As demand for services grows, welfare reforms continue apace and budgets are slashed, local government faces an unprecedented crisis. It is clear to all involved that providing services in the same way is not a sustainable option. So what can local authorities do? A new model of commissioning – designed to put social, environmental and social value for money at the heart of decisions – could hold the key.

The New Economics Foundation (NEF) has worked with many local authorities over the last decade to develop and implement a fresh approach to commissioning. This involves working collaboratively with local people and providers to maximise the value created by public spending across social, environmental and economic outcomes (the ‘triple bottom line’).

**Co-production** is a central feature, whereby commissioners and providers work in partnership with people who use services to design and deliver local support.

Working with councils across the UK, we have applied this approach to a range of services, from mental health to youth services.

Our approach seeks to overcome what many commissioners see as the most common shortcomings of ‘conventional commissioning’ practices. It is based on an understanding that, by focusing on the triple bottom line and co-production, this approach can enable commissioners to get real value for money, achieve well-being and shift resources towards preventative measures.

The table overleaf contrasts a worst-case, conventional approach to commissioning with NEF’s approach. It presents idealised types of commissioning done poorly and done well. They can be seen as two poles, with a lot of space in between where the actual commissioning practices of local authorities can be found.
Commissioning for outcomes and co-production

Conventional commissioning NEF’s commissioning approach

Focused on buying very tightly defined services and activities that are specific to the service, e.g. CV writing classes for young people. Focused on commissioning for social, environmental and economic outcomes – within the ‘service’ and for the wider community.

Focused on unit costs and short-term efficiencies, which encourages a ‘race to the bottom’ and often represents a false economy. Social or environmental value seldom considered. Promotes the creation of long-term value across social, environmental and economic costs and benefits and emphasises the importance of prevention, and awareness of false economies.

A poor level of insight into what works and what doesn’t. Data requirements are led by needs and deficits, asking only what is wrong with an area/group. Explores needs and assets to build a picture of what works and current strengths, as well as what support is needed. Uses a range of methods to develop insight and apply this during the commissioning process.

Hierarchical and paternalistic: people who use services are not part of commissioning or delivery, and power is held by professionals. Has co-production at its heart: the commissioning process is co-produced, and it is expected that providers will begin to co-produce their services.

Closes down space for innovation, because commissioning is highly prescriptive and specifies which activities and outputs should be delivered and what the service should ‘look’ like. Promotes innovation by moving away from over-specified services and asking providers and people using services to come up with ideas and activities to meet the outcomes.

Rigid and inflexible: bids for services form the basis of contracts with set targets and outputs. Deviation of these is often considered a breach of contract. Very little flexibility exists to adapt to changing local circumstances or ideas. Iterative and adaptive: requires continuous reflection and evaluation, and flexibility for services to adapt to the interests, needs and assets of local people.

Competitive and in silos: providers are in competition with each other and have little incentive to cooperate or work in partnership. Collaborative: promotes strong relationships across and between local authorities, other statutory agencies, providers, user-led organisations, the voluntary and community sector, civic groups and local people.

Table 1: Conventional commissioning and NEF’s approach

What can this approach achieve?

I have found NEF’s commissioning approach to be transformational. It has taken us [Youth services in Lambeth] a huge way, from commissioning services for young people, to commissioning with them. The approach has had a significantly positive effect on the young people we co-produced the commissioning with and has resulted in innovative service designs and closer collaboration between all.

Helen Sharp, Strategic Commissioning Manager at the London Borough of Lambeth

NEF’s commissioning approach is tried and tested. Over the past ten years, working with local authorities across England, we have helped commissioners to:

• achieve real value for money: ensuring that public services achieve the social, environmental and economic outcomes that commissioners and local people value in an effective way

• promote well-being for all: supporting everyone to feel good in their day-to-day lives and to flourish in society

• prevent harm: planning over the long term, investing upstream and taking early action to prevent social, environmental and economic harm
- **deepen democracy**: privileging the expertise of people using services and giving them more control over the design and delivery of public services so that the services can better meet people’s needs and help them achieve their aspirations.

- **make better use of local resources**: increasing the reach and impact of public services by bringing new skills, time, resources and expertise into the commissioning of local services and by working with local networks that support people in their everyday lives.

**The practice**

NEF’s approach to commissioning takes a new perspective on the phases a commissioner might go through, and the core intentions and methods applied to commissioning.

Within the key three phases sit a number of activities – many of which are common to commissioners, but which NEF has adapted to support a focus on social, environmental and economic outcomes and co-production. These are: develop insight; plan effectively; and improve delivery.

**Figure 1: NEF’S commissioning approach**

- **Components**: co-production, partnership, and reflection and evaluation are applied consistently throughout commissioning.
- **Phases**: the three phases of ‘Insight’, ‘Planning’ and ‘Delivery’ structure the commissioning cycle.
- **Aims**: prevention, well-being and real value for money are the objectives of commissioning, and are supported and strengthened by the components and phases.
Develop insight:

- How to identify people’s needs and their aspirations to inform the strategic vision of the service, including how to co-produce needs assessments.

- How to identify the assets and resources which will help you achieve a defined set of outcomes and involve the wider community, including how to use asset mapping to co-produce assets assessments.

- How to use creative methods, such as appreciative inquiry and participatory research, to get beyond service data and develop a rich picture of how councils’ resources could be most effectively used.

Plan effectively:

- How to co-produce an outcomes framework that reflects local needs and the social, economic and environmental outcomes that people value.

- How to change procurement processes and paperwork to support the co-produced outcomes framework and ensure that they reflect the strategic vision of the service and encourage providers to consider social, environmental and economic value.

- How to build the awareness and capacity of local providers to support and promote this approach.

Improve delivery:

- How to monitor and evaluate social, economic and environmental value.

- How to co-produce service assessments with people who use services.

- How to align scrutiny and oversight with the new commissioning approach.

- How to gather insight to improve and adapt services over time, through coaching, peer assessment, mystery shopping, and self-reflection tools.

NEF’s approach to commissioning cannot conjure new money out of thin air to support existing service arrangements. What it can do is provide a framework, a set of principles and practical guidance to re-assess how services are currently provided. It can help to re-focus services on the outcomes that really matter to those who are intended to benefit from them. The potential impact and value is enormous, and this practical guide sets out the core ideas and key parts of putting it into practice.

Find out more and get involved

To find out more about NEF’s commissioning approach, download the guide *Commissioning for outcomes and co-production* from the NEF website [www.neweconomics.org](http://www.neweconomics.org) or contact [Julia.slay@neweconomics.org](mailto:Julia.slay@neweconomics.org) for more information.

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