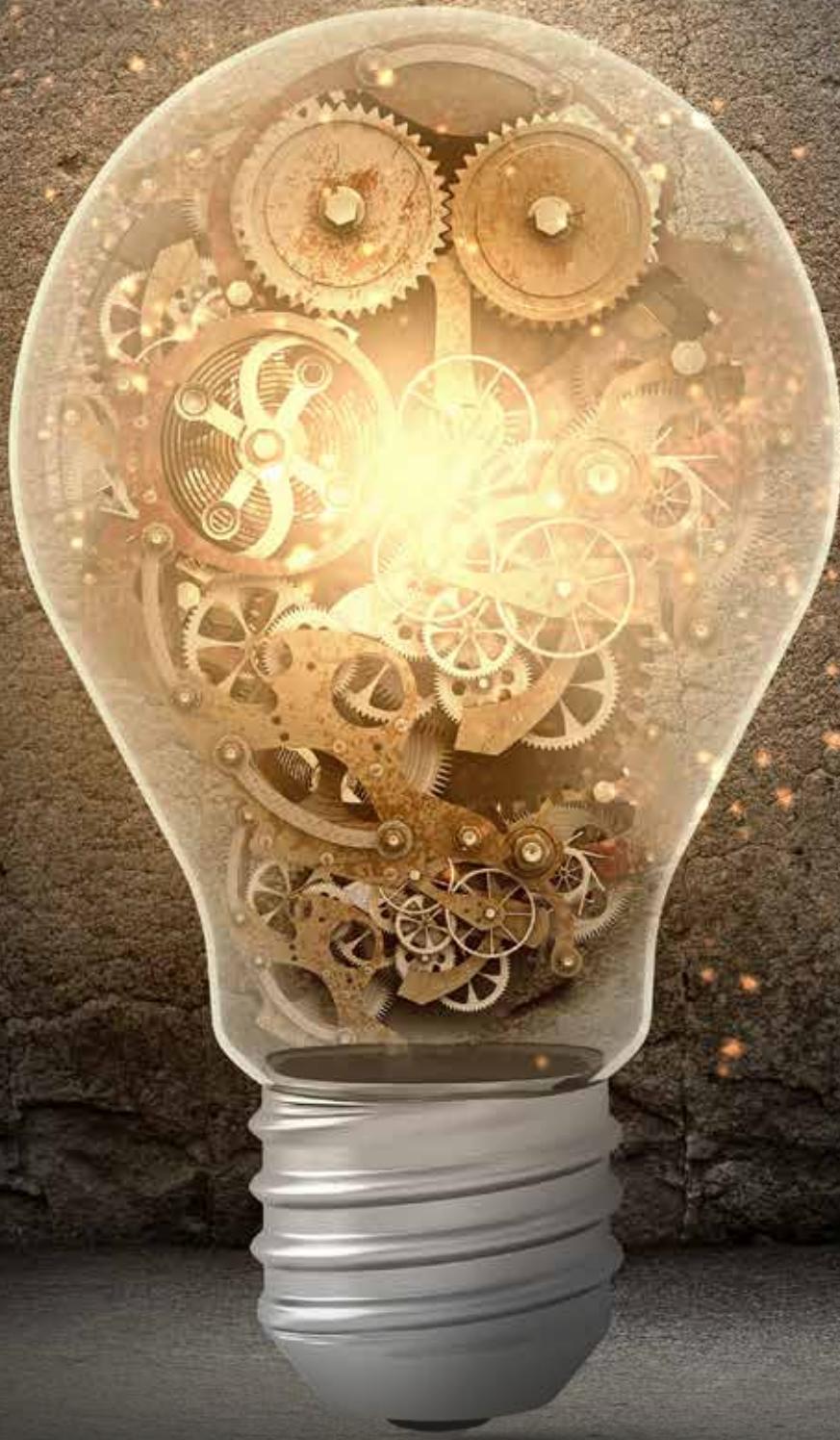


CCN DIALOGUES NOVEMBER 2018



Alternative Models of Service Delivery: The County Perspective

About CCN Partners

Partnering with the County Councils Network (CCN) offers private, public, community and third sector stakeholders' unique networking opportunities to work with council leaders and chief executives from county councils and county unitaries in England. It also gives those interested the opportunity to promote your organisations objectives, a brand or service, to deliver better community outcomes, drive industry practice forward and get your voice

heard among decision makers. Our dialogues publications are a series of think pieces supported by the partners of CCN. This think piece report is sponsored by the Norse Group.
For more about CCN Partners, visit <https://www.countycouncilsnetwork.org.uk/about/ccn-partners/> or email CCNpartners@local.gov.uk

About the Norse Group

Every day the Norse Group touches the lives of millions of people across the UK. It is the largest Local Authority Trading Company [LATCo] in the country*, leading the way in transforming public sector service delivery.

Assisting councils with protecting front line services, we help to shape service delivery through our 30 years of knowledge and experience. We support councils' vision and ambition to shape places and contribute to the economic wealth of local communities.

Formed in 1988, we have built our business on strong values and good governance and today we have 36 joint venture partnerships with local authorities across the

country. Our unique partnership model has a distinguished track record and provenance offering partners the ability to flex according to local and national influences, generate new revenue streams and transform services. With our roots in the public sector, we understand the importance of greater levels of openness, transparency and high standards of behaviour.

We offer a diverse range of core services across the end-to-end whole life asset landscape, including total FM, waste, environmental, property consultancy and management.

www.norsegroup.co.uk





Baroness Scott
of Bybrook
CCN Spokesman
for Reform

Local government in England has always strived to evolve to ensure it can meet the needs of the day. What instigates change is the recognition that the old approaches are no longer capable of addressing the current problems councils and residents face

This has never been more important than at the present time with the extent of funding reductions leading to uncertainty over our future financial sustainability. CCN research shows that member councils face a funding gap of £2.54bn in 2020-21 following nearly a decade of unprecedented funding reductions.

It is therefore imperative that we ensure local government becomes more effective, more efficient and more accountable as we work with our populations to shape the services of the future. We must consider what people expect their communities to be; we are place shapers and community builders. We then need to work with partners across the public and private sector to transform what and how we deliver to meet those aspirations.

There are difficult decisions that

need to be made, but the role of counties is clear and crucial, whether it is providing infrastructure to enable the hundreds of thousands of homes this country needs, or providing the economic foundations – skills, digital and physical infrastructure – to continue to grow our economies, helping people live healthier lives, for longer, or helping children to have the best start in life.

Counties cannot afford to step back from our role. We cannot afford to 'do nothing' and we cannot afford to do things in the same ways we have before. So, we must change, and we must embrace change for ourselves and our residents.

Working with our partners in the private sector is an area which is rightly scrutinised. Nonetheless, the focus and efficiency these partnerships can bring is something which must be recognised. New models of service delivery, when built on strong foundations of trust and accountability, can deliver great results for all involved – whether public, private or residents themselves. This report outlines the current perspective from the CCN membership, but beyond the data, it is clear that a shared understanding of goals, combined with transformation and new ideas, is what is required to deliver the change we all need to see.



We must consider what people expect their communities to be; we are place shapers and community builders.

The County Context



By 2020, local authorities will have faced a reduction to core funding from the Government of nearly £16 billion over the preceding decade. That means that councils will have lost 60p out of every £1 the Government had provided to spend on local services in the last eight years.¹

Counties have transformed services and made extraordinary efficiency savings to safeguard frontline services. CCN members have a strong track record of maintaining and improving services in the face of unprecedented funding reductions and have shown a readiness to explore all possible means of delivering better services.

However, the reduction in funding has limited local government's ability to respond to significant public policy challenges. The ageing demographic, most concentrated in county areas, the rise in house prices and lack of job opportunities that sees young people leave for major cities, and the fall in living standards, the lack of progress on healthy life expectancy, are all problems that local government should have a role in tackling.

An increasing proportion of budgets are devoted to meeting our statutory obligations. Counties

children's and adult's social care service expenditure is currently 65% of their budgets. Inexorable increases in demand allied with budget pressures has meant even greater reductions in funding for non-statutory, but still invaluable, services and, at the same time, limited the capacity for counties to invest in prevention and in transformation.

At a time when the UK continues to face financial challenges and Government is almost exclusively focused on Brexit, all public service providers need to think innovatively about how they work together to deliver high-quality public services meeting the needs of the entire population. This requires a bold vision for the future of public services and a new relationship between Whitehall, local government, the wider public sector and private sector partners.

With that in mind, CCN and Norse undertook a survey to assess how alternative models of service delivery were being perceived in the sector. A consultation was issued, with respondents ranging from Leaders, Cabinet Members and opposition members to Chief Executives and senior officers. Further, CCN received feedback both formally and informally on this important subject which all members are currently grappling with.

The results of the survey demonstrate that county councils have varying openness to working with the private sector. The level of openness is informed by previous commissioning relationships, by financial stability, and most crucially – by trust.

¹ https://www.local.gov.uk/sites/default/files/documents/5.40_01_Finance%20publication_WEB_0.pdf

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All public service providers need to think innovatively about how they work together to deliver high-quality public services, meeting the needs of the entire population.

Key messages

1 The climate for outsourcing and alternative service delivery is challenging given some high-profile contractual failures – but the appetite for transformation remains very strong.

The past twelve months have been challenging for outsourcing relationships between local government and the private sector. Concerns over financial stability in both sectors has been high profile and local authorities have been criticised for placing significant responsibility with outside bodies. These factors may, in part, explain that the UK Outsourcing Index found that council outsourcing has fallen by nearly £60m in the last year².

Despite this all respondents to the survey indicated they either had, were, or would be moving to alternative models of delivery for some services. Nearly 50% of respondents indicated they had already implemented new service delivery models with the implication they were not looking at new models in the immediate future. 38% said that they had implemented new models and would consider new models in the future and 12% are currently considering alternative models of service delivery or will do so in the next few years.

2 Financial funding constraints necessitate the move to alternative service delivery.

It will come as no surprise that the main driver for seeking alternative service delivery models are the significant financial constraints councils face – nearly 59% of respondents listed this as their primary motivation. The second driver was responding to changes in Government policy (13%) closely followed by a desire to see a step change in performance and results (10%) and opportunities for improved partnership

arrangements (8%). One in ten respondents cited a range of other motivations.

County council leaders explained that while there was a real appetite for ambitious transformation to deliver a step change in service delivery, implementing a new vision was impossible without greater financial certainty, clear direction on national policy or the devolved decision making required to drive successful change.

There is an obvious, but understandable, dichotomy at play. Financial constraints are the prime motivator for seeking alternative service delivery models but funding reductions and continued financial uncertainty are cited as the most significant barrier to genuine transformation.

3 There exists a genuine appetite for transformation, but views on the specific service delivery model are informed from previous experience.

It is to be expected that the experience of past service delivery models informs county councils' approach to future decision making. Where councils have seen disappointing outcomes and/or had negative relationships with partners it is inevitable this can make members and officers more cautious when considering further opportunities.

In ranking preferential delivery models most suitable for their council respondents demonstrated a broad range of preferences.

It is apparent that delivery models with a higher level of public sector involvement were considered to be most suitable – with In-House delivery, Shared Services, Public Sector Partnerships, Joint Ventures and LA Trading Companies featuring prominently. These models, with significant involvement of

councils, scored more highly than delivery models involving the private sector – which could reflect recent outsourcing coverage and their direct experience, but which also may speak to the perception of shared values and language playing a key role.

Interestingly, respondents also appeared to indicate they preferred the decisive nature of direct Contracts over Private Sector Joint Ventures.

Nonetheless, comments and feedback were clear that, whatever the service delivery model, the focus on any transformation must be outcomes for residents and councils should



There exists a real appetite for ambitious transformation, yet implementing a new vision remains impossible without financial certainty.

look at the most applicable model to deliver the change required.

4 The type of service up for discussion matters; heightened perceptions of risk can limit transformation.

Financial constraints may be the most important driver for exploring alternative service delivery models however adult's and children's social care services, which account for 65% of service expenditure, are the least likely service to be considered suitable - with only 22% of respondents indicating a positive result. This could reflect the level of perceived risk, the level of staff capacity and investment and the scale of change required. However, it could also represent the commitment of members and officers to these life critical services and importance of political oversight.

² <https://www.localgov.co.uk/Council-outsourcing-falls-by-nearly-60m-in-last-year-figures-show/45778>

Conclusion

This survey demonstrates that despite financial pressures, capacity constraints, and historic issues with more traditional outsourcing, there is a genuine appetite for transformation. Councils look towards alternative models of service delivery which deliver better outcomes for residents, alongside a better return on investment for councils. CCN members believe that aligned goals, shared language, trust and transparency are critical.

At a recent CCN Roundtable, members and partners offered a tangible argument as to why all partners would be invested in working together to find solutions to the challenges the public sector faces now and in the future. Local authorities are significant customers to private providers, and there is a clear inter-dependent relationship which exists between the two sectors. Partnerships work where all sides align goals, are clear about the outcomes they want to achieve, are transparent in their communications and share the incentives for success.



The need to deliver things differently in the future remains at the forefront

Reflections from Norse

Local government was rightly praised by the Chancellor Philip Hammond in his Budget speech for the key role it has played in transforming public services and it's clear that the need to deliver things differently in the future remains at the forefront of the minds of senior council officers and elected members alike.

This fascinating report shows there is great potential for ethical service providers in the marketplace who share the public service ethos of local authorities. Those that can come up with imaginative partnerships which ensure quality public services are delivered in the most cost effective way possible can prosper in the future.

The fact that local government is prepared to ignore some high profile contractual failures is testament to the maturity the sector has shown since the journey of continuing reductions in central government grant first began.

We would say to potential partners that we speak the same language. Our Norse Group values - Quality, Innovation, Respect and Trust – are very much aligned to what local government is seeking, and needs to achieve, as it continues on its journey of public service transformation.

The requirement for members and officers to retain oversight of any partnership is acknowledged as is anxiety about letting go of services which have

traditionally been delivered 'in house'.

But successful partnerships are all about addressing those concerns and overcoming them – together it can be done!

The next generation of partnerships will be built on the building blocks of imagination, hard work and effective leadership on all sides.

But in our experience, working ethically while operating with a commercial outlook can successfully deliver exactly the sort of results the public demands. This kind of 'ethical commercialism' offers hope for the future as councils head towards 2020 and beyond against a continuing tough financial backdrop.

6 The role of trust in determining partnership decisions is crucial.

Whilst less tangible than other considerations, the imperative of building trust is integral to successful transformation. This had been noted across both formal discussion at recent roundtables and during informal feedback with CCN members. Strong relationships in the design and delivery phases of alternative service models are considered essential, with potential to create the foundations for continued partnership working in the long term.

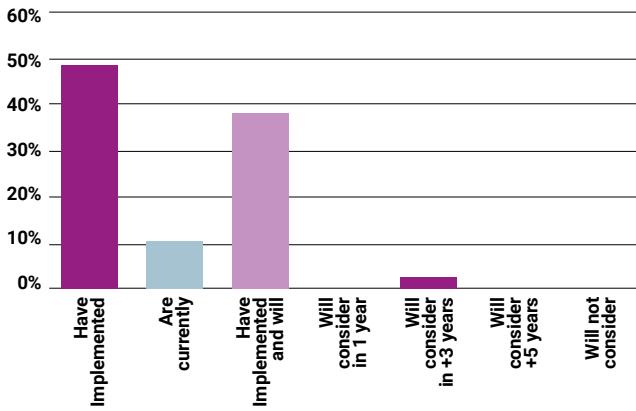
CCN members have expressed that shared language is essential to building trust. Confusing terminology and jargon can cloud the ability to create common goals and the use of buzz words can alienate members.

The importance of aligned values and goals also presents risks to developing strong partnerships. Increased risk can spring from diverging aims over time, so it is essential not only to speak the same language but to also be clear about the expected outcomes and honest about deliverables.

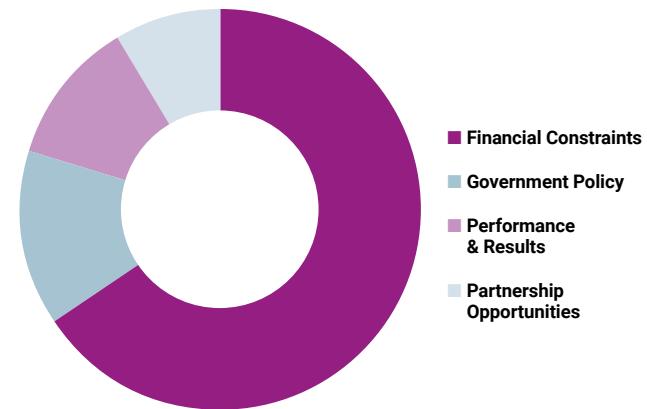
Transparency and regular communication is also seen as vital for partnerships to thrive and overcome the inevitable hurdles that any transformation programme will need to overcome.

Alternative Service Delivery Models: County Survey Results

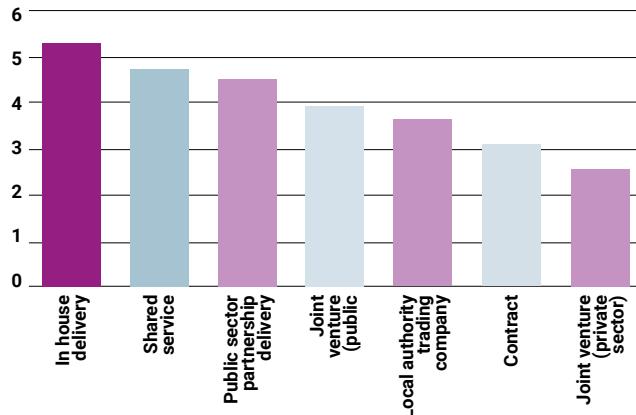
1 Are you considering, or have you already introduced alternative service delivery models?



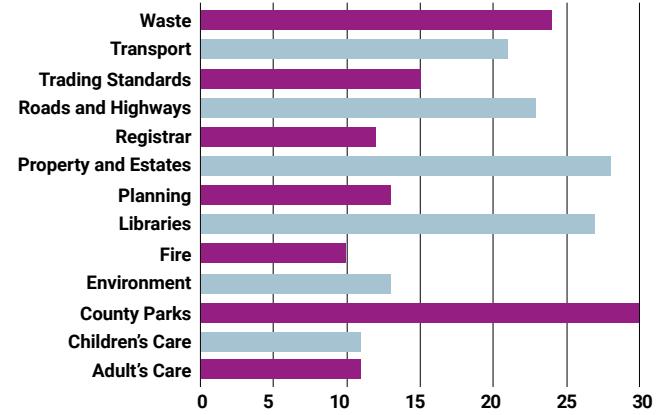
2 What is the main driver for your authority to move to an alternative model of service delivery model?



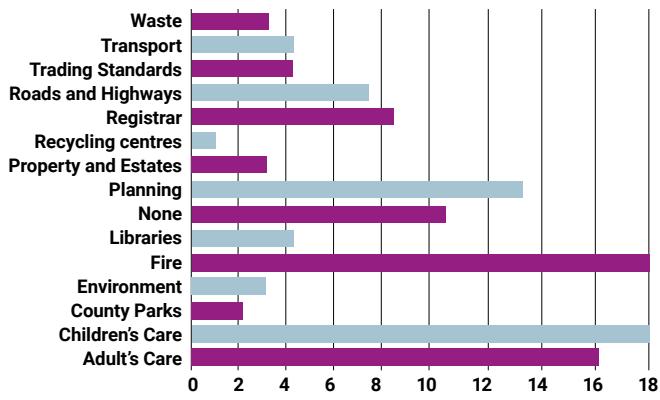
3 Which of the following delivery models would you consider most suitable for your authority?



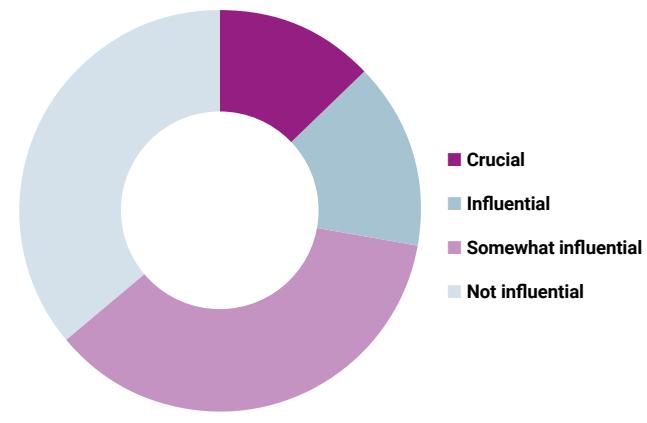
4 Which frontline services would you consider suitable for alternative delivery?



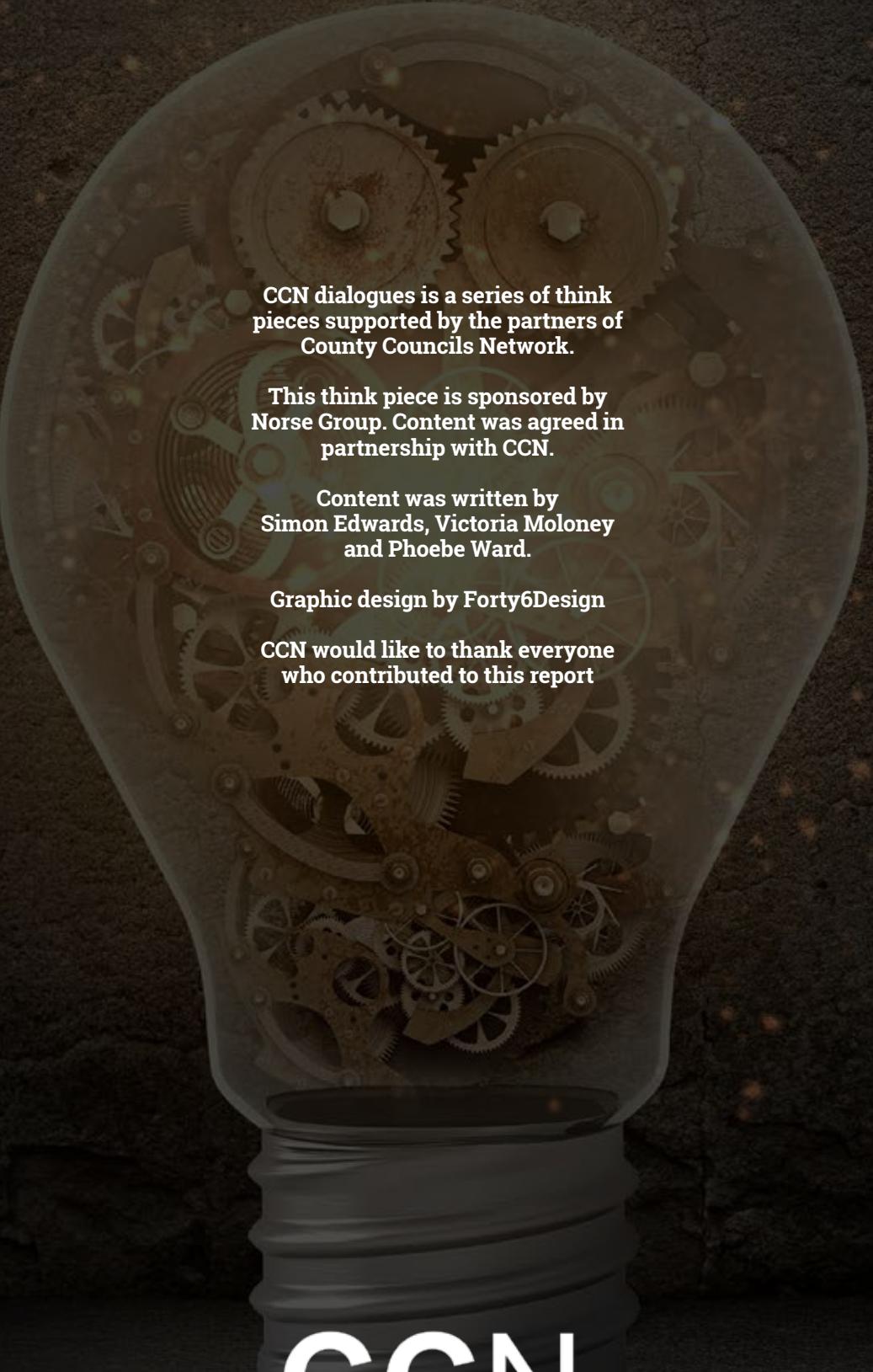
5 What services would you not consider moving to an alternative model of service delivery, what services must remain in house?



6 How influential are your local authority neighbours or peers when you are considering alternative models?



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CCN dialogues is a series of think pieces supported by the partners of County Councils Network.

This think piece is sponsored by Norse Group. Content was agreed in partnership with CCN.

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Graphic design by Forty6Design

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