



## Japan Local Government Centre, London

### Monthly Report for October 2010 (England) – Suffolk's 'virtual council'

Following the headlines made by Barnet Council in London with their 'easyCouncil' model, the latest service delivery transformation exemplar is that of Conservative-run Suffolk County Council in the East of England. In September the council agreed its 'New Strategic Direction', which could potentially see all council services outsourced (or 'divested') and only a core commissioning staff of several hundred remain from the current 27,000 strong workforce. The plans are hoped to generate a 30% cost saving on the council's current £1.1bn annual budget. The council's decision means that the council leadership can now go ahead and consult on the plans with the local community. Council Leader Jeremy Pembroke said: *"This decision was made with consideration to the financial deficit in the public sector and the Coalition Government's priority to reduce the deficit and the size of the state. The Coalition requires lesser government and a bigger society, and Suffolk County Council has responded to this change."*

The model is based around three themes:

- a) *Supporting and strengthening local democracy*
- b) *Enabling and encouraging more responsive and cost effective services by withdrawing from a provider role, encouraging a mixed range of provision and putting budgets in the hands of individuals and communities; a process known as divestment*
- c) *Working with communities, so that they are more resilient and active in looking after their own needs and have greater capacity to take more control over their lives*

Councillors were asked to approve:

- *that the future role of the Council will be an enabling one (focussing on becoming a strategic body with much less service delivery), based on the Council's New Strategic Direction of transforming public services through collaboration and strengthening communities whilst reducing costs by 30%; and;*
- *the further development of a model to reshape the Council to 'divest' services; reduce its size, cost and bureaucracy and build community capacity to enable Suffolk citizens to take greater control of their lives.*

The approved report claims that the policy is in line with not only the fiscal situation and its effect on local government finances but also the key coalition government *Any opinions expressed in this report are solely those of the author and do not necessarily represent those of JLGC or CLAIR.*

goals of localism and the Big Society, as well as meeting the county's future demographic challenges. It also envisages that all councillors will be given a scrutiny role in ensuring democratic accountability over divested services as part of both 'leadership of place' and the 'politics of austerity'. It furthermore outlined a vision of the local authority as simply a 'strategic council' based around the following functions:

- *Engage and enable communities to do more for themselves, through local budgets and decision making;*
- *Provide strong political governance and leadership;*
- *Take strategic decisions on the future of Suffolk – determining priorities and funding;*
- *Influence national Government to ensure Suffolk gets the investment it needs to grow;*
- *Support people to help themselves, by providing clear information and personal budgets;*
- *Support the growth of markets in what have up until now been public sector services.*

Divestment of council services would be to a mixture of models, including but not limited to private companies, management buy-outs, mutuals, charities and community interest companies. The report presents a number of existing case studies of local authority outsourcing elsewhere as best practice the council could adopt. The process is expected to start from April 2011 and last up to three years.

Local government commentators however were sceptical about the proposed 30% savings, claiming that past outsourcing had only been successful in easy to deliver services such as refuse collection, while complex contracts in social services would not be able to deliver desired efficiencies or be commercially attractive. Professor Paul Grout at the Centre for Market and Public Organisation at Bristol University said "There are a heck of a lot of local authority activities where you will not be able to outsource by any means," Staff unions also voiced significant unease at the proposals on account of likely job losses.

However, the example is being keenly watched by other local authorities, particularly Conservative run. Brighton and Hove City Council in the South East is currently consulting on its 'intelligent commissioning' model which will see substantial restructuring of the council and the creation of a single 'Strategic Commissioning Unit' to replace existing service directorates and oversee individual 'delivery units' for each council service, which could either be provided in-house or by external partners, with a preference for the voluntary sector. The council's restructuring initially enjoyed cross-party support but the city council's Green group withdrew its support on account of its opposition to outsourcing and the loss of democratic control.

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In October, Kent County Council agreed its 'Bold Steps for Kent' policy, which aims to see the council providing "far fewer" services directly and calls on council staff to bid to provide them in future through management buy-outs or setting up co-operatives/mutuals. The council hopes these enterprises could then bid to provide services to other local authorities.

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