

Fit for purpose:

Alternative delivery models

Introduction

When a public sector organisation tangibly demonstrates the high quality and low cost of their services, and can show clearly deliverable plans for continuous improvement, then they cannot be beaten by the private sector.

The reality, however, is that the times we live in means it is increasingly difficult to do this with existing models of public service delivery. Reductions in workforce over the last five years have eroded organisational capacity. Local government has lost some very skilled and talented people.

Similarly, further economies of scale are difficult to achieve. The obvious supply-side savings have been banked, and even with effective collaboration across boundaries, what is achievable from extending these will not be enough to meet councils medium term spending challenge.

The status quo, in some cases however, does offer up the opportunity to take advantage of alternative delivery models. This position paper argues that now, more than ever, public sector organisation should be considering alternative delivery models as a means to make public services sustainable and to improve the quality of their delivery.

Alternative delivery models are not a panacea, and there are clear examples of where it has gone wrong. Yet, the experience, evidence and tools needed to make them work does exist. In fact, when they do work, we know that they are highly effective. What is needed first is a realistic assessment of where local government really is.

Figure 1: Types of alternative delivery models

CURRENT RESOURCES BASED:

- Direct delivery by local authority, including In-sourcing
- Lead Authority Model
- Local Authority Trading Company
- Mutuels and co-operatives
- Social enterprise
- Trusts

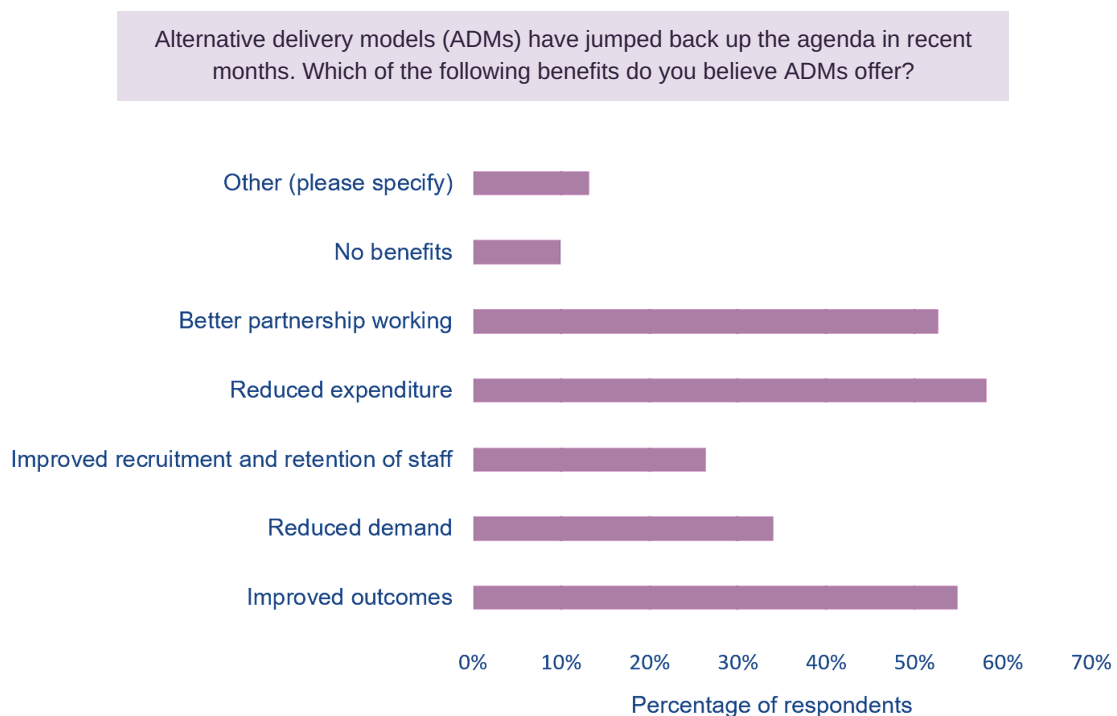
WORKING WITH A PARTNER:

- Incremental partnership
- Shared services
- Strategic partnership
- Joint Venture
- Outsourcing

Leaders recognise the potential

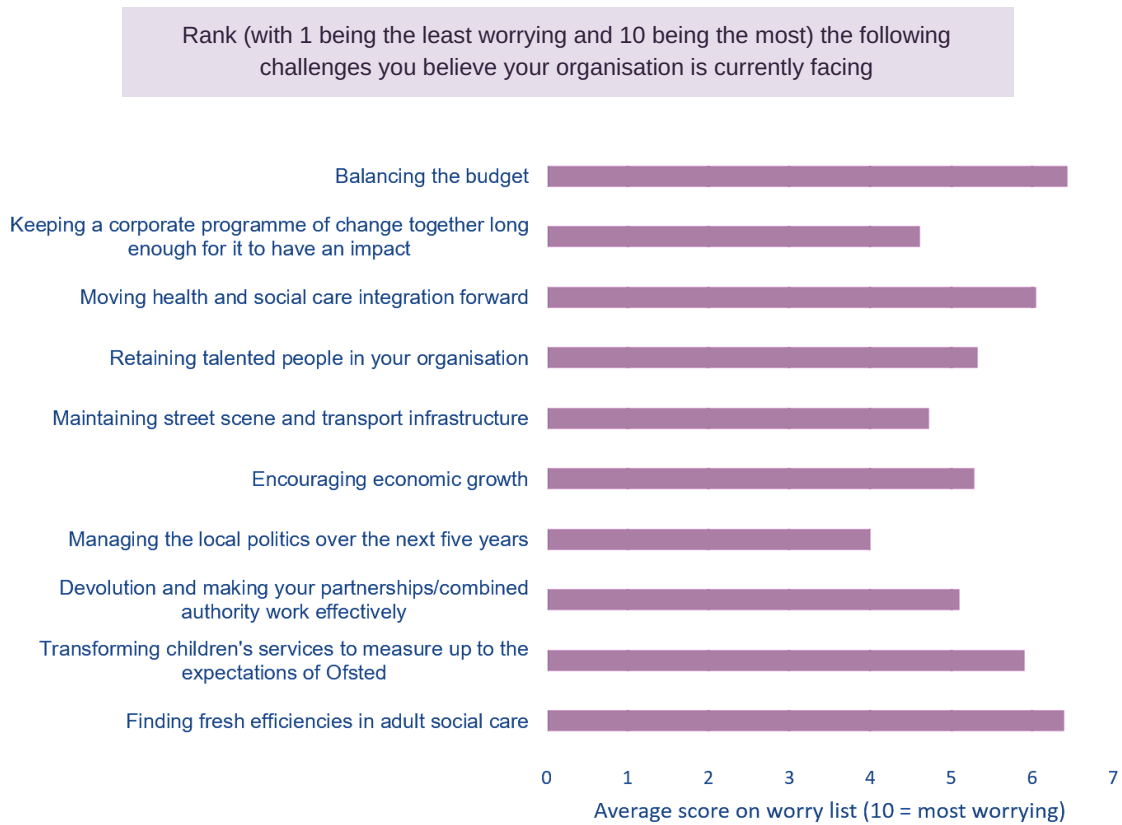
iMPower's 2016 Insight Survey is a major research exercise conducted every January that invites senior executives within local government to share their views on a range of topics relevant to the sector. A major source of inquiry in recent months has been alternative delivery models. From our survey it's clear that local government has firmly entrenched views on what the benefits of exploring an alternative delivery model are. For councils, exploration of an alternative delivery model is about saving money, improving outcomes and better partnership working.

Figure 2: Alternative delivery models graph - Insight Survey 2016



Unsurprisingly, the most obvious areas for innovation lie in the two largest budgets, children's and adult's services. Some work on alternative models of delivery has begun in this space, particularly looking at new forms of collaboration around prevention and early help.

Figure 3: The worry list graph - Insight Survey 2016



From interviews in support of this work council executives feel strongly that the potential offered by alternative delivery models is worthy of further exploration. “In the right circumstances,” one respondent answered, “they (ADMs) allow greater flexibility, creativity and innovation.” The next step, it seems, would be to understand how to get started.

This is deliverable

A thorough and systematic review of the appropriateness of delivery models for all significant service areas may sound daunting. However the task can be made manageable and the potential benefits can justify the allocation of reasonably significant resources. We propose the following approach:

- **Establish a team capable of conducting an ADM review programme:** Sufficient resources to explore the services and ADMs with a pace that maintains enough momentum will be needed to ensure the project is seen through. Whilst more senior and experienced resource is required, much of the work could be done by capable business analyst-type roles. A team of three to five is a reasonable starting point for most organisations.
- **Identify the long list:** List all key services and service bundles to form a long list for consideration (even those already in ADMs if they have been established for some time; their delivery model may no longer be fit for purpose if it was implemented a long time ago or the service is low performing). Don't spend too long on this and don't exclude any you are unsure about – this should be a comprehensive list unless there are obvious compelling reasons not to include a service.
- **Develop criteria:** Develop criteria to enable you to identify the services that you should focus your efforts on. In many instances financial savings will be key so targeting larger functions - where even small improvements can generate worthwhile benefits - is a fair approach. Areas where effective service delivery is critical should also be included. Whilst there are generally diminishing returns from generating very long lists of criteria a list of, for example, five key criteria, possibly with a relative priority weighting (which could be a percentage or as simple as high/medium/low) is a good start. Such criteria could include:

- Budget in scope / number of FTEs
- Impact of poor service delivery
- Number of citizens affected
- Known problem areas
- Poor performance in cost and/or quality benchmarking
- Legislative or other constraints on change (which may lower the priority)

- **Filter and prioritise:** The long list and criteria can be used to filter out any services that are not contenders for an ADM but do not use received wisdom for this: challenge any exclusions. Valid reasons to remove a service from the list may include that a recent delivery model review showed that the current model is fit for purpose, or that the service is exceptionally high performing. Once these services have been filtered out, those that remain can be prioritised by scoring each service against the criteria (keep it relatively simple, a five point scale). This will provide us with a filtered and prioritised list of services to review.
- **Review the services in tranches:** There will be a finite number of services that you can review at any one time. Use the straightforward prioritised list or use the list as a guide and choose a deliberately mixed bag. For instance, one high budget service, one service that has a profound impact on its users and one service that is thought to be low performing.
- **Conducting the reviews:** This step is where the body of the effort will lie and where the greatest skill and guidance is needed. We can only cover how to conduct these reviews at a high level, but here are some sound steps:
 - Obtain an understanding of the service based on the outcomes it aims to achieve. Try not to get bogged down in how the services are currently delivered unless there are compelling reasons to do so, for example, there are fixed interface points with partners or legislative constraints. Even in these instances, ensure that the reasons are genuine and not just received wisdom.
 - Interview representative staff to identify current strengths, weaknesses and areas of frustration. Do not only focus on senior staff; get views from representative staff across the functions in scope. You want to find out what may be stopping the service from being more successful, which is as valid a question for a high performing service as a low performing one.
 - From what is known, build a picture of the qualities needed for an organisational model that would best suit the services i.e. meets the outcome needs, maximises strengths, minimises weaknesses and removes the blockers to greater success.

- From the above, shortlist a number of ADMs to test against this. For instance, if the investigative phase shows that the service lacks new thinking and has difficulty in achieving deep or lasting change, then a model involving an external partner may be more successful. The following ADMs for this example can then be evaluated: strategic partnering, outsourcing, joint venture (and likely non partner models such as a social enterprise).
 - Each ADM has a set of strengths and weaknesses (if you'd like to ask us for our views on what they are please do get in touch) and you can now match these against the model you have built of what that service needs. This should therefore produce a prioritised list of the ADMs most likely to fit the need.
 - Investigate further the most potentially beneficial ADMs. You can then do a deeper investigation into, say, the top three ADMs. This will likely involve speaking to relevant commercial partners, other bodies who have implemented that model for the same services, and your own evidence-based assessment of the benefits the new model could bring.
 - Document the outcomes including the next steps needed to investigate the potential new ADM further; the type and level of potential benefits and any costs and risks involved; your assessment of the likelihood of success; and which ADM is likely to generate the best outcome. This may also identify that the current model is already the most suitable.
- **Build a programme for implementation:** It is not necessary to wait until all ADM reviews are complete before you consider how best to build a balanced programme for implementation. For the chosen services you will need to take the earlier options appraisals forward into more detailed business cases for the top option(s) and, where justified, moving forward into implementation of an option (be very clear at this stage about what benefits you believe are achievable, why and how they will be achieved). The actual implementation itself can, dependant on the service and the model, be a lengthy process. Assuming the case is well made, this will justify its own dedicated resources and now becomes a project in its own right, freeing up your ADM team to move onto new service areas to review.
 - **Monitor benefits and adjust as required:** Following our suggested approach you will have defined the benefits you plan to achieve, and with the new delivery models live it is necessary to monitor progress against these plans to ensure that these benefits are delivered. If they are not (assuming there has been sufficient time to judge this) then clearly it's necessary to find out why and to act. The danger here is that plan A is continued slavishly whilst it fails to deliver results. Rethink and adjust if required.

- Finally, it's necessary to be wary of allowing the process to eat the benefits i.e. move at pace, invest deep resources only when a case is made and keep in mind the benefits required. Large cumbersome teams, ineffective leadership, and unnecessary consulting fees, can eat into the benefits you need. As with models themselves your team and approach should follow the 'form follows function' ethos.

We can help

Whilst some of the work can be done by competent but unspecialised resources, there is great benefit in having experienced advisors who can provide guidance, avoid pitfalls, maximise opportunities and accelerate timescales. iMPower have carried out such work for a large number of local public services organisations and we would be very happy to discuss with you how we can support your ADM review programme.

At the centre of our approach is experience – we counterbalance the experience of commercial bid teams to build tough but equitable deals that are sustainable in the long term. In the last five years we have advised on contracts with a total value in excess of £34bn, and have generated £200m of benefits for our clients.

iMPower's Added Value

Turning the aspiration for an ADM into a reality requires a deep understanding of the services in question.

Firstly, practical expertise of delivering on the front line is something that iMPower prides itself on. We recruit largely from the public sector, valuing the ethos and skills they have learned. This means our people have empathy with the outcomes our clients are trying to achieve and the viability and success of the end product they are trying to create.

Secondly, our ability to build relationships and credibility quickly in order to provide the right challenge is essential. How do you know it is an ADM you really need? What evidence is your decision based on? Can you really deliver change? Do you really have the right skills? How good is your service now realistically? By ensuring that the right questions are asked, we support clients in making sure they get to the right answer for them.

Finally, we offer a flexibility that means we are able to respond to the challenges that a ADM process throws up. Instead of relentlessly following a formulaic approach, we flex with our clients to ensure that the process doesn't get in the way of delivering the right solution.

Ultimately, our value is in our independence and expertise. We are honest brokers. In bringing over a decade's worth of commercial advisory and public service change experience we offer clients unrivalled credibility when it comes to exploring alternative delivery models.

If you'd like to find out more about our work, or discuss how we could help your organisation then please get in touch on the contact details below:

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