

Open public services and the third sector: what's the evidence?

The White Paper notes that voluntary organisations have several potential advantages compared with for-profit organisations as providers of public services. David Mullins, James Rees and Rosie Meek of the Third Sector Research Centre (TSRC) explore the evidence on their role.

The White Paper starts from a belief that public services are 'old, centralised and broken'. This echoes the critique made by Conservative governments of the 1980s. But the White Paper does not acknowledge the significant and permanent shift in the management and organisation of public services in the UK as a result of subsequent reforms, especially those associated with the 'new public management'.

The growing role of the third sector in a mixed economy of welfare has been much discussed, and there are clearly continuities with New Labour's concern to expand the role of the third sector in public service delivery in a spirit of 'partnership' (Alcock, 2010). If the White Paper does herald a yet greater role for the third sector, concerns remain about the strength of the evidence base on the ability of the sector to fulfil it, as well as its potential implications.

More generally, that role must also be seen in the context of the White Paper's strong ideological emphasis on the primacy of market competition, individualism rather than collectivism, and scepticism about the notion of the public servant and the public realm.

The White Paper aims to push control over public services as low as possible, and it recognises three different categories of public service: individual, neighbourhood and commissioned

services. Our research focuses on the third sector's role in service delivery in criminal justice, employment, health and social care, and housing, exploring such generic themes as partnership working, procurement and commissioning. Table 1 maps this work against the White Paper's three categories and five principles.

The first point that stands out is how difficult it is to match policy fields to the three categories of service identified in the White Paper. For example, while health and social care is the terrain in which *personalisation* is most advanced, our research indicates the importance of the collective context in which individual choices are made. This involves relationships with formal and informal carers and advocacy organisations, and the need to group individual purchaser's decisions if collective elements of provision, such as day centres and advice services, are to be sustained (Larkin and Dickinson, 2011).

The White Paper fails to address crucial questions about the power of third sector organisations to challenge and compete in the new environment

The White Paper sees housing principally as an individual transaction amenable to market-based provision, thereby neglecting the more collective aspects of housing that often play out at the neighbourhood and local level. In criminal justice, while prison services are necessarily publicly funded and legislated for, many activities fall within the individual and collective provision categories and have the potential to be user-driven, as our research on prisoner involvement in volunteering shows (Meek et al, 2010).

Self-help housing, where groups of local people bring empty properties that are in limbo back into use, provides an excellent example of a *neighbourhood* service provided on a collective basis. While self-help housing has an obvious policy fit with the agenda of 'open public services', its expansion to deliver its potential at a time of stalled development activity will require that a number of barriers are overcome. It does not fit the large-scale procurement model adopted for affordable housing, nor are self-helpers attracted by the idea of 'scaling up'.

Property owners, including social landlords, often adopt a narrow asset management approach based on notional rates of return. Some prefer to pay security firms to guard their unused assets rather than embracing a 'meanwhile use' by the community until regeneration schemes can proceed. The beneficial outcomes that community action to bring empty properties into use can deliver – training, skills and reduction of blight – are not readily recognised in savings for public service funders, making ideas such as 'social impact bonds' difficult to apply.



Table 1
How policy fields map into the White Paper's five principles and three categories of public service

	Individual (personal)	Neighbourhood (community)	Community (central and local government)
Choice	Health and social care		
Decentralisation			
Diversity		Housing	Partnerships Criminal justice
Fairness			
Accountability	Employment services		
Ensuring diversity and enabling open public services: 'new innovative providers', entry barriers, 'continuity regimes', 'avoid switching from one monopoly to another'			

X: Categories Y: Principles

But there are some encouraging signs of the kinds of adaptation to public service delivery that will be required if communities are to take greater control of local services (Mullins et al, 2010). Part of the Empty Homes programme has now been earmarked for a Community Grants programme: an impressive 70 unregistered community groups have responded with plans to bring empty homes back into use. The need for capacity-building and shared support services for such groups has been recognised, and work is progressing to attract philanthropic and social investment to support this work.

But even if these measures bear fruit, the number of community self-help homes that will be delivered in the four-year programme is unlikely to exceed 500. This is a drop in the ocean of the 750,000 empty homes and a fraction of those that community-led groups have expressed an interest in providing.

The 2007 Offender Management Act empowered private and third sector organisations (TSOs) to take a greater responsibility within *commissioned* services for offenders. The benefits of public-third sector partnerships have been widely acknowledged, particularly in relation to provision in offender rehabilitation and efforts to reduce re-offending (MoJ/NOMS, 2008).

But there has also been a great deal of speculation about the strategic position of the third sector, and the course of their future alliance with the criminal justice system to provide joint care and service. One issue is the potential tension that arises when TSOs are involved in running prisons or administering punishment in the community (Meek et al, 2010). Secondary analysis of existing datasets has revealed high numbers of TSOs claiming to work with offenders. Yet in a national survey carried out on behalf of TSRC, prisoners reported engaging with a maximum of just one TSO, despite identifying resettlement support needs that were not being provided elsewhere.

Although a Prison Service Order issued in 2002 stated that every prison should have a third sector co-ordinator, many prisons still do not have a named person with responsibility for managing third sector provision. Until such partnerships are better established and coordinated, diversity of providers risks failing to translate from policy to practice.

The White Paper's distinction between individual, neighbourhood and commissioned services does not map neatly to the third sector's contribution to public service delivery

The Work Programme is perhaps the most high profile example of the coalition government's approach to *commissioning* national employment services from a range of providers, and a blueprint for how the third sector will be engaged in other fields of public service delivery. It has been hailed as a 'gold standard' for commissioning – incorporating a 'payment-by-results' regime, a longer-term approach, and flexibility for prime contractors to tailor services to localities and changing economic conditions.

Yet many in the sector fear that it will further subjugate TSOs as a delivery arm of the state, and put them under intolerable financial stress. In relation to the principles of the White Paper,

early evidence suggests that choice will in fact be constrained, as clients are unlikely to have much leeway in their choice of provider and will have little information on which to base decisions.

On decentralisation, although central government has relinquished control over design and supply, success for prime contractors is likely to depend on hierarchical management or strongly led consortia within their complex supply chains. This raises questions about genuine accountability to 'users'. The initial design of the Work Programme has ensured a diversity of providers in supply chains. But contrary to some rhetoric, a majority are large organisations, and it is not clear either the extent to which they will be engaged in practice or the extent to which there will be provider attrition and concentration.

All of these examples illustrate the importance of including criteria of social and public value within the principles of open public services, and the need to avoid these areas of value simply being reduced to monetary value. For example, the development of 'payment-by-results' and the Ministry of Justice's social impact bond scheme risks focusing on narrow outcomes of prevention work that generate savings on public spending rather than longer-term impacts on the quality of life of users (Battye, 2011).

To be able to compete in these markets, TSOs need to prove their effectiveness. Yet many smaller organisations (which are often best able to offer the flexible support that offenders require to meet their complex needs) will not have the resources or capacity to collect data demonstrating outcomes, particularly over long periods.

The White Paper's normative presumption against public forms of provision needs further scrutiny. For example, it highlights 'arm's length housing organisations' to support its unstated premise that the further services are moved from democratic governance the better. Research has shown that such organisations are a somewhat unstable form, largely because without asset ownership and ability to borrow, their investment capacity is necessarily limited, while local authorities faced with budget cuts may be frustrated by inability to control externalised spending.

But to assume that moving them into the more independent space occupied by housing associations would not generate conflicts with the localism agenda and the espoused aim to 'avoid replacing one monopoly with another' is to ignore the well-documented story of life 'after council housing'. Over half of former local authority stock transfer landlords have now re-agglomerated into larger and generally less locally based group structures (Pawson and Mullins, 2010).

Conclusions

The open public services agenda is at an early stage and it is too early to say how genuinely different it is from New Labour's rhetorical preference for a 'partnership' with the third sector for public service delivery and its promotion of a strategic unity through horizontal support for the sector.

TSRC research suggests that the delineation between individual, neighbourhood and commissioned services does not map neatly to the contribution that the third sector makes to public service delivery. The assumption that services are best delivered to individuals through competitive markets is at odds with the evidence on the institutional contexts in which services, such as personal social care, prison services, housing and employment services, succeed or fail.

In general, the realm of commissioned services has already extended much farther than the White Paper's classification would suggest, thereby constraining the scope for community-led services, such as self-help housing, to thrive at a time when it has a clear policy fit. Equally, the realm of collective neighbourhood services has been squeezed by both growing 'consumerisation' as well as the encroachment of large-scale commissioning.

Finally, the White Paper is profoundly silent on the issue of power. Crucial questions remain about the power of third sector organisations to challenge and compete in the new environment, the power of commissioners to prevent the emergence of new monopolies, and whether citizens are genuinely empowered to enact the public service choices that are being opened.

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Further reading

[Pete Alcock \(2010\) 'A strategic unity: defining the third sector in the UK', Voluntary Sector Review 1\(1\): 5-24](#)

[Fraser Battye \(2011\) 'Payment by results: coming to a contract near you', Update 209: 14-15](#)

[Mary Larkin and Helen Dickinson \(2011\) 'Personalisation: what will the impacts be for carers?', TSRC Paper 64](#)

[Rosie Meek et al \(2010\) 'The role of the third sector in work with offenders: the perceptions of criminal justice and third sector stakeholders', TSRC Paper 34](#)

[MoJ \(Ministry of Justice\)/NOMS \(2008\) Working with the third sector to reduce re-offending: securing effective partnerships 2008-2011](#)

[David Mullins et al \(2010\) 'Self-help housing – towards a greater role', TSRC Paper 54](#)

[Hal Pawson and David Mullins \(2010\) After Council Housing: Britain's New Social Landlords, Palgrave](#)