



## LOOKING UP - JANUARY 2011

COMMENT AND ANALYSIS FROM JULIAN DOBSON

### THIS MONTH: PUBLIC SERVICE REFORM

WHAT WILL BE THE IMPACT OF THE FORTHCOMING WHITE PAPER?

IS THIS THE START OF A NEW ERA FOR CO-OPS AND SOCIAL ENTERPRISES?

WHAT ARE THE LONG TERM MESSAGES?

# Welcome to our first newsletter

Urban Pollinators is a consultancy and practical think tank founded by Julian Dobson, commentator on regeneration, placemaking and community issues and co-founder of New Start magazine. This newsletter is the first in a series of regular commentaries on topical subjects. We hope you find it useful and informative - and please let us have your views.

Our first topic, drawing on research we've recently done and our discussions with friends and colleagues, is the future of public services and the forthcoming public service reform white paper.

## The revolution will not be commissioned... yet

### **O brave new world, that has such people in it!**

Consultation has just closed on the coalition government's white paper on public service reform. Last November Cabinet Office minister Francis Maude hailed a new wave of providers such as social enterprises and co-ops, which would 'break down the old fashioned public service hierarchies and replace them with vibrant, efficient services that give people the support they need'.

New approaches to public services - usually described as reform or modernisation - are at the heart of the government's 'big society' agenda. For its advocates, this is a radical attempt to rebuild citizenship, strengthening and supporting the institutions that lie between the citizen and the state.<sup>1</sup> For its detractors, it is a policy of scaling back the state and removing universal provision, inevitably widening the gap between those who can pay for services and those left reliant on a residual public or charitable safety net.

Somewhere in the middle is a recognition by many working in areas such as social care, youth work or employment support that public services have not been as responsive to need as they should be; that individuals and families in crisis are often passed from pillar to post when they most require sustained support; and that labyrinthine regulations can stymie initiative and innovation.

So what can we expect from the white paper, what difference will it make in reality, and what are the long term messages?

### **A chart, but is it the right one?**

The white paper will attempt to deliver on the rhetoric of radical reform that opens up public services to a wide range of new providers. We can be reasonably sure, too, that there will be moves to encourage payment by results and approaches that transfer assets and responsibilities to local communities.

These have already been heralded in the procurement of the Department of Work and Pensions' Work Programme for unemployed people, where contractors will be rewarded according to their success in returning welfare claimants to work, and in the Localism Bill,<sup>2</sup> which sets out community rights to 'challenge' local authorities to run services in new ways and to acquire and redevelop public assets.

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<sup>1</sup> See [www.guardian.co.uk/theguardian/2010/oct/08/big-society-i-wrote-speech](http://www.guardian.co.uk/theguardian/2010/oct/08/big-society-i-wrote-speech)

<sup>2</sup> See [www.communities.gov.uk/localgovernment/decentralisation/localismbill/](http://www.communities.gov.uk/localgovernment/decentralisation/localismbill/)  
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These moves have been strongly influenced by the think tank Res Publica, whose founder, Phillip Blond, is one of the prime movers in the development of 'progressive Conservatism'. Blond is a keen advocate of mutualism and co-operative approaches and has called for a 'power of civil association' to enable voluntary organisations or members of the public to band together with local authority workers to run services. It is assumed that such approaches, building on the principles of co-production outlined by the likes of the New Economics Foundation,<sup>3</sup> will inspire innovation, create a greater sense of accountability and responsibility, and produce efficiency savings (mutually owned enterprises can be 40% more efficient, Blond claims)<sup>4</sup>. Gordon Brown's government had already started to pursue a similar path in the NHS with the 'right to request', under which teams of workers could opt to run their services as social enterprises.

This thinking is not only coming from conservative sources. The message that business knows best - a common theme not only of the last Conservative governments but also of New Labour - has been moderated somewhat by the assertion that local and community ownership will deliver more accountable services and better results. Such views have been advanced not only by the likes of Res Publica but by organisations as diverse as the Young Foundation (from a communitarian perspective) and Mutuo, which advances cooperative ownership of businesses and public services.

As the arguments about cuts become more shrill, these nuances are likely to be lost in the public debate. But they are significant: there is far more to public service reform than the rhetoric about 'coalition cuts', and the case for new approaches is a strong one.

The context, however, is inauspicious. It's a bit like discussing the relative seaworthiness of different types of ship when you are out on the ocean with a hurricane blowing. This is where the think tanks part company with the service providers, who tend to be more interested in keeping the vessel afloat than in debating its design defects. Meanwhile, those responsible for the white paper and the changes that will follow have the unenviable task of plotting a course in the dark using the most basic of charts. 'Here be treasure' may not be enough to keep them off the rocks.

## **Reality check 1: confused commissioners**

We can expect the white paper to trumpet a strong vision for the future of public services. To turn that vision into reality, the role of commissioners within local authorities, the NHS and other public bodies will be pivotal.

But the commissioners themselves are under pressure. Current approaches to procurement are fragmented and the emphasis is often on technical and financial functions rather than on understanding the service to be provided and its wider social and economic impacts. We recently researched trends and attitudes among service commissioners for Groundwork UK. The themes that emerged were not surprising: there was a willingness to take on board new thinking but a desire for further detail and guidance from central government; there were frequent complaints that commissioners themselves were stretched and under-resourced; and the overarching message was that while quality of service was the first priority in theory, the reality was that cuts had to be made across the board - especially in non-statutory functions such as regeneration, youth work, parks and green spaces.

Public bodies are already deciding their budgets for the coming year and keeping a watchful eye on the years to follow. Decisions about cuts are being made now; contemplation of new ways of working, by and large, is being

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<sup>3</sup> See, for example, [www.neweconomics.org/publications/public-services-inside-out](http://www.neweconomics.org/publications/public-services-inside-out)

<sup>4</sup> *The Ownership State*, Res Publica, 2009

put on hold until the figures stack up. Without strong local leadership the chance to maximise the opportunities set out by the likes of Res Publica will turn into a process of clutching at straws.

## **Reality check 2: underpowered communities**

For ministers' visions of co-operative, community focused public services to stand a chance of success, we need groups and organisations that are capable of delivering.

This has been and can be done. Many development trusts (such as Goodwin in Hull) have an enviable track record in providing local services; organisations such as Royds Community Association in Bradford have found services can work more effectively when delivered by local people whose clients are their neighbours. Much of the thinking that has influenced the government is grounded in tried and tested approaches, but here's the caveat: organisations like Royds have taken 15 years to develop. Other oft-cited examples such as Balsall Heath Forum in Birmingham have been around for even longer. And during much of that time, funding from central and local government was substantial, even generous.

All that has changed. New bodies seeking to take on or preserve public services need to ask how they will re-source themselves. Where will they find the legal, technical and financial skills they need? What kind of training or standards will they require? How will they guarantee services when things go wrong?

Even established organisations will struggle at a time when support from the public sector is being squeezed. But evidence from the Joseph Rowntree Foundation's recent events on community assets, for example,<sup>5</sup> shows just how vital government support is. The Big Society Network, in its response to the consultation on public services reform,<sup>6</sup> has argued for help to enable fledgling providers to develop their capacity. Such help should include guidance on forming new organisations, clear information about opportunities and factoring assessments of social return on investment into the commissioning process. But public sector commissioners are characteristically risk-averse. It would take a brave punter to bet on them procuring services from well-meaning social enterprises without a track record rather than from established private contractors.

## **Reality check 3: don't expect a level playing field**

The greatest influence on the immediate future of public services won't be the white paper. It will be the financial constraints facing commissioning agencies now, and the behaviour of prospective service providers.

While community organisations and social enterprises are making the case for support and time to develop their capacity, they are caught in a pincer between public agencies that want value for money and cost savings now, and private companies ready to game the system to ensure their competitive advantage.

The largest and best capitalised companies risk being hit hard by the dearth of large public sector contracts, and are prepared to fight tooth and nail to preserve their position in the market. Already there is evidence that some of the largest firms are ready to offer to work free of charge for a limited period, or are putting in bids of £1 to run major contracts.<sup>7</sup> One firm, KPMG, has cheekily described this as a form of corporate social responsi-

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<sup>5</sup> See [www.jrf.org.uk/events/community-assets-seminar-series](http://www.jrf.org.uk/events/community-assets-seminar-series)

<sup>6</sup> See <http://bit.ly/dHgqqi>

<sup>7</sup> See [www.guardian.co.uk/politics/2011/jan/02/kpmg-government-supplier-contracts-consultancy](http://www.guardian.co.uk/politics/2011/jan/02/kpmg-government-supplier-contracts-consultancy)

bility. Stretched public agencies may find themselves faced with offers they can't refuse, and which cannot be matched by independent businesses, co-ops, social enterprises or community groups.

### So what should we expect?

We may not see the direst of predictions realised, but the short to medium term future for public services is looking extremely fragile and will be influenced by market and financial pressures much more than by the development of government policy. While any support on offer for community groups and social enterprises will be welcome, it will need to be very substantial if it is to make more than a marginal difference.

The idea of 'best value', championed in the early days of New Labour as a response to the cheaper and nastier results of 1990s compulsory competitive tendering, will need to be revisited if the ideals of a 'big society' kaleidoscope of service provision are to stand any chance of success. Given the government's stated commitment to localism, the impetus will need to come from commissioning bodies themselves - which will mean difficult internal conversations about the balance between cost and quality.

In the short term, citizens are likely to experience the effects of the white paper only in terms of service reductions and increased costs. Further down the line, important choices will have to be made. Are commissioning agencies genuinely interested in involving citizens in designing and producing services? Are the cost savings claimed by the likes of Res Publica realisable in practice? How will public agencies deal with the risk of business failure?

The longer term issues won't go away. Services will need to be provided in ways that recognise the changing resources and capacities of an ageing population. Service providers must respond to demands for quality and personalisation. They need to rise to environmental challenges which will require them to reconfigure services in a less energy-intensive way. And they will have to balance the books.

There are two things commissioning agencies can and should work on now. One is to use their powers of procurement to gain maximum social and economic benefit for their locality. The Centre for Local Economic Strategies has worked with Manchester City Council to consider how this could be done, and has found that using local suppliers can have direct benefits in the city's most deprived areas.<sup>8</sup> The other is to build relationships of trust with service users. Those using public services need to know that the response they receive is genuine help, not simply a way of meeting a statutory obligation or keeping the council tax down. That requires consistency, long term commitment to staff and the development of what Community Links calls 'deep value' relationships<sup>9</sup> between officials and the public.

It's a tall order.

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<sup>8</sup> See [www.cles.org.uk/information/106368/the\\_power\\_of\\_procurement/](http://www.cles.org.uk/information/106368/the_power_of_procurement/)

<sup>9</sup> See [www.community-links.org/linksuk/?p=2228](http://www.community-links.org/linksuk/?p=2228)

## Urban Pollinators - what's all that about, then?

Urban Pollinators is the new name for the consultancy previously known as NS+ (highlighting our former association with New Start magazine). We write, research, facilitate and run workshops and events to help people create better places and build communities.

You can find out more about what we do on our [website](#). Recently we've been involved in:

- Reporting a series of events on community assets for the Joseph Rowntree Foundation
- Developing Bradford Council's Regeneration Academy, training around 300 staff in placemaking skills during 2010
- Working with The Mersey Forest on a pamphlet on community woodlands
- Working with the Specialist Schools and Academies Trust on schools' role in the 'big society'

If we can help you with any of your work, please email [julian@urbanpollinators.co.uk](mailto:julian@urbanpollinators.co.uk) or call us on 0114 229 5726 - we look forward to hearing from you.

## What do you think of it so far?

We'd like your feedback. Was this newsletter interesting or useful? Are there topics you'd like us to look at in the future?

Please send your comments to Julian Dobson - email [julian@urbanpollinators.co.uk](mailto:julian@urbanpollinators.co.uk) - or find us on Twitter at [@urbanpollinator](#).

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