BAFA BRITISH ACCOUNTING & FINANCE ASSOCIATION

BAFA Public Services and Charities SIG

Report on the Workshop on Commercialisation

Compiled by Anne Stafford and Sarah Russo

1. Introduction

The Public Services and Charities SIG held a meeting at the University of Manchester on Tuesday, 3rd February 2026, organised by Professor Anne Stafford and chaired by Professor Mariannunziata Liguori, with the objective of identifying a research agenda for academics and research students in the area of continued commercialisation in public services and charities.

The programme covered three distinct areas.

a) A discussion activity on the accountability and governance challenges in the commercialisation of public services in the UK across five key broad areas of investigation from a research perspective, led by Dr Dennis de Widt:
   - Central government
   - Local government
   - Healthcare
   - Higher Education
   - Charities

b) A discussion activity on the Governance Consequences of Digital and Commercial Models in Public Services: how visibility, risk and responsibility are being restructured, led by Dr Claire Li.

c) A practitioner panel session, chaired by Lynn Bradley, where we welcomed Tom Wilkinson, City Treasurer, Manchester City Council; Mike Lloyd, Assistant Director of Finance, Merseyside and West Lancashire Teaching Hospitals NHS Trust; and Rachel Chown, Associate Director (Research and Education Strategy), The Christie NHS Foundation Trust to discuss the governance, public value and accountability challenges of commercialisation from the public sector perspective.

The attendees (listed below) offered their contributions, experience and questions in wide-ranging and enthusiastic discussion:

Mr Talal Alfaifi	University of Essex
Noor Almajed	Lancaster University
Dr Elaheh Barzegar	London School of Science and Technology
Dr Edidiong Bassey	Cardiff University
Ms Lynn Bradley	University of Glasgow
Dr Sara Closs-Davies	University of Manchester
Dr Mohit Dar	Aston University
Dr Dennis De Widt	Cardiff University
Dr Geoffrey Heath	Keele University

Prof Ron Hodges	University of Birmingham
Prof Noel Hyndman	Queen's University Belfast
Dr Claire Li	University of Roehampton
Prof Mariannunziata Liguori	University of Durham
Dr Jing Liu	University of Birmingham
Dr Silvia Pazzi	University of York
Dr Sarah Russo	University of Manchester
Prof Anne Stafford	University of Manchester
Mr Ramy Sherief	University of Glasgow
Dr Jonathan Tweedie	University of Manchester
Dr Daid Yates	University of Sheffield

We were also joined by practitioners:

Ms Rachel Chown	The Christie NHS Foundation Trust
Dr Mike Lloyd	Merseyside and West Lancashire Teaching Hospitals NHS Trust
Mr Tom Wilkinson	Manchester City Council

2. Moving the debate forwards

The report begins by providing a starting point on commercialisation and setting out some cross-cutting themes. We then discuss each of the key broad areas in turn and identify references and research questions that offer a starting point for colleagues interested in developing their research in this area.

Commercial strategies have become embedded across public-service organisations, from outsourcing in central government to NHS partnerships and the marketisation of universities. This continuing trend raises questions about public value, financial returns, governance and accountability.

Recent developments, which include high-profile failures of private service providers, financial distress in some local authorities linked to commercial investments, NHS outsourcing to address waiting lists, and pressures on universities to diversify and monetise income streams, have renewed attention on how commercialisation affects service values, outcomes and accountability. Against this backdrop, the workshop discussions considered how commercialisation is evolving across sectors and what priorities should be set for a research agenda on accounting for public service organisations and charities.

2.1 Key themes and sector perspectives

Building on debates associated with New Public Management (Hood, 1991, 1995), participants discussed how private-sector involvement, often justified through efficiency, innovation and risk transfer, has reshaped public institutions. The workshop considered how commercialisation manifests across central government, local government, healthcare, higher education and charities, and identified indicative issues and research questions for each sector.

Central government. UK central government has increasingly relied on outsourcing, public–private partnerships (PPPs), and other commercial models to deliver services. In 2023/24, total public-sector procurement spending on external suppliers was estimated at £407 billion (Booth, 2024). While these approaches are often intended to promote efficiency and innovation, participants highlighted recurring challenges in safeguarding public value and ensuring effective oversight. Examples discussed included the governance of regulated and privatised utilities and the accountability of complex contracting chains, as well as the implications of reforms such as the Procurement Bill and the National Procurement Policy Statement.

Local government. Local authorities in England have been prominent actors in commercialisation, largely in response to sustained funding pressures. Councils have established trading companies, entered joint ventures, and invested in commercial property. Between 2016 and 2019, councils spent an estimated £6.6 billion on commercial property acquisitions, often financed through borrowing (NAO, 2020). While such activity can support regeneration and help fund services, workshop discussions also highlighted risks to financial sustainability and public trust. High-profile failures (e.g., Thurrock) were discussed alongside subsequent tightening of borrowing rules, and the continuing need for governance and scrutiny arrangements that can keep pace with increasingly complex organisational forms.

Healthcare and the NHS. The NHS engages private providers through elective procedure outsourcing, diagnostics contracts, and a range of support and partnership arrangements. Evidence on impacts is mixed, and participants discussed governance concerns relating to transparency, quality, continuity of care and equity (e.g. Goodair & Reeves, 2022). The workshop highlighted the need for approaches to evaluating public value in healthcare that extend beyond cost savings, and for accountability tools that remain meaningful as commissioning and system governance evolve (including through Integrated Care Systems in England).

Higher education. Universities face ongoing pressures to diversify income, commercialise research, and demonstrate impact. Technology transfer offices, spin-outs, corporate research contracts and platform-based provision are increasingly central to institutional strategies. Participants discussed how market-based logics, shaped by fee regimes, competition and performance metrics, have implications for governance, risk and accountability, including issues of intellectual property, conflicts of interest, equity and transparency. Financial pressures were also noted, including projections of deficits across a substantial share of UK providers (Office for Students, 2025), raising questions about how commercial strategies are governed and how public mission is evidenced in a highly constrained environment.

Charity sector. Charities, rooted in public-benefit purposes, have increasingly adopted commercial practices such as contract-based funding, performance regimes and corporate-style fundraising under sustained financial and institutional pressures (Hind, 2017; Hyndman, 2017). Participants discussed how these shifts may affect mission, public trust and accountability relationships, particularly where beneficiaries have limited ability to pay or to choose alternative providers. The workshop highlighted the importance of understanding how accounting and accountability tools shape (and are shaped by) the balance between financial sustainability and public-benefit purposes.

2.2 Cross-cutting themes: accountability and governance challenges

Across central government, local government, healthcare, higher education and charities, workshop discussions (including the practitioner panel) highlighted recurring accountability and governance challenges that shape how commercialisation is justified, designed, delivered and evaluated. These themes cut across sectoral boundaries, while taking different forms depending on regulatory settings, funding models and the nature of service users.

Defining commercialisation (and why definitions matter)

- Clarify what is meant by *commercialisation* (e.g. income generation, outsourcing/procurement, corporatisation, public–private partnerships, monetisation of data/knowledge, and market-facing service delivery) and how it differs from wider managerial reforms (e.g. NPM) and from privatisation.
- Be explicit about the normative benchmarks used to judge commercialisation (e.g. public value, publicness, equity, stewardship), as these shape which outcomes and accountabilities are treated as most important.

Public value, legitimacy and success criteria

- Commercialisation is often evaluated too narrowly through financial returns or output metrics; workshop discussions emphasised the need to specify success in terms of public value (quality, equity, access, resilience, and trust) alongside cost and efficiency.
- Where commercial activity cross-subsidises core services (e.g. councils' investments, universities' fee income, NHS private patient income), accountability should address distributional effects and intergenerational impacts, not only headline financial performance.

Governance, accountability and transparency in hybrid arrangements

- Hybrid delivery models can create blurred responsibilities (who decides, who benefits, who bears risk, and who is accountable when things go wrong), especially where arm's-length bodies, joint ventures, frameworks and subcontracting chains are involved.
- Commercial confidentiality can limit visibility for citizens, elected members and other stakeholders; a recurring question is which transparency standards are appropriate when public money and public purpose are at stake.
- Choosing partners matters: practitioners emphasised that outcomes depend heavily on counterpart capability, incentives, and relationship governance (not only contract design). This raises research questions about partner selection, due diligence and relational contracting in public settings.

Risk, learning and capability (including the 'fail fast' challenge)

- Commercialisation introduces different risk types (financial, operational, reputational, ethical) and different time horizons; participants noted tensions between long-term projects and short-term budgeting/political cycles.
- Practitioners raised the challenge that public organisations can take too long to design and mobilise projects; learning loops are often slow, and failure can be politically costly. This creates a need to study how "learning-oriented" governance (including early-warning indicators and stage-gate controls) can be designed in public contexts.
- Capability and commercial awareness matter (including the role of external advisors): uneven expertise across organisations can shape both decisions and oversight quality.

Research directions: comparative, interdisciplinary and practice-informed

- There is scope for comparative "good practice" and "failure" studies (across devolved administrations, sectors, and organisational forms) to move beyond easy critique and identify when commercialisation supports public goals, for whom, and under what governance conditions.
- Participants emphasised the value of interdisciplinary work (accounting, public policy, public management, regulation, risk, digital governance) and of research that engages with practitioners' decision processes and constraints.

3. Central government

Lynn Bradley and Silvia Pazzi

Context and forms of commercialisation

Central government commercialisation spans outsourcing and major procurement programmes, public–private partnerships for infrastructure and service delivery, corporatisation and arm's-length bodies, and (in some domains) the regulation of privatised industries that deliver essential services. These arrangements rely on complex contracting chains and regulatory oversight, making accounting, accountability and governance central to both performance and legitimacy.

Accountability and governance issues

Practitioners highlighted commercialisation as a routine feature of how services are funded and delivered, alongside an appetite for practice-informed research on what "good" looks like in governance, monitoring and relationship management. This creates scope both for critical work on power and accountability, and for research that develops and tests workable accountability tools for hybrid projects from the perspective of a wide range of accountees.

Research opportunities and questions

Central government also offers opportunities for comparative research because practices vary across the devolved nations. For example, public water supply is provided by private companies in England but by a public corporation in Scotland. Participants suggested that such contrasts provide a useful starting point for examining differences in service quality, cost, sustainability, regulatory effectiveness and accountability reporting.

- How do accountability expectations differ across devolved nations for the same essential service (e.g., water), and how do these differences shape outcomes for citizens?
- What reporting, audit and regulatory practices make outsourced and regulated services more (or less) governable over long contract lifecycles?
- How are risks priced, transferred, monitored and ultimately absorbed across contracting chains when failures occur?

Additional focus: infrastructure finance and PPP/PFI legacies

On funding, although PFI was abolished as a specific initiative in England in 2018, assets funded by PFI and PPP remain operational. Participants noted scope to examine the performance and accountability of these arrangements over the operational lifecycle, including how IFRS 16 (lease accounting) shapes decision-making and fiscal narratives in central government. Comparative studies were also suggested, for example examining the Welsh mutual investment model and the Scottish non-profit distributing model.

- What has changed in accountability once PFI/PPP assets move into the operational phase, and how visible are performance and whole-life costs to Parliament and the public?
- How do accounting reforms (e.g., lease accounting) alter incentives, fiscal narratives and decision-making about infrastructure procurement?
- What can comparison of models (e.g., Welsh mutual investment model; Scottish non-profit distributing model) tell us about governance design and public value outcomes?

Building on this, research could explore infrastructure investment in the UK or take a deep dive into more recent funding arrangements. For example, Habiko was announced by Homes England in November 2024 (Homes England, 2024). This is a 12-year, large-scale public–private partnership aiming to deliver 3,000 low-carbon, low-energy affordable homes for rent across England. The joint venture is funded by an institutional private investor, a private-sector development company and the government housing and regeneration agency.

Theory and methods (indicative)

The commercialisation of public services in central government offers strong potential for interdisciplinary research (Grossi et al., 2023), combining public sector accounting with public policy, public management, regulation, and risk management. This recognises the importance of social objectives and the complexity of performance management in hybrid settings.

From a theoretical and methodological perspective, public sector research can draw from qualitative and quantitative traditions. The governance of commercialisation projects could be explored, for example, from an institutional logics perspective (to illuminate competing logics) or Bourdieu's practice theory (to examine power relations between public and private actors). Valette (2024) employs Boltanski and Thévenot's economies of worth framework (Boltanski & Thévenot, 1991) to explore the underlying moral values expressed in water governance in Indonesia.

As an alternative to using theory to explain and understand commercialisation in central government, research could develop theory using commercialisation as its empirical starting point. There is an ongoing debate about the dominance of NPM in public sector accounting research, with some scholars arguing that alternative paradigms such as public value (Moore, 1995; O'Flynn, 2007) and publicness (Steccolini, 2019) merit greater attention.

4. Local government

Dennis De Widt

Context and forms of commercialisation

In the UK, over the past two decades, commercialisation in local government has moved beyond isolated experiments to become a more embedded feature of how councils pursue financial resilience and service delivery innovation. The move towards commercialisation reflects not only fiscal constraint but also a broader transformation in how local authorities conceive their role from service providers to strategic actors operating across public–private boundaries.

Commercial activity now ranges from wholly owned service or income-generating companies to joint ventures with private developers and arm's-length investment vehicles managing property or energy assets (Andrews et al., 2020; LGA, 2022). These arrangements are not merely financial instruments; they represent institutional innovations that reshape governance relationships, accountability structures, and the meaning of public value at the local level.

However, the institutional capacity required to manage commercial arrangements varies significantly across councils. Larger metropolitan authorities may possess in-house legal, financial, and commercial expertise, whereas smaller authorities often rely on external advisors or adopt models developed elsewhere. This uneven capacity raises questions about whether councils are learning and adapting or simply copying approaches that may not necessarily fit local contexts.

Further, commercialisation strategies are increasingly intertwined with place-based agendas such as regeneration, housing delivery, and climate transition. While this alignment can strengthen the legitimacy of commercial activities, it also complicates evaluation: financial performance alone is insufficient, yet broader social outcomes are often difficult to measure. Questions about public value sit at the centre of these developments, as councils must ultimately justify commercial activity not simply in terms of income generation but in relation to wider community wellbeing, service quality, social equity, and environmental outcomes. Commercial approaches may support local priorities, but they may also generate unintended consequences such as market distortions, uneven development, or tensions between financial objectives and public service responsibilities.

Research opportunities and questions

- How do different models of commercialisation (e.g., trading companies vs joint ventures) vary in their governance complexity and risk exposure?
- To what extent does organisational capacity shape the outcomes of commercial strategies across different types of councils?
- How do local authorities balance financial returns with place-based policy objectives in practice?
- How can public value be defined and assessed in the context of local authority commercial activity?
- What does "responsible" commercialisation look like in practice, and how can it be supported?

Risk management

While commercialisation has enabled innovation, it has also exposed local authorities to forms of risk that have traditionally been associated with private sector activity. These risks include market volatility, counterparty risk, liquidity constraints, and long-term liabilities arising from debt-financed investments (NAO, 2020). Crucially, such risks are often amplified by the institutional context of local government, due to the intersection of political cycles, statutory duties, and public scrutiny.

High-profile failures in undertaking commercial activities have highlighted the consequences of insufficient risk management, but they also reveal deeper structural tensions (Haldane, 2024). Entrepreneurial governance requires a degree of autonomy and risk tolerance, yet local authorities remain bound by frameworks designed for prudence and accountability. This creates a difficult balance for councils as they are encouraged to innovate yet criticised when innovation fails.

Risks are not only financial but also include factors such as reputational damage and political instability. In some cases, commercialisation failures have prompted central government intervention, raising questions about local autonomy and the appropriate balance between decentralisation and oversight.

Another critical issue is the temporal dimension of risk. Many commercial investments – particularly in property or infrastructure – are long-term, while political and budgetary cycles are short-term. This misalignment can lead to decisions that prioritise immediate fiscal relief over long-term sustainability, or conversely, to commitments that constrain future flexibility. Borrowing for commercial investment may also shift risks and financial burdens onto future generations, raising important questions about intergenerational fairness and responsible stewardship

Furthermore, risk assessment frameworks within local government are often adapted from private sector models, which may not fully capture public sector objectives or constraints. For example, traditional financial metrics may overlook distributional impacts, service implications, or ethical considerations. Responsible commercialisation, therefore, requires broader frameworks capable of integrating financial, social, and public value considerations into decision-making.

Research opportunities and questions

- How can risk management frameworks be adapted to reflect the hybrid public–commercial nature of local government activity?
- What distinguishes "acceptable" from "excessive" risk in a public sector context?
- How do political dynamics influence risk-taking behaviour in local authorities?
- What lessons can be drawn from failure cases to inform future governance models?
- How can councils balance financial risk-taking with long-term public value and intergenerational responsibility?

Accountability and governance issues (oversight)

The expansion of commercial activity and related activities such as outsourcing has created new and often underdeveloped governance challenges for local authorities (Cristofoli et al., 2010; Ferry et al., 2015). Traditional mechanisms – such as scrutiny committees, and public reporting – were not designed for complex corporate structures or market-facing operations. As councils have moved into trading, investment, and joint ventures, the systems intended to hold them to account have struggled to keep pace.

Arm's-length entities, including wholly owned companies and joint ventures, often operate under different legal and regulatory frameworks than the parent authority. This can make oversight more difficult, particularly if transparency is restricted due to commercial confidentiality limits. In some cases, elected members sit on company boards, blurring the lines between political leadership and corporate governance, and raising questions about roles and potential conflicts of interest.

Scrutiny arrangements within councils have also been stretched. Many members do not have the specialist financial or commercial expertise needed to interrogate complex business cases or investment decisions in detail. At the same time, resource pressures limit the time and support available for effective oversight. External audit plays an important role but has faced its own challenges in addressing novel forms of commercial risk and increasingly complex organisational structures.

Recent regulatory changes have sought to address some of these issues. Tighter rules on borrowing for yield-driven investment and stronger guidance through the Prudential Code have aimed to curb excessive risk-taking. These interventions have had some effect, especially in reducing large-scale property investment funded by debt (HM Treasury, 2023; Sandford, 2022). However, they have not removed commercial activity from the system. Many councils continue to pursue commercial strategies linked to regeneration, housing, and service delivery, often in forms that fall outside the narrow focus of recent restrictions.

Regulation alone is insufficient; effective oversight also depends on whether authorities have the capacity, culture, and clarity of roles needed to manage these activities effectively. Where these are lacking, formal rules can be complied with in a technical sense, but underlying risks will remain (Dosset and Clifton, 2024).

Commercialisation raises questions about citizen involvement, as more complex and opaque structures make accountability less visible, potentially weakening transparency and trust. This also affects perceptions of legitimacy, particularly where citizens are uncertain whether commercial activities primarily serve public interests or financial imperatives. At a system level, these developments raise questions about the balance between local autonomy and central oversight (Torsteinsen et al., 2023). Commercialisation has been one way for councils to exercise greater agency in a continually constrained fiscal environment. However, high-profile failures and rising financial risk have prompted stronger central oversight, raising the challenge of balancing local innovation with effective risk management.

Research opportunities and questions (oversight)

- How can governance arrangements be strengthened to deal with complex, arm's-length commercial structures?
- What skills and support do council officers need to engage effectively and responsibly in commercial activities, and what do elected members need to scrutinise these activities effectively?
- Have recent regulatory changes altered behaviour, or instead shifted activity into different forms?
- How can transparency and accountability be maintained where commercial confidentiality is a factor?
- What is the appropriate balance between local discretion and central oversight in managing commercial risk?
- How do citizens and communities perceive local government commercial activity, and how does this shape trust, legitimacy, and accountability?

5. Healthcare

Pinar Guven-Uslu and Anne Stafford

Context and forms of commercialisation

Commercialisation, defined here as the introduction of market mechanisms, private capital, and profit-driven models into traditionally state-funded health systems, has increasingly reshaped both public policy and practice. In the UK, this trend is evident through the examples of Public–Private Partnerships (PPPs) in hospital infrastructure, the NHS's commercial engagement framework with pharmaceutical companies, accelerated regulatory approval for medicines, and innovation programmes such as the Small Business Research Initiative (SBRI) Healthcare, which provides grants to SMEs developing technologies for the NHS. These approaches are mirrored by strategic pushes under initiatives like EU4Health and EUnetHTA, reflecting growing institutional support for harnessing private-sector dynamism.

Proponents argue that commercialisation stimulates innovation, accelerates patient access to cutting-edge treatments, improves efficiency, and helps ease public budget constraints. Policy initiatives such as NHS England's Commercial Framework for New Medicines are designed to expand capacity, reduce backlogs, and accelerate innovation, especially under fiscal constraint. Other examples include elective care outsourcing and diagnostics contracts (e.g. hip operations, cataract diagnosis and surgery), the use of PPPs in hospital infrastructure, addressing maintenance backlogs and delivering new hospital projects, pharmaceutical and technology partnerships, such as direct collaboration with clinicians on disease pathways, and innovation programmes engaging SMEs and private capital, to deliver projects including AI-driven diagnostics and wearable monitors for personalised medicine.

There are, however, tensions and challenges. Despite the potential benefits, commercialisation introduces significant risks. Equity may suffer as the ability to pay becomes a more decisive factor, undermining the public-sector principle of universality. Public accountability can be eroded, and regulatory complexity may hinder rather than facilitate innovation. Evidence suggests uneven outcomes - while private sector involvement can relieve NHS capacity pressures and reduce waiting lists, it also raises governance concerns around transparency, quality, and continuity of care. The measuring of success, risk, and responsibility is reshaped, leading to potential misinterpretations and additional costs, such as the need for extra monitoring due to differing expectations between the private sector and the NHS. Traditional accountability tools may effectively track metrics like procedure volumes and costs but can miss aspects such as patient follow-up care and overall quality.

Accountability and governance issues

Discussion points from the workshop and practitioner panel emphasised the importance of relationships and flexibility in commercial arrangements, and raised concerns that research does not always reflect real-world decision-making constraints. Participants also noted the impact of annual budgeting rules (e.g., limited ability to carry funds forward) on strategic planning and risk management. More broadly, the NHS increasingly both provides and purchases private services (e.g., private patient income and outsourcing to reduce waiting lists), further blurring public–private boundaries. While accountability tools and performance measures are in place, they can privilege outputs, costs and selected KPIs while underplaying strategic outcomes, longer-term value and patient experience.

Additional focus: system-wide reforms and devolved differences

Many healthcare systems are experiencing system-wide shifts towards more structured and explicit commercialisation, with stronger market engagement, tighter procurement systems, and more formalised commercial capabilities. Such commercial engagement is expected to expand capacity, reduce backlogs, accelerate innovation, and improve efficiency.

Within the UK, healthcare systems differ between the four nations.

In England, the NHS structure was reformed in 2022, when Integrated Care Systems (ICSs) were officially established. Their creation aimed to enhance the delivery of healthcare services to individuals across England at a more local level (NHS England, 2025). This development was, in part, a response to demographic changes, including an ageing population and an increase in the number of people living with complex health conditions. The UK government recognised that a range of factors—such as housing, social care, employment, and deprivation—significantly influence people's health and wellbeing. In order to address these challenges and prevent further declines in local health outcomes, a more integrated system for service delivery was introduced. This approach was designed to unite various organisations, fostering collaboration and enabling them to agree on priorities tailored to local populations (NHS England, 2025). Central to this collaborative approach are Integrated Care Boards (ICBs), which comprise local NHS provider organisations. These boards are entrusted with the responsibility for planning and delivering healthcare services, as well as managing both NHS revenue and capital budgets at the local level (NHS England, 2025). This system emphasises collaboration, local accountability, and alignment with national priorities through system-level planning and budget management. Participants noted that the English model can increase the use of formal procurement and partnership arrangements, which may bring benefits but also raises questions about accountability, value for money, and safeguarding public values in a complex delivery landscape.

The emergence of Integrated Care Systems (ICSs) and Integrated Care Boards (ICBs) also raises important questions about the role of accounting practices in enabling or constraining wider system integration. While ICSs are designed to move away from organisational silos towards place-based, collaborative decision-making, existing accounting frameworks remain largely organisation based, emphasising financial control, annual budgeting cycles, and performance measurement at the entity level. This can create tensions between system-wide objectives (e.g. population health outcomes, prevention, and long-term value) and the accountability requirements of individual organisations. Emerging evidence suggests that accounting practices act as "boundary-spanning" mechanisms within commissioning systems, shaping how actors from different organisational and professional backgrounds align priorities, interpret performance, and negotiate resource allocation (Guven-Uslu et al, 2020).

At the same time, ICSs create an important opportunity to embed a clearer articulation of values; such as equity, collaboration, and population wellbeing, within accounting and performance frameworks. Where these values are made explicit and linked to measurement and reporting practices, they can support more coherent and legitimate system-level decision-making; where they remain implicit or secondary to financial metrics, existing fragmentation may be reinforced. This highlights a critical area for future research: how accounting and performance management systems can be reconfigured to integrate financial, operational, and values-based dimensions in ways that support genuinely integrated, outcome-oriented governance.

The health systems in Scotland, Wales, and Northern Ireland operate under separate models due to devolution. Scotland's health system is organised around regional NHS Health Boards, which have a long-standing tradition of integrated service delivery. These boards oversee both hospital and community health services, and integration with social care has been further formalised through Integration Joint Boards, which bring together health and local authority partners. The Scottish model places a strong emphasis on public health and prevention, with less reliance on market mechanisms.

Wales also utilises Local Health Boards, which are responsible for all NHS services within their areas. The Welsh NHS has moved away from an internal market and instead focuses on partnership working and integrated planning, aiming to provide seamless care across health and social services. The structure supports a more centralised approach to policy and funding, tailored to the needs of Welsh communities.

Northern Ireland's system is similarly distinctive, with five integrated Health and Social Care Trusts responsible for delivering both health and social care services. This integration is unique within the UK, reflecting the region's particular administrative and social context. The Department of Health in Northern Ireland retains strategic oversight, but operational delivery is managed at the trust level.

In summary, while England's ICBs represent a move towards localised, system-level planning and partnership in healthcare, Scotland, Wales, and Northern Ireland each have their own devolved structures, reflecting different policy priorities, governance arrangements, and approaches to integration between health and social care. They present markedly different responses to commercialisation pressures compared to England, owing largely to their distinctive governance models and policy orientations.

In Scotland, the emphasis on regional NHS Health Boards and Integration Joint Boards reflects a commitment to public health and preventative care over market-driven solutions, with a preference for collaborative, publicly led service delivery rather than outsourcing or private sector partnerships. Participants suggested that this approach may alter how accountability and value-for-money issues arise relative to England's more market-oriented reforms.

Wales also utilises Local Health Boards, which are responsible for all NHS services within their areas. The Welsh NHS has moved away from an internal market and instead focuses on partnership working and integrated planning, aiming to provide seamless care across health and social services. Participants noted that the structure supports a more centralised approach to policy and funding, and may reduce the scope for commercial actors to influence service delivery compared with England, keeping attention on public stewardship and accountability.

Northern Ireland's integration of health and social care within its five Health and Social Care Trusts creates a service environment where commercialisation is generally less pronounced. Strategic oversight by the Department of Health and operational responsibility at the trust level support a model that prioritises local needs and public sector delivery. While efficiency and innovation remain important, participants noted that this structure can shape how market mechanisms and private provision feature in service delivery, and how accountability is organised.

Research opportunities and questions

The evolution of Integrated Care Systems (ICSs) and Integrated Care Boards (ICBs) in England marks a move towards more locally tailored health service delivery. These reforms aim to address demographic challenges and broader determinants of health, such as housing and social care, through collaboration and shared priorities at the local level.

Key issues would include balancing innovation incentives with equitable access, integrating commercial evaluation within public procurement and health technology assessment bodies, and streamlining regulatory alignment through frameworks such as EUnetHTA.

The anticipated outcome would be a more nuanced research agenda to inform public-sector practice—refining procurement models, assessment tools, and policy frameworks—and practical strategies enabling public health services and EU governments to foster innovation without compromising equity. Such interdisciplinary collaboration promises to advance both academic understanding and the operational capacity of public healthcare systems in managing commercialisation effectively.

Research opportunities and questions

- How should policymakers respond when efficiency gains conflict with equity, quality, legitimacy or workforce impacts?
- In fragmented commissioning and hybrid delivery, who is responsible for population outcomes, and how is that accountability made visible?
- Which lessons from past outsourcing and partnership initiatives should guide future healthcare procurement and service redesign (including within ICS/ICB governance)?
- How can accounting and performance frameworks be reconfigured to support system-wide objectives (e.g., prevention, population health, long-term value) rather than primarily organisation-based financial control?

6. Higher education

David Yates, Florian Gebreiter, Jing Lui and James Brackley

Context and forms of commercialisation

Workshop discussions highlighted two linked dimensions of commercialisation in UK higher education: (i) the marketisation and corporatisation of universities as organisations, and (ii) universities' commercial engagement with external partners through research contracts, knowledge exchange, spin-outs and platform-based provision.

Accountability and governance issues

Higher Education is affected by a growing commercialisation agenda in two main ways:

1. Commercialisation of the sector itself, represented by increased emphasis on market competition, and growing corporatisation in the way higher education institutions are run.

2. Interaction with the wider commercialised world through partnerships, spin out companies, and engagement with the wider 'business world'.

Additional focus: marketisation and corporatisation

Initiatives from several successive governments have taken the higher education sector further towards a fully marketised model of education (McGettigan, 2013, 2014). Home student fees remain one area where this marketisation remains somewhat regulated, with current home undergraduate student fees capped at £9,535 per year for full-time courses (UK Government, 2025), except in Scotland, where no tuition fees are charged for Scottish-domiciled students studying at Scottish universities. This follows successive fee cap rises with then introduction of 'top up' fees in 2006, and the increase to £9,000 per year in 2010. However, the decision to not cap international fees, combined with a model that pits institutions against one another through rankings has had profound effects. This has embedded market-based logics deep within the ways universities are operated, with consequences for the sector and economy overall. Questions have been raised as to poor and unethical governance practices that have emerged as a result (Council for the Defence of British Universities, 2025), bringing greater scrutiny to the sector.

This model has resulted in many institutions facing financial pressures, and over 100 institutions at varying stages of staff reduction plans. In the worst hit institutions, campus closures have been announced, affecting local economies and the economic benefits that universities bring to regions (Queen Mary Universities and Colleges Union, 2026). The reliance on student fee income has seen potentially dysfunctional decision making and logics within the sector (Al Mahameed et al., 2023, Gebreiter 2022), carrying severe behavioural implications for university education, and the wider public value that universities generate (Hyndman et al. 2024).

The UK government has maintained the marketised model. Although fee increases in line with inflation were announced from 2025/26 onwards, participants noted that other policy changes (such as the rise in employer national insurance contributions) may offset this additional revenue, potentially exacerbating financial pressures (Universities & Colleges Employers Association, n.d.). Proposed policies such as an international student fee levy (Universities UK, 2025) were discussed as creating difficult choices for institutions: absorbing costs within a constrained financial model, or passing costs on through higher fees with potential implications for recruitment. Participants also noted debate about how such costs would be distributed across the sector, including whether flat-fee levies would disproportionately affect institutions already under financial strain.

Marketisation of the sector has also redefined students from learners to customers, with the Office for Students as the primary regulator for the sector, despite most UK higher education institutions operating as charities. Students now are consumers with regard to having consumer rights (Office for Students, 2025) and can claim compensation/refunds from institutions if their contract with the institution is deemed to have been breached. A current lawsuit related to teaching arrangements during COVID-19 is being pursued in this regard (British Broadcasting Corporation, 2026).

Finally, with cuts to central funding (Brackley et al 2024), course closures have been commonplace within UKHE, as departments are increasingly being run as business units, even with heavy cross subsidies from popular courses linked to overt employability and transferable skills, departments across arts, languages, and the humanities face the proposition of closures if evaluated on the basis of purely commercial logics.

Additional focus: commercial engagement (contracts, partnerships and spin-outs)

Universities face growing pressure to commercialise knowledge, diversify income, and demonstrate impact. Knowledge transfer offices, spin-outs, and corporate research contracts are now central to the UK university landscape and to the economic roles universities play in their regions (Rossi & Rosli, 2015). Recent research explores capabilities, relationships and dynamic processes, as well as wider societal and economic impacts (Huang et al., 2025). Participants suggested that future work could place greater emphasis on capability-building, social impact, and improved methods for evaluating knowledge transfer outcomes (Mitton et al., 2007), while also engaging more closely with entrepreneurship and innovation ecosystem perspectives (Sanders, 2026).

The claim that knowledge transfer has become a central "third mission" of universities is not universally applicable. While this may hold in certain contexts, it is far less evident in others. The expectation that all universities should develop comparable innovation capacities can disadvantage institutions whose strengths lie in teaching, regional engagement, or widening participation. In this sense, the evolution described in the statement is not simply a story of intellectual progress, but also one of uneven institutional adaptation, where the benefits of technology transfer are distributed in ways that may reproduce rather than reduce inequality within UK higher education.

While successes like the Oxford–AstraZeneca vaccine show alignment between public benefit and commercial goals, tensions persist around mission drift, intellectual property, equity, and transparency. University–industry partnerships are widely presented as a mechanism for translating academic research into real-world impact. These partnerships within the context of governance and managerial transformation of universities. Rather than being purely research collaborations, they are now embedded in performance-based funding systems. The metric-driven funding regimes can intensify strategic behaviour and institutional gaming, where universities prioritise activities that maximise rankings, citation counts, or industry income rather than genuine scholarly advancement.

Embedding partnerships within regional innovation strategies can reinforce uneven geographical and institutional development. Well-resourced, research-intensive universities are often better positioned to attract industry collaboration and associated funding, while less prestigious institutions may struggle to compete unless they leverage their closer relationship to business and the professions. This can widen inequalities within the higher education sector, so warrants further investigation.

Research opportunities and questions

- How do market mechanisms (fees, rankings, regulatory incentives) reshape internal governance, risk-taking and accountability to students, staff and wider publics?
- How are commercial partnerships and spin-outs governed (e.g., IP policy, equity stakes, conflicts of interest), and what transparency is feasible and appropriate?
- How can universities evidence public value and social impact when commercial logics and performance metrics dominate strategic decision-making?
- What are the distributional and regional consequences of commercialisation (e.g., uneven capacity to attract industry funding; widening institutional inequalities)?

Indicative priorities (as discussed in the workshop)

Participants identified a set of priorities for further research and policy engagement in the following areas:

- Assessments of financial risk and funding structure changes for higher education institutions
- Assessments of government policy decisions and scenario planning for changes to the legal and financial environment in which HE institutions operate
- Analysis of the effects of marketisation on management decision making, governance, the role of the university within wider society
- Specific focus on 'challenger providers', including their risk base and their business models
- Research into course closures and student numbers including the effects of increasing cross subsidisation of courses.
- Determinants of successful knowledge transfer partnerships
- Risk analysis of knowledge transfer associations, spin out ventures and partnerships

7. Charities

Noel Hyndman and Mariann Liguori

Context and forms of commercialisation

The charity sector (c.200,000 in the UK, alongside excepted and exempt charities) has experienced increasing commercialisation. This includes greater reliance on contract-based funding (often replacing grants), the adoption of performance metrics and business-like practices, trading activities and social enterprise models, and more formalised relationships with corporate partners. Drivers discussed include pressure on traditional donations, reductions and restructuring of government funding, and rising costs (McKay et al., 2015).

Accountability and governance issues

- Mission drift and value conflict: commercial objectives can pull attention away from public-benefit purposes and reshape what is treated as success (Andreoni & Payne, 2011; Hyndman, 2025).
- Shifts in accountability: contracting and performance regimes can displace trust- and community-based accountability with contractual accountability, potentially changing relationships with beneficiaries and donors.
- Capacity and commercial awareness: limited commercial expertise can increase exposure to fraud, poor contracting outcomes or over-reliance on external advisors.
- Volunteer engagement and crowding effects: commercialisation and performance pressures may weaken intrinsic motivation and affect volunteer supply (Mikołajczak & Bajak, 2021; Jackson, 2025).

- Hollowed-out state dynamics: charities may be drawn into competitive tendering to provide services previously delivered by the state, raising questions about risk transfer, sustainability and who is accountable for service adequacy.

Research opportunities and questions

- How do different funding mixes (donations, trading income, contracts) change accountability relationships to beneficiaries, donors, regulators and the state?
- What governance and reporting practices help charities demonstrate public value and maintain trust while engaging in commercial activity?
- When does commercialisation crowd out (or crowd in) volunteering and civic participation, and through which mechanisms?
- How is risk allocated in public service contracts delivered by charities, and what happens when financial or operational risk materialises?

8. Governance consequences of digital and commercial models in public services

Claire Li

Public service delivery is increasingly being redefined through the inclusion of digital and commercial models, such as digital performance management tools and platform-based service systems (Dunleavy et al., 2006; Simmonds et al., 2021; Lindquist, 2022). Digital models in public services focus on service delivery, user experience and technology choices. Examples include digital-by-default, end-to-end digital services, platform/shared services models, data-driven/AI-enabled services, and open and API-based services. Commercial models define how digital services are paid for, sourced and managed. Examples include traditional procurement (buy and build), software-as-a-service (SaaS), outcome-based contracts, public–private partnerships (PPPs), in-house/insourcing models, and open-source commercial models. Together, these approaches can alter how public services are funded, procured and sustained.

While these arrangements may support innovation and efficiency, participants discussed how they can also reshape governance structures and complicate financial accountability in hybrid delivery settings. Commercialisation under such arrangements can transform organisational relationships and accountability expectations.

These changes can be understood in accounting terms. Traditionally, public-sector accounting emphasised stewardship: the safeguarding of public resources and accountability to citizens. Participants noted that this has increasingly been complemented, and in some contexts displaced, by performance rationality, where success is assessed through targets, metrics, dashboards and contractual outputs (Hood, 1991; Mills, Bradley & Keast, 2021; Grossi & Argento, 2022). This shift has implications for how accountability is enacted, particularly in digital and commercial contexts where performance indicators may not fully reflect public value or long-term risk.

The workshop discussion highlighted governance consequences across three interconnected dimensions—*visibility*, *risk* and *responsibility*—drawing on examples from local and central government, healthcare, higher education and charities/not-for-profit organisations.

Visibility. Digital infrastructures and commercial management systems—such as dashboards, reporting tools and performance indicators—can increase the availability of data and metrics (Kitchin, 2014; Lindquist, 2022). This can make organisational activities more measurable, auditable and financially legible, and may support operational oversight and faster decision-making in some contexts.

However, participants also suggested that digitalisation and commercialisation can increase some forms of transparency while making other dimensions of public value less visible. Increased measurement does not necessarily translate into improved public understanding. In some sectors, digitalisation was seen to fragment visibility and create new informational blind spots (Kitchin, 2014; Mu & Wang, 2022). For example, digital service systems can make routine processes highly visible while obscuring complex social outcomes or long-term risks. In local government, participants discussed how digital financial management systems can make short-term performance highly visible while longer-term structural risks remain more difficult to detect. Similarly, commercial investment strategies may rely on financial indicators that fail to capture broader public-value considerations (Lindquist, 2022).

Issues of digital exclusion were also raised across sectors. Participants noted that reliance on digital systems can marginalise individuals who lack the skills, resources or access required to interact with digital services. This was discussed particularly in relation to local government services and charitable organisations, where some vulnerable populations may depend on non-digital forms of engagement.

Risks. Participants discussed how digital and commercial models can redistribute financial, operational and reputational risks across organisations, contractual arrangements and governance structures (Grossi & Argento, 2022; Bracci, 2023). In local government, commercial investment strategies and partnership arrangements were discussed as transferring financial risks into complex organisational structures that can be difficult to oversee. Participants noted that risks associated with commercial decisions may not be fully understood or scrutinised, for example where elected members have limited financial expertise. The role of professional advisers and external consultants in shaping commercial strategies was also discussed, raising questions about where responsibility for risk assessment and oversight ultimately sits.

Within healthcare, participants linked digitalisation and outsourcing to both potential efficiency gains and new operational risks. The discussion highlighted how digital appointment systems and new service pathways may have unintended consequences, such as changes in demand pressures or patient behaviour. Concerns were also raised about how commercial incentives and cost-control pressures might interact with clinical priorities.

Across sectors, participants suggested that risks are frequently allocated contractually to one party but materialise in another under hybrid delivery arrangements (Demirag et al., 2011; Demirag et al., 2012; Shaoul, Stafford & Stapleton, 2012; Hodge & Greve, 2017). When incidents or failures occur, risks may ultimately revert to public organisations even where services have been outsourced or delivered through partnerships. This observation raised questions about whether current governance frameworks adequately capture the systemic nature of risk in hybrid public-service delivery systems (Diakopoulos, 2016; Grossi & Argento, 2022; Bracci, 2023; Shah et al., 2024; Diakopoulos, 2025).

Responsibility. Where digital and commercial services in hybrid delivery systems involve multiple public and private actors, determining who is responsible for outcomes can become increasingly complex. Participants highlighted how hybrid governance arrangements may distribute responsibility across actors while leaving boundaries unclear (Leazes, 1997; Bovens, Schillemans & Hart, 2008), complicating traditional understandings of public accountability.

The discussion suggested that digital and commercial models can blur accountability relationships across sectors. For example, in healthcare, responsibility for financial decisions and payment systems can become difficult to trace across multiple organisational layers. Similar concerns were raised in local government, where complex commercial arrangements can create ambiguity over who ultimately holds responsibility for investment decisions or service outcomes.

In higher education, participants discussed how partnerships with corporations, digital learning platforms, and spin-out companies can introduce governance challenges. While such arrangements may create opportunities for innovation and income generation, they also raise questions about institutional control, reputational risk, and alignment between commercial activities and public missions.

Participants also noted that marketisation in higher education can reposition students more explicitly as customers rather than as participants in a public educational mission. This shift may change expectations regarding accountability, service delivery and institutional responsibility.

Similar tensions were discussed in the charity and not-for-profit sector. Digital reporting requirements and contractual accountability frameworks were seen to create additional administrative burdens while potentially shifting attention away from mission-driven objectives. Participants also observed that charities often operate within funding environments where they bear significant operational risk despite having limited financial buffers.

Overall, the discussion suggested that digitalisation and commercialisation do not only change operational processes; they can also reshape how public services are governed, monitored and held accountable. Participants identified three lines of enquiry for further work: (1) how digital infrastructures reshape visibility, including which aspects of public value become measurable and which remain difficult to capture; (2) how risk is redistributed across hybrid delivery systems and how governance frameworks can better account for systemic risk; and (3) how models and boundaries of accountability evolve where responsibility is distributed across public–private partnerships. Comparative research across sectors was seen as a useful way to examine how these mechanisms operate under different institutional conditions.

Although the specific governance challenges differed across sectors, participants noted recurring mechanisms across institutional contexts. Digital infrastructures and commercial delivery models tended to reshape visibility, redistribute risk, and blur responsibility boundaries, albeit in ways conditioned by sector-specific governance arrangements.

9. Summary and concluding reflections

This workshop highlighted that commercialisation is not confined to any single part of the public realm: it is enacted through diverse mechanisms (outsourcing and procurement, partnerships, corporatisation, trading and income generation, and the monetisation of knowledge and data) and is shaped by sector-specific institutions and funding models. Across the sectors discussed, participants repeatedly returned to the same underlying challenge: how to design, govern and evaluate commercial activity in ways that protect public value, maintain legitimacy, and make accountability meaningful in hybrid arrangements. The research opportunities identified in this report therefore combine (i) sector-focused agendas and case-based learning, and (ii) cross-cutting questions about transparency, risk, responsibility, capability and the metrics through which success is defined.

Looking ahead, it is crucial not only to deepen our understanding of how commercialisation operates within different sectors, but also to address the evolving complexities brought by digital transformation, open innovation, and shifting governance structures. Future research should explore how new technologies and data-driven practices influence public value and accountability, and consider how cross-sector collaboration can foster more resilient and adaptive frameworks.

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