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BSA Submission to APPG on Devolution

Introduction

The Business Services Association is a policy and research organisation. It brings together all those who are interested in delivering efficient, flexible and cost-effective service and infrastructure projects across the private and public sectors.

We are pleased to be given the opportunity to contribute to this Inquiry. This response focuses on the issue of devolution or decentralisation to English local government. The BSA has not taken a stance on the extent of devolution to Scotland, Wales and Northern Ireland, as we believe this along with the issue of independence is ultimately a matter for the peoples of the nations concerned to decide. However many of the principles set out - in particular the importance of partnership working - have applications to all aspects of devolution.

Devolution in England: Summary

The BSA supports the principle of devolution to combined authorities and local areas in England. Devolution has the potential to unlock local and regional economic development and stimulate innovation in the delivery of public services. Local economies, and the needs and wishes of communities for services, vary. Enabling decisions to be taken closer to these communities therefore allows economic and social policy to adapt to these variations.

Furthermore when decisions about economic and social policy and across service streams are taken at the same level, this also allows for all these interconnected policies to be considered together. This can allow for integrated policy formation, the breaking down of silos between funding streams and between different models of service delivery and ways of working, and more integrated services. And, as a report from IPPR North stated: 'Far more than its structure and form, what the Manchester model offers the new combined authorities is a more integrated approach to addressing economic development and public service reform as two sides of the same coin'¹.

There is of course the danger that 'economies of scale' in nationally commissioned services may be lost, along with the associated efficiencies and other benefits national programmes can bring. The challenge is to handle devolution well, so these are more than outweighed by the benefits of more responsive services which are integrated across service streams.

¹ *Decentralisation Decade*, IPPR North with support from PwC, September 2014

In theory, devolution is also popular with locally elected representatives. A survey by the *Local Government Chronicle* on attitudes to devolution found “pretty much every council now wants in on the action” in some form or other². The 38 devolution submissions received by government by its September deadline would seem to be evidence of that.

However consensus on the need for devolution does not mean lack of debate on devolution in practice. This debate has focused on issues such as:

- governance, in particular relating to accountability mechanisms - ‘metro-mayors’ and arrangements in non-metropolitan areas;
- the pattern of devolved government across the UK, and whether local government needs to co-ordinate its approach or be content with a ‘patchwork quilt’ of different governance arrangements determined in part by competing bids to government;
- the powers to be devolved. There are differences of view in particular on local commissioning of health services and of welfare-to-work services, and on the right balance between local and national responsibility and accountability for these and other services; and
- the extent to which ‘devolution’ implies fiscal devolution as well as devolution of decision-making on spending a specified amount of money.

These issues are covered below (Part A - page 3).

However the BSA believes attitudes, approaches and cultures are even more important than precise structures. The ultimate policy goals should be economic development and better outcomes, value and social value in service delivery. These goals will only be achieved through a progressive, outward-looking and forward-looking approach to engagement with local communities and the full range of stakeholders.

By bringing decision-making closer to those communities, devolution can make it easier to put that approach into practice. And the creation of new structures provides an opportunity to do so from the start. But devolution does not in itself guarantee that this will happen - and that the goals of economic development and better outcomes, value and social value in service delivery will therefore be achieved.

Devolution is also of course taking place in parallel with unprecedented changes in other areas - changes in local economies and in the way in which towns and cities can interact; changes in citizen expectations; innovation in service delivery and in the use of data, which is both helping shape those citizen expectations and also providing the means to help meet them; and of course austerity in public spending.

All these changes point to the need for a radical approach to both economic development and service delivery. For example a gradual paring down of services to reach statutory minimum won’t work. Nor will relying on endless ‘efficiency savings’.

Communities and their elected representatives need to consider where they want to be in ten or 20 years’ time, in terms of economic development, service delivery and their wider sense of ‘place’. Decision-making powers provide devolved bodies with some of the tools required to help them get there. But to do so they will need to be led - genuinely - by the needs and wishes of the communities concerned, and to work in partnership with a wide range of external stakeholders.

These issues are covered in Part B (page 7).

² *Local Government Chronicle*, 6 August 2015

A: Devolution and Governance

The Pattern of Devolved Government

The Government has set out a clear view on governance mechanisms by which devolved bodies will be held to account - elected mayors for metropolitan areas and equally clear accountability mechanisms elsewhere. Clearly there are questions as to what such mechanisms will be, and how mayors will work in areas that extend well beyond a metro area.

Prior to the 4th September deadline for devolution submissions, there was debate within local government about whether to attempt one co-ordinated submission to government, to avoid rival and overlapping bids and what the President of Solace, Mark Rogers, referred to as the economic equivalent of the “supermarket trolley dash”³.

However different areas have different appetites and capacities for devolution. There is therefore cross-party consensus on need for a variable speed approach - as seen in the proposals of the current and last Government and those in Labour’s Innovation Task Force report prior to the election⁴. The Independent Commission on Local Government Finance, established by the LGA and Cipfa, itself recommended a mixture of universal devolution and further devolution to ‘pioneer’ authorities⁵.

Furthermore in the survey by the *Local Government Chronicle*⁶, it was clear that a wide variety of possible governance arrangements are emerging, not all involving combined authorities and many based on boundaries other than council or LEP boundaries - including for example travel-to-work areas - and some involving towns or cities from different counties working cross-border.

In cases where a town or city has a link to two, possibly overlapping, combined authority bids, some have suggested it might join one but have “associate membership” of others as required.

This would involve external stakeholders needing to interact with large numbers of diverse organisations - with all the associated costs and inefficiencies that could bring. So it is vital that these organisations have an ethos which encourages co-ordination and joint working.

Such structures reflect different histories, capacities, views and local needs - the very differences which lend themselves to devolution in first place. Once again however there is a need for an unwavering focus on the ultimate goals of economic development and better outcomes, value and social value in service delivery.

This means:

- There is a clear need not to reheat or repeat the boundary wars of the 1990s council restructuring. So far the devolution debate has largely helped to bring ‘rival’ cities or towns together in common cause. It is important that it doesn’t also create ill will when some areas are “left out” of bids, or when there are rival proposals, given the need for cross-boundary partnership working in the future.

³ *The Municipal Journal*, 13 August 2015

⁴ *People-Powered Public Services*, Local Government Innovation Task Force, July 2014

⁵ *Financing English Devolution*, LGA and Cipfa, February 2014

⁶ *Local Government Chronicle*, 6 August 2015

- All areas and types of area should benefit from the opportunities which devolution can bring. The submissions received to date are from metro and more rural areas alike, and it is important that there is an equal focus on both, and on areas with and without the capacity for a unitary authority or single combined authority structure. It is also important that the needs of districts - as well as counties - are taken fully into account in devolution deals.
- The importance of business stakeholders should be recognised when bids are being considered. In their report *Delivering Growth?*⁷, PwC / the Smith Institute for example have noted that, in areas where the LEPs and the new Combined Authority boundaries are not co-terminus, the emergence of Combined Authorities may lead to LEP mergers or at least some degree of streamlining. However, in emphasising the importance of LEPs as the vehicle for the voice of business to be heard, Communities Secretary Greg Clark has said their boundaries are “the true economic geography of our nation”. “As such”, he said, “no devolution deal will be signed off unless it is absolutely clear that LEPs will be at the heart of arrangements”⁸. Therefore LEPs need to be given a full say in the devolution process - including equal say in any boundary changes. Alignment of objectives and means to achieve them between LEPs and authorities is important, given LEPs’ role in skills, inward investment, and transport. And if LEPs are truly to be the voice of business, it is important that they are not simply subsumed by, or subservient to, their local authority but have a distinct identity and also that their boundaries are clear - especially where they overlap. Although LEPs are not in themselves commissioning bodies, they can help provide a mechanism for business to feed into the commissioning process.
- Above all, no arrangements should be put in place which hinder rather than help partnership working at every level - including joint commissioning of services; and co-ordination of skills, training, and economic development - and with organisations across as well as within the new boundaries. The report from IPPR North suggested allowing a “Mezzanine Level” between combined authorities and national government - larger than the regional level, and responsible for specific functions where appropriate⁹. Whatever the mechanism adopted, there is a clear need for governance arrangements which encourage an outward-looking partnership-centred approach.

Powers to be Devolved

The Greater Manchester deal illustrates the range of powers which can theoretically be subject to devolution deals across England. Indeed, the GMCA has expressed an ambition to secure control of, or influence over, all £22 billion of public sector funding in Greater Manchester¹⁰.

In their interviews with LEPs, PwC / Smith Institute found lack of clarity on how localism and the role of LEPs fit in with delivering national policy objectives in areas like inward investment, housing and skills training. Equally, it was said by the LEPs interviewed that there is a lack of coherence as to how individual LEP programmes fit into investment plans for national projects, such as HS2, broadband roll out and new garden cities¹¹.

This tension is even more apparent in the case of particularly sensitive service areas such as health and welfare-to-work. This is evident in the different approach to the parties on these issues, and in the debate currently taking place on the role of local versus national NHS policy.

⁷ *Delivering Growth*, PwC and the Smith Institute, June 2015. <http://www.pwc.co.uk/industries/government-public-sector/local-government/delivering-local-growth.html>

⁸ Greg Clark, Speech to LEPs Network, reported localgov.co.uk, 26 June 2015

⁹ *Decentralisation Decade*, IPPR North with support from PwC, September 2014

¹⁰ Manchester City Council press release, 3rd November 2014

¹¹ *Delivering Growth*, PwC and the Smith Institute, June 2015. <http://www.pwc.co.uk/industries/government-public-sector/local-government/delivering-local-growth.html>

The BSA believes that whatever approach is taken in these areas the structures must lend themselves to partnership working based on the needs of the communities concerned.

There is an inevitable tension between the need for assessment of local need; economies of scale in commissioning or provision; and national determination of overall policy. The mechanisms arrived at must lend themselves to collaboration between local and national, and to the sharing of good practice between areas.

In the case of employment and welfare services, for example, there is a clear need to integrate services around the individual - including benefit services, employment support, housing, rehabilitation, health and social care - and devolution may help to achieve that. But if powers are devolved, a common framework should be established at national level setting out core, evidence-based components of the service and standardised measures of performance which local agencies could build on. This would ensure continuity, stop local agencies from having to reinvent the wheel and enable performance to be compared across different delivery models. An Annex sets these principles out in more detail.

Fiscal Devolution

Fiscal devolution involves moving from an area simply having executive powers to spend the money it is given, to legislative powers to raise the money spent.

Lord Heseltine's report *No Stone Unturned*, on which much of the devolution agenda has been based, recommended a single funding pot for local areas. It said this would include significant parts of the skills, infrastructure, employment support, housing, regeneration and business support budgets.

It is on this basis that much of the devolution has proceeded. Central government departments will devolve at least £12 billion from 2015-16 to 2020-21 to the Local Growth Fund. As part of the Spending Review process, the Government is now identifying which budgets will be devolved into this Fund. The last Government also started to publish local service budgets (for 2015 to 2016) on a single webpage, with the stated aim of enabling councils to make better strategic decisions regarding public services.

There has also been limited flexibility on income generation, through the business rate retention, the New Homes Bonus, and mechanisms agreed through various City Deals and Growth Deal agreements. These include the Earn Back payment by results model in Manchester, the Leeds Growth Deal provisions on transport infrastructure investment, and agreement on Gain Share in Greater Cambridge. In Enterprise Zones, the LEP can retain 100 per cent of business rate growth for 25 years.

The LGA has said that meaningful devolution should include greater fiscal autonomy, multi-year finance settlements, full retention of business rates growth and powers to set rates and discounts.

In their report *2020 Vision*, Grant Thornton found a desire from local politicians and senior managers for greater flexibility to generate income by innovatively using the council's existing assets. Some interviewees thought they could be independent of central government funding within the next five to ten years, albeit at much lower levels of spending. However it also noted that areas vary in their ability to benefit from revenues generated from local growth¹²

Delegates at Grant Thornton's recent local government finance roundtable considered that, in the longer-term, greater fiscal devolution was needed to create a sustainable financial future. The associated report pointed out that councils need greater certainty about future finance - including in relation to business rates - so they can invest long-term. Devolution of tax-raising powers to local government, control of council tax rates and banding and retention of business rates by combined authorities were considered the most effective mechanisms for creating a sustainable financial future.

¹²*2020 Vision: Exploring finance and policy futures for English local government as a starting point for discussion*, October 2014

The report looked at ways in which areas could be incentivised for growth, and the need to allocate growth deals and grant on a ‘place’ basis rather than on authorities’ geographic boundaries¹³.

The BSA has commissioned from Centre for Cities some research on fiscal devolution, examining which taxes, if any, are suited to have elements devolved or retained locally in order to boost local economic growth. It will look at the devolution or reform of local taxes and funding levers to provide the best incentives for cities to boost economic growth.

Whitehall

It has long been the view of local areas that there are limits to their ability to integrate services or shape local economies without greater ‘buy in’ on devolution from Whitehall, especially the Treasury, given its role in distributing funding and the need to break down the silos between budget streams from different departments and service areas. Community budget pilots; One Public Estate; the ‘Troubled Families’ initiative; the Better Care Fund; and the work of the Public Service Transformation Network and the Transformation Challenge Award are all examples of Whitehall trying to address this problem. However the Government has rightly described such measures, taken in the last Parliament, as merely the “first steps” to integrate services, save money and improve service outcomes¹⁴

Today, Treasury and DCLG collaboration on the devolution agenda, and in particular the Chancellor’s personal leadership on the issue, has meant a much broader group of departments now seem genuinely interested in devolving powers than ever before. Given the range of services - and associated budget streams - involved, this is of course a necessary precondition for successful devolution.

However there is still much further work to be done. The Service Transformation Network Challenge Panel report noted the need for further integration even in the various transformation funds themselves. They found more than 30 pots of funding designed to encourage integration, each with different criteria and allocation methods¹⁵.

In the case of LEPs, interviews reported in the PwC / Smith Institute report showed that, although relations with Whitehall had improved, government departments (and public agencies) were still not joined-up enough in supporting the local growth agenda - and that, for example, the Government’s cross-departmental Cities and Local Growth Team could do more to join up the different business support packages they offer. The LEP interviewees broadly supported the idea, proposed by the House of Commons BIS Committee, that LEPs should have a single sponsor department¹⁶.

EU Funding

Under current plans, local areas will only have an “advisory” role in how EU funding is spent. Bearing in mind the importance of EU funds for regeneration in many areas, the Secretary of State has accepted that this is not acceptable on a permanent basis - and that, in future, he is confident LEPs will work with local government to manage these schemes¹⁷. That does need Commission approval, which a successful rollout of devolution deals should help to achieve.

¹³ *Creating a Sustainable Financial Future*, Grant Thornton, 2015

¹⁴ *A Country that lives within its means: Spending Review 2015*, July 2015, page 16

¹⁵ *Bolder, Braver and Better: why we need local deals to save public services*, Service Transformation Challenge Panel, November 2014

¹⁶ *Delivering Growth*, PwC and the Smith Institute, June 2015. <http://www.pwc.co.uk/industries/government-public-sector/local-government/delivering-local-growth.html>

¹⁷ *First Magazine* interview, LGA, July 2015

B: Devolution and Partnership Working

Summary

The ultimate goals of devolution policy, as set out in this paper, are encouraging economic development across the UK; and better outcomes, value and social value in service delivery.

These goals will only be achieved through a progressive, outward-looking and forward-looking approach to engagement with local communities and the full range of stakeholders.

A number of factors therefore need to be in place as part of any devolution arrangements. These include:

- governance and accountability arrangements which facilitate rather than hinder partnership working (see Part A);
- a desire to use those arrangements to look outwards, and to work with a wide variety of partners as appropriate, including those from the private and VCSE sectors; and
- a commissioning process which focuses on outcomes, value and social value, led by community needs and wishes.

The Business Services Sector and Economic Development

The business services sector comprises five strands: ICT, business process outsourcing (BPO), facilities management (FM), construction-related services and managed public services. Research commissioned by the BSA from Oxford Economics breaks down the contribution these services make to jobs and prosperity in each parliamentary constituency in the UK.

This research paints a picture of a very geographically diversified industry - accounting as it does for at least 8.5 per cent of employment in every English region, and 10 per cent or more in the North West and North East¹⁸.

Furthermore, across the UK, 70 per cent of business services are provided business-to-business, helping a wide range of businesses across all sectors and regions to innovate and grow and therefore contributing to jobs and prosperity.

Therefore, in order to be successful, any attempt to rebalance the UK economy away from London and the South East must first recognise the role of this sector and then ensure it has a voice in local economic decision-making which is commensurate with its contribution to local economies.

The Northern Powerhouse and its equivalents elsewhere should reflect business services' role as a 'powerhouse sector'.

One of the driving forces behind the introduction of LEPs, and the form they took, was a recognition that local businesses needed to have their voices fully heard in strategies to promote growth. The Growth Deals which have been agreed include substantial localisation of infrastructure, skills capital funding, and business support services. Clearly these need to reflect the needs of employers, who need to be fully involved at an early enough stage in drawing up strategies to promote jobs, prosperity and inward investment.

This includes employers from the business services sector, given the importance of the sector in any work - by a LEP, a combined authority, or any other local body - to improve productivity and prosperity.

¹⁸ *The UK market for Business Services*, BSA and Oxford Economics, January 2015

One challenge therefore is to provide a platform for all sizes of employer and potential employer to make their voices heard in local economic decision-making, from local to national and international, and at an early enough stage in the process.

External Partners and Service Delivery

External partners - including businesses - also have much to contribute to strategies on social policy and service delivery. Surveys of local authority leaders show that drawing upon external expertise and skill, and benefiting from innovation, are recognised as important reasons for entering into partnerships with other organisations. External providers from the private and VCSE sectors can build up expertise, experience and economies of scale. No sector has a monopoly of wisdom: each brings different qualities to the table, and all can therefore learn from each other.

Devolution and decentralisation within England presents an opportunity to make better use of such skills, expertise and innovation. When driven by the needs and wishes of people living in each community, it enables local commissioners and policymakers to give external organisations from the private and VCSE sectors the opportunity to develop local solutions to need; share innovative techniques learnt from elsewhere; and help replicate and scale up best practice which has taken place.

These organisations have considerable expertise in a number of areas required to successfully integrate services across agencies, including managing supply chains, and can offer analytics and insight leading to substantial service improvement. They can help assess user need and engage with customers, facilitating co-production. The private sector has access to upfront capital; is expert at performance management and measurement; can share existing assets and improve asset management; and can facilitate integration of ICT systems.

For example, there is much further room for progress on the wholesale transformation of service delivery through the use of digital technology. The actions required for this to happen - for example using data as a rich source of information for future service configuration - are ones in which the private sector can excel. There are good examples of the public and private sector working together to deliver joined-up, insight-driven services with better outcome for users, but devolution provides opportunity for this work to be scaled up across service streams. This requires actions including clear data standards for the public sector; regular collection and publication of spend and performance data; and providers themselves going beyond minimum data requirements.

In setting out its five ‘broad principles’ for the success of decentralisation in England, the report from IPPR North rightly emphasises that “decentralisation is not an end in itself, but a means to achieve improved outcomes in terms of good growth and public services”. For this to occur, it needs to fully involve what the report describes as “a wide range of public, private and voluntary actors and enthusiastic citizens too”¹⁹.

Partnership working can take on a wide variety of forms - including shared services, strategic partnerships, joint commissioning, or with a range of different types of provider. As service delivery matures, far more options open up than the traditional ‘insourcing versus outsourcing’ binary choice. The ‘third way’ includes the joint management of the VCSE, mutual and SME supply chains, creating the concept of ‘joint-sourcing’ services - making openings for local suppliers and workforces to participate in available opportunities.

The Government has also focused on social investment backed payment by results programmes, such as social impact bonds. These have the potential to encourage innovation and work best across service streams where early intervention in one service area can significantly improve outcomes - and reduce costs later on in another service area. They are therefore an important feature of any model for integrated services under devolution.

¹⁹ *Decentralisation Decade*, IPPR North with support from PwC, September 2014

Success Factors

Several factors are important in ensuring the success of partnership working arrangements in any devolved arrangements. Chief amongst these are:

- the development of relationships built on mutual understanding of each other's aims and objectives but also their constraints - with councils and devolved authorities aware of shareholder and other requirements; and businesses fully conscious of political reality, the electoral cycle, and making sure they are always easy to deal with. In particular it means a willingness to share accountability both for the success of a service and when challenges arise; and
- strong governance and leadership from all partners. This becomes more important as devolution allows combined authorities, city regions and county councils to create larger and more complex outsourced service bundles. It is industry's responsibility to retain the trust of local partners, and the public, to deliver high quality, value for money services that can be relied upon. Good governance in any joint relationship between local government and suppliers will promote transparency and probity whilst strong leadership will deal with any failings and mis-judgements effectively and expeditiously.

Devolved Structures and Commissioning

As Localis's Report *Commission Impossible?*²⁰ sets out, a 'strategic commissioning' role is one in which needs are identified and policy directions, service models and markets themselves are developed to meet those needs.

There is emerging consensus on the benefits of such an approach. Localis found four in five council leaders and chief executives interviewed were considering increasing this role in the near future. It is the means by which the Government's objective to improve outcomes through devolution, by giving local people greater influence over how services are delivered, will be achieved. Similarly Labour's Local Government Innovation Task Force emphasised the importance of shared responsibility for outcomes and pooled budgets in areas such as long-term care to drive commissioning for whole-person care. And the Welsh Labour Government's White Paper on local government said councils should fully embrace their role as community leaders, activists and agents of change, the makers and shapers of the places they serve, and to ensure they improve delivery and create better outcomes for their communities.

However, such an approach requires a new way of doing things, in which external stakeholders are involved at every level. Localis describe the new approach as continual motion "between need assessment, the market, resources and delivery, rather than the typical cyclic model used at present"²¹.

It is essential that these lessons are not lost as new devolved commissioning arrangements are developed, within or between authorities. Devolution has the potential to allow commissioning to be managed in a much more co-ordinated way, at each stage of the commissioning process. The commissioning process is the foundation on which objectives are achieved, local service delivery is built, and value and social value obtained.

In particular, at a time when demand for public services continues to rise and funding continues to be squeezed, achieving social value through the provision of services matters more than ever. At such times it is particularly important that shared responsibility to achieve social objectives is recognised. Providers of service and infrastructure projects have long been delivering added social value, both through individual contracts and as part of their overall work.

²⁰ Localis, October 2011

²¹ Localis, October 2011

For value and social value to be achieved, contracts should be awarded on the basis of wider value considerations, beyond cost alone, including social, local economic and environmental considerations. Value and social value need to become an inherent part of the normal commissioning cycle, embedded throughout the analysis, planning, implementation and review stages. “Commissioning” and “procurement” teams need to buy equally into this common objective.

This means:

- early dialogue. Commissioners need to have meaningful dialogue with service providers early in the process to ensure that providers’ ideas for innovation in social and wider value can be adopted, and new ways of providing services developed. Service users themselves need to be given a greater say in what they want from a particular service. Commissioners should encourage longer-term relationships with partners;
- residents and service users in the lead. In assessing user need and engaging with customers and residents, and then determining service outcome, external partners can help, facilitating co-production;
- ongoing professional contract management. This is essential for ensuring high quality services. The BSA has emphasised the need for continuity between teams responsible for these areas; and
- clear procurement pipelines in order to allow suppliers to plan ahead. When local agencies work together it should be much easier to plan integrated pipelines so suppliers can plan their work and the skills they will need.

All this does mean councils and combined authorities need to retain and indeed build on their commissioning capacity under the new arrangements which emerge.

Decentralisation and devolution mean that decisions are taken closer to service users and communities. It is important however that decentralised commissioning does not mean economies of scale are lost. Joint commissioning helps agencies achieve value for their communities, and if it involves more than one type of organisation it also helps to promote service integration.

Putting one commissioner in charge of a range of services should help to tackle this, but only if the will is there for each of these parts of the public sector to work together. Silos are not overcome solely - or even mainly - through restructuring, which can simply create new silos, but by focusing on the ultimate goal and working between silo boundaries in order to achieve it.

Therefore the biggest changes are cultural. They involve everyone - political leaders and everyone else - being willing to share common objectives and to abandon any attempt to protect their own interests rather than the wider good.

The essence of partnership working is working to break barriers down: barriers between tiers of government previously considered as rivals; barriers between organisations with different boundaries and ethos; barriers preventing co-commissioning and genuine community leadership and partnership; and ideological barriers preventing working with stakeholders from the private and VCSE sectors and mutuals or a combination of these. It means being open to new ways of doing things.

It is through such an approach that devolution in England will achieve the aims the Government and the devolved areas themselves have set out.

Annex: Devolution and Welfare

BSA members have much experience delivering welfare services, as well as wider services across the private and public sectors at national and local levels. Drawing on this experience, the BSA has put together the following recommendations for when employment and welfare services are devolved:

- 1. Stakeholder buy-in.** Commitment from all organisations, including DWP, local commissioners, JCP districts and offices and providers is required to ensure a joined-up, effective service that achieves the best outcomes.
- 2. Skills and capabilities.** Ensure the right skills and capabilities are in place to properly manage all parts of the commissioning cycle, including pre-procurement engagement, tendering and evaluation, mobilisation and contract management.
- 3. Share of good practice.** Within a system where a greater number of bodies have responsibility for commissioning services, it is important that each body is not reinventing the wheel. Sharing of good practice around procurement practices, programme design and service delivery will be essential in this regard.
- 4. Adopt standard performance measures.** Commissioners will need to ensure they can accurately compare performance across different programmes and provision in different local areas. Standardisation of performance measures, perhaps through a national framework, would be one way to achieve this.
- 5. Achieving outcomes and value for money go hand in hand.** DWP commissioned one of the largest Payment-by-Results employment support services in history in the Work Programme. While this model is by no means perfect it is now on track to outperform previous provision for a significantly lower cost. It should be recognised that, with budgets under pressure, achieving better outcomes with less is invariably a positive.
- 6. Look to achieve scale.** Working with a larger group of participants allows providers to achieve economies of scale and reduce the average cost of supporting people by off-setting the higher levels of investment required to help those furthest from the labour market with those who require less intense interventions.
- 7. Balance risk with local delivery.** Local delivery of services can lead to greater risk for providers, particularly around payment by results on small contracts, predictability around levels of referrals and investment required in infrastructure to deliver the service. It is important that an appropriate model for sharing risk is used.
- 8. Utilise competitive mechanisms.** The effective use of competition and mechanisms that award good performance, such as market share shift, is a vital part of commissioning and delivery and can drive performance. For future programmes, the design of such mechanisms should be carefully thought through and developed in conjunction with providers.