

New Models of Delivery Programme

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THE PROGRAMME

The Aim

In February 2013, the Council agreed the need to:

- Take steps to ensure that the Council maintains financial resilience and protects its long-term financial position.
- Explore and develop alternative sources of funding that reduce reliance on Government grants and Council Tax increases in the future.

This Programme aims to meet that challenge¹

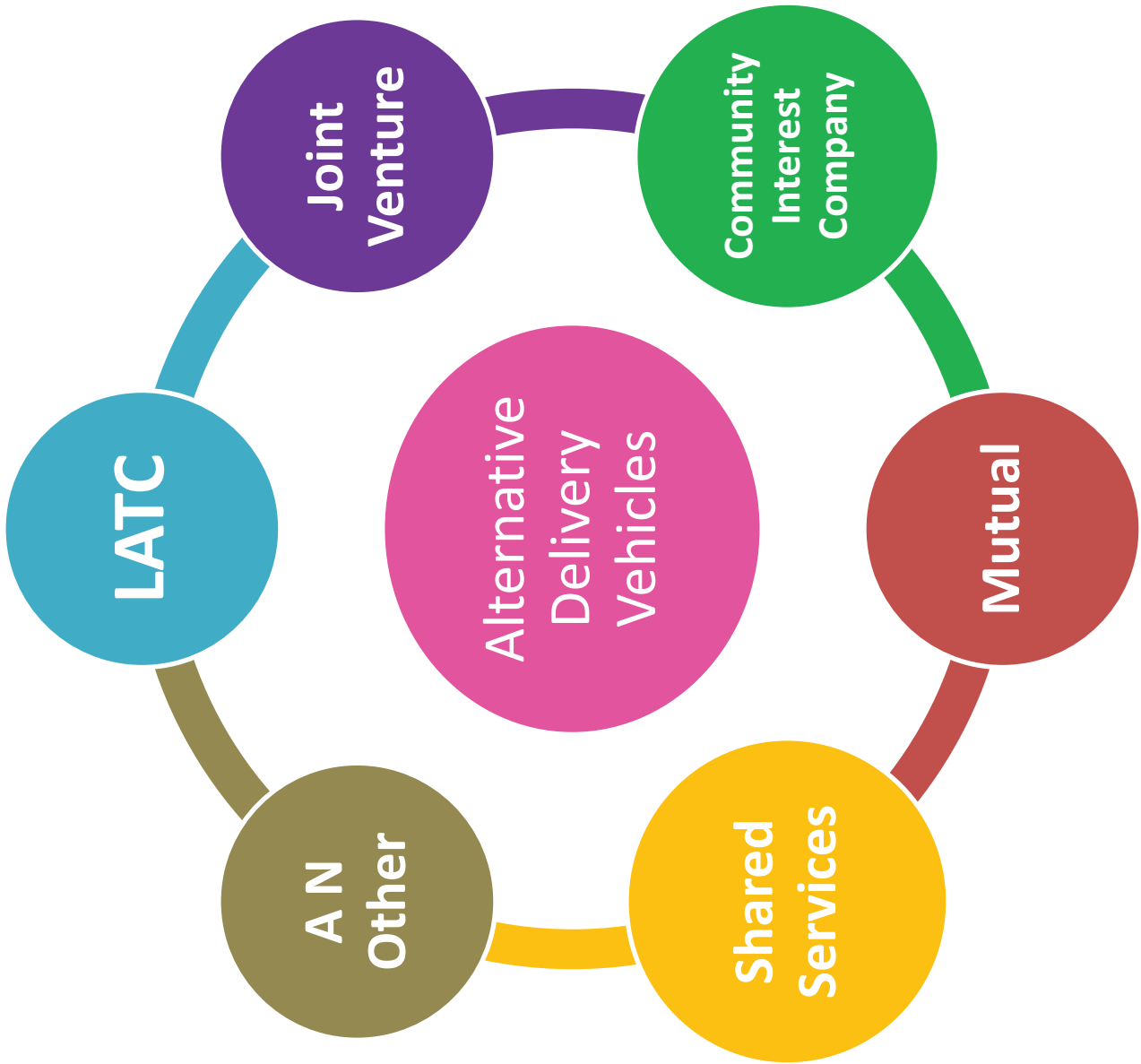
¹ Investment and Trading, Council Overview and Scrutiny Committee, 12 September 2013

Success means we will:

- Still able to deliver services that may otherwise be threatened by reduced resources.
- Have found different ways to fund and deliver them, allowing us to operate effectively with less grant and council tax.
- Have a sustainable and profitable trading portfolio by 2017
- Be seen as a systems leader

Legislation to support new models

- **Local Authorities (Goods and Services) Act 1970** – councils given the power to enter into agreements with other public bodies.
- **Local Government Act 2003** – enabled councils to trade in activities related to their functions on a commercial basis with a view to profit through a company.
- **Localism Act 2011** – extended this power to other authorities (e.g. Parishes) and introduced general power of competence, along with ability to charge for discretionary services on a cost recovery basis.



Alternative Delivery Models

- **Local Authority Trading Company (LATC)** - a trading company which is wholly owned by a council (any profits generated may go back to the council through dividends or service charges.)
- **Joint Venture** – a company set up in partnership with an existing organisation (often a private sector partner, already established in the market.)
- **Community Interest Company (CIC)** - A limited company carrying on a social activity, which generates a surplus to support its activities and make a contribution to the community. Introduced as an effective legal form for a social enterprise.
- **Mutual** – a company separate from the Local Authority which might be predominantly owned by staff, for example, or in the case of a co-operative, where the members own the company (one member, one vote).
- **Shared Services** – provision of services from one public body to one or more others. Could be directly through a lead authority and joint committee and/or by agreement or contract or via a delivery vehicle such as a company.

Case Studies (1)



Essex Cares Ltd- a local authority trading company set up in 2009 by Essex County Council. The company has 900 staff and services include home care, supported employment, telecare and reablement. Turnover in 2012/13 was £38m with a post tax profit of £1.3m. Essex Cares has a contract to provide reablement services for West Sussex.



Kent County Trading Ltd– a local authority trading company set up by Kent County Council in 2005 (includes Commercial Services Trading Ltd and Kent Top Temps Ltd). Their services cover education supplies, recruitment, energy procurement and direct support services. Turnover in 2012/13 was £42m with a post tax profit of £260k.

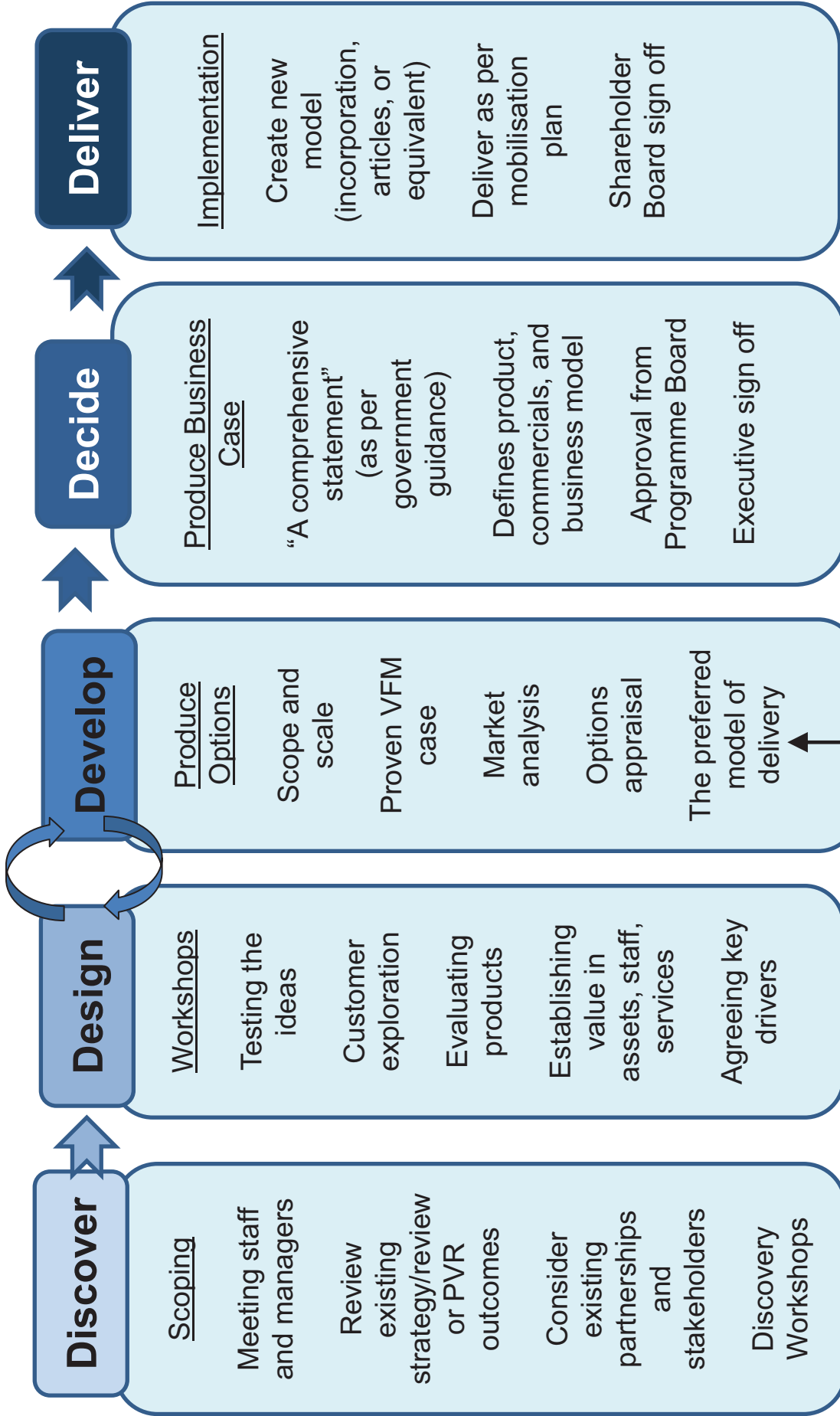
Case Studies (2)

explore york libraries & archives

Explore York – a libraries and archives mutual established by York City Council in 2013. Explore York is the first libraries mutual, and is part owned $\frac{2}{3}$ by the 100 staff and $\frac{1}{3}$ by the public.

Buckinghamshire Law Plus - an Alternative Business Structure created by Buckinghamshire County Council and Milton Keynes Fire Authority in 2014. They have combined their legal teams to provide legal advice to the public and charitable sector. Projected profit is £1.7m over the first 5 years.

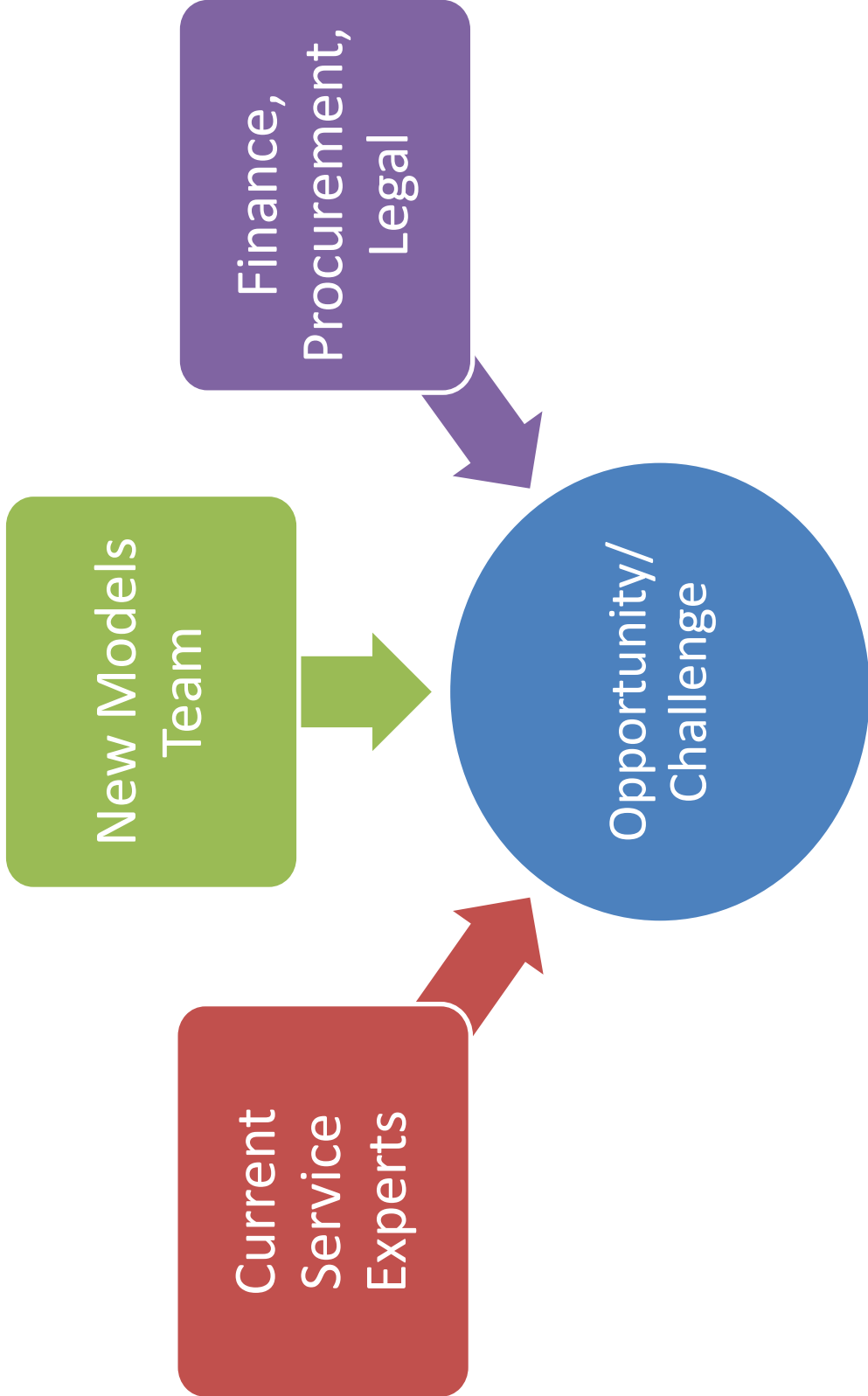
THE APPROACH



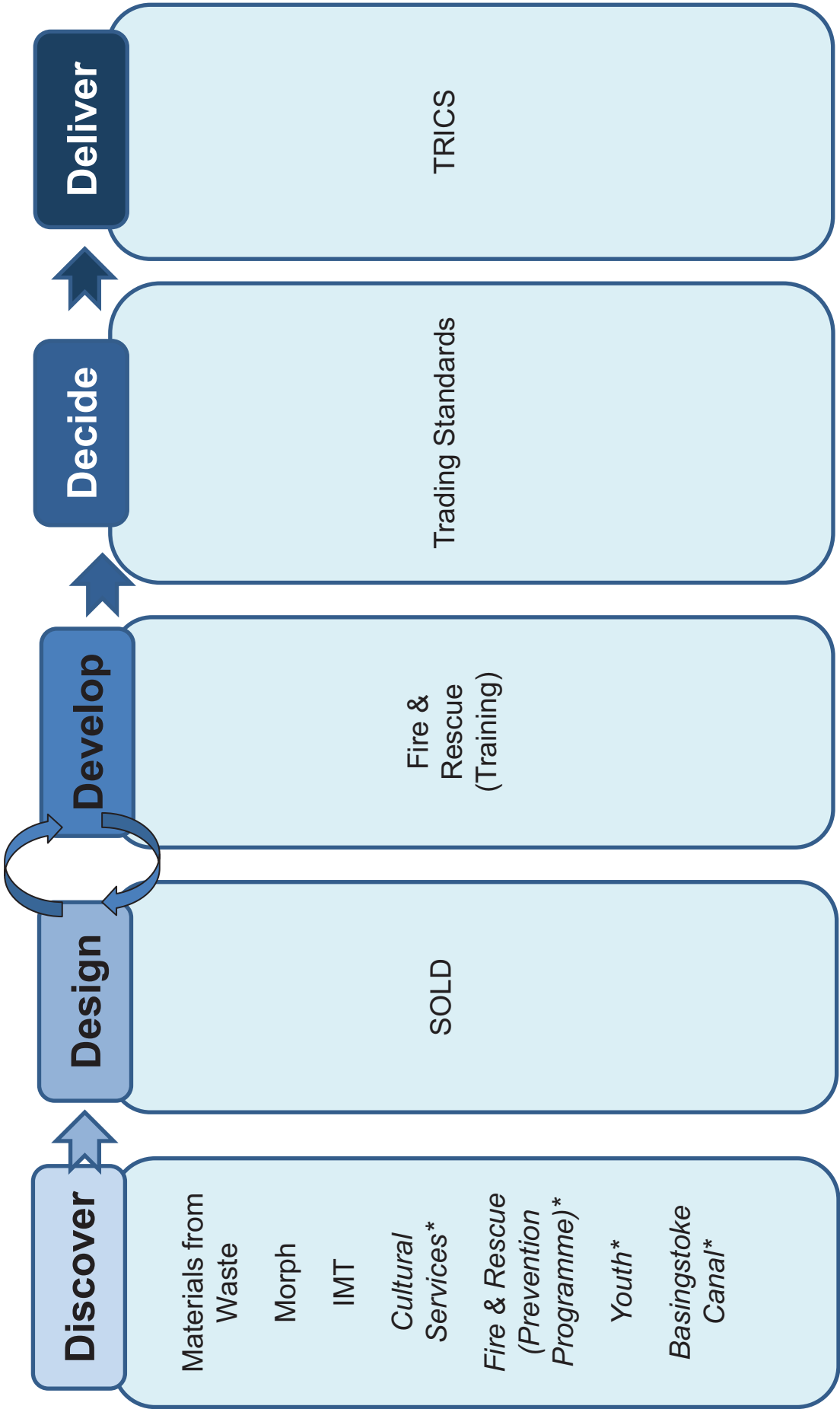
Form Follows Function

Decide where you want to go, then choose the right vehicle!

The Team

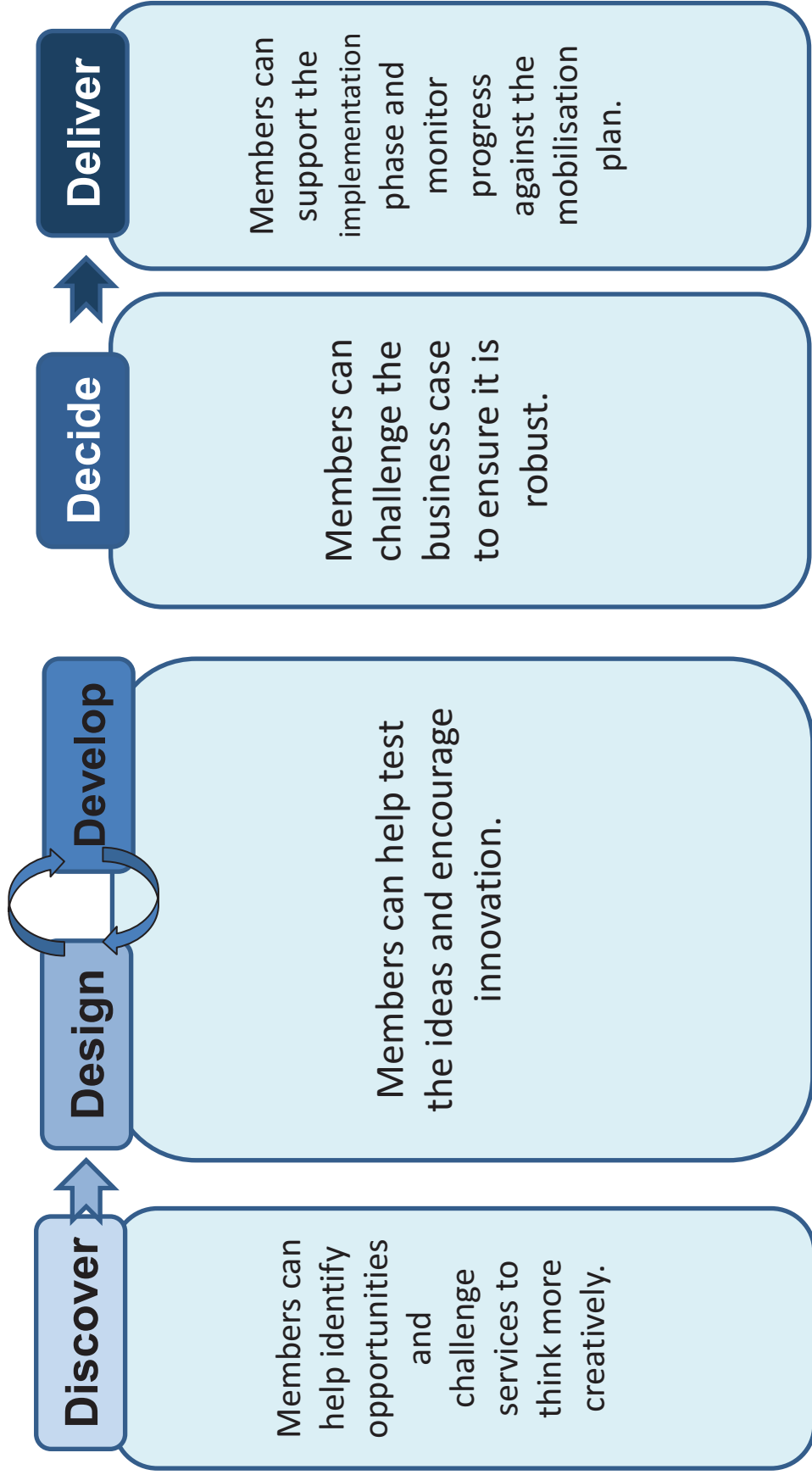


Current Workstreams



* Identified in the pipeline as possible areas for upcoming work.

Role of Select Committees



ASKING THE RIGHT QUESTIONS

Discover

Scoping

Meeting staff and managers

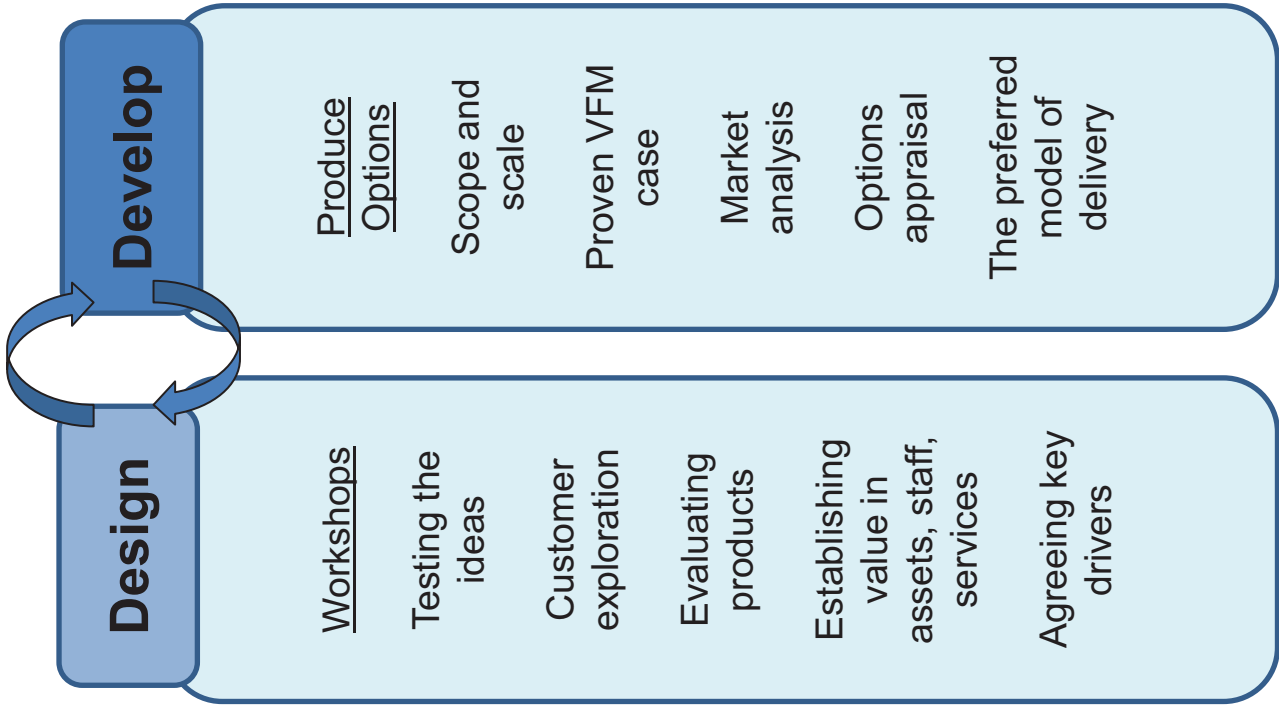
Review existing strategy/review or PVR outcomes

Consider existing partnerships and stakeholders

Discovery Workshops

Members can help identify opportunities and challenge services to think more creatively.

- Who are your customers now? Who might they be in 2018?
- What do your customers want and how do you know?
- Looking at your services and products, is there any potential to:
 - generate an income/profit?
 - recover costs?
 - Develop innovative products?
 - Facilitate new partnerships or joint ventures?
 - Grow into new and developing market opportunities?
 - Access other existing funding streams?



Members can help test the ideas and encourage innovation.

- How is it different?
 - Why would the customer buy from you?
 - Is your proposition solving a problem?
 - Are you filling a gap in the market, or building on an existing offering?
- Is there a market, and is it big enough?
- What's the business model?
 - How will you charge, and what for?
 - Any additional revenue streams?
- Do you have the experience, attitude and skills to pull it off?
- Is there scope for growth?
- What models or delivery vehicles would best support you in achieving the end goal?

Decide

Produce Business Case

“A comprehensive statement”
(as per government guidance)

Defines product, commercials, and business model

Approval from Programme Board

Executive sign off

Members can challenge the business case to ensure it is robust.

- Is the purpose clear?
- Does the strategy support this purpose?
- What do we need to invest and where is the return?
- What's the level of risk and how will this be managed?
- What if we didn't do anything/continued as is?
- Is it clear why we have chosen a particular model of delivery?
- What alternative delivery models have been put in place elsewhere
 - How successful are they?
- Could anyone else deliver this function?

Deliver

Implementation

Create new model
(incorporation, articles,
or equivalent)

Deliver as per
mobilisation plan

Shareholder Board sign
off

Members can support the implementation phase and monitor progress against the mobilisation plan.

- Is the plan delivering to time?
- Are there any emerging challenges or barriers?
- Are the appropriate governance arrangements in place?
- How will the select committee(s) continue to contribute in the future?
- What lessons have been identified and how do we learn from these in the future?

SELECT COMMITTEE DISCUSSION

Questions

- Any areas for clarity in terms of the options open to the Council?
- Is the role of select committees clear and are there any other areas you feel Members could be challenging or questioning?
- From your own select committees and recent scrutiny, are there any opportunities or challenges you feel we should be prioritising on the work programme over the next six months?

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