

An alternative way o

MARK SMULIAN explores the potential of the Open Public Services white paper

It's either a brave new world of people power, or a return to the constraints of compulsory competitive tendering.

These starkly different possibilities perhaps show the degree of confusion about 'alternative service delivery' as described in the government's Open Public Services white paper.

Social Enterprise UK complains of a lack of detail and financial support, the CBI sees the good times rolling, while Unison – slightly oddly – expects more procurement fraud.

The white paper raises the concept of 'open commissioning', under which local government officers should "consult on and be challenged by potential providers from all sectors on the future shape of service", and "transparently link payment to results".

Services would not merely be forcibly opened to the private sector, as in the 1980s and 1990s, but potential providers would have "the right to propose new ways to deliver services" and the public could propose that providers were changed.

Launching the white paper in July, Cabinet Office minister Oliver Letwin said: "When public services aren't up to scratch, those who are well off can pay for substitutes. But for those who are not well off, there is no opportunity to pay for substitutes. So we need to

give everybody the same choice in, and the same power over, the services they receive that well-off people already have."

The aims are ostensibly rather different from CCT. But will the result be similar?

Peter Eckersley, an adviser to the performance network of the Chartered Institute of Public Finance & Accountancy, fears so. "My judgment is that if implemented this will be worse than CCT," he says.

"The proposals here, taken with the Localism Bill, would see providers challenging local authorities over whether their services were good enough, and they will pick and choose what they will say they could do better,"

This pessimism is countered by the Office for Public Management thinktank, which has been advising the Cabinet Office on mutuals.

Its head of communications and strategy Phil Copestake says it is "in general terms right behind the aims of the white paper to open up provision to mutuals and social enterprises".

He says the OPM believes that working for a mutual can mean "really significant potential gains in terms of greater productivity, staff satisfaction and engagement and frontline innovation, but we're acutely conscious that there's a great deal of work needed".

But even the OPM admits:



"There are not yet enough competent and well-run social enterprises because this is still a new agenda."

Mr Copestake suggests councils could encourage their expansion by setting up 'shadow' social enterprises among staff whom they still employ but in all other ways act as though they were in a mutually owned business.

Social enterprises are enthusiastic but cautious. Ceri Jones, head of policy and research at their collective body Social Enterprise UK, says they are at present unevenly spread; there are

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f looking at services



plenty where councils have historically encouraged them, but fewer elsewhere.

She explains: "There's a lot in the white paper for our sector but we are concerned by the lack of details on how this will operate financially.

"Things like payment by results put a lot of responsibility on us, and the implications of that have not been thought-through in any detail, and there is no sign of what kind of support would be provided," she adds.

Ms Jones contrasts this with the NHS's experience in 2008. "The Department of

Health Social Enterprise Innovation Fund was there, so things happened, but if there is not that kind of investment it just won't."

Even the CBI claims to welcome the potential diversity of suppliers – not just private firms – encouraged by the white paper.

Emma Watkins, its head of public services policy, says: "The emphasis on the third sector and social enterprises is there, but it is important to have a diversity of providers and that the best one does the job, whether they are private, third sector, social enterprises or a mix of them."

To this end the CBI is already working with the Association of Chief Executives of Voluntary Organisations: clearly it can see which way the political wind is blowing.

So can Unison, which is seeking to discredit the white paper before any reforms begin by suggesting that outsourcing increases opportunities for impropriety.

General secretary Dave Prentis says: "Billions of taxpayers' cash is wasted during the outsourcing of public services. The Open Public Services white paper can only lead to the public paying a higher price for [procurement] fraud."

But does the white paper really herald dramatic changes? Martin Reeves, chief executive of Coventry City Council, points out

there is already a mixed economy of in-house, outsourced and partnership provision and that alternative service delivery "is not a seismic shift".

He says the best way for councils to oversee contracts is to be clear about the key outcomes sought, not to micromanage providers, CCT-style.

"You need to agree non-negotiable outcomes, but do not tell the social enterprise or voluntary sector body how they have to deliver that," he says.

"You're fooling yourself if you focus on a raft of metrics. You only need three or four key outcomes driving this and to be clear what will happen if they are not delivered. But do not hit providers with large amounts of paperwork."

Councils will need the in-house expertise to manage contractors and to hold them to account for the provision of services for which the council remains, after all, legally responsible to the public.

David Clark, director of Solace Enterprises, says success comes from "getting a continuing relationship of trust, not relying on a contract".

He says contracts are by their nature instantly out of date and "abhor innovation", whether by a social enterprise or anything else.

"For example, if you were dealing five years ago with

young people with disabilities you wouldn't have put in a contract that they should have free iPads, because they didn't exist, but it's one of the most useful things you can do," Mr Clark says.

"You end up with contracts set in concrete. Local government needs to think about how it draws up contracts that allow for innovation, and the supplier needs to accept it will not know exactly what it has to do for the next five years," he adds.

Mr Eckersley, though, sees conflict between two government policies, making such harmony hard to find.

"On the one hand the government is pushing personalised services and on the other it wants councils to use 'any willing provider'," he says.

"If you were really talking about using external providers for personalised services the contracts would have to be so flexible as to be difficult to hold anyone to account, or so over-specified to outcomes that they would be impossibly expensive," he adds.

Ultimately, perhaps the best contract will describe some outcomes and simply say "do this within five years".

The question then is: will an array of competent, willing and solvent social enterprises, community groups and mutuals come forward, or will the private sector be the real winner?