agility/creativity.
- Treat delivery organisations as trusted innovation partners.
- Develop the wider economy as the social economy: judge it by its actions not its governance.

Rural transport

Challenge owners:

Redcar and Cleveland cross sector partners supported by **Lloyds Bank Foundation**

Challenge supporters:

Geeta Sharma, *Local Systems Lead, Redcar and Cleveland, Lloyds Bank Foundation*

Eddie Finch, *Partner, Buzzacott LLP*

Objectives

Communities across Redcar and Cleveland, particularly in East Cleveland and parts of Greater Eston, face significant and persistent transport barriers. These include unreliable and infrequent public transport, fragmented active travel infrastructure, and limited connectivity between rural communities and key employment, education, and service hubs.

For many residents, this results in forced car dependency, long and complex multi-leg journeys, and in some cases, complete disconnection from opportunity. These challenges are particularly acute in rural and coastal areas, where geographic isolation compounds existing socio-economic disadvantage.

The table sought to gain a clearer understanding of the most critical transport barriers impacting access to good and fair employment; a set of practical, testable ideas that could be piloted within 6–12 months; and insight into what effective cross-sector collaboration could look like in practice, particularly the role of social enterprise.

Why this matters

Improving rural connectivity sits at the heart of multiple, interconnected system challenges, including economic participation, skills and employment pathways, health and wellbeing, social inclusion, and net zero and sustainable travel. It will benefit young people not in education, employment or training (NEETs), people in low-paid or insecure work seeking better opportunities, working households experiencing in-work poverty due to high transport costs and limited job access, and employers struggling to recruit or retain staff.

Ideas and insights

Varied initiatives have been tested including traditional bus provision, subsidised routes, community transport (which has limited scale and sustainability), and active travel initiatives. There are financial constraints and limited public funding for subsidised transport and commercial viability challenges for private operators in low-density areas.

Most critical transport breakpoints that prevent access to employment

- Private transport commissioning.
- Lack of capacity and capability.
- Disjointed system.
- Lack of alignment between transport planning and economic/employment strategies.
- Low pay.

The role social enterprises can play in filling gaps in traditional transport models

- Capacity/capability.
- Access to capital funding.
- Developing revenue streams.
- They can bring work to people rather than make people go to work.

How cross-sector collaboration between the public, private and social sectors can create more flexible, responsive transport solutions

- Local collaboration.
- Employer technology solutions.
- Identify common interests; those who will gain may pay.
- Investment via LARCH or Key Fund.

Testable interventions designed around real lives

- Multi-modal, locally specific.
- Designed with employer collaboration.
- The table discussed an e-bike scheme.

Watch this short video clip featuring Geeta Sharma filmed at Imagine 2026:
youtu.be/_tthFjYCMmY

Outcomes partnerships

(ingredients for success)

Challenge owners:

Dr Tom Jefford, *CEO, Family Psychology Mutual CIC*

James Westhead, *Head of Engagement, Better Society Capital*

Challenge supporters:

Jovana Lalic, *Senior Policy and Advocacy Manager, Better Society Capital*

Felicia Linch, *Head of Responsible Business, Stone King LLP*

Objectives and why this matters

The £500m Better Futures Fund creates a significant opportunity for the expansion and funding of social outcomes partnerships (SOPs). It will support up to 200,000 children and their families over the next 10 years. Imagine participants on two tables explored the ingredients of successful social outcomes partnerships and how to create commissioner, provider, investor and service user alignment, to create partnerships to address some of the toughest challenges in public services.

Why social outcomes partnerships succeed or fail

Trust, relationships, language and understanding are foundational. Key factors include investing in understanding between partners; ensuring there is shared understanding of risk; accountability; power dynamics; joint commitments (e.g. Bolsover; LORCA career programme); adopting alliance principles; co-designing responsibilities; funding up-front and governance costs; and relational contracting. SOPs must also include the potential for flexibility. Successful examples include Essex co-designing terms and conditions with children's social care provider, ensuring a shared understanding about overcoming challenges; partners who were not interested have walked away; (ii) MacMillan setting up CICs and parking local authority money into the third sector.

Open Book accounting helps to filter out excessive profiteering. It enables "profit with purpose" and providers to show how profit is used e.g. for training. Imagine participants also noted that, since investors' capital is at risk, their interest in a service running well is stronger and they can be active in contract performance management. Risk pricing should include all costs and there must be clarity about what happens if outcomes are overachieved.

Enablers and barriers to new social outcomes partnerships

Strong leadership and good governance are essential. Key barriers include: resistance to innovation and political risk aversion in local authorities; annual budgeting cycles that don't align with long-term prevention investment; commissioner capacity constraints; and the challenge that getting started requires funding for start-up and operational costs, while social investors expect a track record.

Workforce engagement is necessary to enable quicker referrals; this requires myth-busting, education and attention to referral pathways. Transparency between investors and frontline organisations builds trust to bridge the gap between downside risk and human services risk.

Outcomes contracts can best be used to deliver individually-focused, flexible, needs-first services, e.g. where there is high harm or regular A&E attendance; substance misuse; improving health outcomes; addressing loneliness; family intervention projects. They are suited to social prescribing models and for "edge of care" services (e.g. every day that a young person isn't in care/ custody, performance payment could be made back to the investor due to costs saved or avoided).

How to build the evidence for new SOPs

- Soft vs hard outcomes (homelessness vs happiness) – you need evidence about value for money, e.g. the number of people supported into employment.
- Measure avoidance of public service support spend: blend binary outcomes and clinical progress. In Norfolk and Suffolk a psychological services questionnaire which can prove improvements across clinical ranges forms no part of the payment metric but informs a view of whether the service is working.
- Use data to identify risk points and triggers for referrals at best times for families.
- Needs assessments to identify those who would benefit.
- Active research and learning partners (e.g. in Bolsover, existing youth delivery organisations source primary data for work to improve metrics for young people, economic growth, and opportunities for civil society).
- Lived experience, e.g. can young people identify outcomes they want?
- Deep dive into local social issues; identify where money flows and stays in outcome attribution; use local assets as a system.
- Develop a flexible theory of change, e.g. Skills Mill with University of Sheffield.
- Test and learn: understand outcomes then choose metrics to monitor and evaluate.
- Philanthropists want stories, not just metrics.

Next steps to plan for the Better Futures Fund

- Need for multi-year funding to local authorities and for programme design time.
- Build in considerations re social value – need for due diligence and trust-based relationships, and don't rush into procurement contracts.
- Pilot different approaches e.g. Buurtzorg model; learn from past programmes.
- Systemic approaches not isolated interventions (wrap around care, e.g. SureStart).
- Structures must follow the task; relationships are a key enabler.

Key takeaways

1. The need for better measurement, evidence and data systems, with participants stressing that SOPs depend on credible metrics, monitoring and proof of impact.
2. Relationships are critical: success depends on trust between commissioners, investors and other stakeholders, as well as champions who can open doors.
3. Commissioner capacity and appetite are a barrier: limited time, risk aversion and weak incentives make it hard for public bodies to engage in new approaches.
4. Social enterprises need more upfront support, including test-and-learn funding, governance and legal support, and practical help to build capacity.
5. Many issues are systemic and long term. Fragmented services, siloed budgets and short funding cycles work against the prevention-focused, whole-system approach needed for lasting impact.

Watch this short video clip featuring James Westhead filmed at Imagine 2026: youtu.be/8WCSfOFmQDo

E3M is a strategic initiative led by Social Business International to support social enterprise innovation in public services. We do this by exchanging knowledge and practice across three networks: a group of 30 leaders of social enterprises that collectively deliver over £1 billion of public services across a wide range of areas, a group of "bold commissioners" with senior roles in local public authorities and a group of social impact investors and funders.

Bringing their different perspectives together, E3M is a catalyst for change, to improve the way services are delivered and improve outcomes for people and communities.

This is done through a programme of learning and innovation events and activities, thought leadership and engagement on key issues that are crucial for success.

Find out more about E3M at
www.e3m.org.uk

Download our book, Vitalising Purpose at
www.e3m.org.uk/vitalising-purpose-book

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