

A Guide to the UK Public Sector Market

If you are looking to understand or communicate within or to the UK Public Sector, we are always happy to discuss your requirements and help however we can.

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The Public Sector an Introduction

Often thought of homogeneously or collectively as the Government, the Public Sector is made up of organisations primarily funded by the population delivering free or subsidised services to the public. Employing over 5 million people within core Public Sector entities with spending of £700 Billion and representing 40% of GDP, it is a very large market and in the form of the National Health Service includes the 5th largest employer in the world.

Terminology is probably a useful place to start. Since the beginning of large scale privatisation and especially since towards the end of the last Century, for the purposes of looking from the perspective of a market, it's probably easier to think of the Public Sector as being that of "Public Services". As a result of many arrangements and combinations of public funding and private/voluntary/contractor provision of services, the boundaries between organisations that are run and paid for by the state and those that aren't, but still deliver services to the public (whether free or paid for), are definitely grey. Care Homes and Housing Associations being good examples of services provided to the public, often paid for/subsidised in part or whole by the state but delivered through a private or third sector company. Foundation and Academy Schools are also modern instances of organisations that are tasked with providing a public service (namely Education) and are funded primarily through the state but are run locally by private entities and are broadly outside of political control.

In the strictest sense, the Public Sector is made up of organisations that are funded through a combination of Taxation and Government Departmental funding and other disclosed revenue that's generated directly by the organisation (parking charges, rents, commercial service charges et al).

There are a few levels of Public Sector organisations from the perspective of hierarchy and control. A useful chart showing a basic flow of funding can be seen at - <http://www.oscar-research.co.uk/documents/PublicSectorMap1.pdf>

In the simplest sense, the flow of money comes from Government Departments (which receive income in the form of budgets allocated from HMRC collected taxation). These Departments run their own services and have a number of Agencies and Bodies (organisations that provide specific services – such as the DVLA as an Agency of the Department for Transport). The Departments and in some cases their agencies also provide funding to regional and local bodies, such as Colleges, Schools, Local Authorities and various NHS organisations.

The easiest way to divide up the Public Sector/Services into parts is as follows:

Central Government – Departments and their Agencies

NHS – Hospitals Trusts, Clinical Commissioning Groups, Ambulance Trusts, GP Surgeries and all other state run/funded health bodies

Local Government – Councils, Police, Fire and other Local Authority Services

Further and Higher Education – Colleges and Universities (post 16 Education)

Schools – State, Independent and Academy Nurseries, Primary and Secondary

Private/Charity Run Public Services – CIC's, Care Homes, Housing Associations, Health and Social Care

There are of course connections between these areas and some services are provided by more than one of these categories – Social Housing, for instance, may be provided directly by a Council, or via a Housing Association. Some Care Homes are still run and operated by Councils and the NHS, though the majority are Privately run offering some Local Authority funded places. There is also some ambiguity of where one might place, for instance, Dentists in the list. They are a healthcare provider, some being owned and run by the NHS and providing free care, but the majority being Private Practices that may offer NHS funded care. For the purposes here though, along with the chart linked to above, the list above offers the best/simplest division of Public Services.

As a general thought and differentiator between the Public and Private Sectors is that Public Sector organisations have rules governing what they must do, whereas the Private Sector have rules governing what they must not do. This is a defining principle behind the running, organisation and general ethos of Public Bodies.

The Political, Non Executive and Management Dimension

Political

There are two areas of Political control over the running, strategy and delivery of Public Services in the UK.

National Representatives. These are Members of Parliament and include Members of the devolved Governments within Scotland, Wales and Northern Ireland; elected to a seat (these represent a Political area or Constituency) by the population (typically every 5 years) representing different political parties. The party gaining the majority of seats (or multiple parties in the instance of a coalition) effectively run the Government (and become known as 'The Government') and are headed by the leader of the party/the Prime Minister. The other parties then take the position, through their members, of supporting or opposing the Government of the day in relation to individual issues and passing of laws, with the largest minority party being known as 'The Opposition'

Some of these MP's are part of what's known as the Cabinet or Front Bench (membership is determined by the Prime Minister); responsible for Government Departments (these are known as Ministerial Departments - it's worth noting there are also 'Non Ministerial Departments' - for example HMRC - which are run by Civil Servants and are intended to be beyond Political control and are therefore not headed up by an MP). The MP (or 'Minister') that heads up a Department takes on the political and strategic responsibility for the running of their department.

In addition to Members of Parliament(s) in the UK that make up the 'House of Commons' there is a second 'House' or 'Chamber' populated by Lords (commonly known as 'The House of Lords'). Membership to this House is now by appointment, though there are a smaller number of hereditary members. Appointment comes via the Queen through recommendation from the Prime Minister or Appointments Commission. The purpose of the Lords is to scrutinise the passing of laws/legislation proposed by the Commons and have the ability to make suggestions or even stop legislation being passed.

Local Representatives. These are Councillors and stand for election for one of three types of Council (some stand for more than one type at the same time). Top Level (Unitary, County, Met and London Boroughs), Second Level (District) and Parish (includes Town Councils). These all form part of Local Elections that happen every May, with some Councils having partial elections each year for 3 years (known as 'Thirds') and others having all elections once every 4 years. The person that wins their seat (these represent a political area or 'Ward' in the case of Top and

Second Tier Councils) is then a Councillor representing a political party within the council (though many councillors are classified as 'Independent' politically speaking). The party with the majority of seats will run the council and the leader of that party will become the leader of the council, or in the cases of coalitions, a number of parties will pool their seats to form a majority and usually the party with the majority of those seats will have its leader appointed as leader of the council. If there is no clear controlling party following an election, the council will be classified as having 'No Overall Control' and one of the party leaders will be nominated as the leader.

There is an increasing trend towards councils now not having a leader established in the way detailed above and rather having a directly elected Mayor (this is quite different to ceremonial mayors which all Towns and Cities have). The elected mayors stand for election directly and will often represent a political party. Elected Mayors run the Council in place of a party leader.

In either instance, the remaining Councillors will form part of Cabinets and Committees that oversee the running of all the services provided by the council. There are a number of different approaches to the way that Councils divide up the political side into Cabinets and Committees, but that would justify a complete article on its own.

In addition to elected mayors to run councils, there has also been the creation of Police and Crime Commissioners - these are elected posts and the incumbent takes on responsibility for the scrutiny of local Police Services. The PCC's are separate to the actual Forces (which are headed by a Chief Constable) and have replaced Police Authorities which were tasked with monitoring the work of their respective Forces.

Non Executive

For those organisations that don't have directly elected representatives, they typically have a Non Executive Board (in a similar way to PLC's). Good examples of this would be for NHS Hospital Trusts and Universities. These Boards often feature a mixture of former Management and Lay Members. The most important consideration for these positions is that they are responsible for the scrutiny of the organisation and help to ensure the effective and fair running and provision of services.

Management

These are people employed by an organisation on salary and specifically in the case of Government Departments and Agencies defined as Civil Servants (though worth noting not so

in the case of Arm's Length Bodies, known as Non Departmental Public Bodies or often in the press; QUANGO's). The number of staff of course varies considerably, from a small GP Surgery with perhaps 6 staff members to large Departments and Local Authorities employing tens of thousands.

Almost all organisations will have a senior 'Executive' contact (in larger organisations these would typically be a 'Chief Executive') who takes on responsibility for all aspects of the day to day running of the organisation. We define these positions as 'Chief Officers'. This role in smaller organisations may be fulfilled by, for example, a Head Teacher in Schools or a Practice Manager in GP Surgeries but in all instances this position takes ultimate responsibility for the co-ordination, running and provision of services.

Beyond the Chief Officer, positions are generally split into two sides:

Corporate: Like any body or company, Public Sector bodies need internal staff to manage the running of the organisation. From Legal and Procurement, Finance to IT, HR to Training and Facilities to Health and Safety. In larger organisations there is generally a department (and sometimes multiple departments) headed by a Director that exists simply to facilitate the operational side of the organisation.

Service: Most larger organisations will divide their services into multiple departments, each with a Director/Head, to split up the delivery of their core services to the public/their clients. In the case of Councils these can be very diverse and range from Social Care to Highways and often have completely separate budgets, locations and even their own corporate staff. In other instances, such as Universities there may be a range of different departments headed by a senior staff member for different subject areas. In Hospital Trusts Medical Services, Nursing and Specific Clinical functions tend to be split into different departments. In short, each organisation (even the same types of organisations) will arrange themselves differently to accommodate the delivery of services, to reflect the needs of the public and according to the local and national political influence of the day.

How the Public Sector Buy and Commission Goods and Services

There is a lot of confusion around the terminology involved with how Public Sector organisations buy in products and services and indeed there is a considerable amount of business done between and within Public Bodies.

It's probably easiest to divide these up into the following common terms, though many transactions will involve more than one of these.

Due to the majority of funds used to 'buy' services being Public Money, there are a number of considerations given when products or services are bought, which include assessments of not just the lowest cost, but the best value for money :

Commissioning Services

This involves the assessment of need and a process of discussion and negotiation with either another Public Body or Private Service provider through which a Contract is agreed between the parties for the delivery of a service/services by a third party.

Tendering

There are rules relating to the purchasing of goods and services that are above certain thresholds. Specifically there are European, National and individual organisational limits of spend that necessitate a tendering opportunity be advertised Europe wide or Nationally through a number of different contract/tender portals (often as well as being posted on the organisations site and in relevant publications). The discretionary spend limits vary according to the type of organisation and the goods or services required, but a very broad rule of thumb would be a contract worth more than £20,000 would be advertised nationally and over £120,000 would be advertised through the Official Journal of the European Union. Domestically, for those requirements above national and organisational thresholds (and can be used for others at the discretion of each organisation) many Tender opportunities are posted on the Government run Contracts Finder website.

There are also a number of approved supplier lists that companies can join which pre-qualify organisations to be suitable for working for the Public Sector, sometimes referred to as Frameworks. These tend to be for certain industry types; for example, there is a G-Cloud for Technology related suppliers. The idea being that a lot of the background paperwork is done once, making transactions and contracts easier and quicker to put in place.

Direct Buying/Purchasing

Public Sector organisations, especially larger entities, often have their own centrally run approved list of suppliers who they will use for smaller and more regular purchases, typically run by the Purchasing/Procurement department. The inclusion on an approved list may necessitate the agreement to certain conditions or 'standing orders'.

In addition to the transactions made via 'Purchasing Departments' there is also substantial instances of direct buying through anyone senior enough/who has buying power/a budget. These may be through their own approved suppliers or are just done through external companies/suppliers. Typical instances of this type of buying would be:

Lower value products/services (eg below £20,000)

Bought in response to an immediate requirement.

Services that are only available through a particular supplier/organisation

Consultation / Research Services

Events / Publications / Conferences / Training Services etc that are 'bought' in response to advertising, marketing and/or need.

Marketing to and Generating Business from the Public Sector

It is advisable to engage a number of approaches to generate business and customers within this market. The suggestions below are intended specifically for the Public Sector and are made on the assumption that organisations will already be utilising general promotional practices such as developing professional literature, websites, engaging in Search Engine Optimisation and all other practices that are suitable for all markets.

Registering for relevant contract and tender alert feed(s) is a good starting point, especially for those organisations providing services of higher value. The Government is committed to providing as much work as possible for SME's, so the market is as open as possible to businesses.

Approach local/suitable organisations purchasing/procurement departments and request to be added to their approved supplier listings. If relevant, apply for listing on Government/contractor run frameworks (also covered in the previous section).

Direct Marketing is an option to consider if the products and services provided sit within the 'Direct Buying/Purchasing' area covered in the last section (eg Lower Value Products / Time and/or Compliance Sensitive / Unique Products or Services / Events / Publications / Training etc), or for organisations wishing to engage in brand development or building general awareness of products and services.

Things to consider when planning a direct marketing campaign:

Which organisations types / areas of the Public Sector are relevant?

The overview of the Public Sector in part one of this document and the organisation chart linked to should help somewhat with this consideration. Further to this, it's important to research and understand relationships between organisations and where the 'buying' decision regarding your services might happen. For example, Care Homes within a group will make some decisions at a site level, but for larger purchases, the decision may be taken centrally. Though influence may be felt from individual sites based on need or interest. Consequently one might look to market to both individual care home sites and also with the central headquarters, or not, depending on the type of value of the services being offered. Local Authority run Schools will be engaged in their own buying, but some services provided by the Local Authority (potentially Grounds Maintenance, ICT etc) and therefore marketing communications should be directed accordingly.

What Geographical areas are appropriate / suitable?

Clearly it makes sense to only spend time and money promoting an organisation within geographical areas within which it can provide services and many organisations will divide up their marketing efforts into sales team areas. Further to this though there are a number of ways of thinking about geographical areas when it comes to the Public Sector. Nationally (as in either UK wide, Mainland UK or England, Scotland, Wales and Northern Ireland separately). Within England there are historically known Economic Planning Regions and Statistical Regions. Counties are still used and understood by many across the UK. From a contemporary perspective, there are Local Authority administrative areas, NHS regions and CCG areas. Politically, there are Wards and Constituencies and then, of course, there are also Postcodes, whether defined by Area, District, Sector or Unit.

Related to the section above on organisation types, there are national differences between the way England, Scotland, Wales and Northern Ireland organises itself from the point of view of delivering services and therefore the potential to take a different approach to the organisations and people that are being marketed to for each country.

What is the best medium for communicating the details of the product / service?

This is somewhat non market specific advice. Though perhaps it could be argued to be especially appropriate when it comes to the Public Sector.

There are three primary channels/mediums that can be used for direct marketing. Postal, Telephone and Email. Many organisations will employ all methods and clearly will have the best results as a consequence. For those working to a budget or just wishing to try one or two methods, it's worth considering the following:

Postal - Potentially the most expensive option, though usually having the greatest response as a result of it being less intrusive than telephone marketing, potentially more informative and more deliverable than email.

Telephone - Telephone Research or Marketing is also quite expensive due to the time involved but can yield good results provided the callers are informed, no 'high pressure' tactics are employed and they know who they need to talk to. Often this method is best for either time sensitive services (such as events or publications) or where there is known to be a current need or demand due to changing technology, law, management etc.

Email - The cheapest means of delivering a message, though considerably less effective than those above. Email suffers somewhat from over use and increasing technical challenges with messages being delivered to the intended recipient. Often best used when the content is informative and engaging and provides something of interest to the reader. Sending messages regularly, or building up a series of emails that follow each other, or perhaps developing a newsletter that is sent periodically will often provide the best responses from a core of interested parties.

All in all, the decision is one of a balance between effectiveness and cost. This is coloured by the product or service value, the specific market - ie the organisations and people involved and the budget available.

Critically, who are the right people to communicate to and with?

Targeting the right people is as, if not more, important than selecting the right organisations, areas and method of communication. It is also probably the biggest cause of non effective marketing.

In larger organisations, this often means considering a group of people that may be involved with and use the products or services offered. Both those specifically involved day to day and those in management positions that hold budgets and influence and ultimately take the responsibility for the delivery of their organisations or departments service(s). In the case of approaching Local Authority and, for example, an organisation promoting a data security solution, this could mean the best option would be to communicate with the Network Manager, the Head of ICT and if the offering included efficiency savings or was compelling for other operational reasons, the Departmental Director of Resources. If the security solution was particularly suitable for use within Benefits processing and the use of sensitive data, then it might also be worth considering expanding the communication to include the Director of Finance and the Head of Benefits.

A combination, balance and mixture of the two key factors, responsibility and management level, when decided who should be targeted. It may also, especially in the case of research or larger services, be worth considering the elected representatives, especially Councillors within Local Government, who have an overview or say in the running of a department or service that is relevant to what is being promoted.

Smaller organisations - such as GP Surgeries, Care Homes, Schools, Dentists etc - are a little more straight-forward as for the most part there is a specific 'Manager' or senior person that is the best point of contact for the majority of marketing.

Ultimately, the appropriate person or group of people to communicate with will depend on the nature, value and type of product or service being offered and the type of organisations included.