

Third Sector delivery of public services

Introduction

The Third Sector has made a significant and growing contribution to the delivery of public services in Scotland in recent years. In the context of public service reform the scale of that contribution is part of the reform debate. This briefing aims to cover some key issues that branches and service groups will need to consider when faced with this issue.

Third Sector in Scotland

The Third Sector description in Scotland is used to define a range of organisations that are neither part of the public sector nor part of the profit making sector. They include voluntary, charities, social enterprise, mutuals and co-operatives. They range from small local voluntary groups to semi-commercial organisations who behave in a very similar way to profit making companies.

Mutual provision is also a much abused phrase in Scotland. It can mean anything from a commercial social enterprise to greater public consultation. NHS Scotland is described by the Scottish Government as a 'mutual' when they are actually describing a form of user engagement.

The Scottish Government is committed to the development of the third sector in Scotland. Over the next 3 years they will provide £73.5 million to the Third Sector in addition to other contracts for service delivery. The sector is also an important partner in Community Planning Partnerships. Nearly half of the sector's income comes from public contracts.

In England Third Sector delivery is promoted by the government as part of their privatisation agenda in local government and the NHS. In Scotland it is part of the public sector reform debate through administrative action, although the Procurement and Community Empowerment Bills could play a legislative role.

UNISON Scotland has a large membership in the Third Sector and supports measures to assist the sector. The problems arise with the emphasis on developing the sector as a method of outsourcing public services, rather than genuine community additionality or in the private sector. Contrary to the myth of public sector dominance, nearly a third of the Scottish budget is spent in the private and third sectors. In parts of the care sector most service delivery has moved away from in-house provision.

There are agreements between the trade unions and the Third Sector in Scotland that set out our common goals and seek to avoid conflicts.

KEY POINTS:

- **The Third Sector is used to define a wide range of organisations and approaches.**
- **There is a strong lobby to extend the sector's role in the delivery of public services.**
- **This could lead to the fragmentation and marketisation of public services in Scotland**
- **The benefits claimed for Third Sector delivery are sometimes exaggerated.**
- **Far from liberating workers it is leading to a race to the bottom in standards**



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Public Service Reform

Further involvement of the Third Sector in public service delivery could lead to the marketisation of Scotland's public service structures on the English model. Some at commercial end of the sector view this as their goal. Others in the sector recognise that this will simply result in a race to the bottom in service quality as commercial companies replace the better Third Sector providers. The taxpayer ends up paying for a huge contracting bureaucracy that delivers a second rate service.

There is a further risk that service delivery becomes fragmented with wasteful duplication of functions, including support roles. This is what happened in 19th Century Scotland and the solution was local government! Third sector governance models vary significantly, but none of them are a substitute for democratic accountability through the ballot box.

Is the Third Sector better?

Some very bold assertions are made for Third Sector delivery of public services. There are of course good examples of innovative delivery and some excellent partnerships with in-house providers. However, there is actually little hard evidence for the assertion that Third Sector is always better. Even the UK government research for the DoH admitted: "*The benefits of the social enterprise model are not always clear, not only to potential commissioners, but also to staff and stakeholders.*"

Studies in social care found no significant difference in outcomes between care homes in different sectors. The argument that decentralising control and introducing competition improves performance has been questioned in several international studies. In essence there are a range of factors that drive better service delivery and the ownership model is not the key determinant.

Liberates the Workforce?

This is often used as an argument for Third Sector delivery. The Christie Commission recommendations are also misquoted on this point. Contract shackles on Third Sector delivery are just as inhibiting as command and control management styles in the public sector. Christie actually supported bottom up design of services on systems thinking principles and this is just as achievable in the public sector.

There is little 'liberation' when the workforce is subjected to cuts in pay and conditions and forced to deliver a second class service to meet financial cuts. Some Third Sector providers have as poor an employment record as the commercial sector and have been captured by a managerial elite leaving the organisation far removed from their founding charitable principles. The quality end of the sector refuses to be dragged into this race to the bottom, but the financial pressures are enormous.

Action for Branches

UNISON has produced a detailed guidance booklet on this issue, which although focussed on the English experience, has much that is relevant to Scotland. Branches should use this guidance together with the procurement guidance and training when faced with proposals to contract further services from the Third Sector.

Further info

Mutual benefit? UNISON guide

<http://www.unison.org.uk/acrobat/19946.pdf>

Scottish Government support for Third Sector

<http://www.scotland.gov.uk/Topics/People/15300>

Fair Funding Charter

<http://www.scvo.org.uk/policy/local-resources/fair-funding-for-voluntary-sector-service/>

STUC/VDS Volunteer Charter

<http://www.vds.org.uk/Portals/0/documents/STUC%20Charter%20Press%20Release.pdf>

UNISON Scotland Voluntary Sector charter

<http://www.unison-scotland.org.uk/volsec/voiceatwork/UNISON%20charter.pdf>

Personalisation in Scotland

http://www.unison-scotland.org.uk/socialwork/Personalisation_01_2012.pdf

Christie Commission

<http://www.scotland.gov.uk/About/Review/publicservicescommission>



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