

Public sector service delivery - an end to the status quo

How innovation and partnership working are transforming commissioning



Introduction

With demand on services increasing and budgets shrinking, a fresh approach to public sector service delivery is urgently required. The “iron-bound processes” that have long stood in the way of change are starting to fall by the wayside, and a new wave of bold and innovative commissioners are poised to take advantage.

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In *The Art of the Possible in Public Procurement* – a new publication aimed at public sector commissioners – authors Frank Villeneuve-Smith and Julian Blake describe how “regulations and iron-bound processes” have acted to “stifle reform, hamper innovation and maintain the status quo.”

“Commissioners tell us that procurement has become the tail wagging the commissioning dog, often in an unholy alliance with equally cautious legal advice,” continues Blake, a partner at Bates Wells Braithwaite (BWB). “Process has taken over purpose. We believe that the primary focus on purpose needs to be restored.”

There are signs that the tide is starting to turn. The Public Contracts Regulations 2015 are offering greater flexibility to commissioners, and there is also a new spirit of innovation and partnership

-building among local authorities, social enterprises and social investors.

Blake adds: “In a time of austerity, the only way commissioners can save money and improve services is to do things differently – and procurement regulation actively supports this.”

E3M, an initiative that supports leaders from some of Britain’s largest social enterprises, set out to capture some of this spirit of innovation at a recent event in London – E3M Alchemy.

The event, supported by Zurich Municipal, BWB and other E3M partners, saw representatives of various agencies involved in public sector service delivery discuss new and innovative ways of working in partnership in order to meet the needs of their communities. Here, we focus on some of the projects that were discussed at the event.

About the event

The event – E3M Alchemy: Partnerships for Success in Transforming Local Services – explored the ‘art of the possible’ in the transformation of local public services. Senior public service commissioners, leaders of commercial social enterprises and social investors, came together to share perspectives and to think in new ways about local solutions.

About E3M

E3M promotes and supports innovation in the delivery of public services. It facilitates two specialist knowledge communities: the E3M Social Enterprise Leaders Business Club and the E3M Bold Commissioners Club. E3M aims to be a catalyst for change, in particular developing thought leadership on key issues for social enterprise growth where there are gaps in current thinking. www.e3m.org.uk

The Barcelona Open Challenge

A project inviting people to submit anonymous solutions to real challenges facing the Spanish city attracted global attention and brought lasting results. Barcelona City Council believes this “open” approach to public procurement is “the way forward” for local government.

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Anna Majó, Barcelona City Council's Digital Innovation Technical Manager, discussed how companies from across the globe were invited to anonymously submit innovative solutions to six key challenges facing the city. She explained how the project attracted worldwide attention, opened up a new network of potential suppliers and ultimately led to six new contracts being signed to deliver public services.

The city's six key challenges were identified as:

- Reducing bicycle thefts
- Reducing social isolation
- Monitoring pedestrian flows
- Digitising museum and archive collections
- Automating detection and alerts of damaged road surfaces
- Helping small local retailers increase their online visibility

A total of 119 proposals were received, and then assessed on their relevance, innovation, scalability and impact. Five finalists were selected for each challenge, with a budget of up to €250,000 allocated to support them. It was only at this stage that the identity of the bidders was revealed.

One of the distinctive features of the Barcelona Open Challenge was the explicit commitment at the outset to contract the winning solutions, rather than just offering an award or an opportunity to pilot a scheme. The bidding process was anonymised to encourage any company with an innovative solution to apply, including those with no previous experience of city-level government contracts. Of the six winners eventually chosen, only three had previously worked with Barcelona City Council.



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The challenges of open procurement

There are, of course, hurdles to overcome when considering an open procurement process such as this, for example:

- Engaging with citizens to ensure the right challenges are identified
- Supporting companies that are new to public sector procurement to understand the process
- Establishing who owns the intellectual copyright of any subsequent solution
- Ensuring the process complies with European procurement regulations

Majó said: “This kind of innovative approach works best when you have a considerable budget to work with and no known solution to the challenges you have identified.

“There were a lot of things we could have improved upon, but we proved that this approach is possible, and I really believe it is the way forward.

“As governments, we cannot just be vending machines offering services and products. Our role is to solve challenges.”



How to engage your residents

Initiatives such as Citizen Commissioners and civic crowd-funding platforms show what can be achieved when residents are asked to play an active role in shaping the services they receive.

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While the Barcelona Open Challenge achieved its objectives, Anna Majó says that if the city council had the opportunity to launch the project again, it would strive to involve its residents more closely from the outset.

E3M Alchemy heard several examples of how public services can be transformed when residents are actively involved in identifying both the challenges they face and the potential solutions.

In 2011, Sutton Council decided to adopt a new approach to commissioning when faced with the need for a saving of £74m from its revenue budget over the next eight years.

Niall Bolger, Chief Executive of Sutton Council, said: “We didn't want to salami slice our services, so we looked at a new way of commissioning that would meet the needs of our communities and deliver the outcomes our residents expect.”

One of the steps the council took was to launch a Market Development Strategy, which sets out how the authority can support the local market, including the voluntary sector, to meet the future needs of Sutton's residents.

It has also provided extra training and support to its commissioners, and has worked with neighbouring Kingston Council to initiate a local Commissioning Academy.

Residents have been at the heart of Sutton's approach. The council has recruited 96 Citizen Commissioners, volunteers who meet several times each month to help the council set its priorities and who are actively involved in every stage of the commissioning cycle. One project Citizen Commissioners were closely involved with was the £3m Lottery-funded restoration of Beddington Park.



Citizens commissioning

Citizens commissioning is a programme designed to enable the voice of Sutton's residents to be heard on matters regarding the commissioning of public services.

Volunteers help in the initial analysis of community need and in the briefing, choosing, monitoring and evaluation of providers, ensuring that public services commissioned by the Council represent the best possible quality for residents.



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Crowd-funding public projects

Residents are not only helping to shape the outcomes of these types of community projects; they are also influencing how they are funded.

Niraj Dattani is Head of Community Development at Spacehive, the world's first crowd-funding website for civic projects.

Unlike crowd-funding websites such as Kickstarter, which encourage people to give money in exchange for some kind of recognition or reward (e.g. a credit on a crowd-funded film), those who donate to a project using Spacehive are doing so simply to support their local community.

One project Spacehive has helped to support is the transformation of the Churchill Way Flyover in Liverpool.

Dattani says: “The council was going to demolish the flyover at a cost of £2m-£3m, until a group of local residents said ‘why not build a park instead?’ The whole community loved the idea.”

More than £40,000 was raised through Spacehive to fund designs, surveys, a business plan and stakeholder engagement, with over 300 separate contributions from individuals and organisations, ranging from local shopping centres to affordable housing providers.

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Delivering large-scale transformation

Crowd-funding may be a solution for one-off community projects, but there was much discussion at E3M Alchemy about how services that are already under considerable pressure, such as health and social care, can be delivered and funded differently in the years ahead.

The Health and Wellbeing Limited Liability Partnership (LLP) – comprised of nine organisations with a combined turnover of £33m – is an example of an alternative model for delivering such services on a large scale.

The LLP, the first of its kind in the UK, is led by social enterprise Social adVentures. Scott Darraugh, chief executive of Social adVentures, says one of its main goals is to give smaller social enterprises and charities a better chance of competing against larger providers when bidding for contracts to provide health and well-being services.

Darraugh says: “Pooling resources means the LLP partners can compete for larger contracts across larger geographical areas, achieve economies of scale, gain access to a hotbed of innovation, and provide a route for larger social investment.

“From the commissioners’ point of view, they can achieve economies of scale, but they also benefit from having a single point of contact for contract management, and they know that risk is shared across all the partner organisations. In addition, any surplus generated can be reinvested, which allows for increased innovation.”

Castleville: a fictional town with real problems

Attendees at E3M Alchemy were tasked with devising innovative solutions to the wide-ranging challenges facing a fictional town in the Midlands. The exercise prompted debate about why public sector agencies aren't always as bold when faced with similar challenges in their own communities.

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How do you solve a problem like Castleville? This was a question that exercised the minds of all who attended E3M Alchemy.

Attendees were put into groups and tasked with devising innovative solutions that would transform public sector service delivery in this fictional Midlands garrison town. It has been beset by a number of social challenges, ranging from the large numbers of returning ex-military personnel with drug and alcohol problems, to the higher-than-average number of children in care.

Suggested solutions ranged from the creation of a social enterprise to tackle domestic abuse involving children, to the introduction of a 10% opt-out tariff on all alcohol sales in the town.

However, as Dai Powell, Chief Executive of the HCT Group, a transport social enterprise, said afterwards: “We need to look at why these kind of innovative approaches aren't being taken more often in real life.

“A lot of people are only interested in the status quo and are locked in to old ways of doing things. We have to be more proactive, and go out to our communities and say ‘let's try something new’. We have the social structures, the legal structures and the funding structures to make it happen.”

Jonathan Bland, Managing Director of Social Business International, which runs E3M, agrees. He says: “We now have

commissioners who are bold and innovative, coming together with successful social enterprise leaders and social investors, to explore new ideas for how we can transform and improve public services in these really challenging times.”

Keeping pace with the speed of transformation

Zurich Municipal is a Supporting Partner of E3M, and David Forster, Head of Risk, was among those involved in devising solutions to the problems facing Castleville.

Afterwards, he said: “The day opened my eyes to the enormous possibilities in commissioning. If you think there's only one way of doing things, then think again. The world of public services is changing so quickly, with new models of delivery and an end to the status quo.

“As an insurer, we live and die on whether we truly understand our customers – the challenges they face, the risks they have to deal with, the assets they need to insure and the way they go about their business.

“It's not enough for us to have an understanding of how our customers are operating today. Events like these are so useful because they help us to see how our customers will be operating in years to come.”

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