



**Sadiq Khan MP**  
*Parliamentary Under Secretary of State*

**Department for Communities and Local  
Government**

Eland House  
Bressenden Place  
London SW1E 5DU

Andrew Dismore MP  
House of Commons  
London  
SW1A 0AA

Tel: 020 7944 3016  
Fax: 020 7944 4339  
E-Mail: [sadiq.khan@communities.gsi.gov.uk](mailto:sadiq.khan@communities.gsi.gov.uk)

[www.communities.gov.uk](http://www.communities.gov.uk)

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*Dear Andrew,*

21 OCT 2008

Thank you for your letter of 7 October to the Rt Hon Hazel Blears MP, enclosing one from John Burgess, Unison Branch Secretary at Barnet, regarding the corporate restructuring being proposed at the London Borough of Barnet. I have been asked to reply.

As you can appreciate, it would not be appropriate for me to comment upon the particular circumstances set out in Mr Burgess' letter about the way in which Barnet organises itself, corporately, both now and in the future. What I am able to do is to set out the Government's policy on relevant issues.

We share an ambition with local government to see more responsive local public services and empowered communities and a stronger role for local authorities as community leaders. As set out in the Local Government White Paper – *Strong and Prosperous Communities* – to support this, local government will continue to move away from a narrowly defined service delivery to a more strategic and commissioning role.

This will allow them to be at the heart of the planning and delivery of all local public services in partnership with others, turning their Sustainable Community Strategies and Local Area Agreements into reality. This is not about a simplistic transferring of services from one sector to another or a shrinking of local government's influence. Indeed rather the opposite. This is about a democratic accountable local government working with its partners to ensure a coherent set of public services in order to secure better outcomes for local people in the most efficient and effective ways.

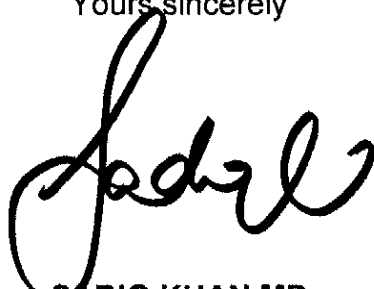
That does mean using the best service providers from wherever they come from – the public, private or the third sectors; as well as working with local employers, social enterprises and the community sector through various forms of partnerships. However this does not mean the end of direct service teams. A commissioning role is one which local authorities seeks to secure the best outcomes without regard for whether services are provided in-house, externally or through various forms of partnerships. However while local authorities have discretion over how individual services are provided best value is more likely to be achieved where there is a positive approach to achieving a mixed economy, rather than where any supplier dominates the provision of services in an area.

The Government has been clear that where local authorities do choose to outsource their services, that this is not to be done at the expense of employees' terms and conditions. This is why we have moved to address many of the issues to ensure that when services are outsourced, local government employees terms and conditions are protected not only through the new Transfer of Undertakings (Protection of Employment) Regulations (TUPE) but also, through new directions to ensure that when local government staff are TUPE transferred, they transfer with broadly comparable pension rights. Protections also extend through the *Local Government Two-Tier Code* to new joiners to transferred workforces engaged on local authority contracts requiring new joiners to be provided with a package of terms and conditions which are, overall, no less favourable.

All commissioning decisions should be based upon objective assessment and accurate information. We have made clear through statutory guidance (*Creating Strong, Safe and Prosperous Communities – Statutory Guidance*) that in fulfilling their new duty to involve communities (see Section 138 of the Local Government and Public Involvement in Health Act 2007) and in determining how to meet their duty of best value (see section 3 of the Local Government Act 1999) local authorities should involve frontline staff in the commissioning of services. In addition under TUPE regulations, there is a legal requirement on employers to inform and consult either representatives of an appropriate trade union, or elected representatives of the employees about any subsequent transfer of staff.

Moving to a commissioning role may or may not lead to organisational change. That is a matter for individual local authorities to determine. What we have said in the aforementioned statutory guidance is that "championing the needs of their communities requires local authorities to be clear about their role as both commissioner of services in the interests of the community and as provider of some of those services. Whatever the organisational arrangements put in place there should be in all cases clear mechanisms for commissioners to hold in house provider functions to account for delivery".

Yours sincerely



SADIQ KHAN MP