

**AUSTERITY, OUTSOURCING
AND PRIVATISATION OF HEALTH AND CARE
THE ROLE OF THE THIRD SECTOR**

Leslie Huckfield: Friday 26 January 2018

Overview: Public Money for Privatisation

Already moving beyond Accountable Care Organisations and Sustainability and Transformation Plans

- UK the world leader in job killer programmes – ‘mutuals’, social investment, ad hoc structures
- Aimed at those not in real paid work. Least able defend themselves
- Third sector nationally willingly complicit – public service mutuals
- Minimal public awareness that £300mn and £1-2bn unclaimed public assets and Big Lottery used to privatise public services
- Academics and intermediaries - policy entrepreneurs’ gain

What can we do about Mutuals & Social Enterprise?

Occupied Territory

- Cooperatives territory occupied by New Labour and Conservatives.
- Third Sector turned into vehicle for procurement
- Unions have hardly ventured into this space

Councillors, MPs and MEPs

- Not versed in Social Enterprise, Third Sector and Mutuals
- Lack of response from Coop MPs over Coop Bank

Labour Party Apparatus

- Until recently, CLPs and other structures weakened and diminished

Parliamentary Hearings Asked No Real Questions

Tuesday 29 November 2016, Chief Executive of Big Lottery, which administers Cabinet Office funding for supporting SIBs, including Life Chances, and including £50mn of Lottery funding in the Commissioning Better Outcomes Fund, not asked effective questions on SIBs or Commissioning Better Outcomes for promoting SIBs. (House of Lords Select Committee on Charities, 2016b)

All this means that during six months of evidence to a high profile Select Committee – which is the only Parliamentary Committee which has so far examined social investment – there has been no serious analysis or discussion of social investment and SIBs.

Pathetic Government Response December 2017

Conservatives' Autumn Statement 2014

Referring to need for a further £10bn Whitehall savings by 2017-2018, “rising to a potential £15bn to £20bn by 2019 - 2020:

- *“Mr Maude indicated, as the government looked at whether it was best placed to deliver public services in-house.... However, the alternative may not always be conventional outsourcing, as in the past, he said, pointing to other models such as joint ventures and mutuals.”*

(Neville, 2014)

Cooperative Councils don't do Cooperatives!

“The Cooperative Council is not necessarily the pursuit of specific organisational forms such as cooperatives and mutuals (though these are sometimes embraced); it is a modern articulation of the cooperative values and principles of empowerment, equal partnership and collective action which we believe are essential to the success of place based approaches to public service now and going forward”

(Cooperative Councils' Innovation Network, 2014, p.2)

*“We know public services are dependent upon the public servants who run them, which is why **we will establish in law the freedom for employees to mutualise, where appropriate, within the public sector**”*

(Conservative Election Manifesto 2017)

Social Investment Bigger than Most Recognise

- Social investment in UK worth at least £1,500mn 2015
- £427mn deals committed to 700 charities and social enterprises
- **Making money:** 120 intermediaries (60 'established' and 60 'emerging') operating in UK social investment market.
- 3,500 different social investments outstanding at end 2015.
- 30% on 'profit with purpose' companies without asset lock

(Big Society Capital, 2016, p.9)

Subsidies from Public Money

More Recent Subsidies

- Big Society Capital 2012 onwards (Dormant Accounts) £400mn
- Social Incubator Fund (Cabinet Office) £10mn
- Social Outcomes Fund (Cabinet Office) £20mn
- Commissioning Better Outcomes (Big Lottery) £40mn
- Access (Big Lottery and Cabinet Office) £82.5mn
- TOTAL ALL SOCIAL INVESTMENT SUBSIDIES £1.063BN

(Flip Finance; Floyd, David; Gregory, Dan; 2017, p.20)

More to come after Dormant Assets Commission:

- The Commission's report estimates there to be £1 - 2bn of additional funding potentially available for the benefit of good causes from the inclusion of additional types of asset in an expanded dormant assets scheme.

(Dormant Assets Commission, 2017)

Dormant Bank Accounts and Lottery Fund SIBs and Social Investment

- £600mn for Big Society Capital social investment wholesaler
- £10mn Investment and Contract Readiness Fund, awarding grants to more than 155 ventures
- £20mn Social Outcomes Fund
- £40mn Commissioning Better Outcomes Fund from Big Lottery
- £80mn Life Chances Fund, £23mn Fair Chance and Single Homeless Fund (Cabinet Office, 2014)
- Innovation Fund from Department of Work and Pensions, claims “total maximum payments for outcomes amount to £28.4mn” (Department of Work and Pensions, 2014) and £16mn Youth Engagement Fund from the Cabinet Office, Department of Work and Pensions and Ministry of Justice (Cabinet Office, 2015).
- All these can be used to pay for outcomes per participant
- **Social Investment Tax Relief too**

Recognise these Social Investment Financial Intermediaries?

Examples of Non Bank Lending:

- Arts Impact Fund
- Adventure Capital Fund
- Big Issue Invest SEIF and non-SEIF II
- CAF Venturesome
- Community Builders Fund
- FSE Community Generation Fund
- FSE Social Impact Accelerator
- Futurebuilders Fund
- Key Fund
- Liverpool City Region Impact Fund
- North East Social Investment Fund (NESIC)
- PURE Bridge Loan and PURE Community Energy Fund
- SASC Community Investment Fund
- SASC Third Sector Loan Fund
- Social Enterprise Investment Fund
- SIS Social Growth Fund
- Other foundations - direct (non intermediated) unsecured loans, Esmee Fairbairn - direct (non-intermediated) loans

Big Society Capital (March 2016)

First for Wellbeing: Northamptonshire County Council

Before Northamptonshire Crashed

- Northamptonshire County Council, Northamptonshire Healthcare NHS Foundation Trust and the University of Northampton
- *“a shared vision for dramatically improving the physical, emotional and social wellbeing of the people of Northamptonshire by offering an integrated health and wellbeing service”*
- *“The core service offering will consist of weight and alcohol management, stop smoking programmes, financial management, housing support, employment and adult learning services, emotional health support and services to promote community inclusion”*
- Northamptonshire as a “Next Generation Council” with more services delivered by students on work placements.

(First for Wellbeing CIC, Northamptonshire County Council, 2016)

Social Impact Bonds - Sandwell and West Birmingham CCG

- “Investors may work directly with providers or through intermediary organisationsthat have the expertise and experience of this new and emerging sector to advise on how such contracts can be structured to ensure that providers are supported, commissioners get good value and investors gain the confidence to invest” (Sandwell and West Birmingham CCG, 2014)
- “key metrics upon which investors will be paid on success:
 - Death in usual place of residence
 - Fewer emergency hospital admissions in the last month of life
- “the CCG would apply to the Big Lottery Fund/Cabinet Office to make outcome payments based on patients dying in their usual place of residence. Investors would only get repaid and receive a return on their investment if outcomes targets are achieved. Evidence indicates this could represent a significant transfer of risk to the investors.”
(NHS Sandwell and West Birmingham CCG & Marie Curie Cancer Care, 2015, p.6)

Newcastle Gateshead CCG - Ways to Wellness

- “The total expected outcomes payments made to WtW in its first six years of operation are £8.2m, of which £5.2m (64%) will be paid by the CCG, £2m (24%) by CBO and £1m (12%) by SOF” (Ecorys Research and Consulting Ltd, 2016, p.4)
- Nearly all SIB nearly £10mn funding from public sources
- During Newcastle Business School Conference in London on TUE 13 SEP 2016, during “Living Lab” evaluation presentation, SIB funding was described as incidental to the project, which could have been funded in other ways.
- “An independent review by NEQOS (North East Quality Observatory Services) indicated that the net savings to Newcastle West CCG of adopting the Ways to Wellness approach are estimated to be between £2mn and £7mn” (Ways to Wellness: Newcastle Clinical Commissioning Group p, 2017).

Reconnections in Worcestershire

- Initial Commissioning Better Outcomes Fund evaluations confirm that four SIBs supported by the Fund are now in operation (Ecorys Research and Consulting, 2017, p.4)
- An initial assessment of the “Reconnections SIB: Reducing Loneliness in Worcestershire” (Ecorys Research and Consulting Ltd, 2016a, p.5) shows that for this SIB’s outcome payments £1.02mn will come from the County Council as commissioner and £1mn from Big Lottery’s Commissioning Better Outcomes Fund and Cabinet Office Social Outcomes Fund.
- SIB cost £189,000 to develop, all from various public sources.
- Additional funding from Age UK, Macmillan Cancer Support

In the Background: 'Health as a Social Movement'

- NESTA, New Economics Foundation and Royal Society of Arts part of a £700,000 project to create six “health vanguard sites”. Members of “social movements” are “people managing chronic health conditions or adhering to complex medication regimes, the people who have grievances with the status quo and can translate them into inspirational visions of a better life and society”

Better Care Together (Morecambe Bay Health Community) Integrated Primary and Acute Care System

“integrated primary and acute care system vanguard in Morecambe Bay will build on existing support where local residents have formed action groups to improve GP recruitment, created health promotion magazines; promoted pharmacy schemes; led health surveys and taught children how to use the NHS”

(Castillo, Jaqueline dei, Khan, Halima, Nicholas, Lydia, & Finnis, Annie, 2016, p. 48)

In the Background: Health and Wellbeing Funding

South West Academic Health Science Network

Pilot project in south west, with universities and 5 local authorities. Report includes “investor-led outcomes-based commissioning with VCSEs, where a social investor or group of investors work in partnership with a commissioner to develop a new intervention model commissioned using an outcome based contract”

(Forster, Sarah & Gregory, 2016, p. 7)

VCSE (Voluntary, Community and Social Enterprise) Health and Wellbeing Fund 2017-2018

Up to £300,000 for funding social prescribing “generally understood to be an intervention through which people are supported to access non-medical services in the community”

(Department of Health, 2017, p. 9).

National Audit Office

- *“For instance, the Department transferred £1.2bn of its £5.8bn budget for capital projects to revenue budgets to fund the day-to-day activities of NHS bodies”.*
- *“The Department initially intended the Sustainability and Transformation Fund (£1.8bn) to return trusts to aggregate financial balance and give the NHS the stability to improve performance and transform services. However, in the NHS financial reset in July 2016 NHS England and NHS Improvement clarified the Fund’s objective for 2016-17 was to support the trust sector to achieve its target deficit position of £580 million”*

(National Audit Office; January 19 2018, pp 7,8)

Dormant Bank Accounts – £330mn Latest

- £280mn for initiatives in England - social investment, help disadvantaged young people into work, increase financial inclusion
- £50mn distributed by Lottery in Scotland, Wales, N Ireland
- £135m for social investment - £125mn to Big Society Capital (BSC) and £10mn for Access: the Foundation for Social Investment
- Government pledge 2012 to give £400mn to BSC from dormant accounts. BSC already received £300mn
- BSC strategy - focus its investment on supporting communities to improve lives and providing homes for people in need
- BSC website says extra £25mn used to try innovative approaches

(Preston, Rob; Civil Society, THU 04 JAN 2018)

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Thank you

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