

# Back to the future for public service delivery

## Finding the resources you need

Local authorities are now revisiting with real interest some of the models they rejected in the 1980s and 1990s. What lessons can today's managers learn as they explore and implement alternative service delivery (ASD) models?

### Change cannot be mandated

Throughout the 1980s and 1990s, financial managers got used to year-on-year budget and government grant cuts and Compulsory Competitive Tendering (CCT) gave Local Governments a statutory duty to market test their services. Far from increasing the appetite for outsourcing and private sector involvement, many consultants and finance practitioners became highly creative at developing strategies to avoid competition while appearing to work within the spirit of the legislation. Managers must earn the support of those who will deliver their ASD plans through genuine and sustained stakeholder engagement.

### Savings alone are not a strategy

The latest round of grant cuts has significantly accelerated the pace of change and a far greater number of local authorities are considering ASD as a main plank of their financial strategy to generate the savings required in the coming years. In the rush to make savings there is a danger that local authorities will lose focus on the service quality that they have spent so long creating and which is core in good public services. Managers need to consider the potential advantages of ASD in areas such as investment, innovation, transformation and resilience around service delivery as well as genuine social value to local communities.

### Start to develop trust and confidence

The ASD spectrum ranges from pooling resources or knowledge, to formally collaborating with partners to deliver a service. The sheer range of options means that success has been patchy and the underlying concept is still largely underdeveloped. Combined with a lack of shared language, this makes it difficult to commit and develop a replicable model to deliver quality service and reduce costs. Managers should follow the example of successful authorities such as the Northamptonshire Licensing Consortium that have used initially discrete areas of activity for service sharing to develop trust and confidence before looking to larger areas of sharing to deliver greater returns.

### Successful social enterprises complement the public sector

The Government wants to see a million public sector employees transfer into social enterprises or mutuals over the next four years. For Local Government, that means around 230,000 workers. In our experience, successful social enterprises complement the objectives of the Local Authority and wider public sector in the areas in which they operate, strengthening community infrastructure and contributing to social and economic good. Managers may find that colleagues who are opposed to outsourcing to the private sector will happily see functions transfer to social enterprises that whilst operating commercially will continue to ensure the achievement of social benefits within the communities they operate.



The Public Services (Social Enterprise and Social Value) Bill identifies the need for a “National Social Enterprise Strategy”. Once enacted, Local Authorities will play a key part in ensuring better social outcomes through:

1. **Promoting engagement with the social enterprise strategy**
2. **Enabling participation in social enterprise**

The question is: will Local Authorities be suitably prepared to meet the requirements?

### **Revisit existing models**

For some in Local Government, ASD is already a reality, with Not For Profit organisations emerging in the 1990s. For these Local Authorities, the challenge around ASD is how to build on well established private sector outsourcing and existing procurement and commissioning processes. Some may need to re-examine their strategies and be bigger and bolder to make any significant budget cuts.

More recently, there have been some notable exceptions: local authorities such as; Cambridgeshire, Northamptonshire County Councils, Kensington and Chelsea, Hammersmith and Fulham, and Westminster are working on sharing management and a number of back office and, more radically, front line services. However, some managers should revisit their existing arrangements and consider implementing ideas from other authorities.

### **Managing the future**

Even the most experienced outsourcing authorities can run into difficulties with public procurement rules. Our clients tell us that legal challenges regarding the procurement process and contract award are increasing. Managers should ensure they identify the risks they face and manage them carefully from inception to execution.

Preparation, scoping and planning are key, together with genuine and sustained stakeholder engagement. No alternative model of service delivery can work without the support of those who will deliver it, in addition to those who will receive the service. The time has come for all parts of the public sector to look more closely at what they do and how they do it. Local Government has the opportunity to lead the charge and ‘do’ rather than be ‘done to’.

---

For further information please contact:

**Matt Humphrey**, Director and Chair, Local Government and Emergency Services sector group

**Tel:** +44 (0) 7764 688 248 **Email:** matthew.humphrey@rsmtenon.com

**Web:** www.rsmtenon.com