



Briefing 08-48

This briefing is provided to local authority Chief Executives and Council Leaders throughout the UK and to all APSE contacts

Strategic commissioning in local government

Key issues

- The strategic role of local authorities has a long historical legacy and is not a new concept but enabling has become synonymous with ideas about the strategic role of councils being confined to that of a high level 'decision maker' rather than a provider of services.
- There are a number of common misconceptions or 'orthodoxies' about enabling and strategic commissioning for which there is little available evidence.
- Local authorities need to retain strategic capacity to deliver if they are to fulfil their role as leaders of their communities.

1. Introduction

APSE held a joint forum with the Institute of Local Government Studies (Inlogov) at the University of Birmingham on '*The enabling council? The future of local government*' on 3 September. The event involved leading academics from the University together with local authority practitioners and elected members. The purpose was to explore contemporary issues around the enabling role of local councils and the development of strategic commissioning.

2. Background

The CLG statutory guidance '*Creating strong, safe, prosperous communities*' (July 2008) sets out the Government's view of the strategic commissioning role of local authorities:

"Local authorities will generally be better able to meet their best value duty by adopting a commissioning role. A commissioning role is one in which the authority seeks to secure the best outcomes for their local communities by making use of all available resources – without regard for whether services are provided in-house, externally or through various forms of partnership. Commissioning involves:

- *user and community engagement and needs analysis*
- *strategically planning for services which deliver sustainable outcomes*
- *implementing plans, shaping markets, securing services and outcomes*
- *monitoring the delivery of outcomes, evaluating and challenging services"*

The approach reflects the Government view about the strategic and place shaping role of local authorities. The emphasis is on responsiveness to service users and communities and on achieving wider outcomes for communities and is neutral about the method or form of service delivery itself.

This is in itself consistent with the development of the world class commissioning framework in the NHS for which the overriding objective is to enable people to live healthier and longer lives and reduce health inequalities. One of the ways of accomplishing this is seen to be by putting the power in the hands of the commissioners of local health services- the Primary Care Trusts (PCTs) - rather than the providers.

The framework for local government emphasises a mixed economy of provision and fair and open competition, but clearly states that it is about improvement rather than competition for its own sake. The approach in local government also provides a welcome departure from the NHS strategic commissioning strategy in that within local

government there is **no** requirement to separate the provider and commissioner roles. The statutory guidance states that all services whether delivered in-house or externally:

- should regularly and rigorously assess and review the competitiveness of those services against similar services provided by other statutory bodies, local authorities or other service providers
- where these services are found to be under-performing in comparison with others they should re-evaluate the need and priorities for that service
- where service improvement is unlikely to be forthcoming within a reasonable period of time or unlikely to match what could be provided by alternative providers, local authorities should seek new supply arrangements through, wherever practicable, fair and open competition

This is an approach which APSE supports stressing rigorous review and an assessment of competitiveness, evaluating needs and priorities and putting in place arrangements for continuous service improvement.

One of the problems however is in interpretation. There are those from outside of, and within, local government who do not take a pragmatic approach to commissioning and take the view that a strategic commissioning role is one in which councils divest themselves entirely of their providing role and adopt a purely enabling approach, following the maxim of the former Secretary of State Nicholas Ridley in the late 1980's who is alleged to have said that councils should meet once a year over a hearty lunch to award contracts for services and then should do nothing else.

To be fair Ridley's approach to enabling service provision rather than providing services directly set out in his influential Centre for Policy Studies pamphlet '*The local right*' argues about strengthening accountability through a more direct relationship between payment for local services and the services being provided (the then poll tax) and the use of competition as a spur to greater value for money. However, whether Ridley advocated a purely enabling approach or not, the concept has its supporters across the public and private sectors.

3. Enabling or commissioning – the debate

APSE and Inlogov wanted to think through some of these issues and the forum on the enabling council was designed to receive papers from leading academic thinkers and from practitioners and then to involve participants in an interactive debate about the issues. The following sets out a brief summary of the contributions of the participants and the issues raised by their interventions.

Professor Helen Sullivan, Centre for Public Service Partnerships at the University of Birmingham, discussed competing understandings of ‘enabling’, questioning how far particular orthodoxies have framed contemporary interpretations of what it ‘means’ to be an ‘enabling authority’. Her presentation began by tracing the historical origins of the concept of the “enabling” or “strategic” authority right back to the 1967 Redcliffe-Maud report. Examining more recent policy developments, she suggested that we may be witnessing a move away from understanding the “enabling authority” in terms of community leadership, which informed the 1998 Local Government White Paper, ‘In touch with the people, towards one of the local authority as strategic commissioner, as set out in the 2006 *Strong and Prosperous Communities* White Paper. In so doing, Professor Sullivan demonstrated how over time the concept of the “enabling authority” has evolved in response to changing political contexts, emerging policy agendas and academic and practitioner challenges.

What Professor Sullivan’s presentation brought to the fore is that ‘enabling’ is very much a ‘contested concept’, informed by rival orthodoxies and understandings. For example, there is nothing that dictates that “enabling” and “providing” are mutually exclusive concepts, but, in some contemporary discourses, they are treated as being entirely separate, echoing again the views of the former Secretary of State Nicholas Ridley. Against this background, however, it is important that we reflect upon the orthodoxies that inform our own understandings; as by their very definition they are likely to be resistant to challenge.

Here Professor Sullivan raised what might be termed three such orthodoxies relating to contemporary understandings of ‘enabling’. These orthodoxies were:-

'Who provides services is not the issue – what matters is what is provided, to what standards and at what cost.' Where is the evidence base to support this claim? In what conditions might local authorities wish to continue as direct providers? What service specific issues are there to consider? Within the debate it emerged that who delivers the service clearly does matter to citizens and service users since the consequences of neutrality are often service failure and a lack of accountability.

'Political leadership is about meta-governance' Meta-governance (see below) frames political leadership within the context of network management and privileges the skills of partnership working and collaboration. Is this necessarily a role that local political leaders themselves articulated or practiced? What does the evidence say about the roles politicians play – executive, representative, scrutineer? What can we learn from the experience of LSPs? What are the implications of 'meta-governance' for senior managers/professionals?

'Citizens have choice and control' Do they? Should they? And in what circumstances? What about the right to be passive? In the debate it was questioned whether greater choice actually empowers citizens, not to mention the potential tensions between representative and participatory forms of governance.

Dr. Steven Griggs, Inlogov, discussed different understandings of strategic leadership within local authorities against the background of the widely acknowledged shift in thinking from 'government' to 'governance'. He first outlined the conventional account of the 'shift to governance' which describes how the complex processes of privatisation, globalisation, new public management and the 'hollowing out' of the state have led to a complex landscape of democratic governance. This is a landscape, he argued, populated by shifting patterns of collaboration between a wide plurality of actors and stakeholders both within and beyond the state. It is a world of 'negotiated

governance' or 'interactive governance' between public and private actors in networks, partnerships and contracts where the capacity of government to deliver outcomes relies less on traditional patterns of hierarchical 'command and control'. Rather, the art of local government becomes that of facilitative network management (the logic of metagovernance) –dialogue and engagement, flexibility and pragmatism, partnership and collaboration.

Having established the assumptions of this shift from 'government to governance', Dr. Griggs raised three particular concerns for discussion in relation to the debates surrounding the 'enabling authority' and the strategic capacity of local authorities. These were:-

'The capacity of political and policy actors to read different meanings into terms like 'governance' and 'enabling'. Indeed, he argued that the likes of 'governance' and 'enabling' have 'something in it for everyone'. The danger however is that as different meanings are attached to 'governance' or 'enabling', we all start to talk across one another, using the same terms but 'speaking a different language'.

'The exclusion of politics' Here he questioned how far these emerging patterns of governance somehow excluded 'politics' as the agency by which issues are resolved at a local level. Indeed, he pointed to how partnerships follow what might be termed managerialist and technocratic logics that privilege consensus and downgrade conflicts – 'ruling without an opposition'.

'Limits to strategic capacity' Here he questioned whether that as a result of moves towards enabling we risk limiting the strategic capacity of local authorities. Is metagovernance up to the job? He questioned whether we risk 'franchising out' difficult decisions and complex services to a range of organisations, partnerships and individuals, with the result that we reduce the strategic leadership role that should be played by the local authority itself. Indeed, he argued that under certain conditions it is government that not only can be, but ought to be, an active agent which goes beyond the particularities of contending forces across society.

Michael Hughes, Director of Studies at the Audit Commission talked about the Comprehensive Area Assessment (CAA) and the new regulatory framework for local authorities from the perspective of how the regulators would look at whether local authorities were meeting their strategic and partnership obligations.

The Audit Commission issued a consultation document on the new CAA in July which sets out how the Audit Commission will approach area and organisation assessments. Area assessments will try to make sense of the governance of an area and the patterns of arrangements put in place by different organisations including the local council. It will focus on whether outcomes have been achieved rather than the process of getting there. It will be much more data focussed and risk based using the national indicator set rather than through detailed inspection. As a result audit and inspection fees will be reduced. In addition Audit work will focus very much on value for money which will become more important in difficult economic and financial times for local government.

4. Issues arising from the debate

Some of the issues arising from the wider forum discussion can be summarised as follows:

- Those who advocated enabling as the only role for local authorities missed the point that councils needed to have capacity to do things and to work effectively in partnership. If councils surrender their strategic capacity they cannot perform their place shaping role.
- The strategic commissioning role needs to reflect the realities on the ground in different local authorities. Commissioning is appropriate in some areas and not in others.
- You cannot use long-term contracts to manage future expectations and demands given that local government operates in an ever changing and evolving environment. It is difficult to specify the degree of flexibility required through contractual arrangements alone.
- There is a need to retain core capacity to deliver local services.

- Contracts can be used for certain things but can't be used to manage complex relationships and to deliver exclusively on political priorities
- There needs to be proper and full evaluation of the supposed benefits of enabling/strategic commissioning. It should be evidence based rather than just an acceptance of the orthodoxy.

5. APSE Comment

The debate around commissioning has wide ranging implications for local government and partner organisations in the public and private sector. In its broadest sense commissioning refers to the role performed by the local authority in determining the best means of securing outcomes for communities and service users utilising all of the available resources (public, private, voluntary) available. This can involve different ways of providing services and can involve procuring services externally. But it has also come to be associated with an approach to procurement that confines the role of the local authority to that of a strategic decision maker which procures or 'commissions' services from separate delivery agents that may also be in the public sector but are more likely to be private sector companies.

APSE supports an approach to commissioning which reflects the desire to secure outcomes for communities using all of the resources available in the public, private and voluntary sectors, but is concerned that it is also being used as smokescreen for externalisation in some quarters. APSE believes that local authorities need to retain core capacity and expertise to deliver services as well as enabling others to contribute effectively to local delivery. APSE's joint publication with Inlogov and CLES *Towards a future for public employment* sets out the 'public value' case for local authorities retaining a strong core of directly provided services. You can obtain a copy of the publication from APSE by emailing mbaines@apse.org.uk

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