



# **Public Service Reform: Learning Lessons from Five Countries**

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This report has been completed by Kylie Barclay who was employed as a research and policy intern by SCVO through the Third Sector Internship Scotland programme. Her work involved looking at innovative examples of public service delivery in order to contribute to the current public service reform debate in Scotland.

## Introduction

Public services in Scotland are under pressure from a number of directions. Projected demographic changes mean that an ageing population is expected to place additional pressure on public services while economic constraints will mean that it will be necessary to do more with less.

Scotland's population of over 65's is projected to increase from 2006 to 2031 by 63% while those over 75 are expected to increase over the same period by 83% (Reshaping Care). Given that older people are significant users of public services, it is easy to understand the pressure that these demographic changes will place on public services.

In addition to demographic changes increasing pressure, the financial crash of 2007 and the following economic downturn had a huge impact for public services in Scotland. Figures from the Office of National Statistics show unemployment for the first quarter of this year was 7.3% or 199,000 people (ONS). As the Christie Commission points out, the more people unemployed, the more demand there is on public services (Christie, 2011). Furthermore, cuts to the Scottish Block Grant and a reduction in spending on reserved areas further compounds these issues. The Scottish Spending Review 2011 highlights that 'over the period of the UK Government spending review until 2014/15 the Scottish Budget is being cut by 12.3% in real terms' (Scottish Government, 2011, p4). It is therefore evident that there will be less money available to spend on public services in a time when they are increasingly required.

In 2011 the Scottish Government commissioned a report on the future of public services in Scotland. The resulting Christie Commission Report recognised the challenges facing Scotland and made recommendations in order to overcome these. Crucial recommendations in the Christie Commission are that Public Services must be focused on preventative measures, built around people and communities and public service organisations must work together effectively to improve outcomes. The report highlighted that the third sector would have an important role to play in public service delivery in Scotland (Christie, 2011).

In this report, examples of public service delivery from a variety of countries around the world have been chosen to showcase the different ways of thinking about and carrying out public service delivery. Each example is consistent with at least one of the recommendations of the Christie Commission and in particular they cover ways of providing preventative services, empowering communities, integrating service provision and ways in which to increase the involvement of the third sector in public service delivery.

Other than the Danish model of long term care for older people, the report specifically tries to avoid the tendency to focus on Nordic models which is particularly popular in Scottish Policy. Although Nordic countries offer many excellent lessons, it can also be useful to stray from the countries we tend to look to in order to understand that there are many different ways of thinking about public services. In particular, I find that the examples from Brazil and Rwanda are interesting because they demonstrate that sometimes an inspiring lesson can be drawn from countries that on the surface are very different from our own.

Of course, none of the examples in this report can be directly implemented into the Scottish context but they can indeed open our eyes to new ways of thinking and are intended to spark debate around some of the key issues involved in the wider debate around public service reform.

## **Section 1. Ubudehe in Rwanda – An example of Community Empowerment**

It is clear that community empowerment is closely linked to the public service reform debate as it focuses on how services are designed and delivered and aims to involve those whom the services will have an impact on. In Rwanda there is an excellent example of community empowerment from which lessons can be drawn.

This example is Ubudehe, which is a traditional Rwandan practice and culture of working together to dig the fields at harvest time. The term was appropriated for the Rwandan Government's strategy to reduce poverty, rebuild social and human capital and foster collective action at a community level.

Ubudehe was piloted in Butare in 2001 and spread nationwide in 2002. The programme is a strong commitment to the belief that communities are capable of identifying their own problems and have the capacity to develop solutions to these problems if they have the space and the resources to do so. The Rwandan government has recognised the complexity of poverty and states that 'we as outsiders cannot design these solutions for people' (National Poverty Reduction Programme and Ministry of Local Government and Social Affairs, Undated, p2). This shows that this belief is supported by those at the highest political level which is crucial to the success of the model.

### **How it works**

Rwanda is undergoing a process of decentralisation of which Ubudehe is a crucial part and this fiscal and political decentralisation of Rwanda is central to the success of this community empowerment programme. Rwanda is divided into four provinces and the city of Kigali. These provinces are split into 30 districts, 416 sectors, 2,148, cells and 14,744 villages (Habiyonizeye and Mugunga, 2012). The Ubudehe programme works at the lowest administrative level of the village and asserts that community problems can be dealt with most efficiently at this level. The administrative organs of the village include a village council and an elected executive committee. These cellules are 'small enough to facilitate collective action but also linked directly into the system of government' (National Poverty Reduction Programme and Ministry of Local Government and Social Affairs, Undated, p3).

The actual process of Ubudehe focuses on cellules, which is an administrative unit of around one hundred households. Each cellule goes through a process of identifying and defining the nature of poverty in their cellule, before ranking the causes in terms of priority and picking the area in which they wish to devote most time, resources and money. The community then develops solutions to the problem and develops an action plan to take this forward. An agreement regarding the plan is drawn up and signed by the community and other stakeholders. This signed agreement is then made public which is crucial in allowing the community and local government to monitor the implementation of the agreement (National Poverty Reduction Programme and Ministry of Local Government and Social Affairs, Undated)

Of course, in developing an action plan, members of the community require support in order to design the most effective solution, and this requires that that community engagement is facilitated through training and support provided by the state. This works through the use of cascade training in which people at each level train those at the next (National Poverty Reduction Programme and Ministry of Local Government and Social Affairs, Undated).

Once the priorities have been decided by the cellule, a representative for the community is elected and the funds to put the plan into place are passed to this representative. Accounting and reporting mechanisms are in place and subsequent funding is conditional upon satisfactory performance and reporting (National Poverty Reduction Programme and Ministry of Local Government and Social Affairs, Undated).

## **The Benefits of Ubudehe**

Evaluations of Ubudehe demonstrate that the policy has been a success. Niringiye and Ayebale state that 1.4million people benefitted directly from the Ubudehe programme. In their research 95% of those sampled confirmed that Ubudehe had improved their income while 89% regarded Ubudehe as having a great or very great impact on social cohesion (Niringiye and Ayebale, 2012).

The programme also won the prestigious UN Public Service Award, showing that it is widely regarded as successful (Niringiye and Ayebale, 2012).

As of 2012, the training concept of Ubudehe had resulted in around 50,000 people being trained which has greatly improved the skills available in the local community and has helped develop the capacity of the community to engage with government structures (Niringiye and Ayebale, 2012). The process has therefore helped to significantly empower the people of Rwanda and strengthen community participation. Of those included in Niringiye and Ayebale's survey, 74% agreed that the Ubudehe programme helped empower the people well (Niringiye and Ayebale, 2012).

In actively providing the community with skills Ubudehe contributes to the emergence of a confident, cooperative and organised community. Furthermore communities must be influential to be empowered and Ubudehe facilitates this by giving the community direct access to money to direct to the services that they feel best meet their needs.

## **Scotland**

In Scotland the Community Empowerment and Renewal Bill has been consulted on and a draft bill is due next year (2014). This provides an excellent opportunity for a discussion around how to involve communities in decision making and make community empowerment a reality in Scotland. This is a discussion which is crucial to the issue of public service reform, given the Christie Commission's focus on user and community involvement in public service decisions.

The statutory framework for community empowerment in Scotland includes the Local Government of Scotland Act 2003 which established Community Planning Partnerships. These are the structure through which community views are implemented into the planning and delivery of services in Scotland (Audit Scotland, 2013). A review of CPP's in 2012 by COSLA and the Scottish Government highlighted the importance of CPP's to public service reform (Audit Scotland, 2013).

However, Audit Scotland in a recent report, claimed that 'CPP's have not been able to show that they have had a significant impact in delivering improved outcomes across Scotland' (Audit Scotland, 2013, p6). The report then goes on to explain that CPP's have little influence over how the significant sums of money available to local authorities and the NHS

are spent. In any case, it is debateable the extent to which CPP's actually engage with the community. Using the key lessons from Ubudehe it is clear to see that the current Scottish model of community engagement is tokenistic and needs to be strengthened.

*Community empowerment sits alongside financial and political decentralization.*

The Ubudehe model shows that for community empowerment to work, the community must have some direct control over the resources available. In Rwanda, the direct link to resources increased motivation to participate and helped to facilitate community engagement. In other words, community empowerment works when there is financial decentralisation which is currently not the case in Scotland. Much of the criticism aimed at CPP's relates to the weak link between community participation in CPP's and outcome (Audit Scotland, 2013). Another key point to note is that decentralisation in Rwanda extends to village level (approximately 100 households), and this highlights that local authorities and CPP's in Scotland are not small enough to enable effective community engagement.

Research from the Jimmy Reid Foundation points out that local government in Scotland is composed of the largest councils in Europe which are physically remote. For example the average population size of municipalities in Scotland is 163,200 compared to an EU average of 5630, the geographical size is 2461 square kilometres compared to an EU average of 49 square km (Bort et al, 2012). Their call for 'genuinely local, democratic government to be established beneath existing local government structure' (Bort et al, 2012, p2) is therefore supported by the lesson drawn from the Ubudehe model in which community empowerment occurs at the village level. This suggests that community councils might be a more appropriate level for fostering community action, however they need to be directly linked into the system of government which they are not currently in Scotland.

*Community representatives are elected and Village Level institutions are directly linked into the system of government.*

It can be argued that CPP's are not representative of their community. The Rwandan model is interesting because every cellule (that is every one hundred households) elects two representatives from that cellule to represent them throughout the process, which is much more representative of the general community. A commitment to improving the visibility and standing of the community councils and having elected councillors at that level sitting on the CPPs may be a way to strengthen the mandate of these organisations to speak for the community.

*The community receives the funds to put into place their action plan.*

Financial decentralization is clearly central to the Ubudehe model and this suggests that community empowerment can only truly exist if the ability to fund important services is devolved to the lowest possible level. This is difficult given the particularly weak standing of community councils presently but a central focus on strengthening and supporting these institutions, alongside training, will help to support their ability to cope with the financial responsibilities. Bort et al point out that the average budget for a community council in Scotland is a paltry £400 (Bort et al, 2012). An argument against decentralising funds to community councils is that they are not representative or are poorly organised. However, if there were more likelihood that engagement in local politics would have an impact on how funds were spent then participation in democracy at this level is likely to improve (Bort et al, 2012). This is clearly shown in the Ubudehe model where there is a real link between participation and the decision made which provides the motivation for people to become involved. Another key lesson to be learned from Ubudehe is that simply developing the institutions will not create the capacity for the community to engage with them, but it is necessary to actively facilitate and support community engagement through training.

*The use of cascade training right down to cellule level.*

One of the key issues when discussing community empowerment involves the necessity of building the capacity of the community in influencing decisions. Indeed Arnstein points out that citizen participation can be blocked by a lack of knowledge and ability to organise effectively in the community (Arnstein, 1969). Problems of a lack of capacity are discussed by some community members of CPP's who point out that their lack of knowledge on certain issues means that their voices are not often heard in the decision making (Audit Scotland, 2013). This issue is particularly relevant in relation to more deprived areas. There is a suggestion that the Community Empowerment and Renewal Bill might just result in more affluent and articulate communities dominating the process and leading to further marginalization of more deprived areas. It is therefore crucial to understand then that community empowerment must pass over knowledge and skills to the communities that are to be empowered. The cascade model of training in the Ubudehe model is interesting because it allows for adaptation to local and regional differences. A core team at national level provides training to those at regional level who provide training at local level who in turn provide training to those in community councils therefore developing their capacity to represent their community.

*The program is clearly linked to national planning and budgeting.*

Audit Scotland has reported that CPP boards have no real authority to commit partners such as the NHS or council to action and therefore have very little influence over how budgets are spent (Audit Scotland, 2013). This would suggest that they are a mainly a consultative exercise which can actually damage community empowerment by wasting the citizens' time in contributing and then finding that the plan is not mobilised. The power therefore is not truly transferred to the citizens in this model of citizen participation and while it allows claims that citizens have been considered, in actuality the status quo remains the same (Arnstein, 1969). Sherry Arnstein in her 'Ladder of Participation' argues that consultation is a form of tokenistic citizen participation. Although citizens are permitted to have their voice heard, they 'lack the power to ensure that their views are heeded by the powerful' (Arnstein, 1969). It is therefore important that community structures are given more influence in national planning and budgeting as is the case in the Ubudehe model. Of course, this is an uphill struggle as power redistribution is likely to be highly resisted by those who currently hold the power (Arnstein, 1969).

## **Section 2. Participatory budgeting in Porto Alegre**

Participatory budgeting is a process that involves citizens in the financial planning of the city and can be considered an example of 'direct democracy'. Given the focus in the Christie commission on services being closer to the people there are important lessons that can be drawn from this model.

Participatory budgeting in the Brazilian city of Porto Alegre began in 1989 (Sintomer et al, 2005). It is an innovative example of direct democracy which was a response to the wide income gap and the corrupt and clientelistic politics which were common in Brazil (Sintomer, et al, 2005). The concept was rooted in the 1970's movements in Latin America when there were calls for citizens to have a stronger voice in decisions (Baiocchi, 2006). In Porto Alegre many citizens formed neighbourhood associations and social movements which were demanding a voice in local affairs and in 1985 activists began demanding direct input into the city budget. As a result of this, Participatory Budgeting was introduced by the Worker's Party Administration with the aim of creating deep democratisation of the state and a pedagogical effort in educating the public (Sintomer et al, 2005).

### **How it works**

In Porto Alegre about 9 – 21% of the municipal budget is decided using participatory budgeting (Baocchi, 2006). In March each year district level assemblies are held in each of the 16 districts of Porto Alegre. These meetings are open to any city resident and they allow for a discussion of issues and then voting on what projects are to be requested. A fair amount of time is spent on deliberative discussion which allows a wider range of issues to be considered (Baocchi, 2006). The purpose of these meetings is to enable residents to voice their concerns with the municipal government and deliberate over the most pressing needs. To conclude the process, these assemblies rank the top three needs and elect delegates to represent the region at the citywide level in the Participatory Budgeting council. The delegates elected from these plenary meetings meet weekly or biweekly to debate on the proposals (Lewit, 2002). The delegates also receive training from independent NGO's (Sintomer et al, 2005) which highlights the important role that the third sector has to play in facilitating such direct democracy. Representatives from the City council also attend these meetings according to their area of expertise to offer help on technical issues (Lewit, 2002).

At a second regional plenary the delegates picked from the district assemblies prioritise district demands and elect councillors to serve on the Municipal Council of the Budget (Lewit, 2002). This is a 42 member forum consisting of representatives from all districts and its main function is to reconcile the demands of the district with the available resources. The council is presented with the top three priorities from each delegate and decides how to distribute funds to the districts. This occurs through central, transparent and publicly discussed indicators for the allocation of resources, which are renegotiated each year which demonstrates flexibility in adapting to changing needs (Novy and Leubolt, 2005). Areas considered in relation to the amount of funding each district will receive are; the population of the area, the areas needs in terms of state services and infrastructure and the investment preferences of the area. This has the effect of helping to redistribute funds to those areas most in need (Novy and Leubolt, 2005). As projects are implemented street committees monitor their progress and on the basis of the evaluation the rules of the process are



redrawn by the district assemblies in order to improve the process for next year (Baocchi, 2006).

## **The benefits of participatory budgeting**

Porto Alegre's expenditures in areas such as health and housing are much higher than the national average in Brazil but the administration costs and overheads of the municipality have been reduced (Baocchi, 2006). *There has also been a reorientation of public investments towards the most disadvantaged districts and overall public services and infrastructure have been greatly improved (Sintomer et al 2005).*

The rate of participation in participatory budgeting in Porto Alegre is impressive. For example, by 2004 some 20,000 people were attending the first round of meetings at the district level (Baocchi, 2006). Often, critics of participatory budgeting question whether participatory budgeting will give a voice to the more middle class and exclude those who are less able to participate. This is a valid point as it has been shown many times that education and economic resources are important predictors of civic engagement (Biocchi, 2003). However, this has not been the experience of participatory budgeting in Porto Alegre and social groups normally excluded from public life have largely benefitted from the process, particularly those who are poorer and women (Marquetti, 2002).

Participatory budgeting reaffirms to the citizen that their voice has value as they can see the results of their participation. Current discussions about declining voter turnout in Scotland which is significantly lower than most other EU countries (Bort et al, 2012), makes it important to show people that their involvement has an impact. In Porto Alegre, data shows that inhabitants have a higher rate of associational activity and political awareness in comparison with other Brazilian cities (Souza, 2001).

An additional benefit of such a process is that projects are often more numerous and smaller than under previous allocation procedures (Novy and Leubolt, 2005). This is useful in relation to later discussions in this report around procurement as a large barrier to the involvement of the third sector in tendering for projects is the large scale of many of the contracts. That participatory budgeting might unintentionally break down these contracts would be helpful.

## **Scotland**

Participatory budgeting has been adopted in many countries around the world, albeit with some differences. The major difference between the Porto Alegre model and other models typically introduced in Europe is that in Europe the main objective is the desire for economic efficiency as opposed to political priorities. As a result participation is often replaced by consultation and crucial policy issues often remain out of reach for those invited to participate (Novy and Leubolt, 2005).

In Scotland there have been some examples of participatory budgeting but these have tended to focus on community grants already allocated to local communities and we can see here that crucial policy issues still remain out of reach of the communities. Some examples of such projects include Leith Decides in which a participatory budgeting approach to the allocation of Leith's community Grant funding is taken (Leith Neighbourhood Partnership, 2012). The project allocates grants of up to £1000 to community projects. This example

shows the potential for participatory budgeting in Scotland but the minimal budget shows that there is no potential for the project to influence larger services.

Another example of successful participatory budgeting is the Govanhill test site for the Equally Well project in Scotland, which is a Scottish Government Policy aimed at reducing health inequalities (Harkins and Egan, 2012). In 2010 the Community Planning Partnership allocated Govanhill Community Action (GoCA) group £200,000 and the projects supported were decided through participatory budgeting measures (Harkins and Egan, 2012).

An evaluation of this project demonstrated that the community group responsible demonstrated their capability and embraced the responsibility, using the funds in a thoughtful and strategic way. In their evaluation, Harkin and Egan point out the importance of the voluntary sector to the success of the PB program and explain that the involvement of Oxfam was pivotal in enabling wider discussion about the process (Harkin and Egan, 2012).

Of course, these are examples that have had positive results and have helped to foster the link between citizens and projects happening in their area. The projects have also allowed local groups to network and have helped to build social capital (<http://www.participatorybudgeting.org.uk/models/community-grant>). Community Grants are important to communities and examples of participatory budgeting in this respect are nothing but positive. It is however, possible to question the extent to which this actually represents participative democracy as again we see that people are allowed access to small pots of money but not involved on decisions on a larger budget and a chance to affect the issues that impact on them most.

The Community Empowerment and Renewal Bill gives us an excellent opportunity to consider implementing participatory budgeting at a local level, and there is indeed a recognition in this bill that community planning should be at the heart of public service reform. The Scottish Government claim that 'the intention of the Bill is to strengthen opportunities for communities to take independent action to achieve their own goals and aspirations, and ensure communities are able to have a greater role in determining how their local public services are delivered' (Scottish Government, 2012c, p8). What better way to do this than to introduce a participatory budgeting scheme which would show that people's involvement can effect real change rather than just consultation.

*Possible to give more responsibility to disadvantaged sections of society.*

The argument that people experiencing disadvantage and inequality are unable to engage in such decision making processes is a frightful example of stereotyping and hardly endorses the current 'assets based approach' which is heralded in many policy documents. Until people are trusted with real responsibilities the term community empowerment will mean very little.

In contrast, it is argued that participatory budgeting enhances the ability of the less able to participate in civic life because it contains a pedagogical element in that by attending meetings people can learn the skills required for collective action and learn the intricacies of governmental affairs (Baocchi, 2006). Biocchi points to the fact that the participation of the poorer parts of society in these processes dispels myths about the urban poor in Brazil (Biocchi, 2003). Both districts in his study were marked by social problems like adult illiteracy, violence and unemployment which would suggest that residents of this area are poor candidates for the democratic involvement because they may lack rule of law and organisational capacity yet in his work there was no evidence of domination of the less eloquent by the more able (Biocchi, 2003).

*State has a role to play in facilitating local democracy.*

One argument that could be given against the introduction of participatory budgeting is that the drive for it does not exist and that the capacity for citizens to engage on such a level is not present. However, in Porto Alegre, even in an area in which there was little civic organisation previous to the introduction of participatory budgeting, Biocchi found that it flourished and this illustrates the importance of the state role in enabling the public sphere in otherwise difficult settings (Biocchi, 2003). In his research he highlights the importance of government sponsored structures in enabling community practices by providing material and logistical support. This answers the question as to whether government reforms can create democracy in the absence of a self-organised citizenry (Biocchi, 2003). It is also clear in the example from Porto Alegre that if you give people a voice and responsibility then participation will increase as a result. Indeed it is not unreasonable to argue that of course participation would be currently lacking in Scotland as participatory budgeting, and indeed most community engagement in general has taken 'a largely anaemic form' (Harkins and Egan, 2012). It is clear that currently community groups feel isolated from community planning partnerships, which as previously discussed, are more a form of consultation than actually empowering the communities involved.

In the consultation on the Community Empowerment and Renewal Bill most responses to the questions on participatory budgeting were positive but there was some hesitation (unsurprisingly) on behalf of the local authorities. One local Authority replied 'this needs to be balanced against the democratic legitimacy of elected members to take the decision' (Scottish Government, 2012c, p55). Again it is necessary to point out the lack of democratic legitimacy at local level in Scotland due to low voter turnouts (Bort et al, 2012), and also point out that participatory budgeting is democracy in action, in which people engage in public discussion, put forward proposals and vote on them. The argument that this is less democratic than having all decisions made by local politicians, who are voted for once every four years, on an increasingly low voter turnout, is a confusing one. Of course, such an innovative proposition requires those in power relinquishing some of that power.

*Division of local authority into districts is crucial to managing the process.*

Again, the issue of the remoteness of local authority to many communities is raised. In order to foster community involvement it requires further breakdown in order to deal with specific local concerns. Porto Alegre is a city of 1,509,939 inhabitants ([http://en.wikipedia.org/wiki/Porto\\_Alegre](http://en.wikipedia.org/wiki/Porto_Alegre)), and participatory budgeting takes place in each of the city's 16 districts, each of which elects representatives to be involved in the budgetary decisions, and holds their own meetings. This example therefore provides further grounds to back the Reid Foundation's calls for a level of democracy below that of local authorities (Bort et al, 2012).

*Independent NGO's provide training.*

It is clear, both from the Porto Alegre model and the small scale examples in Scotland that the third sector is crucial to the process of participatory budgeting. In particular, it has a key role to play in encouraging those it works with to become involved in the process as they often have more credibility with communities (Harkins and Egan, 2012). Another crucial role of the third sector in this context is pedagogical, as it is necessary for communities to be educated about the process in order to truly empower them.

*Percentage of overall budget decided by PB.*

One way of funding this is through the use of 'top slicing' which involves an agreed proportion of public service investment to be set aside in order for its spend to be decided by local community members. A 1% part of Local Authorities or Health Board budgets could be

given to community councils and the decision on how to spend that money should occur through participatory budgeting. The figure of 1% is picked because it would not compromise the statutory service delivery (Harkins and Egan, 2012). Giving community councils more financial responsibility would improve their standing but of course presents structural and practical obstacles (Harkin and Egan, 2012).

Of course, such a radical decision would require commitment to the approach at a national level and effective marketing to convince local politicians of the benefit of such an approach. If this were to be given to the community councils this could improve their standing and bring the decision to an even more local level than the CPP's currently operate at.

### **Section 3. Cohousing in the Netherlands – an example of preventative services**

The Cohousing concept began in Denmark but the age specific aspect of cohousing is particularly common arrangement in the Netherlands where it first came to attention in the 1960's (Brenton, 2013). Such projects receive support from local authorities in the Netherlands based on the understanding that they contribute towards prevention of care costs (Bakker, 2009). This is partly because these communities make a commitment to the mutual support of their members (Brenton, 2001). This is of course not to say that cohousing acts as a replacement for public services and it is in no way a suggestion that the onus of care should be placed upon other members of the Cohousing group. It is however, logical to understand that living in such a community helps prevent isolation and depression that might lead to a need for more acute care at a later point.

The dominant motives for older people who choose to live in Cohousing are to remain active through participating in the running of the housing and contributing to a community. Mutual care may play a part, stemming from the interrelatedness of the community but it is not the primary goal (Bamford, 2005). In the Netherlands such initiatives are known as Centraal Wonen and normally consist of 30 to 70 households divided into clusters. Whilst each household has its own house or apartment, the residents share some community resources (Bakker, 2009).

#### **How it works**

Cohousing is an intentional community created and run by the residents and the concept of Cohousing is based on mutual support, self-governance and active participation (Brenton, 2013). An important part of Cohousing is that residents are closely involved in the planning process which allows community spirit to be built effectively at the same time as the housing. One key aspect of Cohousing is the emphasis on facilitating community development through their involvement in the process of planning and building the housing which helps people to develop a sense of ownership and commitment to each other (Brenton, 2008). The key difference between Cohousing and ordinary housing developments is therefore the significant focus on developing social capacity amongst its members which is a process that takes time and effort to develop (Brenton, 2013). This is in stark contrast to the current model that builds housing then fills it with strangers (Brenton, 2008). Once in the development, the housing is democratically managed by the residents (Brenton, 2008) and any new members joining the community are chosen by the existing members

(Bakker, 2009). Often Cohousing developments will have a communal area and the overall design of the housing will be facilitative of easy social interaction (Brenton, 2001).

In a Cohousing community small subcommittees are often responsible for most aspects of the group's social life and the entire group is required to have regular formal meetings (Brenton, 2001). It should be pointed out that Cohousing is not a 'gated community' and members of the cohousing group interact frequently with the wider community. Furthermore, often some cohousing groups allow the wider community to use their communal area, thus providing a wider benefit (Brenton, 2001).

Of course, such a model is not perfect and it is likely that there will be personality clashes and issues of over familiarity amongst members of the group (Brenton, 2001). Further to these issues, it is evident that living in a cohousing community requires the individual to undertake certain responsibilities in regards to their living arrangements and is therefore not the right option for everyone but it is a valid option for many who value community interaction.

In the Netherlands, senior cohousing is officially encouraged at all levels. This is situated in a background of cultural readiness to adopt innovative and flexible approaches and a focus on encouraging the self-determination of older people (Brenton, 2001).

Housing associations are crucial to the development of Cohousing initiatives in the Netherlands, providing the financial skills and construction development experience necessary for such initiatives to take shape (Brenton, 2013). On fact finding missions to both Denmark and the Netherlands where such an option is more widely available, Vivarium Trust<sup>1</sup> found that there was a proliferation of experts to guide people through the process of developing cohousing whereas they have found through their own experience that this is not the case in Scotland.

Local authorities in the Netherlands have contributed to the development of this model through the provision of resources such as municipal or third sector development posts, grants and adult education courses designed to increase the skills necessary for Cohousing (Brenton, 2013). One particular example is that in the town of Amersfoort the local authority employs a community development worker who facilitates Cohousing groups. Furthermore the local authority provided a small grant to groups in order to finance their meetings and communications (Brenton, 2008).

Not all cohousing developments are new build. In fact there are many examples of innovative retrofit to create cohousing communities. For example one flat in a building can be left empty to act as a communal area (Brenton, 2013)

## **The benefits of cohousing**

The benefits of Cohousing are extensive. In particular it compensates for the anonymity of modern neighbourhoods, offers an additional option for the informal care and housing needs of the elderly and there are also claims that it reduces demand for health and social care services (Brenton, 2013). Cohousing is also often a greener option as people are more likely to share resources (Brenton, 2008).

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<sup>1</sup> Vivarium Trust is a Cohousing project for people aged 50+ in North East Fife. Vivarium Trust also operates as a charity and its aim is to spread understanding of the Cohousing concept.

In respect to the current policy framework in Scotland, Cohousing fits well with Christie's recommendation that public services 'work more closely with individuals and communities to understand their circumstances, needs and aspirations and enhance self-reliance and community resilience' (Christie, 2011, p22). It is also a prime example of community development and offers an additional option for older people who are looking to downsize their housing (Brenton, 2008).

## **Scotland**

The model of Cohousing is one which fits well with the current Scottish Policy context which recognises the need for an innovative, preventative approach to public service delivery (Christie, 2011) and which values older people's ability to make decisions regarding their own lives (Christie, 2011, Scottish Government, 2011). This extends to the Scottish policy on housing for older people which is outlined in the policy document Age, Home and Community.

In this the Scottish Government has pledged to deliver 30,000 affordable homes over the next 5 years (Scottish Government, 2011) and has emphasised the important link between health policy and housing (Scottish Government, 2011). The document states that 'we are keen to encourage the development of new models of housing that enable older people to maintain their independence in the community' (Scottish Government, 2011, p70). This strategy also concedes that older people should be living in housing that suits their needs and that they should have a choice in regards to their housing (Scottish Government, 2011). Therefore it would appear that the policy landscape is suited to the consideration of Cohousing.

Furthermore there is a recognition of the importance of aiming housing issues at those preparing for retirement (actually even earlier), a focus on prevention and giving people the choice they need to live the best life possible. It is also recognised that 'a supportive local community and strong social networks are recognised as important in 'supporting older people to reduce loneliness and live independently at home' (Scottish Government, 2011 p60). The four key principles underlining the housing for older people strategy in Scotland are viewing older people as an asset, choice, planning ahead and preventative support (Scottish Government, 2011). These are principles which fit very well with the concept of Cohousing.

There is a significant amount of focus in the document of making sure housing is accessible and adaptable. Whilst these are important issues, perhaps further consideration could be given to the social impact of housing. Surely a focus on new builds should allow for consideration of how to facilitate community development between the proposed residents, a way to involve residents in the planning and design processes and design the homes for easy interaction with other residents.

Vivarium Trust is working in partnership with Kingdom Housing Association to develop a Cohousing project near St Andrews in Fife, Scotland, which will contain a mix of owner occupied and socially rented housing. The socially rented housing aspect allows Kingdom Housing Association access to government funds for the development. Vivarium Trust has found that, in similarity to the Netherlands model, the partnership with Kingdom has been crucial in getting the project up and running as they have provided expertise and have facilitated access to funding.

Helping older people to develop this type of housing is not necessarily a resource intensive endeavour given the large share of equity enjoyed by the over 60's in Scotland. In fact '75%

of people aged 60 and over are owner occupiers, 64% of whom own their home outright' (Scottish Government, 2011, p12). This generation of over 60's can be perhaps referred to as the 'young old' who have very different expectations of their old age than generations before them and it can be argued that current housing options do not currently meet their needs. For example, Brenton suggests that sheltered housing is declining in popularity and retirement villages are large and expensive (Brenton, 2008).

Barriers to developing Cohousing in Scotland include an unfamiliarity with the model and therefore ignorance of it as a potential solution to many issues, the dominance of volume developers, a lack of leadership at both local and national level, local authority planning procedures, an absence of support infrastructure to develop the skills and capacity needed to make such developments successful (Brenton, 2013).

Another potential barrier to the implementation of Cohousing in Scotland is the standard nominations procedures for tenants in Scotland. This makes it impossible for groups to select members on the basis of support of the group ethos which is of course essential to the entire concept of Cohousing (Brenton, 2001). It is also likely that choosing members in such a way runs contrary to equal opportunities principles and this can present difficulties when considering this option for social housing (Brenton, 2001). This is in contrast to the situation in the Netherlands where senior Cohousing is seen as a form of social investment and a preventative measure and on that basis it can be allowed to supersede administration boundaries and apply a flexible interpretation of regulations (Brenton, 2001).

One way in which it is possible to overcome this obstacle is through the use of the subsidiary of the housing association which has more flexibility than the parent housing association. It appears that this solution has worked for the Cohousing project between Vivarium Trust and Kingdom Housing Association as the agreement drafted states that all residents must sign up to the principles of Cohousing and the project is ready to go ahead.

*The model is supported at all government levels.*

There has been some support at a national level for the concept of Cohousing. For example, Vivarium Trust have been involved in a member's debate in the Scottish Parliament and there is also recognition of the project in Age, Home and Community. However, there should be recognition that this form of housing option is linked to wider debates on public service reform and considered more seriously as part of the preventative agenda.

Further down the scale, Vivarium Trust generally found that Housing Associations were interested in the concept of Cohousing but that local authority support might be less forthcoming. It was felt that support from Fife council ebbed and flowed and there was the feeling that the idea of Cohousing did not perhaps fit into their housing plans. Local authorities have the ability to act as facilitators or initiators of Cohousing due to their role as the holders of finances, planning and development expertise. By changing slightly the way in which things are done at a local level, local authorities can facilitate a community development approach to the planning of housing (Brenton, 2008). Vivarium felt that an increased awareness of the benefits of Cohousing might result in more receptiveness to the idea and this might make growing the concept easier.

*Importance of housing associations to the model.*

Although increasing awareness of the Cohousing model is important at National and Local government level, it is housing associations who wield the most power in relation to this concept. It has been consistently pointed out that in the Netherlands model, Housing Associations are crucial to the facilitation of Cohousing. This has also been found to be the case in Scotland, where Vivarium Trust has found Kingdom's help to be crucial. This would

therefore suggest that this is a model that should be promoted to housing associations as a viable model for future developments.

Housing Associations are members of the third sector and are likely to be committed to the ideals of community empowerment, benefitting the wider community and passing power back to the citizen, which are central to the concept of Cohousing. The development of Cohousing initiatives would require the Housing Association to relinquish some of its control over the management of its properties to the residents, requiring faith and confidence in the model.

Of course, there are specific benefits attributed to Cohousing development for housing associations. Some of the benefits for housing associations attributed to Cohousing are outlined by WBVG a Dutch housing corporation specialising in Cohousing for over 30 years. They are that, allowing residents more control over their living arrangements results in some financial benefits, namely that any losses due to vacancies are the responsibility of the residents, the selection of new tenants is the responsibility of the residents, often maintenance is organised by the residents and ecological and sustainable living is more achievable in a Cohousing project (Smits, 2012). Of course investment is needed to provide training for the residents and in some cases when there are disagreements amongst residents the Housing Association may need to offer mediation and legal advice. Therefore it is not possible to argue for Cohousing on financial benefits alone, but it does seem to present a viable, innovative model for Housing Associations to consider.

## **Section 4. Health and social care in Denmark**

Denmark is a Welfare state in which health and social care are provided free at the point of service on a universal basis and are financed through general taxation (Colmorton et al, 2003). The development of Danish policy for older people has occurred throughout the 20<sup>th</sup> Century in response to changing socio economic issues and adaptations to challenges that are similar to the ones currently facing Scotland. In particular, there is recognition of the difficulty of funding health and social care services for an ageing population.

Denmark has responded to these challenges through the integration of health and social care, the deinstitutionalisation of older people and the use of preventative services. This is based around a view of older people as individuals with the ability to influence their own circumstances.

### **How it works**

The general objective of Danish ageing policy is to improve the individual's possibility of living at home and increase their quality of life, a view which is largely echoed by the current Scottish policy context. In Scotland, the Care in the Community Act 1990 was a key point in this movement and the overall policy context has continued in this vein with the government committed to shifting the balance of care to the community.

As part of this commitment to caring for older people in their own homes as opposed to in institutions, the Danish Government in 1987 introduced the Law on Dwellings for Older People (1987) which banned the construction of any new care homes and stipulated that care is not linked to the housing situation but based on need. Since the law was passed various forms of service enriched housing have developed in place of care homes while



traditional nursing homes closed at a rate of 10% per year (Meijer, 2000, p557). This again reinforces how important housing is in relation to the health and social care agenda and it is necessary that this forms part of the debate around health and social care integration in Scotland.

To facilitate this move from institutions to care at home the Danish Government placed emphasis on preventative services like the 1996 Preventative Home Visits to the Aged law which requires that all municipalities are obliged to conduct two home visits a year for citizens over the age of 75 (Colmorton et al, 2003). These visits work to reduce risk factors for older people such as loneliness, illness or difficulty coping and can refer people to the right services at the right time which might help delay or avoid the need for more acute services at a later point in time. In this way then they are an excellent example of preventative action which identifies those in need of care early and prevents a more extreme and perhaps costly situation. Furthermore, these visits can make people aware of the home care services which are available to them. A lack of awareness of home care options has been highlighted as a barrier in Scotland as research shows that the majority of those in institutional care appeared unaware of community-based possibilities (Curtice, 2002).

The integration of health and social care has also been a central part of Danish Ageing policy. For example, during the period of economic stagnation in the 1980's, Denmark focused on reorganising health and social care rather than moving towards the privatisation of services in the way that the UK did. This is a topical issue in Scotland as the Public Bodies (Joint Working) (Scotland) Bill was introduced to parliament on 28<sup>th</sup> of May 2013.

Many aspects of the Danish experience of integrated care are best explained through reference to the Skaevinge pilot model which began in 1984 and is the basis for much of the national direction. The integrated project in Skaevinge has worked well and an evaluation in 1997 showed that people's perceptions of their health were more positive, suggesting an increased quality of life for older people (Wagner, 2001). There was a 6% decline in bed occupancy days from 1984 to 1997 (Wagner, 2001), and personnel, management and policy makers all viewed the project as a success (Wagner, 2001). Furthermore, even though the number of older people in Skaevinge had increased by 1997, the municipality had improved its economic running costs (Wagner, 2001). One of the most important lessons from the Skaevinge example is the importance of investing in changing the culture of health and social care departments as both have somewhat different cultures and this can hamper joint working. There was a clear expectation that this would be a long and in depth process of attitude changing (Wagner, 2001).

However, despite the positive results of the Skaevinge project, the national integration of health and social care has not been problem free in Denmark and in particular there exist barriers between municipalities and regional hospitals which can often result in delayed discharge or problems in continuity of care (Colmorton et al, 2003). This has resulted due to lack of legislation demarcating the responsibilities of each. Given that this is also the case in the current Scottish Bill on this topic, it is likely that similar barriers will be faced and it is important to be aware of these.

One way in which the difficult barrier between municipalities and regions is dealt with by mandatory health care agreements between regions and municipalities. These agreements provide national oversight as well as feedback mechanisms and are seen as good tools for strengthening cooperation across sectors. This highlights the crucial importance of the partnership agreement between the Health Boards and Local Authorities set out in the Scottish Bill.

Another interesting aspect of the Danish model of ageing policy is that in each local municipality there exists a Senior Citizens Council which is elected by senior citizens in the

municipality (60+) and the city council is obliged to consult the SCC before any final decisions are reached on matters relating to older people. The benefits of such an approach are that decisions regarding public services are better informed and more suited to people's needs (Simmons, 2005).

## Scotland

Currently in Scotland, similar issues to those that faced Denmark, present themselves. Scotland has an ageing population, for example it is projected that the population of people over 75 will increase by 82% between 2010 and 2035 (Scottish Government, 2011, p8). To deal with these issues, much of the current policy focuses on the concept of 'shifting the balance of care' from institutionalisation to care in the community.

Alongside this is recognition that the integration of Health and Social care is a commendable aim which has led to the Public Bodies (Joint Working) (Scotland) Bill. One key aspect of this is that integrated budgets are suggested whereas they have largely been managed separately until now. It would therefore seem that the Danish model is particularly appropriate for drawing lessons for Scotland.

*Preventative services are taken seriously.*

The policy context in Scotland recognises the need for preventative services which was one of the main recommendations of the Christie Commission. However, despite this broad consensus on prevention, it is clearly difficult to make the disinvestments required in order to redirect resources. Preventative visits to older people would help the Scottish Government achieve its aim of providing the 'right support at the right time' and signals a real commitment to the preventative agenda. It is also clear from the Danish model that preventative home visits help educate people on their options and thus can contribute to shifting the balance of care to the home and away from institutionalisation.

*Senior Citizen's Councils allow older people influence over their services.*

The policy context in Scotland is one where much rhetoric surrounds the issues of user involvement and participation in services. Often this involvement can be limited to influence over individual services, as the mechanisms are not in place for service users to have a strong contributory influence over public policy. A lack of awareness about how to participate is often cited as a reason for inaction by many people (Simmons, 2005) but Senior Citizen's councils would provide an easily identifiable way of allowing older people influence at a much higher level. Any discussion of these issues raises the disappointing lack of voting rights for the third sector or service users on integration committees proposed in the Joint Working Bill.

*Integrated services work but are not perfect.*

The results from the Danish integration of Health and Social care are positive but not perfect. Although the Danish experience shows that this approach can be successful in controlling costs, this should not be the primary motivation, rather the aim of improving services for service users should drive the process of integration.

It is also clear that whilst integration of health and social care is commendable, it is in no way a panacea, and a number of problems still exist in the integration process in Denmark. In particular a focus on the hospital discharge process will be crucial. Rehabilitation is an important factor and can also be one of the most difficult to get right. Many of the issues in

Denmark regarding discharge from hospital and rehabilitation arose due to a lack of legislative clarity on what the roles of both the municipality and hospitals were. This is an important lesson when considering health and social care integration in Scotland.

## Section 5. Social co-operatives in Italy

The Christie Commission highlighted the importance of the third sector to reforming public service delivery in Scotland, stating that ‘third sector organisations have, over time expanded to take on a more active role in delivering services directly’ (Christie, 2011, p30). It is therefore necessary to consider ways in which the potential of the sector can be nurtured and maximised, given its important role in service delivery. One international example of maximising the use of the third sector in carrying out public services is the way in which procurement legislation in Italy favours social co-operatives.

### How it works

Italian social co-operatives combine a businesslike style of operation with a profound attachment to social goals. They have multiple stakeholders, usually its workers and its beneficiaries, and often volunteer members as well. Social co-operatives in Italy supply both labour market integration and care services. The inclusion of the service users in the structure means that the users have more input to the design of their service, which is a good example of co-production. ‘SCs contain three main categories of members (or share/stakeholders): *lending or funding members* (generally, 65% of all members), i.e., those who receive some type of economic benefit in return for the service they provide or who use ordinary workers from the SC; *beneficiary/user members* (5%), such as the elderly or disabled people and their relatives; *volunteer members* (20%), i.e., individuals who give their services freely’ (Thomas, 2004, p248).

These social co-operatives have become major players in the welfare system in Italy and this provides some lessons for a country like Scotland that has recognized the benefit of the third sector to public service delivery (Christie, 2011). Since the first social cooperative was created in Italy, they have registered an annual growth rate of between 10 and 20%. In 2008 there were 13,938 social co-operatives which employed around 350,000 workers, had 35,000 volunteers, and served 4.5 million users (Andreaus et al., 2012, P9). One significant factor in the growth of social co-operatives in Italy was the legal recognition given to them in 1991.

In Italy, social co-operatives are defined as follows, according to law 381/91:

- the objective is the general benefit of the community and the social integration of citizens
  - type A social co-operatives provide health, social or educational services
  - Type B social co-operatives integrate disadvantaged people into the labour market. The categories of disadvantage they target may include physical and mental disability, drug and alcohol addiction, developmental disorders and

problems with the law. However they do not include other factors of disadvantage such as race, sexual orientation or abuse

- Various categories of stakeholder may become members, including paid employees, beneficiaries, volunteers (up to 50% of members), financial investors and public institutions. In type B co-operatives at least 30% of the members must be from the disadvantaged target groups
- the co-operative has legal personality and limited liability
- voting is one person one vote
- no more than 80% of profits may be distributed, interest is limited to the bond rate and dissolution is altruistic (assets may not be distributed)

Italian social co-operatives benefit from relief of social insurance charges on their disadvantaged members, but this is the only form of subsidy they receive. (Borzaga, 2000, p11).

Since the passing of law social co-operatives have grown in number and acquired a stronger role in the delivery of services (Thomas, 2004, p250).

## **Preferential treatment in procurement**

The main focus of this comparison is to look at the way in which social co-operatives are given preferential treatment in public procurement processes in order to draw a lesson for Scottish public procurement which is crucial to any discussion of public service reform. There is a long history of Italian social co-operatives working in partnership with public bodies in the delivery of services and in the creation of jobs for disadvantaged people. It was common practice in Italy, before the EU Public Procurement Directives, for social co-operatives to be allowed access to public contracts without tendering. Since the EU directives came into being there are 'still examples of public authorities procuring services from social co-operatives either by reserving certain contracts for social co-operatives or by using social clauses in procurement which tend to focus on the Type B employment co-operatives and encourage the employment of a certain percentage of disabled people to promote social inclusion'. (SEEN, 2007, p21).

Consideration of the social dimension of public procurement has long been recognised in Italy. For example in 1991 a law was passed which reserved certain public markets to social co-operatives. In 1996 the law was changed so that any organisation could tender for contracts, but there were minimum requirements included in contracts which only social co-operatives would normally meet. Article 5 of Law 381/91 provides 'direct trust' legislation for social or other kinds of contracted services. This law frees local authorities from having to conduct a formalised public procurement process to contract out a service in relation to particular services (De Rosa, 2011, p11).

*"Public authorities may, even though this departs from the normal regulation of contracts of the public administration, sign agreements with social co-operatives carrying out activities defined in article 1, paragraph 1, intent b),*

The above paragraph of article 5 of 381/91 law allows public authorities to perform direct and/or reserved awards of services supply contracts where their value is below the EU threshold. In Italy, direct purchasing for services and supplies is permitted for contracts below 200,000 Euros (Bianchi and Guidi, 2010, p103)

## Case study – Turin (SEEN, 2007)

In a bid to target social exclusion the regional authority of Turin actively supported the procurement of services from social co-operatives, through the use of social benefit clauses and by giving direct preferential treatment to type B social co-operatives.

The City of Turin assigns at least 3% of the total amount of assets and services for procurement contracts by means of the following procedures:

1. **TITLE I:** Employment placement contracts (those above the EU threshold are open to all enterprises with a percentage of disadvantaged persons to be integrated to be not lower than 30% of workers in the social project)
2. **TITLE II: Agreements with social co-operatives (those under the EU threshold, reserved for social type B co-operatives)**

The main benefits that have been shown since adopting these procedures include a reduction of people using social services and dependent upon state aid, an increase in social and work integration of disadvantaged groups in terms of economic and social autonomy and independence, a reduction in social exclusion and affirmation of the right to work for all citizens (SEEN, 2007).

In Marche Region, a similar example of preferential treatment of social cooperative in public procurement can be seen. In this region social co-operatives play a dominant role and provide between 70 and 80% of social services (De Rosa, 2011).

## Scotland

Public procurement in Scotland is currently on the agenda as the Scottish Government pursues the Procurement Reform bill. Criticisms of the procurement procedure are rife from both SME's and the third sector. Although much of what will be discussed in this paper is applicable to both, it will be considered mainly from the perspective of the third sector. Arguments focus on the complexity of tender processes which discriminates against smaller organisations, and the tendency to focus on short term economic benefits and competitive tendering (Cuthbert and Cuthbert, 2012).

The problems with the Scottish public procurement are succinctly explained by Cuthbert and Cuthbert who state that 'the Scottish Government and its agencies are spending more than £9 billion every year and yet little of this money is being directed at economic or social development in Scotland. We have a system, designed largely from the perspective of big business, which is treating almost a third of the entire Scottish budget as if it should have no policy role in growing the economy or improving our society'. (Cuthbert and Cuthbert, 2012, p2)

*The Third Sector will be an important public service delivery agent.*

The importance of the third sector is recognized in Scotland (Christie, 2011). Whilst the Italian model focuses specifically on social co-operatives, it is possible to argue that the model can be applied for increasing the involvement of all forms of third sector organisation in public service delivery. Currently, a number of these organisations feel let down by procurement processes in Scotland which are often time consuming and difficult to complete (SCVO, 2012). Trying to develop and nurture the delivery of public services from the third sector should be a key focus for the Scottish Government's reform of public services.

*Legislating for social co-operatives can help their growth.*

Whilst the overall focus of this comparison is to look at the procurement of public services, it bears noting that the social co-operative form as typified by the Italian model operates particularly well in delivering social services and increasing employment and is therefore a model worth exploring for third sector organisations. The Italian experience shows that recognition of this form of organisation facilitated their considerable growth.

*Under the EU Thresholds it is possible to procure services directly.*

The growth of social co-operatives in Italy can be partly attributed to their preferred supplier status in public procurement. Current EU directives mean that 'where a contract value is anticipated to exceed specified amounts, EU rules apply to the contractual process in order to ensure fair and effective competition between companies and member states' (Aiton et al, 2012, p3).

The Italian case clearly demonstrates that it is possible to set National Thresholds under which the priority can be given to third sector organisations. Below these thresholds, these purchases can occur in a discretionary way: when they have to buy a product or service whose price does not exceed a certain amount, set by European law, public bodies (usually at the local level) may simply 'privilege' third sector organisations in order to support them and their social mission. The examples from Turin and the Marche region show clearly the benefits of reserving even a small percentage of public spend specifically for third sector organisations.

*National Legislation is required to overcome risk aversion in procurement processes.*

In the specific regional examples of Turin and the Marche region, it is clear that national legislation has been crucial to the decision to reserve an amount of public spending for social co-operatives. Currently the Scottish Government website claims that that 'The principles deriving from Treaty on the Functioning of the European Union applies to all procurement activity regardless of value. This includes contracts below the thresholds at which EU advertising is required and, including contracts which are exempt from application of the EU Procurement Directives'. (Scottish Government <http://www.scotland.gov.uk/Topics/Government/Procurement/policy/Legislation/ECTreatyobligations>).

This sends out the opposite message from that of using your own initiative to improve procurement processes and encourages risk aversion. Indeed, much feedback on procurement in Scotland indicates a culture of risk aversion and confusion about the procurement guidelines (SCVO, 2012). A radical change in thinking about procurement needs to be driven from a national level. The fact that there is no national guidelines for procurement under the EU thresholds, means that local authorities have little legal direction on how to undertake procurement at this level and are unlikely to think outside of the box (SCVO, 2012)

## Conclusion

In conclusion, the five different case studies featured in this report focus on a number of different areas which are closely linked to the public service reform debate. Firstly, the Christie commission recommended that people and communities should be more involved in decisions around public service delivery, which suggests that a discussion around community empowerment is crucial to the public service reform debate. Both the Ubudehe and Porto Alegre case studies are examples of community empowerment and of giving people a real influence over their public services. The studies demonstrate that current efforts to do this in Scotland are somewhat lacking. In particular, one key issue that emerges when analysing the two case studies in relation to the Scottish context, is that a layer of democracy under local authority level would help facilitate community empowerment. Furthermore, it is demonstrated by both case studies that it is important to educate people how to become involved in government mechanisms. This is one particular area in which the importance of the third sector cannot be undervalued.

The Porto Alegre case study dispels many concerns regarding the representativeness of such direct democracy mechanisms, through showing that women and people from poorer backgrounds were well represented in the process. Examples of participatory budgeting in Scotland have been well received and this suggests that there is potential for this method to work well in a wider context. One suggestion, which is closely linked to the idea of a layer of democracy underneath that of local authority level, is to topslice 1% of Local Authority or Health Board's budgets and give this to community councils. Decisions regarding the spending of this money could then take place via participatory budgeting.

Moving on from the community empowerment discussion, the next two case studies focus on innovative ways of coping with the pressures of an ageing population. This is because it is recognised that changing demographics in Scotland are expected to place considerable pressure on public services and it is necessary to consider ways of adapting to this challenge. The first case study which focused on this issue was that of Cohousing for seniors in the Netherlands. The key lessons drawn from this study were of the importance of housing to the preventative agenda and a need to think more innovatively in Scotland about how the social aspect of housing can be developed to further deepen the preventative aspect of this policy area.

This preventative agenda, much lauded by the Christie commission, is also a key theme in the case study of Danish health and social care policy for older people. In this study it was clear that preventative measures were important in facilitating the move from institutionalisation to care in the community for older people, which is also a policy focus in Scotland. This highlights the importance of taking the difficult decision in Scotland to reroute money towards preventative services. Another aspect of the Danish case study is the way in which Denmark has focused on integrating health and social care. This is currently a topic with much significance for Scotland, given that the Public Bodies (Joint Working) (Scotland) Bill was introduced to parliament on 28<sup>th</sup> of May 2013. The key lesson drawn in this respect is that the approach has had many benefits in Denmark but there were also areas where it did not work smoothly and it should not be seen as a panacea. Furthermore, the Danish case study again demonstrated the importance of housing to issues of prevention and the integration of health and social care. This again highlights the necessity of considering this policy area within wider discussions around health, social care and public service reform.

Finally, any discussion about public service reform in Scotland needs to take into consideration the ways in which these services are procured. For this reason then, the Italian case study is included in this report. In this example, it was shown that in Italy, preferential treatment in public procurement is given to third sector enterprises based on the fact that

their social values have a wider benefit for society. The key lessons from this study are the need for a national threshold in Scotland which would allow less complex tendering procedures for smaller amounts. The study also demonstrates that national legislation surrounding procurement can encourage a less risk averse attitude in public bodies.

Overall, it is recognised that it is inherently difficult to transfer policies directly from one country to another, given that contextual differences can have a major impact on how and why the policy works in practice. What is important to consider though, is that policies often transfer across boundaries by the process of transfusion, in which ideas are shaped through awareness and understanding of the policy ideas taking shape in other countries. In this respect then, this report aims not to suggest specific policy directions for Scotland, nor does it outline exactly how the policies would work in a Scottish context. What it does aim to do however, is spark debate around many key issues and give examples of different ways of thinking from around the world, which can be used to inform this debate with new ideas and ways of thinking about public service delivery. In the pages that follow, some of the key issues that emerged from the report have been drawn out to develop policy suggestions based on lessons learned from the examples.



## **Policy suggestions**

### **A meaningful layer of democracy at community level**

Throughout most of the examples there is a clear trend towards decentralisation and bringing decisions closer to people's communities. Therefore, the Jimmy Reid Foundation's suggestions of a layer of democracy below Local Authority level are supported.

One way in which this could be done is through strengthening the standing of community councils but in order for them to be effective they must have access to real resources otherwise they will continue in the largely anaemic form that they have to date. One suggestion for how to do this would be to top slice 1% of Local Authority budgets and give this to community councils. The community council budgets could then be decided using direct democracy such as participatory budgeting.

### **A programme to educate people about getting involved in democratic processes**

Community empowerment tools such as participatory budgeting and decentralising resources to smaller areas require an extensive pedagogical element to help people make the most of their new responsibilities. This needs to be given more focus in the current Scottish debate on community empowerment.

In particular the cascade training model present in the Ubudehe model is a useful example of the ways in which communities' skills, confidence and abilities can be nurtured and improved. It is also necessary to recognise that the third sector has a crucial role to play in this area as shown in the participatory budgeting example.

### **A real commitment to making the difficult decisions necessary for a preventative approach to be taken**

The examples also reinforce the importance of a preventative approach to public service delivery recommended by the Christie Commission. Although this is an inherently difficult approach to take, particularly given the tight financial situation, it is imperative that money is rerouted into preventative services. This will involve some very difficult, but necessary decisions.

The preventative home visits to the over 75's in Denmark is a useful example which shows commitment to a preventative agenda at national level and has helped facilitate the move to community based care through raising people's awareness of their options.

### **An understanding of the importance of housing policy to the preventative agenda and more recognition of the social aspects of housing**

Although the importance of housing to the preventative agenda is recognised in Scottish policy, there is a lack of consideration of the social aspects of housing and how this can further increase the preventative aspect. More consideration should be given to this area and an effort should be made to involve people in planning decisions. One option which fulfils these criteria is the Cohousing model which fits well with the principles of the Christie Commission. Such a model will only grow if it receives support from national government, local authorities and housing associations.

### **National procurement thresholds and direct purchasing to promote the third sector**

The Christie commission recognised the crucial role that the third sector plays in public service delivery. Given its important role, it is necessary to nurture and promote the sector. One way in which this can be done is through the use of direct procurement under a national threshold, as is the case in Italy.

National legislation needs to give clear guidance about procurement procedures under the EU thresholds in order to reduce the risk averseness that currently exists in procurement practices.

Furthermore, a move away from a focus on the lowest cost towards a more holistic view of the benefits of the winning bid would also inadvertently benefit the third sector.

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