Open Public Services White Paper

HM Government

Open Public Services White Paper

Presented to Parliament by
the Minister for Government Policy
by Command of Her Majesty
July 2011

Cm 8145

£15.50

Scope

We believe that more open public services can benefit everybody in the UK and that finding ways to deliver better services for less money is a challenge that is common to all four nations of the UK. The scope of this paper is UK wide, but in devolved areas of policy it is for the devolved administrations to determine their own approach to public service reform. The three devolution settlements in Scotland, Wales and Northern Ireland are all different although, in general, services such as health, education and those provided by local government are under devolved control. If you live or work in any of the devolved territories and are in any doubt as to which of these reforms would apply there, the relevant territorial office will be able to advise you.

We are committed to working in partnership with the devolved administrations to share good practice and to explore whether our approach would suit their particular circumstances and need.

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This publication is available for download at www.official-documents.gov.uk and from our website at www.cabinetoffice.gov.uk.

ISBN: 9780101814522

Printed in the UK for The Stationery Office Limited

on behalf of the Controller of Her Majesty's Stationery Office

ID 2442244 07/11

Printed on paper containing 75% recycled fibre content minimum.

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Foreword

David Cameron

Prime Minister

Nick Clegg

Deputy Prime Minister

There is an overwhelming imperative – an urgent moral purpose – which drives our desire to reform public services. We want to make opportunity more equal.

Our society is blighted by the persistent failure to extend equal opportunity, dignity and worth to all. Inequalities in access to good schools, decent healthcare, safe places to play, culture, sporting opportunities, good nutrition and so much more leave our society less free, less fair and less united.

Because the forces which restrict opportunity for some inflict an injury on all. The failure to educate every child to the maximum of their abilities is not just a moral failure to accord every person equal worth, it is a piece of economic myopia which leaves us all poorer. For in a world rendered so much more competitive by globalisation, we can no longer afford to leave talents neglected. Every pair of idle hands, every mind left uncultivated, is a burden on all society as well as a weight on our conscience.

And, as with education, so with housing, healthcare, civic space and sporting chances. Denying our fellow citizens fair access to these goods weakens the bonds which keep our nation together, infringes the basic dignity of our fellow citizens, and holds us back in the global race to excellence.

In order to ensure that every citizen is given the opportunities they deserve, this Coalition Government has already moved quickly to lower taxes for the poorest, reform welfare and make work pay. We want economic opportunity to be more widespread than ever before.

But these reforms which will help generate more wealth, and see it spread more fairly, are only part of our mission to make opportunity more equal.

We are also reforming our public services. Because it is only by tackling the unfairnesses and inefficiencies which still exist in the public sector that we can play fair by all.

All of us rely on good public services to lead civilised lives in a cohesive nation. The NHS is a universal service, and must always remain so. The promise of care based on need not ability to pay is inviolable. The state of our immediate environment profoundly influences the quality of all our lives.

But while we all have a shared interest in the best possible public services, we know that the poorer we – or our neighbours – are, the more we rely on the state and its agencies. Those who live in our most disadvantaged communities rely most critically on the NHS and need most urgently to see public health improve. Our poorest children depend most powerfully on high-quality childcare, good pre-school provision and excellent teaching to flourish in later life. Those in our most economically impoverished neighbourhoods rely most on decent provision of sporting facilities, parks and greenery close at hand to lead fuller lives.

And at the moment they are often let down.

So reform of public services is a key progressive cause. The better our public services, the more we are helping those most in need. That is why those who resist reform, put the producer interest before the citizens' needs, and object to publishing information about how services perform are conspiring to keep our society less free, less fair and less united.

Throughout this paper, we will explain just how our reforms give power to those who have been overlooked and underserved. We will also demonstrate that it is only by publishing data on how public services do their jobs that we can wrest power out of the hands of highly paid officials and give it back to the people. And our reforms will mean that the poorest will be at the front of the queue.

David Cameron

Nick Clegg

1. Why open public services?

Our commitment to providing good public services

1.1 Good public services are one of the foundation stones of a civilised society. We rely on the police to patrol our streets to deter crime. If we get seriously injured we expect an ambulance to come when we ring 999. When we take our children to school, we look to teachers to pass on to them the best of human knowledge. We demand that our bins are collected regularly and that parks are well maintained. Good public services are an essential part of everyday life, and being able to access those services is one of the most basic requirements that we as citizens demand from government in return for our taxes.

1.2 This Government believes it has a fundamental responsibility to ensure the provision of high-quality, accessible public services, which in core services like policing, schools and the NHS are free at the point of use. There is excellence in all our public services, but many people do not have access to this excellence. So the purpose of the ideas outlined in this White Paper is simple – to make sure that everyone has access to the best public services, and that the best becomes better still. That is what our approach is all about.

1.3 We believe that a new approach to delivering public services is urgently needed. The principles that inform our approach, and the policies we will enact to give it force, signal a decisive end to the old-fashioned, top-down, take-what-you-are-given model of public services. We are opening public services because we believe that giving people more control over the public services they receive, and opening up the delivery of those services to new providers, will lead to better public services for all. Whatever the circumstances, this Government would be modernising public services in this way.

But in this economic climate, when times are tight and budgets are being cut to stabilise the economy and reduce our debts, opening public services is more important than ever – if we want to deliver better services for less money, improve public service productivity and stimulate innovation to drive the wider growth of the UK economy.

1.4 The aim of this White Paper is to set out the Government's programme for public services over the next few years. **The White Paper sets out a comprehensive policy framework across public services. However, the Government recognises that it cannot all be achieved at once.** While many of the reforms set out here are already under way, others will require detailed design, and the solutions will often be specific to each service. It will be vital to consult and engage with those who use public services, as well as those who are or could be delivering public services, about the best ways to achieve the Government's ambitions. The Government will have to prioritise and pace its reforms to ensure that it balances the public's need for change with the capacity of public service providers to deliver those changes. **Therefore, along with setting out our principles for reforming public services and how they apply to existing policies, this White Paper outlines a range of wider ambitions where the Government will consult further over the next few months before setting out the next steps.**

1.5 The policies described in this White Paper are examples of how we are putting our vision into practice in order to make public services more open. Included are actions we have already taken and new policies that we are advancing publicly for the first time. Often these are in the form of firm statements of what we intend to do. However, many of the ideas in this White Paper – for

example, decentralising some public services to neighbourhood councils (refer to Chapter 4) – are in earlier stages of development and we want to use this White Paper to consult on these further.

The old, centralised approach to public service delivery is broken

1.6 Many of our public services are already among the best in the world. Public sector providers in Britain are often global leaders in innovation and there are fantastic examples across the country of the great public services provided for individuals and communities. In too many places, however, the quality of public services in this country has not kept up with either the expectations of citizens or the aspirations of public sector professionals. Some of our schools, hospitals and other parts of our public services are truly outstanding, but outcomes can vary enormously and often it is the poorest who bear the brunt of under-performance.

1.7 Total public spending increased by 57 per cent in real terms from 1997/08 to 2010/11 – from 38 per cent to 48 per cent of GDP. Yet on key international comparisons such as school results, cancer survival rates and crime rates, the UK has been treading water. The differences in the social outcomes experienced by the most and least well-off have remained static over the last ten years despite these huge increases in public spending:[1]

- The attainment gap in schools between rich and poor is stark: children who qualify for free school meals are half as likely to get five good GCSEs as their better-off peers,[2] and this gap has remained constant over the past five years despite a per-pupil funding increase of around 20 per cent between 2005 and 2010.[3]
- In education, we are falling behind international competitors – in the most recent Organisation for Economic Co-operation and Development Programme for International Student Assessment survey, we fell from 4th in the world in science in 2000 to 16th in 2009, from 7th to 25th in literacy, and from 8th to 27th in maths.[4]
- In 2003, the Department of Health created 82 'indicators' to measure factors that would contribute to reducing health inequalities: by 2006, departments had met 72 of them, and yet health inequalities continued to widen.[5]
- In England today, people living in the poorest neighbourhoods will, on average, die seven years earlier than people living in the richest neighbourhoods.[6]

1.8 We can do better – these outcomes are neither socially just nor economically efficient. Poor performance could be offset by higher spending when the economy was booming but this option is unsustainable now that the country needs to limit public spending to deal with the deficit. Besides, the cause of poor standards in the public sector is not a lack of resources, nor is it low expectations from citizens, a lack of passion from public sector workers or the absence of ambition from successive governments. Rather, it is an outdated approach to organising public services that is out of step with the way we live now.

1.9 Too many of our public services are still run according to the maxim 'the man in Whitehall really does know best'. Decades of top-down prescription and centralisation have put bureaucratic imperatives above the needs of service users, while damaging the public service ethos by continually second-guessing highly trained professionals. The idea behind this view of the world – that a small group of Whitehall ministers and officials have a monopoly on wisdom – has propagated a lowest common denominator approach to public services that implicitly favours

the wealthy by allowing them to move to find pockets of excellence or to opt out altogether. Our vision of open public services turns this presumption on its head and places power in the hands of people and staff, with additional power or incentives to help boost those who would otherwise be disadvantaged in the marketplace. To achieve this we will follow five principles for modernising public services:

- Wherever possible we will increase choice.
- Public services should be decentralised to the lowest appropriate level.
- Public services should be open to a range of providers.
- We will ensure fair access to public services.
- Public services should be accountable to users and to taxpayers.

1.10 **The rationale for this shift in power to people is simple: to provide people with the best possible services for the money spent.** We believe that when people have the power to make decisions and exercise choices to meet their own needs, the value of public funds can be greater than when the state makes decisions for them. We also recognise that our approach to opening public services must be affordable and sustainable in the longer term. In applying our principles, we will always take into account the need to use public funds wisely.

Wherever possible we will increase choice

1.11 In a world where people are making informed choices about almost every aspect of their life, amplified by the opportunities brought by new technology, public services have to be equally responsive to people's demands if they are to retain people's trust. The modernisation of public services that the Government is undertaking is driven by this simple idea – that people should be in the driving seat, not politicians and bureaucrats. We know that people want to have more of a say in how their services are run: only 17 per cent of people agree that 'the people in charge know best',[7] and 85 per cent want more control over how services are provided locally.[8]

1.12 Our vision is for public services that revolve around each of us. That means putting people in control, either through direct payments, personal budgets, entitlements or choices. **Wherever possible, we will increase choice by giving people direct control over the services they use. And where it is not possible to give people direct control, elected representatives should also have more choice about who provides services and how. This is the first principle of open public services.**

Power should be decentralised to the lowest appropriate level

1.13 We want control of public services to be as close to people as possible. Wherever possible we want to decentralise power to the individuals who use a service. But where a service is used by a community collectively, the control over services needs to be exercised by a representative body. In these circumstances we are clear that the principle should be to decentralise power to the lowest appropriate level. For many services, this will mean the community groups and neighbourhood councils to whom power is decentralised, while for others it may be local authorities and other elected bodies such as Police and Crime Commissioners. Services might be provided directly, such as a parish council taking responsibility for the community library; or they might be commissioned, such as a local council using its new public health powers to pay a social

enterprise to help cut local obesity rates. In each case we believe that the closer this decision-making power is to the people affected, the better. **So this is the second principle of open public services: power should be decentralised to the lowest appropriate level.**

Public services should be open to a range of providers

1.14 This idea of devolving power and responsibility applies as much to those working in public services as it does to those using them. We want people to have a choice about the services they use, and the only way for that to happen is for provision to be opened up to a range of providers of different sizes and different sectors. In education, for example, we are already supporting new models of provision and new providers through an expansion of the Academies programme and the introduction of Free Schools. The Government has huge respect for the public service ethos and we are determined to deregulate the public sector and free its staff from the bureaucracy and central instruction that previous governments have used to run public services. Most public sector staff are passionate and inspired, and are eager to provide a great service. If only we would let them, they are capable of far more innovation and insight than is currently unleashed. There are many exciting examples to follow of staff already working in new types of autonomous organisations, such as Academies and Foundation Trusts.

1.15 But with that freedom comes a responsibility to provide a high-quality service that people want. And if those who are already providing that service prove incapable of, or resistant to, meeting people's demands then they must allow other providers to try. **We do not have an ideological presumption that only one sector should run services: high-quality services can be provided by the public sector, the voluntary and community sector, or the private sector.** Equally, it is clear that poor-quality services can occur in any sector. Competition can be very effective within just one sector – there are great examples of performance being improved by competition between good public sector schools, between voluntary sector providers in social care and between private sector suppliers of highways maintenance.

1.16 With open public services, the job of government is not to specify which sector should deliver which service to which people; rather, it is to create an open framework within which people have the power to make the choices that are best for them, and where all good, innovative ideas for improving the quality of services are welcomed and encouraged.

1.17 That means breaking down barriers, whether regulatory or financial, so that a diverse range of providers can deliver the public services people want, ensuring a truly level playing field between the public, private and voluntary sectors. It means being totally transparent about the quality and value for money of public services so that new providers can come in and challenge under-performance. And it means providing fair funding on the basis of quality, so that public service providers are paid for the results they achieve regardless of which sector they are from.

1.18 That is why we believe that **wherever possible, public services should be open to a range of providers competing to offer a better service – our third principle of open public services**.

We will ensure fair access to public services

1.19 Public services have too often allowed those with the time, financial resources or capacity to operate as more sophisticated consumers and so hoard opportunities and resources for themselves. We are opening up public services because we want to address this issue. But, without intervention in these new markets, there is a risk of exacerbating current inequalities. So we will intervene decisively to ensure that open public services create a fairer, more equal country. We recognise that not all people start from the same point and that the scars of disadvantage can determine life chances in a way none of us consider to be fair. Therefore, when shifting decision-making power down to individuals and communities, we believe that the state needs to provide extra help to those who have previously been left behind and to target resources in their favour. That is why we have introduced a Pupil Premium in schools, why we are funding community organisers in our poorest neighbourhoods, and why we are helping to improve the lives and education of the country's poorest 2-year-olds by introducing an entitlement to 15 hours a week of early years education.

1.20 This new role for the state is summed up in **the fourth principle of open public services – we will ensure fair access** in order to advantage the disadvantaged and improve their outcomes.

Public services should be accountable to users and taxpayers

1.21 Open public services should be accountable to those who use them and to citizens both directly and through elected representatives. This means that they should be responsive both to the needs and demands of service users, and to the demand for value expected from taxpayers. In practice, combinations of specific mechanisms – such as choice, transparency and voice – can be applied to create accountable organisations, although the particular instruments used will be based on the characteristics of a particular public service. It will be the simultaneous action of these different mechanisms of accountability acting on the different organisations involved in the commissioning and provision of a public service that will ensure the accountability of the system as a whole. **This is the fifth principle of open public services: that they must be responsive to the people they serve – held to account by citizens and their elected representatives.**

1.22 It is important that everyone has a voice in our democratic institutions, civil society and local communities. For example, we have recently consulted on providing additional support for disabled people who wish to seek elected office. We have also set out our aspiration that 50 per cent of all new appointments to public boards should be of women by the end of the current Parliament.

1.23 This principle of accountability and responsiveness should extend to all organisations in receipt of public funds, regardless of whether they commission services from others or provide them directly. Accountability should improve as people exercise choice (either individually or collectively through commissioned services) and as service providers become more responsive.

As information about services becomes more transparent, people should be able to make more informed choices about the providers they use, citizens should have more information on which to voice their opinions and exercise their democratic rights, and elected representatives should be able to scrutinise providers more effectively on people's behalf. People should use their voice in designing and managing the services they use, and elected representatives should champion their demand for good services. Open public services that are more accountable to the people they serve (both the users and the taxpayers who fund them) will be better services.

Open public services are the only way to deliver the improvements that people demand

1.24 We are not the first government to realise the power of open public services; others have tried it, for example social enterprise providers of community healthcare and the introduction of Academies in the last decade. But we are the first government to introduce these principles systematically across the entire public sector, and it is one of the fundamental areas of shared belief that brought together the two parties that form the Coalition Government. Our plans are not based on ideology, however we do not hide from the fact that we are driven by an ideal of people power – a belief that people know better than politicians.

1.25 Government has a continuing role to play in open public services at all levels. The central state will continue to have an essential role in open public services, but it will be a very different one from the past and much will depend on locally elected authorities: parish councils, local authorities, Police and Crime Commissioners and mayors. Instead of seeking to run services directly, the role of the central state is being redefined as overseeing core standards and entitlements (such as school floor standards and NHS waiting times), fair funding (such as the Pupil Premium or tiered payments for different client groups within the Work Programme) and equality of access (such as setting the School Admissions Code).

1.26 Gone is the assumption that a small collection of politicians and bureaucrats have a monopoly on knowledge – and with it the idea that the state alone is equipped to run public services. Instead we recognise that the sum of knowledge held by individuals, communities, local authorities, public sector staff and the voluntary, charitable and private sectors can be the real driving force for change. That is why we are determined to create public services that are directly accountable to those who use them, and where providers stand or fall by their ability to deliver a good service, regardless of which sector they are from.

1.27 Our reforms are the best way to deliver better services; indeed, they are the only way we can deliver improved, modern public services in a time of fiscal consolidation and growing demand. Waste and inertia are no longer tolerable – we need to make every penny of taxpayers' money work as hard as possible, which also means harnessing the power of new technology to transform our public services. These plans for the modernisation of public services will give everyone in our country access to the kind of choice and quality that today only the better off can buy.

2. Open public services in practice

2.1 Our aim is to ensure better-quality services that are more responsive to individual and community needs. By making public services more open, we will give more freedom and professional discretion to those who deliver them, and provide better value for taxpayers' money.

Principles

2.2 Our plans for public service modernisation are based on the five principles set out in Chapter 1:

- **Choice** – Wherever possible we will increase choice.
- **Decentralisation** – Power should be decentralised to the lowest appropriate level.
- **Diversity** – Public services should be open to a range of providers.
- **Fairness** – We will ensure fair access to public services.
- **Accountability** – Public services should be accountable to users and taxpayers.

2.3 These five principles are linked. Their combined effect is that for the majority of public services, power will be placed in the hands of individuals and local communities where appropriate. People will be able to choose what sort of service they want and find the best provider to meet their needs. Some people face particular barriers to accessing good public services, so we are giving disadvantaged groups extra help to ensure that they get fair access. And because choice implies the availability of different alternatives, one of the key roles of government is to ensure that any competition is free and fair, and that people have access to the information they need to make good choices and hold providers to account.

Types of service

2.4 In applying our principles to different public services, we recognise that there can be no one-size-fits-all policy prescription. Different public services have different characteristics, and our proposals are tailored accordingly. In essence, we see three different categories of public service:

- **Individual services** – These are personal services – for example in education, skills training, adult social care, childcare, housing support and individual healthcare – that are used by people on an individual basis.
- **Neighbourhood services** – These are services provided very locally and on a collective, rather than an individual, basis – such as maintenance of the local public realm, leisure and recreation facilities, and community safety.
- **Commissioned services** – These are local and national services that cannot be devolved to individuals or communities, such as tax collection, prisons, emergency healthcare or welfare to work.

2.5 We will put our principles into practice by devolving power to the lowest appropriate level, determined by the type of service in question. For **individual services**, we will put power in the hands of the people who use them (described in Chapter 3); for **neighbourhood services**, we will put power in the hands of elected councils, at the neighbourhood level if that is what communities choose (described in Chapter 4); and for **commissioned services**, the Government will open up and, where appropriate, decentralise commissioning to ensure greater quality and diversity (described in Chapter 5). In all of these chapters, we set out how we will ensure that the public and their representatives have the information and the mechanisms to hold those providers to account. For all public services where it

is appropriate – whether individual, neighbourhood or commissioned – the Government will ensure that a diverse range of providers are able to offer public services (described in Chapter 6).

Benefits

2.6 This vision gives a clear and comprehensive approach that is easy to explain, articulates the Government's declared purpose of putting power in people's hands and gives a firm framework for future policy development across Whitehall. To give this framework real force, we will systematically apply our principles to each category of service, addressing all public services over the life of the Parliament. This will bring clear benefits for everyone involved in public services:

- **For individuals** – People will have more choice, especially in the services they need and care most about (such as education, health, care, early years and social housing); and the money to fund the services to which they are entitled will flow to providers in response to the choices that people make.
- **For communities** – Our proposals will consider allowing any neighbourhood to take control of very local powers and services (such as street improvement, recreational services, parking and licensing of certain premises, other than for the provision of alcohol) via their parish, town or neighbourhood council. We will make it easier to set up a neighbourhood council where one does not exist.
- **For local government** – Our plans to decentralise the funding and delivery of public services will give local councils more freedom to innovate in the services that they control and greater opportunities for influence across public services in the round through leadership, such as in tackling problems experienced by families with multiple needs.
- **For public service staff** – Our plans will tear up the rule book that stops public sector staff doing the job as they see fit. We will restore professional responsibility and discretion; offer public service staff new opportunities to innovate, improve and inspire; and encourage public sector staff to start their own enterprise.
- **For independent providers of all sizes from any sector** – There will be new opportunities for all types of provider to compete to deliver public services and, if successful, to innovate and expand, as purchasing power shifts to individuals, neighbourhoods and a more diverse range of commissioners.

3. Individual services

3.1 Our preference is that power over the public services that people use as individuals should go to those individuals wherever possible. No-one knows an individual's preferences better than they do, and while some people may need extra help to choose the services they want, at the centre of our vision is the belief that people should be trusted to choose the best services for themselves rather than being forced to accept choices determined by others.

3.2 This new presumption in favour of individual choice and control is a big step forward in putting real power and money behind people's choices, but unless people have a genuine range of options to choose from, its transformative effect will not be fully realised. Across individual services, **we will ensure that funding follows people's choices**. This will shift control of billions of pounds of funding to individuals, putting people in control by using mechanisms such as direct cash payments to individuals, personal budgets, vouchers, tariff payments, loans and entitlements.

3.3 Therefore, we will, on a customised basis, establish **a robust framework for choice in individual services** – in adult care, education, skills training, early years, other children's services, family services, health and social housing. Each framework will ensure that: funding follows the choice of the individual to their provider of choice; those choosing a service are well informed and prompted about the options available; access is fair and the poorest are advantaged; providers meet basic quality requirements enforced by appropriate inspectors or regulators; and if an individual does not receive their right to choose, then there is a means of redress.

3.4 To make informed choices and hold services to account people need good information, so **we will ensure that key data about public services, user satisfaction and the performance of all providers from all sectors is in the public domain** in an accessible form. This will include data on user satisfaction, spending, performance and equality.

3.5 Not every individual starts from the same base, and some people need extra help (information, advocacy and funding) to access good public services. New providers could be tempted to deal only with the 'easy' cases if permitted to select their client groups, so we will only permit this kind of selection where it explicitly advantages the disadvantaged. So, with open public services, **we will continue to target funding to help the poorest, promote social mobility and provide fair access, including through selection criteria**.

3.6 We want people to be able to make meaningful choices about the services they receive. But that does not just mean ensuring that there are always options available – it also means making sure that those options are good ones. For example, there is no point in a parent having a choice of school if standards in those schools are low – that is no choice at all. **We will ensure that individual service providers are licensed or registered by the relevant regulator for each sector** (e.g. the Care Quality Commission) so that those choosing services can know that providers are reliable, but without stifling innovation or adding unnecessary cost.

3.7 There will be times when individuals feel frustrated about the degree of choice which they are receiving. **It is important that they have a form of redress if choice is not available or where standards are not good enough.** We will provide, for each service area, the most appropriate means of redress, making the most effective use of the Ombudsmen.

3.8 While individuals will be given greater choice and the responsibility that comes with exercising it, this shift in power to individuals does not mean that they are on their own. Both elected and unelected consumer and citizen champions will need to take a prominent role in pushing for increased quality and greater choice. For example, democratically-elected representatives will hold providers to account through the process of local overview and scrutiny, and increasingly will commission services from a wide range of providers to ensure that the voters have the choice they want.

Funding following individual choices

3.9 As far as possible we believe that individuals should be given direct control over the public money spent on their behalf on individual services to which they are entitled. Of course, this is not possible in some areas, but there is a huge opportunity to give people the freedom and control they want to shape services around their own personal circumstances. In these circumstances, we should shift power directly to the individual through personal budgets, often delivered as direct payments. Personal budgets give people cash budgets that they can then use to choose services in the way that suits their lives best.

3.10 In other areas where we want to give individuals direct control over how public funding is spent, we recognise that the state has a role in ensuring that money is spent on the service it is intended to support, and that individuals are in a good position to achieve what they want. This applies in areas where society is clear that there is a particular public benefit to government playing a stronger role in setting limits on how public funding should be used (e.g. education), and there are other mechanisms for individuals to exercise choice within this (e.g. school preference). In these services, entitlements are an important mechanism for ensuring that funding follows choices – for example, per capita payments, vouchers or publicly-supported loans that can be redeemed with providers of a service, rather than direct cash payments. There are also safeguards against inappropriate 'top-ups' to public funding, as in schools and the vast majority of NHS services.

3.11 **Individual choices: the key policies we are already implementing include:**

- *adult social care* – councils will provide all those who are eligible for adult social care with access to a personal budget, preferably as a direct payment, by 2013;
- *sufferers of chronic health conditions* – we are piloting personal health budgets, including how to integrate personal budgets across health and social care, for those with long-term conditions and complex healthcare needs, recognising that these people need more flexibility and autonomy over the services they receive;
- *special educational needs (SEN) and disability* – our Green Paper on SEN and disabilities set out our commitment to offering personal budgets to all families of children with special needs. We will also explore how we can integrate funding across a range of services, including health, social care and education, so that families can exercise greater control over the services that their children receive;
- *housing* – the Universal Credit will include a housing component which may be used to fund accommodation within the private or social housing sectors. In addition, we are introducing the National Home Swap scheme, which will help social tenants who want to move to find employment to swap properties with another household;

- *housing for vulnerable people* – the Department for Communities and Local Government will work with councils and other partners to explore a personalised budget approach in the Supporting People scheme, a programme that supports housing-related services for vulnerable people;
- *further education and skills* – the Adult Skills White Paper, published in November 2010, outlined plans to create a demand-led system driven by the choice of learners. Students will be able to take out loans to pay for higher-level courses, providing them with the funding they need to pay for the courses they want. All adults will be entitled to a Lifelong Learning Account, which will provide up-to-date, personalised information on learning opportunities and available funding;
- *National Health Service* – tariffs have already been introduced for most acute activity in NHS hospitals, with providers paid for carrying out each treatment and the amount received affected by the choices that individuals make about where to receive treatment. We are now extending this approach to other parts of the healthcare system. Mental health services will move towards tariffs, from 2012/13, and we are expanding tariffs into community services. This, coupled with the phased introduction of our 'any qualified provider' reforms, will allow NHS patients to exercise greater choice about where they receive their care;
- *early education* – we have maintained the entitlements for 3- and 4-year-olds to get 15 hours' free early education a week in a setting of their parents' choice. The Department for Education is investigating options to allow parents greater flexibility to use their children's early education entitlement, which will open up more choice;
- *higher education* – our reforms to university teaching funding mean that the bulk of funding will follow the choices of students, rather than flowing as a block grant from the Government. This will encourage universities to put more focus on teaching quality and graduate employability. We are also strengthening the student support package. After 2012, any first-time undergraduate who is accepted to study full time at a higher education institution will be entitled to a loan to cover the cost of their tuition, and many part-time students will be able to get tuition loans for the first time. We are also putting in place a more generous support for living costs for the vast majority of students, including a means-tested maintenance loan, and non-repayable grants for those from disadvantaged backgrounds;
- *school funding* – we will consult on school funding reform so that funding is fairer between different parts of the country, so that money follows parents' choices and so that every parent knows how much money is being spent in their child's school;
- *palliative care* – the final report of the independent review of palliative care funding was published on 1 July, meeting the commitment in the White Paper *Equity and Excellence: Liberating the NHS* to review payment systems to support end-of-life care, including exploring options for per-patient funding. The review, led by Tom Hughes-Hallett, supported by Professor Sir Alan Craft, was tasked with developing proposals for a funding mechanism which is fair to all providers of palliative care, including hospices, and supports services to better enable sick children and adults to receive the right care in the setting of their choice. We will consider the proposals in detail before consulting stakeholders on the way forward later this summer; and

- *GPs* – we will give patients a clear ability to choose to register with a practice not restricted by where they live. And we will make it easier for patients to register at a practice or book an appointment to see their GP online. We will enable patients to have control of their health records starting with access to records held by their GP. We will make aggregate clinical data available in a standard and comparable form and present it in an easily understandable way so that patients can assess how their practices compare with others, enabling them to exercise choice.

3.12 In each of the individual services, **we will explore how people are prompted about the choices available when accessing services (e.g. registering with a GP) and options for switching at intervals thereafter**. We will consult on the best ways to do this.

Ensuring fair access

3.13 We believe that everyone has the right to enjoy good public services, regardless of where they live or how much they earn. This is more than an issue of simple fairness, of everyone being entitled to a certain level of service – it is also crucially important to our economic and social success that the least well-off are able to have quality public services.

3.14 The Government recognises that, even though in theory everyone has equal access to public services, the truth is different, with outcomes still varying significantly by income and social background. Despite the billions invested in public services over the years, a person's background is still a major determinant of the kind of services they get. That is unacceptable. To correct this we need to give people who are vulnerable or disadvantaged extra help so that they have an equal opportunity to benefit from the services the state funds. It is the right thing to do and it is the efficient thing to do: effective public services can rescue troubled families from the intergenerational spiral of disadvantage that blights lives and costs taxpayers billions; high-quality public services can liberate people to meet their potential and bring huge benefits to their families, society and the economy more widely.

3.15 We believe that more open public services have the potential not only to raise the average performance of public services but also to narrow the gap between outcomes for different social groups. But this will only happen if we recognise the limits of a pure market approach, and ensure that we intervene in public service markets to advantage those who would otherwise lose out. We are therefore establishing financial incentives and regulatory interventions to tilt the playing field to ensure fair opportunities. We recognise that we need to act to enable schools to prioritise children from deprived backgrounds in their admissions procedures, and to prevent, for example, 'cream-skimming' of easier-to-treat patient groups by new providers in the NHS.

3.16 **Fair access: the key policies we are already implementing include:**

- *Pupil Premium* – from the moment they start school, we will provide extra funding for every pupil who is known to be eligible for free school meals. This will enable schools to spend more on their education. The Pupil Premium, introduced this year, is worth £430 per child and will increase in value over the life of this Government;
- *school admissions* – the School Admissions Code ensures a fair and straightforward admissions system which promotes equity and fair access for all. We are currently consulting to make the school admissions process simpler, fairer and more transparent for all parents;
- *English Baccalaureate* – in order to give poorer students an equal chance of making it to the best universities we have also introduced the English Baccalaureate – a measure of performance in

the crucial GCSEs: maths, English, the sciences, languages and humanities such as geography and history. These are subjects that open the door to studying at top universities, they are the subjects dominated by the independent sector and they are the subjects in which the poorest students need better teaching if they are to succeed. Last year only 8 per cent of pupils eligible for free school meals took the English Baccalaureate, with 4 per cent achieving it, while 24 per cent of other pupils took the Baccalaureate and 17 per cent achieved it. This very real gap in opportunity was previously hidden behind the more limited information made available in the performance tables;

- *financial support for 16–19-year-olds* – the Government has announced a new £180 million bursary scheme to help disadvantaged 16–19-years-olds continue in full-time education. The most vulnerable – young people in care, care leavers, those receiving income support and those receiving both Employment Support Allowance and Disability Living Allowance – will be eligible to receive an annual bursary of £1,200 if they stay on in education. This is more every year than they ever received under the previous Education Maintenance Allowance. Beyond this, schools and colleges will be able to award discretionary bursaries to young people facing financial barriers to participation. The new arrangements will help ensure that the costs of travel, food and equipment for poorer students are properly met, so that no-one is prevented from participating in education through poverty.
- *rural access* – there are important issues of fairness for people in rural areas accessing individual services, including ensuring that there is sufficient diversity to give people meaningful choice and targeting funding to address the higher cost of providing services in remote areas with less well established infrastructure. The Government's forthcoming 'Rural Statement' will include measures that will help to address these issues, such as promoting the sustainability of Rural Offices (limited postal services within village shops), and rolling out superfast broadband to rural areas. This will open up new types of services (e.g. telecare and telehealth) and create new opportunities for providers to deliver services online;
- *public health and the new Health Premium* – the new local public health system, in which local authorities will be funded through a ring-fenced grant, will be weighted to take account of inequalities. Local authorities will also receive an incentive payment, the Health Premium, according to progress made in improving the health of the local population – especially the most disadvantaged groups – based on elements of the Public Health Outcomes Framework;
- *GPs taking on deprived patients* – GPs can make a real difference to tackling health inequalities and improving the health of our most disadvantaged communities. There is clear evidence about the beneficial effects they can bring, whether you look at benefits coming from the Quality and Outcomes Framework in the GP Contract or the benefits from increasing the number of primary care clinicians in deprived areas. That is why our reforms propose to empower GPs as both commissioners and direct providers of care so as to be able to better tackle these problems;
- *The National Scholarship Programme* – provides funding for universities and colleges so they can offer scholarships to encourage more young people and adults from poorer backgrounds to participate in higher education. Worth at least £3,000 per eligible, full-time student, with pro-rata awards for part-time students, scholarships can be awarded to support accommodation costs, offer discounts on courses or as a financial bursary of up to £1,000. The Government is funding the Programme with £50 million in

the first year (2012/13), rising to £100 million in 2013/14 and £150 million in 2014/15. Institutions will be expected to match the Government's contribution;

- *Office for Fair Access* – the Office for Fair Access is an independent public body that helps to safeguard and promote fair access to higher education. The main way it does this is by approving and monitoring 'access agreements'. All institutions that intend to charge more than the basic £6,000 annual tuition charge from 2012/13 have to demonstrate to the satisfaction of the independent Director of Fair Access what more they will do to attract students from under-represented and disadvantaged groups. Ministers at the Department for Business, Innovation and Skills wrote to the Director of Fair Access on 10 February 2011 setting out the Government's expectations about how he should approach the approval and monitoring of new access agreements; and
- *differential rates for student support* – there is a comprehensive range of student support available, with the most generous package targeted at those who need it most. All eligible students can access a minimum level of living cost loan, with higher levels of loan and a variable amount of non-repayable grant available to those with the lowest household incomes. From September 2012, students with a household income of under £25,000 will have access to the full non-repayable grant of £3,250. Combined with their maintenance loan entitlement, this brings their total support to £7,125 per year – or more if they are living away from home and studying in London. Taken together with up-front loans to cover the cost of tuition and repayment terms which protect the lowest earners, this means that higher education should be accessible to all, regardless of their background.

Using data to support choice

3.17 If people are to exercise real choice they need timely and easily accessible information about what services are available and how good they are. The primary purpose of open data in public services is to give people the information they need to make informed decisions and drive up standards. So **we will ensure that the datasets government collects are open and accessible in order to support individuals to make informed choices about the services they use**.

3.18 Public service performance data can be made accessible to the public through centrally provided tools such as NHS Choices, or independent tools such as www.schooloscope.com. In data.gov.uk, the Government has created a portal for transparency, giving the public and web developers easy access to data from all levels of government. Aggregated customer feedback – such as www.iwantgreatcare.com – can also play a valuable role, providing rich personal experience. As in other service industries (e.g. travel and hospitality), we expect that there will be an increase in web-based services that allow consumers of individual public services to share opinions and to compare performance data. However, we believe that the users of public services also ought to have access to standardised user satisfaction data to enable them to make well informed choices about providers in each service area. Providers of public services from all sectors will need to publish information on performance and user satisfaction. There is already a range of data collected (for example, by the NHS), but we need to ensure that the data collected is what users most want to see and that it is available to them in an accessible form at the time they need it. **We will consult on how this can best be achieved in each of the individual services, including looking at how to collect performance and customer**

satisfaction data from service providers, and whether this should be collected in a standardised form to enable comparison and transparency.

3.19 **Open data: the key policies we are already implementing include:**

- *right to data* – when useable datasets about public service performance and funding are not being published they can be requested through a new right to data. This is being implemented through administrative action now in central government and will be enshrined in statute during this Parliament subject to the passing of the Protection of Freedoms Bill. The right to data will ensure that public authorities publish datasets for re-use in an open and standardised format, whether in response to requests or through their own publication schemes;
- *school data* – the Department for Education has published a new dataset showing the funding and spending per pupil in each school in England, and will publish data enabling parents to see how effective their school is at teaching high, average and low-attaining pupils across a range of subjects. From January 2012 it will open up access to anonymised data from the National Pupil Database to help parents and pupils monitor the performance of their schools in depth, from June 2012, which will enable better comparisons of school performance. We will look to strengthen datasets in due course: from January 2012 we will bring together for the first time school spending data, school performance data, pupil cohort data and Ofsted judgements in a parent-friendly portal, searchable by postcode; from this date we will also publish data on the attainment of pupils eligible for the Pupil Premium;
- *skills data* – data on apprenticeships paid for by the Government, by organisation and by success rate, will be published from July 2011;
- *health outcomes* – a wider range of detailed data is being published on the performance of healthcare providers (including both GPs and hospitals). These will capture objective measures of clinical outcomes and quality, as well as people's experiences of using these services, which can be used to help people make informed decisions about care providers. At the same time, more data will be published on the outcomes achieved by the NHS at a national level, to help to hold the service to account for delivering the outcomes that matter most to people. These outcomes cover:
  - safety – treating and caring for people in a safe environment and protecting them from avoidable harm;
  - effectiveness – preventing people from dying prematurely, enhancing quality of life for people with long-term conditions and helping people to recover from episodes of ill health or following injury; and
  - patient experience – ensuring that people have a positive experience of care;
- *health practice* – a number of datasets will be released in an open and accessible format: prescribing data by GP practice will be published by December 2011; complaints data by NHS hospital – so that patients can see what issues have affected others and take better decisions about which hospital suits them – will be published by October 2011; clinical audit data, detailing the performance of publicly funded clinical teams in treating key healthcare conditions, will be published from April 2012 and will be piloted in December 2011 using data from the latest National Lung Cancer Audit, commissioned by the Healthcare Quality

Improvement Partnership as part of the National Clinical Audit and Patient Outcomes Programme; data on staff satisfaction and engagement by NHS provider (for example, by hospital and mental health trust) will be published from December 2011; and data on the quality of postgraduate medical education by provider will be published from April 2012.

Providing clear minimum standards

3.20 With open individual public services, higher standards will result from a range of diverse suppliers competing to provide people, armed with information and the power of choice, with the services they want. Success will be driven from the bottom up, in response to service users and flexible to their many needs, not from the top down. The role of government is to create this self-improving dynamic in every public service.

3.21 However, we also believe that the state has a key role in defining outcomes, and in setting standards for public services and ensuring that they continue to rise. In its capacity as guarantor of standards the state will play an important part in setting the bar for existing and new providers who want to compete to provide public services. This will send a clear message that 'unless you can match or better our minimum standards, you have no place delivering public services'.

3.22 The great majority of providers of individual services are covered by regulators – for example, health and adult care are covered by the Care Quality Commission, and Ofsted does the same for childcare providers. As regulation is reformed and public services are opened up we need to ensure that outcomes are delivered and any licensing or registration is effective and proportionate. **We will ensure that providers of individual services who receive public money, from whichever sector, are licensed or registered by the appropriate regulator**, without stifling innovation or adding unnecessary cost. It is important that individuals are free to choose between providers, knowing that each of them is approved as appropriate to offer this service and that it meets minimum requirements. This will give people confidence that services will meet stable minimum standards while ensuring that organisations are not over-burdened by onerous rules and inspection regimes.

3.23 **Minimum standards: the key policies we are already implementing include:**

- *higher education* – alternative providers, such as further education colleges, will be encouraged to enter the sector and the Government's higher education reforms will remove the barriers that currently get in the way. This will lead to a more diverse system with a wider range of courses to meet learner needs. To protect the interests of students and maintain the reputation of our higher education system, all providers will have to sign up to the Quality Assurance Agency. We will legislate to ensure that any provider that accesses student support funding from 2013/14 will be subject to minimum standards;
- *higher standards in early education* – the Government is committed to strengthening the requirements that early education providers must meet, so that parents can be confident of a high-quality offer whichever provider they choose. We will consult in the autumn on introducing eligibility criteria that providers of free early education will need to satisfy in order to receive funding. We anticipate that local authorities should have the flexibility to tailor these to local circumstances;

- *minimum standards in schools* – the Department for Education uses 'floors' to judge which schools are failing to meet minimum standards. These 'floors' will rise over time, and schools that fall below the floors will be supported to convert into Academies; and
- *standards in health and care* – all providers of regulated activities, including NHS and independent providers, have to register with the Care Quality Commission and meet and continue to meet a set of 16 registration requirements. These requirements reflect the essential levels of safety and quality of care that people should be able to expect, and are built around the main risks inherent in the provision of health and adult social care services.

Continuous improvement and addressing failure in individual services

3.24 Over time the power of individuals to exercise choice across a diverse range of providers will drive provider complacency out of the system. However, in the transition to achieving full individual choice there will continue to be a need for the Government to intervene in cases where providers are failing to meet minimum standards or failing to make adequate improvements ('coasting'). For example, in education the Government should retain the responsibility and authority to act in cases where poor standards or coasting means that a public sector school needs a change of control. We have already set an aspiration to raise minimum floor standards (to demand that at least 50 per cent of pupils gain five A*–C GCSE grades) to drive improvement across the system. **We will also explore how best to raise standards in coasting schools** (e.g. introducing year-on-year improvement standards). We will not allow general improvement to mask poor outcomes for a small minority and we will have zero tolerance of absolute failure (e.g. capable children leaving school unable to read and write; vulnerable individuals being abused by their carers). **We will consult on the potential ways to establish zero tolerance of failure on a service-by-service basis.**

Redress if choice is not available

3.25 The new frameworks for choice in individual services (e.g. personal budgets in adult social care) will give additional rights to individuals. But to make these frameworks effective, there needs to be a means for the individual to enforce these rights. Under the new frameworks, we will look at whether failure on the part of a public authority or service to provide the choice to which an individual has a right will, by definition, constitute a form of maladministration. It therefore seems natural for the power of redress to sit with the Ombudsmen, who investigate complaints, promote local resolution and, if necessary, specify remedial action. There are three key public service Ombudsmen: the Parliamentary and Health Service Ombudsman covering central government and health services; the Local Government Ombudsman covering council services (e.g. social care, housing allocations and special educational needs); and the Housing Ombudsman covering registered social housing landlords. The Ombudsmen have a long tradition of customer focus, independent judgement and pragmatic solutions.

3.26 **We will establish how the Ombudsmen can play a greater role in supporting the ability of individuals to exercise choice in specific services. As part of this, we will explore with the Ombudsmen and others:**

- **whether all services are appropriately covered by Ombudsmen;**
- **the requirements, process and/or thresholds under which an individual can seek redress from an Ombudsman;**
- **their resources and powers of enforcement, including in areas where they could play a role in supporting choice; and**
- **giving more profile and transparency to the work of the Ombudsmen.**

Accountability to users and taxpayers

3.27 The relationship between the user and the provider of individual public services is at the heart of delivering truly accountable services where people have the power to influence the services they rely on and obtain services best suited to their needs. To get this right we need to ensure choice and proper access to information, as detailed above. But choice and information are not enough to ensure full accountability, for example in rural areas where choice may be difficult to provide for some services. Similarly, some choices are less easy to undo (e.g. residential care homes). Where choice needs bolstering, people need a voice as well; voice comes through participation in service design or management, and via champions in the form of elected representatives such as councillors and unelected representative bodies such as consumer organisations.

3.28 While individuals will be given greater choice and the responsibility that comes with exercising it, this shift in power to individuals must not mean that they are on their own. Democratically elected representatives already hold providers to account through the process of local overview and scrutiny, and take responsibility as 'market makers' to ensure adequate provision in some services such as early education. **As choice becomes more available in public services, we will examine the role of elected and unelected office-holders in championing individuals' rights, ensuring availability of services and providing overview and scrutiny.**

3.29 In addition, **we want to encourage existing independent champions for consumer choice, such as Which?, and the newly announced HealthWatch to speak out on consumers' behalf, including acting as 'agitators for choice'** in open public services. This role could include reporting their opinions about the quality of choice for consumers in individual services. We will consult potential champions about this.

3.30 Public service modernisation must therefore be accompanied by a revolution in accountability and participation. By giving people more say in how services are designed and run, and more influence over the quality of services through the scrutiny and lobbying of consumer champions and elected representatives, service providers will be fully held to account.

3.31 **Democratic accountability: the key policies we are already implementing to increase democratic oversight and individual participation and strengthen the role of consumer champions include:**

- *leadership of local services* – we are actively promoting the involvement of diverse stakeholders in the leadership of local institutions. Our programme for granting greater independence to schools and hospitals is also

enabling more people to get involved in running them. In social housing, tenant management is being promoted as a way of ensuring that users are in control;

- *public meetings* – opening up governance of independent service providers is important, but equally so is opening up their processes and information to people so they manage services transparently. That is why we are making Academy and Foundation Trust meetings open to the public and Academy information subject to the Freedom of Information Act in the same way as Foundation Trusts will be;
- *consumer champions* – the creation of HealthWatch to look after patients and service users' interests and to promote the views of patient groups at all tiers of the NHS are examples of where the role of unelected user representatives is being enhanced; and
- *overview and scrutiny* – we are strengthening the powers of local councils in relation to the NHS, where Overview and Scrutiny Committees will have the power to scrutinise local NHS providers, public, private and voluntary. This is an example of democratic accountability and oversight in individual services.

3.32 Accountability for individual services does not end with the relationship between the user and the provider, however. The state – either nationally or locally – has a responsibility on behalf of all citizens, not just the users of a particular service, for the proper management of public funds on behalf of taxpayers. Even as services are decentralised, the system of financial accountability in government will be maintained and indeed improved. In government departments, permanent secretaries are appointed as Accounting Officers and have personal responsibility to Parliament for the use of public funds. This includes showing that money was used for the purposes for which it was provided and in line with the law and rules on propriety. They must also demonstrate that they achieved value for money. These responsibilities will not change, and increased transparency, as set out above, will ensure that the state itself can be held to account by citizens for its performance against these objectives.

3.33 Where money is being provided to local commissioners to fund local services, Accounting Officers' focus must be on ensuring that there are strong accountability systems in place, rather than managing the actions of individual local commissioners or providers. Local government is, of course, accountable to its own electorate, and transparency regimes will strengthen this accountability too.

3.34 When individuals are allocated funding from public bodies to meet their own needs, in some cases through direct payments, financial accountability still rests with the public body but responsibility for using funding wisely also rests with the individual.

Questions for consultation

3.35 The Government would welcome views on the following:

- *How best, in individual services and on a case-by-case basis, can we ensure that people have greater choice between diverse, quality providers?*
- *Consistent with the Government's fiscal plans, what further opportunities exist to target funding to help the poorest, promote social mobility and provide fair access to public services?*
- *Are there additional areas where personal budgets would be appropriate and could existing initiatives on personal budgets be accelerated?*
- *How can the principle be implemented that providers (from whichever sector) who are receiving public money for individual services should collect satisfaction data in a standardised form to enable comparison and put it into the public domain?*
- *How can we ensure that people are aware of, and can exercise, their right to choice effectively in specific services, through choice champions, choice prompts, data and a possible new role for Ombudsmen?*
- *What is the appropriate role for elected and unelected office-holders in championing individuals' ability to exercise choice and ensure accountability from service providers?*
- *How can we ensure that our approach to opening public services protects and enhances accountability rather than dispersing it?*

4. Neighbourhood services

4.1 It is not always possible or appropriate for power to be devolved to individuals if the service is used by the community collectively. When this is the case, we want, where possible, to give people direct control over neighbourhood services, either by transferring the ownership of those services directly to communities, or by giving neighbourhood groups democratic control over them.

4.2 Our plans for community ownership are designed to give local people the chance to take over and run services themselves and to make them more accountable. Through the Localism Bill, **we are creating a series of bottom-up rights that will give local people the chance to take on powers that have previously only been exercised by local authorities**. This is active democracy through participation, giving people the opportunity to be directly involved in shaping the way in which local decisions are made and public services are provided.

4.3 We also want to do much more to reinvigorate the most local forms of government – parish, town and community councils – and allow them to take control of key local services, ensuring that these opportunities are available to everyone in the community. We would expect local authorities to work much more closely with these bodies to deliver services that are tailored to the needs of local residents. That is why **we are consulting on potential new rights for neighbourhood councils to take over some key local services**.

Community ownership

4.4 We believe there is a huge appetite for people to get directly involved in the delivery of the services they use. For services that are provided for the benefit of local communities this is often the best way to decentralise power because it gives people the chance to make a difference in person, but through collective action rather than individual decision-making. We believe that having more power will attract a diverse range of individuals to serve on neighbourhood councils. Our plans will enable communities to have a direct say in how many assets or services are run.

4.5 **Community ownership: the key policies we are already implementing include:**

- *Community Right to Buy* – under plans being introduced in the Localism Bill, following community nomination or on their own initiative, local authorities will be able to list public and private land and buildings as assets of community value. This will enable local people and community organisations to have a fair chance to bid to take over land and buildings that are important to them, such as their village shop or last remaining pub, their community centre, children's centre or library;
- *transforming community assets* – we will continue to encourage local authorities to consider asset transfer to community management or ownership as an important option for service transformation and the rationalisation of local public assets. We have also recently issued new guidance to ensure that local authorities give proper consideration to requests from voluntary and community organisations to compulsorily purchase an asset for which they have a viable plan;
- *Community Right to Build* – the Localism Bill will also allow local communities to take forward their own plans for development without the need for a conventional planning application, so long as the majority of residents do not object;
- *Community Right to Challenge* – this power, which is already being introduced through the Localism Bill, will give community or voluntary sector groups, as well as parish councils and council

employees, new powers to challenge and run a local authority service themselves. This could include running children's centres or social care services; and

- *notice of funding changes* – these will set out the Government's expectations regarding how local authorities should work with the voluntary and community sector. For example, a local authority should give at least three months' notice when it intends to reduce or end funding or other support to a voluntary and community organisation; and it should make provision for the organisation or wider community to put forward options for how the service or project could be continued differently.

Neighbourhood control

4.6 Where services are provided collectively and for the benefit of the entire neighbourhood or community, rather than for an individual or a collection of individuals, we will look to neighbourhood councils (parish, town and community councils) to take over the running of a community service, as this offers democratic accountability at the most local level.[9] This explicitly gives us a potential way to drive both choice and accountability.

4.7 It is already possible for principal local authorities to delegate functions to a neighbourhood council. **We will consult on the scope for enabling neighbourhood councils (i.e. parish, town and community councils) to take greater control over local services.** This will focus on the local public realm, leisure opportunities and community activity and could include: street improvements, parking and traffic restrictions; local libraries; local museums and arts; sports, local parks and leisure facilities; licensing of certain premises other than for the provision of alcohol; minor bye-laws and lower-level anti-social controls; and community grants. Any empowerment of neighbourhood councils to take on these services would need to fit into a local scheme of delegation, developed in consultation between the principal local authority and the proposed new neighbourhood councils. However, **we will consult on how a national framework for these local schemes could assist councils at all levels to promote decentralisation of power**. If neighbourhood councils take greater control of their local area, we believe that this will encourage demand for new councils in those, largely urban, areas which are not currently parished.

4.8 We know that this is an ambitious agenda – many neighbourhood councils are not used to this sort of power and many areas do not even have neighbourhood councils yet. This is a long-term vision and will be driven bottom-up by the motivation and capability of councils in different neighbourhoods. The Government will also explore how the financial framework for neighbourhood councils can be improved, to ensure that local taxpayers can have confidence that delegation of services represents good value for money. This will include examining the use of existing revenue raising and borrowing powers, accountability mechanisms, and exploring options for improving the capacity and delivery capability of neighbourhood councils.

4.9 **Neighbourhood control: the key policies we are already implementing include:**

- *neighbourhood planning* – our changes to the planning system, set out in the Localism Bill, will give every neighbourhood the chance to take charge of planning in its area. Local residents will be given the chance to approve or reject neighbourhood plans in local referenda;
- *beat meetings* – we are requiring police forces to hold regular neighbourhood beat meetings so that residents, armed with data on local patterns of crime, are able to challenge the police on the service they provide;

- *neighbourhood councils* – in addition to the delegation options set out above, we will investigate making it easier to establish new neighbourhood councils and groups, and look at how other neighbourhood forums (for example those set up to put together neighbourhood plans under our planning reforms) can become neighbourhood councils; and
- *inclusive participation* – we are looking at ways to provide additional support for disabled people wishing to seek elected office.

Neighbourhood Community Budgets

4.10 Community Budgets offer people the freedom to do things differently in their own neighbourhoods. They enable areas to bring together the money, people and other resources needed to tackle local issues and improve services. They also provide a basis for much more integrated ways of managing local services, with residents and service providers working together to design and commission services around the community's priorities. The Government has been supporting 13 areas to move towards more integrated budgets and services in neighbourhoods. As part of the second phase of the Local Government Resource Review, the Department for Communities and Local Government and the Cabinet Office will work with two areas to enable local residents to play a part in commissioning the neighbourhood-level budgets and service solutions for their priorities, alongside other public bodies. This will give these communities more power to shape and control the services that matter to them directly, and should help to show the way for other areas that are interested.

4.11 Good local area commissioning (community commissioning) sees the local authority and other public services involving communities, local partners and providers to decide collectively how to get the very best outcomes from the resources available. The Government is supporting neighbourhoods to take this further by developing community commissioning models such as Local Integrated Services (LIS) – where local people are at the centre of the local commissioning process – with a view to saving resources and improving outcomes. For example, Calderdale Council is handing over £0.25 million to a resident-led partnership in Halifax and Mixenden to deal with a range of cleaner, safer, greener issues. This is a radical approach which takes service redesign and budgets below local authority level – indicating that local people can be service commissioners and designers as well as providers.

Questions for consultation

4.12 The Government would welcome views on the following:

- *What is the scope for neighbourhood councils to take greater control over local services?*
- *What help will neighbourhood councils need to enable them to run any services devolved to them?*
- *What would make it easier to establish new neighbourhood councils in areas where local people want them?*
- *Do additional checks and balances need to be created to ensure proper financial control?*
- *How can we improve the delegation and financial framework for neighbourhood councils?*
- *How do we ensure appropriate accountability for services run by communities to ensure that those not involved directly are not disadvantaged?*

5. Commissioned services

5.1 This Government is committed to devolving control of public services to individuals and communities wherever possible and appropriate. However, many services will need to be provided or commissioned by government– either central or local. This is either because they are natural monopolies, such as tax and benefit administration; security-related, such as the courts system; quasi-judicial, such as planning; or because they are being provided for people who are not able to make the appropriate choices themselves, such as drug rehabilitation.

5.2 However, just because these services must be decided on by government does not mean that the principles of choice, decentralisation, diversity, fairness and accountability should not apply. In many cases, the principles apply equally well, if a commissioning approach is taken. **In the services amenable to commissioning, the principles of open public services will switch the default from one where the state provides the service itself to one where the state commissions the service from a range of diverse providers.** Commissioning public services in this way – what is known as the purchaser/provider split – brings a host of benefits. For example, it encourages new, innovative providers to compete for contracts, allows payment by results and/or incentives for supporting particular social groups to be built into contracts, and enables the disaggregation of services into specialist functions.

5.3 **We will look at where the separation of purchasers from providers makes most sense as a means of encouraging innovation and diversity of provision.** The lessons of this commissioning approach from the past two decades and recent innovations in commissioning, for example in getting the long-term unemployed back to work, will inform our efforts. The Work Programme is devolving responsibility and transferring risk to providers, who are now paid largely by results for getting people into work and keeping them in employment. We will look at how this approach can be extended to other services. For example, that is why we are consulting on how best to commission the provision of informal adult and community learning and improve providers' accountability to local communities. And, no matter who the commissioners are, our vision of open public services involves a clear role for the state at both the national and local levels.

5.4 **We will also introduce an 'open commissioning' policy in a number of specific services. We will consult on the areas where this should be introduced. In those areas, commissioners should: consult on and be challenged by potential providers from all sectors on the future shape of service; seek and fully consider a minimum of three providers, from whichever sector, when they contract for services; and transparently link payment to results.** Open commissioning and payment by results are critical to open public services. This is not just about opening up services to competition; it is also about empowering all potential providers, from whichever sector, with the right to propose new ways to deliver services, and linking payment to results so that providers are free to innovate and eliminate waste. And it is about getting good value for money for taxpayers, so that we no longer tolerate mediocrity and pay even when services are of poor quality.

5.5 To support better commissioning and innovation in public services, open public services require robust accreditation of what works. Both commissioners and providers need to know which programmes are proven to work. **We will consult on how to establish credible accreditation bodies for public services which can mirror the work on the National Institute for Health and Clinical Excellence in the health service. We**

will explore the creation of independent expert bodies in other areas of public services. Innovation needs to be celebrated and **we will create an annual prize for innovation in public services, which will see the Prime Minister and Deputy Prime Minister recognise the top ten public sector bodies that demonstrate the most innovative ways to deliver higher-quality and more responsive public services within their budget.**

5.6 We will not take a commissioning approach in national security or the judiciary, which are natural monopolies of state provision. This will include the military, core policing, intelligence services and the judges. However, there will still be support, specialist and back-office functions in these services where diversity of provision is appropriate. For example, aspects of our immigration and visa administration are already contracted out – the vast majority of visa applications made overseas are made through visa application centres run by commercial partners and we are currently exploring new models, including how sharing application centres with other countries (e.g. Australia or the USA) can generate economies of scale. Any future models will need to enhance, not risk, strong migration controls.

Services commissioned by local government

5.7 Many services are already decided upon by local authorities, which are often the most appropriate level of government because they combine democratic accountability with economies of scale beyond neighbourhoods and communities. Over the last decade the ability of local councils to deliver services according to local priorities has been significantly restricted, both by the increasing reliance of local authorities on ring-fenced central government grants, and through the dramatic increase in the regulatory burdens which councils have suffered.[10] This blurs accountability as local councils are blamed for the decisions of central government and vice versa. This Government is giving councils much greater freedom over the services they deliver, for example through the introduction of the new general power of competence, while also devolving additional services to these authorities where appropriate.

5.8 Open commissioning is much better established in local authorities than it is in central government. Local authorities have achieved a great deal in terms of more open public services. The wider public sector has much to learn from local authority successes in commissioning, for example in adult social care and highways services. In addition, many local authority services will be opened up through our policies on greater individual choice – for example, in special educational needs and disability services. For the services that cannot be decentralised to individuals and neighbourhoods, it is important to extend the successful commissioning approach to services that are not currently open or are currently partially open. Clearly, increased diversity will need to be coupled with strong mechanisms of accountability through open data, public participation and democratic oversight, especially in areas where services for the most vulnerable are concerned. **The Government will consult with local authorities and the wider public sector about how to go further in opening up locally commissioned services in:**

- **customer contact;**
- **planning;**
- **property and facilities management;**
- **back-office transactional services;**
- **family support;**
- **support for looked-after children;**

- **trading standards and environmental services; and**
- **housing management.**

5.9 The starting point for good, local commissioning is public engagement and accountability – so that the public's priorities drive the type of service which is commissioned. Many services are controlled by bodies with very weak accountability to citizens. This is especially true of those services, such as policing, which need to be delivered over a broad geographic area. In order to make sure that these bodies are responding to the demands of the people who use their services, not merely to other bits of bureaucracy or distant politicians in Westminster, we are introducing new democratic structures so that individuals and communities can hold decision makers to account directly through the ballot box. And we are devolving commissioning responsibility in the NHS to frontline primary care clinicians and establishing new democratically accountable Health and Wellbeing Boards to set local strategies and integrate NHS, public health and social care commissioning.

5.10 **Democratic decentralisation: the key policies we are already implementing include:**

- *Police and Crime Commissioners* – the Police Reform and Social Responsibility Bill that is going through Parliament will introduce directly elected Police and Crime Commissioners who will be responsible for the overall performance of their police force. The first elections will take place in May 2012;
- *giving cities the power to elect mayors* – building on the successful introduction of mayors in London and other areas, the Localism Bill will provide for the creation, with confirmatory referenda, of directly elected city mayors in England's largest cities. They will have an important role in helping to shape economic development in the area they represent, an area of policy previously controlled by remote and unaccountable regional development agencies. We will also consider making it easier for other cities to take up the option of city mayors. Decisions on whether a city should adopt the mayoral model should ultimately be for local people;
- *local referenda* – the Localism Bill gives local residents the power to veto excessive council tax increases and gives local businesses the ability to veto supplementary business rates through referenda. It also gives local residents the power to instigate, via a petition, local referenda on any local issue;
- *local TV* – we are introducing a new framework that will create a new local TV market which will boost democratic engagement and local accountability; and
- *local government spending* – local authorities are now publishing details of all spending items larger than £500, including contract and tender information. The Local Public Data Panel at the Department for Communities and Local Government (DCLG) is supporting local authorities on the publication of spending data. We will also explore the possibility of widening the scope of services that are required to publish their spending items to cover other public agencies working at a local level.

5.11 **Devolving power: greater accountability provides the opportunity for local areas to have more power. The key policies we are already implementing include:**

- *general power of competence* – the Localism Bill will, for the first time, give local councils explicit legal authority to do what is necessary to improve public services in their communities;

- *greater financial control* – the ring-fencing of all local government revenue grants will end from 2011/12, except simplified schools grants and the new public health grant. The number of separate core grants is being radically reduced from over 90 to fewer than 10, and more than £4 billion of revenue grants will be rolled into the local government formula grant;
- *new revenue-raising powers* – local authorities and neighbourhoods will be able to use the new Community Infrastructure Levy to raise funds for development in their area, while our proposals to introduce tax increment financing will enable councils to raise additional capital to support economic development;
- *Health and Wellbeing Boards* – Health and Wellbeing Boards will remove divisions between the NHS and local authorities and give communities greater say in the services needed to provide care for local people. The boards will bring together those who buy services across the NHS, public health, social care and children's services, elected representatives and representatives from HealthWatch to plan the right services for their area. They will look at all health and care needs together, rather than creating artificial divisions between services;
- *public health* – we are creating a new local public health system in which local authorities are provided with funding, weighted to take account of inequalities, to deliver local public health services. In addition, local authorities will receive an incentive payment, the 'health premium', which will depend on progress made in improving the health of the most disadvantaged members of the local population;
- *scrapping Local Area Agreements* – local authorities and their partners will no longer have to report on any of the 4,700 Local Area Agreement targets, and those that are kept will no longer be monitored by central government;
- *retention of business rates* – the Local Government Resource Review will examine local retention of business rates as part of its plans to provide incentives for councils to support economic growth; and
- *Community Budgets* – these give freedom at the local level to break open funding silos and redesign services. The first 16 Community Budgets for families with multiple problems are now up and running. We will be extending this approach to many more places which want to tackle families with multiple problems and other local priorities. We will also explore how a Community Budget on all funding for local public services in a local area, including giving neighbourhoods more influence, can be developed.

Services commissioned by central government

5.12 Many services that cannot be decentralised to individuals or neighbourhoods are controlled by central Government. In some cases these services are delivered as a monopoly even if the appointment of that provider has been made under a competitive procurement process. But it is not enough to pay someone to provide a service with the only recourse being that if they fail they will not be re-awarded the contract. In these cases it makes sense to build in an element of payment by results to provide a constant and tough financial incentive for providers to deliver good services throughout the term of the contract. This approach will encourage providers to work more closely with citizens and communities to build services that are both more efficient and qualitatively different, orientated around individuals and communities in ways that foster mutual support, respect and, where possible, self-help.

5.13 Clearly, any move to payment by results creates new challenges for commissioners in setting and monitoring appropriate outcomes. These need to be set to align incentives correctly between the provider and the public interest; they need to be complex enough to prevent gaming but not so complex as to undermine the flexibility of providers. Some outcomes take such a long time to deliver, such as the impact of early years family interventions in cutting crime, that a payment by results model may need proxy outcomes to be set that are deliverable more quickly. Furthermore, to ensure accountability for those – often vulnerable – users of payment by results public services, performance needs to be monitored closely, so that no-one gets stuck over the long term receiving services from a failing provider, while commissioners wash their hands of the problem, unperturbed because they do not have to pay.

5.14 **Payment by results: the key policies we are already implementing include:**

- *the Work Programme* – this will provide personalised back-to-work support for those at risk of long-term unemployment delivered by a range of independent providers. Payments to providers will be based primarily on the results they achieve, with challenging minimum performance levels and year-on-year price reductions to drive improved performance continuously. The Work Programme has been set up in just over one year from policy design to start of delivery. It gives providers much more freedom to innovate and find out what works for all individuals, and pays more for supporting the harder to help. All prime providers have built diverse supply chains, with hundreds of public, private and voluntary sector organisations involved in delivery;
- *rehabilitation revolution* – the Ministry of Justice has announced that it will launch at least six new projects to reduce reoffending delivered on a payment by results basis. One set of these pilots will run for two years in Greater Manchester and several London Boroughs and, if local partners are successful at reducing crime and reoffending, savings will be shared back with the local area. The principles of payment by results will be applied throughout the sector by 2015;
- *public health* – councils will be paid in part according to the improvements they make on various public health indicators;
- *drug and alcohol recovery* – eight payment by results drug recovery pilot areas (some of which also include alcohol) have been working with independent experts and the Government since April to co-design local payment by result models that the areas will be implementing locally from October of this year;
- *children's centres* – the forthcoming Foundation Years Policy Statement sets out plans to trial arrangements to pay Sure Start children's centres in part for the results they achieve; and
- *vulnerable people* – ten local authorities will be testing out a range of innovative payment by results models with their providers in relation to Supporting People services. These models will be tested during the latter part of 2011 until 2013. DCLG will undertake an evaluation of the various approaches and report in late 2013.

5.15 In addition to these services identified for payment by results, **the Government would welcome views on the potential to extend commissioning approaches to other national services,** including:

- **court and tribunal administration;**
- **payment processing;**
- **prevention, detection and investigation of fraud;**
- **debt management and enforcement services;**

- **identity-related services;**
- **land and property information services;**
- **customer contact services;**
- **back-office functions for prosecutors; and**
- **immigration and visa administration.**

5.16 Decentralisation can also be achieved by giving local authorities more power. The combination of giving people more power and control, greater contestability and transparency of performance standards will provide a huge spur for services to improve. Payment by results will build yet more accountability into the system – creating a direct financial incentive to focus on what works, but also encouraging providers to find better ways of delivering services.

5.17 Our commitment to decentralising power means that we are enthusiastic to identify central government commissioning functions that could be decentralised to locally elected individuals and authorities, such as local councils and Police and Crime Commissioners. This could enable locally elected individuals, local authorities and Police and Crime Commissioners to integrate these with other local commissioners' functions, using, for example, Community Budgets to enable joined-up solutions relating to the needs of local people to achieve better value for money. **The Government will consult with local bodies, providers and other key stakeholders about the potential to decentralise commissioning power in a range of services where there is a clear case for improving value for money, including:**

- **natural environment support;**
- **public transport support;**
- **skills; and**
- **services for families with multiple problems.**

5.18 More generally, there will be local areas that want to make the case to do things differently if they are currently limited or prescribed by national policy frameworks. **Where local areas come forward with credible proposals to do things differently, the Government will seriously consider these.**

Fair access and targeted funding

5.19 In the same way that we are ensuring fair access and targeted funding in individual services, we will take a similar approach in those services that government commissions directly.

5.20 **Fair access: the key policies we are already implementing include:**

- *public 'health premium'* – we will introduce a 'health premium' payment to local authorities that incentivises improvements in health and reductions in health inequalities. The premium will be designed with a group of key partners including local government, public health experts and academics. Disadvantaged areas will see a greater premium if they make progress in improving the health of their population;
- *the Work Programme* – providers of the Programme will be paid primarily for supporting people into sustained employment. They will be paid more to support participants who are further from the labour market. For example, providers who work successfully with the hardest-to-help customers will receive a payment of up to £13,700, while for other customers, who are closer to the labour market, the maximum payment will be £3,800. This is to reflect the increased costs of working with the hardest to help, to make it financially viable for providers to help people in all participant groups;

- *housing* – the extra payment in the New Homes Bonus for building council homes gives developers additional incentives to include more social housing in their developments; and
- *diversity* – providers are required to publish data about the different social groups who use their service in order to monitor any inequalities.

Accountability through transparency

5.21 Our plans to create open public services replace bureaucratic accountability with democratic accountability. That means recognising that citizens have a right to know how government works and why it makes the decisions it does. This in turn allows the public and their representatives to scrutinise the link between money spent and the quality of the service provided, and helps to create a culture where public sector professionals are rigorous in assessing the impact of their decisions because the cost effectiveness of these decisions can be scrutinised.

5.22 Too often, information about how much services cost to run, the amount providers are being paid, and whether those providers are meeting user needs is not published. This means that potential providers can be ill-equipped to challenge incumbents where they believe they can provide a better service, and public funds may be spent on providers offering poor quality and value. So we will support providers' ability to compete and challenge by giving everyone, including companies, social enterprises, charities and employee-led mutuals, access to public sector contract and procurement data.

5.23 **Government transparency: the key policies we are already implementing include:**

- *business plans* – the transparency section of departmental business plans includes the key input and impact indicators which the public can use to judge for themselves whether the Government's reforms are improving the productivity and quality of public services. For the first time, departments are publishing unit cost indicators that cover the majority of what they spend and making available plans for other information soon to be put in the public domain;
- *spending data* – we are already publishing details of all central government spending over £25,000 online on a monthly basis. This has provided details of over £80 billion of government spending, allowing the public and potential new providers to scrutinise what government has paid for goods and services;
- *accessible contracts* – on 11 February we launched the Contracts Finder system, a free facility for small businesses to find public sector procurement and sub-contracting opportunities in a single online portal. Over the coming months, Contracts Finder will become the place to find all central government contracts and tender documents over £10,000, and we will drive use of the system in the wider public sector;
- *Open Government Licence* – this new licence allows for third parties to use some data without infringing Crown copyright so that the data is available for free re-use, including for commercial purposes;
- *Public Data Corporation* – we have announced plans to create a Public Data Corporation to bring together government bodies to provide an unprecedented level of easily accessible public information. It will open up opportunities for innovative developers, businesses and members of the public to generate social and economic growth through the use of data. It will be a centre of excellence that will drive further efficiencies in public sector research;

- *better data quality* – in order to maximise the benefits of transparency, it is vital that data released by government is accurate, consistent and easily navigable. Over the next 12 months, we will take steps to improve the quality of data already being published, and ensure that it is updated on a regular basis. This will require: all government spending data to include plain English descriptions explaining the scope and purpose of every transaction, from September 2011; every department, working with the Cabinet Office transparency team, to produce an action plan in November 2011 for improving the quality and comparability of data; and unique reference indicators to be introduced by the Department for Business, Innovation and Skills and HM Revenue and Customs beginning in December 2011. These measures will enable the public to track the interaction between companies and government bodies more easily.
- *criminal justice* – the Home Office recently launched a new service for producing street-level crime and anti-social behaviour data and crime maps for every police force. For the first time, for a selection of crime types (which is expected to increase over time), communities across England and Wales are able to see where crime and disorder is happening in their neighbourhood and hold local police teams to account for their performance at local beat meetings. The site had over 310 million hits in its first week. Six 'trailblazer' areas are already looking at how we can go further and faster and increase transparency across crime, policing and justice. From May 2012, the national crime mapping website, www.police.uk, will provide the public with information on what happens next for crime occurring on their streets, i.e. police action and justice outcomes. Sentencing data by court will be published by November 2011, enabling the public to see exactly what sentences are being handed down in their local courts, and to compare different courts on a wide range of measures. The data, anonymised, will include the age, gender and ethnicity of those sentenced, the sentence given, and the time taken at each stage from offence to completion of the case in court. Data on performance of probation services and prisons, including re-offending rates by offender and institution, will be published from October 2011.
- *transport* – real-time data on road conditions on our strategic road network, including incidents, speeds and congestion, will be published online and will sit alongside datasets on planned and current roadworks so that drivers can see the state of the road network. More data on rail companies' performance and customer satisfaction will also be online to show which operators are meeting customer needs best. Over the next year the Department for Transport will deliver: data on current and future roadworks on the Strategic Road Network, which will be published from October 2011 and, subject to consultation, extended during 2012 to local authority Street Works Registers maintained under statute; all remaining government-owned free datsets from Transport Direct, including cycle route data and the National Car Parks Database to be made available for free re-use from October 2011; real-time data on the Strategic Road Network, including incidents, speeds and congestion, to be published from December 2011; the Office of Rail Regulation to increase the amount of data published relating to service performance and complaints by May 2012; and rail timetable information to be published weekly by National Rail from December 2011.

Accountability

5.24 Where services are commissioned collectively, there need to be clear mechanisms of accountability to ensure that, firstly, commissioners are held to account by users and citizens for creating choice and choosing providers who offer high-quality, cost-effective services; and, secondly, that providers are held to account by commissioners and service users.

5.25 We will ensure that, at both the national and local levels, commissioning decisions and the performance of providers are transparent and open to public scrutiny. Commissioners can be held to account for their decisions by users (whose rights of redress we are strengthening), by independent audit and inspection bodies (for example, the National Audit Office) and by independent champions (such as the TaxPayers' Alliance). They can also be held to account through democratic means, such as scrutiny by Parliament (Accounting Officers appearing before or reporting to the Public Accounts Committee), and by representative bodies of professionals and local councils (such as Health and Wellbeing Boards).

5.26 Providers will be held to account through a combination of mutually reinforcing choice, voice and transparency mechanisms, depending on the service being provided. In general, the contracts commissioners have with providers should allow them to require and publish transparent information about service performance, quality and value for money. In addition, voice mechanisms – such as user-satisfaction ratings – will ensure that providers are accountable to their users. Other democratic mechanisms, such as oversight by bodies responsible for ensuring quality and value for money in public services (e.g. the Health Overview and Scrutiny Committee), will have a key role to play.

5.27 Within central government, the Work Programme illustrates the way in which a combination of choice, voice and transparency ensures proper accountability. Accountability to the taxpayer for the proper use of public funds is maintained because payment will only be made when positive results are achieved. Providers delivering contracts under the Programme will have to be successful in supporting people into sustained employment. This means that the quality of service will directly affect the amount that government spends. The Department for Work and Pensions will also hold providers to account by monitoring performance more closely than under similar programmes, and ensuring they meet minimum performance levels specified in contracts. For service users, a complaints process will ensure that their concerns are addressed and providers could be charged £5,000 if complaints against them by users are upheld. The public will also be able to hold government to account for the Programme's results overall. Transparency indicators will be published on the Number 10 website showing whether or not the Programme is meeting its objectives.

5.28 At the local level, strong accountability mechanisms need to ensure that the public can influence both commissioners and providers to use their funding effectively and efficiently. External audit and inspection will ensure that commissioners and providers meet any relevant standards and have necessary financial controls in place.

5.29 For the first time, the Office for National Statistics will be measuring levels of national wellbeing and we are developing methods to better understand how wellbeing is affected by our policies. Spending decisions need to take into account economic and financial considerations but cannot ignore the wider social impact. This can be difficult to do because wider social outcomes and their causes are not always well understood, or are difficult to support with robust evidence. Improving

the accountability of policy and spending decisions in terms of the full social value they create will be increasingly important to improve the way in which public decisions are made.

5.30 To ensure that accountability is built into the commissioner/provider relationship across public services, **we will also consult on how best to ensure greater accountability as services are opened up to a diverse range of provision**. This will include:

- **whether or not the role of local councillors as citizen champions needs to be enhanced to ensure proper accountability of providers from all sectors – such as extending their powers of overview and scrutiny to other sectors, as is being done in the NHS;**
- **exploring how providers can enable greater user participation or management in all sectors, whether private, public or voluntary, community and social enterprise (e.g. tenant management organisations and parent/community governors); and**
- **assessing whether or not providers in all sectors should be subject to the same requirements for transparency and in which service areas this would make most sense (e.g. how performance data and information transparency can be extended to private companies and voluntary sector organisations providing public services).**

Questions for consultation

5.31 The Government would welcome views on the following:

- *What is the scope to extend and/or deepen the commissioning approach across public services?*
- *What further potential is there to decentralise central government commissioning to locally elected individuals and authorities?*
- *To which areas should we apply the open commissioning policy?*
- *What else can government do to overcome any traditional boundaries between public service providers, which get in the way of solutions to people's needs?*
- *How can we ensure that commissioners and providers are best held to account?*
- *What new skills and training will commissioners need?*

6. Ensuring diversity of provision

6.1 Apart from those public services where the Government has a special reason to operate a monopoly (e.g. the military) every public service should be open so that, in line with people's demands, services can be delivered by a diverse range of providers. There is no other way that we can hope to meet peoples' complex needs and increasing expectations or ensure that services are appropriately tailored to help narrow the gap between rich and poor.

6.2 New independent institutions have been playing an increasing role in delivering public services – from the creation of housing associations in the 1970s through to the expansion of Academy schools and Foundation Trusts in the last few years. Further steps were made in this direction over previous decades, with local services in particular becoming liable for competitive tendering in the 1980s. But nevertheless, it is still the case that many public services are closed to new and innovative provision, either because of the barriers that have been erected to keep new entrants out, or because the bureaucracy forced onto existing providers stifles innovation before it can flourish.

6.3 The Government is committed to opening up public sector monopolies and challenging old models of service delivery to drive improvement across public services. This will be achieved by giving greater autonomy to existing public sector professionals and enabling independent organisations to provide services. Opening public services to competition and providing more freedom to innovate will improve the choices available to service users, as well as delivering better value for money for the taxpayer.

6.4 **We now want to embed across our public services the idea of diverse and innovative providers competing to raise standards.** This includes freeing up those already working in the public sector so that they can find new and better ways to deliver services. There is now a rich pattern of autonomous providers within the public sector, including local health trusts, Academies, public corporations, leisure trusts, trading funds, further education corporations and arm's-length management organisations. These organisations are increasingly competing for their income and with each other – all within the public sector. **The Government wishes to consult on how it could extend this type of autonomous status to most of those organisations within the public sector that provide services, while ensuring transparency and accountability.**

6.5 Our approach to competition will mean much more than just tendering exercises for the same old services. We want to open up existing provision to competition from new providers with different ways of doing things. In some cases this will mean suppliers entering a procurement process to deliver a new project to a neighbourhood group or local authority. In others it will mean providers competing with one another to deliver services directly to individuals armed with personal budgets, entitlements or the power of choice. And in other areas it will mean people competing against one another through the democratic process to gain citizens' votes. In each of these cases we want individuals and communities to be able to select between competing options so that they can get the best service possible.

6.6 We want to see greater diversity and openness throughout the public sector. As more public services are opened up, **we will regularly assess barriers to entry and exit that may prevent diversity and innovation from being achieved, and recommend steps to address these barriers**. This includes looking at how to enable a level playing field for all independent providers, as well as addressing barriers that are particularly problematic for smaller private, voluntary and charitable enterprises.

6.7 **We will also explore legislating to enshrine an overarching right to choice in individual services.** This would clearly define in law those rights that are already set out in existing pieces of legislation (for example, the Education Reform Act 1988), as well as providing a framework for extending this to any new areas considered appropriate. Such legislation would both support further opening up of public services, and send a strong signal to users and providers about the Government's policy intent.

6.8 **We will also consult on how to stimulate more openness and innovation in public services through new types of providers within the public sector, where this will improve services and give better value to the taxpayer.** This will include:

- whether operational functions in building-based services should be split out to encourage more diversity and innovation in the operational functions while the public sector retains ownership of the assets. For example, this approach is being taken in our Right to Provide for mutuals in the NHS;
- how we could incentivise public service organisations to overcome traditional fragmentation (for example, to bring together community services from health with local authority social care support); and engaging with schools and local areas to increase contestability, innovation and choice to ensure effective mental health support for children and young people (child and adolescent mental health services);
- whether there are more shared services that could be brought together to achieve economies of scale and to create competing businesses out of public sector organisations (for example, back-office services across the public sector);
- whether voluntary sector organisations could be supported to acquire current public sector providers that would benefit from being run as a specialised charity (for example, in offender management or children's services);
- whether semi-autonomous public sector bodies should now be made fully autonomous (for example, by moving arm's-length management organisations in social housing into the housing association sector to improve their ability to invest, diversify and innovate); and
- trialling school responsibility for permanently excluded pupils, with delegated budgets to enable schools to choose and fund alternative provision placements, to encourage a wider range of existing providers, including voluntary and private sector organisations, to set up new provision and make it easier for new providers to enter the market.

6.9 As well as increasing the diversity of service providers, there is an opportunity and need for more innovation in the financing of public service providers. The Government's policies challenge the traditional approach to finance in each of the public, private, and voluntary, community and social enterprise (VCSE) sectors. For example, payment by results requires capital investment to cover both cash flow before payments are made and the risk that the anticipated results will not be achieved. Similarly, some social care providers responding to individuals with personal budgets will face new challenges compared with the traditional block contracts they have received from local authorities. Decentralisation and the creation of independent providers will require these organisations to finance their own investment (for example, in information technology) and to achieve invest-to-save projects. There has been early progress looking at innovative finance, such as, social impact bonds, and there are many lessons to learn from both previous government schemes, such as, Private Finance Initiatives, and best practice in other sectors.

There is substantial external capital available that could improve the quality and availability of public services, ranging from philanthropy to enterprise capital. **The Government will consult further on how it can best unlock these investment resources to improve public services.**

Deregulating the public sector

6.10 One aspect of encouraging innovation and performance in the public sector is to back those staff already working in it to make a difference. But if public sector staff are inundated by targets and paperwork they are unable to exercise their professional judgement or to develop new solutions to existing problems. For example:

- 42 per cent of heads in both primary and secondary schools named interference from local and central government and Ofsted as a barrier to them running their schools;[11]
- one third of heads say that the increase in administration is the most significant change to their job in the last decade;[12]
- in recent years we have seen a record number of police officers, but only 11 per cent of them are visible and available to the public at any one time; [13]
- in 2009 alone 2,600 pages of guidance were issued to police officers setting out how their work should be done;[14] and
- there are now 100 processes in the criminal justice system, with an estimated cost to policing of £2.2 billion per year.[15]

6.11 The Government does not believe the centre should micro-manage public service delivery and we want to support all those dedicated public sector staff who want to make a difference. We have already launched the Red Tape Challenge to review the stock of regulation across almost all sectors of the economy. Much of this will benefit public sector organisations, and in addition **we will invite those on the front line of public service delivery to tell us directly how we can enable staff to work smarter and improve productivity, and identify areas where central government can get out of the way, reducing burdens and bureaucracy**. These suggestions should be online for everyone to see, and to select the best. These ideas will then set the agenda to which government will respond, taking immediate action where possible, or running short, sharp reviews that will set out a clear way forward. Our newly appointed non-executive directors of departments will oversee the work, bringing a wealth of operational experience and independent viewpoint to this challenging task. As part of developing this policy, we will look to limit the burdens of excessive guidance. All departments should consider revising existing guidance, clearly specifying what is required of public sector bodies in guidance versus what is recommended as best practice and scrapping what is no longer needed.

6.12 Clearly, much regulation in the public sector is essential or desirable, be it to protect vulnerable users, ensure transparency and openness, demonstrate public sector leadership or ensure individuals' privacy, but we want to ensure that all unnecessary regulation is cut. The leadership for this agenda is being brought into the centre of Government, within the Cabinet Office.

6.13 **Deregulating the public sector: the key policies we are already implementing include:**

- *autonomous status for public sector providers* – we will consult on the potential for appropriate public sector providers to have an autonomous status (for example, trusts, Academies, arm's-length management organisations, public corporations and trading funds) where this can improve value for money and the accountability

of these providers to users. This consultation will also review the effectiveness and accountability of existing autonomous structures, for example Academies and executive agencies;

- *scrapping Public Service Agreements* – we have ended the regime of top-down process targets that got in the way of professional judgement;
- *reviewing statutory duties placed on local government* – the Department for Communities and Local Government has led the cross-government review and produced a list of the statutory duties placed on local government by central government so that everyone is clear what legal obligations local councils have and can check whether the duties are still relevant;
- *vetting and barring* – the Freedom Bill dramatically scales back the intrusive vetting and barring regime in order to restore trust and encourage more people to deliver public and community services. We will keep this issue under review and ensure that sufficient checks are in place to protect the vulnerable, and if further steps are required we will take them;
- *burdens on teachers* – both the Education Bill and Schools White Paper include changes to reduce bureaucracy for teachers, such as removing the Self Evaluation Form, streamlining the inspection framework and clarifying that detailed written lesson plans are not needed for every lesson. These measures are just the start of an ongoing programme of work to increase school autonomy and allow teachers to get back to teaching, rather than doing unnecessary paperwork and administrative tasks;
- *freeing policing to focus on the front line* – 'stop and account' recording and other administrative procedures are being removed to free police officers up to spend more time on the beat;
- *health and safety* – we are committed to simplifying the raft of health and safety regulations that hold back public servants from doing their job creatively, and tackling the pervasive culture of risk-aversion by accepting in full all of the recommendations put forward by Lord Young;
- *data requests* – while central government needs to be more transparent about the data it holds, it also needs to avoid collecting information that does not need to be held at the centre. This can make it harder for frontline staff in public services to do their jobs. As part of our work to reduce regulatory burdens across the public sector, the Government Data Review will continue to audit all major data collections and identify opportunities to reduce burdens while improving the quality, value and availability of data. The single data list for local government, published in April by the Department for Communities and Local Government, has already drawn a line in the sand on data collections from local government: central government departments have committed to imposing no new unfunded data requirements on local government beyond those identified in the list.

Public service mutuals

6.14 We are doing much more than just sweeping away regulations. We are giving public sector staff new rights to form new mutuals and bid to take over the services they deliver, empowering millions of public sector staff to become their own bosses. This will free up the often untapped entrepreneurial and innovative drive of public sector professionals.

6.15 Ownership and control, through mutualisation, empower employees to innovate and redesign services around service users and communities, driving up quality. We will not dictate

the precise form of these mutuals; rather, this should be driven by what is best for the users of services and by employees as co-owners of the business. Options include wholly employee-led, multi-stakeholder and mutual joint venture models.

6.16 The Government will take steps to identify and overcome the barriers placed in the way of public sector workers who want to exercise these rights.

6.17 **Public sector employee ownership: the key policies we are already implementing include:**

- *Right to Provide* – we are giving public sector workers who want to form mutuals or co-operatives to deliver public services a Right to Provide. This will enable public sector workers to form independent, or joint venture based, mutual and co-operative social enterprises. Progress is already being made with a new Right to Provide for NHS staff and opportunities for local authorities to invoke the Right to Challenge;
- *mutual pathfinders* – the first wave of employee-led mutual pathfinders was launched in August 2010 with a second wave announced in February 2011. These pathfinders are being mentored by expert organisations as well as leading figures in social enterprise and public service to support their growth and share best practice; the pathfinders will provide critical learning as more employees look to exercise these rights;
- *Mutuals Task Force* – Professor Julian Le Grand, one of the UK's leading thinkers on public service reform, has been appointed to lead a Task Force to push employee ownership across the public sector;
- *Mutuals Support Programme* – we will invest at least £10 million in the Mutuals Support Programme, to support some of the most promising and innovative mutuals so that they reach the point of investment readiness. This support will be available from autumn 2011;
- *Enterprise Incubator Unit* – this has been set up within the Cabinet Office to provide advice, challenge and resources for public service providers from central government departments and their agencies who want to move from the public sector to the independent sector. The unit will help management teams to restructure themselves and their teams into independent businesses, which may include partners providing finance or expertise, for example through a joint venture;
- *Post Office mutualisation* – In May, Co-operatives UK published a report commissioned by the Government on options to transfer Post Office Ltd from government ownership to a mutual run for the public benefit. The Government will carefully consider this report before launching a public consultation later this year; and
- *My Civil Service Pension (MyCSP)* – plans have been announced for MyCSP to become the first mutual enterprise to spin out of a central government service. MyCSP administers Civil Service pension schemes for 1.5 million public sector workers. MyCSP's plans to mutualise, which have the full backing of the Government, will give employees a stake in the new business, alongside government and a private sector partner. The innovative ownership model will be matched by a participative management

approach: there has already been a strong turnout in elections for the Employee Partnership Council, through which employees will have a meaningful say in the running of the business.

Breaking down the barriers to new provision

6.18 As well as supporting and enabling new providers to deliver public services, the Government will address the barriers that can constrain open public services in practice. It is important to note that these barriers apply as much to movement within the public sector as they do to movement between sectors. In examining such barriers, the Government is not looking to give preference to any particular sector. Our aim is simply to level the playing field and ensure that a range of providers have opportunities to compete. In the *Modernising Commissioning* Green Paper we sought views from providers, public service professionals and the public on how the Government can make existing public service markets more accessible to innovative providers. The responses showed that practical barriers can deter many providers from competing to deliver public services, particularly when they are small in size. Without action to address these issues, there is a risk that smaller providers will be unable to take full advantage of the opportunities of open public services – particularly charities, social enterprises, small and medium sized businesses and new mutuals.

6.19 The costs and burdens associated with the TUPE regulations are frequently cited as a barrier for independent providers taking on state-run services. Consultation with independent providers suggests that there is a lack of clarity over when and where TUPE regulations apply. Some providers cite a lack of transparency regarding potential TUPE liabilities associated with taking on a service. This has led to many providers being unable to accurately price their bids, or choosing not to bid at all, thereby reducing competition. **We will encourage public service commissioners to disclose TUPE liabilities at an early stage during a commissioning process or when the Right to Provide or Right to Challenge has been invoked.** And as part of the employment law review, the Department for Business, Innovation and Skills (BIS) now intends to review employment regulations to ensure that they are working effectively for both employees and employers.

6.20 To improve the commissioning of public services, it is important to get the balance right between specifying outcomes and enabling innovative approaches to service delivery. The public sector will want to develop long-term partnerships where appropriate. Equally important is ensuring that contracts do not place too great an emphasis on the specific experience and the track record of providers which could crowd out new participants with new ideas from entering service provision. Where appropriate, the Government is encouraging commissioners to break up contracts into smaller lots, giving a range of providers greater opportunities to deliver elements of government contracts. Building on the work done by the Department of Health, **we will explore new public service areas where it could be appropriate to introduce transparent pricing to help to diversify provision and ensure that competition is based on quality rather than price**.

6.21 Whether services are open to alternative provision remains a decision for democratically accountable politicians, but where it has been decided to open up services to competing providers we want to ensure that the full range of organisations of any size and from any sector are able to participate. **We will consult on whether providers should have sufficient**

right to appeal to an independent figure or organisation when they feel that they have been unfairly precluded from a commissioning process. This is already the case in the NHS, where providers can seek intervention from the Co-operation and Competition Panel. **We will consult on a sector-by-sector basis on whether it is appropriate to have an independent body to consider complaints from alternative providers in areas other than the NHS** and, if so, what framework or principles and rules should apply and who might fulfil this role, including a relevant Ombudsman.

6.22 **Breaking down barriers to entry for potential providers of public services: the key policies we are already implementing include:**

- *the Fair Deal on pensions* – the requirements of the Fair Deal on pensions[16] can be seen as a barrier to smaller providers taking on public services and to public sector staff who wish to form mutuals. The Government announced a review of the Fair Deal policy in the Spending Review. A consultation took place between March and June and the report is expected later this year;
- *the VCSE sector* – a response to the *Modernising Commissioning* Green Paper will be published shortly, which will focus on access to open markets, reducing bureaucratic barriers and improving commissioning across central and local government;
- *commissioning skills* –we are investing in a national training programme for commissioners;
- *procurement pre-qualification* – we are seeking to eliminate pre-qualification questionnaires (PQQs) for all central government procurements under £100,000 (the EU threshold) and for larger procurements in central government we will move towards greater use of the 'open procedure', eliminating the need for a separate selection stage. For procurements that do require a PQQ we will ensure that the minimum number of questions is asked and that they are proportionate to the size of the contract being procured;
- *reducing unnecessary complexity in the procurement process* – in February we published findings from a 'lean' review uncovering the causes of delay in the procurement process, which has the potential to reduce the timescale for complex procurements by up to 70 per cent;[17]
- *register of public sector assets* – a register of public sector assets was released on 1 April, including a map showing the location of listed assets. This will enable the public, private and community sectors to make innovative proposals for the better use of publicly owned assets;
- *opportunities for smaller providers* – departments have published a set of specific, targeted actions to increase their proportion of the value of contracts made with small and medium-sized enterprises (SMEs);
- *capturing overall value* – councils should have the flexibility and freedom to consider overall value rather than only cost in their spending decisions, taking into account the need to consider economy, efficiency and effectiveness. We are working with partners to review existing guidance covering 'Best Value' on how local authorities can ensure that voluntary groups and SMEs are not disadvantaged in procurement and commissioning;
- *procurement transparency* – in support of the Government's aspiration that 25 per cent of total government contracts be delivered by SMEs, departments are required to state as part of their business planning the proportion of their third-party spend that is going to directly to SMEs; and

- *VAT* – as public services become more open, the Government will keep under review VAT barriers which impede public, private or VCSE organisations, including new mutuals, from delivering public services.

Intervening in the case of institutional failure

6.23 In open public services providers will have strong incentives, through transparency, competition, democratic accountability and payment by results, to achieve the best outcomes for people. But it is nevertheless inevitable that some providers – both new and existing – will be unable to meet the rising minimum standards that Government expects of them. In these cases it is not acceptable simply to allow these services to fail, because it will be ordinary people who feel the impact of that failure. It is essential that the state identifies these providers and intervenes quickly in order to ensure continuity of service. Service providers need to be challenged to improve, and given the help to do so; but if they are unable to do so then new management or new provision must be brought in quickly.

6.24 However, the inevitability of small levels of failure is not an excuse for dismantling the system of open public services and returning to the old ways of top-down prescription. Centralised, closed public services have not prevented failure in the past and have in fact made inefficient and unsustainable practices harder to identify. In open public services, failure by a few does not mean failure by all, and so it is important to resist the impulse to use individual examples of failure to impose general restrictions on all providers. Regimes to ensure continuity of provision in the case of public service failure need to be used flexibly, according to considerations including the nature of the service provided, whether it is vital to national security, whether the users are particularly vulnerable, and whether it is delivered in a market where other providers can step in.

6.25 In designing continuity regimes, there are six overarching principles which should apply across all sectors:

- Struggling organisations should be given support to turn around poor performance, within agreed timescales, before failure occurs.
- Accountability for providing quality services and good financial management should remain firmly with the provider.
- Where service failure occurs and is the result of poor management, there should be severe consequences for management and others involved in the governance of the provider.
- Continuity regimes should therefore articulate a short, carefully selected list of existing data that will be used to identify failure.
- There is a role for external bodies, independent of government (such as regulators), with powers to ensure proper financial management (including financial robustness where appropriate) and to intervene to ensure continuity of service;
- Systems should be flexible to accommodate the changes our open public services reforms will bring, and so government departments should set out the long-term vision for ensuring continuity of service, as well as any transitional arrangements.

6.26 To put this into practice, following the publication of this White Paper, HM Treasury and the Cabinet Office will work closely with departments to **develop continuity regimes based on these principles as an integral part of their modernisation programmes**. Continuity regimes should ensure continuity of service in a way that is consistent with the Government's plans for fiscal consolidation.

Further steps to diversify provision

6.27 The Government will support greater diversity in the provision of public services from the private, independent, and voluntary and community sectors. Core public services will continue to be funded and regulated by the state, and they will be accountable to citizens through choice, community involvement and representative democracy. What matters is the quality of service, not the ownership model.

6.28 There is already a range of services open to competition across the public sector. At the local level, services such as waste collection, housing management and community care are often provided by independent or voluntary and community sector organisations:

- In 2007, local government spent £42 billion on external contracts – over 40 per cent of all local government expenditure.[18]
- 44 per cent of local authorities have contracted out refuse collection and 49 per cent have outsourced recycling.[19]
- 88 per cent of full day care places are currently provided by the private and voluntary sector.[20]
- In social housing there has been a shift away from council provision to independent provision. Housing association provision of social housing has increased from 30 per cent in 2000 to 55 per cent in 2010.[21]

6.29 We have strengthened transparency and accountability of these organisations, for example through requiring all Academies to be subject to Freedom of Information requests, and requiring Foundation Trusts to hold their board meetings in public. We will consult on how we could extend this type of autonomous status within the public sector to most of those organisations which provide services. This consultation will consider the potential for appropriate public sector providers to have an autonomous status, such as trusts, arm's-length management organisations, public corporations or trading funds, where this can improve value for money and the accountability of these providers to users. It will also review the effectiveness and accountability of existing autonomous structures, for example of Academies and executive agencies.

6.30 We have the strong expectation that all NHS trusts will achieve Foundation Trust status on their own, as part of an existing Foundation Trust or in another organisational form, by 2014. Any NHS trust not able to meet this deadline will be required to agree an alternative trajectory on a case-by-case basis with the NHS Trust Development Authority. **As part of our consultation on extending autonomous status within the public sector, we will consider the applicability of the Foundation Trust model to other public services. In addition, we will explore extending different models of increased independence and a more diverse provider base to children's centres – including considering employee mutuals and how to achieve a greater role for voluntary and private sector providers.**

6.31 We do not believe that the VCSE sector should bear a disproportionate burden from reductions in public spending. Therefore, **we will introduce greater transparency for spending decisions so that communities can see where reductions in public spending have fallen. In addition, each year the Prime Minister and Deputy Prime Minister will meet and recognise the ten local authorities that are most supportive of the voluntary and community sector**.

6.32 **Diversifying provision: the key policies we are already implementing include:**

- *independent back-office services* – we are opening up central government back office, transactional and processing services to new models of provision where they can provide better value. A variety of models will be explored, including new mutuals and joint ventures that could be owned by government, staff and private or voluntary sector organisations. New types of contracts that are more responsive to changes in technology and service needs will also be explored;
- *'any qualified provider'* – under our NHS reforms we will maintain our commitment to extending patients' choice on the basis of any qualified provider, meaning that they will be judged on the quality of services alone, and not by the type of provider. This will be phased in, starting from 2012. Choice of any qualified provider will be limited to services covered by national or local tariff pricing, to ensure that competition is based on quality. We will focus on the services where patients say they want more choice, for example starting with selected community services, rather than seeking blanket coverage. There will be some services, such as A&E and critical care, where any qualified provider will never be practicable or in patients' interests;
- *greater autonomy for Jobcentre Plus Districts* – two Jobcentre Plus Districts are becoming 'Local Autonomy Trailblazers', testing an approach that empowers frontline staff to deliver services in the way that they see fit for their local areas. By giving the District Managers greater autonomy and responsibility over the management of their budgets and services, the Trailblazers aim to stimulate and encourage greater creativity, innovation and staff engagement to improve delivery of back-to-work support. This means that local staff can create personalised support packages tailored to suit claimants' progression into work, as well as working collaboratively with voluntary organisations to address the needs of the most vulnerable groups. Building on the evaluation and lessons learned from the performance of the two Trailblazers that are under way – and with two more Districts to follow later this summer – we will look at how this approach can be extended to more Jobcentre Plus Districts across the country;
- *Free Schools* – Free Schools are all-ability state-funded schools set up in response to what local people say they want and need in order to improve education for children in their community. The Department for Education received 323 Free Schools proposals in the first round (which was open from 18 June 2010 to 11 February 2011) and of these 30 have been approved to move into the pre-opening stage with a number expecting to be open in September this year. In the second application round (17 March 2011 to 15 June 2011) the Department received 281 applications to set up a Free School from September 2012;
- *Excluded children* – this will allow a wider range of providers, including voluntary and private sector organisations, to offer high-quality education for excluded children and others without a mainstream place. This policy will remove barriers to setting up new provision and make it easier for new providers to enter the market;
- *University Technology Colleges (UTCs)* – UTCs are formed through partnerships between universities and businesses in order to deliver high-quality publicly funded technical education. There are currently plans to create at least 24 new UTCs with each UTC sponsored by at least one leading local business and a local university, and offering high-quality and high-prestige technical qualifications in subjects such as engineering;

- *further education and skills* – we are encouraging the development of a more innovative and dynamic further education and skills sector which offers education and training that is more focused on individual business sector requirements and responds quickly to meet specific, specialist and/or localised demand as needs change. BIS will shortly produce a consultation document, which will provide more detail about this work, including achievements and the next phase of implementing the Skills Strategy – *Skills for Sustainable Growth*, published in November 2010;
- *VCSE sector innovation* – we are encouraging the VCSE sector to come up with creative new ways of tackling long-standing problems, such as community safety and youth substance misuse;
- *encouraging innovation* – in order to encourage innovation in schools which help disadvantaged pupils, we have set up a £125 million Education Endowment Fund to support bold and innovative practice which is intended to close the attainment gap for these pupils; and
- *offender provision* – the forthcoming competition strategy for offender provision will aim to open up the market further to both private and VCSE providers.

Questions for consultation

6.33 The Government would welcome views on the following:

- *How can we stimulate more openness and innovation in public services through new types of provision?*
- *What more could we do to support and catalyse new enterprises (e.g. mutuals) spinning out from the public sector?*
- *Where and how should we extend autonomous status for public sector providers?*
- *How do we ensure a true level playing field between providers in different sectors?*
- *How can we create new, more diverse types of provider out of public sector bodies?*
- *How can we best enable external investors and public service providers (from all sectors) to combine their resources to improve public services?*
- *How could we best achieve our goal for more back-office services in central government to be provided independently and flexibly?*
- *How should government regularly review the barriers to entry and exit for providers?*
- *How can we ensure continuity of services, in particular for the most vulnerable users?*

7. Enabling open public services

7.1 The Government recognises the fundamental shift that it is making in opening public services and knows that this will need to be supported by a range of enabling measures.

The new roles of central and local government

7.2 Open public services will profoundly change the future roles of both central and local government.

7.3 **Strong local government** is at the heart of our reforms. Councils will need to adapt and develop new capabilities to make the most of the new opportunities, which include:

- *much greater freedom from central government control* – local authorities will have a general power of competence, fewer restrictions on funding, less regulation and performance management from Whitehall, and new opportunities to raise revenue (e.g. via tax increment financing);
- *devolution of national and regional functions* – this already includes key aspects of public health, economic development and early years. There is the potential for further devolution as set out in this White Paper;
- *funding following individual choice* – the funding for individual services (in adult care, education and housing) will follow the decisions of individuals about the service they want and its provider. This includes the majority of local authority spending. Local authorities will have a major role in the transition to individual control (e.g. in personal budgets and direct payments in adult social care). But more important still is the future role of local authorities in ensuring that individuals in their area have well-informed, fair access to a diverse range of quality providers, so that choice can be meaningful;
- *giving power and control to neighbourhoods* – this will, over time, create a new relationship between local authorities and their communities. It will require local authorities to empower, inspire and support their neighbourhoods as they do more for themselves;
- *more local democracy* – including the direct election of Police and Crime Commissioners and mayors, referenda on spending and growing requirements for transparency;
- *Community Budgets* – every place being able to use a Community Budget to pool funding at the local level in order to break open funding silos and give councils and their partners the freedom to redesign services and pool funding in order to tackle complex social problems; and
- *commissioning* – local authorities will continue their shift from self-sufficient providers to commissioners of services from a diverse range of suppliers in different sectors, including helping their own staff to set up new independent enterprises.

7.4 **We will engage with local authorities to develop a shared vision about the new opportunities and possibilities for stronger local government created by this open public services agenda.** As part of this engagement, we will want to explore the opportunities for local authorities to:

- be the people's champions for all public services in their area, irrespective of whether they are directly accountable for those services. This will focus on their potential to secure fair and open access to a choice of quality services in the local area;
- be empowered to shape their local area through greater local freedoms on planning, finance, regulatory powers and infrastructure;
- be as financially self-sufficient as possible;

- be able to integrate the full range of public resources to solve complex social, economic or environment issues, such as the needs of people on housing estates who have multiple disadvantages;
- benefit from the maximum possible decentralisation of central government services to the local level;
- champion direct democracy and transparency of public data;
- act as the principal representatives for their communities;
- actively decentralise power to individuals and neighbourhoods and inspire successful responses to these new opportunities;
- be excellent and open commissioners of those services which cannot be devolved to individuals and communities; and
- combine forces with neighbouring local authorities and lower-tier councils within their area to improve the success of the wider area.

7.5 Over and above its international and national security functions, **central government** will, over time, increasingly focus on several key roles:

- establishing and enforcing core entitlements such as patient rights within the NHS and parent rights to early years and school places;
- setting floor standards, enforced by independent regulators or published data, such as the minimum standard of care required by the Care Quality Commission or the aspiration to raise the floor standards for schools to demand that at least 50 per cent of their pupils obtain five GCSE A*–C grades and that schools have better than average progression;
- ensuring fair access to services and preventing discrimination, such as setting the School Admissions Code and being accountable for the rules for patient selection within the NHS;
- identifying areas of market failure which disadvantage particular groups and require state intervention;
- being an excellent commissioner of its retained services;
- ensuring sufficient protection for individuals and communities so that they have a fair and genuine choice of quality providers for decentralised services;
- ensuring fair funding of public services to support wide policy objectives, such as social mobility and equality of opportunity; and
- removing barriers to entry and ensuring a level playing field where elected politicians have decided to open up public services.

7.6 Developing open public services, along with the wider decentralisation of power to the local level, has profound implications for the role of Whitehall in the future. **The Government will consult on these core government roles in the future.** In particular, we will consult on the future shape of the policy, funding and regulatory functions in Whitehall and the various service funding agencies, regulators and public service Ombudsmen.

Enabling new provision

7.7 Creating open public services will require new types of investment in public services: investment of money, inspiration and entrepreneurial effort. **The Government will promote the opportunities being created by open public services, tailored to individual sectors.** This promotion will aim to support:

- *accessing new forms of external finance* – there is an exciting set of opportunities to bring new forms of finance into public services. This includes social investment (e.g. social impact bonds); payment for results on capital improvements (e.g. energy efficiency) and the financing of modernisation programmes (e.g. joint ventures to introduce new technology). Work is under way to develop effective measures of the social impact of investment and to launch the Big Society Bank, which will catalyse the growth of a sustainable social investment market;
- *empowering public sector staff to take control of their own services in new enterprises like mutuals* – the creation of mutuals is a critical step in achieving more diversity in public services. However, we recognise that this is a big step to take for both staff and the public body that employs them. **We will set out a full range of support available to those who are considering setting up a mutual, in the same way that we seek to stimulate both voluntary and private sector development.** This will include a £10 million Mutuals Support Programme to provide support to fledgling mutuals that are being set up to deliver public services by employees leaving the public sector; and
- *actively encouraging new providers, of all sizes and from all sectors, to deliver public services* – when we say we want diversity in public services, that is exactly what we mean. We will take active steps to avoid simply switching from one type of monopoly to another. **We will launch a positive action programme to improve the awareness of public service opportunities to new providers, especially small and medium-sized enterprises.** Many of our policy changes have already opened up attractive new opportunities, for example in the Work Programme and through personal budgets in social care. In addition, we will take positive action on procurement and through regulators to ensure that other opportunities (e.g. in central government procurement) are opened up to new types of provider, be they from the public, private or voluntary sector.

Accelerating the digitisation of public services

7.8 The type and quality of public services required in the future can be significantly enhanced by utilising the full benefits of new digital technologies. Opening up public services will allow providers to innovate and to accelerate the introduction of new technologies – whether they are service-specific technologies (e.g. in telehealth or telecare), or generic technologies (e.g. using cloud services in the newly opened back-office services). It is not for government to second-guess the technological decisions of open public service providers; however, government should create new opportunities for technological innovation and remove current barriers to digital delivery.

7.9 We want to shift the approach of government from 'public services all in one place' (focused on how departments want to deliver) to 'government services wherever you are' (open and distributed, available where citizens want to access them). To take this forward, **the Government Digital Service (GDS) will have the authority across central government to co-ordinate all government digital activity, including encouraging the commissioning of the best user-centred digital services and information at lowest cost from the most appropriate provider**. This commissioning process will identify those providers who are the most appropriate to provide content on a particular topic. For example, the Department for Education has already taken this approach in funding

some of its parenting support services through the voluntary and community sector – these online services provide in-depth counselling and intensive support as well as information and guidance.

7.10 **The GDS will develop a digital marketplace, opening up government data, information, applications and services to other organisations, including the provision of open application program interfaces for all suitable digital services.** All suitable digital transactions and information services will be available for delivery through a newly created marketplace, with accredited partners, including charities, social enterprises, private companies and employee-led mutuals, all able to compete to offer high-quality digital services. In opening up this marketplace, the GDS will establish appropriate processes and consider a 'quality mark' to ensure that public trust in information and public sector delivery is maintained. This may go as far as including quality assurance of third-party applications.

7.11 The GDS will also mandate the progressive collection and publication by departments of information on the quality of service delivery by channel, including cost to serve and user satisfaction. Over time, all digital services will allow user feedback and rating, which will be transparent for all users. Departments will be expected to ensure that all digital services capture, report and publish against the agreed cross-government standard metrics.

7.12 The Government has also committed to design and deliver all information and transactional services digitally by default. Supported by assisted digital services, advice and guidance should also move online as expertise develops to ensure that everyone can benefit from digitised service provision. Government engagement and communication with the public will also increasingly be digital by default, utilising the power of digital communication and social media to help drive the virtuous circle of digital take-up.

7.13 For health and care services, while digital technologies offer opportunities to rationalise transactional aspects of care, such as booking appointments, information given through face-to-face contact with care professionals will remain a vital part of care for many people.

7.14 The Government has committed to stimulate private sector investment to deliver the best super-fast broadband network in Europe by 2015. As part of this we are investing £530 million over four years to drive forward provision, particularly in rural communities, which the market alone may not reach and which might otherwise struggle to make the most of the potential that digital services offer.

7.15 We also recognise that some policy decisions by government can limit the pace of technological change in public services. Building on consultation already carried out for the health and adult care sector, which included consultation on giving people greater access to, and control of, their own care records, we will work to minimise those barriers and consult other sectors on:

- publishing information that would assist either consumers, commissioners or providers of public services to develop better quality or value for money in public services; and
- the extent to which individuals can take control of their own records and personal information.

8. Next steps

8.1 This White Paper commits the Government to a programme of modernising public services based on the key principles of increasing choice, decentralising services, opening services to a range of providers, ensuring fair access and accountability to users and taxpayers. However, Government does not have all the answers and it cannot open public services alone. In fact, that is the reason that opening public services is so important: to allow people and communities the opportunities to shape services that best meet their own needs.

8.2 In preparing this White Paper, the Government has undertaken consultation with voluntary, community, social enterprise and private organisations, as well as the public. We received over 400 responses to our *Modernising Commissioning* Green Paper in December last year, and over 50 responses to our public service reform consultation in January this year. The wealth of ideas provided in these consultations has directly informed our vision for opening public services as set out in this White Paper.

8.3 However, we recognise that the conversation does not end here and that the we have a vital role in encouraging and catalysing further action. We cannot set out our ambitions to open public services and simply wait for change to happen. We need to support others to stimulate greater choice and voice in public services in order to meet people's expectations, and we need to work with the public as well as existing and potential providers of public services in order to understand the best ways to make open public services a reality.

8.4 That is why this White Paper will be followed over the next few months by a wide-ranging discussion with individuals, communities, public sector staff, providers and others with an interest in how public services are delivered. We want to hear the views of everyone working in and using public services about how we can turn our vision for high-quality, efficient and modern public services into reality. You can visit the open public services website at **www.openpublicservices.cabinetoffice.gov.uk**

8.5 Following this listening period, which will take place **between July and September**, the Government will set out a programme of work to implement the open public services agenda. **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.

Notes

1 *Fair Society, Healthy Lives: A Strategic Review of Health Inequalities in England Post-2010,* Marmot Review, 2010, pp 45–48.

2 In 2009/10, 31 per cent of children eligible for free school meals achieved five GCSEs at grades A*–C including English and maths, compared with 59 per cent from the cohort that was not eligible.

3 *The Importance of Teaching: the Schools White Paper,* Department for Education, 2010, www.education.gov.uk/schools/teachingandlearning/schoolswhitepaper

4 Changes in the sample mean that the total comparator group increased from 43 countries in 2000 to 65 countries in 2009.

5 *Health Inequalities: Third Report of Session 2008–09,* House of Commons Health Committee, 2009.

6 *Fair Society, Healthy Lives: A Strategic Review of Health Inequalities in England Post-2010,* Marmot Review, 2010.

7 *What Do People Want, Need and Expect from Public Services?* Ipsos Mori and 2020 Public Services Trust, 2010.

8 *Do the Public Know What They Want?* Ipsos Mori for *The Economist*, 2010.

9 Recent legislation allows neighbourhood councils to choose a title (e.g. 'community council', 'parish council', 'town council', 'local council', etc), which they think best fits their area.

10 From 1997 to 2010, ring-fencing of central government core funding to local authorities increased from around 5 per cent to around 14 per cent. The number of separate revenue grants increased from around 20 to around 90, many with their own controls and restrictions.

11 Headteacher National Audit 2010, *Times Education Supplement.*

12 Ibid.

13 *Valuing the Police: Policing in an Age of Austerity*, Her Majesty's Inspectorate of Constabulary (HMIC), July 2010.

14 Ibid.

15 Ibid.

16 The Fair Deal policy requires provision of broadly comparable pensions where staff are compulsorily transferred from the public sector to a new employer.

17 The Lean Review: *Accelerating Government Procurement: Management Summary*, Cabinet Office, February 2011, www.cabinetoffice.gov.uk/sites/default/files/resources/annex-A-lean-procurement-study-management-summary.pdf; *Lean Procurement Project Diagnostic Findings*, Cabinet Office, December 2010, www.cabinet-office.gov.uk/sites/default/files/resources/lean-procurement-project-diagnostic-findings.pdf

18 *The Roots Review: Review of Arrangements for Efficiencies from Smarter Procurement in Local Government*, Bill Roots, Department for Communities and Local Government, 2009.

19 Waste and Resources Action Programme, www.wrap.org.uk

20 Ofsted registered places by ownership, *Childcare and Early Years Providers Survey 2009*, Department for Education, 2009.

21 Figures provided by the Department for Communities and Local Government.

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ISBN 978-0-10-181452-2