

19 June 2008

Improving the strategic commissioning of public services: a joint LGA/CBI vision

Decisions

1. Members are asked to approve a proposed joint statement by the LGA and CBI setting out a vision for the future strategic commissioning of public services. The statement is intended to be launched formally at the CBI Public Services Conference on 26 June, where Paul Coen will be speaking; and at the LGA Conference, where a workshop session on 2 July will bring together Council and private sector speakers.

Actions Required

2. Officers to progress actions as agreed

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Summary

1. The report sets out how the LGA has been working with the CBI to improve the strategic commissioning of public services. It seeks members' approval for the launch of a jointly agreed statement at the LGA and CBI public services conferences. The statement includes a brief specification of further work now proposed.

Background

- 2 The LGA has been working with the CBI for some time on procurement, commissioning and economic development matters. A joint statement was published in December 2006. This noted that local authorities and the business community have shared ambitions – to create attractive, prosperous, vibrant, safe and strong communities where people want to live, work and do business. The 2006 statement agreed further work in six key areas, and this new vision of improvement of strategic commissioning can be seen as delivering part of that work programme:
 - Joint work to improve the delivery of public services
 - Identify best practice examples of innovative service delivery and commissioning
 - Improve public and private sector engagement.
- 3 The LGA Chairman had a positive meeting with the CBI Director General in February 2007, with agreement to work more closely on procurement, commissioning and service delivery issues. The CBI subsequently published a brief for its members in May 2007. The message from that can be summarised as: “key to delivering local government’s place-shaping agenda is the need for business and local government to engage better at a national, regional and local level”. Following this, we formed a group chaired jointly by Paul Coen, the CBI’s Director of Public Services and the Chief Executive of a CBI member company that is very active in the local government field. The group includes senior practitioners from six local authorities and has looked in detail at what needs to be done to improve strategic commissioning of local public services and the general quality of engagement between public sector commissioners and private sector service providers. More recently, membership of the group has been broadened to include two representatives from the third sector, who have already provided valuable input.

Conclusions of work so far

- 4 The group has met three times since the start of 2008 and has worked enthusiastically. All members have recognised that making progress requires changes in practice in both the public sector and the private sector. Local authorities need to be more open and transparent about how service needs might evolve, and become more effective across the sector in managing supply markets. The private sector also needs to demonstrate greater openness and become more sensitive to the political realities of delivering public services for which there is democratic accountability. Opportunities for more co-

production and more engagement with the third sector need to be taken, and the private sector needs to respond actively and positively to concerns that it might not be interested in service delivery over the long term.

- 5 In order to address these concerns, the group has prepared the statement annexed. This seeks to define:
 - What strategic commissioning means
 - How long-term sustainable improvement in local services can be supported
 - How procurement processes and new contract models can reflect the new demands of strategic commissioning.

- 6 The statement aims to generate improved dialogue between councils and private sector suppliers and service providers. It also sets out work programmes in each of the three areas mentioned above. Members of the group have agreed to lead the various parts of the work programmes, so they will all be taken forward in a way that, for local government, reflects the practices of leading member councils. The further work includes:
 - Developing a strategic framework for commissioning that encourages innovation whilst covering off important risk management issues
 - Identifying key skills shortages and putting in place training to address them – IdeA and 4ps, who are both represented on the group by senior officers, will have important roles to play here
 - Examining some of the practical issues surrounding effective outcome-based commissioning, such as the measurement of delivery, provision of good incentives for suppliers and management of cost in a tightening public spending climate.

- 7 The group will at all stages aim to share the learning it is gaining. This will be done in part through conferences and, in this respect, the proximity of the CBI Public Sector Conference (26 June) and the LGA Annual Conference (1-3 July) provides an ideal opportunity to launch this next stage of the work and promote the conclusions reached so far. Government has been kept in touch with the work and a meeting with John Healey has been requested.

Recommendation

- 8 Members are recommended to approve the proposed joint statement.

Implications for Wales

9 The Welsh LGA have been kept in touch with developments. A Welsh council is included in the CBI Brief as an example of good practice.

Financial/Resource Implications

10 None specific to this report. All work mentioned will be contained within existing resources.

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