



COMMUNITY SOURCING AND SOCIAL CARE

A Discussion Paper in association with Koru

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SUMMARY

In this paper, we bring together some thoughts on how the need to respond to a national programme of austerity at a local level, can re-shape the way we think about citizen engagement and the ability to develop the local economic and social environment.

There are clear parallels between the need to develop community initiatives for economic development to tackle skills and employment issues, which may be insoluble at national level, and the need to develop community responses to the growing crisis in social care provision. In both the economic and social realms, historic trends and current thinking show how creative local responses have been and can be, to the impact of global economic and social change.

Commentators from a variety of backgrounds have reached similar conclusions regarding the need to re-invent organisational forms which are flexible and responsive to change at a local level. Here, we suggest a framework, other than the market, for developing those forms.

1. INTRODUCTION

In his 2010 paper for the LGA, *Local Governance and Social Innovation*, Chris Yapp suggested that using our own history may provide a better guide to designing economic and social solutions following the collapse of the financial systems in 2008, than the prevailing austerity programme can ever hope to do. As he points out,

The 18th and 19th Century's were a time of great upheaval economically and socially. The early inventions of the industrial revolution drove a process of urbanisation and required developments of new skills in communities. To sustain the industrial revolution new infrastructures were needed to create economic growth, support healthy communities and to promote social cohesion.

(Yapp, 2010)

He goes on to say that much of the essential physical infrastructure we take for granted now - sewers, railways, telegraph, the postal system - were largely the result of the interdependence of activity by public agencies, private companies and what we now call 'third sector' organisations. The current economic climate is no less a discontinuity than the industrial revolution, arguably more so since the globalisation of finance and trade renders single state solutions so difficult to implement. Yapp's view is that creating an economic infrastructure to foster economic growth and new jobs, requires we revisit our heritage of creating new social forms at a local level to address and manage major economic and social discontinuities.

While the 'Big Society' brand has become so toxic that it barely features in public debate any more, the underlying principle, that local communities and organizations operating at a local level have in the past, and can in the future shape new economic and social models plays directly to the heritage that Yapp cites.

He suggests a number of lessons can be learned but in summary there are three which have particular relevance and application in the current climate:

- 1.** Markets are better at exploiting than building infrastructures, ergo, if we need new social and economic infrastructures the market won't create them. A modern example is the Internet. As Joseph Stiglitz (2012) observes, Tim Berners-Lee, the genius who created the world

wide web and made it freely available, is frequently forgotten in the rush to proclaim Steve Jobs or Mark Zuckerberg as geniuses for merely exploiting what is a publicly funded invention!

2. Localism, experimentation and voluntary association of organisations built on single purposes can work alongside more generic bodies to create thriving local diverse communities.
3. Democratic legitimacy has been important in recovering from problems in both the private for profit and private not for profit sectors, i.e. the state is an active partner, not disengaged, and the exercise of state power can support social and economic goals.

2. MARKET SOCIETY VS. MARKET ECONOMY

In his book *What Money Can't Buy* (2012), Michael Sandel, the American philosopher, points out that over the last 30 years markets have come to be seen not simply as the most effective means of organising productive activity but, starting with the Thatcher and Reagan era, as the key to prosperity and freedom. He raises the question as to whether continued commoditisation of public goods and services traditionally subject to 'non-market norms' is of any lasting benefit to society as a whole and communities in particular.

Sandel cites many examples of the way in which a market society, as opposed to economy, distorts the value we place on aspects of life which in the past would not have been considered appropriate. These range from the ridiculous (shaving and renting one's head to have an advertisement for an airline tattooed on it), through the morally dubious (outsourcing surrogate pregnancy to the Indian subcontinent), to the downright ghoulish (purchase of life settlements by investment banks and packaging them up into tradeable securities or bonds just as they did sub-prime mortgages) (Sandel, 2012).

Some of these examples can be seen as amusing even if they are not appealing, but the introduction of the market into 'for profit' schools, hospitals and prisons, the outsourcing of public safety and security to private companies, and the use of incentives to private companies to reduce the welfare bill, are more relevant examples of public goods subject to norms other than those of 'market forces'.

All such examples are both a function and consequence of the belief that the market is the only effective means of producing and distributing goods and services with non-monetary values at their core. Sandel points out that this intrusion results in both inequality and unfairness, since those with means are better able to purchase monetised public goods, and more worryingly, the corrupting influence of putting a price on non-market values changes the attitudes towards both those goods themselves and the people who are less able to 'afford' them (Sandel, 2012).

The dominance of free market thinking on economics and society since the early 1980s, the commoditisation of public goods, the increasing inequality which has resulted, and the adverse impact on both economic

and social prosperity are well documented (see for example, Wilkinson and Pickett, 2010 and Stiglitz 2012). For us, it is the corrosive impact of the market on local organisational forms for structuring local economic and social life which present serious problems to, but may also provide significant opportunities for, combating and reversing that impact.

3. MARKET ORGANISATION

The industrial revolution gave rise to the development of vertically integrated organisations, both in public and private sectors, in which every element of the supply chain and support services were owned and managed by a single entity. Top down, hierarchical, ‘Fordian systems of management’, as Rhodes and Broad (2011) have characterised them, were the norm. Since the 1970s Yapp notes, increasing globalisation has seen the development of specialist organisations delivering different functions within the supply chain and support services to gain economies of scale, (Yapp, 2010).

Outsourcing has been a major consequence of this change, particularly in the provision of public and local authority services. The offer holds out the prospect of specialist services delivered at lower cost to the taxpayer and better outcomes for the service user (or ‘consumer’). In practice, the experience has been mixed. These contracts are inevitably long - as much as 15 years for example – and over time, few of the economic benefits trickle down to the taxpayer or service user, as variations to such contracts – inevitable in a rapidly changing political, social and economic environment – attract premium pricing, and local skills and jobs are lost to the local community and economy. This results in what Yapp (2010) cites as ‘the hollowing out’ of local communities which can place more demand on local public services as the local economy contracts and result in more variations to the original contract.

Another consequence has been that, as public services have become increasingly commoditised, the distribution and management of resources has become more and more centralised. Large organisations with multi-million pound contracts to deliver services find it hard to respond to differences in local needs or to involve individuals and their communities in the design of those services. Economies of scale demand ubiquity of delivery, administration and control, and standardisation of provision rather than response to individual needs. The very scale generates great concern in the Treasury to the point where procurement rules, expenditure and performance are minutely managed from Whitehall – witness the ongoing complaint that public procurement disadvantages small to medium local suppliers for example; or the ‘incentive’ for local authorities to empty waste bins weekly, despite the fact that the vast majority of this function has already been outsourced and would be subject to contract variation!

For health and social care, marketization has made the system very complicated for individuals and families and has increasingly focused solely on services and money for solutions (Rhodes and Broad, 2011). Over the last 10 years or more, concepts of ‘best value’ and nationally prescribed performance targets have distorted social care objectives at a local level and constrained the role of social workers to that of financial gatekeepers and document administrators. The halting progress towards personalisation is a good illustration of the impact.

A particularly pernicious consequence of marketized health and social care is the commercialisation of the voluntary sector, (Rhodes and Broad, 2011). Looking back to the Industrial Revolution, It can be argued that non-governmental organisations - philanthropists, charities, voluntary groups, mutuals etc - led innovation in social policy. Of more recent vintage, the Barclay Report (1982) for example, cites the voluntary sector as flexible, innovative and a key source of choice. However voluntary organisations now find themselves invited to compete for contracts for services specified by commissioners who themselves are increasingly constrained by financial and regulatory bureaucracies, not least the UK’s implementation of EU public procurement rules, prescribed by central government.

The contradictions inherent in central control as opposed to local need and initiative have not been lost on central government however. Policy response at national level at regular intervals over the last 20 years has been to consistently reinvent ‘localism’ as a vehicle for addressing issues of granularity in service design and delivery, and ‘giving back’ autonomy over local social, economic and environmental development.

4. LOCALISM

Since the early 1990s, ministers from all parties have talked about devolving powers, about localism and double devolution. Yapp argues that, drawing on our own history, the local democratic mandate and greater autonomy, including borrowing powers, could unleash local solutions to 21st century challenges, (Yapp, 2010) He goes on to argue that ‘the state at local level is potentially the agent of this rebuilding of our society and economy’ and if absent, would hamper the process of ‘building an inclusive “Big Society”’.

Localism is more not less important in the 21st century. The dramatic reduction in the number of large employers employing thousands of people, coupled with the application of technology to do things which people used to do, does not mean that local economic activity need decline. The new industries that will create the jobs of the 21st century, be it Green technologies, nano or biotech for instance all require intensive human creativity and local scale. Sensitive social care responsive to local and personal needs cannot be undertaken by machines. Clustering will still be important and the infrastructures for local competitiveness and quality of life will be as important as those of the industrial economy.

An enabling state at local level could be more sensitive to the needs of the local communities it serves and a bottom-up approach to defining targets can be more effective in the long term in dealing with wicked issues, like the rising demand for social care, than national programmes. An active state and a big society together, built on localism, draws from our own history and culture. We need to see an era of experimentation and social innovation every bit as diverse as the 18th and 19th century to tackle not just the short-term financial challenges, but the longer term building of a 21st century Britain.

Duffy (2011) warns however, that ‘power will not shift to local communities unless those communities find ways of organising themselves differently’. This demands a new generation of strong local leadership to articulate ‘a new account of how the whole system should work’. In other words local authorities must reinvent their role themselves since central government has neither appetite nor reason to do so. Witness the ‘muscular localism’ currently advocated by DCLG for example!

5. 'NEW' ORGANISATIONAL FORMS

A response to the conundrum of central control vs. local initiative suggests a different approach to the hierarchical organisational form prevalent in both public and private sectors over the last 50-60 years. In his LGA paper, Yapp draws on Charles Handy's notion of the 21st Century organisation as a "Shamrock" (Figure 1), in which it is paid for helping customers do something for themselves, rather than paid for doing something for the customer.

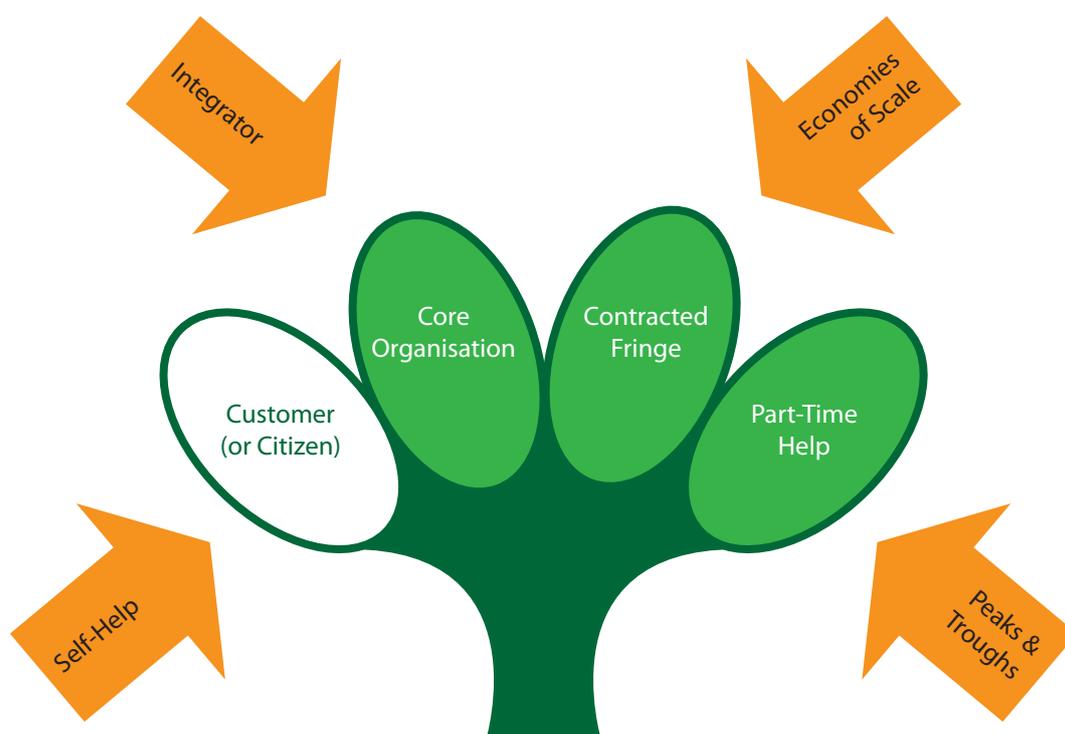


Figure 1. Charles Handy's Shamrock Organisation

If the local authority is the 'Core Organisation' in Handy's model, then to some extent, this organisational form is already emerging at local level. Wholesale outsourcing is no longer seen as the answer to cuts in local authority budgets but rather a mixed model in which a variety of agencies make up both the 'Contracted Fringe' and the 'Part Time Help', some of which may be outsourcers though not necessarily large, 'for profit'

commercial organisations. More importantly, the ‘customer’, whether citizen, taxpayer, service user or a mixture of all three, will need to be central to the design and delivery of services and the creation of new economic and social forms for their delivery.

By thinking of a locality in terms not of sectors but as a set of organisations built on Handy’s Shamrock model, we can see the potential for community sourcing, as opposed to outsourcing, to reinvigorate the design and delivery of local services, retain social and economic opportunities locally, and reconnect the local democratic mandate with the citizen as taxpayer and service user, who becomes central to the management and delivery of those services rather than a passive consumer!

Consider Community Sourcing in terms of local economic development. Local authorities have responsibility for service delivery but also employ generic back office skills - Law, HR, Property management, Accounting – which are often more extensive than the local equivalent, other than large national chains. Accepted wisdom says that authorities either share these services or more likely outsource them to the private sector to save costs – hollowing out local expertise. Working in concert with economic development policies of the LEP however, why could local authorities not supply surplus capacity in these back office skills, in partnership with small local practices, to small and medium size businesses, charities, voluntary groups and social enterprises?

One local authority we know estimates that the cost of ensuring their £750K pa donations to local charities is properly accounted for is £500K pa to the authority; how much better to provide that service directly using spare capacity and get better value from the donations? This approach is more consistent with the idea that the role of local politicians is to help bring resources to a community to help itself and support itself; in this case they have direct control over those resources.

Community sourcing has many applications but in view of Lord Heseltine’s report to the government at the end of October identifying the need to drive economic growth locally, the debate as to its relevance to local economic and social development is clearly in the open.

If community sourcing has its roots in the industrial revolution, its application in social care has more recent provenance and is consistent with the approach in both economic and social terms. The Barclay Report (1982) for example, both foresaw the explosion in demand for social care and proposed that community based approaches to social work, in which community resources were mobilised and coordinated at neighbourhood level, was the most appropriate means of meeting that demand (Figure 2).

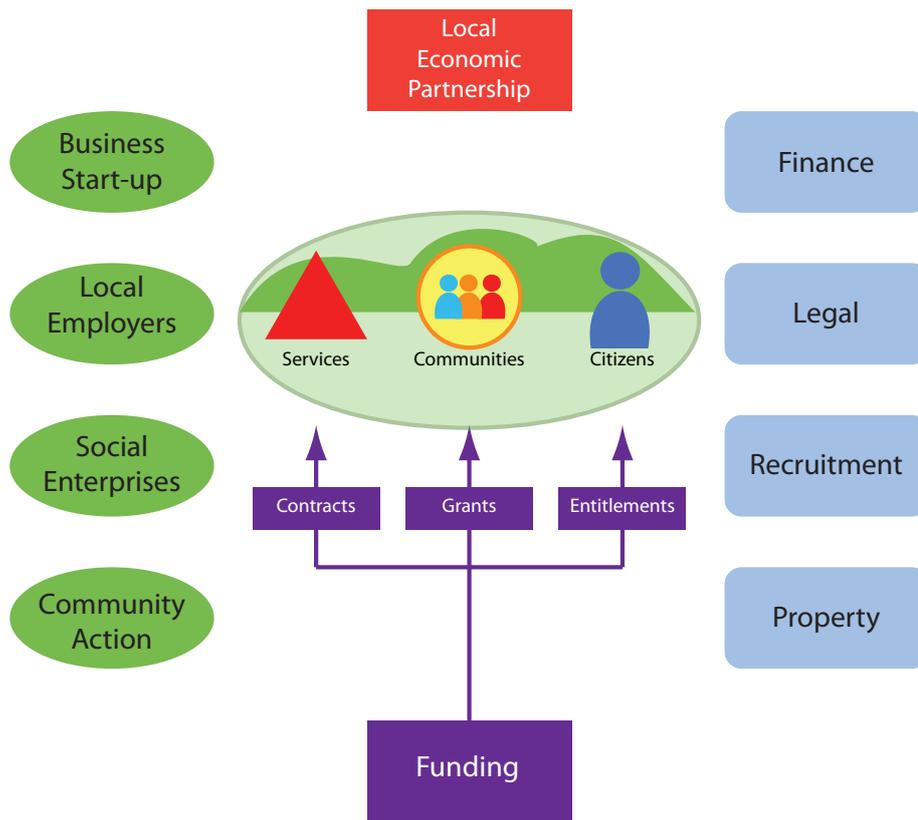


Figure 2. Community Sourcing

Rhodes and Broad (2011) argue that over the years, Barclay has been diluted at least, and undermined in practice, by the adoption of the market mechanism as the dominant model of social care funding and provision – social worker as gatekeeper! Self-determination, community and co-production – the relationship currency upon which community transactions depend – was seen as fuzzy and unhelpful at the centre. They go on to state that “social work and social care should return to the thinking set out in the Barclay Report and renew their commitment to community”.

6. COMMUNITY SOURCING AND SOCIAL CARE

Rhodes and Broad have provided a detailed and persuasive analysis as to how and why social care has deviated from the ideas set out by Barclay and why and how it should return to the values set out in the report. We will not repeat them here, but there are some key points in their analysis that apply to Community Sourcing in both economic and social spheres and which are critical to the development of new local and democratic organisational forms:

- 1. Trust** – means delegating to and trusting people on the ground locally and accepting risk rather than trying to eliminate it through centrally managed control systems (essentially, the vast majority of people are both honest and trustworthy – let’s start by assuming that as a key asset!)
- 2. Collaboration** – between everyone involved locally is key if local assets – volunteers, charities, public agencies, social enterprises, local businesses and most importantly the service users themselves – are to be mobilised to deliver quality services and employment whether full time, part time or unpaid.
- 3. Bottom Up** – resource management and distribution is essential to anticipate and respond to local needs as they change over time and prevent rather than manage crises brought about by change, which leads to
- 4. Building Communities** – to grow the ‘core economy’ of social sustainability (defined by the New Economics Foundation as co-production).

They go on to identify Local Area Coordination (LAC) as a ‘simple and practical approach’ to building a sustainable local network by linking public resources to the ‘strengths and talents abundant in every local community’. In this context, Yapp’s notion of Community Sourcing as an engine of local economic growth is of particular relevance for developments in, and theories of, the future delivery of social care. The emphasis in both these approaches is on the ‘community’ as an engine for change, rather than traditional silos of functional responsibilities (see Figure 3).

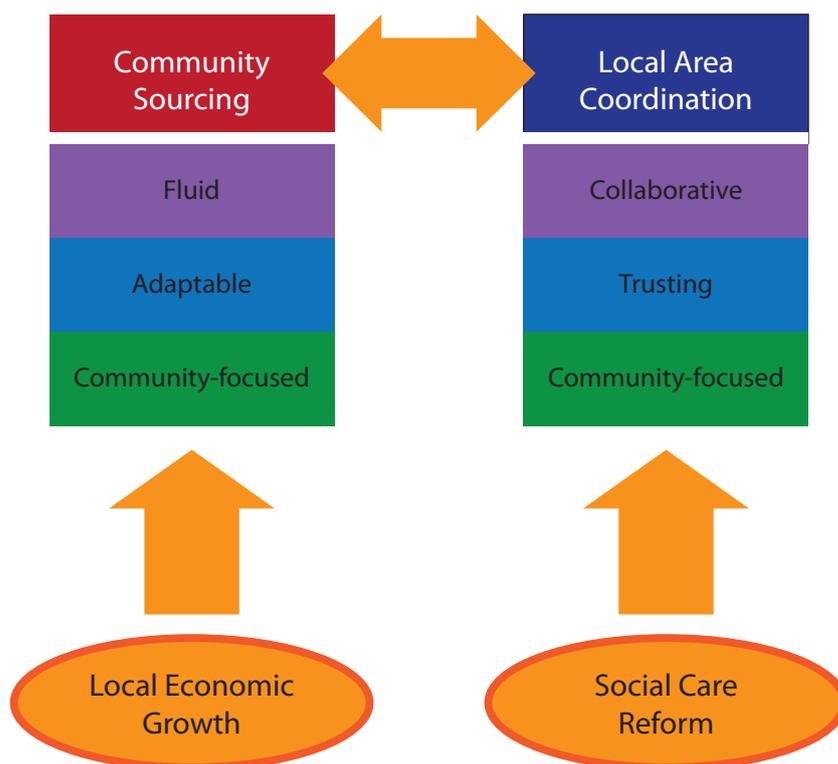


Figure 3. Community Sourcing and Local Area Coordination

Now the largest element of discretionary expenditure, social care budgets will bear the brunt of the austerity programme at local level between now and 2017, notwithstanding the, as yet unknowable, local financial implications of cuts in, and reform of, the welfare budget at a national level. A local response is critical since both economic and social environments are unlikely to recover as a result of macro-economic policy in the near or medium term, if at all.

Community Sourcing applied to LAC and social care has the potential to develop new relationships, associations and organisations at local level to meet specific local needs. These can be single purpose and even time limited, just as the early Building Societies were; once the particular issue is resolved, the association can dissolve, reform or merge with other bodies to meet new challenges. At its core, Community Sourcing is all about co-production between individuals, public agencies, local associations and businesses, to build both social and economic capital (see Figure 4).

A simple example illustrates the potential. The introduction of Universal Credit next year assumes that 80% of access and applications will be made online. Current online take up is 20% and the target is optimistic to say the least. In addition, the switch in payment of some benefits for example from landlord to claimant coupled with the capping already announced is

likely to lead to an increase in demand for advice and support. At the same time, local authorities' benefits advice staff are likely to be made redundant as the benefit switches from local government to DWP. Establishing a community-based advice service to use that expertise staffed on a voluntary basis initially, with the local authority supplying premises and equipment, redundant staff providing the knowledge, and transferring skills to local unemployed 16-24 year olds to develop the service for example, would be one way of preventing or ameliorating the car crash that will otherwise occur and developing local self-sufficiency in the process.

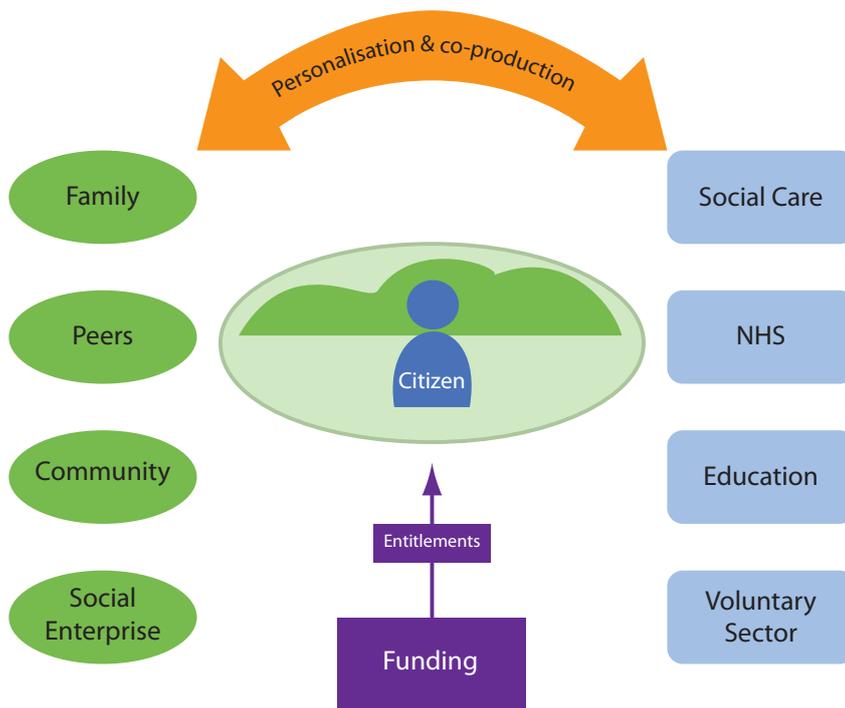


Figure 4. Personalisation and Co-production

7. CONCLUSION - CONSTRAINTS AND ISSUES

Finally, Community Sourcing in general, and its application to social care in terms of Local Area Coordination are clearly components of a radical change in local administration and action. The benefits of these approaches in the current economic and social climate we hope are clear, but there are key issues which need to be resolved. In addition to cultural change, which is hard enough in its own right, Community Sourcing raises particular questions of constraints or 'barriers' to change. Like it or not, central government is unlikely to just hand over cash and let it happen, or even allow local authorities and communities to use their own resources without oversight; for the foreseeable future, there will always be some form of reporting or audit required to satisfy central government that money is not being wasted (putting aside the obvious absurdity of this situation).

We can summarise these barriers as follows:

Capacity

How do we free professionals from gatekeeping and administrative tasks to make best use of their professional skills at community level and reduce the time and money expended on these processes and overheads?

Procurement

How do we overcome the built in bias in favour of large organisations which disadvantage small local organisations – both commercial and non-commercial, from winning contracts to supply local services?

Legislative Powers

How can we address the risk-averse approach to public administration

which says that if a local authority is not specifically authorised to do something then it can't?

While we don't want to underestimate the difficulties involved in addressing these questions, we do believe that these barriers are less problematic than at first they appear (see Figure 5). In subsequent papers, we will address each of these issues and show how in addressing them, they can be turned into positive drivers for community based solutions.

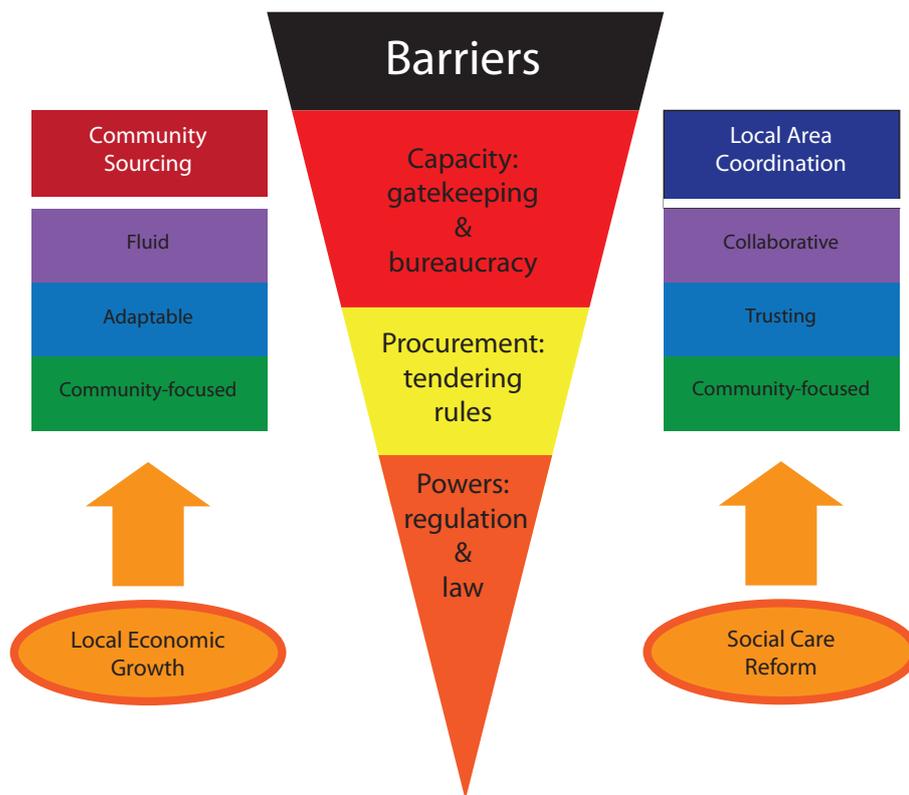


Figure 5. Barriers to Community Sourcing

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ABOUT US

Chris Yapp is Senior Adviser: Public Policy to the Koru Services Group, specialising in Innovation, Scenario Planning and Public Policy. Chris has 30 years background in the IT Industry. He has expertise in network technologies and the impact on organisations and public policy. He has worked in local and central government, education, health, creative industries and digital inclusion. Chris is a Patron of NACE and a Leading Thinker for the Network Education Trust. He is an Associate of the Think Tank, DEMOS and a Trustee of HumanITY and World e-citizens. He is a Past Trustee of the School for Social Entrepreneurs and a Past Director of the Internet Society (England) and of the UK-Committee of the UK-Canada Colloquia. Chris is a Senior Associate Fellow of the Institute of Governance and Public Management at Warwick Business School and a Fellow of the British Computer Society, for whom he blogs on socio-technical futures. He is also a Fellow of the Royal Society of the Arts. Chris has written and contributed to a number of books on education and technology themes. His speaking engagements have included the Royal Society, British Council, Club of Rome, World Bank, UK and the EU.

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