



# LOCAL PARTNERSHIPS

The public sector delivery specialists

## THINK PIECE

### Launching alternative service delivery models in local government

#### Introduction

Local Partnerships has wide experience of working with local public bodies as they consider how to deliver services in a different way. We believe there are five stages to establishing an alternative service delivery model.

Local Partnerships' Julie McEver sets out the five stages and shares key lessons from our work in this area.

#### Assurance and approval

From the outset the local authority must be clear on the assurance and approval process at each stage – lack of clarity in this area can be a significant barrier to the pace of delivering the change. A board or cabinet decision should be made at each stage to progress, or to stop the process, if a viable alternative cannot be moved forward.

#### Stage 1: Strategic direction

The public body must be clear about its strategy, both long term and short term, and be specific about what services are in scope. It will need to consider its vision and mission, whilst taking into account the wider political landscape. It must also engage its stakeholders, including members, officers, staff, service users and the wider community. This will help build consensus and identify any issues at an early stage.

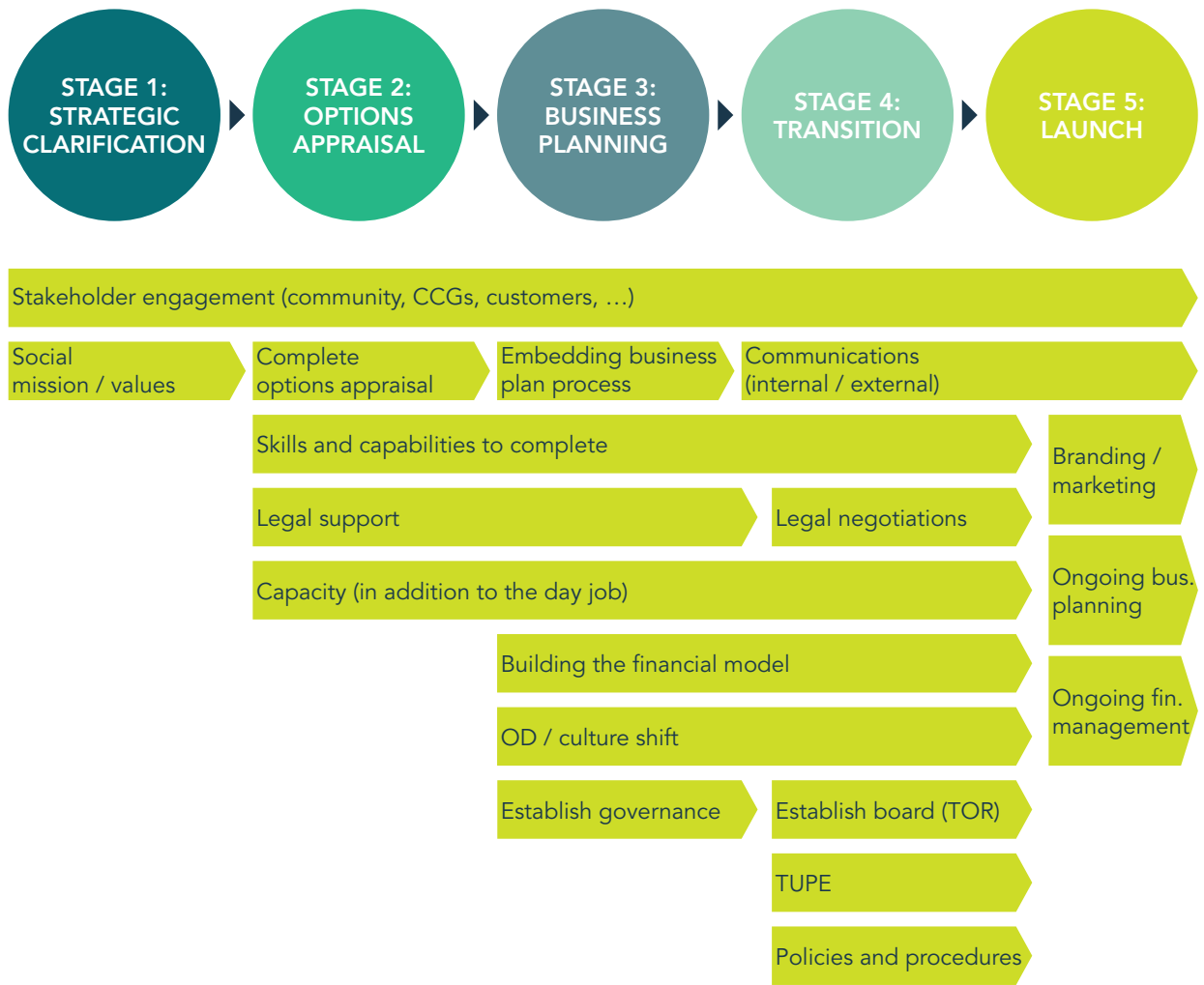
#### Stage 2: Options appraisal

A robust options appraisal will ensure an appropriate short-list of viable options. Many options may be considered, including:

- ▶ integration with another public body
- ▶ developing an independent entity (social or commercial enterprise)
- ▶ establishing a trading company
- ▶ developing an independent entity (social or commercial enterprise)
- ▶ participating in a joint venture (with a public or private partner)
- ▶ outsourcing
- ▶ sharing services with another public body.

The 'no change', and 'redevelopment of in-house provision' options should be considered along with an exit strategy, should this become necessary at any stage.

At the options appraisal stage, a high level cost-benefit analysis should be undertaken and consideration given to the authority's appetite for risk, innovation and change. Alignment with the corporate strategic direction and political and senior management view is also crucial.





### Stage 3: Business case and business plan

For each potentially viable option, an outline business case is usually developed to help determine which option to take to full business case. A business plan is then developed for the new venture and business planning processes embedded. This should be a multi-stage process and there are many areas to consider:

- ▶ strategic drivers including current delivery model, capabilities, culture
- ▶ future expectations of service delivery and development
- ▶ financial viability and sustainability
- ▶ competition strategy
- ▶ capacity and capability to launch and sustain the new model
- ▶ staff, board and stakeholder development
- ▶ corporate services
- ▶ stakeholder engagement
- ▶ legal considerations and governance
- ▶ risks and risk management
- ▶ transition

### Stage 4: Transition

If the business case and resulting business plan continues to demonstrate a potentially viable option, approval to move into transition is usually given. During transition, the legal position and contractual arrangements are finalised. This may include corporate services and/or asset transfers. The governance arrangements may operate in shadow form. If a new enterprise has been created, this phase will enable the new entity to bed-in. Staff may be subject to TUPE and developing meaningful mechanisms to enable staff and stakeholder involvement must be a priority. External and particularly internal communications activity will be increased to communicate the changes. The new venture will also need to quickly establish relevant management performance systems.

### Stage 5: Launch

Assuming a successful transition period, the alternative service delivery model is launched. At this point, the local authority should ensure the strategic objectives that were established at the beginning are met. This could be done via the contractual relationship if a new entity was established or it may be done via internal reviews.



## Lessons learned

We believe the key lessons from our work in this area are:

- ▶ be clear about the process as well as roles and responsibilities for those involved
- ▶ each stage takes time and may require additional support
- ▶ ensure the right commercial expertise is present for each stage
- ▶ external support may be beneficial as it can provide an unbiased view as well as critical challenge
- ▶ some decisions may be difficult
- ▶ every journey will be different
- ▶ developing the right alternative service delivery model requires focus, expertise and persistence.

## Contact

To find out more about how we could support you with launching alternative delivery models, or with other areas of your work:

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