**Factsheet Nine**

**LA led model**

**Extract : *The Cooperative Council Sharing Power: A new settlement between citizens and the state***

**Co-operative commissioning**

**The challenge**

7.1 Building on the leadership discussion in the previous section of this report, the Commission believes that a critical component to realising the Co-operative Council is a new approach for commissioning council services. Throughout the deliberations of the Commission, it has become clear that the council’s current commissioning and procurement processes, whilst robust, are not designed in a way that promote cooperative ways of working, nor do they harness the skills or talents of citizens in designing services. Therefore, if the approach to commissioning public services currently provided by Lambeth Council remains the same, the Commission feels that the Co-operative Council agenda would be at significant risk of not meeting its full potential.

7.2 Evidence received to date has suggested that the council’s commissioning process, as it is currently operated, has in too many instances led to:

* a lack of citizen involvement and limited use of citizen knowledge in assessing local need and designing services
* limited commissioning options being presented, often constrained by a need to work within existing organisational structures and processes rather than focusing on the issues of concern to service users or the outcomes citizens want realised
* an imbalance in the relationship between council staff and citizens, with the views of the citizens not always being fully valued
* an overly-bureaucratic process which inhibits local organisations (such as co-operatives, social enterprises, third sector organisations, local businesses and faith organisations) from tendering for public services provided by Lambeth Council, and may in some instances compel them to incur higher costs than necessary.

7.3 The good news for Lambeth Council is that there are already pockets of good practice with regard to commissioning that reflect co-operative ways of working. The council’s procurement processes have also undergone radical improvements in recent years and these developments show the capacity of the organisation to adapt the way it works to meet the increasing expectations of Lambeth’s citizens. The Commission is therefore confident that Lambeth Council will be able to take on the challenge of redesigning its commissioning and procurement processes to promote co-operation in the way in which council-run public services are designed and delivered, which in turn will help achieve a stronger, more active civil society locally.

**Tackling this challenge: community-led commissioning**

7.4 The Co-operative Council White Paper, published in May, began a conversation about the direction commissioning should take in the borough. The council proposed strengthening joint work between public sector organisations (such as the police, NHS and the council) when commissioning public services. The Commission felt that this was a useful starting point, but having public sector employees work together more effectively will not by itself lead to the commissioning of better public services or empower citizens and service users. Through its deliberations the Commission concluded that the commissioning of public services, currently provided by Lambeth Council, needs to become a process where council staff and citizens co-operate together. This would mean that they work together to identify a problem, design a range of services that will tackle that problem, and then commission the right organisations to provide these services, including the provision of appropriate support to help build community reliance.

7.5 This approach to commissioning public services builds on the ethos of co-production, a concept that focuses on delivering public services in an equal and reciprocal relationship between council staff, people using services, their families and their neighbours. This approach also provides the council with an opportunity to be more open and transparent about the constraints (particularly the current economic ones) within which it must work. In practical terms this approach to commissioning services would bring together citizens, service users and council staff to undertake the following actions:

**• Identify and understand local need:** Frequently council staff approach understanding local need by reviewing data, undertaking consultation and taking a professional judgement as to how best to meet that need. The community led commissioning approach changes this relationship as citizens would become more actively involved in identifying their own needs through a needs assessment[[1]](#footnote-1) Information gathered from citizens would be given equal weight when used in conjunction with data gathered by council staff. Council data would also be made available to citizens so that they could play an active role in reviewing evidence. Working in partnership citizens and council staff would jointly come to a conclusion on what the evidence is saying about local need. This evidence will then be used to agree what the desired outcomes should be for a specific policy or service area.

• Participatory approaches: To ensure citizen input into the commissioning process, the community-led commissioning approach would use a range of participatory approaches. These would need to be tailored to the specific service or policy area being commissioned and co-produced[[2]](#footnote-2). Lambeth is fortunate in that some of the infrastructure required for this is already in place. This includes networks such as the Green Community Champions, Lambeth Forum Network, organisations such as London Creative Labs, and community partnerships, such as the Stockwell Partnership. In addition, the borough already has a number of community researchers who could support this work. The Commission does however recognise the need to ensure that all parts of the community, particularly those who are harder to reach, have an equal opportunity to be involved and to influence decisions in their area in order to ensure that commissioning is undertaken in a fair and balanced way. As raised on page 29 there is also a need to guard against groups or certain sections of the community taking over the discussion of a local service whilst excluding other groups.

**• Co-produced service specifications**: Working together citizens and council staff would use the evidence gathered to co-produce service specifications which would meet identified local need. These specifications would define the type of public services that need to be provided if a desired outcome (i.e. a reduction in anti-social behaviour) is going to be tackled effectively.

**• Bringing together service providers:** The Commission also believes that this approach will only succeed if the council, and other service providers, are willing to work together to enable cross-cutting service specifications to be developed. The Commission has drawn heavily on ideas being developed by Turning Point, particularly their concept of Local Integrated Services [[3]](#footnote-3). This approach brings together a wide range of organisations (public, third and private sector) to coproduce a range of services that seek either to address a particular theme, for example, worklessness, poverty or mental health, or to target a specific thematic or geographic area.

7.6 The Commission believes that this community-led approach to commissioning strongly fits with Lambeth Council’s stated desire to rebalance the power relationship between the citizen and the state in favour of the citizen, recognising that both sides bring particular skills and knowledge to the process. However the Commission also recognises that some services may be more suitable for a community-led commissioning approach than others.

7.7 In order to take this revised commissioning concept forward the Commission believes that community-led commissioning should be trialled in each council department in 2011/12. These pilots would take a specific service, decommission it, and then re-commission a replacement service based on the findings of a co-produced needs assessment. These pilots would also be supported by ethnographic evaluation to assess their effectiveness. As part of this evaluation the council will need to assess issues relating to ‘sectional capture’ and what steps the council can put in place to prevent this occurring, as well as wider performance issues.

**A co-operative procurement process**

7.8 Procurement is one of the final stages of the commissioning process and, in the Commission’s view, will be a key way in which Lambeth Council will be able to begin realising the Co-operative Council approach to delivering public services. But it is also one of the most complex and bureaucratic steps and the Commission fully recognises that the procurement process in Lambeth is bound by a significant body of EU and national regulations which are concerned with ensuring probity and protecting public money. Recognising this, the Commission accepts that all procurement exercises will require a degree of bureaucracy.

7.9 The Commission also recognises that Lambeth has already gone a long way to improve the way in which it procures services. For example, Lambeth Council has increased the number of local organisations tendering for services by advertising tender opportunities locally. In addition the council aims to ensure that it pays local small and medium-sized enterprises (SMEs) within 10 working days and runs innovative procurement support programmes such as Supply Lambeth and Supply Cross River which provide targeted training and capacity building opportunities to help local organisations gain the expertise to tender for public sector contracts. Another example of innovation is Lambeth’s work to include community-benefit clauses in its contracts, which focus on reducing worklessness and carbon emission.

7.10 Having said this, the Commission cannot ignore the body of evidence it has received[[4]](#footnote-4) which has singled out procurement in Lambeth as being a major barrier to the successful implementation of the Co-operative Council. Repeated submissions from a range of organisations argued that the current approach to procurement is too complex and bureaucratic for third sector organisations, social enterprises and small and/or medium sized local businesses to navigate successfully. This concern was echoed at a national level with Parliamentary committee investigations concluding that the public sector in general is not making sufficient use of the flexibility within current procurement process to enable more organisations to take part [[5]](#footnote-5). This is a critically important finding as a key aspect of the Co-operative Council is to enable a wider range of organisations (private, public and third sector) to take control of some local services. As this will ultimately require them to undergo a procurement process, the Commission is clear that the council’s procurement process must be as easy to navigate as possible. Therefore to understand the scale and type of procurement barriers currently in place, the Commission believes that the council should undertake a major review of this function.

7.11 The scope of the procurement review should, in the Commission’s opinion, focus on both local procurement regulations currently in place (financial regulations, democratic decision-making processes and procurement procedures) and regulations stakeholder events imposed by national government and the EU. The outcomes of this review should be a series of proposals to:

• streamline procurement processes

• reduce the barriers smaller organisations face when seeking to tender for local services

• provide greater autonomy to council staff when tendering a service, whilst maintaining probity of decision-making and the need to secure value-for-money.

7.12 A second element of the procurement review should be an analysis of the legal framework that underpins EU procurement rules and regulations. Legal opinion provided to the Commission suggests that EU procurement rules, such as stateaid regulations, may act as a barrier to the successful transfer of services to local organisations, particularly if new local organisations need a degree of support to tender for public services provided by the council. The Commission therefore believes that Lambeth Council’s procurement and legal teams should work with an external procurement specialist to understand the full legal implications of the Co-operative Council concept with regard to procurement. Where these EU rules and regulations act as a barrier to the Co-operative Council, the Commission believes that the council should be prepared to work through national and European lobbying channels to advocate for reform. The Localism Bill currently before Parliament and the Cabinet Office Green Paper on “Modernising Commissioning” provide two opportunities to commence a programme of lobbying. It should be stressed though that the Commission is not advocating that this review challenges employment protections built into law such as the TUPE rights that staff have if they are transferred to an external organisation.

**Recommendations**

The Co-operative Council Citizens’ Commission recommends that Lambeth Council should:

• Pilot community-led commissioning in each council department in 2011/12 with at least one pilot per department.

• Ensure that each community-led commissioning pilot is underpinned by robust ethnographic evaluation [[6]](#footnote-6). This evaluation will help the council to understand the lessons from each community-led commissioning process and how this approach could be applied to an increasingly wider set of service areas.

• Undertake a review of the council’s procurement processes and procedures with a view to moving to a system which is less risk-averse, more proportionate and acts as less of a barrier to small local organisations.

• Develop a lobbying strategy to secure amendments to national/European procurement legislation that impedes the implementation of the Co-operative Council, whilst ensuring employment rights for council staff are protected

1. Needs assessments review a wide range of data sets around citizen outcomes, service delivery and demographics of a local population.

Their aim is to help the public sector understand what the specific needs of citizens are and the key issues which need to be addressed. [↑](#footnote-ref-1)
2. Advocates of this model have used community researchers as one approach, or specific participation approaches i.e. the “Have Your

Say” events used by Turning Point in their Connected Care programme. What is key though is that there is no “one-size-fits-all” way to get a

high degree of citizen participation. These approaches need to be co-produced and tailored to the specific context [↑](#footnote-ref-2)
3. Turning Point’s “New Generation of Local Integrated Services” is being developed with support from the civil service, local authorities –

including Lambeth Council, the Local Government Improvement and Development and NHS. [↑](#footnote-ref-3)
4. Including evidence from Lambeth Forum Network, Age Concern Lambeth and from a range of VCS organisations at public meetings and

stakeholder events. [↑](#footnote-ref-4)
5. House of Commons Communities and Local Government Committee (2009) The Supporting People Programme: Thirteenth Report of

Session 2008-09 Volume 1 [↑](#footnote-ref-5)
6. Ethnographic research is a social science research method which relies upon up-close, personal experience and possible participation, not just observation, by researchers trained in the art of ethnography. [↑](#footnote-ref-6)