

**Guidance:**

# **Public Social Partnerships: Defining the Model**

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A guide for the Third Sector and Public Sector  
Service Managers, Commissioners and Procurement  
Professionals

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# Introduction

**Public Social Partnership (PSP) is a model which focuses on involving the Third Sector earlier and more deeply in the commissioning and design process of a range of public services. It is based on the principle of the Third and Public Sectors working in partnership to design a new, or re-design a current service with the goal of delivering better outcomes for citizens, based on explicit feedback from those who use public services. Services are then piloted prior to a (potential) competitive tendering process. It is not, therefore, a model for funding third sector organisations to deliver services.**

The Scottish Government has invested significantly in previous pilot programmes that have sought to develop and test the Public Social Partnership model:

- Three PSP pilots commissioned by the Social Economy Scotland Development Partnership in receipt of funding from the EU EQUAL programme, commencing in 2005<sup>1</sup>;
- Ten PSP Pilots funded between 2009 and 2011 by the Scottish Government<sup>2</sup>.

Following these pilot projects, the Scottish Government determined to further develop the PSP model as a core part of

the 'Developing Markets for Third Sector Providers' programme<sup>3</sup>, taking into account the lessons learned and building on the learning and successes achieved in the previous pilots.

As a consequence of the Developing Markets programme, interest in and adoption of PSP has grown significantly and there are now over 40 PSPs in Scotland, bringing new and innovative services to a range of different public services including social care, health, transport and criminal justice.

Whilst the definition provided above is broadly true for all PSPs, a number of differences

have been observed in how the model has been implemented. This, consequently, means that diverse interpretations of what a PSP 'is' exist, and opens up the opportunity for confusion. This paper seeks to explain the core principles of the PSP model and its different applications, with the aim of eliminating misunderstanding. It seeks to compare these different approaches and to move towards a formal PSP definition based on more recent experience.

<sup>1</sup>'Public Social Partnership in Scotland: Lessons Learned', Forth Sector Development, 2007

<sup>2</sup>'A Practical Guide to Forming and Operating Public Social Partnerships, Scottish Government, 2011: [Visit Link](#)

<sup>3</sup>Ready for Business: [Visit Link](#)

## Defining Public Social Partnerships

Broadly, PSPs have developed in two different contexts in Scotland – ‘Strategic’ PSPs and ‘Change Fund’ PSPs. These approaches to PSP are assessed against six criteria, which are summarised in the table below.

Criteria	Strategic PSPs	Change Fund PSPs
<b>PSP Formation</b>	Organically grown as a response to a need for change	Formed in response to creation of a Change Fund which will provide external funding through a competitive process which is assessed at a national (central) government level
<b>PSP Development</b>	Able to fully explore future approach and develop relationships as a result of mutually agreed timescales	Faster progression with set deadlines and thus less opportunity to explore approaches
<b>Timescales</b>	Timescales are agreed between partners taking into account partner requirements – this can lead to slower, more organic progression	Tight timescales for service design and pilot phase imposed through funding timescales
<b>Funding</b>	Provided by a combination of Public Sector, Government and external funding (e.g. local authority, NHS, Trust funds, Big Lottery)	Provided by Sponsoring Trusts and Government funding for limited periods only
<b>Locality</b>	Predominantly local	Predominantly local, however significant national PSPs do exist
<b>Sustainability</b>	Public Sector typically bought into the process from the outset therefore likely to be implicit agreement to fund successful, evidence-based services post pilot phase	Sustainability more challenging as existing services may need to be decommissioned or reconfigured to free up funds

# Strategic PSPs

## Formation

The Strategic PSP model is based on organic growth due to a previously identified need to improve public services, or in response to a change in an operating environment.

The PSPs include –

- **Low Moss Prison:** a programme to meet the needs of short-term prisoners whilst still in prison and after release with a focus on ensuring that reoffending is reduced.
- **NHS Lothian:** A number of PSPs have been developed by NHS Lothian and partners across the third sector, including:
  - The realignment of mental health services to have a greater focus on delivery of services in the community through the Wayfinder PSP, as part of the Royal Edinburgh Hospital redevelopment;
  - Using Green Space: Art Space to enhance therapeutic experiences in the grounds around the new Royal Edinburgh campus;
  - The GameChanger PSP, a partnership between NHS Lothian, Hibs Football Club

and the Hibs Community Foundation (with a range of other interested partners identified) which aims to use the passion that football invokes to make greater use of the assets that Hibs Football Club has to deliver a better future for the disadvantaged within the community; and

- A newly developed PSP which focuses on developing a specialist psychological trauma centre – the Rivers Centre. The centre will support those who suffer from the effects of psychological trauma.
- **Review and redesign of supported living models in East Renfrewshire Health and Social Care Partnership (HSCP):** services for people with a learning disability including support and advice on Self Directed Support and maximising use of new technology.
- **The Life I Want:** modernisation of traditional day services for people in Glasgow who have learning disabilities, broadening access to SDS/personalisation, employment, education and community based opportunities.

- **Strathclyde Partnership for Transport (SPT) Community Transport:** redesigning community transport solutions which are demanded and responsive to the current and future needs of communities of place & interest.

Strategic PSPs are not formed in response to funding availability but rather in response to an identified need, allowing more flexibility to shape service design. PSPs identified and in some cases established partnership relationships before seeking out advice and additional support from Government and other sources such as Ready for Business.

## PSP Development and Timescales

Strategic PSPs develop their partnership over a much longer period of time than Change Fund PSPs. Strategic partnerships are therefore able to develop relationships, trust and fully explore different approaches. This also enables them to ensure that new services are co-designed to be effective and improve outcomes as they are not confined to restrictive timescales or criteria. The more relaxed timescales also allow strategic PSPs to fully develop Governance processes and robust project management. However the scale of these projects is very large and therefore time consuming due to the number and range of involved stakeholders. This can make progression and subsequent achievement of results slower.

## Funding

Due to the organic development of Strategic PSPs, funding is often not immediately available for the design stage. PSPs can consider use of grant funding from public or charitable sources, however there will be a significant level of in-kind contributions from partner organisations. The public sector is often heavily involved in the instigation of such PSPs and therefore tends to buy into the process at the beginning, leading

to an in built agreement from the public sector to fund a successful service in the future. This allows strategic PSPs to be slightly more creative in how resources are utilised, and also provides a more solid base for future sustainability. However, it should be reiterated that there is no guaranteed funding available for this type of model<sup>4</sup>.

## Locality

Locality is dependent on the services which a PSP is hoping to develop or improve, as they may be available either on a local or national scale. Strategic PSPs tend to be predominantly localised, although there exists the potential to replicate the model in other locations (with some adaptations to other local contexts). This allows a large number of service users to be targeted whilst keeping the logistics relatively straight forward. Locality can also impact the range of third sector partners able and willing to commit to the PSP.

## Sustainability

Due to the nature of the Strategic PSP approach, sustainability is more likely to be embedded from PSP conception. As noted above in the funding section, Public Sector partners buy into the process from the outset therefore future investment

is more likely and leads to a strong likelihood of a sustainable service. In many cases, a PSP will culminate in a competitive procurement process in line with EU and Scottish procurement regulations, due to the anticipated funding requirements and scope of services. However, in each case commissioners will need to carefully consider the range of options available, including grant funding, before agreeing on the most appropriate sustainability route to pursue. Specialist legal and procurement advice will be essential at this stage.

In advance of any formal commissioning and procurement exercise, the existing Partnership will in this situation be 'broken up' to allow Third sector partners to bid against others for the contract. The responsibility for developing a service specification is entirely the jurisdiction of the public sector. While there is opportunity for existing partners to be successful in winning this contract, this is not guaranteed. The PSP will still be deemed a success if the service design is implemented in the future, regardless of who delivers the service.

Approaching the PSP pilot evaluation with rigour and aligning the outcomes to both service users and commissioners will be key to securing future funding and ensuring sustainability.

<sup>4</sup> See RfB PSP FAQs: [Visit Link](#)

# Change Fund PSPs

## Formation

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Change Fund PSPs were established largely due to the interest generated by the Strategic PSPs and through a heightened profile of the PSP model through the Developing Markets for Third Sector Providers' Programme. This led to the model being used as a criterion for funding in the Reducing Reoffending and Early Years Change Fund bidding processes. These PSPs were consequently created in response to funding being made available from the Scottish Government and partners to cover the cost of service design and piloting. 6 Reducing Reoffending PSPs and 20 early years PSPs were successful in obtaining funding.

There are several clear challenges for Change Fund PSPs. The incentives for using the PSP model are distorted because they are formed in response to funding availability as opposed to a joint and mutually identified need to improve services through partnership. This provides a less stable (initial) basis for partnership development than with strategic PSPs, with time being needed during service piloting to continue strengthening relationships.

## PSP development and timescales

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Funding for Change Fund PSPs is restricted to shorter timescales than Strategic PSPs leading to limited time being available for developing partnerships. This creates significant pressures on PSPs to establish robust Governance and project management / delivery procedures. Crucially, there is a significantly shortened period for PSPs to design new services and engage with service users before they are required to commence piloting – this has been less than six months in many cases. This can be very challenging as it means services will only be designed at a high level before pilot implementation. However, Change Fund PSPs may be more likely to progress quickly through the process and will see results for service users faster. Despite the initial stages of the PSP process being accelerated, the pilot phase for testing of the service should remain similar to that of the Strategic PSPs.

## Funding

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Change Fund PSPs receive their funding from Scottish Government and in the Reducing Reoffending Change Fund, a contribution from The Robertson Trust. Funding is made available directly to PSPs that are successful in the competition process. Funding will cover all of the costs expected to be incurred during the PSP process.

The total fund is distributed to successful PSPs with individual grants given at the discretion of the selection committee. In the existing Change Funds, 20 Early Years and 6 Reducing Reoffending PSPs were successful.

## Locality

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Typically, like strategic PSPs, Change Fund PSPs focus on local service delivery, targeting users across regions of Scotland. However the scope for Change Fund PSPs is such that services can be delivered on both a regional and local scale. Indeed, the Reducing Reoffending Change Fund has been the first to implement two PSPs on a national level. There are additional benefits and complexities to delivering a national service, such as significant economies of scale and a standardised delivery of service across the country. However agreeing a service and implementing this across different localities is logistically challenging and may not be the most suitable solution for all locations. This can also cause significant complexities with regards to future service commissioning as there may be a number of organisations who could or should be involved in the procurement and management of agreed services.

## Sustainability

Achieving sustainability for Change Fund PSPs could be considered a greater challenge than for Strategic PSPs. This is largely due to the PSPs being formed in response to available funds, as opposed to an explicit Public Sector desire/need for change. With future Local Authority funding continually under pressure and suffering cuts, it is unlikely that both existing services and the PSP service will be able to be funded from single authorities. The Change Fund PSPs must therefore not only show through the pilot evaluation that they are a successful PSP, but also that they are better than existing services in order to convince local authorities or other public bodies to decommission existing

services and invest in the PSP service. In some cases, it is a challenge for individual PSPs to understand who the ultimate commissioner(s) should be, the range of commissioners who are beneficiaries of the new service outcomes and ensure that they are willing to take on this role.

As is the case with Strategic PSPs, Change Fund PSPs are also likely to go through a competitive procurement should the service be deemed successful and continue into the future. However commissioners will again need to consider the most appropriate approach, including grant funding, for sustaining the PSP. In the case of a procurement process, the existing partnership will be 'broken up' to allow Third sector partners to bid against others

for the contract. While there is opportunity for existing partners to be successful in winning this contract, this is not guaranteed. The PSP will still be deemed a success if the service design is implemented in the future, regardless of who delivers this service.

Other funding sources are available to all PSPs through charitable funds from a number of private and third sector sources and both sets of PSPs should utilise these. This makes achieving sustainability a significant challenge for Change Fund PSPs as there is no committed commissioner or funder. This issue is exacerbated by the limited involvement of public sector partners in some partnerships.

## Importance of PSPs in a policy context

Since the Christie Commission report<sup>5</sup> on reforming public services and the Scottish Government's response to its recommendations<sup>6</sup> - the Service Reform Programme in Scotland is supporting a decisive shift towards Prevention. Public Social Partnerships have the potential to make a significant contribution to this agenda, including meeting the Government's ambitions to engaging the third sector earlier and more deeply in the design and delivery of public services. In addition, the Procurement

Reform (Scotland) Act 2014<sup>7</sup> and new EU Directives will provide a number of legislative levers and measures to ensure that public procurement maximises economic impact as well as address community benefit and social and environmental issues. The Scottish Government acknowledges the importance of public services being outcomes based and person centred, and that these principles apply to procurement as much as any other aspect of public service. The current policy landscape in Scotland - Procurement

Reform, Service Reform, Health & Social Care integration and Self Directed Support all point towards a need to change service delivery models whilst continuing to improve outcomes and efficiencies.

In this context, PSPs have the potential to contribute significantly to achieving improved service outcomes and efficiencies through supporting co-production principles, collaborative commissioning and partnering with the third sector in design and delivery.

<sup>5</sup> [scotland.gov.uk](https://scotland.gov.uk): [Visit Link](#) <sup>6</sup> [scotland.gov.uk](https://scotland.gov.uk): [Visit Link](#) <sup>7</sup> [scotland.gov.uk](https://scotland.gov.uk): [Visit Link](#)



# Mythbusting

As the PSP model is still a relatively new approach, it is to be expected that a number of assumptions will be made about what constitutes a PSP based on current experiences. It is important to identify and address a number of the myths which exist around the model, to ensure clarity of understanding and achieve consistency in its application:

- 1.** The PSP model is not a rigid model that can be applied to all change scenarios, but instead provides a structured way for partners to design services by clearly linking service commissioning with procurement processes. The model does not provide a rigid set of steps to facilitate change, instead it provides a guidance process to allow all service redesigns to put in place robust governance, planning and testing to achieve a superior service that is sustainable in the future. This approach allows the model to remain suitably flexible to be used in a number of situations, particularly those concerned with 'people-focused' services.
- 2.** The PSP model is also not a way of avoiding existing procurement regulations or thresholds. Equally, it is not about unfairly favouring third sector organisations over and above other sectors and SMEs. Following the end of the testing period of the process, and assuming that the pilot has been successful, the appropriate public sector partner/s will choose to either procure or commission the service through an alternative route. All the existing procurement and state aid rules and regulations will still apply to this process. For more information on what these regulations mean for you, please contact RfB for more details.
- 3.** The PSP model is a way to derive greater social value and community benefit from the design and delivery of public services. By forging partnerships between the third sector and public sector, there is access to a greater pool of knowledge and innovative thinking, and enhanced links with local communities. This can only be beneficial and means that future services should meet user requirements more effectively as the process taken to get there has inherently involved service users.
- 4.** PSPs are not expected to be reliant on long term grant funding; instead they are embedded in the commissioning and procurement lifecycle. The pilot stage of the process enables the PSP to gather evidence of the benefits which the service has brought whilst also refining the service design. The PSP must align the benefits with the expectations of future commissioners and funders to ensure that their expectations are met. This fully embeds the PSP in the commissioning and procurement process and prevents the PSP from relying on long term government funding.
- 5.** The PSP is not a way for organisations to obtain each other's Intellectual property, instead it is a way of building relationships and sharing knowledge and experience to design and deliver an improved service which benefits all parties but especially the public. The partnership is not a legal entity but instead uses an informal memorandum of understanding which partners create and adhere to and is therefore based on equality, trust and accountability.
- 6.** The PSP process is not a quick fix; the services are intended to be designed to be in place for significant periods of time. It is therefore important for the service design to continually consult service users and continually improve the service using an iterative process. This may mean that current services may need to be decommissioned to free up funding for investment in the PSP service.
- 7.** The PSP process is not discriminatory against smaller providers; it is in fact the opposite. All PSPs are encouraged to involve as wide a group of providers as possible to gain input into service design in order to make the service as robust as possible. The partnership is equal between the third sector and the public sector and all interested providers are able to register interest and get involved.

# Conclusion

As can be seen from the different PSPs which are emerging across Scotland, there is huge variety in service provision and in the way that PSPs are being established and governed. However, despite these differences, there are common themes throughout; robust governance, public and third sector partnership working, service user contribution to service design, innovation in service delivery, pilot design and testing, the potential for a competitive procurement process and a focus on a sustainable service. Despite the different approaches these themes remain constant, and by combining this approach with the experience and expertise of the third sector and public sector, the model will deliver better outcomes for service users whilst embedding social value to maximise community benefit.

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## Further information

Further information on PSPs can be found at <http://readyforbusiness.org/programme-offering/public-social-partnerships/>

A number of case studies on Strategic PSPs can be viewed at <http://readyforbusiness.org/case-studies-public-social-partnerships/>

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## Key Contacts:

**David Fogg**  
Email: [David.Fogg@KPMG.co.uk](mailto:David.Fogg@KPMG.co.uk)  
Tel: 07919392369

**Pauline Graham**  
Email: [pauline.graham@socialfirms.org.uk](mailto:pauline.graham@socialfirms.org.uk)  
Tel: 07738061925

**Robin Fallas**  
Legal Queries  
Email: [robin.fallas@macroberts.com](mailto:robin.fallas@macroberts.com)  
Tel: 0131 248 2158

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[www.readyforbusiness.org](http://www.readyforbusiness.org)

**Ready for Business Procurement LLP**

Moorpark Court, 5 Dava Street, Govan, Glasgow G51 2JA  
[info@readyforbusiness.org](mailto:info@readyforbusiness.org)