

## **Improving commissioning for better public services**

### **Purpose of report**

To inform a discussion of the LGA's work to support councils in commissioning for local services and whether the LGA should partner the Cabinet Office in developing proposals for a Commissioning Academy.

### **Summary**

This paper sets out:

- the background and context to commissioning as a tool for public service reform;
- a proposed LGA position on commissioning in local public services;
- LGA work already underway to support councils in developing effective commissioning approaches;
- a proposal for a joint LGA / Cabinet Office Commissioning Academy.

### **Recommendations**

Members are invited to:

- comment on and approve the proposed LGA policy position on commissioning (at paragraphs 11 & 12); and
- consider whether the LGA should partner the Cabinet Office in developing the Commissioning Academy (at paragraphs 15–19).

### **Action**

Officers to progress the proposed work programme in light of comments from members.

**Contact officer:**

Michael Coughlin

**Position:**

Executive Director, Policy and Development

**Phone no:**

020 7664 3141

**E-mail:**

michael.coughlin@local.gov.uk

## **Improving commissioning for better public services**

### **Background**

1. Commissioning is increasingly featuring as a key part of the debate on public service reform. As a concept, commissioning is not new, but in the past it has tended to focus on money and staff, procurement and performance management in individual services. However, as councils explore ways to redesign services to deliver spending cuts and meet rising demand and expectations, many increasingly see commissioning as a key tool in reforming services and joining up resources to focus on improving outcomes for citizens in the most efficient and effective way.
2. The Open Public Services White Paper (published July 2011) is clear that commissioning is a central part of Government's vision for reformed public services. It wants more services opened up to commissioning from a wider range of providers with better data and information and more choice for service users. It also recognises that local government has made more progress towards these goals than the rest of the public sector and decisions about commissioning should be decentralised to the "lowest appropriate level".
3. In implementing Open Public Services, the Cabinet Office and CLG are looking to ensure that commissioners have the skills to create, shape and manage new markets for service provision and deliver better outcomes through more efficient delivery models. The Cabinet Office has invited the LGA to develop a joint Commissioning Academy to ensure senior officers in central and local government are equipped with the skills to develop effective commissioning approaches.

### **Commissioning as a means of reforming services**

4. Commissioning has been well established in some services for many years, particularly for example in health, adult and children's services, work and training programmes. Councils have extensive experience in developing joint commissioning approaches and interventions with partners, for example through Public Service Boards and joint needs assessments. Across the country, councils are building on this experience to extend commissioning to more services; develop markets for service and support a more diverse range of providers.
5. As part of local initiatives to reform services, a number of councils are exploring how commissioning can be embedded more widely across service areas or on a corporate basis, for example, the Community Budget pilot areas, Brighton and Hove's "intelligent commissioning" model, Lambeth's "Co-operative Council". In developing these approaches councils recognise the importance of engaging providers and potential providers as well as communities in redesigning services.

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6. There is no single definition of commissioning and approaches will necessarily differ according to local circumstances and practice, but broadly speaking commissioning involves the following key activities that combine to achieve efficiency and maximise value:
  - 6.1 understanding needs and desired outcomes – that requires up to date information about risk factors, needs, trends to gain a solid understanding what people need and want and where the priority areas are.
  - 6.2 optimising resources – including money, community and user resource, assets. This could mean redesigning internal or external workforce to deliver a service or return for the end user; optimising public buildings in an area to collectively create best value for the community; or building community resilience or skills.
  - 6.3 targeting – resources at those citizens in need, services that are a priority and at the right stage to have maximum effect on outcomes.
  - 6.4 choosing the right mechanism – to best achieve the desired outcomes. The choice of mechanisms range from more traditional approaches including procurement, service level agreements, performance management to a focus on pooling budgets, market management, partnership building, enhancing choice, harnessing voluntary and community resources and capacity, influencing partner spend and users decisions and behaviours.
7. Commissioning is often incorrectly used interchangeably with procurement or outsourcing. Whilst a commissioning strategy may result in procurement, it does not start with a preconception that services should be provided by a particular sector or type of provider. Who delivers the outcome remains the choice of the council or the partner organisation based on the recommendations from the commissioning process.

**Councils' and councillors' role in commissioning**

8. Commissioning involves changes to culture and systems and requires strong leadership to drive that change both within an organisation and with the networks of agencies, services and citizens. Councils make effective commissioners because their democratic mandate, accountability and knowledge of their place and residents mean they are uniquely placed provide this leadership to focus on community wide strategic outcomes and ensuring fair representation of different interests. Councils can lead an informed public debate about choices and decisions to be made including identifying priorities and outcomes, what could be done differently and how service levels could be revised. As democratically elected representatives responsible for spending of public money, councillors

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also provide the primary route for holding the range of service providers to account and protecting the rights of users and tax payers.

9. The nature of these conversations, the way they are conducted; the conclusions they reach and the way outcomes are delivered will be different in different areas. Some approaches will work well in some areas but not in others. No one model will fit all circumstances. Therefore decisions about which local services are commissioned and how should be a matter for local authorities to decide.

**LGA position on commissioning**

10. Members are invited to comment on the following proposed positions that could be reflected in the LGA's discussions with Government to ensure that commissioning is informed by the needs of places, not Whitehall service silos.
11. Expansion of commissioning should build upon existing local initiatives and pilots that are already underway at local level and will require:
  - 11.1 the ability to join up services at local level – that will require more place-based community budget type approaches and decentralisation of services so that they can be joined up around local needs.
  - 11.2 developing skills and expertise for commissioning – we need to work with other commissioners and providers to develop skills and expertise and share learning.
  - 11.3 better information about services - that does not require a top heavy imposed system of performance management, but locally developed approaches to gathering and managing information and evidence.
12. Government can support more commissioning of local services by:
  - 12.1. resisting attempts to centrally specify “open commissioning” and to define which services are suitable for commissioning and how supply should be diversified. Past experience demonstrates that centralised approaches will introduce unintended bureaucracy and stifle innovation and diversity of supply.
  - 12.2. avoiding bureaucratic monitoring and performance management processes – we cannot afford a return to top-heavy performance management and government should not seek to duplicate councils role in holding services to account role by creating new quangos and extending the role of ombudsmen.
  - 12.3. focusing on decentralising funding and decision making for services to

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enable councils to expand their role as strategic commissioners, joining up services, and cutting through bureaucracy and organisational incoherence to focus on results, not process.

**The LGA offer on commissioning**

13. It is proposed that the LGA supports councils in the further development of their strategic commissioning role by:
  - 13.1 disseminating good practice and innovation on commissioning;
  - 13.2 providing training and tailored support to individual councils in developing new approaches and commissioning skills;
  - 13.3 support the sector in developing and shaping the market, build capacity in the private, voluntary and independent sectors and broker collaboration with providers to develop future commissioning models and contracts that are fit for purpose.
14. The LGA is already is already working with councils to develop and share effective approaches to commissioning through a number of programmes (listed at **Annex A**).

**Commissioning Academy**

15. The Cabinet Office has developed proposals for a Commissioning Academy aimed at senior level within the public sector to support the development of knowledge and skills for commissioning. They are keen for the Academy to include local as well as central Government and have invited the LGA to jointly develop the programme and for the Academy to be badged jointly with the LGA.
16. Initial discussions at official level with the Cabinet Office have proved constructive and resulted in a number of improvements to the proposed programme and arrangements in response to input from the LGA. A number of councils have contributed to the development and changes to the programme to date. This has been important for example in ensuring the Academy reflects a place-based approach to commissioning and is focused on leadership and driving change rather than technocratic training on process and rules. Further iterations of the programme are expected by the Cabinet Office as the pilot cohorts roll out.
17. Early reactions from the sector have been positive with a number of councils having already expressed an interest in being involved in the pilot cohort. Officers feel that the initiative could form a useful component of the LGA's support to the sector in developing knowledge and skills in this area.

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18. Key features of the proposal are:

- 18.1 Initially there will be two pilot cohorts to test and develop the curriculum, starting in June 2012. The initial cohort is likely to include the Cabinet Office, local authorities, justice, health and some place based groups. A number of councils have expressed interest in being involved either as pilots or in hosting study visits. Two information sessions for potential pilot authorities are taking place on 28 May and 12 June.
- 18.2 The Academy would aim to reach 2,000 commissioners over three years, with 20 people in each cohort, made up of 6 or 7 small groups from an organisation or place;
- 18.3 The target audience would be Director/Assistant Director equivalent in the local government sector. Importantly, leaders (political and executive) will be engaged through a boardroom briefing with each organisation/area involved;
- 18.4 Each participant would attend around 10 academy days over a six month period, comprising workshops/roundtables, site visits, lectures/seminars and peer challenge;
- 18.5 The two pilot cohorts are to be funded by the Cabinet Office and discussions are ongoing as to how the programme will be funded in the longer term.

**Recommendation**

- 19. Members are invited to consider whether the LGA partner the Cabinet Office in developing and co-badging the Commissioning Academy.

**Financial Implications**

- 20. There are no additional funding requirements arising from this report. The Commissioning Academy Pilots would be funded by the Cabinet Office and funding for the programme in future is yet to be decided.

## **Annex A - LGA current activity on commissioning**

There are a number of programmes of work underway or in development across the LGA aimed at supporting councils to be effective commissioners. These include:

- **“Keep it REAL” support programme** – Funded programme of tailored support to (12) councils in effective community leadership, evidence-based decision-making, commissioning and engagement with particular emphasis on partnership and commissioning with VCS.
- **Children’s Improvement Board (CIB) support programme** – The Productivity Programme are leading this strand of the CIB’s work to provide support to local authorities in commissioning and productivity. This includes working directly with local authorities to establish networks of commissioning champions to share learning, jointly identify needs, and build knowledge and materials to address local challenges; creation of a commissioning and productivity ‘hub’ to disseminate key products, tools and materials.
- **Health commissioning work programme** – Proposal in development to support exchange of good practice and awareness in health sector of how commissioning can maximise opportunities for integrating services (linking to Community Budgets). The programme will involve case studies and conferences with other elements in development.
- **Culture and sport commissioning support**– The Culture, Tourism & Sport Board is working with Sport England, ACE and CLOA to develop a programme to support for Members and Officers leading culture and sport services to understand better and exploit the opportunities presented by commissioning, particularly in the context of health reforms. The package includes the development of core training materials, a web resource and piloting leadership training for Members.
- **Workforce development and transformation LGA / Skills for Justice** – Externally funded project to support councils on key themes including: increasing workforce productivity and innovation; workforce implications of commissioning new ways of working / service delivery, and identifying the future skills sets needed to deliver effective service transformation.
- **Leadership Centre for Local Government** have been working with Local Government leaders and the private sector on establishing new long term relationships and new models of service delivery – including commissioning.
- **Productivity programme work on procurement**– The productivity programme’s support to councils on procurement as an essential part of the commissioning process (national e-procurement programme, quick wins – big wins strategy, guidance on EU rules, national advisory group, procurement fitness checks).



**LGA Leadership Board**  
13 June 2012

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