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The Migration of Public Services For the people, by the people?

The role of civil society in devolved public services



Introduction



From Whitehall to Village Hall?

Is Big Society the upside of smaller government? Its advocates may welcome a shift in the centre of gravity from central and local government to empowered employees and communities. The rationale behind this transition is that local, practitioner-led decision making will better match scarce resources to greatest need and contribute to the activation of community resources. This, it is hoped, will result in more focused services, delivered more effectively by the right combination of public, private and civil society organisations.

Unsurprisingly, the response to this agenda is mixed. It is hard to contradict

the core objectives: empowering those with the greatest stake in service delivery and fostering innovation and choice, while reducing individual and corporate dependence on the state. So, rather than outright opposition, the spectrum of views varies from cautious optimism to determined indifference.

The optimists recognise an agenda that resonates across the Coalition Government as a realistic way of mitigating the painful but necessary cuts; they see the chance to build long-term structural improvement both to the services and to the communities they serve. Their caution reflects concerns about the stability and

accountability of some of the new vehicles, together with a reluctance to let go of the carefully constructed, top-down performance regimes.

The sceptics view this all as a distraction from the grim task of sharing the pain caused by deficit reduction and working towards thinly spread, lean services. For them, the most rational and equitable approach would be based on existing approaches to prioritisation and service delivery.

The underlying drivers

Scepticism or optimism about the outcome of this agenda reflects underlying attitudes to the drivers behind it.

1. Deficit reduction

The need to make absolute cuts in spending, from the cessation or reduction in services (or benefits). Once efficiency gains have been made, the focus inevitably moves from 'more for less' to 'less'. This will be, in part, enabled by the better targeting of locally constrained budgets to locally set priorities.

2. Sector migration

A belief that public service provision will be more agile and targeted if it is delivered from outside the traditional public sector, but coupled with an ambivalence to private sector provision. This leads to a preference for charities and social enterprise providers (civil society organisations), exercising their 'right to request' or 'right to run'.

3. Localism

The devolution of service design and delivery to the community and sub-local authority level management. This means management by the neighbourhood, not of the neighbourhood, on the understanding that those nearest to the point of need will be better placed to prioritise scarce resources.

4. Community engagement

Communities will be encouraged and enabled to more actively address the issues that concern them. Locally-based, civil society organisations (some spun off from the public sector) will provide impetus, while various forms of community hub will provide focus.

A view from the front

To hear the views of some of those responsible for service design and delivery, we held roundtable discussions focusing on four key areas: health; housing; education; and sports, arts and leisure. Each discussed, under the Chatham House Rule, the likely impact of the drivers and the factors that would lead to a better or worse outcome for services and their users. This report picks up on the themes that were highlighted:

- Some areas tended towards the more optimistic view. The discussion around sports and arts pointed to a reshaped and reinvigorated landscape in the longer-term, with increasingly autonomous bodies making the most of new freedoms. The concern, however, was that the impact of shorter-term retrenchment could be so severe that these developments are fatally stifled before they can flourish

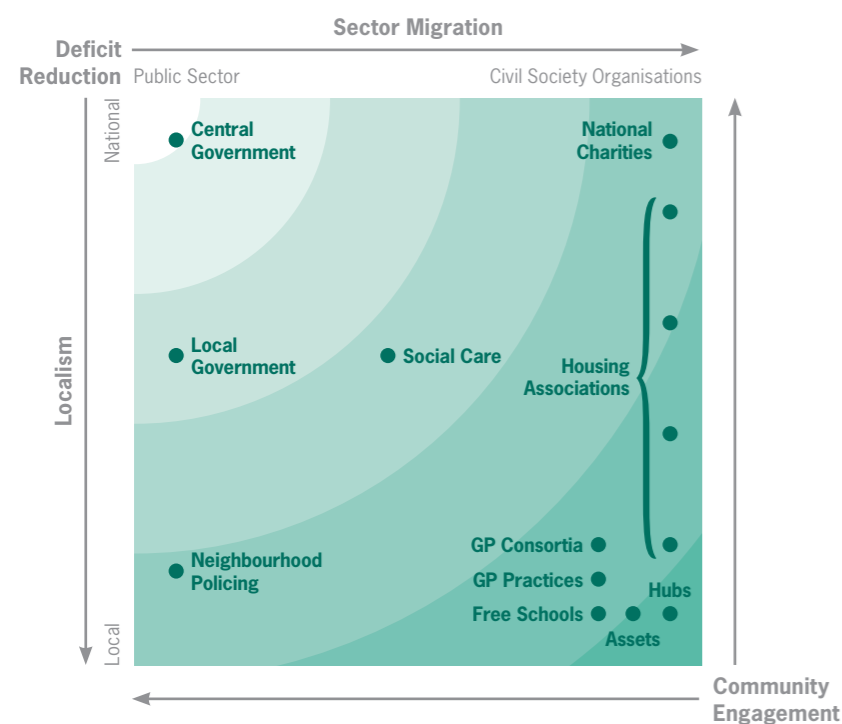


- For health and education, some common themes emerged. A low active uptake of GP commissioning or free schools could limit the extent to which local practitioners and providers actively reshape services. There are real challenges around accountability, strategic planning and threshold service provision which will need to be addressed. Equally, it is possible that improved, more engaged services may evolve through new community-based networks with GP consortia or schools as their hubs
- The housing sector has already gone some way towards the provision of services through mutual and social

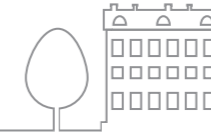
enterprises. There is the potential for registered providers to help redefine the relationship between government and the citizen, but this would require positive steps to address legislative, economic and financial constraints

- Definitions of locality and community require careful thought. In some geographies and demographics these are strongly place-based; in others, the on-line, virtual world suggests a new range both of communities and of ways of connecting them. As services and sectors reconfigure around the new agendas, the communities they serve are redefining themselves.

Reshaping Public Services



Education



An instructive model?

In the primary and secondary education sector, free schools and the promotion of independent academy status were described as ‘the Big Society made manifest’. More independence for schools is considered by the Secretary of State to further the localism agenda, promoting competition and choice in education. However, the potential impact of these policies is not yet clear and understanding the best mechanisms to drive change is still developing.

The need for coordination

A clear message emerging from the discussion was that ‘unless our strategic plans join up on the ground, the benefits of change may not outweigh the costs’. To provide world-class education for all children and to prevent vulnerable pupils falling through the cracks, a coordinated local response is required. This is made harder when localities are delivering services on significantly reduced budgets. However, not everyone agreed on how this should be structured.

A vanguard of free schools?

Roundtable participants felt that schools converting to academies and free schools could act as a vanguard, providing leadership to the whole sector.

Some predicted the establishment of an informal network of support as a means of addressing these problems, rather than the high-level strategic planning provided by central and local government. With schools increasingly confident that they have the capability and capacity to run independently, many are keen to seize these opportunities. The ideas provided by those proposing free schools are already challenging the current paradigm.

Some were more sceptical: ‘What is the glue that will hold this together?’ Fragmentation was the key risk identified from increased decentralisation and deregulation. Will the losers be the children whose parents are unable to work the system and the rump of schools that remain? The difficulty in creating effective networks was raised: ‘it is extremely hard even in one school to have a collaborative approach, let alone across a whole range of schools.’

Networked cooperation?

Collaboration through networks may appear to stand in contrast to the need for a competitive market and diversity in provision. The development of a range of networks may prove difficult

with overlapping responsibilities and suspicions regarding each others’ objectives, which reduces their effectiveness.

It was felt that networks won’t deal with all of the big issues. For instance, they won’t ‘remove the debate about place planning’, due to the link with the wider issue of efficient use of public resources. However, it was agreed that they have a role in the policy discussion around human and social capital. It was suggested that the limit of improvements via top-down direction had been reached and it was now up to those within the system to make it work effectively within the existing parameters: ‘what can you do to drive development?’ One answer was through developing networks of providers and other stakeholders.

Parents – enabling as well as empowering

So far, the role of parents has been underplayed, despite their legal responsibility to ensure the education of their children. Now should be the time to increase parental involvement in the process. Clearly parents could have a huge role in driving schools reform.

A benign third party may level the

playing field, but will not be an advocate for any individual child: ‘if you want exceptional provision for your children you need to take the initiative.’ The media stereotype that there are motivated middle class parents and uninterested working class parents is patronising and wrong; many are willing to support the education of their children, but not all are able. The challenge is therefore to set up a system which empowers those who can, but supports the vulnerable.

Free schools and academies

Currently, free schools in Sweden make up less than 20% of the total school provision, so achieving a level of even 10% in 10 years in the UK is considered a challenge. There were mixed views about the potential take-up levels of these new models and a recognition it would need to be greater if these schools are to have systemic impact.

In the Swedish model schools can make a profit, but this will not be possible here, potentially ‘putting a cap on the number’ of promoters of free school status. Similarly, the US charter schools model shows that ‘for profit’ schools are significantly more successful than ‘not for profit’, although drop out

rates are high in either case. The financial risk around any failing free schools must also be addressed by the Coalition Government as there is some concern that the governance arrangements haven’t been sufficiently considered.

The free schools policy will generate the opportunity to drive up standards by example, but their introduction also presents a tension between this objective and achieving value for money, as to work well there will need to be surplus capacity in the system which will drive up the cost per pupil.

Teaching is the key

On one point there was consensus: the process of institutional change must enhance and not distract from the central driver for improving education which is the quality of teaching. The responsibility of reformers, from government through to the classroom, must be to ensure that the increased freedoms are exercised to improve the incentives and structures that develop higher performance in the classroom. This would mean that existing teachers could develop higher levels of skill, with no toleration of poor performance, and that the very highest calibre of new entrants to the profession could be recruited.

From ambition to attainment

Looking forward, there is general optimism that greater freedom and local diversity will have a positive impact on schools as the associated ideas permeate more widely. The limited take-up, however, means that this impact overall may be low or patchy. Moreover, schools already have most of the freedoms they need from local authorities; central controls are more pervasive. Additional freedoms are actually in the gift of central government which is mandating a narrower academic focus and is also somewhat dismissive of a community role for schools.

The sector, however, is ready for change. Schools and teachers generally feel empowered and want to take responsibility, to do things differently, to deliver improvements and forge their own networks and alliances. Any pessimism at the table related to the erosion of a centralised coordinating capacity to step in, if appropriate local networks fail to emerge. The success in balancing existing structures with the local authority commissioning and emergent self-regulating structures will determine the extent to which education reforms operate synergistically with wider Big Society objectives.



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Social housing



The building blocks

Big Society is an 'art not a science' and depends on the eye of the beholder. However, the principles of localism, philanthropy and the empowerment of individuals suggest that housing associations would fall easily into the philosophy and anticipated framework of the current agenda.

There are three general perceptions regarding the concept of Big Society and public service reform: that 'it's a fig leaf for cuts'; that it marks the beginning of the privatisation of public services; or that it demonstrates a genuine interest in social enterprise as a key part of the recovery from the recent recession, 'where the citizen is empowered, informed and a partner in the provision of services and the creation of the type of place and society that people want, rather than a passive recipient of

services.' This last view accords particularly with the principles of the social housing sector.

Legislative and regulatory constraints

The social housing sector is currently bound by existing legislation and contractual requirements which 'apply to whoever is providing the service.' There was a sense that some legislation and regulatory approaches are disproportionate. This can create a barrier for smaller providers and limit the emergence of new forms of social enterprise.

Issues such as the rents being set by government suggest that housing associations are not trusted to provide services responsibly. Regaining this ability 'will give more power back to us as organisations to really do the things that are wanted locally – if we can

show that there is a much stronger and more effective local participation in our decision making than is the case at present'.

The far reaching nature of legislation has taken focus away from core activities and towards meeting other agendas. While such legislation remains in place, the housing sector may not be able to tap into the flexibility required to adapt to local needs quickly and innovatively.

Cultural change

Many of the concepts of localism and community engagement will require a cultural shift within the UK. Firstly, 'we've got decades where the individual was promoted; to suddenly backtrack and say it's society that matters is actually really difficult.' Secondly, the increased role of the individual has been accompanied by an increase in risk aversion, yet local empowerment relies on people facing the possible risks with a reduced reliance on professionals. Thirdly, there is a risk that localism promotes self-preservation and vested interest, whereby those who already own property will invest time and funds in their local community, while those who do not become increasingly disenfranchised.

Scope for future development and financial sustainability

The redistribution of power via decentralisation will impact investment decisions around housing and the application of future provision.

Larger housing associations can look at different models for financial sustainability and funding future development, but smaller associations cannot. A key focus for all associations is

keeping the core business going in the light of announced spending cuts and general economic restrictions. Many of the discretionary community activities currently undertaken may actually be put at risk as associations retrench to provide the core services.

Empowerment within local communities

Giving residents more power within their local area in relation to addressing anti-social behaviour would not only save costs, but also create a greater sense of involvement and control: 'to have local citizens feeling empowered there will be a need to ask how many decisions have to go through the courts and how many decisions can go with appropriate groups of local people.' Planning decisions could also be decentralised to better reflect the needs of local residents.

Such devolution of power must, however, be done responsibly. It may not always lead to reduced costs, but the improvement in outcomes would have a highly beneficial effect.

Removal of barriers and provision of support

Even with a principle of localism, there may be a role for government in ensuring the capacity to support and sustain devolution. Similarly, a structure may still be required to agree what issues are prioritised, and to accept that this will be at the expense of others. Such structures should take into account a certain level of failure risk, rather than creating complicated systems to try to eliminate any such risk altogether.

From firm foundations

Those elements of Big Society that involve empowering people were thoroughly welcomed and accord with the existing objectives of the social housing sector. In particular, there are opportunities for housing associations to look closely at ways to further connect at a staff and organisational level with the locality. In order for all this to work, however, government still has a role as enabler. Moving forward, the focus needs to move away from discussion and consultation and towards clear and demonstrable impact. A readiness to revisit the legislative and regulatory constraints would signal a real willingness to move from smaller government to Big Society.



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NHS reform – a blueprint for wider public services?

The proposed NHS reforms embody the new paradigms, with both commissioning and provision devolved to local bodies, themselves at arm's length from direct public sector management. These local bodies are often social enterprises and/or SMEs.

A best case scenario for Big Society would yield a mature sector, with GP consortia tapping into local networks and using the third sector to improve patient pathways and outcomes. Local commissioning would reflect the needs of specific communities and prompt positive adaptations in the provider organisations.

In a worst case scenario, foundation trusts would become insolvent, local health economies would be destabilised, GPs would be unengaged and consortia would not be robustly established. A poor uptake of GP commissioning would create a planning gap which local authorities may struggle to fill, leaving the private sector to pick up the pieces of public sector offerings and charities struggling to stay active in the market.

An uncertain diagnosis?

A clearer view of the outlook for healthcare will require key uncertainties around the structural changes to be resolved: where will specific PCT functions go, how will they interact within the health economy, how will teaching and research interact with this more fluid environment? More widely, it is currently understood that some health economies are not viable – how will these underlying issues be addressed?

The most critical unknowns related to the GP commissioning consortia. Experience of fund-holding suggests a

significant lack of appetite to engage with this activity: the early adopters may not prove representative of the wider GP group or of their local communities. This could lead to polarised and disconnected commissioning. Some of these concerns have since been relieved by the large number of shadow consortia coming forward for pathfinder selection. Equally, the size of consortia is crucial: too small to be viable, they may be prone to consolidation into large private sector organisations; too big, they may simply be a reinvented PCT.

Clinical and public accountability

The reforms raise a key question: will GPs be accountable to the communities for which they commission? If not, does this role default to local authorities? Historically, local politicians have been reluctant to engage with health reforms, but this will change as they become accountable for some aspects of the wellbeing of their constituents. 'Going forward, the proposed health structure will, in part, hold local authorities to account for aspects of provision. This and the financial implications associated with the proposed changes will engage local politicians and councillors to support local services.' By volition or design, they may become increasingly involved in determining the shape and size of local health services.

Improved commissioning

There is the potential for GP consortia to creatively commission and integrate primary, secondary and tertiary care. At a local level, if GPs can be the patients' advocate, initiating early conversations with their respective local authorities could result in a more dynamic structure

for care provision. This will, however, require a supporting infrastructure as 'collaborative services are likely to be most effective'. As yet, it is unclear whether this infrastructure will emerge around consortia, from social or commercial entrepreneurs, or as a result of local authority stewardship.

In the longer-term, the personalisation agenda may represent the ultimate local commissioning, with the individual commissioning for themselves. The journey to reach this situation could prove fraught, as individual choice may destabilise both provision and supply. It is as yet unclear how far health services will match the progress made in this direction by social care.

Planning and governance

Structure is key to establishing successful consortia. Foundation trusts provide a good example to date with the development of strategic plans, more commercially astute boards and robust governance structures in place. GP consortia will need to emulate this framework and separate out the roles of GPs as both commissioner and provider. Above all, good leadership will be crucial to the new bodies, balancing clinical and financial judgments with a longer-term, strategic vision of provision for each community. 'Experience of the foundation trusts shows that the calibre of leaders is critical.'

New patterns of care

While there is potential for community providers moving from PCTs to new host organisations (be they acute, mental health trusts or social enterprises), for some this represented uncharted territory, with the potential for new competition between

public and former public sector bodies.

Stroke care represents a good example of the need to undertake national activities (such as advertising) combined with local provision and to develop a range of pathways that span public and third sectors, and primary and secondary care. It could point the way to the design and management of services with much stronger civil society input – equally, these opportunities may be missed in a volatile environment.

There was a sense around the table that primary care providers often demonstrate a limited understanding of the third sector. Civil society organisations were often sensitive to the needs of their service users and better able to focus public resources and leverage community support. There are real opportunities for localism, but incentives are needed for organisations and individuals to deliver care effectively. If the barriers can be broken down, there is great potential for the development of more effective and responsive services.

Networks and coordination

There was discussion as to the extent to which networks would organically evolve between commissioners, their communities and the local authority provision. In parallel to changes within the healthcare system, social care functions are looking creatively at what is available in their localities, so they could realise greater synergies between them. Working together, such functions could enable innovation both in the provider market and in the infrastructure needed to support it.

Total Place may have stimulated such synergies and been good in addressing these priorities and local authorities will

have a key role in light of their new public health responsibilities. The success of all this, however, would depend on public support: 'if the public does not support health service reforms or the components within it, then there will be concern as to what aspects within the new health reforms will have longevity?'

The prognosis

The roundtable felt that all stakeholders in health economies will need to tread carefully a path between the twin challenges of GP commissioning and financial instability. The outcome could be a more responsive service, creatively engaging aspects of the health services with other public, private and community resources.

This would require continued national planning at the right level, together with a defined role for local authorities,

potentially as the hub for accountability. Achieving this balance will require political sensitivity at a local and national level.

The right design, size and foundation of GP consortia will be critical to ensure clinical robustness, financial stability and connected accountability. Effective partnership with new civil society organisations would complement these structures, incorporating both existing charities, community organisations and new social enterprises.

Participants at the roundtable recognised the potential to achieve these outcomes, yet there remained a sense that they may be aspirational. The active uptake of GP commissioning and its connection to local accountability structures will be decisive – for good or ill.



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Sports, arts and leisure



A broad canvas

The discussion identified some consistent themes across a diverse sector covering museums and galleries, sports development and leisure venues. These included: funding vulnerability due to the discretionary nature of its services; with buildings that may not be fit for purpose with high-fixed running costs; management through arm's length organisations or charitable trusts; reliance on central or local government support; and strong existing interaction with voluntary community support already.

Cuts and the risk of a downward spiral

Despite scope in every organisation for greater efficiency, the high proportion of fixed costs means cost-cutting is unlikely to be sufficient. In addition: 'if our core is cut then our ability to generate our own income is cut and we get into a vicious circle quite quickly where we're into absolutely radical surgery.' This would go beyond the demise of known 'white elephants' and threaten the viability of wider parts of the sector.

If these risks can be managed, the sector may emerge more robust: 'this might accelerate the closure of some sports facilities that actually are limping on and force people to think more strategically and collaboratively across boundaries.' There are already examples of 'sports facilities closing, but participation increasing as existing partnerships are locally well networked. In the arts, unexpected increases in participation have been levered by an extensive third sector network.'

Merger and shared services

Whether a merger of back-office functions or organisations, 'consolidation,

rationalisation and merger absolutely have to be on the agenda'. However, the different infrastructures in place mean that 'the up-front investment in harmonising the systems and the restructuring costs would potentially mean quite a long payback', even for mergers that seem logical.

Shared services can be a potentially one-dimensional approach and not enough to bridge the gap. 'Just joining up of itself won't necessarily be enough; there's a bigger piece of work to do to reframe and deliver services differently.'

Seeing through a new lens

There need to be clear strategic priorities to provide direction and obtain public funding, and to meet policy: 'is it about keeping the gallery running, or is it the social focus; where do we strike the balance?' Inherent in this and 'how to make rational judgments about what you take out of the system', is the ability to understand local impact. Much is anecdotal. The social function that libraries fulfil for particular demographics was cited as an example. 'There's a need for measuring the impact that cutting back on these services has downstream on the social care system and the cost of intervention – not only the financial aspects, but the impact on people's lives.'

Working with the community

Considerations of working with the community range from stretching the ratio of volunteers to staff, to whether 'people would even want to volunteer when they're struggling to get a job'. Further, for the new structures to work, people will need to operate from a value-based perspective. This may mean a culture change that will be 'really difficult for people unless the leaders and supporting systems exist.' It was also recognised that voluntary engagement was already high in some parts of the sector, so the scope for additional benefit varied greatly across organisations and communities.

A changed role for the local authority

Bringing community requests, advice and adapt together requires local authorities to adapt the commissioning role and adopt a new model as a strategic facilitator for sports and leisure. This brokering role is essential when it is thought 'civil servants are just being told to go out and do it and they're talking to people who aren't necessarily the right people', and the levels of trust that need to be built.

Sustaining current initiatives

The risk is that 'there's a lot of informal support that will be swept away by Big Society. With the ball running

downhill so fast, everyone's just trying to invent new things, when lots of things have already been done and already been tried'. Initiatives around some county sports partnerships have seen relatively small public investment leveraging private and voluntary resources to achieve significant outcomes. These initiatives should be nurtured, not swept away.

Gaining operational freedom

Greater autonomy would help avoid 'what is called increased transparency, but is actually improved bureaucracy and remove the need for local authority or Treasury approval on plans and investment'. In a best case scenario, there would be greater operational independence and the 'ability to be able to do something creative with your own reserves and assets'. There was a consensus that a move from arm's-length management to full autonomy could be beneficial in some cases.

The cultural shift and incentivisation

The participants discussed the US model of charitable funding. It was felt to be vulnerable to changes in economic climate. Additionally 'it will take too long to get there' due to the required cultural shift in attitudes for financial giving: 'philanthropists don't see their

function as being making good a government cut in the funding of basics.' For Big Society to work, it will need to address UK experience that 'people will fund raise for research programmes, or higher profile exhibitions; finding people to pay for a new boiler is very hard.'

If donor funding will not address these shortfalls, the solution may lie in more independent bodies with some state funding provided in return for defined social impacts and some private funding helping to manage commercial risk.

Getting know-how

For a best case scenario to be achieved, the sector needs access to the right expertise in addressing technical, legal and financial issues – especially when considering new structures or delivery vehicles. While some organisations are able to draw on 'free advice and support from senior figures in commerce, industry and the world of the arts by inviting people to be on their boards of trustees', many others are dependent on the expertise currently within the local authority. A solution may be that larger organisations' staff have a duty to network more altruistically in terms of providing this advice: 'maybe that should be made a requirement.' An alternative route may be the

emergence of umbrella third sector bodies that incubate and support smaller programmes.

Planning with speed

Speed of reaction will be essential. With the discretionary funding already contracting fast, organisations face a steep learning curve in designing alternatives 'if it's necessary to look at other ways of delivering some of the good things that [agencies] were delivering.' Once designed, rapid implementation is required to reduce double running costs and enable further readjustment in a highly volatile environment.

A happy ending?

While 2011/12 is going to be a very difficult year, there was an optimism that: 'it's about making sure that we're delivering better outcomes by looking at things in a way that perhaps we haven't had the opportunity nor the necessity to do previously.' Removing some of the barriers and bureaucracy that have stifled the sector, to create resilient, leaner structures. Services may be more sustainable, better informed, less reliant on public sector, able to create and invest surpluses as they want. Providing, of course, that they survive the next two years.



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Our view



Sector synergies

Our own work across sectors suggests that some cautious optimism is justified. The critical mass of public services will move progressively closer to the individuals they serve and the communities that benefit from them.

A study we recently undertook for the Commission for the Compact identified tangible social and economic benefits from better working across public and voluntary sectors. Some local authorities are already looking to both rationalise and improve their interaction with the voluntary sector, building on existing Compact principles to meet the opportunities from Big Society and the challenges of deficit reduction.

We have observed innovative partnership working from crime and disorder through to housing and health, and are seeing the emergence of innovative approaches to the incubation and support of civil society organisations. These include 'Tides' models of fiscal sponsorship and shared services, again building on activities undertaken by infrastructure and other bodies. In parallel, the move to proportionate and outcome-based commissioning may reduce the bureaucratic burden. Taken together, these initiatives may enable a focus on service delivery rather than service management.

Outcome-based funding

Funding mechanisms that focus on results are welcome and we think these can be applied even more widely than suggested, for instance to address aspects of the health and wellbeing agenda. Our work across public, private and not for profit sectors suggests that there may be scope to accelerate these initiatives through targeted additional funding and by unlocking the full potential of civil society organisations. There is some risk relating to the lag between investment and outcome, and the difficulty of measuring the results without excessive bureaucracy. However, we believe these difficulties can be overcome by careful selection of the services to be funded in this way.

Suitability for a social impact bond will be determined by: a large enough end prize, with substantial downstream cost avoidance; sufficient data to define and measure the outcome for both service recipients and a control group; the pre-existence of credible service providers to give investors the necessary confidence; and ways of managing the financial impact of costs and benefits across different parts of the public purse, especially where the budgets for prevention and remediation are not coterminous.

New business models

Taken together, these initiatives may enable the sector to focus on the capacity that really matters; the capacity to deliver services rather than 'feed the beast'. The rights for communities to buy assets will be complemented by the rights of public sector workers to run services as mutuals and/or other forms of social enterprise. Taken together these may enable the emergence of a wide range of vehicles, structured in ways that best meet need and connect them to wider communities. Spinning off public services raises some practical issues – most notably procurement, pensions and tax – and some wider challenges, in particular balancing the financial viability of the new body with the need to secure the best deal for public funds. Early signs suggest that there are ways through all of these issues.

It will be essential that threshold service levels are maintained, wherever possible, expressed in terms of entitlement rather than delivery levels. Some measure of 'postcode lottery' will be healthy, rightly reflecting differences in local needs and priorities. Funders will need to hold their nerve, letting go of the

apparent comfort blanket provided by micro management.

There is an apparent contradiction between achieving local delivery and releasing the economies of scale that rely on large scale provision. This paradox may be untangled by distinguishing generic, back-office services (such as IT or finance which, where possible, should be provided as a large scale commodity) from specific, identified front-line activities, which are locally required services that should be undertaken as close as possible to the point of need.

Boundaries of the bigger society

Equally, we heard a clear message from the roundtables that a measure of strategic planning remains essential. Balancing local and national accountability with proportionate outcome management and appropriate financial control will prove challenging, with the devil being in the detail.

There was also concern voiced around the cultural shift required to support Big Society. Roundtables highlighted the impact of the current economic climate, whereby individuals are focused on employment rather than altruistic pursuits. It also suggests a need for a change in cultural messaging which places an increasing emphasis on the benefit to the community, rather than the individual. Tied with the latter was a recognition that many public service employees operate from a different value-base, which may represent a significant change in an individual's expectation of reward.

Momentum

Caution, however, may prove fatally damaging to the Big Society agenda. Its benefits assume the progressive

reduction of top-down management and an increase in locality-based services operating increasingly at arm's length. This will require the alignment of politicians and professionals, and a scrupulously level playing field on which the new bodies can compete with their better-established public and private sector alternatives.

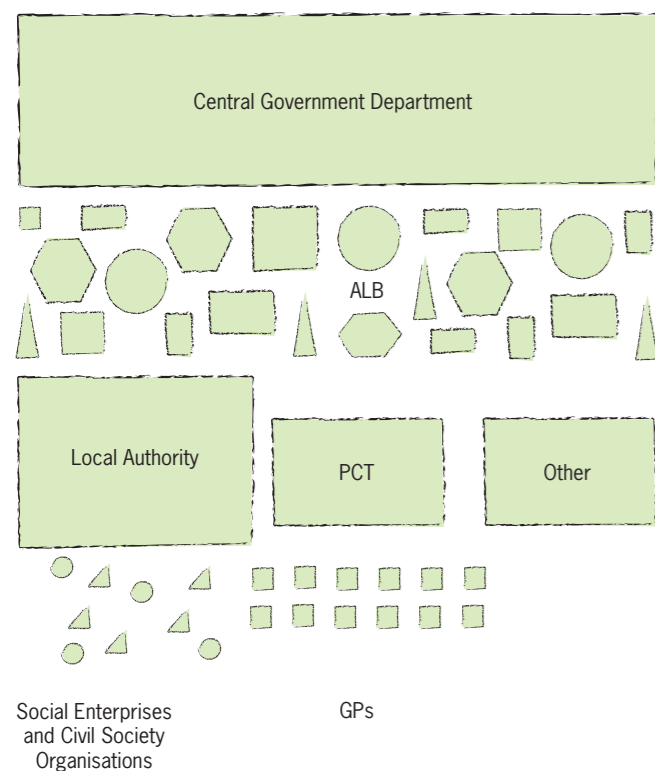
The state cannot design and deliver Big Society, as that would defeat the point. Some active orchestration will be required to create critical mass at local level. Otherwise, the fragile new structures may be reabsorbed into public service or consolidated into larger cooperatives (private sector or charitable).

For the people, by the people?

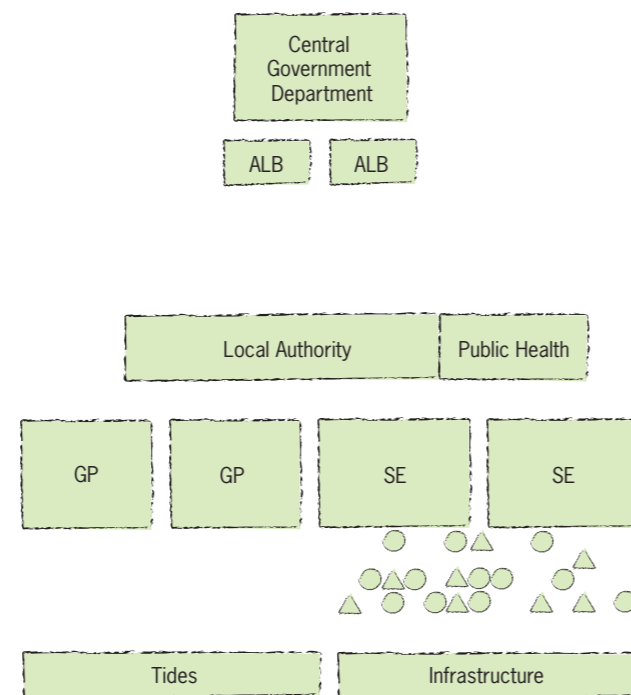
Ultimately, this agenda points to the devolution, not just of service provision, but also of prioritisation and commissioning. GP consortia represent the headline example, although we think there is scope for others; for example around community safety and criminal justice. These pose real questions of accountability and may over time imply a new role for local authorities pending the development of more devolved accountability structures.

Its realisation may depend on the readiness of public bodies, often local authorities or the NHS, actively to support this process. The biggest risks are the seven forms of inertia: political; cultural; resourcing; relationship; personal; knowledge; and contractual. In our experience these slow down change in such environments. We believe, however, these difficulties can be overcome by the right combination of imagination and pragmatism.

Before



After



About us



Grant Thornton UK LLP and the public sector

Grant Thornton is a leading financial and business adviser with offices in 28 locations in the UK. Led by over 235 partners and employing over 4,400 of the profession's brightest minds, we provide personalised assurance, tax and specialist advisory services to over 40,000 public interest entities, privately-held businesses and individuals. We are one of the major statutory auditors of UK local authorities and are retained by the National Audit Office.

The firm has niche areas of sector knowledge to provide considerable depth of resource and expertise, and is well placed to offer the advice and assistance you require.

Charities and not for profit

We have over 800 clients in the charities and not for profit sector, and are ranked third in the CaritasData Top 3,000 Charities year book 2010/2011. Our not for profit audit team was voted Audit Team of the Year 2010 by Accountancy Age.

We are members of a number of sector bodies, including the Charity Finance Directors' Group and ACEVO, while Carol Rudge, the sector leader, is a member of the SORP Committee of the Charity Commission. We hold regular topical seminars across the UK covering subjects such as sustainability, employee benefits and tax developments.

Education

Our education team works with over 160 clients including higher education institutions, further education colleges, funding and government bodies and private sector organisations.

We have over 50 audit appointments in the national HE sector, where we are the largest provider of internal audit

services and the third largest provider of external audit services, by number of appointments.

In the FE sector we are one of the top four providers of audit services and have over 80 college audit appointments, including some of the largest colleges in the country. Our education team frequently performs specialist work for regulators such as the Higher Education Funding Council for England and the relevant government departments.

Healthcare

In the health sector we have clients ranging from NHS trusts and foundation trusts to SHAs and PCT/LHBs. We also supply consultancy services to Monitor and the Department of Health. Our services include value-added assurance, advice on board governance, the development of board reporting frameworks, and acting as independent reporting accountants for foundation trust applicants.

We also provide a wide range of other financial advisory services including procurement support on infrastructure projects and LIFT schemes, performance improvement services, organisational and operational efficiency support, taxation services, specialist corporate finance and due diligence expertise. We won the LIFT Awards Adviser of the Year in 2008 and 2010; and Health Investor 'Adviser of the Year' in 2009 and 2010.

Local government

We are one of the major statutory auditors of UK local authorities, and our government advisory practice, with over 100 consultants, has advised local authorities for over 10 years. Our consultants not only have extensive experience working for public sector

clients, but many have held senior positions in local government and the wider public sector.

We advise on a broad range of financial areas including financial reporting and accounting issues, employment tax and compliance, the effective use of property assets, local service transformation, lean principles, resource planning, evaluation and support of partnerships and collaboration. We have also advised on a variety of infrastructure projects across regeneration, education, waste, health and social care, transport, housing, sports and leisure sectors.

Social housing

We have a longstanding reputation in delivering effective, added value external and internal audit and assurance services to over 120 housing organisations, auditing more housing associations than any other professional accounting firm in the UK and including 50 of the largest 200 associations in England.

We provide a full range of advisory services including taxation, business planning, due diligence, forensic investigations, supporting associations in the inspection process, cost reduction and value for money reviews, developing effective risk management strategies and providing training for board members. We also work with local authorities and other housing providers, advising on large scale regeneration projects of regional and national importance, and are also major players in the PFI/PPP arena, providing support through the procuring or bidding process.

We are the external auditors to the National Housing Federation and have carried out specialist work for the Tenants Services Authority.