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1. PURPOSE

- 1.1 Cabinet Office (the Authority) invites tenders to undertake primary research on the public service mutuals sector (including around 115 public service mutuals). The key purpose of this work is to better understand the features of this dynamic sector, what it needs to grow and its performance to date. This follows a comprehensive review of the finance market for public service mutuals, after analysis of 71 mutuals, Soft Finance, Hard Choices (Boston Consulting Group, 2013), which is available online [here](#).
- 1.2 This will support the Government's development of a strategy to deliver its commitment to support an increase in public service mutuals and live public service mutuals to be long-term sustainable organisations able to grow and compete for new contracts.

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 The Cabinet Office supports the Prime Minister and ensures the effective running of government. It is also the corporate headquarters for government, in partnership with HM Treasury, and takes the lead in certain critical policy areas.
- 2.2 The Office for Civil Society works across government in support of the voluntary, community and social enterprise sectors and their important contribution to public services and the social economy.

3. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

- 3.1 The Prime Minister and Minister for Civil Society, Rob Wilson, are committed to supporting growth in public service mutuals as part of reforms to the public sector.
- 3.2 The Government has a Manifesto commitment to guarantee a 'right to mutualise' within the public sector. Mutuals can also make an important contribution to broader aims to reform public services and strengthen the social sector.
- 3.3 Over the last seven years, the Government has seen a steady increase in the number of mutuals that have emerged from the public sector. Today there are around 115 public service mutuals (up from just 9 in 2010). Many have been supported through past programmes such as the Department of Health's Right to Provide and Right to Request and the Cabinet Office Mutuals Support Programme.
- 3.4 Public service mutuals can realise benefits for frontline staff, commissioners and service users because staff are given a voice in the organisation and how it is run. By freeing employees to deliver and improve their services as they know best, mutuals enable innovation, and because they feel more engaged, staff are likely to stay longer with the organisation and miss fewer days of work.
- 3.5 The previous Cabinet Office Mutuals Support Programme ended in 2015. This research will help to inform the Government's refreshed approach to supporting an increase in public service mutuals.

4. DEFINITIONS

Expression or Acronym	Definition
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Public Service Mutuals	Organisations that have ‘spun out’ of the public sector, continue to deliver public services and in which employee control plays a significant role in their operation (for example, staff share ownership or representation on the board). They can assume a range of legal structures, including charities, co-operatives and community interest companies (CICs).
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5. OVERVIEW OF REQUIREMENT

- 5.1 The research is required to collect and report on primary data from existing public service mutuals to build a current evidence base in relation to the characteristics and performance of the sector. This should include, or be complemented by, a selection of case studies of existing public service mutuals.
- 5.2 The primary objectives of this research are to better understand:
 - 5.2.1 The features of public service mutuals, including the range of legal structures, size, ages, service areas served, and geographic spread in this sector;
 - 5.2.2 The performance and benefits of existing public service mutuals;
 - 5.2.3 The key drivers of successful mutualisation and public service mutuals’ ongoing performance and sustainability;
 - 5.2.4 The challenges that public service mutuals face in development and growth; and
 - 5.2.5 What support and conditions are needed to deliver the Government’s commitment to support a growth in public service mutuals.
- 5.3 In undertaking this research the Supplier is expected to:
 - 5.3.1 Design the research tools needed, including survey questions;
 - 5.3.2 Liaise with sector representative bodies, and potentially other key stakeholders in the public service mutuals sector, to assist access to existing public service mutuals and maximise participation in the research;
 - 5.3.3 Collect primary data from a statistically significant and representative sample of existing public service mutuals primarily through interviews;
 - 5.3.4 Collate the primary data in a format that can be shared with the Authority; and
 - 5.3.5 Produce a written report of the research findings, including or complemented by a number of case studies of existing public service mutuals.

6. SCOPE OF REQUIREMENT

- 6.1 The research should answer the following key questions (questions are non-exhaustive and will be finalised by the Supplier to the Authority’s satisfaction upon project commencement):
 - 6.1.1 What are the motivations for mutualisation amongst public services?

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- 6.1.2 What is the range of different legal structures, sizes, partnership arrangements and business models adopted by public service mutuals?
 - 6.1.3 How are public service mutuals performing and what are the benefits of becoming one?
 - 6.1.4 Are some models/features more or less conducive to delivering impacts and benefits than others? What are the reasons for this?
 - 6.1.5 What does a successful mutualisation journey look like and what support and conditions are needed to enable this?
 - 6.1.6 What does a successfully operating mutual look like and what are the support and conditions needed to enable this?
 - 6.2 To answer the key research questions it is anticipated that the Supplier will need to collect quantitative and qualitative data in relation to the characteristics and performance of public services mutuals including:
 - 6.2.1 Service characteristics (such as geographical location, service area, stage of mutualisation and age);
 - 6.2.2 Performance over time (financial including change in revenue streams, social impact and other benefits);
 - 6.2.3 Workforce characteristics (such as size, staff turnover, absenteeism and engagement);
 - 6.2.4 Organisational characteristics and the rationale for these characteristics (such as legal form, use of partnerships, employee ownership and governance features);
 - 6.2.5 Historical, current and expected future finance requirements and the rationale for these choices (such as source of finance, type of finance and uses for finance);
 - 6.2.6 Experience of mutualisation including the motivation to mutualise, barriers, enablers and support received;
 - 6.2.7 Experience of ongoing operation and growth including barriers, enablers and support received; and
 - 6.2.8 The relationships (if any) between performance and other factors such as organisational characteristics or support received.
 - 6.3 The Supplier should ensure that it collects comprehensive data from a statistically significant and representative sample of existing public service mutuals. The Potential Provider should include a proposed sampling approach in the tender response that includes proposed sampling criteria such as stage of development across the mutualisation lifecycle, size and geographic location. The Authority is also interested in responses proposing additional literature review and/or engagement with other
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- sector stakeholders within the available time and budget to strengthen the analysis and welcomes innovative proposals to this effect.
- 6.4 To support contacting public service mutuals the Authority will make available to the Supplier a list of known existing public service mutuals and contact email addresses for these organisations to the extent possible.
- 6.5 It is anticipated that the Supplier will liaise with sector representative bodies to assist its access to existing public service mutuals and maximise participation in the research. The Authority will also provide contact details for relevant sector representative bodies including the Employee Ownership Association and Social Enterprise UK.
- 6.6 It is expected that the Supplier will work with the Authority to finalise the design of the research approach and tool(s). The Authority welcomes suggestions for the most appropriate research method(s) to ensure that comprehensive, robust data is collected from a statistically significant and representative sample of public service mutuals. However, it is suggested that this may include:
- 6.6.1 Qualitative interviews with senior executives of existing public service mutuals and other relevant staff;
 - 6.6.2 Electronic data capture of relevant quantitative data; and
 - 6.6.3 Providing research participants with a data and information request in advance of data collection to allow them to prepare their responses.
- 6.7 The deliverables required for the research project will include:
- 6.7.1 A detailed project plan/timeline setting out how the Potential Provider will deliver the research within the timeframe;
 - 6.7.2 A research tool or tools to conduct research with existing mutuals;
 - 6.7.3 Collated quantitative/qualitative data on the current public service mutuals sector (a clean data set in one of the following formats: Excel or CSV file);
 - 6.7.4 Draft and final reports drawing out the key findings and implications for the mutuals strategy work based on the data. The final report is expected to summarise the research findings, including:
 - 6.7.4.1 The range of key stakeholders in the mutuals sector and their roles;
 - 6.7.4.2 The profile of existing public service mutuals, including their size, scale, legal and governance structures, service areas and geographic spread;
 - 6.7.4.3 Benefits of mutualising and operating as public service mutuals;
 - 6.7.4.4 Performance (including commercial and social impact) of existing public service mutuals;
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- 6.7.4.5 Key enablers (including organisational features or conditions) of successful mutualising, and operation and growth of existing public service mutuals; and
- 6.7.4.6 Key challenges/barriers (including an organisation's features or conditions) to successful mutualising, operation and growth of existing public service mutuals.
- 6.8 The Authority will provide comments where necessary which should be integrated into final versions of these deliverables. Sufficient clearance should be built into timescales to accommodate this activity.
- 6.9 It is expected that the successful bid will:
- 6.9.1 Demonstrate a good understanding of the public service mutuals and/or wider social enterprise sector;
- 6.9.2 Outline the proposed research methodology with brief discussion on how the proposed activities meet the project requirements;
- 6.9.3 Propose a sampling approach for ensuring a statistically significant and representative sample of mutuals participate in the research and outline the activities that the supplier will undertake to ensure participation;
- 6.9.4 Outline their proposed analysis of the data to generate findings that will inform the development of a strategy to support a growth in public service mutuals; and
- 6.9.5 Outline the personnel who would carry out the work and their relevant qualifications and experience, including previous projects of a similar nature.

7. KEY MILESTONES

- 7.1 The Supplier should note the following project milestones that the Authority will measure the quality of delivery against:

Milestone	Description	Timeframe
1	Authority's agreement to detailed project plan and timeline	Within 1 week of Contract Award
2	Authority's agreement to research methods and tools	Within 2 weeks of Contract Award
3	Submission of draft report	Within 5-6 weeks of Contract Award
4	Submission of final report	Within 7 weeks of Contract Award

8. AUTHORITY'S RESPONSIBILITIES

- 8.1 The Authority will make available to the Supplier:

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- 8.1.1 A list of known existing public service mutuals and contact email addresses for these organisations to the extent possible;
 - 8.1.2 Contact details for relevant sector representative bodies to assist access to public service mutuals; and
 - 8.1.3 Links to a selection of publications on the public service mutuals sector.

9. MONITORING

- 9.1 It is expected that the Supplier will regularly update the Authority (minimum weekly) on project progress including any issues or risks, emerging findings and participant response rates.
- 9.2 During the Term of the Contract, the Supplier will attend a weekly project progress update conversation with the Authority's representative (Jonathan Lindley, Director of Mutuals), or his nominated representative.

10. REPORTING

- 10.1 The Supplier will be required to:
 - 10.1.1 Submit proposed research tools and communication materials to Cabinet Office for sign off before use;
 - 10.1.2 Submit a draft research report to the Authority within 5 to 6 weeks of contract commencement; and
 - 10.1.3 Submit the final report from this research within 7 weeks of contract award for intended publication by Cabinet Office in 2016.

11. VOLUMES

- 11.1 N/A

12. CONTINUOUS IMPROVEMENT

- 12.1 The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration if more effective ways of working are identified during service delivery.
- 12.2 Changes to the way in which the Services are to be delivered must be brought to the Authority's attention and agreed prior to any changes being implemented.

13. SUSTAINABILITY

- 13.1 N/A

14. QUALITY

- 14.1 N/A

15. PRICE

- 15.1 It is expected that bids will be in the range of £45,000-£75,000. Potential Providers should take note of the price evaluation guidance set out in Appendix D, section 2.4.
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- 15.2 Potential Providers should provide their total fixed price and an accompanying price breakdown. As a minimum, this must include a breakdown of costs by the deliverables set out at section 6.7 above and any expenses. Potential providers should indicate the number of days each team resource will contribute to each deliverable. Potential Providers must upload the price schedule at the question level on the e-Sourcing event.

16. STAFF AND CUSTOMER SERVICE

- 16.1 The Authority requires the Supplier to provide a sufficient level of resource throughout the duration of the research into the public service mutuals sector Contract in order to consistently deliver a quality service to it.
- 16.2 The Supplier's staff assigned to the research into the public service mutuals sector Contract must have the relevant qualifications and experience to deliver the Contract.
- 16.3 The Supplier shall ensure that staff undertaking this work understand the Authority's vision and objectives and will provide excellent service to the Authority throughout the duration of the Contract.

17. SERVICE LEVELS AND PERFORMANCE

- 17.1 The Authority will measure the quality of the Supplier's delivery by the following key performance indicators (KPIs):

KPI	Service Area	KPI description	Target
#1	Research participation	Research to be conducted with a statistically significant, representative sample of existing public service mutuals, to be agreed with the Cabinet Office upon project commencement.	100% participation of agreed sample
#2	Final report	Final report to be submitted within 7 weeks of project commencement.	Within 7 weeks of project commencement

18. RISK MANAGEMENT

- 18.1 The Supplier will be required to implement a structured approach to risk management, outlining the key risks identified and how these will be managed. This is to include risks relating to project delivery, in addition to presentational risks due to the high profile nature of this programme.
- 18.2 Potential Providers should outline full details of this plan as part of their response, including the course of action to be followed should risks to project delivery arise, e.g. in the case of low response rates and/or slippage.

19. SECURITY REQUIREMENTS

- 19.1 N/A

20. INTELLECTUAL PROPERTY RIGHTS (IPR)

- 20.1 The report and all related outputs and data remain the intellectual property of the Authority.

21. PAYMENT

- 21.1 Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.
- 21.2 Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.
- 21.3 The Authority and the Supplier will agree the payment schedule for the Services on contract award.

22. ADDITIONAL INFORMATION

- 22.1 N/A

23. LOCATION

- 23.1 The location of the Services will be carried out at primarily at the Supplier's offices. Research and interviews may be required at various locations across England.