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A new hope: public special partnerships

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The current funding crisis in all areas of the NHS is pronounced, particularly in physical infrastructure. During periods of financial constraint, capital projects are restricted often to the point of starvation. Indeed, during the period 1979 to 1997 the investment in capital projects, while significant, was not sufficient to address the major funding needed to replace 19th and 20th century infrastructure, particularly hospitals.

The Labour Government, elected in 1997, chose to address the replacement and renewal of infrastructure by public-private partnerships (PPP). Initially, most public-private partnerships were negotiated individually, as one-off arrangements, but there was an immediate growth in the number of PPPs in the NHS during the following decade. The financial crisis has however restricted private equity companies' ability to borrow capital to fund these projects. These organisations had to pay higher interest on loans than national governments, and national and international banks were unwilling to lend to private equity companies for such large, long-term projects on unrestricted terms.

Notwithstanding this, their use within the NHS was—and is—controversial. Their application produced a standard model of public procurement, that encouraged private investment in infrastructure, but with financial terms detrimental to the public purse. The concept that private provision of infrastructure represents a way of providing infrastructure at no cost to the public has now been generally abandoned. However, interest in alternatives to the standard model of public procurement persists. Barlow et al (2013) argues that an enhanced role for the private sector, with a single private-sector organisation taking responsibility for most aspects of service provisions for a given project, could yield an improved allocation of risk, while maintaining public accountability for essential aspects of service provision.

The decline of PPPs has compelled the NHS to look for innovative and cost-effective approaches to provide modern, cost-effective infrastructure. Public social partnerships (PSPs) provide a possible solution. Public social partnerships provide strategic partnering arrangements, based on a co-planning and co-delivery approach, through which the public sector can connect with people, third sector organisations (such as voluntary organisations, community groups, charities and social enterprises) to share responsibility for designing services focused on responding to service user needs and improving outcomes. Once designed and trialled, such services can then be commissioned for the longer term.

While the NHS is under increased pressure to approach service delivery within an ethos of partnership, this also comes at a time when there is increasing uncertainty around public sector funds. The public sector is placing greater focus on establishing clear sustainable routes for the commissioning and procurement of service delivery contracts. In addition, the public sector is looking to maximize the potential for creating added value through the delivery of wider social benefits (Smith, 2008).

Given the long-term nature of these projects and the complexity associated, it is difficult to identify all possible contingencies within a public social partnership, and events and issues may arise. It is more likely than not that the parties will need to renegotiate contracts to accommodate change. However, it may mean that current services may need to be decommissioned to free up funding for investment in the PSP service. Given the nature of the PSP model, it is highly likely that the realisation of some benefits may not occur until well after the service is in a state of normal execution of operations. Furthermore, the measurement of benefits may only be partially complete by the end of the PSP lifecycle, due to limited time for testing of the new service in the pilot stage. These important points require deliberation and planning.

It is also possible that some of the projects may fail or may be terminated prior to the projected term of the project, for a number of reasons including changes in government policy, the failure of the partnership or the government to perform their obligations, or indeed due to external circumstances such as force majeure. While some of these issues will be able to be addressed in the PSP agreement, it is likely that some of them will need to be managed during the course of the project.

Notwithstanding these issues, PSPs are an innovation approach to ensuring renewal and growth within the health sector. PSPs have potential to contribute significantly to achieving improved service outcomes and efficiencies through supporting co-production principles, collaborative commissioning and partnering with the third sector in design and delivery.

Strategic PSPs are capable of promoting and developing strong relationships between local third sector and public bodies, and

producing collaborative and innovative solutions to difficult issues. It is clear that the PSP model can deliver significant benefits for both public and third sector organisations, but the model is not a rigid model that can be applied to all change scenarios. Instead, it provides a structured way for partners to design services, by clearly linking service commissioning with procurement processes.

The GameChanger partnership between Hibernian Football Club and NHS Lothian is an example of this type of project. It will deliver major projects that deliver training and employability programmes to improve the lives of more vulnerable people in society. The scope and scale of the projects are planned to deliver community benefits that are very significant, with medium-to-long-term projects including a health village, a learning and innovation zone, a family centre, and a healthy-growing zone.

Creating and sustaining successful partnerships is not without challenge. However, the task may be difficult yet great can be the gain—not just financially, or even in terms of health outcomes and efficiency, but in terms of engaging, empowering and bringing communities together. This is the possibility contained within these types of partnerships. They transcend their short-term strategic objective but ultimately offer innovative engagement within the soul of communities.

References

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