

POSSIBLE ALTERNATIVE SERVICE DELIVERY MODELS - PROTOCOL

1.0. Introduction

- 1.1. When considering alternative service delivery models as a method of delivering sustainable long term services to the public/clients then a full and thorough option appraisal exercise must be undertaken. A report including details of this process and the recommended model emanating from the work will be subject to the administration's approval.
- 1.2. Prior to commencement, the administration should produce a brief for consideration which provides evidence of how the proposal will support delivery of the Council's corporate objectives.

2.0. Step 1 – Feasibility Study

- 2.1. A Task and Finish Group (TFG) consisting of key stakeholders should be established to consider options.
- 2.2. The purpose of this TFG will be to undertake a feasibility study to analyse and evaluate the potential of each of the different models and make recommendations to Committee. This will be based on robust investigation and research, leading to an evidence based decision.
- 2.3. The feasibility study should be conducted with an objective and unbiased approach to provide information upon which decisions can be based. Feasibility studies precede technical development and project implementation.
- 2.4. The feasibility study should aim to:
 - Objectively and rationally uncover the strengths and weaknesses of an existing service model and proposed models
 - Consider opportunities and threats as presented by the environment
 - Identify the resources required to carry through and ultimately the prospects for success
 - Identify cost required and value to be attained
 - Provide a historical background of the service, description of the service, accounting statements, details of the operations and management, marketing research and policies, financial data and legal requirements.

3.0. Step 2 - Options Appraisal Activity

- 3.1. Clear and concise objectives must be established to determine the scope of the option appraisal exercise and full consultation undertaken with all stakeholders including employees..

3.2. It is essential that a comprehensive and rigorous assessment of the option(s) is undertaken to determine how it can modernise and/or enhance service provision, the types of benefits achievable, impact on the local area and whether the option is sustainable. This should include independent challenge through the Alternative Trading Models. External contribution and challenge may be appropriate dependant on the service.

3.3 There are a number of key influencing factors which will need to be considered in the assessment, including:

- Bench marking data - including performance, quality, time and costs
- Review of resourcing overhead – including assessment of controllable and non-controllable budgets
- Future trends, legislation, developments etc

In addition, an impact assessment will need to be included to consider the following:

- Council influence and control
- Pension considerations
- Procurement considerations
- Impact on other Council services if the model is implemented e.g. the domino-effect
- Potential impact on jobs in the area
- Access to social investments and grants
- Impact on current staff in the service
- Impact on customers and service users
- Ability to trade services to other authorities
- Ability to trade services to other public bodies i.e. NHS and/or private companies and consumers

3.4. Current common delivery models options are:

1. Retaining services in-house, but on a more cost effective basis (benchmarked)
2. Wholly Owned Trading Company
3. Social Enterprise
4. Externalisation/Outsourcing
5. Hybrid e.g. externalisation of function sub contracted to the Council

Note - there may be other options that the Council would wish to explore.

3.5. The below Alternative Service Delivery Models provides information regarding the options and their potential impact. Services may consider the options listed sequentially or run these in parallel. This means that it is not appropriate to look

for example at model 3 without first considering models 1 and 2 but this work can be undertaken in parallel.

- 3.6. In all instances the first consideration must be given to delivering the service in house, but on a more efficient and cost effective basis. If this is the only option under consideration then there is no requirement to do a full option appraisal on the other 3 models.
- 3.7. This stage will provide services with vital information on the benefits, economic, social and environmental impacts of the proposals which will form the basis of the option appraisal report.

4.0. **Step 3 – Option Appraisal Report**

4.1. The option appraisal assessment and report should cover the following areas:

1. Scope - how the option meets strategic objectives.
2. Accountability and participation - the implications of implementing the change in terms of accountability, transparency. This should include user, employee and trade union involvement and views
3. Financial implications - costs and benefits
4. Economic case – including market sector analysis
5. Commercial case – including marketing and growth strategy
6. Quality of service - impact on service delivery and performance
7. External impact - impact on community access to service, viability of future service provision; etc
8. Internal impact - impact on the provision of other Council services
9. Employee implications - number of affected employees, whole or part service change, etc.
10. Management case - management responsibility/contract management roles and responsibilities
11. Risk assessment
12. Recommendations and preferred option

5.0. **Step 4 – Consultations and Approval Process**

5.1. Prior to submitting the report for approval of the proposal, the following must be ensured:

- Stakeholders have been involved from the outset and if they are not in agreement to the proposal, they have the opportunity to have their comments appended to the report
- Sufficient time is factored in to properly consult the affected employees

- Sufficient time is allocated to properly consult with other service managers who will be affected by the proposals e.g. Finance, Human Resources, Legal Services, etc
- Submit the report to Senior Management Team for consideration prior to seeking approval from the Administration

6.0. Changes to Working Practices Resulting from Alternative Service Delivery Models

- 6.1. The agreed framework should then be followed in cases where changes to working practices also required as part of the new service delivery model.
- 6.2. The proposed changes to working practices and the impact of these on the workforce should be detailed in the report seeking approval to implement the new service delivery model.

Alternative Service Delivery Models (Options and Impact)

Trading Models	Retaining Service In-House	Wholly Owned Trading Company	Social Enterprise	Externalisation/ Outsourcing
	Impact assessment	Impact assessment	Impact assessment	Impact assessment
Council Influence and Control	Yes – as is	Yes – the company remains a Council-owned company, so controlled by the Council	Partial – influence predominately through contract management funding and performance arrangements	Through contract management only
Pensions considerations	Unaffected – though redundancies may have an impact on the Council balance	Unaffected – staff either TUPE-ed or secondment/subcontracted and pension access retained	Impact on Council deficit to be indemnified. Increased contributions possibly payable by new organisation	To be resolved in any TUPE transfer negotiations. Commonly pension access not retained.
Procurement considerations	None - unless any specific services to be outsourced.	No procurement issues if set up as a 'Teckal company'; same as an independent social enterprise is looking to deliver more services outside of the Council	Initial contract on a single tender basis is believed to be defensible; followed by open procurement on contract renewal (if applicable)	Open procurement process to be conducted
Implications for other Council Services e.g. central support functions (IT, Finance, HR etc)	Would remain as is - recharges would reduce pro-rata in line with any redundancies	Would remain in place - a service level agreement would be advisable to enable close monitoring of organisation 'costs'	Can be bought in with a service level agreement. Services can alternatively be sourced from outside the Council	Would cease to be needed for these services - Council to absorb costs elsewhere in the Council or to make associated cuts in central functions
Potential impact on jobs in the area	Negative/Neutral - reduced competitiveness will equate to job losses, unless delivery of the service in house is on a more cost efficient and effective basis. i.e. introduction of changes to working practices	Neutral/Positive – if growth is sufficient to generate new posts	Positive/Negative - if successful, new organisation will be a recruiting employer if not job losses in the borough	Neutral - Council work will either be delivered by TUPE-ed staff or additional jobs / hours will be available through private care agencies.
Access to social investment and grants	No	No – seen as part of the Council, so not eligible	YES - further MSF grant to develop proposals, range of other social Investment / grants for social enterprise	No
Impact on current staff in the service	Retain Terms and Conditions or implement revised. Risk of redundancies if services cut. Morale negatively hit - fear for jobs if positive changes not made	TUPE transferred / or secondment / sub contract. Morale may increase temporarily as seen as a safer future.	TUPE-transfer on existing Terms and Conditions. Morale may improve as opportunity to shape the new organisation takes hold	Either TUPE transferred or redundancies. Morale negatively hit - few if any are positive about working for private agencies
Impact on customers and service users	No change/potential for improvement	No change/potential for improvement	Customers will have representative seat on the Board, thereby directly influencing the SE's direction	Influence likely to be reduced
Ability to trade services to other authorities	Yes – but restricted by capacity and desire to operate outside of core geography	Yes - if established as a Teckal company, limited to 10% turnover being outside Council	Yes - restricted only by what supports the stated mission of the organisation	N/A
Ability to trade services to other public bodies	No	In part –if established as a Teckal company then external income is restricted to 10%	Yes - restricted only by what supports the stated mission of the organisation	N/A