

Open Referral UK

Scoping Funding and Commercial
Structure Options

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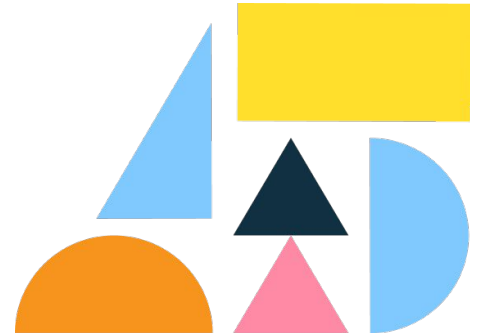

Ministry of Housing,
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Our approach

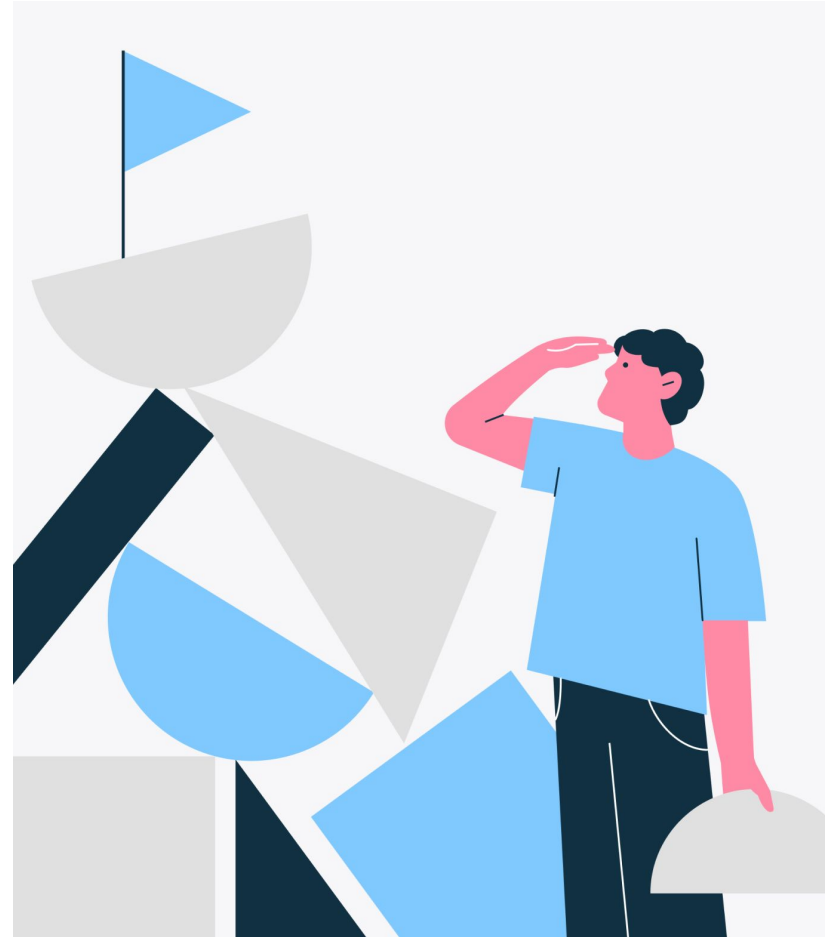
Research questions and the aim of this work

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Research questions

Our approach to this work

We have structured our assessment of potential set-up structures for ORUK based on the following research questions:

Theme 1: Value proposition and essential functions

RQ1A. What is the value created by ORUK and for whom?

RQ1B. What tasks / processes need to be sustained within ORUK to help achieve its goals?

Theme 2: Funding pathways

RQ2A. What are the most viable potential sources of funding to sustain ORUK's operations?

RQ2B. Which stakeholders derive the most direct value from ORUK and can be expected to pay for its maintenance?

Theme 3: Feasible operational and commercial structures

RQ3A. What are the different options for operational and commercial structures that ORUK could implement?

RQ3B. Which of these are most feasible and why?

Methodology

How we have carried out this work

1 Desk research

We have looked at a range of evidence to support and assess ORUK's current roadmap, including its [Discovery](#), [Alpha](#), [Beta](#), and [supplementary](#) reports, operational structures and evaluations for groups like [LOTI](#), [LCRIG](#), [LocalGov Drupal](#), [OR international](#), [HACT](#), [SAVVI](#) and [ODI](#), and best practices for [commercialising](#) government innovation such as the [HMT Rose Book](#).

2 Stakeholder engagement

We have consolidated perspectives from stakeholders across different user groups including:

Delivery partners: TPX Impact

Community service providers: Tribe, Enrolmy

Local government: Buckinghamshire

Other organisations: LOTI, HACT, LocalGov Drupal, SAVVI

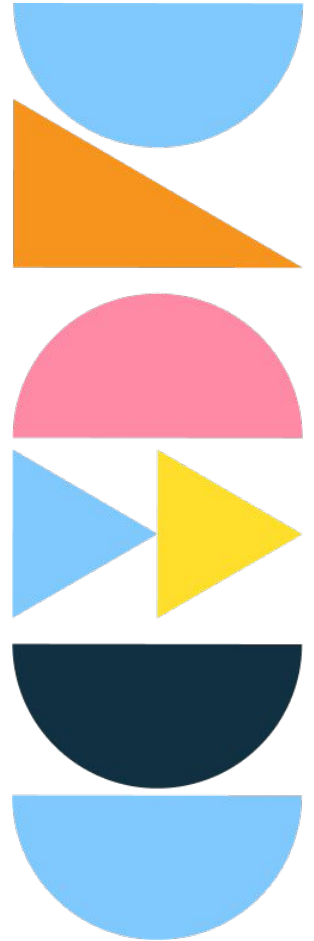
These stakeholders have been engaged at different points through the Local Digital M&E contract, but have fed into their experiences with or opinions on ORUK broadly.

Research Question 1

ORUK's value proposition and essential functions

RQ1A. What is the value created / provided by ORUK and for whom?

RQ1B. What tasks / roles / processes need to be sustained within ORUK to help achieve its goals?



RQ1A. What is the value created / provided by ORUK and for whom?

What has been done to answer this question so far:

Existing product / service offerings

- [Open Referral standard and adoption or implementation guides](#)
- [API Query tool](#)
- [Service directory exporter](#)
- [Service directory validator](#)
- [ORUK compliance dashboard](#)
- [Community](#) (includes case studies and forums for OR international, technical, UK-specific, adoption, data management, and governance)

Benefits and existing metrics and evidence

- 4 core areas of benefits mapped out [here](#): (1) data input & maintenance; (2) community service linkage; (3) service provision; national organisation reporting
- [Estimated cost](#) of maintaining service data across tier 1 LAs is £.8.7m
- Estimates of time and cost savings from ORUK for data custodians, front line staff, etc. available [here](#)

User Groups

From TPXImpact work [here](#)

Personas



Gemma – VCS
directory provider



Martin – Directory
software vendor



Heather – Council
customer lead



Grant – LA digital
innovation lead

Other groups

- Citizens
- Referrers / link workers
- LA service commissioners
- LA senior leadership
- Other related orgs like police

RQ1B. What tasks / roles / processes need to be sustained within ORUK to help achieve its goals?

The two broadest categories of **ORUK functions** are:

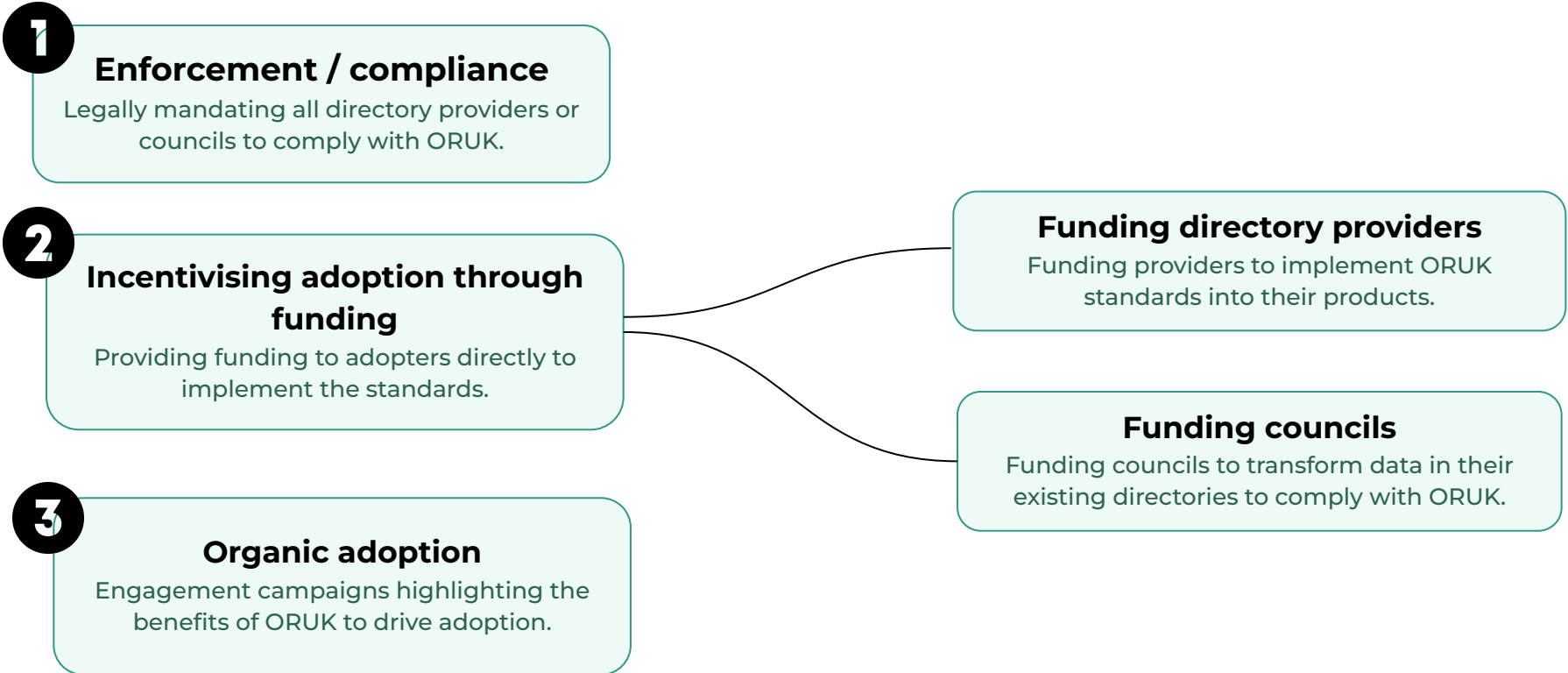
1. Functions related to **adoption / scaling**
2. Functions related to **maintenance, support, and further development**

Our assessment is that the ORUK programme would benefit from:

- (1) more detailed accounting of different costs associated with these functions;**
- (2) mapping the specific functions, tasks, and costs to the overarching ORUK goals to show how a given amount of investment will lead to desired outcomes.**

Functions related to adoption/scaling

We see 3 main pathways to adoption / scaling ORUK



Functions related to maintenance

We see 5 main activities to be undertaken to maintain ORUK

1

Updates and fixes

Periodic updates, troubleshooting, and adapting the solution to changing needs and systems.

2

Technical support

For adopting organisations during the implementation phase and beyond.

3

Data monitoring

Collecting and analysing detailed impact data for benefits and business cases.

4

Insights

Ongoing knowledge sharing and marketing of the solution to keep increasing adoption.

5

Assessing commercialisation

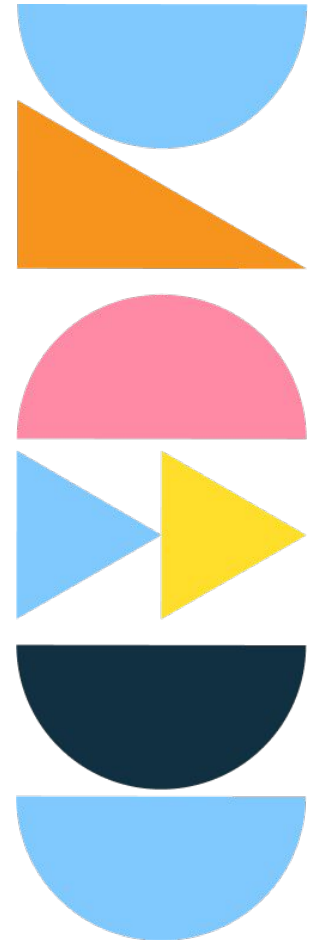
Periodic reviews of commercialisation options to ensure operational sustainability beyond central gov funding.

Research Question 2

Funding pathways

RQ2A. What are the most viable potential sources of funding to sustain ORUK's operations?

RQ2B. Which stakeholders derive the most direct value from ORUK and can be expected to pay for its maintenance?



RQ2A. What are the most viable potential sources of funding to sustain ORUK's operations?

For all tasks undertaken to scale and maintain ORUK, we see 3 main **associated costs**:

- A. Incentivising adoption
- B. Implementing adoption
- C. Maintenance and support

These costs are discussed in more detail in the next 2 slides. Different models of funding will be required to cover costs:

1. **Functions related to adoption / scaling:** Based on our high level [feasibility assessment of potential paying users](#), associated costs for this function will most likely have to be covered by MHCLG. **Our initial evidence suggest that non-MHCLG sources of funding are unlikely.**
2. **Functions related to maintenance, support, and further development:** The costs associated with these functions could potentially be explored through non-MHCLG funding sources, which are detailed in [slide 18](#).

Associated costs of adoption/scaling

For each of the adoption/scaling pathways, 2 broad types of costs should be considered by MHCLG, as below. **Initial evidence suggest that is unlikely that non-MHCLG sources of funding can be secured for these costs**, unless councils or vendors are open and able to pay for themselves.

Type of cost	Adoption / scaling pathway			
	Enforcement / compliance	Incentivising adoption through funding		Organic adoption
		Funding directory providers	Funding councils	
Cost of incentivising adoption	Costs involved in having ORUK mandated	Paying each directory provider to implement ORUK standards into their existing products + implement APIs	Paying councils to either modify services data in their existing directories to compliant formats and create or implement APIs, or procure new compliant directories	Costs involved in benefits quantification, comms, and engagement to drive adoption
Cost of implementing adoption	Costs involved in enabling directory providers or councils to implement the standards through a phased approach	Technical support for each provider to implement the standards	Technical support for each council to implement the standards into existing directories or procure new compliant directories	Technical support involved in enabling directory providers or councils to implement the standards

Associated costs of maintenance




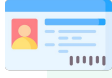

While non-MHCLG sponsored routes to funding for the costs below are explored in the next slide, it is worth noting that **some of these maintenance-related costs might also have to be borne by MHCLG.**

Type of cost	Purpose / function				
	Staff costs	Updates & fixes	Technical support	Data monitoring	Insights
Software costs					
Outsourcing costs					

Non-MHCLG sources of funding

RQ2A. What are the most viable potential sources of funding to sustain ORUK's operations?

Although the clearest source of funding for the ORUK project is through MHCLG, here are some alternative avenues of securing funding long-term:

Funding source	Description	Considerations	Target payer
 <p>External Grants</p>	<p>Grant funding can be public or private, and is usually linked to one-off projects. Can be found through portals like Find a Grant.</p>	<p>Advantages: No repayments, public endorsement of concepts, grant-related support Disadvantages: One-off, competitive, conditional</p>	<p>Governments, private foundations, research bodies</p>
 <p>Membership fees</p>	<p>Charging a periodic fee from different types of members to give them access to asset, events, networks and other resources.</p>	<p>Advantages: Predictable revenue, member retention, lower marketing costs, cross-selling opps Disadvantages: Long term retention costs</p>	<p>Corporates, charities, individuals, academics, public sector orgs, industry bodies</p>
 <p>Service payments</p>	<p>Payments from clients by providing supplementary services like consultancy, technical support etc. as a contractor</p>	<p>Advantages: Additional revenue stream, collaboration opportunities, service improvements Disadvantages: BD + delivery resourcing needs</p>	<p>Relevant clients</p>
 <p>Licences</p>	<p>Licencing out knowledge assets through exclusive / sole licences, non-exclusive licences, or open-source licences.</p>	<p>Advantages: Ability to enter new markets, no capital investment, royalty income Disadvantages: Loss of control, IP theft, waiting</p>	<p>Licencees</p>
 <p>Donations & sponsorships</p>	<p>One-off funding from individuals or foundations which can be either for a particular project / event or general operations</p>	<p>Advantages: Tax benefits, no repayments, more personal connection with the donor / sponsor Disadvantages: One-off, unpredictable, BD</p>	<p>Philanthropic organisations, industry bodies, public sector orgs, private orgs</p>

Potential paying users

RQ2B. Which stakeholders derive the most direct value from ORUK and can be expected to pay for its maintenance?

Stakeholder	Interface with ORUK	Monetisation routes	Likelihood rating
Local authority	Adoption of ORUK standard for directory data maintenance and software procurements	Membership fees Service payments	Medium
Directory software vendor	Adoption of ORUK standard in their software product for increased data transferability across their buyer's systems	Membership fees Licence Service payments	Low - Medium
Community service provider	Adoption of ORUK standard in reporting changes to service data to directory users / operators	Membership fees Licence Service payments	Medium
Other related organisations	Adoption of ORUK standard for relevant directory data maintenance and systems interoperability	Membership fees Grants Donation Service payments	Low - Medium
Industry bodies	Advocacy of benefits like reduced pressure on existing services, cost and time savings etc.	Membership fees Grants Donation	Medium
Academics	Technical improvements, standardised data for research into specific service areas	Membership fees Grants Donation	Low - Medium

Examples of UK data standards membership organisations with different funding models (1/8)



The Local Council Roads Innovation Group

What is it?

LCRIG is a platform for over 350 members to actively participate in the continuous improvement of local roads. It acts as a vital link between central and local government, the supply chain, and the wider highways community.

Operational structure

- Registered as a **community interest company (CIC)**, with deep collaboration with DfT, CCS, and other gov bodies to provide policy advice and share challenges faced by councils and suppliers. LCRIG delivers the Transport Technology forum on behalf of DfT and IUK to support councils in navigating innovation in future technologies.
- LCRIG is run by a core team, an advisory board, and an innovation board with members from LCRIG Regional Groups and partners in DfT, IUK etc.

Funding sources

- Grants from bodies like DfT and private funding bodies.
- Innovation Procurement System with CCS and DfT to help councils buy innovation products and services related to highways etc.
- Membership fees for associates, councils, academia, and partners.

Examples of UK data standards membership organisations with different funding models (2/8)



The Housing Associations' Charitable Trust

What is it?

HACT is a charitable housing trust that helps social housing organisations drive value for residents and communities through insight-led products and services which encourage innovation and foster collaboration.

Operational structure

HACT is registered as a 'charitable trust', implying that all business is conducted in the name of its trustees, and it is not a legal entity in its own right. HACT's trustees can be held liable for any of its debts and contractual obligations. The primary benefit of this setup is that HACT is potentially exempt from a number of taxes, and can last indefinitely. HACT operates with an Executive Team, and a Board. The Board includes many of HACT's Trustees.

Funding sources

HACT mainly receives funding from government grants, and charitable donations for its operations and specific projects. This includes donations from social housing organisations, procurement organisations, and other trusts and foundation like Clarion Futures, L&Q, Orbit, Peabody, Sovereign, and from organisations like LandAid and the Ecology Building Society for projects like the community-led housing toolkit. HACT also receives funding by offering services like social value audits and certifications, community investment services, training, and data insights .

Examples of UK data standards membership organisations with different funding models (3/8)



The Open Data Institute

What is it?

The ODI is a non-profit private company that works with organisations to build data infrastructure, knowledge, and strategies that create trust in data and data practices. It aims to bring together businesses, governments, and civil society to generate economic benefits and tackle real-world problems using data.

Operational structure

The ODI is registered as a non-profit private company with institute status, which means it carries out research at the highest level and stewards data on behalf of others, for public, educational, or charitable aims. It is governed by a board, a non-executive team, and an advisory board, and its activities are led by an Executive Leadership Team. The main board oversees the ODI's strategy, the advisory board consists of experts, and the executive team conducts day-to-day operations.

Funding sources

The ODI receives funding from numerous sources – it receives payments for the commercial activities including applied research, consultancy, training, market insights, it receives grants from government and philanthropic entities (e.g., in 2012, the UK Technology Strategy Board pledged £10 million in public fund, ODI has been given numerous IUK grants), it gets funding through collaboration with mission-aligned organisations, and also has paid membership options for individuals, companies, and other non-profit organisations.

Examples of UK data standards membership organisations with different funding models (4/8)



Open Property Data Association

What is it?

The Open Property Data Association (OPDA) is an independent industry body bringing together professionals, organisations, and enthusiasts who are passionate about leveraging property data for innovation and progress.

Operational structure

The OPDA is registered as a private company limited by guarantee. This means instead of shareholders, it has members who act as guarantors. Profits stay in the company and aren't paid out to members, and members' personal assets are protected from the company's liabilities. The OPDA was originally set up by an MHCLG council called the Home Buying and Selling Group, and is now membership-based.

Funding sources

The OPDA receives funding mainly from its membership system with three tiers of membership fees:

- Founder Members: Firms that were instrumental in founding OPDA, including PropTech companies like Coadjute.
- Certified Members: Professionals and firms who demonstrate compliance with the OPDA standards and principles.
- Association Members: Industry stakeholders like NatWest, Halifax, etc. who are mortgage and property professionals, data providers, tech companies, and property industry bodies.

Examples of UK data standards membership organisations with different funding models (5/8)



Alliance for Parking Data Standards

What is it?

The Alliance for Parking Data Standards (APDS) is a not-for-profit organisation that aims to develop, promote, manage, and maintain a uniform global standard for sharing of parking data across platforms worldwide.

Operational structure

The APDS was formed by 3 global organisations – the International Parking & Mobility Institute (IPMI), the British Parking Association (BPA), and the European Parking Association (EPA). It is registered as a not-for-profit private limited company, and integrates two existing data standards (payments and data exchange), into parking data standards. It operates through a board of directors and an advisory council, with members from leading parking, transport, and mobility industries worldwide.

Funding sources

The APDS receives funding from two tiers of sponsors – international parking systems and technology providers – with access to different engagement benefits through the organisation. It also offers a free membership level without access to full sponsorship benefits.

Examples of UK data standards membership organisations with different funding models (6/8)



UK Health Data Research Alliance

What is it?

The UK Health Data Research Alliance is an independent alliance of leading healthcare and research organisations united to establish best practice for the ethical use of UK health data for research at scale.

Operational structure

The Alliance is structured as a free alliance of organisations, and is managed by Health Data Research UK (HDR UK). It is set up as an unincorporated not-for-profit association, administered by agreement by HDR UK. Organisations are able to join it for free, by committing to its terms of engagement. The Alliance has a Council that convenes members around key issues and ratifies recommendations, an Executive Committee that shapes strategy, and a Secretariat that runs operations.

Funding sources

The Alliance is funded as a part of HDR UK's 2023-2028 core work through 9 core funders, all of whom are public organisations like Medical Research Council, National Institute for Health Research, or charities like British Heart Foundation, and Cancer Research UK. It was previously also supported by UKRI's Industrial Strategy Challenge Fund, as part of the Digital Innovation Hub (DIH) Programme.

Examples of UK data standards membership organisations with different funding models (7/8)



London Office of Technology and Innovation

What is it?

LOTI is London local government's innovation team that aims to help borough councils and the Greater London Authority (GLA) use innovation, data, and technology to improve services and tackle London's biggest challenges.

Operational structure

LOTI was set up in 2019 with 15 boroughs and the GLA, and has since grown to 27 boroughs and over 1000 local government colleagues. It is structured as a membership organisation with a small executive team of 10 that is based in London Councils. LOTI's main community includes London local government's Chief Digital, Information and Innovation officers and their tech, digital, and data teams.

Funding sources

LOTI's core members fund its work through an annual subscription, which provides a joint budget to get things done. Borough members pay £30K+VAT pa, councils with shared IT estates pay £22.5K+VAT pa, and the GLA and London Councils contribute £100K pa. LOTI also occasionally gets grants from bodies like the Met Police.

Examples of UK data standards membership organisations with different funding models (8/8)

LocalGov
Drupal

LocalGov Drupal

What is it?

LocalGov Drupal is a community of developers, content designers and digital leader from local councils across the UK and Ireland who collaborate to develop a best practice, open source website publishing platform that's free to councils. It is a community-based open source publishing platform designed for local authorities.

Operating structure

LocalGov Drupal is registered as 'Open Digital Cooperative' since 2023 – a not-for-profit multi stakeholder co-op. This means that membership is drawn from its council and supplier subscriptions, and members ultimately own the business. Members also elect LocalGov Drupal's board and vote at its AGMs. The board of directors meets 4 times a year, and a separate core team works on day-to-day management of LocalGov Drupal, including finances. There is also a subscriber group that is consulted on an ad-hoc basis and makes most decisions asynchronously.

Funding sources

LocalGov Drupal's members (councils and suppliers) pay a subscription fee to keep it running. This fee is voluntary for councils. The project has previously received funding through MHCLG through the Local Digital Fund. Member fees go towards services like development and maintenance of products, support for users, community tools like Slack, and community events.

Potential external funders

There are a number of potential external funders that could be explored. This list is currently indicative, and would require close engagement with these organisations to further validate.

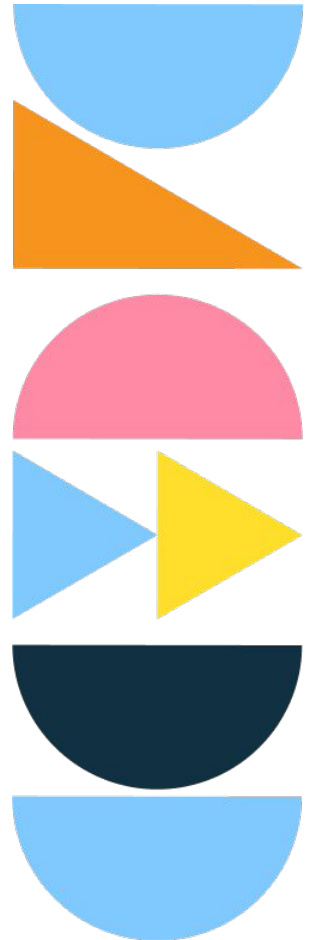
- **Open Data Institute (ODI):** *already explored*
- **Mastercard Center for Inclusive Growth:** The social impact hub of Mastercard which administers the Mastercard Impact Fund – a \$432m+ philanthropic fund committed to inclusive growth and community needs – which has funded projects like data.org.
- **Nuffield Foundation:** An independent charitable trust that funds research informing social policy, and has funded organisations like the [Ada Lovelace Institute](https://www.ada-lovelace-institute.org/).
- **National Lottery Community Fund:** The fund distributes £600m+ to communities across the UK, including through the [Digital Fund](https://www.digitalfund.org/), which provided £12.6m for digitalising community services.
- **UK Community Foundations:** The UK's national membership organisation for accredited community foundations, that distributed £170m+ p.a. for projects including digital inclusion.

Research Question 3

Feasible operational & commercial structures

RQ3A. What are the different options for operational and commercial structures that ORUK could implement?

RQ3B. Which of these are most feasible and why?



RQ3A. What are the different options for operational and commercial structures that ORUK could implement?



Limited Liability Company (LLC) or public sector spinout

LLC: For-profit business entity (usually private ltd. company) that could be suitable for potential contracted services like software market insights, OR-related consulting and advisory etc.

Public sector spinout: Spinout company set up to commercialise Knowledge Assets (e.g., OR-standards related products like bespoke directories) where MHCLG/delivery partners would take equity/fee-bearing license and share profits and develop products.



Non-profit cooperative or charity

Cooperative: Multi-stakeholder business that is member-owned, -driven, and profit-shares any money received from providing services like technical support for implementing ORUK standards, maintenance of service directories, etc.

Charity: ORUK could decide to be a charity based on (1) who will run it and whether it will have wider membership; (2) whether it wants the ability to enter contracts and employ staff in its name; (3) whether trustees will be personally liable for what the charity does.



Community of practice or membership organisation

Communities of practice (CoPs) are usually membership-based organisations operating through membership fees, grants, and donations. CoPs have groups of active practitioners coming together to drive a common purpose. For ORUK to be a membership-led CoP, it would require a robust membership model that clarifies value propositions (tools, advice, networks, events, insights) and prices them as a fee, and a core community / a senior leadership team.



Executive agency, non-departmental public body, or government programme





Executive agency: These are extensions of their sponsor departments (in this case, MHCLG) focusing on delivering specific services. Management is separate from but accountable to the department.

NDPB: Non-departmental public bodies (NDPBs) are more independent from ministerial control than EAs. An executive NDPB setup would be most relevant as it focuses on delivering services for government. This would also be sponsored by MHCLG.

Government programme: ORUK could also continue to be run with central government sponsorship and appointed delivery partners, like the MoJ's Lawtech UK programme.

Options assessment

RQ3B. Which of these are most feasible and why?

Model	Considerations	Feasibility Rating			
		Funding	Complexity	Value	Composite
LLC	Flexible and straightforward to set up, liabilities and operations independent of MHCLG, easier to provide and buy contracted work. Would require a very clear business case and product/service proposition.	Lack of profit-incentive and marketable product / service.	Complex to set up and manage sellable products / services.	Unlikely to provide unique value to users at current stage.	
Public sector spinout	MHCLG can own equity in the company and later sell it off, licences can be offered on commercial terms, the company can raise private investment. There must be demonstration of market and investment potential in the company and expertise to manage it.	Lack of profit-incentive and unique Knowledge Asset.	Complex to set up and manage sellable products / services.	Unlikely to provide unique value to users at current stage.	
Cooperative	Highly engaged with users/providers through membership model, separate legal entity from MHCLG, straightforward setup and member-controlled operations and reinvestment of profits for community benefit.	Potential to quantify benefits to end users and monetise as fees.	Complex to quantify and communicate dispersed benefits in a monetisable way.	Potential to add value to members with add-on services and events.	
Charity	Separate entity from MHCLG, access to raising public funds, grant-making trusts and reclaiming gift aid on donations, tax exemptions. This setup would require strict financial reporting, a board of trustees, and exclusively charitable / non-commercial activities.	Potential to access specific pools of funding for community services.	Intensive resourcing for management and reporting requirements.	Unlikely as a business case to register for strictly charitable purposes.	

Options assessment

RQ3B. Which of these are most feasible and why?

Model	Considerations	Feasibility			
		Funding	Complexity	Value	Composite
Membership CoP	Efficient for driving strategy and convening specialists, problem-solving, knowledge transfer and innovation. Not a separate legal entity, service delivery requires stewardship from MHCLG and potential contractors.	Potential to monetise benefits as fees, but likely to remain MHCLG-sponsored.	Fairly straightforward to set up and manage.	Potentially high-value for adoption + implementation best practices.	
Executive agency	Arm of MHCLG, no separate legal personality, service delivery requires external technical expertise. Sponsored by MHCLG and requires a management board.	Will continue to remain MHCLG sponsored.	Complex delivery and management structure.	Unsuitable for the current scale and scope of ORUK.	
NDPB	Operationally independent of MHCLG, usually a separate legal personality, can accept funding through grants and levy funding, retains some operational control over policy.	Will continue to remain MHCLG sponsored, with some potential options for grant-funding.	Complex delivery and management structure.	Unsuitable for the current scale and scope of ORUK.	
Government programme	Operationally dependent on MHCLG, no separate legal personality, delivery partners appointed through standard procurement routes, sponsorship entirely from MHCLG or co-sponsoring departments.	Will continue to remain MHCLG sponsored.	Fairly straightforward to deliver through procured delivery partners.	Potentially high-value with add-on services and support for users.	

Working with directory providers to implement the ORUK standard

ORUK can work with directory providers and councils to encourage compliance by:

- **Establishing a strategic relationship between ORUK and key providers to manage providers on behalf of the sector:** ORUK could create a strategic provider relationship function that engages with senior staff members in partner provider organisations, similar to the [central government strategic supplier relationship approach](#).
- **Establishing mandatory assessment criteria for software companies:** ORUK could work with councils to roll out assessment criteria based on ORUK standards for procuring directory systems. An example of this is the [Digital Technology Assessment Criteria](#) in the NHS.
- **Creating an approved or assured list of solutions:** ORUK could create an approved or assured list of solutions, potentially based on the assessment criteria above. This is usually a softer form of compliance, and has been done by the [NHS approved list of social care suppliers](#), its [buying catalogue of solutions that meet national standards](#), and the [Police Digital Service's solutions catalogue](#).
- **Developing a spend control or assurance process for software procurements:** A key mechanism for driving compliance with national standards in central government is the [CDDO Spend Controls process](#). ORUK could work with councils to roll out similar spend and assurance processes to encourage compliance against ORUK standards.