

4: Decent public services

Public services need to be more reflective of the demands of users, based around more effective joined up working, and bringing a raft of wider economic, social and environmental benefits.

The challenge

The Coalition Government's austerity has seen a scaling back of revenue budgets of local authorities and other local public service providers in order to open up the market to other forms of what is perceived to be more efficient delivery. Cuts to provision around welfare, adult social care and children's services have inevitably led to increases in demand.

The same thinking has been applied to local authority procurement teams. Often quoting European procurement law as a barrier, procurement decisions tend to be made on the basis of cost and making efficiencies rather than considering the potential quality of goods and services and the wider benefit they can bring to a local economy.

This emphasis on efficiency has had a number of consequences. Provision has been one-dimensional, has stifled innovation and the benefits derived from joining up provision and leads to duplication. Also, delivery is determined by the provider, reducing the input of the user. This leads to provider rather than people based public services. Procurers have often been slow to adapt to ensure public service provision prevents need in the first place, with cuts implemented without clear evidence of impact.

Central government procurement should be subject to the principles of the Social Value Act so it can lead by example.

What needs to be done?

To address these challenges and reform public services so that they are more effective, the following needs to happen:

Promote a real social value

The Public Services (Social Value) Act has required local public service providers to consider economic, social and environmental value in some of their procurement decisions. This has led to changes in the behaviour of procurers, in some instances.

There needs to be a new narrative around social value and procurement. Firstly, central government procurement should be subject to the principles of the Social Value Act so it can lead by example. Secondly, considerations around social value need to be embedded far earlier in the service design process. Thirdly, social value should not just apply to service contracts; it needs to be part of every procurement choice.

CLES has produced a framework for how economic, social and environmental benefits can be considered at various stages of the commissioning and procurement cycle.¹⁹ This has been utilised by Cheshire West and Chester Council²⁰ to make its processes more reflective of wider benefits.

19 Centre for Local Economic Strategies (2013) Responding to the Public Services (Social Value) Act 2012. CLES Bulletin 95: <http://www.cles.org.uk/publications/public-services-social-value-act/>

20 Centre for Local Economic Strategies (2013) Maximising benefit through progressive procurement: the policy and practice of Cheshire West and Chester Council. Manchester: CLES <http://www.cles.org.uk/wp-content/uploads/2015/02/Progressive-Procurement.pdf>

Advance 'total place' based approach to public services

Collaborative public service provision can deliver more effective and efficient public services. Providers around health and employment, for example, need to work more collaboratively to deliver joint outcomes. This means bridging the divide between organisations and pooling resources. Building on the Total Place and place based Community Budget pilots, central government should encourage collaborative working as the norm in service delivery and offer incentives.

CLES has undertaken work with Shelter²¹ which highlights the benefit of joint working and pooling resources across a range of health related services.

Commission services on an outcomes basis in a co-produced way

Commissioners and procurers of services must design and deliver public services in a way that contributes to wider outcomes. Provision of a social care contract, for example, will lead to benefits around care and also wider health and employment outcomes. Services should be designed in a co-produced way; consulting with users, communities and potential providers to shape that service. Co-production enables a better understanding of the needs of users, promotes a preventative approach and enables the skills of potential providers to be identified.

CLES has undertaken work with the Joseph Rowntree Foundation²² highlighting how adopting outcomes based and co-produced approaches to commissioning can address poverty.

Understand where public spend goes and monitor impact

Service providers need to understand how their choices impact on local economies, people and places. For central government, this means understanding the supply chain and particularly the extent to which SMEs benefit (because they deliver greater local economic benefit through procurement than large corporations²³). For local authorities, this means understanding the extent to which procurement spend is with organisations based within their boundaries.

Those tasked with spending public money need to monitor the impact of their investment more effectively. There should be a national social value framework for central government spend against which impact in economic, social and environmental terms is measured; with a similar one developed by local authorities or clusters of authorities.

Co-production enables a better understanding of the needs of users, promotes a preventative approach and enables the skills of potential providers to be identified.

CLES has undertaken an array of work with local authorities to understand the impact of procurement spend and support them to increase the impact it brings for local economies. This includes working closely with Manchester City Council²⁴ to support an increase in the percentage of spend with Manchester based businesses from 52.5% in 2008/09 to nearly 64% in 2013/14.²⁵

21 Centre for Local Economic Strategies (to be published 2015) Evaluation of Inspiring Change Manchester.

22 Breeze, J., Cummings, C., Jackson, M., McInroy, N. and Nolan, A. (2013) Addressing poverty through local governance. York: Joseph Rowntree Foundation <http://www.cles.org.uk/wp-content/uploads/2013/10/JRF-Addressing-poverty-through-local-governance-final-report.pdf>

23 Federation of Small Businesses and Centre for Local Economic Strategies (2013) Local Procurement: Making the most of small business, one year on. London: FSB <http://www.cles.org.uk/wp-content/uploads/2013/07/FSB-procurement-2013.pdf>

24 Centre for Local Economic Strategies (2010) The power of procurement. Manchester: CLES <http://www.cles.org.uk/wp-content/uploads/2011/01/The-power-of-procurement.pdf>

25 Centre for Local Economic Strategies (2012) Progression in procurement: Manchester City Council. CLES Briefing: <http://www.cles.org.uk/wp-content/uploads/2015/02/Final-briefing-paper.pdf>

The full Manifesto for Local Economies
can be viewed on the CLES website, [here](#).