



Public Service Reform

Standard Note: SN/PC/06011

Last updated: 11 August 2011

Author: Lorna Horton and Oonagh Gay

Section Parliament and Constitution Centre

The new Government has come to office committed to the reform of public services, particularly in terms of increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery. The Modern Commissioning Green Paper was published for consultation on 7 December 2010 and the results of the consultation were to feed in to the Public Service Reform White Paper, which was initially due to be published in January 2011. It was eventually published in July 2011 as the [Open Public Services White Paper](#).

In a speech on public service reform on 5 July 2010, David Cameron, the Prime Minister, stated that “I want one of the great achievements of this Government to be the complete modernisation of our public services. I want us to make our schools and hospitals among the best in the world. To open them up and make them competitive, more local and more transparent. To give more choice to those who use our public services and more freedom to the professionals who deliver them.” Commentators have argued that the white paper represents only a partial step in that direction.

Specific information on the Government agenda on the reform of the civil service so far can be found in Library Standard Note SN/PC/05769, [Civil Service reform](#).

This information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as being up to date; the law or policies may have changed since it was last updated; and it should not be relied upon as legal or professional advice or as a substitute for it. A suitably qualified professional should be consulted if specific advice or information is required.

This information is provided subject to [our general terms and conditions](#) which are available online or may be provided on request in hard copy. Authors are available to discuss the content of this briefing with Members and their staff, but not with the general public.

Contents

1	Background	2
1.1	Reports on public service reform in the last Parliament	3
2	Public Service Reform in the Coalition Agreement	4
2.1	Public Service Reform in the Conservative Manifesto	5
2.2	Public Service Reform in the Liberal Democrat Manifesto	5
2.3	Public Service Reform in the Labour Manifesto	6
3	The debate about commissioning	6
3.1	My Civil Service Pension (MyCSP)	7
3.2	Media interest	7
3.3	Payment for Success	8
3.4	National Programme for Public Sector Commissioning	8
4	Modern Commissioning Green Paper	9
4.1	Mutuals Taskforce	10
5	Public Service Reform White Paper	12
5.1	Background	12
5.2	Publication of the white paper July 2011	13

1 Background

Despite several initiatives in the past forty years, Ministers remain critical of the civil service. The Fulton Report found in 1968 that the civil service was inadequate for “the efficient discharge of the present system and prospective responsibilities of government.”¹ In 2003 the then Cabinet Secretary Sir Andrew Turnbull said “we need urgent change if we are to respond effectively to new problems and the expectations of service users”.² A fuller history of public service and civil service reform can be found in Library Standard note SN/PC/05769, Civil Service Reform.

In July 2010 David Cameron pledged to turn government on its head and introduce people power; public servants would be accountable to the people for their activities.³

A White Paper on Public Service Reform was initially due to be published in January 2011, but is now expected later in the year. The Government is developing mutual models through the Mutual Pathfinder programme which is supporting 21 existing and potential mutuals with

¹ On 8th February 1966, the Prime Minister Harold Wilson announced in the House of Commons the appointment of a Committee on the Civil Service (which became known as the Fulton Committee) ‘to examine the structure, recruitment and management, including training, of the Home Civil Service, and to make recommendations’. The Committee reported in 1968 *The Report of the Committee on the Civil Service Cmnd. 3638 1968*

² See Library Research Paper 03/49 *Whither the Civil Service?*

³ [“Cameron tells civil servants he wants to turn Government on its head”](#) 8 July 2010 *Guardian*

mentoring and advice from experts in employee ownership. Francis Maude, Minister for the Cabinet Office announced on 17 November 2010 'Rights to Provide' across public services so that employers would be expected to accept suitable proposals from front line staff who want to take over and run their services as mutual organisations. The immediate media reaction was generally positive, but there were concerns that without legal safeguards, mutuals might at a later stage be sold to the private sector. Mr Maude indicated that mutuals would be encouraged within the civil service. This may raise issues of consistent treatment of customers and standard levels of service.⁴

1.1 Reports on public service reform in the last Parliament

The Public Administration Select Committee report *Good Government* summarised a decade's worth of initiatives within the public sector to improve service delivery. PASC has already published the following reports which dealt with various aspects of civil service reform in the 2005-2010 Parliament:

- The skills and capacities of the civil service, including departmental capability reviews (*Skills for Government*; *Civil Service Effectiveness*);⁵
- Relations between the centre of government and departments (*Politics and Administration: Ministers and Civil Servants*; the Committee's work on the centre of government and the 'new centre');⁶
- Safeguards for ensuring high standards of ethical conduct in government (*Ethics and Standards*);⁷
- The use of performance targets and other measures of governmental effectiveness (*On Target? Government by Measurement*);⁸
- Citizen and service user involvement in policy and service delivery (*User Involvement in Public Services*; *Choice, Voice and Public Services*; *Public Participation: Issues and Innovations*);⁹
- Feedback mechanisms for improving how government operates (*When Citizens Complain*; oversight of the Parliamentary Ombudsman's work);⁹ and The values and principles underpinning public service (*The Public Service Ethos*).¹⁰

When appearing before the House of Commons Public Administration Committee inquiry into good government in 2008, Oxford academic Professor Christopher Hood stated that ideas for public service reform often failed to translate into reality:

⁴ [HC Deb 17 November 2010 c43WS](#)

⁵ Public Administration Select Committee, Ninth Report of Session 2006–07, *Skills for Government*, HC 93–I; Oral and written evidence of the Public Administration Select Committee, Session 2004–05, *Civil Service Effectiveness*, HC 307

⁶ Public Administration Select Committee, Third Report of Session 2006–07, *Politics and Administration: Ministers and Civil Servants*, HC 122–I; on the Committee's work on the centre of government, see, for example, oral evidence taken before the Public Administration Select Committee on 19 July 2007, Session 2006–07, HC 958–I

⁷ Public Administration Select Committee, Fourth Report of Session 2006–07, *Ethics and Standards: The Regulation of Conduct in Public Life*, HC 121–I

⁸ Public Administration Select Committee, Fifth Report of Session 2002–03, *On Target? Government by Measurement*, HC 62–I

⁹ Public Administration Select Committee, Sixth Report of Session 2007–08, *User Involvement in Public Services*, HC 410; Public Administration Select Committee, Fourth Report of Session 2004–05, *Choice, Voice and Public Services*, HC 49–I; Public Administration Select Committee, Sixth Report of Session 2000–01, *Public Participation: Issues and Innovations*, HC 373–I

...what I call Civil Service reform syndrome. What I am pointing to is a recurrent system which again I do not think is peculiar to one party or another, in which we go through changes in the executive machine in government through a process that involves excessive hype from the centre, selective filtering at the extremities and what I call attention deficit syndrome at the top, so that we do not get follow through and we do not get continuity.¹⁰

The Good Government report concluded that the civil service was not unfit for purpose, but that there was much scope to improve operational capacity.

47. Yet it is also true that British government has much scope to improve its capacity for operational delivery. We received evidence from the work of bodies like the National Audit Office pointing to the need for government to sharpen up its basic administrative and operational performance.⁵¹ The Audit Commission said in evidence to us that: "...many of the preconditions for good government are in place, they are inconsistently applied to policy development and implementation".⁵² British government has been especially poor at project and contract management, as Sir John Bourn noted from his long experience of leading the NAO.

The National Audit Office commissioned research from Accenture in 2008 on international comparisons which found that the United Kingdom's public administration compared favourably when benchmarked against countries such as Canada, New Zealand and Sweden, which have public administrations seen as being the most advanced in the world. However it fell short on citizen focused consultation. The research also found a discrepancy between how well UK public administration functions and actual results as citizens perceive them.¹¹

2 Public Service Reform in the Coalition Agreement

In the foreword of the *Coalition Programme for Government*, published in May 2010, the Prime Minister and Deputy Prime Minister stated that:

We have a shared ambition to clean up Westminster and a determination to oversee a radical redistribution of power away from Westminster and Whitehall to councils, communities and homes across the nation. Wherever possible, we want people to call the shots over the decisions that affect their lives.

In the crucial area of public service reform, we have found that Liberal Democrat and Conservative ideas are stronger combined. For example, in the NHS, take Conservative thinking on markets, choice and competition and add to it the Liberal Democrat belief in advancing democracy at a much more local level, and you have a united vision for the NHS that is truly radical: GPs with authority over commissioning; patients with much more control; elections for your local NHS health board. Together, our ideas will bring an emphatic end to the bureaucracy, top-down control and centralisation that has so diminished our NHS.¹²

¹⁰ Public Administration Select Committee, Eighth Report of Session 2008–09, *Good Government*, HC 97–II

¹¹ National Audit Office and Accenture *International Comparison of the UK's public sector*, 22 October 2008

¹² *The Coalition: Our programme for Government*, HM Government, May 2010

2.1 Public Service Reform in the Conservative Manifesto

Public Service Reform was a key part of the Conservative Party's 2010 General Election Manifesto. Decentralisation, accountability, and transparency were the three main platforms of the proposed reform. The manifesto stated that

We value the work of those employed in our public services, and a Conservative government will work with them to deliver higher productivity and better value for money for taxpayers. We will raise public sector productivity by increasing diversity of provision, extending payment by results and giving more power to consumers. giving public sector workers ownership of the services they deliver is a powerful way to drive efficiency, so we will support co-operatives and mutualisation as a way of transferring public assets and revenue streams to public sector workers.

We will encourage them to come together to form employee-led co-operatives and bid to take over the services they run. This will empower millions of public sector workers to become their own boss and help them to deliver better services—the most significant shift in power from the state to working people since the sale of council houses in the 1980s. Transparency is crucial to creating a value for money culture. We will publish all items of spending over £25,000 online, and the salaries of senior civil servants in central government will also be published.

We will create strong financial discipline at all levels of government and place an obligation to manage taxpayers' money wisely at the heart of civil service employment contracts. in addition, we will: introduce and publish a standard

- set of cost measures that capture the key drivers of departmental spending;
- help departmental finance Directors to manage resources more efficiently;
- implement clear financial performance targets for senior civil servants; and,
- create a focus on delivering strong financial management across government.¹³

2.2 Public Service Reform in the Liberal Democrat Manifesto

The Liberal Democrat 2010 manifesto focussed more on increased investment of public services than public service reform. It stated:

Liberal Democrats believe in investing in and improving the quality of our public services. They are the cornerstone of a fair society, opening up opportunities and providing support and help when needed.

Despite increased investment, there are still problems. Too many children leave school without the knowledge and skills to be successful. The NHS often feels too remote and complex for patients to handle, while doctors and nurses spend too much time trying to meet government targets. And inequality is rife: in Britain today your chances in life are more determined by your parents' income than anywhere else in the developed world.

We will provide a fair start for all children by giving schools the extra money they need to cut class sizes and provide additional one-to-one teaching, and by setting schools free to give all children the best possible education. We will scrap unfair university tuition fees so everyone has the chance to get a degree, regardless of their parents' income. We will help the NHS work better with the money it has by using the savings we have found to protect front-line services, such as cancer treatment, mental health care, maternity services, dementia care and preventive medicine.

¹³ The Conservative Manifesto 2010, [Invitation to join the Government of Britain](#)

2.3 Public Service Reform in the Labour Manifesto

The Labour 2010 Manifesto stated that:

Labour believes we should protect frontline spending on childcare, schools, the NHS and policing, and reform our public services to put people in control.

Above all we will build public services that are more personal to people's needs: with clear guarantees about standards, the best providers taking over others where they don't make the grade, and with new ways of organising services such as mutuals.

The Labour Party manifesto claimed that reform of public services would also occur by allowing citizens greater say in the services they received, stating that

The new politics also means radical change to local public services. Our goal is for much greater local flexibility and responsiveness, so that services are shaped around the personal needs of citizens, not the silos of government departments. Greater accountability – with public services built around users, scrutinised by democratically elected local councils, and with clear rights of redress for citizens– will strengthen support for collectively provided services, while driving efficiency and effectiveness in expenditure.¹⁴

3 The debate about commissioning

On 6 July 2010 Francis Maude MP, Minister for Cabinet Office gave a speech to the Civil Service which outlined the coalition government's vision for reform of the civil service. He stated that:

The Civil Service of 2020 must be more efficient and effective. It must be able to deliver—and enable others to deliver—better public services at best value for money. It will be:

- Smaller and more strategic, focusing on the core activities that the Service needs to perform in order to deliver quality and value for money public services
- Modern and flexible
- High performing, with the professional skills to drive efficiency and performance
- Flatter, less hierarchical, and more encouraging of innovation
- Able to deliver efficiently and effectively itself and through others

We will achieve this vision if we focus our reform efforts in four areas:

- An open and well managed Service, driving performance and value for money
- A Service with a modern employee offer
- A skilled and capable Service
- A streamlined Service¹⁵

¹⁴ The Labour Party Manifesto 2010, [A future fair for all](#)

¹⁵ 6 July 2010, [Francis Maude's speech to the Civil Service](#)

3.1 My Civil Service Pension (MyCSP)

On 12 April 2011 the Cabinet Office announced that My Civil Service Pension (MyCSP), which administers the delivery of civil service pension schemes was to become the first major central government mutual joint venture. The Cabinet Office clarified that once MyCSP became a mutual, its staff would no longer be civil servants by explaining that:

In July this year, My CSP will become a 'mutual' company: jointly owned by the government and the staff. Subsequently—and we intend by the end of the year—a private sector partner or partners will then join and form a mutual joint venture.

In order to free up MyCSP to operate on a commercial basis, and with a private sector partner, employees cannot remain civil servants.

MyCSP employees will also no longer be eligible to be members of the Principal Civil Service Pension Scheme. Their pension rights will be covered by the 'Fair Deal' guidance. Further details of current public service pension reform can be found in Library Standard note SN/BT 5768, [Public service pension reform – 2010 onwards](#).

3.2 Media interest

On 25 January 2011 [The Guardian](#) published an article from its public leaders network arguing that mutuals needed to make sure they had robust ways of being held accountable by their users:

As the reforms progress, designing the right accountability mechanism for the situation at hand will therefore be vital to success. Fortunately, experience highlights two tried-and-tested mechanisms.

Choice is the more familiar mechanism. We are all consumers, and we are used to the concept of changing supplier when we are unhappy. A disappointed customer of the Co-operative is more likely to take their business elsewhere, for example, than remain with the Co-operative movement and attempt to effect change through its participatory structures.

Understanding this has meant choice has been a major feature in many public sector reforms of recent years. For example, in the introduction of personal budgets in health and social care. Choice can also be exercised indirectly. Public sector commissioners act as proxies for the public, exercising choice on their behalf through mechanisms like competitive procurement.

But reliance on choice is not always the answer. Markets have their inefficiencies, and in some circumstances choice may be limited or completely unavailable and having voice becomes more important.

In thinking about voice, potential mutuals should consider how best to engage their users. Some of the first mutuals have brought their users directly into the process of organisational design. The first wave of children's social care mutuals, for example, have involved looked-after children in thinking about how they provide their services.

Either way, many public services mutuals will have to become accustomed to offering users a significant role in the running of services, and potentially even taking a role in management.

Whether the solution is choice or voice, new accountability relationships will be a fact of life for public sector mutuals and the challenge will be to build the capacity for robust accountability and market management mechanisms.¹⁶

On 11 June 2011 *The Guardian* published a 'how to' article which identified some of the challenges in setting up a mutual. The article highlighted the importance of choosing the right management and legal structure, and included advice from Cooperatives UK, the national trade body for cooperatives.

3.3 Payment for Success

In June 2010, KPMG, an accountancy firm, published a paper, *Payment for Success – How to shift power from Whitehall to public service customers*, which claimed that reform of the public services, including increased productivity and joined up commissioning could save several billion pounds a year.

The report stated that:

If the average UK public service provider was as efficient as the top quartile, there would be a 20 to 30% saving in the £250bn cost of most public services.¹⁷

The report recommends that a more sophisticated implementation of payment by results in public services would increase efficiency and save money. It identifies the three areas requiring reform as:

Three distinct customer roles should be implemented for each of the different types of service—personal, local and national—with each of these customers radically empowered to decide what they want and from whom.

Payment by results should be implemented across the public sector without exception—where it exists already it should be made more forceful and sophisticated, where it does not exist, it should be introduced with very limited transitional periods.

Public service providers (whether public, private or voluntary sector) should be given almost total freedom to respond effectively to their customers and the PBR regime, supported by the active divestment of public sector staff into independent providers in control of their own future.

On previous public sector reform the report stated that:

The sad conclusion on reform is that without stronger financial consequences being linked to good ideas, the impact of the (often highly energetic) reformers has been limited.

3.4 National Programme for Public Sector Commissioning

In 2007 the Office of the Third Sector commissioned the Improvement and Development Agency to develop and deliver the National Programme for Public Sector Commissioning. The aim of the programme is to increase the public sector's awareness of and skill in commissioning services from the third sector.

Its report, *Collaborating for Commissioning*, published in Spring 2011, identifies areas of the commissioning process that require improvement:¹⁸

¹⁶ Ensuring accountability on the path to mutualism, 25 January 2011, *Guardian*

¹⁷ *Payment for Success—How to shift power from Whitehall to public service customers*, KPMG, June 2010.

Civil society organisations need support to get better at:

Evidencing what they do
Management information systems
Developing collaborative working relationships
Marketing and promotional material
Speaking up for their communities.

Public sector needs pan-government work to achieve:

Clear, simple and proportionate commissioning processes
Joint cross sector training/information
Intelligent commissioning across all public services.

4 Modern Commissioning Green Paper

The *Modern Commissioning* Green Paper was published by the Cabinet Office on 7 December 2010 and outlined the government's intention to increase the role of charities, social enterprises, mutuals and cooperatives in public service delivery. When introducing the Green Paper, Minister for Civil Society Nick Hurd stated that:

Public services must make better use of tax-payer's money. We need smarter commissioning processes that take into account the social and environmental impact of organisations awarded contracts.

Good performance in these areas can take pressure off other public services and so create efficiencies across the board. This is part of a Big Society approach that will form the core of the Public Service Reform White Paper next year.¹⁹

The *Modern Commissioning* Green Paper sought views on four key questions and also outlines the Government's current plans for discussion:

1. In which public service areas could government create new opportunities for civil society organisations to deliver?
2. How could government make existing public service markets more accessible to civil society organisations?
3. How could commissioners use assessments of full social, environmental and economic value to inform their commissioning decisions?
4. How could civil society organisations support greater citizen and community involvement in all stages of commissioning?²⁰

The consultation closed on 5 January 2011, and the results of the consultation were to feed into the Public Service Reform White Paper. A summary of consultation responses has not yet been published by the Cabinet Office, but many are available from individual organisation websites. For example,, [Cooperatives UK's response](#) to the Modern Commissioning Green Paper expressed concern that it could be difficult for co-operatives to implement payment by results, a key aspect of the Government's proposed public service reforms:

Although we can understand the appeal of PBR, it is fraught with difficulty:

¹⁸ [National Programme for Third Sector Commissioning: Collaborating for commissioning](#), Locality, 2011

¹⁹ [Modern Commissioning](#), Cabinet Office, December 2010

²⁰ [Modern Commissioning](#), Cabinet Office, December 2010

- Cash flow: delivery organisations need working capital to see them through to full payment.
- Assessment of results often comes a long time after the service has been delivered
- Results may be multi-causal and hard to link to a specific service delivery
- Considerable resources may be required to assess results, and therefore must be factored in at the beginning.
- The appropriateness of PBR will therefore vary considerably across different services as a result of the significance of these, and other, factors.²¹

4.1 Mutuals Taskforce

On 2 February 2011 Francis Maude, Minister for the Cabinet Office, announced the creation of a Mutuals Taskforce, led by Professor Julian LeGrand, Richard Titmuss Professor of Social Policy at London School of Economics and former policy adviser to Tony Blair. On the creation of the taskforce, Francis Maude stated:²²

Already we've had huge interest from front line staff who want to mutualise their services. The new Mutuals Taskforce, led by Professor Julian Le Grand, will inject real momentum this agenda. The Taskforce will work with front line staff who can see how to do things better and to make sure their 'rights to provide' are upheld.

The other members of the Mutuals Taskforce are:

Patrick Lewis, John Lewis
 Jo Prithcard, Central Surrey Health
 Ed Mayo, Cooperatives UK
 Patrick Burns, Employee Ownership Association
 Peter Marsh, University of Sheffield; and
 Peter Holbrook, Social Enterprise Coalition.

In a written answer on 8 June 2011, the Minister for Civil Society Nick Hurd gave an update on public sector cooperatives and mutuals:

Jonathan Evans: To ask the Minister for the Cabinet Office what business support he plans to make available to those seeking to establish public service co-operatives; and if he will make a statement. [56873]

Mr Hurd: Government will invest over £10 million to fund a programme of support for some of the most promising and innovative mutuals so that they reach the point of investment readiness. The support programme also aims to stimulate the development of the mutuals concept in key public services areas in order to catalyse take up of the 'right to provide' through a variety of delivery models.

The full programme is currently being developed. The Mutuals Information Service run by Local Partnerships, provides advice and signposting through a telephone and e-mail helpdesk, to public sector workers interested in exploring opportunities for mutualisation.

Jonathan Evans: To ask the Minister for the Cabinet Office what recent discussions he has had with his EU counterparts on the establishment and participation of co-

²¹ [Response to the Modern Commissioning Green Paper](#), Cooperatives UK

²² [The mutual futures of public services in Swindon](#), Cabinet Office 2 February 2011

operatives as a means of delivering public services on behalf of the state; and if he will make a statement. [56875]

Mr Hurd: This coalition Government are committed to giving public sector workers new rights to form employee-owned mutuals and co-operatives.

To help drive this commitment further and faster across Government and the public sector I have established the Mutuals Taskforce chaired by Professor Julian Le Grand. The Taskforce is advising me and other ministerial colleagues about how we can best enable the success of this policy. The group includes representatives from the John Lewis Partnership; leading practitioners; and a range of expert organisations in the field. The Taskforce is considering the evidence and experience internationally, including from within the EU, on mutuals and co-operatives delivering public services.

Jonathan Evans: To ask the Minister for the Cabinet Office what assessment he has made of the sources of finance available for the capitalisation of public service mutuals; and if he will make a statement. [56874]

Mr Hurd: This coalition Government are committed to giving public sector workers new rights to form employee-owned mutuals and co-operatives.

Government will not seek to dictate what is best for employees and the users of services, rather the precise model of mutualisation should follow from the service being provided and the requirements of the new organisation. Financing will be part of this consideration. Some may seek to form a joint venture with an existing organisation, others will seek debt financing or may look to access capital from their membership.

These new mutuals will benefit from “Growing the Social Investment Market—a vision and strategy”, published in February 2011, opening up new finance opportunities to social ventures. They will also be able to access at least £10 million of funding to get the help they need, including support to access finance.²³

Julian Le Grand gave evidence to the Public Administration Select Committee on 5 July about the progress of the Mutuals TaskForce.²⁴

On 10 June 2011 the All Party Parliamentary Group on Employee Ownership, established in 2007, published a report, *Sharing Ownership: The Role of Employee Ownership in Public Service Delivery*. The report stated that the mutuals programme appeared to be successful so far, with Chair of the APPG Jesse Norman, stating that “it was notable that every organisation who had completed the transfer process reported that they had no regrets at their decision, and that they would not want to return to the old structures.” The report highlighted two areas where the mutuals programme could be improved:

The public service mutuals programme is not yet very well understood within government. It would benefit from more explanation, exhortation and guidance from Ministers to the relevant authorities in health, local and central government.

More work is needed to create safeguards against the possibility that mutualised public assets could be sold off before they have had a chance to show their value, undermining employee ownership and the admirable intentions behind the Government’s objectives.

²³ House of Commons Written Answers, [Public Sector: Co-operatives and Mutuals](#), 8 June 2011

²⁴ [Smaller Government: Bigger Society](#) 5 July 2011 Evidence to Public Administration Select Committee HC 902 2010-11

5 Public Service Reform White Paper

5.1 Background

On 26 November 2010 HM Treasury issued a call for evidence, which closed on 5 January 2011 inviting views on public service reform in order to inform the Public Service Reform White Paper which was due to be published in early 2011.²⁵

The Government wants to reform public services by shifting power away from central government to the local level to citizens, communities, and independent providers, so that they can play a greater role in shaping services.

The Government particularly wants views on how to drive reform further in the following ways:

- Extending innovative payment and funding mechanisms, such as personal budgets and payment-by-results commissioning in more areas
- Developing new rights for communities and public employees to buy and run services
- Setting proportions of certain services that should be provided independently
- Bringing external investment and expertise into service reform
- Increasing democratic accountability at a local level

The Government also seeks comments on how best to ensure that continuity of service is maintained in any public service that is provided by voluntary, community or business groups.

The Government particularly wants to receive specific examples on how these reforms could be successfully implemented from the following groups:

- Public services industry
- Voluntary and community organisations
- Independent providers of public services
- Managers of public services
- Think tanks and research bodies
- Service users with views to share

On 31 January 2011 there was a roundtable at the Cabinet Office on the issue of the Public Service Reform White Paper, chaired by the Minister for Civil Society Nick Hurd. The participants were Chief Executives from NCVO, NAVCA, Groundwork, Action for Children, Birmingham Voluntary Service Council, Women's Resource Centre, ACEVO, Social Investment Business and the Social Enterprise Coalition.²⁶

²⁵ [Government to seek experts' views on public service reform](#), HM Treasury, 26 November 2010

²⁶ [Cabinet Office roundtable on public service reform white paper](#), NAVCA, 10 February 2011

On 20 February 2011 the Prime Minister published an article in [The Telegraph](#) that set out his vision for the Big Society, and stated that the Public Service Reform White Paper would be a key part of that agenda.²⁷

We will soon publish a White Paper setting out our approach to public service reform. It will put in place principles that will signal the decisive end of the old-fashioned, top-down, take-what-you're-given model of public services. And it is a vital part of our mission to dismantle Big Government and build the Big Society in its place.

That's why we need a complete change, and that's what our White Paper will bring. The grip of state control will be released and power will be placed in people's hands. Professionals will see their discretion restored. There will be more freedom, more choice and more local control. Ours is a vision of open public services – and we will make it happen by advancing some key principles.

However, there was already concern that immediate proposals were not forthcoming. In February 2011 the pressure group Reform published a report, [Reform 2011 Scorecard](#), which analysed the coalition government's progress on their public service reform agenda. The executive summary of the report argued that:²⁸

The Coalition Government is failing the test of practical reform. Its policies are inconsistent between departments and sometimes within them, often failing to observe the Government's own principles of reform. Key examples include:

At times the Coalition Government is neutral as to the provider of public services; at other times it favours particular sectors whether private sector companies, mutuals, social enterprises, small firms or even public sector organisations.

The Coalition has withdrawn the National Curriculum from academies and free schools yet is retaining and rewriting the National Curriculum for other children. It wants the schools system to develop according to parental demand yet retains a strong commissioning role for local authorities.

The Coalition may argue that these inconsistencies are good politics. In fact they are bad politics because they undermine confidence that the Government is serious about reform. Viewed as a whole, the Government's public service reform policies are all over the place. The Government's failure to adhere consistently to its principles gives an air of unreality to the whole programme.

5.2 Publication of the white paper July 2011

In June, there were media suggestions that a white paper would no longer appear and instead there would be a review of public service reform. In a Conservative Home article on 1 June 2011, when asked when the Public Service Reform White Paper would be published, Francis Maude answered "When? I don't know when. There's a huge amount of work and, partly because of the second question, which is that there's a lot of work going on anyway."²⁹

On 17 June 2011, in a speech made at a launch of a CBI report entitled *The Coalition Government One Year On: The Business Perspective*, CBI deputy Director General Neil Bentley voiced his frustration that the pace of public service reform had slowed:

²⁷ [We will release the grip of state control](#) 20 February 2011, The Telegraph

²⁸ [Reform 2011 Scorecard](#), Reform, 2011

²⁹ [Interview with Francis Maude](#), 1 June 2011, ConservativeHome

He reminded his audience that in January the prime minister, discussing public service reform, said: We cannot put this off any longer.

Bentley said: In early February, he promised a white paper. Now we're in mid-June, we're told we might get something next month.

"after all this time, this ongoing uncertainty – combined with the debacle over NHS reform – clearly calls into question the coalition's commitment to reform."³⁰

On 19 June 2011 [The Guardian](#) published an article suggesting that the Public Service Reform White Paper would be published shortly, giving reasons ideological differences within Government as a reason for the delay. ³¹

The [Public Service White Paper](#) was published by the Cabinet Office on 11 July 2011. It has been described as a white paper with green edges, since it announced a wide ranging discussion with interested individuals and organisations between July and September 2011. The timetable for action was set out as follows:

In November, the Government will set out how departments will take forward ideas to implement open public services over the rest of this Parliament in line with the principles and policies set out in this White Paper, including proposals for legislation. Commitments will be reflected in departmental plans, taking into account responses to the listening exercise and considering the practical challenges involved in delivering lasting improvements in quality and within a tough financial climate. Any new commitments will be subject to a regulatory impact assessment to ensure that we are not burdening businesses. **From April 2012**, departments will publish regular progress reports, setting out the steps that have been taken to open public services.

The white paper argued that a centralised approach to public service delivery was broken, and that the alternatives were choice, fair access to a range of providers and decentralisation. Government datasets had to be open and accessible to support individuals to make informed choices. In a speech to introduce the white paper, David Cameron said:

The key elements of the plan, outlined by Mr Cameron, are:

Companies, charities and community groups to bid to run everything from local health services to schools, libraries and parks

People to be given new legally-enforceable "right to choose" services

State to have to justify retaining monopoly service in most areas

Councils to be given new funding streams

Providers to be able to make profits in some areas like getting people off benefits and into work, but not in others such as health care.

Unveiling the proposed legislation on Monday, Mr Cameron said it was about "ending the old big-government, top-down way of running public services, releasing the grip of state control and putting power in people's hands".³²

Oliver Letwin, the Cabinet Office Minister, gave an oral statement in the Commons on 11 July. He said:

³⁰ [CBI criticises Cameron for backing down over public service reforms](#), 17 June 2011, The Guardian

³¹ [Whitehall pores over 'big society' bill in bid to avoid rerun of NHS fiasco](#), 19 June 2011, The Guardian

³² ["Cameron promises 'people power' in public services"](#) 11 July 2011 *BBC News*

The central point is that when public services are not 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. We need to give everybody the same choice in and power over the services they receive that well-off people already have. This White Paper sets out how we will put that vision of choice and power for all into practice.

Our principles are clear. They are choice, decentralisation, diversity, fair access and accountability. We will increase choice wherever possible; power will be decentralised to the lowest appropriate level; public services will be open to a diverse range of providers; we will ensure that there is fair access and fair funding for all; and services will be accountable to users and taxpayers.³³

The white paper discussed the feasibility of extending the commissioning of service in central and local government. Examples were the Work Programme, rehabilitation and drug and alcohol recovery projects. The white paper called for views on other potential services open to the commissioning approach, such as court and tribunal administration, debt management and enforcement services, immigration and visa administration.

The white paper set out a series of questions for further consultation. Further detail is given at www.openpublicservices.cabinetoffice.gov.uk

The initial response from the Opposition was that the white paper contained few new ideas or definite plans for action. The Cabinet Office spokeswoman, Tessa Jowell, said:

The White Paper contains few new ideas and even fewer new proposals. In most of the cases to which the right hon. Gentleman referred, the Government are lagging behind the action of the previous Labour Government. He referred to personal budgets. *The Sunday Times* was told several weeks ago that the right to a personal budget, which is now used by approximately 250,000 adults, was to be extended to those with long-term conditions and to children with special needs, yet there is nothing of that in the White Paper. The right hon. Gentleman also referred to the expansion of mutuals, which was also showcased in a variety of this weekend's newspapers. Back in November, the Minister for the Cabinet Office and Paymaster General undertook to put in place rights to provide for public sector workers, meaning that they could take over the running of services, but no time scale for such proposals has been forthcoming.³⁴

Commentators have indicated that the rhetoric of the white paper may be difficult to deliver in practice:

Genuinely competitive markets work on built in redundancy. Excess supply forces providers to seek out consumers and meet their needs. There is just enough business to get by. Some will fall by the wayside. Maybe that doesn't matter when you're talking about restaurants on the high street. But when you're talking about schools and hospitals the stakes are higher. Failing providers, closing providers, new providers opening up – the process may be good for improving standards over the medium term. But it can, for example, condemn cohorts of students to underachievement in the short term as their school winds down and good teachers exit.

The treatment of poor performance is going to be a key political flashpoint. The quasi-market experiments of the 1990s were "quasi" precisely because they balked at allowing poor performers to fail. The current cohort of politicians seems to have fewer qualms. Some market fundamentalist commentators have welcomed the prospect of

³³ HC Deb 11 July 2011 c26

³⁴ HC Deb 11 July 2011 c28

provider failure as being the whole point. In the process they demonstrate a complete failure to grasp the differences between the market for prawn madras and the provision of services that shape quality of life and life chances. The current problems with Southern Cross give some indication of the uncertainties that can be generated.³⁵

Gavin Kelly, former Deputy Chief of Staff in no 10 Downing St, considered that many of the ideas also featured in Labour Party policy:

So what's new? For all the effort to make it sound like a departure into a brave new era of personal "choice and control" the White Paper is characterised far more by continuity with the past than the coalition, or many on the Labour side, would like to recognise. "A right for anyone with a chronic condition to receive a personal budget." "Every hospital to become a Foundation Trust". "Takeovers and mergers to create a new generation of a not-for-profit chains of schools." A "default assumption" that all government data will be open source.

Sounds like strong stuff. Except all of these lines are from Labour's 2010 Manifesto -- and all have a clear echo in yesterday's publication.

Where the white paper seeks to go further is in relation to the role of the private sector and charities in running any public service. The early press briefings, which suggested a far-reaching right for the private sector to takeover services, will no doubt have generated grave concerns from those fearing the widespread privatisation of core services.

Personally, I think they can relax, at least on the basis of what's actually in the white paper. It's hard to see what new in it would force any of this to happen³⁶

³⁵ [Cameron ploughs on with public sector reform](#) Professor Alex Marsh 12 July Dale and Co blog.

³⁶ ["Haven't I seen this revolution before?"](#) 12 July 2011 *New Statesman*