

BRECKLAND COUNCIL

Report of: Mark Stokes, Deputy Chief Executive

To: Overview and Scrutiny Commission – 1 September 2011

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Subject: OPEN PUBLIC SERVICES WHITE PAPER

Purpose: To bring the Open Public Services White Paper to Member's attention, assess the impact upon Breckland and decide whether a formal response to the consultation is needed

Recommendation:

- That Members note the Open Public Services White Paper, and decide whether an organisational response to the consultation is needed.

1. INTRODUCTION

The Open Public Services White Paper is the latest publication in the Coalition Government's plans to reform public services. It sets out a vision for more "open" services, characterised by flexibility and a diverse market in provision, with a stronger role for third sector organisations and private sector companies. It follows a series of initiatives and legislation announced since May 2010, and many of the reforms build upon previous announcements relating to welfare, public health, education and the Localism Bill in particular.

As such some of the measures outlined are already underway (eg. Free Schools), some are currently being debated in Parliament (eg. Supporting staff-led mutuals as part of the Localism Bill) and some will be subject to further development and consultation (eg. Open Commissioning). The White Paper can therefore be seen as a general policy statement from central government, and an overview of its programme for the next few years.

1.1 Background

The *Open Public Services White Paper* was launched on the 11th July and is in the public domain for a "listening period" until the end of September. The following summarises the main themes:

The Government's overall approach is underpinned by five key principles:

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- Wherever possible we should increase choice by giving people direct control over the services they use
- Power should be decentralised to the lowest possible level

- Public services should be open to a range of providers competing to offer a better service
- The state's role is to deliver fair access, fair funding and fair competition
- Public services should be accountable to users and to taxpayers.

Government identifies three broad types of public services, and different policy proposals are made for each:

1. Individual services – e.g. education, skills, social care, childcare, housing, health
2. Neighbourhood services – those provided collectively and locally e.g. recreation, community safety, leisure
3. Commissioned services – those that 'cannot' be devolved to individuals or communities e.g. tax collection, prisons, emergency healthcare

There is a clear focus on competition and choice and the role of diverse market provision in driving up standards and in delivering better outcomes for users. The paper makes clear that state provision is no longer the 'default position' and it identifies an important new role for government as having responsibility for ensuring free competition. Public bodies, including councils, will be forced to consider charities, mutuals, social enterprises and businesses in the commissioning of core public services including healthcare, education and childcare. The Paper gives an account of existing reforms aimed at achieving the five principles including payment by results, community budgets, the general power of competence and greater financial control for local government. It also sets out new policies with questions for consultation on how they might be implemented, these include:

- "Open Commissioning" in a number of specific services (to be consulted on) – commissioners will consult on and be challenged by potential providers from all sectors on the future shape of the service; seek and fully consider a minimum of three providers when they contract for services and transparently link payment to results
- Decentralisation of commissioning to local government in a range of services, including natural environment support; public transport support; skills; and services for families with multiple problems
- Minimum standards will be used to regulate service providers
- A stronger role for neighbourhood councils (i.e. parish, town and community councils) to take greater control of local services within formal schemes of delegation.
- Further development of community budgets.

The Government argues that there are clear benefits of this 'open' approach for many stakeholders:

1. For individuals – in that there will be greater choice and that money will flow to 'chosen' providers
2. For communities – with extra powers for local areas to take control. There are also proposals to "make it easier to set up a neighbourhood council"
3. For local government – with more freedom and flexibility
4. For staff in the public sector – with additional "discretion" and opportunities to 'spin out' of the public sector (the Government has set a target of 1 million public sector workers to be in spin-out mutuals by 2015)

5. For independent providers or all sizes from any sector - with greater opportunities to bid and compete.

The role of government – both locally and centrally is set to change significantly in the light of these proposals. Decentralisation applies not only to the transfer of power from central to local government, but also to the empowerment of communities and individuals. David Cameron announced on 11th July that, “we want to see democracy on a properly hyper-local scale”. The role of the state will not only shrink, but will change, to one of less direct provision, setting standards and intervention where services fail.

The White Paper includes a section on the role of local government in enabling open public services, saying “Strong local government is at the heart of our reforms” (7.3). It also credits councils with having made more progress in commissioning than the rest of the public sector: “The wider public sector has much to learn from local authority success” (5.8). The challenge for the government now lies in the delivery of these reforms and explaining exactly how they will work in practice.

Government is consulting on a number of specific questions which can be found along with a full version of the White Paper at www.openpublicservices.cabinetoffice.gov.uk

After the ‘listening period’ concludes at the end of September, government will publish further detailed plans of how the proposals will be implemented – the White Paper states that government will set out plans at a departmental level in November 2011. Where legislation is required, we would expect there to be separate, specific consultation in those areas.

1.2 Issues

Reactions from local government to the overall thrust and main themes of the paper have been positive overall, although further details regarding implementation of reforms are awaited. Local government commentators have pointed to a few key issues:

- There are concerns that if the market were to collapse, front line services will be vulnerable to closure (eg. Southern Cross). The White Paper contains few details on how minimum standards will be enforced, or how it will respond to poor service provision, bad management or service failure.
- Will managers and staff in public services have the appetite and interest in leading mutual spin-outs, given the risks associated with contracting budgets, payment on results and access to capital?
- Are charities/ third sector organisations ready to be commissioned to deliver services at a time when they are contracting due to reductions in grants and fund-raising?
- No service should be exempt from being “open”
- There is relatively little acknowledgement of the pressure spending cuts will inevitably put on services and how that will be managed in the context of increasing demand

Various organisations and groups are preparing responses to the White Paper, including the LG Group and the District Council's Network. There are also plans for more localised, collective responses.

With regards to Breckland Council, we would consider ourselves to be very much aligned to the philosophy and proposals outlined in this White Paper, from our innovative shared management structure to the different models, partnerships and contracts we have to manage a range of services.

At this stage the White Paper does not appear to present any new or extra opportunities for making efficiencies or doing things differently. Officers will continue to monitor progress of relevant enabling measures such as the general power of competence and community right to buy/ challenge as the Localism Bill progresses through Parliament, identifying opportunities for the Council to make savings and undertake transformational change.

Members are asked to consider whether a response to the consultation is required. The questions asked are numerous and highly specific in many cases. It may be that a general statement, highlighting any areas of interest/ concern would be a better use of Member and officer time, along the following points:

- We welcome the overall philosophy underpinning the Open Public Services White Paper and consider that Breckland have been at the forefront of this approach for some time already
- Are there any particular examples or innovations that we would draw upon to highlight the above? (eg. Shared management structure)
- We would wish to re-enforce the notion that competition is a means of increasing efficiency and productivity, but local democratic accountability for overall provision of services is still important
- Decentralisation to the lowest appropriate level would logically mean uneven patterns of service delivery, based upon local circumstances and need. We would like to see more recognition of this as part of the 'localist' approach
- We welcome moves to delegate decision making and funding to neighbourhood levels where appropriate, but as above would welcome recognition that in many cases this is not the most efficient means of spending money
- The move to "open" public services is welcome and, in principle, no service should be exempt from this list

1.3 Options

1. Members submit a direct response on behalf of the organisation during the 'listening period', along the lines above;
2. Members submit a joint response along with South Holland District Council (*recommended*);
3. Members submit an indirect response on behalf of the organisation to the LG Group/ District Councils Network, for them to submit a collective response;
4. Members submit no response on behalf of the organisation, and individual Members submit responses should they feel it necessary

1.4 Reasons for recommendations

Assuming Members want to respond to the consultation, option (2) above is recommended.

Given the breadth of issues covered by the Open Public Services White Paper a more general response would be the best use of officer and Member time, highlighting the fact that Breckland Council (and South Holland District Council) are very much exemplars of the “open” public services approach that the Coalition Government have articulated.