

Public services White Paper – summary

Background

Outlined in a speech by the prime minister, the government's long awaited plans for the reform of public services were unveiled on Monday 11th July 2011. In November 2010, the government invited views from experts, public service managers and providers of public services to submit their ideas to shape the future of public services in the UK.

Following the consultation period, the publication of the white paper has faced significant delays, owing to apparent tensions within the Coalition, over the degree to which services should be opened up.

Cameron promised to give power to those who have been "overlooked and undeserved." At the heart of the document is the notion that public services should be open to a range of providers competing to offer a better service. This briefing outlines the key principles presented in the white paper.

Key principles

The government plans to follow five principles for modernising public services:

- It will increase choice wherever possible – extending personalisation
- Public services should be decentralised to the lowest appropriate level
- Public services should be open to a range of providers
- It will ensure fair access to public services
- Public services should be accountable to users and to taxpayers

Alongside the paper set out 3 categories of public services

Individual services - These are personal services – for example in education, skills training, adult social care, childcare, housing support and individual healthcare – that are used by people on an individual basis.

The White Paper sets out how funding will begin to follow people's choice, and a framework for choice in individual services will be established. To supplement this, key data about public services, user satisfaction and the performance of all providers from all sectors will be in the public domain in an accessible form.

Neighbourhood services - These are services provided very locally and on a collective, rather than an individual, basis – such as maintenance of the local public realm, leisure and recreation facilities, and community safety.

The government is already consulting on potential new rights for neighbourhood councils to take over some key local services. Further consultation will be announced on the scope for enabling neighbourhood councils (i.e. parish, town and community councils) to take greater control over local services, and how a national framework for local schemes could assist councils at all levels to promote decentralisation of power.

Commissioned services - These are local and national services that cannot be devolved to individuals or communities, such as tax collection, prisons, emergency healthcare or welfare to work.

The government plan to introduce an 'open commissioning' policy in a number of specific services. They will consult on the areas where this should be introduced. In those areas, commissioners should: consult on and be challenged by potential providers from all sectors on the future shape of service; seek and fully consider a minimum of three providers, from whichever sector, when they contract for services; and transparently link payment to results.

Diversity of provision

To open up public sector monopolies, the government plans to give greater autonomy to existing public sector professions and enable independent organisations to provide services. These include social enterprises. Consideration will also be given to enshrine in law an overarching right to choice in public services.

Options to achieve this include:

- Whether operational functions in building-based services should be split out to encourage more diversity and innovation in the operational functions while the public sector retains ownership of the assets. For example, this approach is being taken in our right to provide for mutuals in the NHS;
- How the government could incentivise public service organisations to overcome traditional fragmentation (for example, to bring together community services from health with local authority social care support);
- Whether there are more shared services that could be brought together to achieve economies of scale and to create competing businesses out of public sector organisations (for example, back-office services across the public sector).

- Whether voluntary sector organisations could be supported to acquire current public sector providers that would benefit from being run as a specialised charity (for example, in offender management or children’s services)
- Whether semi-autonomous public sector bodies should now be made fully autonomous (for example, by moving arm’s-length management organisations in social housing into the housing association sector to improve their ability to invest, diversify and innovate)
- What else can government do to overcome any traditional boundaries between public service providers, which get in the way of solutions to people’s needs?
- How can we ensure that commissioners and providers are best held to account?
- What new skills and training will commissioners need?
- Trialling school responsibility for permanently excluded pupils, with delegated budgets to enable schools to choose and fund alternative provision placements, to encourage a wider range of existing providers, including voluntary and private sector organisations, to set up new provision and make it easier for new providers to enter the market

On a sector-by-sector basis, the government will also look at whether it is appropriate to have an independent body to consider complaints from alternative providers in areas other than the NHS.

Response

Although, SEUK is pleased to see that the government plans to open up the commissioning process to potential providers from all sectors, we are disappointed that there isn’t greater clarity on how this will happen or sufficient commitment to support these changes to occur.

The White Paper lacks detail on how the government plans to address the number of challenges faced by social enterprises, particularly in sectors where the role of civil society has to date been limited. Details on how to address challenges around risk-averse commissioning, ensuring value for money, accessibility of procurement, market simulation, the complexity of EU procurement rules, among other issues, are not discussed in this White paper.

We are concerned that the plans to extend Payment by results have been presented without sufficient consideration of the financial implications on social enterprise sector. Payment by results can mean that organisations with the strongest balance sheet and greatest ability to raise working capital are given an advantage above those that can deliver the best outcomes. This can severely limit market entry and have the unintended consequence of limiting choice and innovation.

Social Enterprise UK's media response

Peter Holbrook, Chief Executive of Social Enterprise UK, said:

“We are concerned that the proposed reforms will create an unequal playing field in which social enterprises are unable to compete with large private sector providers for public sector contracts. Social enterprises often do not have the capital or scale required to compete with big private businesses in open markets.

“The Government’s plans to extend Payment by results across a number of other public services will put private sector organisations at an automatic advantage. The reality is that without decisive action to use public spending to improve social outcomes, the big organisations will simply use their stronger balance sheets and ability to attract private investment to win contracts.

<http://www.socialenterprise.org.uk/press-releases.php/249/reforms-must-protectpublic-services-not-put-them-at-risk-says-social-enterprise-coalition>

Social Enterprise UK would like to thank Dods monitoring service for their Open Public Service Reform White Paper summary which this briefing was based on.