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Putting Words into People’s Mouths?
Economic Culture and its Implications for Local Governance

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Introduction
The origins of the research project on which this paper is a work-in-progress report lie in an anxiety – or worse – about the role of economics, as a system of ideas, in the current process of public sector reform in Britain and elsewhere. It is now a commonplace in the literature on public sector reform that the formal structure of reform has been partially driven by the ideas usually if misleadingly labelled ‘public choice economics’ (Mueller 1989). These ideas model governmental service provision within an individualist neoclassical framework as a set of self-interested and monopolistic bureaucracies. When associated with a variety of political motives including cost cutting and a desire to distance public services from political decision making, the public choice model has underpinned a restructuring overtly designed to create competition among diverse providers for contracts from public purchasers who are intended to be needs-focused.

Economists who have written critically of these reforms have generally done so within a particular methodological framework. This compares observed or expected public sector markets for such contracts with the assumptions of the market models which generate the welfare conclusions – hence the policy proposals – associated with ‘public choice’. Such critics therefore argue that, for an impressive list of reasons, the markets which emerge for the public services will not resemble at all closely the perfectly competitive or contestable markets required by public choice theory to generate the outcomes specified for the reforms. The most striking divergences repeatedly identified include the lack of effective competition in many areas, and the high transactions costs and asymmetric information which characterise contracting for these services, and which theory predicts may generate cost escalation and X-inefficiency if producers behave as profit seekers (e.g. Mayston 1993).

Some critics also argue that uncertainty about outcomes is worsened by two other striking divergences from models of private markets: most providers in these services are operating on a not-for-profit basis (hospitals, schools, DSOs) while the main purchasers are not the individual users but public authorities (local government, health authorities). In these ‘quasi-market’ circumstances, mainstream economic theory does not generate
clear conclusions on what constitutes economically efficient behaviour in a static framework (Le Grand 1991). In particular, it is not evident that purchasers face incentives for needs-focussed behaviour within this individualist framework. There is therefore a question as to the extent to which service quality will depend upon public interest behaviour rather than self-interested behaviour by providers in the new structure (Mackintosh 1993).

Where so many of the assumptions of market models are violated, there are two approaches available for studying the economic consequences of the reforms. One is to look at outcomes: prices, costs, quality, type and distribution of services. That approach (requiring surveys and bringing its own methodological problems) is not pursued here. The second approach is to try to understand the economic behaviour of providers and purchasers within the new structures. If we seek to turn that latter approach into a research problem, then there are (at least) two distinct ways in which we might set up the problem for investigation. First, we might accept the fairly widely held view that the new reform structure does constitute a new set of fairly clear incentives for providers and purchasers: purchasers specify what they require for clients, prioritising within a fixed budget, and providers compete to provide it as cheaply as possible. We can then construe the problem of changing behaviour as a learning problem. The question for analysis is then how rapidly and effectively do people acquire information and learn to play their roles in the new structure?

This form of the problem is the more congenial one to economists. The design of economic incentives is a core issue in the discipline, as are the implications of incomplete information and learning for such incentives. From this point of view, the reform framework in the public services has set up a new set of organisational structures and incentives, and people within them now have a steep learning curve: they need to acquire sufficient information – for example about how to write (or judge) a business plan, how to learn how competitors price their outputs, how to specify and monitor contracts, or what is the pattern of local needs – to allow them to operate reasonably effectively. Information problems will remain as contracts need to recognise – but they can be reduced by proper implementation of the reforms.

This implicit model is evident in some economic commentary on the reforms, when it focusses on whether people are yet behaving ‘properly’, for example, considering whether providers have ‘yet’ relinquished an interest in identifying need (Mackintosh 1993 offers some health-related examples of this type of commentary). It is also a rather common viewpoint among participants in the reforms themselves, who discuss whether, for example, voluntary organisations are yet ‘up to speed’ in terms of business-like behaviour, or whether in-house providers are ‘behind’ in terms of their understanding of business practices. On this view, the required organisation and behaviour for implementing the reforms is clear, and consists for providers in operating as businesses and for purchasers as behaving as ‘proper’ buyers, shopping around for the best deal. The problems are about how quickly participants can learn. And the economic concepts form a spectrum of behaviour from ‘less’ to ‘more’ business-like and market-like behaviour.
To set the argument out in this way is, however, immediately to suggest problems. The most obvious is perhaps that price competition is not the only option for providers: others include collusion to keep up prices, shaving quality to raise profits, a preference for quality over price, dropping some kinds of provision, and innovations in services offered. Such considerations suggest in turn a second possible model of the reforms and hence of the research problem, one less easily encompassed within mainstream economic theory. The alternative model starts from the view that public sector reforms such as those at present underway in Britain are necessarily incomplete institutional reforms. The new institutional structure provided by the legal framework and regulations offers an incomplete set of instructions and incentives to those supposed to implement them, leaving considerable room for judgement and discretion. Furthermore, the incentives offered are in some ways contradictory, not providing the possibility of a wholly consistent response, and threatening to undermine some of the outcomes—such as a high quality service and falling costs—which they are supposed to promote.

This alternative model of the reform incentives comes as no surprise to public service managers and professionals. Examples of people’s experience of being given apparently contradictory goals include the advice provided by the Department of Health in the early stages of the health reforms that health service managers should both co-operate and compete (Mackintosh 1993: 142-3); and the common experience of DSO managers in local government that they are, in the words of one, expected in the tendering process ‘to seek to win while appearing to try to lose’.

If the reforms are incomplete and somewhat contradictory, then the space for discretion and strategy is much wider than at first appears. This space goes further than the now common observation than public service markets are likely to be persistently oligopolistic, hence to offer space for producers to bargain over price and quality and to exercise some leverage over costs. Instead, this framework suggests that in situations with a large number of non-profit ‘providers’, a wide range of types of ‘purchasers’ few of whom are final users (and some of whom are also providers), and a varied pattern of commercial provision over which the public sector potentially exercises very varying levels of market power, the patterns of ‘market’ or economic behaviour which emerge—and their implications for final users of the service—may be extremely various even within a particular service sector, and will have a strong impact on outcomes. These patterns of behaviour furthermore seem likely to be path-dependent, evolving according to the rules people adopt to cope with pressures and decisions, and the ideas they develop as to the ethics of their activities (Mackintosh 1995).

Even economists therefore have to take into account that those who work in public services do not merely learn, they think: and one of the things they think about at present are the economic concepts which are supposed to be appropriate within the new structures. The economic framework of the reforms has not only generated a new organisational model of public services, it has also offered a new vocabulary with which to think about it. There has indeed rarely been such a startling case study of attempted forced transfer of a new vocabulary into an existing set of organisations. From markets and competition, through business units and contracts, to prices and customers,
economists and management consultants have quite literally sought to put words into people’s mouths.

This new vocabulary has of course been widely contested, as well as widely adopted, with the use of ‘customer’ rather than ‘client’ or ‘patient’ (or ‘citizen’) being one of the most extensively analysed (du Gay and Salaman 1992, Ranson and Stewart 1994, Clarke 1994). Above all, people (not just managers) within public services have been forced to try to give to this terminology meanings they can live with: meanings that make their worlds manageable. In a situation in which – for example – ‘markets’ include highly politically constrained bidding processes; in which ‘contracts’ are developed and interpreted in a wide variety of ways; in which ‘prices’ and ‘costs’ are apparently tightly constrained by regulations which actually offer considerable discretionary space; and in which ‘business unit’ is used to refer to a very wide range of different formal structures and behaviours, the economic language becomes a tool with which to try to exert influence on policy, institutional structure and outcomes, as well as a source of considerable well founded anxiety.

These layers of meaning and their implications should therefore be of economic and social policy concern once the possibility is admitted of diverse possible outcomes for ‘quasi-market’ development. Studying such diversity of meanings, and examining how rules evolve from them for coping with decision making under incomplete information and uncertainty, has been the concern of a persistent though off-centre tradition of behavioural and institutional economics now undergoing one of its periodic revivals (Samuels 1995). Private markets themselves can be treated as evolving institutions, operating on shared behaviours and norms which are broken from time to time by newcomers or new ideas. Even more, then, should ‘quasi-markets’ be seen as social institutions we are in the process of constructing, through negotiation, conflict, and the exercise of power and evasion. In this project, we are using the phrase economic culture to refer to those aspects of the broader public services’ organisational culture which concern the meanings given to economic language, and the uses of that language in brokering power and instituting and legitimating change.

Before this paper turns to the problem of analysing the uses of language, one caveat is in order. We are aware that the reforms we are exploring were instituted in a context of increasing and contested power of managers over professionals: these are the changes explored in the large literature on managerialism in the public services (Pollitt 1990, Clarke et al 1994). There is however no assumption in this project that the economic language is peculiarly a tool of managers, nor that change in economic culture is largely the result of initiative by top managers. Indeed we offer some preliminary results below which rather tend to support those organisational culture theorists who take the view that, ‘the collective is central. It is normally more appropriate to say that organizational culture drives managers than the other way round’ (Alvesson 1993), though, as Alvesson goes on to note, this does not mean managers have no influence on culture.
Language, discourse and economic institutions

‘...the entrenching of an institution is essentially an intellectual process as much as an economic and political one.’ (Douglas 1987: 45)

To analyse economic language we need a conceptual framework within language – a theory of discourse. Economists have on the whole ventured late and cautiously onto this terrain, and much of the now rapidly expanding literature on economics and language concerns the analysis of the discourse of professional economics texts and draws particularly on applied linguistics and literary theory (Henderson et al 1993, Brown 1994, Backhouse 1994). Only ‘the occasional rogue economist’ (in the anthropologist Clifford Geertz’s words) has been interested in economic language as symbolic systems employed by economic agents in diverse markets and organisations – largely the terrain of economic anthropology.

As a direct implication economists do not much talk to such economic agents: there is indeed a well established professional tradition of characterising such fieldwork as a waste of time (Lavoie 1990). The paradox of a discipline which combines a fierce methodological individualism with a lack of interest in individuals has been noted before; the point here is that economists generally lack as a result a body of professional practice in fieldwork method. The major exception is found among economists working in development studies. Here can be found what we can call ‘field economists’, influenced by economic anthropology, who have turned to analysing the perceptions of individuals in order to understand economic systems in states of turbulence, and to make sense of their own data thereon (Devereux and Hoddinott 1992 contains a set of thoughtful papers on fieldwork method).

‘Understand’ and ‘make sense of’: fieldwork of this kind is an exercise in interpretation. In analysing the information in our interviews and documents, we have drawn upon the analysis of the role of thinking in institutional construction suggested by Mary Douglas (1987). Douglas’s framework seems particularly apposite because she is concerned with the moral force of institutions: the way in which they can ‘make’ the big decisions in our lives by providing the framework to allow them to be made. She suggests that to understand how an institution develops such legitimacy, we need to analyse both the emergence of a thought world, or cognitive community, and the nature of power structures and transactional behaviour within them. Furthermore, she suggests that for a social convention to develop as an institution, it needs a ‘naturalising principle’, which appears to confer a natural status on social relations, and also a grounding in reason: it must appear neither arbitrary nor too transparent. Finally, she suggests – illuminatingly for this study – that one should consider thinking as more about intervening than about representing: shared modes of thought as attempts to cope with and stabilise uncertain worlds, hence potentially self-reinforcing through experience.

In the two authorities which hosted our research, people were struggling to make the ‘right’ decisions in difficult circumstances: both particular decisions, and decisions about institutional structure. The difficult circumstances included budget constraints and reductions, high levels of local deprivation and need, institutional restructuring, policy
shifts and uncertainty, and the process of discursive transfer itself. We chose, in
discussion with the authorities, case studies of decisions and processes involving markets,
contracts, competitive strategy, pricing and costing: they included Social Services case
studies (contracting for domiciliary care and a debate on the development of ‘business
units’ in residential and day care), Finance case studies (aspects of compulsory
competitive tendering (CCT) in financial services), a case study in Leisure services (the
use of a membership-based card for access to services), a Direct Services case study
(retendering of a catering contract), and finally observation of meetings concerning the
development of an internal authority-wide system of service level agreements (SLAs) for
central services. For each of these case studies except the last we interviewed a wide
range of participants at different levels in the relevant departments, asking questions
about the relevant issues and decisions, seeking to see specific situations and decision
from a range of different viewpoints, and also querying explicitly the language and
concepts used in response to questions. We also talked to external contractors and partner
organisations in joint ventures.

We are aware that by interviewing in this way – and sitting in on meetings – we are
‘joining in’ the discussion within authorities (though certainly not engaging in
participatory research, a much more stringent concept). We also may be making some
people more conscious of conceptual debate. We have simply accepted that as a feature
of such case study-based research, while trying to be conscious of who ‘we’ are in these
interviews. One motivation for this project was the perception of a considerable amount
of debate on these issues within authorities going largely uncaptured in the academic
literature on reform, so one objective was to listen to participants’ own reflections on
conceptual economic issues.

In analysing the research material, we began by looking for ‘interpretative regularities’,
or identifiable sets of interconnected meanings given to aspects of the economic
language. Our working assumption has been that there would be a number of different
such sets of ideas, where meanings and interpretations reinforce and relate to each other,
which can be explored in relation to (reported actions, systems and behaviours. We are
looking for the use of these sets of ideas in context for the purposes of institutional
construction, negotiation and control (‘intervention’ in Douglas’ terms) as well as
comparing them across case studies.

We have agreed with our host authorities that we will not use the case material for public
purposes before the relevant service directors have had a chance to comment on our
initial conclusions. This paper therefore draws only upon the case studies – in Social
Services and Direct Services – for which that process has been undertaken at the time of
writing. This paper is therefore very far from a final overview; rather it offers an example
for the kinds of results and reflections which are emerging. It should be remembered
furthermore in reading this paper that the project is small and explicitly exploratory in
intent: an attempt in part to see whether the concept of ‘economic culture’ makes sense as
a tool of field research, and whether it can help us to understand the directions of change
in the public services by exploring competing economic discourses in context.
The moral force of one market discourse

Much of the rest of this paper, as befits a project centred on discourse, develops one particular line of interpretation of (or ‘story’ from) the Social Services case material. This story is about the apparent moral force of one ‘market’ discourse, or ‘thought world’ and the ways in which it is used, referred to or rejected by people trying to understand what they are or should be doing in the reformed public services. The story draws mainly on the Social Services case studies, and is partly about the ways in which the force of one market discourse is tending to block or complicate efforts to think in alternative ways – not least by providing scope for (top-down) caricature. The paper also explores ways in which this particular market discourse and experience appear to interact, with people adapting behaviour as well as colouring ideas in the light of experience. Even economic language carries layers of meaning and ambiguity which help people to cope with conflict and change, and which also incite interpretation by listeners; I have interpreted the interviews in the light of my interest in the extent to which implicit economic models are driving public service change. No doubt other interpretations are possible.

In outline, the story is as follows. There is a set of ideas concerning ‘market’ and ‘business’ which carry great weight in local government. They centre (as might be expected) around the notion of competition on price for identified and fairly standardised services. They draw part of their moral force from established systems of putting out to public tender substantial sums of local government spending, with their associations of fairness and probity, and gain political weight from government policy formulations and the perceived views of auditors. So this ‘thought world’ is about a competitive market, with diverse suppliers, driven mainly by price considerations. I have called it a ‘thought world’ – a rather pompous term – because it is not ‘just’ a set of ideas; it is also a way of making decisions, and hence a self-reinforcing way of individuals interpreting their own working worlds and making decisions in them. So part of the purpose of this paper is to try to trace the extent to which people doing related jobs in two authorities do use these ideas to make sense of their working lives.

The second purpose of the paper is to trace what people interviewed do with the relevant parts of their experience which do not make sense within this thought world. To what extent can we identify alternative and competing sets of economic ideas to the price-competitive market discourse? Do people use ‘business’ and ‘market’ language with alternative consistent sets of meanings and as tools to work in a different way? And to what extent do they resist the language completely? Those broad questions are a concern of the research project as a whole; this paper traces the extent of such alternative ‘business’ ideas in the Social Services case studies, and the difficulties of thinking in different patterns created in that context by the dominant economic ‘thought world’.

It emerges clearly that there is no single alternative, competing and fairly coherent business or economic discourse carrying the same weight as the price-competitive market discourse within the Social Services case studies, although there are many alternative ways of using the vocabulary. The alternative meanings are used by people with very different levels of power and control to worry away at some of the conflicts and unresolvable problems in their part of public service provision, and to try to change
institutions and behaviour in the process. The paper ends by drawing out some links between these findings and national policy debates.

This story from the Social Services case studies offers a fairly rich example of the results of this project just because of the complexity and extent of business and market ideas within the Social Services departments in both authorities. When we chose the case studies for this project, in discussion with the host authorities, we expected that interviewees might be most at ease with business and economic language in areas which had had several years experience of CCT (such as DSOs), or where people were professionally accustomed to the language of money and markets (such as Finance departments or Economic Development divisions); conversely, we thought resistance to the spread of business language would be greatest in departments with a strong professional commitment to values which were felt to be in contention with financial criteria, such as Social Services and Education.

We could hardly have been more wrong in this expectation. In both authorities, the departments among those studied where business and market concepts were most widely used and least resisted — though extensively debated — appears to be Social Services'. And despite the absence of CCT from Social Services provision, it was in Social Service departments in both authorities that people expressed the most intense sense of being under financial and competitive pressure. The DSO studied, for example, was at the opposite end of this spectrum, with almost all interviewees failing to use any of the business and market terminology, and resisting when invited to discuss it.

The interviews on which this paper is based turned around particular aspects of, and incidents in the chosen case studies — for example the process of buying domiciliary care from external suppliers, or the problems experienced by a particular joint venture, or a debate on the establishment of internal providers as ‘business units’ — and usually included some explicit questioning on the business and economic terminology used or not used by the interviewee. We were seeking to elicit people’s use of a set of terms associated with business activity and economics. We were particularly interested, not so much in the most widely debated terms such as ‘customer’ and ‘marketing’, as in the words which appear more technical, more distanced and perhaps somewhat less evidently manipulative: price, charge, unit cost, business unit, trading account, competitor, market, contract, subsidy; and also in the designation ‘business-like’.

We are aware that the explicit discussion of business language focusses attention on such language, and can constitute ‘leading’ interviewees; however, the returns for that risk include capturing the conscious reasoning of interviewees on the use of the language, of which they are in any case generally highly aware. Furthermore, the extreme diversity of language and response from interviewees across the case studies does not suggest any serious ‘leading’ effect from interviewers in suggesting that certain language ought to be used in the interviews.
‘Shopping’ for domiciliary care

The context for this story about ‘thought worlds’ in Social Services is of course the introduction of the community care arrangements in April 1993. These have brought sharp changes in the financing of both residential and domiciliary care, including both domestic and personal care. In domiciliary care, a lack of spare capacity in authorities’ in-house domiciliary care services, rising pressure for domiciliary provision and the ‘85%’ rule requiring most of the transfer element of Special Transitional Grant to be spent in the independent sector, brought a sharp rise in contracting for domiciliary care with private and voluntary sector providers (London Research Centre 1994). In the residential and nursing home sector much provision was already in the independent sector, but the reforms focussed attention on the choice between local authority and independent placements in the context of financial constraint.

In this context, given the time pressures and a generally limited number of independent providers of domiciliary care of whom authorities often had little experience, many authorities developed external domiciliary care purchasing initially on a ‘spot contracting’ basis, buying provision for one individual at a time for a fixed period. The authority where the case study of domiciliary care contracting was done was one such. At the time of the interviews (late 1994 and the first half of 1995), people were responding in the context of a recent very sharp rise in ‘spot contracting’ for domiciliary care, financed by a lower than expected rate of admission to residential and nursing home care – also a widespread experience in the first year of community care (ibid).

Interviewees at different levels in the department were therefore asked about the current contracting process and their opinions on the ways in which it should develop. At that time, a tendering process was under way to establish an approved list of domiciliary care suppliers for future ‘spot contracting’; and possible block contracting systems for the future (whereby an authority guarantees purchase of a given number of hours of care for an agreed price) were being discussed and – in the case of some joint ventures in housing-with-care – actively developed.

One way to see how people understand an activity such as a contracting system is to see what analogies and images they use for it. Only managers and contract officers in the department were familiar with the term ‘spot contracting’; to the care assessors, there was just the (unlabelled) contracting system they were currently working to. When invited to discuss the system, a number of people used, quite unprompted, ‘shopping’ analogies for this contracting. Two used the analogy positively, seeming reasonably at ease with both the system and the image. One was a contracts officer describing the outcome of placing a company on the approved list:

'It is almost like a stationery contract if you like, whereby the company knows you are going to buy stationery but just doesn’t know how much because it depends on demand.'

The other was a large for-profit supplier, using the analogy to argue against being pushed into block contracts (the ‘mish mash’, below):

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'I wish they would work on a totally business-like footing. I mean if you are a company and you want to buy something off another company, you look around for a company with a good track record, ring them up and say what is your price for one of those? And we will go on buying it off you for as long as we find it is satisfactory, and when we find it isn't satisfactory then we won't buy it any more. That basis is wonderful, instead of all this alarming mish mash.'

Conversely, a contracts manager, explaining her preference for block contracting as a tool for developing new or high quality services, said:

'So it is not just going into Woolworths and saying, I want twelve Christmas crackers, this will do, but actually saying, what kind of Christmas crackers do I want?'

Although she is using the analogy to indicate disapproval, this interviewee like the other two is using shopping, that is, arms-length buying of a standard item already available, as an image of more or less what was going on in domiciliary care. These analogies served a shared descriptive function, as well as being part of an argument that what was wanted was already available (the large private company and the contracts officer), or not all already available (the manager). The private company manager was resisting block contracting, on the grounds that it restricted his ability to turn down work he did not want and made the pricing complicated and risky. The contracts manager was arguing for block contracting as giving the authority more control, especially over quality and as providing the basis for 'a creative and innovative partnership' with external providers. So the 'shopping' analogies served an argumentative function in each case.

However, none of the interviewees who were closest to spot contracting used 'shopping' analogies to describe their activity. The care assessors, and the directors of small private companies who picked up the phone themselves, were all reasonably at ease with the contracting system they described as 'ringing an agency'. The only small agency interviewee to use a shopping image did so to reject it as a description of her business: '...it is not just a business like any other, you are not selling bars of soap, are you?' The care assessors told a more personalised story that the 'shopping' one, saying that they used the external providers particularly for emergency provision and provision out of weekday working hours. And they emphasised the importance of flexibility of response by the agencies and of not being 'let down'—hence the need for knowledge of the agency personnel and some level of trust.

The small local private agencies similarly emphasised the importance of knowing the social workers, using their names and telling two kinds of stories about their day to day experience of the contracting. The first kind of story was about depending on individual social workers and the problems that can bring:

'...sometimes they are devils, they use you for a month to get it going, then they say, "Oh thank you very much we are putting our own staff in now"';
‘...they give you the difficult bits, and when you have organised it, then they take it over themselves, a lot of them’.

In this story, the social workers are in charge: ‘I mean I think they are our bosses and I think we should treat them accordingly.’

The other kind of story was about social workers as struggling to cope with the system and as collaborators for the benefit of clients.

‘...I go back to the social workers if I think there is a problem and have their agreement. So we work really as a team. I am part of that team I like to think.’

‘Well I try and work the system with the social worker, it is the social worker and I trying to help this poor soul and we work together.’

In this story, the social workers are under constant pressure, and have very limited control:

‘...I had a social worker ring me up at half past six, “I’m Mrs... can you find me a carer now until tonight?” I said “Yeah”. I haven’t let them down as yet.’

All this is quite a long way from ‘shopping’. However, those doing the assessments did use the notion of a ‘market’ quite unselfconsciously, one saying of the system: ‘At the moment it is very much a free market tendency, ringing up whoever is available.’ They had complaints about the private agencies – notably about inappropriate staff – but they knew their characteristics, and also saw them learning:

‘I think initially the private providers were caught very much on the hop...they were wanting to be very willing and helpful and would say yes, yes, yes, they would do anything, but it was not working out very well. They have since a lot of them got their act very much more together.’

So neither the assessors nor the people they immediately deal with saw the individual contracting system as described by the arms-length ‘shopping’ image which satisfied care managers and the manager of the large private company. Instead, the assessors, and, despite the mixed feelings about ‘social workers’, the small providers, saw it as a rather personalised process of getting individual provision to ‘work’ using local knowledge of individuals and institutions and a certain level of necessary trust.

**Price norms in domiciliary care contracting**

Despite differences about the buying relation, however, the care assessors and all the external providers (including the voluntary sector provider and the large private company) were in agreement about price competition and the formation of price norms. They agreed that a market for domiciliary care was emerging almost from scratch in this area, including a private market for care paid by individuals to independent companies. In such a context, people have to develop ideas about what they ‘should’ be paying or asking, to ‘avoid doing silly things’ and to reduce uncertainty and time-expending negotiation in their working lives. A common way of doing that is to develop a notion of
certain services as some kind of reference item, and a particular price for it as a reference price for discussion. By a ‘price norm’ I mean such a share idea about how to talk about price and about what kind of price is likely and proper.

In the context of the domiciliary care case study, ‘price’ and ‘pricing’, meant for all interviewees, the payments by the authority (or private individuals) to contractors (not ‘charges’ made by the authority to clients). Invited to discuss pricing issues, people generally used as a referent the price of an hour’s weekday working hours domiciliary care. The in-house domiciliary care service was not attributed a ‘price’ by anyone, but it was regarded as having an identifiable ‘cost’ per hour, and interviewees compared their perception of this cost, largely unprompted, to the external prices. It quickly became clear that some strong price norms had developed in this authority, shared with its external suppliers. (No-one of course used the phrase ‘price norm’, that is our interpretation.) And two very distinct reference prices for such an hour’s care had developed within the department and among its providers.

I shall call these two prices £x and £y per hour, since we have agreed not at this stage to cite the figures in circulation. The numbers which x and y represent are about £3 apart, and neither figure necessarily represents the price paid for any particular contracted hour. Instead, they functioned as point of reference for anecdotes, polemics and reflections upon pricing in this area and authority.

The independent suppliers, voluntary and for-profit, and the care assessors all saw day to day contracting activity as characterised by sharp price competition. On no other topic were the external providers interviewed so at one: they all took the view that the authority was trying to drive down prices in general, that the authority thought (wrongly) that their prices were too high in particular, and that low quality competitors were trying to undercut them. Nor does the tone vary much between private and voluntary sector interviewees. It is hard here to guess which is which:

‘I have trouble with the council because they wouldn’t use me at first, because I was too expensive ... you have certain social workers who have taken this free market thing to heart, and have suddenly gone from the bright red to the bright blue flag...’

‘We gave them our figures and they went, “Oh what? We could get it for £x an hour from ... down the road”, and we went, “Fine... if you want to pay peanuts then you get monkeys!”

‘...increasingly we are finding that the cheapest quote gets it, inevitably.’

The figure of £x – the lower of the two – emerged quickly as the one to conjure with in comparisons with what people thought were in-house and competitors’ prices. One private provider cited £x as a reasonable sum, but expressed fury at being forced, he claimed, below it. The ‘full line service’ he said was reduced at the lower price: no ‘personal visit... from the management’, no ‘dosage system’, no birthday presents. Another external provider cited £x as a suitable basic rate with short distance transport,
and compared with it higher rates covering nights, weekends, emergencies, more skilled care. A third – above – used £x to refer to low quality provision for very dependent people. One interviewee said a large private supplier charged well below it and she ‘didn’t know how they do it’. The number was also used by an external provider in a comparison with ideas about council costs:

‘well what galls me is I found out it costs them [the council] £(x + 4.70)8 an hour to run a domiciliary carer, and they won’t pay £x an hour in ..., and so I get a bit uptight as a tax payer, they could get twice as many people looked after by using a private system...’

The switch here to speaking as a tax payer was quite a common discursive strategy by private suppliers to argue their position – the speaker here immediately switched back, however, to complaining about undercutting by ‘cheapo’ private competitors locally.

The care assessors interviewed agreed that they tended to go for the lower prices and that, ‘we’re becoming increasingly more aware of the cost of care’.

‘We may have an awful lot of feelings about various agencies, but at the end of the day unless it is something really very important it’s the price that dictates who goes.’

Both compared in-house costs, which they thought were about £(x +0.75) or £(x + 0.90) to a companies which could do the job for less, in one case £(x −1). Both cited reasons why they might use the in-house service, even if it was ‘costing the department more’ when they need a level of control or to be able to rely on the provision of a particular type of carer.

The figure of £x is therefore a sort of centre of gravity in these price discussions, representing a shared view of a sensible point of comparison, a realistic starting point, or a view of what others view as sensible. The figure is in no sense an average price, a lot of care packages involve higher payments per hour, and the in-house cost estimate is certainly unrealistically low. What £x is in part is an expression of a sense of budgetary constraint on the part of both assessors and providers. Both worked on the assumption that the council was working under a severe financial constraint, and the cheaper were individual packages, the more that could be provided.

The sense of financial constraint is key to this ‘thought world’ about prices. The care assessors did not hold budgets: these were held at team leader level. They formulated the financial constraint, when asked, in terms of another key figure: the (gross) weekly cost of a nursing home place. I will call this £275 (which was not the figure used). The assessors’ view was that that was the limit they could spend on one person for domiciliary care per week without reference to their team leader. (One external provider also knew about the £275 limit, it was another shared ‘norm’.) In fact of course many packages of care cost much less. But ‘the 275’ expressed their sense of the importance of getting as much as possible for the money available. At the time of interview they did not think they had to include in-house provision in ‘the 275’, but were sure that would shortly be the case:
‘...we can have up to £275 worth of care for someone who could have gone into a nursing home, plus our own in-house. So I see it as purely a financial thing, it’s better to use our own in-house first because then I’ve got more money left to buy private...So that’s how I cost it really. I have what I can get for free for the client and then I pay for whatever I need to pay for after that. Come April we’re told the in-house costs will be included in the £275 costs.’

This assessor’s opinion was that he would ‘have less available’ to him come April, because he’d have to add in in-house home care, so his ‘people’ would do less well.

So these interviewees were interested in comparing in-house costs to external prices, but had very little sense of what in-house care would cost. One cited ‘£(x + 0.95) and hour?’, but sounded unsure. One was aware however that the largest difference was on night sitting: more than three times as expensive in house, a difference which an external provider also cited. One assessor said, in answer to a question about what training would be most useful, that he’d like to know more about how costs are compiled – especially in-house costs – and would like help with negotiation. The assessors felt particularly obligated to negotiate on prices when the family was paying part of the care themselves; one expressed doubts about whether he should use the council’s market power (our phrase, not his) in this way:

‘I said to the agency we’re paying you this much, if the family come to you – ‘cos if they work for the family they’re more expensive than it is to us – I think it’s reasonable you should charge them the rate that you charge us, and I may have to reconsider it if you don’t. Maybe that’s naughty, I don’t know, it’s open to interpretation.’

In this way ideas about proper practice establish themselves. People respond to price incentives and behaviour is increasingly driven by hourly pricing, especially but not only for short term and emergency care.

This focus on the £x price norm and sense of intense financial constraint both caused some surprise at higher management levels in Social Services. The managers who are developing the care management system did not share this intense focus on pushing down prices, and one worried that it was pushing out other professional principles (such as continuity with the same carer if possible). The system of spot contracting, and a dynamic among those working it, is driving price competition in some sense from ‘below’ in the department, with the tendering system for inclusion on the approved list further encouraging price squeezing. So one senior manager expressed surprise at price reductions by existing suppliers when they tendered: ‘no one was twisting their arms, as far as I know’.

It follows that contracting and assessment managers talked less in the interviews about price comparisons and more about collaboration: for example, about the scope to reduce costs to the council through joint schemes with charities. Illustrative external prices cited tended to be higher, with the £y norm appearing in some replies: ‘£y an hour’; ‘ours is £(y - 2) or £(y - 1) quid an hour for a reasonable service’; ‘some of the external services
are coming in at anything between £(y - 1) and £(y + 5) an hour'; '...our in-house services if you remove costs which should not be there are about £y per hour.' Though the figure of £y reappeared a number of times, the prices cited by this group were also more dispersed, consistent with a lessened sense of competition on price. A voluntary sector manager cited the £x norm once, as an example of a price she would not contemplate; but her proposed prices for her services were closer to £y. I suggest in the next section some reasons for this higher price norm among these interviewees.

The sense of internal competition on price also lessened at this level. As just noted, external private providers and assessors assumed that eventually the in-house services would have to compete directly on price. An in-house provider manager (cited below) was effectively making the same assumption. However, an assessment manager argued that the shift of the budget to the assessment ‘side’ of the department would, when the systems finally allowed it, still be a ‘paper exercise’, that in-house services won’t be a ‘trading account...in a pure sense that if they don’t get the money they have to lay off staff, we are not into that kind of arena.’ There is here a latent conflict between two sets of assumptions about the importance of price competition, which was bound to worsen if the in-house service was ‘charged’ more effectively to assessors and team leaders.

‘Business’, quality and price

The manager of a large private company cited above used the phrase ‘business-like’ to refer spot or ‘call-off’ contracting for standard products from a schedule of rates. He was the only one to take that extreme view, but there were three other quite closely related uses of ‘business’ and ‘business-like’ in these interviews. One was the idea of ‘becoming more business-like’ as learning to meet the council’s tendering requirements, from a believable business plan to formal staffing policies. Several interviews with contracts officers and care managers referred to the need to assist voluntary organisations with these requirements:

'I think the non-profit organisations need to become more commercial ... more competitive ...I’d like to see [them] win some business’

Another related sense of ‘business-like’ was from a care assessor who used it to mean coping effectively with his contracting paperwork and invoices.

The third closely related meaning was the idea that becoming a ‘business’ basically meant learning to cope with price competition – or going out of business. This was a perspective widely shared by in-house provider managers in the second authority, where the case study in Social Services focussed more on respite and day care provision. In that authority, managers of individual units such as home care organisers and day centre managers had recently been on training courses designed to help them move towards a ‘business unit’ system of trading accounts for each centre or home. The following exchange resulted from asking one such manager what she had thought of the business training sessions:

'I think they were useful, but at the moment I’m trying to think it is not going to happen to me.'
‘What do you have sense is going to happen?’

‘Well I suppose the inevitable, that we will eventually close down.’

‘Why is that?’

‘Because I think we are going to be too costly.’

This manager felt this very strongly, despite the fact that she did not know any reliable estimates of her unit costs. Another unit manager was more sanguine that he could compete, but he too assumed the basis of competition would be price. These discussion were again taking place in a context where higher level managers were not making such stringent assumptions about closures, and this time in a situation where no such competition was yet occurring because budgets had not been devolved to purchasers.

There were, though, some meanings of ‘business’ in these interviews which did not fit into this image of price-focussed competition. One recently arrived in-house domiciliary care provider manager, who came from a private sector small business background, when asked about changes he would like to instigate, argued that business-like behaviour involved two linked changes. One was for unit managers to take much more responsibility, especially for the income side of their operation: seeing clients as the source of income, and knowing they could not spend more than they earned. In neither authority studied were the information systems available which would have yet allowed this type of trading account system, but it was widely used by provider managers as an image – an ‘idealist’ image the manager just cited called it – of what was likely occur. Higher level managers in both authorities, as already noted, were much less sure such a system was even desirable, on the grounds of high transactions costs and loss of policy control.

The other meaning of ‘business-like’ offered by the same in-house provider manager just cited was a focus on providing a good quality service to clients, comparable with quality elsewhere or better. ‘Most of the issues’ which came up in complaints, he noted, were about ‘how our staff ... related to someone’. He argued strongly that quality is necessarily a provider concern, and that services only improve when the providers have the ‘ambition’ to improve them. Seeing one’s activity as a ‘business’, he said, leads providers to take more not less responsibility for quality, and it was the service managers who should take responsibility for listening and responding to people in client groups. ‘I don’t think it [quality] is driven by the care management and assessment sector of a local authority, it is driven by the ambitions of people who are providing excellence in what they do’, notably high quality private provision.

In pursuit of this vision, this manager had constructed a story for his talks to managers and staff in which the client has the choice. It suggested that the in-house provision had to be of a quality which ‘captured’ the client when at a reasonably low level of dependency by providing a good service, and retained her or him as they increased in dependency: if the service was not good the client would go elsewhere and so the income of the service would drop. The manager was of course well aware that this story,
constructed for the purposes of training and cultural change, was far from an exact
description of either current experience or the future system, as illustrated by a slightly
edgy comment later in the interview that, 'you can't help but acknowledge from where
we sit that...the assessment and care management teams are the king and queen in this'.
The training story is an implicit attack on the notion that price competition is 'king'.

One reason why this fictional training story may 'work' – not seem absurd – despite not
matching (or referring to) the current contracting system where the in-house services are
generally used as first preference by care assessors, is that it does contain a different
element of truthfulness to people's experience. This is the assumption that it is the
providers who determine the quality of the service. Most of the domiciliary care
interviews recognise that while an authority is formally responsible for the quality of the
services it 'buys', it is heavily dependent on the behaviour of providers – including its in­
house staff – to produce that quality.

Both the care assessors and the people they were dealing with in the spot contracting
system recognised the dependence of the assessors on the professionalism of providers,
not merely to do the job as asked, but to adapt it as required:

'I still go out and do my own assessments after a social worker has been
in' (a small provider)

'...my guesswork on housework and things like that can be pretty off
mark! ...home care [the in house service] will ... come back to us and say,
you’ve underestimated or you’ve overestimated, can we change it? I would
always say yes, because they’re very experienced at doing that and I trust
them' (a social worker)

'Social workers... over-allocate. They say Mrs Bloggs needs an hour, we
find we can perhaps do it in three quarters... that is quarter of an hour to
us, we will give it to another client. ...they have no review system ...they
are relying on us to say someone doesn’t really need it.' (a voluntary sector
manager)

A social worker interviewed emphasised that community care had meant that 'I will
probably spend a lot less time with that client although I’m putting in a much more
complicated package than I would have done nine years ago.' He was aware that he
wasn’t 'keeping an eye on things' for elderly and confused patients as he should, and that
'I don’t check that the work is being done'. The volume of paperwork and resultant lack
of monitoring means great reliance on the probity and quality of the suppliers, in-house
and external, and great anxiety about not being 'let down'. The following exchange was
about the in-house service, which was felt to be reliable in this sense and able to offer
advice on needs:

'You’re partly treating your own provider as a purchaser, that is, the
supervisors are wearing two hats?'

'Well, that's right.'
The large private supplier interviewed was quick to emphasise their 'quality assurance' and staff monitoring and support systems, and the large non-profit organisation referred to staff training, employment practices, and care for staff in justifying their prices on quality grounds.

These interviews with care assessors therefore express a sense of strain about – though this is not their language – buying something the delivery of which they cannot closely check up on, where only knowledge of how different providers tend to behave can help to ensure quality. The same ultimately unresolvable problem was acknowledged at the care management level, but some different options were being explored. Instead of separate purchasing of hours of care, managers saw an alternative approach (not solution) in schemes, based in a block contract, which explicitly passed over some of the responsibility for allocating time, for innovation and for quality of provision, including monitoring, to an organisation which would then be seen as a ‘partner’ rather than a contractor.

A number of officers preferred the big ‘voluntary’ organisations as partners in these schemes. They felt these were big enough to have the ‘back up’ to ‘deliver quality’; and they lacked the incentives to ‘cut corners to increase profit’ and to respond in the ‘it’s not in our contract’ style to problems. A contracts officer in the second authority put problem of maintaining quality through social care contracting very sharply:

‘you have a great long list of things and you specify them in great detail, and what you end up with, in social care contracts, is a series of loopholes’.

Furthermore:

‘for services that are personal services to a client our negotiating position is not very strong once we’ve let the contract … the bottom line is, well, are we really going to move the client?’

No, he concluded, generally not, if the client is frail, so instead of close specifications, better to agree ‘a framework and guiding principles for what we are doing’, to try to ‘create an atmosphere’ which supports proper care.

Large voluntary organisations furthermore were seen as bringing their own resources from charitable funds for ‘add-ons and added value’. Examples of ‘partnership’ with the voluntary sector in provision were offered from housing with care schemes, where residents were expected to become increasingly dependent and the scheme was expected to cater for increasing need. Such care providers often also offered domiciliary care in the local area. While moving away from a grant relationship with voluntary providers (which involved, in a vivid phrase, ‘paddling about through their accounts’ and clawing back money) these schemes it was hoped would retain the voluntary’s organisations’ perceived strengths. A major reason why the group of management interviewees in the authorities, including voluntary sector managers, cited higher prices per hour, therefore, is that they were thinking in terms of average prices in a 24 hour year-round block contract for high levels of dependency. It was exactly this kind of average price calculation that the large
private company manager was protesting about above, characterising it as an ‘alarming mish mash’ as compared to a nice clear schedule of rates per hour plus expenses. But it does recognise the inflexibilities of the model of buying individual care hours when clients are long term care recipients with varying but increasing needs.

The block contracts for these schemes in one authority included provisions that ‘the provider regularly is involved with the customer, in giving feedback, whether it be through consumer panels, or questionnaires or complaints procedures or whatever’. While admitting that they should also be ‘doing that bit themselves’, the manager developing the contracts recognised that the providers’ own systems are a necessary and appropriate channel of information. An even stronger response to provider domination of quality is to involve users in provision, from assessing and monitoring to developing and even running their own provision through a community trust structure. Such ideas were only a gleam in some people’s eyes in these interviews. But there was a widespread view among officers that when ‘sincere and serious’ efforts were made to listen to and involve clients in determining care provision, then the committee members might well not like the answers, since they could imply different priorities, new external provision, and reduction in council control. One manager was having trouble with this: ‘if that’s what people want then who are the Committee to say no?’

These arguments generally took interviewees a long way from ‘business’ language. Among local authority interviewees, only one (ex-private sector) manager was prepared to associate ‘business’ with provider domination of quality. Others – assessors and managers – appeared to see adaptation to the strong influence of providers on quality as a move away from a ‘business’ model. Assessors worried about not monitoring properly the activities of firms they ‘put in’. Managers avoided business language, preferring the vocabulary of service provision, when discussing block contracts and joint ventures.

One manager however did try (unprompted) in this context to use market language in developing an argument for partnerships. She distinguished a ‘partnership contract’ from a ‘straightforward contract’, and compared buying what was already in the market with the duty to innovate which required longer term relationships.

‘We are actually acting as the intermediary, which is the market demand if you like, and it isn’t, it shouldn’t be as straightforward as, you know, going to the supermarket...because we are supposed to be developmental and moving with the times, and I don’t think the market is such that it is going to develop new ideas itself...it is not going to work in that straightforward commercial market way. I think we have to do some developmental work and involve providers in thinking it out.’

This quotation is striking for the complex notions of ‘market’ it contains. The ‘straightforward commercial market’ here is not just a provider for known needs of shoppers (an image the same interviewee had used earlier) but an innovative set of producers creatively anticipating new needs. The ‘market’ in the middle of the quotation refers to all the providers of services (including non-profit organisations). And the first sentence juggles purchases as both ‘market demand’ and ‘intermediaries’ between client and provider, stating that purchasers are both, while implicitly questioning the
compatibility of the two roles. Purchasers, she concludes, need to take the 'developmental' lead.

The 'assessment' tale/tail

'...if they don't know what it is, it's an assessment.'

This problem, of trying to make sense of whether an intermediary can act as 'market demand', is highlighted by interviewees' discussions of assessment of care needs. Who does, and should, determine what services people have? there is an official answer to that question within the community care reforms: the care assessor decides, in consultation with the client, as constrained by the budget (which constraint the Audit Commission (1993) expects to be formalised as eligibility criteria). So the official 'new model' of community care sets 'assessments' in the centre of neat diagrams dividing purchasing from providing (for example, Audit Commission 1992:20-22), and sees no definitional confusion: the 'assessment' consists in producing the care plan.

However, the interviews identify the term 'assessment' as a key problem in the discourse on the 'market' for domiciliary care. At first glance it does appear a nice clear word with a specific referent: the process of putting together a care package. So the care assessors, when asked what they did, had quite a lot to say about paperwork, and structured their explanations of their job initially around the ('atrocious') form filling. Some contracting staff seemed at first to share this definitional clarity when asked if providers might do assessments:

'No, we are quite clear on that, assessment is done by us. ...The only way assessments will be done by an organisation will be if an individual will be paying for it themselves and not coming through the authority.'

No other interviewees were as sanguine that the location of assessment—or its meaning—was clear cut. There seem to be a number of reasons for this.

One is that the imposition of 'assessment' as a 'dividing' term (between buying and selling) is hard to make sense of in professional social work practice as well as in market imagery. One manager identified frustration in social workers who were dealing with assessment forms and invoices, not using 'their counselling skills and all the rest of it'. Another interviewee with social work training characterised as 'silly language' the distinction between 'simple assessments' and 'complex assessments'. He pointed out that this runs against the flexibility of a professional response to a request for practical help, which does not put a person wanting a bus pass through a complex needs assessment, but does 'do a little bit of work' to check that the bus pass is genuinely the problem. To channel people into two categories, simple and complex, seemed to him to be a 'service-driven' approach, not 'needs-led' at all, and he was alarmed by the acceptance of the distinction by the Social Services Inspectorate without an apparent sense of the pitfalls ahead.
Another converging reason for the problem was the backlog of assessments. Like most authorities, these two had found it hard to catch up. This tail of assessments introduced rigidity into the system, and also implied that cases were not reassessed frequently – especially not for in-house provision. The slowness had created problems for ‘partnership’ schemes such as housing-with-care schemes which relied on rapid assessment and reassessment. And it had meant that assessors had to find ways to cope with (frequent) emergencies, including those associated with hospital discharges: hence the rapid expansion of spot contracting to make the system work.

Hence also – of course – enormous reliance of people on both ‘sides’ of the system on each other’s professional probity. In the spot contracting market, team leaders trust experienced assessors that if they say something is needed, it’s needed. Assessors trust home care organisers and external contractors to say if the package isn’t appropriate, or if the need for it has ended. Monitoring, the other face of the formal assessment system, is hard to sustain, and relies heavily on complaints (by users, carers, neighbours and other providers), and on providers’ own supervision systems. Hence the importance of people knowing each other: the opposite pole from an arms length purchasing model of the market, although it is operating in the spot contracting framework some characterised as ‘shopping’. Assessors’ main concern was reliability, so they were edgy about small providers who could seem ‘worryingly vague’ even if ‘they always seem to do it’, and tended to feel safer with big organisations. (Economists would call this a ‘reputation effect’ in reducing transactions costs and getting a market to work.) But as one assessor put it: ‘I think it’s fair to say that we have been let down by most of the private providers at one time or another.’ One felt strongly furthermore that the biggest providers were easier to deal with, more adaptable, including adapting information systems to match the council’s, and ‘they will meet us, they will go to meet clients with us’.

Providers, therefore, see themselves and are seen as part of ‘assessment’. Providers say they assess referrals for themselves and argue if they disagree on what is needed. Large external providers, because willing to incur overheads (our language) for this purpose among others, make life easier for the authorities’ care assessors. All the providers know that ‘they [the council] don’t reassess’ regularly enough to pick up when needs increase or reduce. As one manager put it, nationally ‘no-one reassesses’ effectively, the time and paperwork demands are too great. Doing assessment properly would make community care considerably more expensive. One voluntary sector manager involved with a housing-with-care scheme said that he had just been arguing to the authority that:

‘...you’ve got to look at reassessing this lot again. We’ve been doing our own independent ones [assessments] and there’s a lot more higher to medium care needs’

– than the authority had originally assessed, so the block contract in his view provided for too few care hours. He preferred a block contract, however, for the related reason that it allowed him to ‘tweak’ the hours internally, with staff using their professional judgement about who needed a little more or less time on different days. In his view that was the right approach, and ‘provided the bottom line’s right’ the authority should be happy.
Finally, this same housing-with-care project offered an example of clients' becoming more active in identifying their own demands and putting collective and individual pressure on the system. (This is discussed further in the next section.) Indeed, in these interviews, the only people who seem to be retreating from playing a part in 'assessment' were hospital staff, who are reportedly now much less prescriptive about needs of people leaving hospital, more willing to wash their hands.

The closer therefore one looks at the way people use the idea of 'assessment', the more its apparently clear formal meaning becomes a fiction. 'Assessment' does not divide buyers from sellers. Care assessors expressed their central view of their jobs as much as fighting for resources and services on behalf of clients as 'assessing' clients: 'I kept hammering away at the health authority...'; 'I don't mind ringing people up and saying, excuse me this isn't working, I don't care if you're the Assistant Director...'. They emphasised the time they spend trying to manage and expand the funding side of the 'market', putting together for example some in-house input, some health authority input and Macmillan nursing to make a package. Their stories about their jobs notably emphasised difficult and time consuming arguments with the health authority over nursing for severely ill clients. And assessment and care managers seemed best able to make sense of the 'purchasing' role, not just as running an individual 'assessment' system, but as a long term and developmental one (only one manager used the word 'strategic'): investing, e.g. in start-up funding, to make sure new types and models of services emerged, and finding new ways to let users influence provision. Discussion of 'assessment' dissolves the neat model of an institutional division between buyers and sellers, in part because it brings the client back in.

'Managing the market'?

'...this market for providers...the [council] want to organise the markets?'
"'Manipulate" them do you mean?"

A number of the management-level local government interviewees used the phrase 'managing the market', always to refer to relations with external suppliers of services. The care assessors did not use the phrase – nor had they generally been involved in the tendering processes and the joint venture development – but they did as explained worry about how active they should be in negotiations over prices. A considerable number of the interviewees had been thinking hard about the proper uses of what an economist would call the council's market power – though no one used that precise phrase.

In these debates, the concept of 'fair' tendering is strongly associated in many people's minds with proper market behaviour by the council. It is one of the potential attractions of the notion of a 'market' that it can be seen as impartial, non-arbitrary as compared to political decisions. On this view, the role of the council is to be an impartial purchaser, treating all contractors alike. The in-house service should tender along with external providers – at least 'as a trial run' – and the council should 'treat everyone fairly' and not favour the in-house and non-profit providers. Anything else is 'a political decision', an improper preference for some types of providers such as small local firms or non-profit...
organisations over corporate 'profit organisations', or *vice versa*. This set of views has echoes of the 'shopping' analogies, emphasising the search for the best buy from available suppliers.

Strong proponents of this set of ideas about the council's proper market behaviour saw the approach as compatible with helping the non-profit or voluntary organisations to 'win some business', by advising on the construction of a business plan, and making sure the documentation was understood: helping an organisation not accustomed to tendering to gear up to cope with this. But involvement could go no further 'because of the corruption issues'. Here, the key – and proper – relation between the council and the market is the formal tendering and contracting process.

This view of the proprieties of market behaviour had been challenged in practice the moment the authorities had become involved in domiciliary approved list tendering process spot contracting; but they recognised rather uneasily that over time block contracts would reduce the spot contracting market through which some particularly small local suppliers had grown rapidly. The other authority had faced objections from their housing association partner when they had proposed an entirely open tender for the care element in one of the schemes.

The association's objections were on competitive grounds, that is, the need to promote their own competitive position. The association had initially seen itself as the 'landlord' of the scheme, but it had very strong views about the type of organisation it would not want as care providers. It could not, as a housing association working partly on grant, enter into an arrangement with a for-profit company. It would have had no problems with the council's own domiciliary service – but the council did not have the necessary in-house capacity. The authority required the scheme to fall into 'the 85%' in order to finance it. And what the association would not countenance was another housing association on its turf.

The association's reasons for this are relevant to analysing market ideas. The association's director who was interviewed was quite clear that the association was operating in a highly competitive environment: 'it's a commercial world we're in with a voluntary hat on.... If we don't perform then we don't get. It we don't get them we don't survive'. They are competing with other housing associations to raise finance and for contracts with local authorities:

'We've all had to get very commercially minded in the sense that we used to set up budgets, you had to stick with your budget...whereas these days you're actually looking for your budget.'

Furthermore, while cost – total budget for the scheme – was important, especially with for-profit competitors now eyeing these schemes, quality and innovativeness was a very important element in raising the money for the next project. Hence the problem with tendering for the care element:

'I don not want...Housing Trust or any other Trust wandering around my prestigious building.'
The authority’s officers could see the problem too:

‘They’re saying, you know, these things are innovative schemes, we’ve put a huge amount of money into them...we’ve had to really go out on a limb to convince people this is what they should be doing. If these schemes are to succeed...we want to get the benefit of that success...[the authority] can have some of that, we’re not complaining, but we don’t want A.N.Other care agency to be walking away with some of that.’

On the other hand, the tendering rules were quite clear – both the standing orders and the members’ and officers’ views of proper procedure. In the end, a tender list was achieved which could be lived with by people holding these ‘two really quite incompatible points of view’ but both parties felt some lessons had been learned.

On the housing association side, this is the kind of experience which is reinforcing the move of associations into care, setting up separate ‘are arms’ of the organisation so that they could offer a package. In the process they are moving away from seeing themselves clearly as ‘landlords’, to more involvement in care. On the authority side, the officer most closely involved felt justified in the compromise achieved despite the ‘raised eyebrows’:

‘at the end of the day for the tenant what’s important is the quality to them, and the seamlessness of the service and the value for money to them and if ..that means I’ve had to cut some corners on competitive criteria I’m less worried by that then some other people might be I suppose. But... that would be heresy to some people I suspect.’

One reason a compromise was reached here – apart from the need both sides felt to keep the project going for the residents – was that both sides had some leverage. The association had the building, it could retreat to running it as a sheltered housing scheme under housing benefit rules if it had to. Similarly the authority, as the main care buyer, knew they were needed if the association were to get the credit they so much wanted for the innovative scheme they had developed. As the same officer quoted above reflected:

‘we’re potentially very powerful, but if we use our purchasing power destructively um we’re going to end up with neither quality not quantity at the end of the day.’

Trying to think through these negotiating issues had led one officer to question whether these relationships formed a ‘market’ at all.

‘I suppose in a strict theoretical sense that could still be a market with just a very small number of purchases and providers but it isn’t the sort of market that I think of as a market these days’.

The phrase ‘these days’ is significant: this officer felt he had been pushed towards an association of ‘market’ with an arms length ‘contract culture’:

‘I feel sometimes that the contract culture ...means at certain critical times in the development of particularly innovative projects we can’t have a dialogue across certain lines because, that is, that’s about collusion and inside information and, um, reaching certain competitive care schemes involving longer term commitments to clients, such as the joint ventures in
housing-with-care. One authority had separated off the negotiation of the relevant block contracts for these schemes from the requirements... I'm not sure I can articulate it very clearly, but that's quite problematic.

So what is the council's proper behaviour in this 'market'? There are quite a lot of general reflections on this in the interviews. Some interviewees worry that they may be creating by their own mistaken behaviour the wrong kind of contractor.

'I think we tended to start with some fairly crude views ... the market is either going to screw us or we are going to screw it, basically ... it's a battle, and we've got to get them before they get us...'

A contracts officer with a commercial background had similar worries. He had come to see social care contracting as a distinct problem:

'cleaning contractors, like building contractors, will cheat... and you know they're going to cheat... and it's a question of how much you let them'.

Some residential homes furthermore had been, he said, exploiting loopholes and making quite a lot of money – all that he felt had needed tightening up. But social care contracting was still different. Cleaning could be monitored much more easily than social care, where expertise was needed, and clients were frequently frail and might be 'putting a brave face on it'. In the end he agreed with the housing association manager: he could not get in the way of decisions about which client needed how much time spent each morning. So despite hating block contracts 'with a passion', because he felt he could end up paying for something not provided, he could see a need for flexibility.

He had concluded so far, therefore, that he was trying to balance working with a few big providers, while threatening them with later competition:

'...we've got to enable people to come into the market, and manage the market... from a business point of view it makes no sense if you end up two or three huge providers that are going to call the tune ...but the large providers, yes, we need them to come in and set the thing up...'

So can the problems of and gaps in the 'shopping/tendering' market discourse be resolved by shifting to an image of the 'market' for care which is oligopolistic, and which is managed through what economists would call 'relational contracting'? The final section of the paper suggests not.

**Markets and missing economic discourses**

So far in this paper, the discussion of 'markets' has focussed on the relation between local authority 'purchaser' and internal or external providers. The recipients of care have been largely absent from this market discourse. That is largely consistent with the content of the interviews, where relations with clients are addressed, for example, in terms of discussion of levels of need and problems of assessment and available finance, but 'markets' operate between institutions, except where individuals buy privately elements of their own care. One reason for this situation is that domiciliary care charges in the two authorities studied, both of which have considerable deprivation within their populations, are at the lower end of the charges being levied nationally, and are notably low in one
authority; furthermore, individual providers do not generally collect charges themselves in these authorities as yet. Another reason is the relatively early or low level of development in these two authorities (like most others) of user-run, user-influenced, joint venture and generally longer term schemes involving a domiciliary care element.

When these two factors change, so does the role of clients' voices and decisions in the care 'market'. Charges for domiciliary care are currently very variable indeed across authorities; the basis for charging also varies between charges for access to the system and use-related (daily or hourly) charges. There is an active national and local debate on the basis, ethics and legality of means testing for domiciliary care charging. And there is at present a considerable difference between charges for residential care – where a means test includes assets – and domiciliary care charging even where that includes a means tested element. Furthermore, where local authorities are increasing charges, some users of domiciliary services are being discouraged (LGAPU 1995). And the market for domiciliary care sold privately to individuals now seems to be increasing quite fast.

The implication of the different charging systems for domiciliary and residential care is that for residential care, the gross cost to the authority is considerably above the net cost. Since charges were low and exemptions available, the care managers interviewed were aware that they faced a perverse incentive to put people into residential care, despite a preference for supporting people at home, because residential care cost the authority so much less in net terms. They did not wish to pass this perverse incentive down to assessors. Hence, while a number of authorities use the net cost as a basis for determining a ceiling on domiciliary care payments to an individual, this authority was effectively using the gross cost. The assessors, as a result, took little interest in and displayed little knowledge of charges, despite compiling the financial assessments of clients.

Many local government managers in Social Services find this situation increasingly uncomfortable. The perverse incentives in the context of a limited budget run against their professional objectives for community care of supporting people at home if possible, hence they tend to find themselves arguing for the need for a common charging system for both types of care.

'...the net cost to us of a residential care placement is probably about £100 ...but we can be producing very appropriate domiciliary care packages much more popular with the individuals concerned and increasingly with the families as well but they’ll be costing us twice and three times that, and so it has a mortgaging effect...’

- that is, where the packages are long term, it commits funds which might have been used by others. This lead this interviewee to reflect that ‘nobody gets too uptight’ about the nationally determined minimum contribution to residential care, so perhaps a national system was needed for domiciliary care too? On the other hand, interviewees were well aware of the serious impact of charges on the budgets of (and take up by) poor individuals who are dependent on home-based care, one assessor noting that impoverished people already often ask for less than they need.
This conflict in charging principles has been brought into focus by the housing-with-care schemes. These have faced some complex issues about charging, since they are mixed schemes, evolving from sheltered housing, and providing care in the flats. So they seemed to need ‘a charging system that was a hybrid between residential care and domiciliary care’. In one scheme this had caused problems. The charges for the schemes included payment for the 24 hour cover provided by the scheme, plus charges for individual care provided. This had caused some residents to reduce their demand for care, and to protest that they were being charged ‘twice’.

Furthermore, it had sharpened debate over the balance between cover – available support at all times – and ‘care hours’ as the item being purchased. As with many housing-with-care schemes, the residents initially brought into this scheme have been less dependent than originally envisaged: not least because very frail people are rarely able to move. So increasingly, those involved in housing with care schemes see the need to take less dependent people as tenants initially, and build in the systems to allow them to age and become more frail and confused ‘with dignity’. But this in turn has created some initial groups of tenants quite able to take a collective and organised view of the project and its charges – and to balance their care needs against the cost.

So tenants in this situation may wish to pay by the hour as and when they feel the care is worth the charge to them (which was not in this case the full cost on any reasonable definition of ‘full cost’). But on the other hand, that can get difficult (and expensive):

‘discussions which aren’t as yet fully resolved about what counts as chargeable care, you know, does the fact that they sort of see someone in the corridor and ask them to come in and change a light bulb, does it mean that, you know there is a tab running?’

Furthermore there is a minimum demand for care required to make the project viable in terms of income to pay the care staff. The point of this story lies not the problems of this particular scheme but in competing principles which lie behind it.

One the one hand, ‘purchase’ of domiciliary care is generally constructed by those doing it as the purchase of individual ‘care hours’ for clients. But the assessment system is just too cumbersome for this to ‘work’ along the lines of a ‘shopping’ story, and constant adjustment including unofficial ‘assessment’ by providers tries to smooth out the problems. Lying behind those day to day confusions is a bigger conflict of principle between the concept of a fixed care budget and a long term commitment to frail clients. If domiciliary care is an alternative to residential care, then it too involves a long term commitment to care as needed – not to a few weeks’ ‘care hours’ with no commitment to reinstate as needed. The means testing for residential care furthermore – which includes assets – implies a long term and continuing commitment to support and care which the shift to a cash limited budget has undermined. One attraction of the housing-with-care schemes is their ability to draw on the (so far not cash limited) housing benefit budget – but the care subsidy budget is still in principle cash limited. This contradiction between long term commitments and cash limits has, nationally and locally, barely begun to bite.
Awareness of the problem, nevertheless, drives the emphasis of so many local government officers in the interviews on trying to expand the funding available to clients. Charity funding, other central government social budgets (housing corporation, housing benefit), and health authority contributions were all being continually chased. Some care assessors interviewed were anxious not to have the care budgets devolved all the way down to them because they felt that they would not be as good as their team leaders and managers at this game – and because they felt that it would undermine their role in fighting for their clients. Care managers and contract officers saw joint ventures as sources of additional funds. None of this type of activity – expanding the budgets – fitted at all easily into a market discourse constructed on the basis of doing the best with the funds available.

The missing economic discourses here are of course those of insurance and taxation. While private insurance for long term care is beginning to be available, and social insurance beginning to be debated, over neither of these means of expanding available funds – nor local taxation – do those interviewed exercise any leverage. Hence these concepts are not relevant to their economic behaviour. Economic discourse in the interviews focusses around the spot contracting market for ‘care hours’ and its problems on the one hand, and the block contracting, also specified in cost per care hour terms, on the other hand – with the activity of seeking additional sources of funding hovering around the edges in all the care management and assessment interviews.

Hence, the best-buy-with-fixed-budgets, ‘shopping’ image does not really fit the spot contracting process. But the lack of fit gets much worse in the developmental, block contracting process, where the markets and contracts discourse is clearly at odds with another set of issues about long term commitments, flexibility and expanded funding sources for which an alternative economic language is missing, blocked out by lack of local economic leverage and a market-focussed ‘thought world’.

Conclusion: implications for local governance?

Mary Douglas suggests that for an institution to develop moral force, it needs a ‘naturalising’ principle and a grounding in reason. To acquire legitimacy, an institution must not appear too arbitrary, or too transparently a tool of powerful interests. The price-competitive, budget-limited market ‘thought world’ has been contributing some of this kind of legitimacy to a particular kind of social care contracting in the contexts studied. The tendering for approved lists, and the price criteria for spot contracting, contribute a fairness defence against a charge of arbitrariness or political partiality (or personal corruption). The evidence of scale of need reinforces the government’s emphasis on cash limits: getting the best for one’s clients out of the funding seems a legitimate principle. The assessment process contributes an appearance of individually tailored provision. And the ‘shopping’ imagery softens and perhaps mildly domesticates the often painful daily experience of care contracting.

This ‘thought world’ is shared by many people in the case studies just discussed. As noted at the beginning of the paper, we were surprised that the acceptance of the price-competitive market ‘thought world’ in Social Services contracting appears to be greater
than in any of the other case studies in the project. Social Service staff were less surprised, noting that while in their view the self-consciousness about prices and costs is recent in the Social Services departments where the case studies were done, the notion of buying care places from external suppliers (e.g. in children’s homes) is far from new. Given the perceived scale of local needs and the individual nature and rapid growth of the spot contracting activity, the price-consciousness and the (partial) reinforcement of this particular set of market ideas through experience seemed explicable.

The legitimacy this thought world brings is however ragged around the edges, as the discussion of assessment and of the problem of longer term commitments was intended to suggest. As a result, people are pursuing other contracting methods, including ways of bringing in more funds. But people could find no competing economic though world to support this search which carries the same moral weight as the price-competitive images. So officers trying to construct block contracting and joint ventures which recognise the assessment ‘tail’ and the longer term commitment problems have no alternative moral reference point to the arms length ‘contract culture’. References (popular with consultants) to what economists call ‘relational contracting’ in the private sector do not help here: Marks and Spencer or Nissan (for example) are under no obligation to be seen to be ‘fair’ to suppliers, their legitimate concern is with what works commercially for both parties in the medium term. So officers in Social Services questioned the whole notion of ‘market’ as appropriate in the ‘partnership’ context (while making the calm assumption that a market existed in spot contracting).

This moral weight of one particular market-centred economic thought world seems important because social provision is increasingly ‘governed’ by the day to day economic behaviour of public employees handling public funding for contractors. With the delegitimising of the principle of public provision in recent years, local government officers are now faced with a dominant set of economic ideas which, these Social Services case studies suggest, constrains thinking about development of hybrid and longer term forms of provision.

There are, as the last section suggested, alternative potential sources of legitimate economic behaviour. One source of such legitimacy is the needs and opinions of the clients themselves. Clients’ needs were made explicit in principle in the reforms through the assessment process, then awkwardly constrained by ‘eligibility criteria’ and limits on client choice. The price-competitive market discourse explicitly excludes client preferences except as filtered through assessments into packages of standard services, but that exclusion is a problem for the legitimacy of that discourse. And alternative projects providing more of a voice to users can in principle bring this source of legitimacy back in.

The other potential relevant source of legitimacy in economic discourses in this field lies in the concepts of social insurance: contributions against long term commitments. It is this discourse in particular which has been excluded by the government’s use of local authorities as agencies for spending a central community care budget: this ‘agency’ relationship has excluded local authorities from the policy issues concerning the funding
of domiciliary care, and hence has faced local government officers and members with the Hobson’s choice described above over domiciliary care charging. It is in concerns about charging – and associated means testing – in circumstances of social and economic deprivation that the apparent ‘fairness’ of the dominant market model comes apart.

One might therefore sum up this story of economic culture in Social Services by saying that one particular economic thought world carries considerable weight, and has interacted with and supported a rapid expansion of cost-consciousness and price-based competition. This set of ideas is also being challenged within the departments, and its limitations recognised, but interviewees could find no competing, equally legitimate set of market- or non-market-based ideas to refer to when defending economic behaviour. One interviewee commented sadly that, ‘we are more limited I think by our imagination than by our resources at the present time’ in community care.

These problems of imagination stem in part – these case studies suggest – not from a lack of social imagination about what should or might be done, but more from the intense straight jacket on economic imagination and indeed economic confidence imposed by the funding structure for community care and by the dominant economic generalisations of the last fifteen years. More responsive social care is going to require – among other things – more national and local economic imagination.

Notes

1. This paper forms part of a project on Economic Culture and Local Governance. The support of the ESRC Local Governance programme, grant no. L311253050, is also gratefully acknowledged, as is the generosity of the two authorities which agreed to host the research project. The paper draws extensively upon the work of Madeleine Wahlberg, the project research fellow, whose input is gratefully acknowledged. The views expressed are however the sole responsibility of the author. All quotations are from the project’s field research unless otherwise indicated. By agreement, no interviewees or authorities are identified, hence some quotations have been slightly altered to disguise their origin.

2. The interviews are still being analysed and processed. All results reported in this paper should be regarded as preliminary, hence not cited without reference to the author.

3. The author’s roots in that world explains much about the approach in this paper. See Mackintosh (1989).

4. It has required a particular combination of generosity and suspension of disbelief for two authorities – both urban, both under great stress – to host a project on ‘culture’ and ‘discourse’ which is so frankly exploratory. We are immensely grateful to all the
participants in both authorities for giving so generously of their time and commitment in these circumstances.

5. We of course differ: one an economist, one not, one an ex-local government officer, one not, and we intend to look more carefully than we have yet done for ways in which that may appear to have influenced what was said in the interviews.

6. Wetherall and Potter (1992) use the phrase ‘interpretative repertoires’. This project has been influenced by discussions with Margaret Wetherall, who is however not responsible for any use we may have made of her ideas.

7. ‘Appears’ because the detailed comparisons between case studies to support and elaborate this statement remain to be done.

8. Numbers written in this way were of course simple numbers in the interview. They are written in this way here to disguise the actual figure referred to.

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