The concept of Open Public Services is being restricted by a focus on mutuals at the expense of large providers

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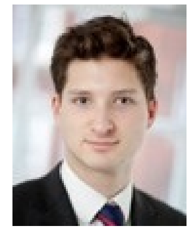
The restructuring of public service delivery is a welcome reform, but as **Will Tanner** *argues, the government's overarching preference for mutual organisations over large providers – and the emphasis on narrow policy areas – will not yield any significant and long-lasting impact.*



The Government has made clear its intention to transform traditional models of public service delivery. Launching the Open Public Services White Paper to *Reform* in July last year, the Prime Minister pledged an end to "old-fashioned, top-down, take-what-you're given" services. In its place, Cameron advocated a diverse range of providers operating new models for public sector value. The likes of personal budgets, payment by results, shared-service models and employee and community-owned ventures were touted as the future of public services. Yet, how far can these new business models really revolutionise public services? What are the challenges and limitations? What kind of public services do we even want?

A recent *Reform*-HP roundtable seminar, led by Professor Julian Le Grand and Richard Titmuss (Chair of the Government's Mutuals Taskforce), set out to answer some of these questions. The discussion was held under the Chatham House Rule, so comments are not attributable, but it raised a number of important points.

Firstly, if reform is going to be meaningful, it has to be fast and at scale. The Cabinet Office's preoccupation with public service mutuals runs the risk of mistaking novelty and complexity for effectiveness. While employee-ownership has its place and can deliver tangible improvements, it has neither the speed nor the capacity to drive systemic gains. As Charlie Mayfield, Chairman of John Lewis, recently put it, the partnership model is "not the answer to all ills". The Cabinet Office must also consider the merits of large providers whom are able to make a major and immediate contribution immediately through the delivery of innovative new models.

Secondly, the introduction of new business models should not be limited to specific areas of policy. The Government has made much fanfare of payment by results in justice and welfare, and personal budgets and community budgets in local government, but great swathes of the public sector continue to be run in a largely uniform manner. The Prime Minister last February claimed that the Government was "creating a new presumption… that public services should be open to a range of providers competing to offer a better service". Yet, as recent announcements over the Health and Social Care Bill have shown, the commitment to diversity and best value is restricted to specific areas of policy, rather than a presumption across the board.

Thirdly, real diversity and flexibility will require lower barriers to entry. Some obstacles – portability of pensions, access to capital, and so on – have held back innovative new providers for years. A skills gap on both the supply and demand sides of the debate makes it even harder for new models to enter to market; both new providers and commissioners need to improve their capabilities. Moreover, the Government's recent attempt to create a level playing field through new 'rights' – to redress, to choice, and to buy – will be futile unless they have real power. Lacking both proper definition and legal foundation, these 'rights' currently amount to little more than empty words.

The Government is right to pursue a more open, innovative and diverse public service landscape. Yet by restricting the focus to some new business models in some departmental policy areas, it is holding back the development of lasting and meaningful change.

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