

# **Purchasing and Providing: What Kind of Progress?**

**Anne Parker**

Director of Social Services, Berkshire County Council

A year ago I discussed with colleagues here at the Policy Studies Institute some of the key issues which should influence our decision-making in relation to the separation of the purchase of service from the provision of service. I identified a number of key themes.

On reflection, it does not appear to me that our strategic thinking has got much further. Nevertheless, a huge amount of work has been undertaken in converting our thinking into action and in Berkshire at the beginning of September 1991 we will separate the Department into three streams: a stream which will purchase services, a stream which will provide services, and a stream which will develop our strategy and quality assurance processes. Having made these decisions it was a considerable relief to see that the approach which we were adopting was confirmed by the findings of the Price Waterhouse study<sup>1</sup> of the way in which people might choose to approach the separation.

## **Principles**

It is occasionally worrying, however, when people say that the approach we are adopting in Berkshire is very radical. Certainly making such enormous changes is very painful, but equally it is heartening when I see how staff are picking up the ideas and running with them. Perhaps I can remind you of the principles which underpinned our approach in Berkshire:

- that we would not assume the continued existence of any aspect of the current management structure

### *Drawing the line*

- that any proposed new structure would reflect the separation of functions of purchasing and providing as reflected in the White Paper, *Working for People*, and a previous consultants' report by Kinsley Lord on the *Enabling Local Authority in Berkshire*
- that any proposed new structure would incorporate the tight centre/loose periphery qualities of devolved management
- would contain a minimum of management tiers
- would embody the principles of a customer orientated approach
- in particular would be organised to be as close as possible to the people it serves
- would have clear lines of accountability and responsibility
- would maximise the use of management information systems to facilitate the delivery of service and enable its review

### **Action**

We were aware that assimilating the purchaser/provider notions into the culture of a social services department would require a major communications exercise both to raise awareness and win the hearts and minds of our staff. So we mounted a major communications strategy producing discussion papers<sup>2</sup> on what the White Paper meant; what we needed to do; what case management meant; what assessment meant in terms of case management; what our thinking was about the provision of services and so on. Each month after a Special Management Team reviewing progress we issued a newspaper 'Newsliner' to every member of the staff. We briefed our local media, though I have to say that this is not the easiest subject to generate interesting headlines. We mounted a sequence of Roadshows where I visited all my divisional offices explaining the department's thinking about the White Paper. We held a series of surgeries where individual staff members could meet me on a one-to-one basis or as representatives of small staff teams just to discuss the particular issues of concern to them.

We produced two videos,<sup>3</sup> one in July 1990, shortly after the government announced its delayed timetable, telling staff what we thought the White Paper meant and that we were proposing to continue with its implementation in Berkshire, and a further video in February 1991 prior to a representative conference of some 350 staff members

drawing on their views in response to a major consultative document which we circulated in January of 1991.

It became clear to us throughout this consultation process that we were being very successful in getting through to staff. 34 per cent felt that they were very aware of what was going on and 45 per cent quite aware; 78 per cent had seen the documents we produced, 77 per cent thought our approach to change was positive and 30 per cent even thought that the changes themselves would be beneficial, though an agnostic 58 per cent did not know. I must confess that at that stage I would have logged myself in the latter group. Nevertheless, it also became clear to us that we needed to keep reminding ourselves of the message, so in November 1990 our Newsletter addressed the question "Why are we making these changes?"<sup>4</sup>

### **Reasons for change**

We were making the changes to learn about the patterns of organisation required by the NHS and Community Care Act ahead of its implementation. We were aiming to make directly provided services as cost efficient and of the highest quality possible in order that they might be well prepared to compete more soundly in the event of the introduction of competitive tendering. We wanted to make our services more accessible and to be clear about what services are available.

We also reflected on what kind of department we should create. We wanted a department where people were treated in a courteous and welcoming manner, where our services were provided in a way which was appropriate to the client's age, ethnic group, culture, and gender, where decisions would be made quickly and as close to the client as possible. We particularly wanted to reduce the time it took for decisions to be passed upwards before they were taken, and were therefore seeking to have the minimum number of management layers possible. We wanted to provide as much freedom as possible to care managers and keep the number of constraints on provider units to a minimum. We were very conscious of the old adage that in the business world people know the cost of everything and the value of nothing, but we were equally aware that in our social services culture we were just as likely to know the value of everything and the price of nothing. We wanted to be aware of the cost of all of our activities and to seek constantly to make ourselves more efficient.

We aimed to be a good employer encouraging staff to develop their skills via supervision and training, and in return we would require a degree of flexibility from staff, setting high standards but providing clear accountability and a coherent strategic framework. It was clear that we would be targeting our services on those most in need and we would therefore need to be honest about the services we could not provide. Above all it was becoming clear to us during this period that divisive and macho competition would not be in the interests of our clients and that the emphasis must be on acting corporately, not dividing into three camps in competition with one another. At the same time we were seeking to achieve the maximum benefit from pursuing the separation of the purchase of service from the provision of service.

### **Structure**

The decision to move into a separated department had been agreed by members to be a nil cost exercise though a number of commentators have pointed out that there are duplications in the separation of purchase of service from the provision of service which could engender additional costs. Unfortunately, part-way through the process our budget problems meant that fairly major budget savings had to be made and this certainly soured the staff's view about our restructuring activities.

However, in March 1991, the Committee eventually did make the decision to separate in Berkshire and we adopted the following structure which equates to the Price Waterhouse model 2.

This is a model where purchasing is dominated by assessment and professional standards.<sup>1</sup> It maximises our ability to inform purchasing activities with social work and social care values. It preserves social workers, occupational therapists and home care staff in the assessment process and allows them to continue to exercise their social work and other professional skills alongside the assessment process in a way which seems to us to ensure a greater likelihood of quality decisions rather than finance-led decisions. The placing of the money alongside the assessment processes should maximise public money and maximise choices, but we are not intending to place the responsibility for the budgets in the hands of the care managers (social work) or care managers (occupational therapist), but rather at team leader level until we can identify more clearly how these sums could be sensibly divided up into smaller pockets. This model generates pressure on politicians

by clarifying service deficits and client need, and it also clarifies the choices which they and the staff make which have sometimes in the past been fudged and carried on the shoulders of front-line workers rather than on the shoulders of politicians.

In Berkshire we did not adopt Price Waterhouse's model number 1, *Purchasing by Contract*, since we believe this to be the worst of all possible worlds fossilising existing services in their present shapes and not providing the gearing for change which either model 2 or model 3 provides. In some ways Price Waterhouse model 2 has some elements of the FHSA model of purchasing and provision, not the more blockbuster unit contracts model as in 1. Price Waterhouse model 3 is clearly an appropriate model for some authorities who have not gone strongly down the route of devolved financial management or customer care, but in my view it involves too many people in making the difficult distinctions between purchaser-driven decisions and provider-driven decisions and would have a tendency to maintain the status quo. We have selected model 2 in Berkshire because we believe the future well-being of personal social services is in the hands of purchasers. Of course, providers are important but they will not be taking the lead in developing a more equitable redistribution of the social services department's investment in social care, in identifying need, developing specifications, reaching out to local providers and developing contracts for county-wide providers and engaging the power-house of local politics.

We wanted to be ready for 1993, to be ready and able to move the money and not to be moved by it, to seize the empowerment of care management and the placement of purchasing budgets in the care management stream rather than the provider stream. We wanted to avoid the provider-led fossilisation which was the direction in which we saw potential CCT (compulsory competitive tendering) pushing us. The changes thus far have taken amazing amounts of energy and we are still faced with a number of tasks in identifying what the market should be, what we think the balance of care should be and developing contracts.

Our provider teams are raring to go, encouraged by their experience of devolved financial management, but we have paused to review our structure and to reflect on the question posed by the Office of Public Management: "The Purchaser/Provider split, partnership or divorce?" We are very keen in Berkshire that we should be going for

the partnership model. We see that it is important to develop a rapport between our users, our in-house service providers and out-house service providers, our care managers and planners, and to engage in a collaborative and creative approach to making the market. The advantages and disadvantages of the different approaches to the relationship as distinguished by the Office of Public Management show the clarification of user needs to be an advantage, but the withholding by providers of the information necessary to assist us in identifying user needs as a possible disadvantage.

The organisational split is after all only another division of labour but it is important to ensure that neither clients nor values fall between the various streams. The relationship could be one of mistrust and overt and negative competition. We must strive to make it one of trust and partnership. The challenge of the separation of purchaser from provider exposes historic fudges, is very painful, is about clarity not concealment, co-operation not competition.

There has been progress, and in Berkshire, despite the very clear challenges posed by notions of separating purchasers of service from providers, we remain optimistic that our new structure will be able to retain the best of our old values and the best of our old services, but give us new energy to maximise social care resources in the interests of our clients.

## **References**

1. Price Waterhouse, *Implementing Community Care -- Purchaser/Commissioner and Provider Roles*, HMSO, 1991.
2. Berkshire Social Services Department, *Caring for People Discussion Documents, 1-6*, 1990.
3. Berkshire Social Services Department, *Caring for People Videos 1 and 2*, 1990.
4. Berkshire Social Services Department, *Newsline Edition No 9*, November 1990.