

## **What the Open Public Services White Paper means for Small and Medium Sized Enterprises (SMEs)**

Under the Government's programme of reforms and the new proposals set out in the Open Public Services White Paper (published in July) there will be new opportunities for SMEs to compete to deliver public services, and to innovate and grow.

The White Paper builds on the package of reforms designed to significantly open-up the public sector marketplace to SMEs announced by Francis Maude, the Minister for the Cabinet Office, in February.

### **Opportunities**

#### **1. Opening up new and existing markets** in which they will be able to participate by providing services, products, marketing or technology.

- The White Paper outlines a number of services which the government wants to look at opening up, and where a range of organisations will be able to bid to run the service. At a national level (in departments and other public bodies) this includes:
  - Payment processing;
  - Services for the 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.

At a local level (largely for local authorities) this includes:

- 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.
- The White Paper also commits the Government to putting people in control of the services they use by shifting billions of pounds of funding for public services to individuals, through mechanisms such as direct cash payments, personal budgets, vouchers, tariff payments, loans and entitlements. This is already happening in areas like adult social care, support for people with disabilities and with long term health conditions, skills training, early years, and in supported housing – and SMEs could play a bigger role in delivering services direct to individuals. The White Paper asks what opportunities there are to expand on existing initiatives.

#### **2. New models of provision** – This isn't just about opening up existing services to competition. The government is introducing new models of provision and new types of contract (like payment by results) to ensure SMEs and all potential providers can propose new ways to deliver services. There are opportunities for innovative models involving

partnership between SMEs, larger private and voluntary sector organisations, mutuals and public sector bodies, in order to delivery high quality public services.

- 3. Advocating for change** – Government is committed to levelling the playing field and innovative models of provision, and wants to hear from SMEs about what they can contribute to driving improvements across public services by bringing expertise in terms of quality, innovation and social impact. This is an opportunity to shape the future of public services and challenge government and commissioners to do better.

While providing significant opportunities for SMEs, we recognise that there are potential challenges, e.g.:

- 1. New contracts for delivering on outcomes will often involve greater transfer of financial risk** (e.g. getting an unemployed person back into work) from the public sector to providers.
- 2. Partnership working** – potential differences in scale and culture when partnering with other organisations, and in engaging with commissioners in the public sector.
- 3. Balancing accountability** - organisations will need to ensure they are accountable to the public (including people who use their services and the taxpayer).

### **What we want to hear from SMEs**

- 1. What can government do to make these opportunities real?**
  - What should government do to ensure services are opened up effectively - in which areas, and how?
  - Where are there opportunities for SMEs to provide more services directly to individuals (e.g. through personal budgets)?
- 2. What challenges are there for SMEs in delivering public services, and what practical steps can central and local government take to overcome them?**
  - How can Government ensure there is a level playing field between providers?
  - What examples are there of where this is working well already, and how could these be scaled up?