



# **APSE South and South West Regional Environmental Services Advisory Group**

Thursday 19 March 2009

Kindly sponsored by:





# **Commissioning, competitiveness and value for money**

Mark Bramah, Assistant Chief  
Executive, APSE

Kindly sponsored by:





# **1. Defining commissioning and competitiveness**

# Commissioning – the new paradigm



# Terminology



**Commissioning** - The cycle of assessing the needs of people in an area, designing and then securing appropriate services (**Cabinet Office 2006**).

**Procurement** – 'Procurement is the process of acquiring goods, works and services, covering both acquisition from third parties and from in-house providers. The process spans the **whole life cycle** from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision.' (**National Procurement Strategy for Local Government, October 2003**).

**Contestability** – the extent to which the market for provision of a good or service is open to alternative suppliers.

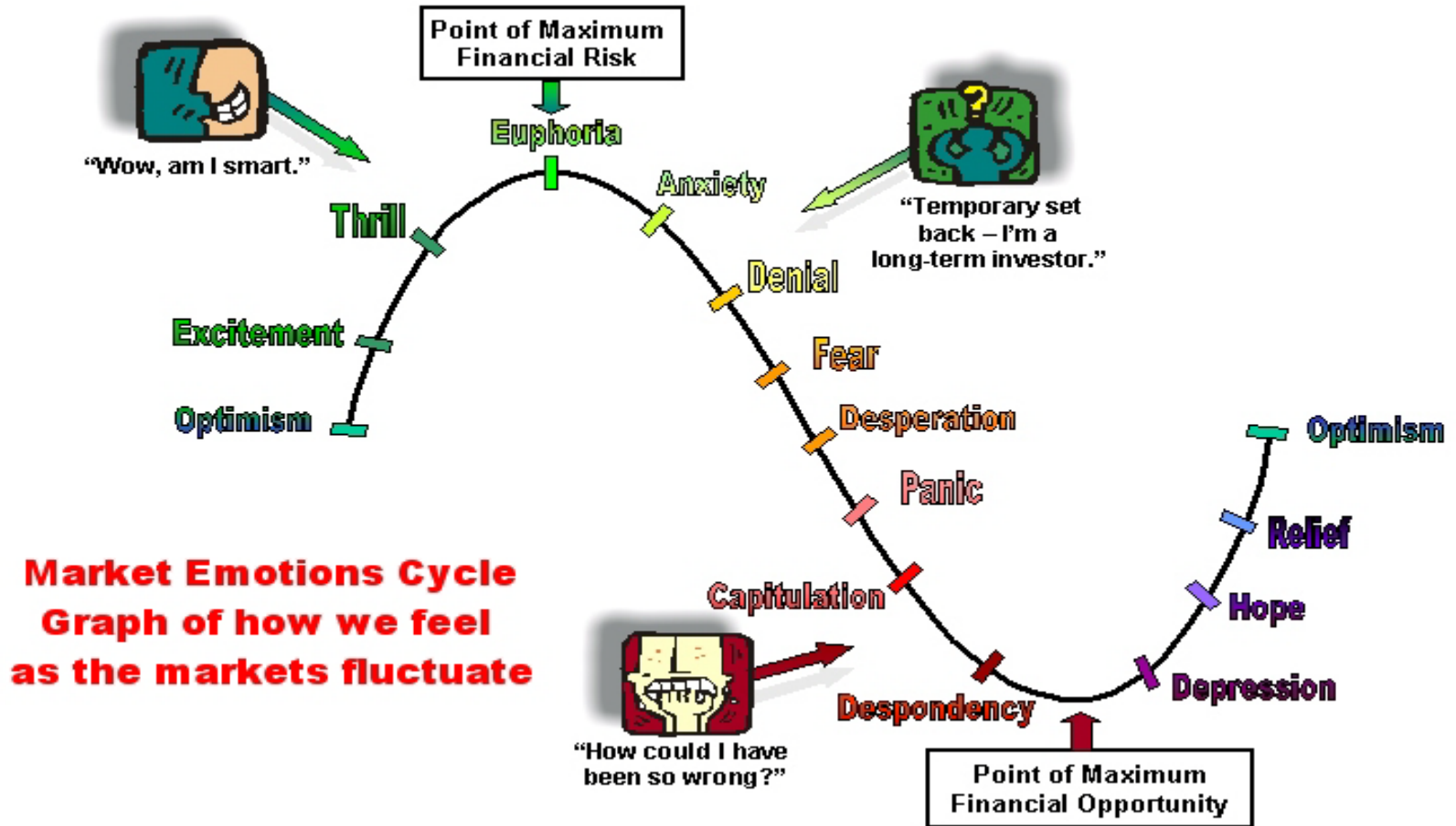
**Competition** – An environment in which individuals and or firms bid to gain a greater share of a market to sell goods and services.

# Background and history



- The enabling council - origins.
- Nicholas Ridley – “The local right” pamphlet 1986.
- Compulsory Competitive Tendering (CCT).
- 1998 – Community leadership
- 2008 – Strategic Commissioning
- 2008 – DeAnne Julius review of the Public Services Industry

# PUBLIC SERVICES AND THE THEORY OF BOOM AND BUST



# Commissioning and the consultancy industry



**Tweedledum:** "I know what you're thinking about, but it isn't so, nohow."

**Tweedledee:** "Contrariwise, if it was so, it might be; and if it were so, it would be; but as it isn't, it ain't. That's logic."

Through the Looking Glass  
by Lewis Carroll  
Chapter IV: Tweedledum &  
Tweedledee







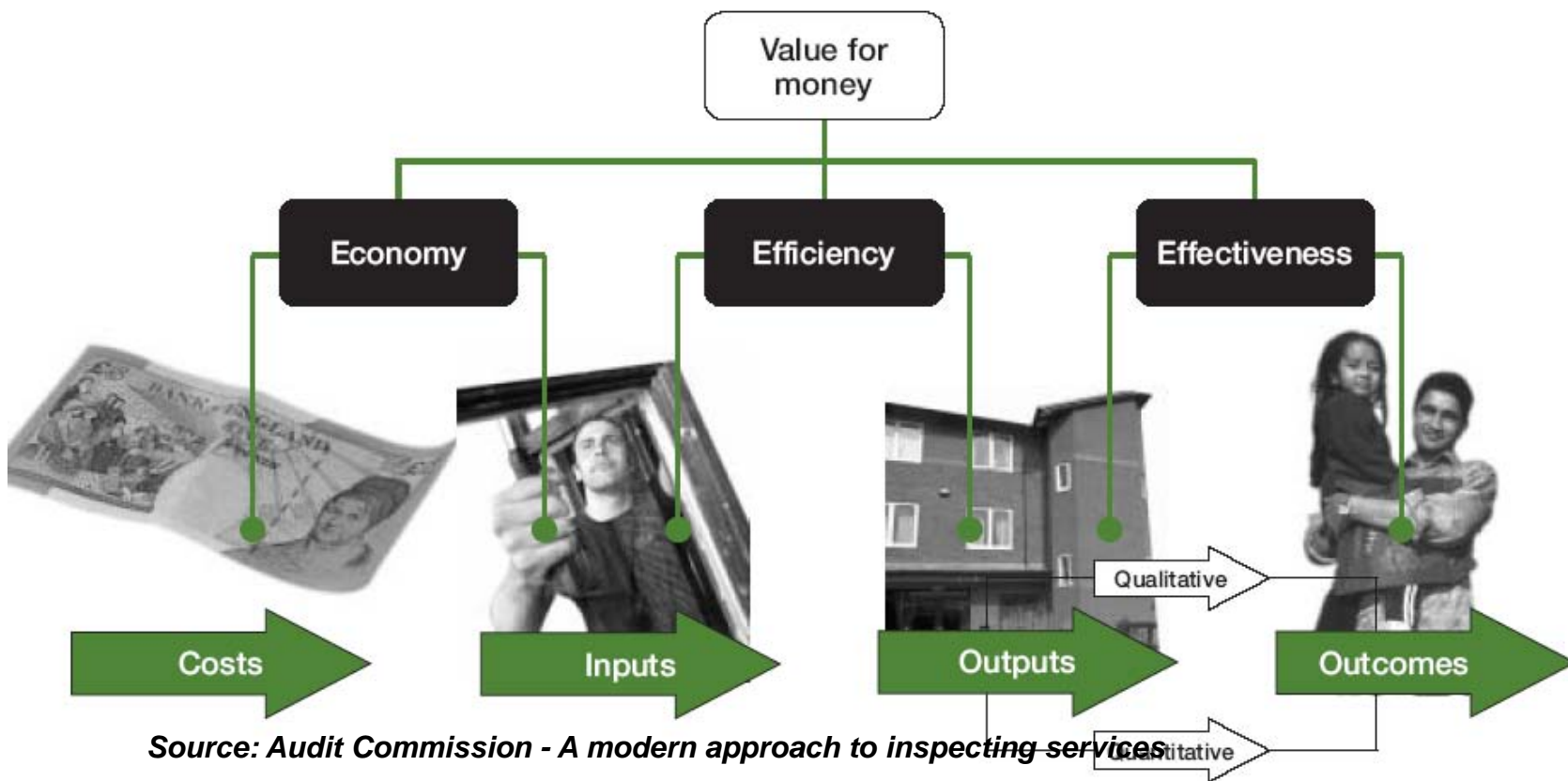
# The new orthodoxy

1. “Who provides services is not the issue – what matters is what is provided to what standards and what cost.”
2. “Political leadership is about meta-governance” – network management.
3. “Citizens have choice and control.”



## 2. Value for money

# Demonstrating Value for money

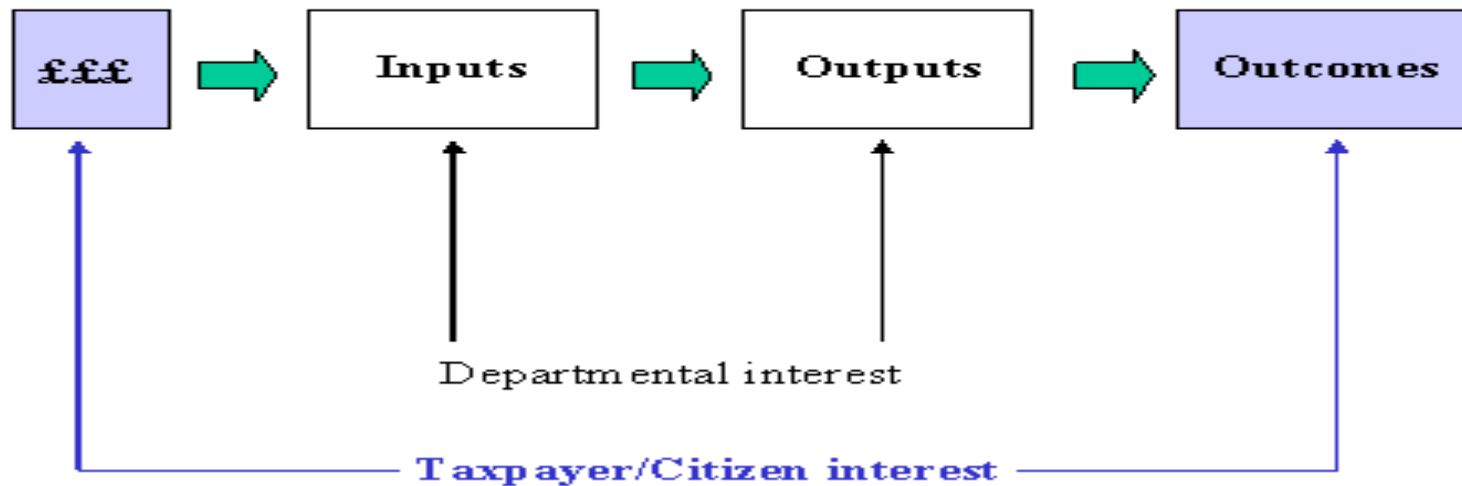


Source: Audit Commission - A modern approach to inspecting services

# Or another way....



## The Value for Money Equation



# VFM and In-house services - Origins



- Market failure – price fixing/cartels
- Public policy – housing and school meals
- Political and managerial control
- Skills and training
- Competition – Local Government (planning and land) Act 1980

**Value for Money**



# **3. Developing a competitiveness continuum**

# The primary statutory duty



**THE DUTY OF BEST  
VALUE**

# Local authorities and competitiveness



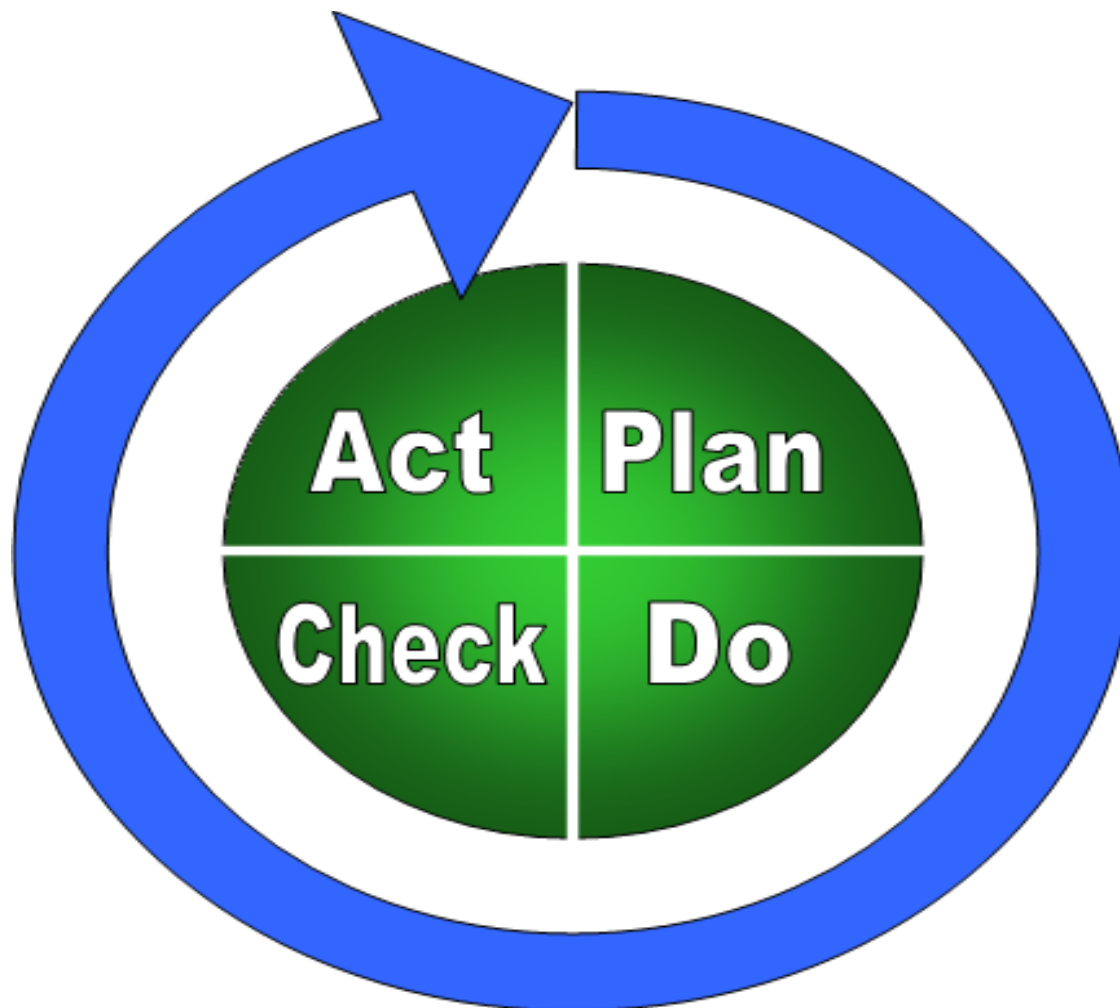
“Local authorities, for their own services (including those externally provided) should:

- 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 those 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.

DCLG Statutory guidance , Safer, prosperous communities, July 2008



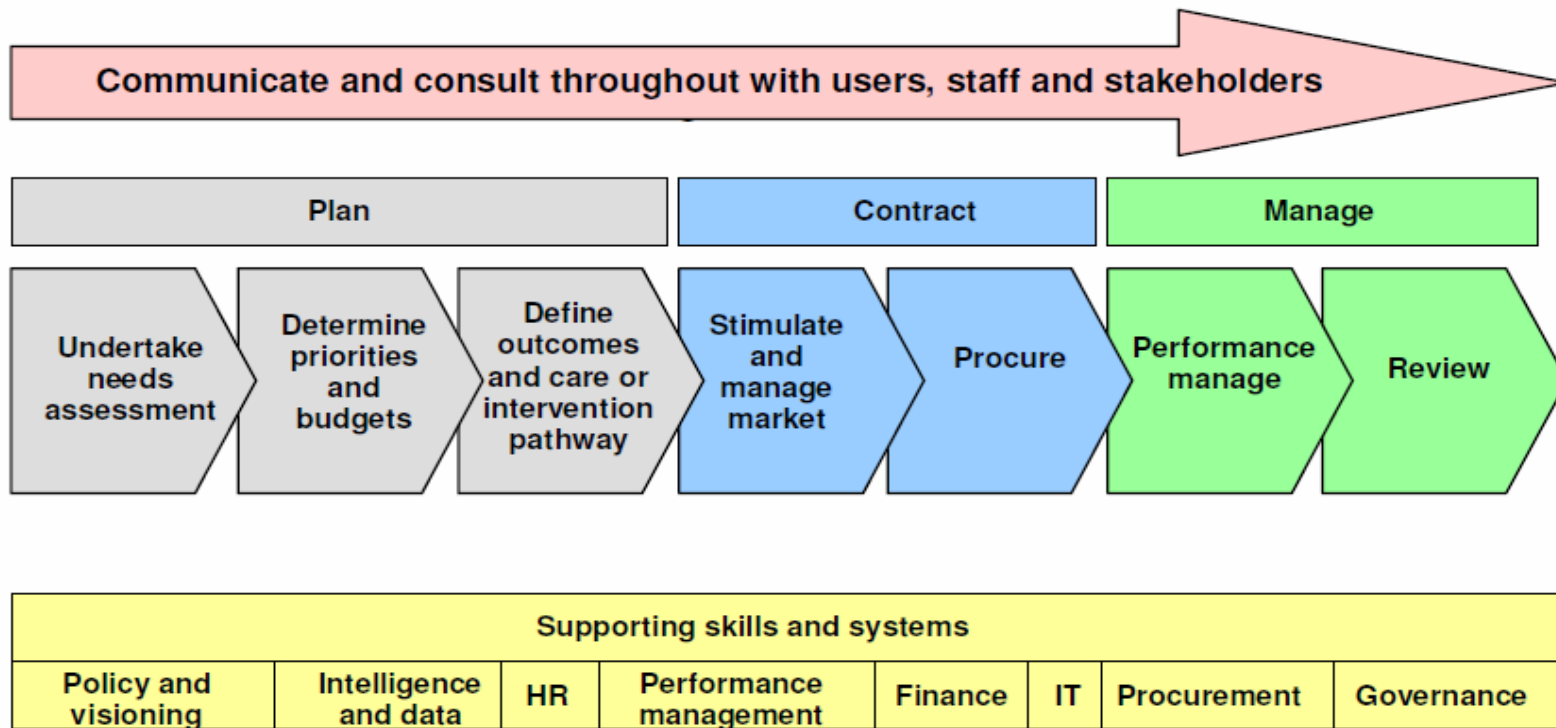
# Think, Plan, Do Cycle



# Do.....as contracting



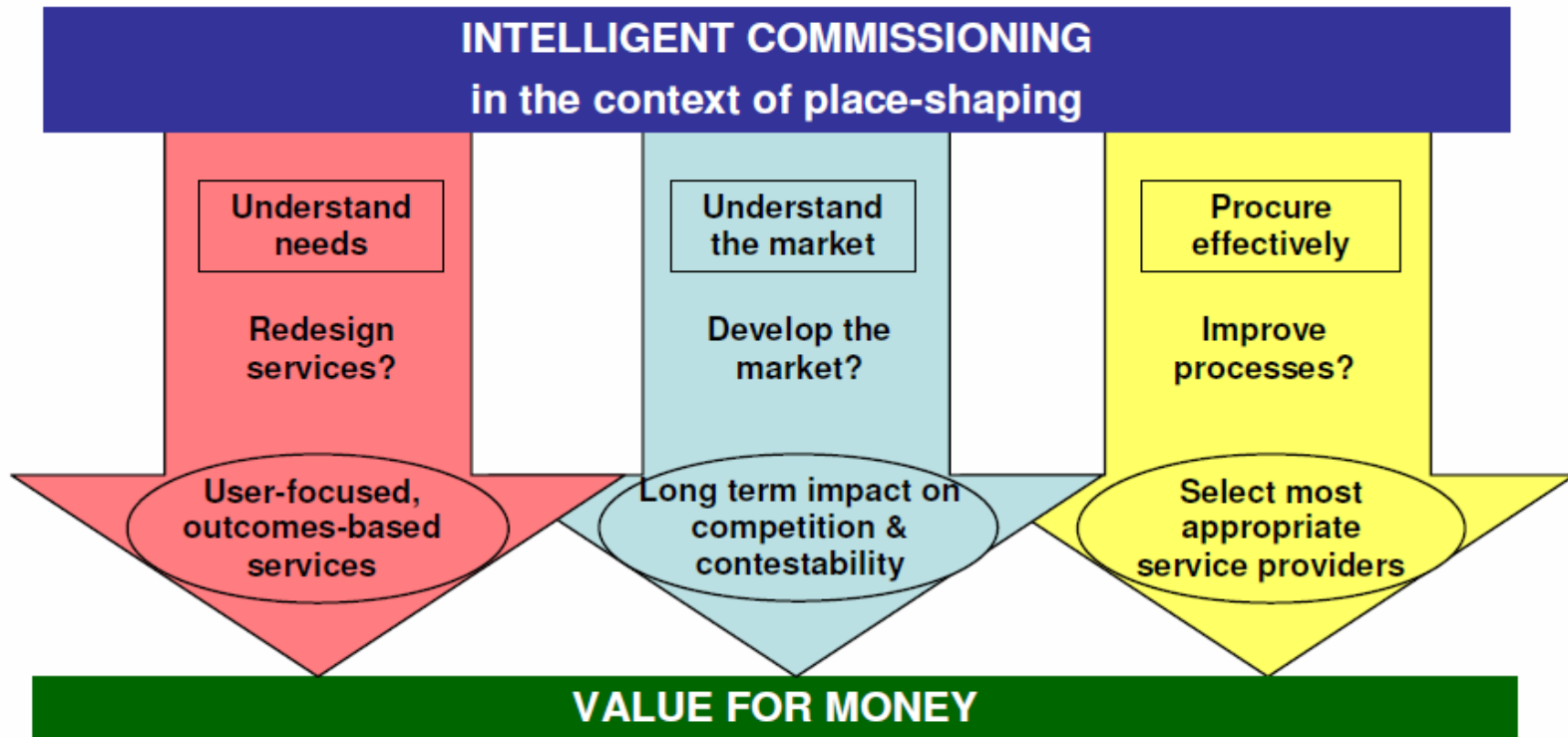
**Figure 2: The strategic commissioning process and supporting skills and systems required**



# Intelligent Commissioning



Figure 3: Simplified description of strategic commissioning



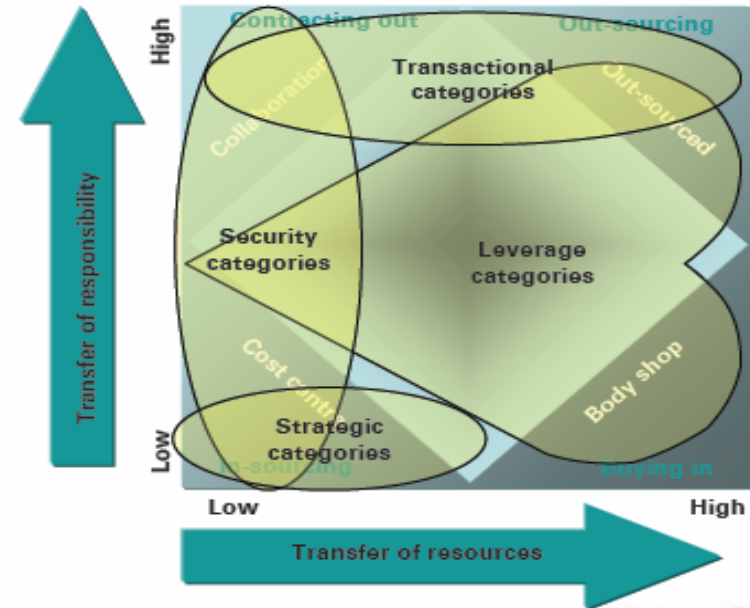
Source: Audit Commission<sup>2</sup>

# Strategic Commissioning and procurement



## In-source out source options

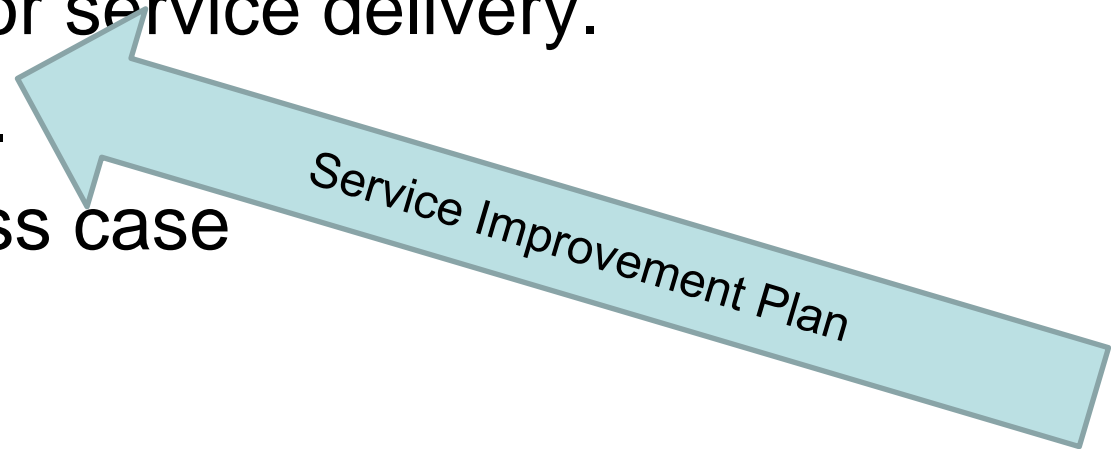
Assessment of resources and responsibilities		
Category	Requirements	Resources and responsibility
Strategic	<ul style="list-style-type: none"> <li>• Critical to the delivery of the Council's services.</li> <li>• High spend</li> </ul> <i>Maintain supply and maximise benefit</i>	Ensure the Council has control by maintaining responsibility and using own resources to develop and implement strategy and manage suppliers
Security	<ul style="list-style-type: none"> <li>• Critical to the delivery of the Council's services but relatively</li> <li>• Low spend</li> </ul> <i>Maintain supply</i>	Consider either keeping control in-house or bundling and contracting out to specialist suppliers with strong controls.
Leverage	<ul style="list-style-type: none"> <li>• Not critical to the Council</li> <li>• High spend</li> </ul> <i>Minimise spend</i>	Consider options to maximise opportunities for savings: e.g. either tender and control in-house or buy in resources to manage or outsource to specialist who can maximise savings
Transactional	<ul style="list-style-type: none"> <li>• Not critical to Council</li> <li>• Low spend and often high transactions</li> </ul> <i>Minimise cost of managing</i>	Pass management to specialist by bundling and either contracting out or outsourcing.



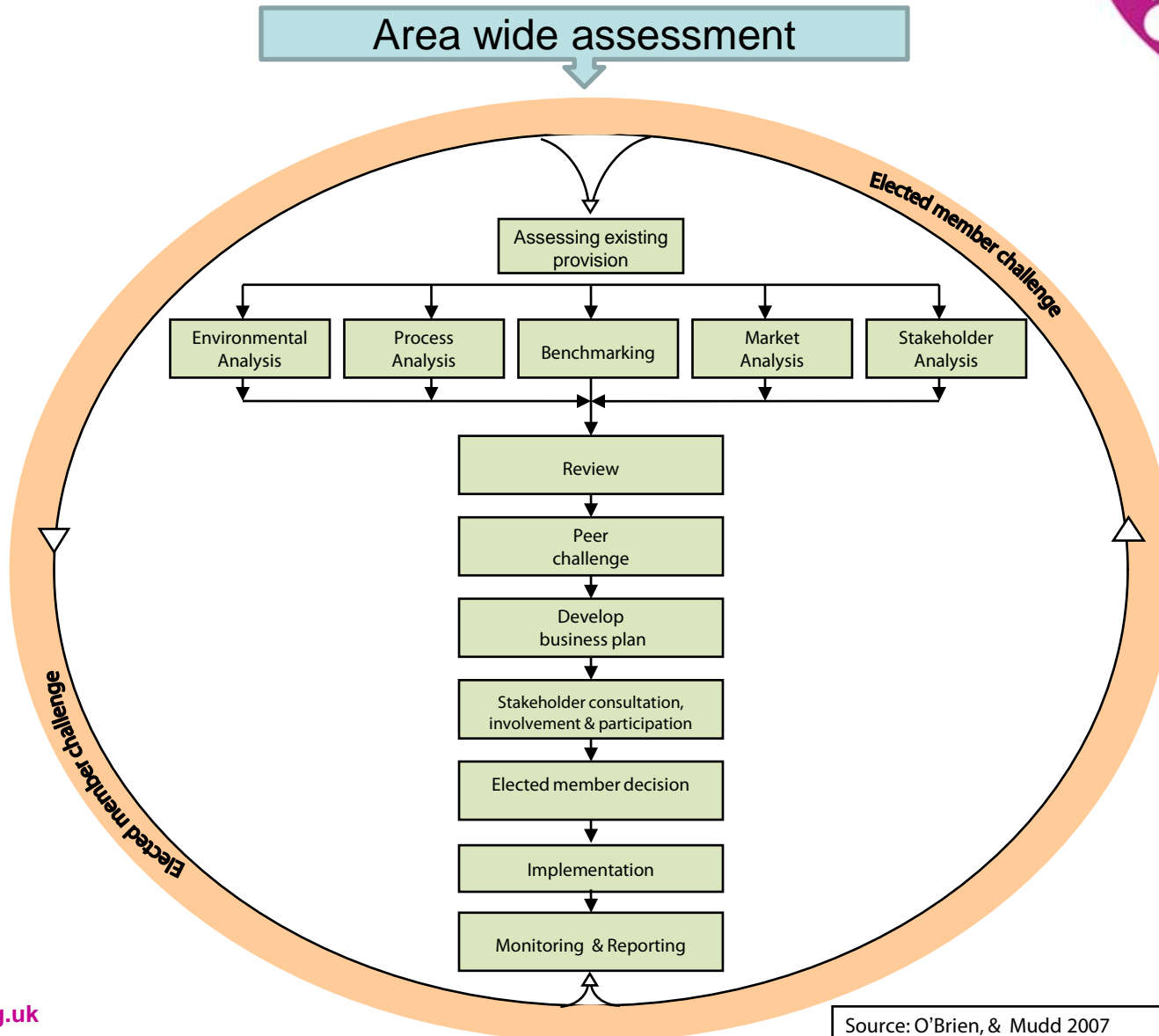


# Service Review

1. Scoping of the review.
2. Baseline Assessment.
3. Evaluate the evidence.
4. Develop options for service delivery.
5. Options Appraisal.
6. Develop a business case



# APSE's Competitiveness Continuum





# Competitiveness cycle

- Stage 1 – Assessing existing provision.
- Stage 2 – External focus
  - Business process efficiency analysis
  - Benchmarking
  - Market analysis
  - Stakeholder analysis, perception and satisfaction
  - Environmental analysis
- Stage 3 – Review and challenge
  - Peer review and challenge
  - Elected member challenge
- Stage 4 – Implementation and monitoring



# 4. Conclusions



# New problems, old solutions



- Dominant ideology - markets
- Vested interests
- The role of management consultants.
- Client/contractor – purchaser/provider split.
- Competition – A level playing field
- The “thin/intelligent” client.
- Using contracts to manage services.

# Reclaiming commissioning for local government



- Competitiveness continuum.
- Continuous improvement.
- Core services – flexibility and capacity.
- Democracy and accountability.
- The role of councillors.
- Procurement is a means not an ends.

# Carry on commissioning !

apse



**LOCAL SERVICES**

**LOCAL SOLUTIONS**



# Contact details

**Mark Bramah, Assistant Chief Executive**

**Email: [mbramah@apse.org.uk](mailto:mbramah@apse.org.uk)**

**Association for Public Service Excellence**

2nd floor Washbrook House, Lancastrian Office Centre, Talbot Road,  
Old Trafford, Manchester M32 0FP.

**telephone:** 0161 772 1810

**fax:** 0161 772 1811

**web:** [www.apse.org.uk](http://www.apse.org.uk)



INVESTOR IN PEOPLE



**GB 11409**



**GB 11132**



**GB 14074**