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CHAPTER ONE

Introduction

GENERAL INTRODUCTION TO TOPIC

Alternative service delivery models of various shapes and sizes are increasingly being used to deliver a growing number and range of public services in many locations in the UK. An alternative delivery model can be a different way of managing the existing organisation or collaborating and contracting with external stakeholders, or it can involve the establishment of a completely new organisation that could be wholly or partly owned by the parent body or a completely independent enterprise able to contract with the parent body and others.

They range from small community-based initiatives, employee-led spin-outs (large and small) and local authority companies, to substantial multi-stakeholder partnerships involving private and public sector organisations and long-term contracts. The variety and number of services provided through alternative delivery models continues to grow, and includes both back office functions and frontline services.

At their best these new models can provide greater flexibility and dynamism while maintaining continued commitment to public service and wellbeing. This combination of innovation in public enterprise and public/social purpose can make them effective vehicles for improving service outcomes.

Developments in the application of alternative delivery models are recognised by government as contributing to a wider process of change and reform of public service delivery. Government is supporting the right for NHS and social care staff to provide services through staff-led social enterprises. Linked to this, there are a growing number of public service mutuals operating across a variety of service areas, characterised by high levels of employee engagement. The localism agenda further encourages the diversification of public service delivery.

However, practical knowledge and support for creating new models of delivery remains patchy. To be successful, it is vital that those involved have a clear understanding of the alternative models and vehicles and how their characteristics and features can best be utilised in securing long-term sustainable solutions.

There are a wide range of choices and options available that have a profound effect on the nature of the service as it develops. This guide gives clear explanations of the different types of alternative models and vehicles, their structures and their frameworks.

The aim is to give the reader a practical understanding of both the differences and the commonalities between different types of alternative delivery models. This will support effective working with existing alternative delivery models as well as helping the reader understand the options when considering establishing new delivery models.

USING THIS PUBLICATION

This publication is a resource for people working in or with alternative delivery vehicles and for those who may be considering or are participating in setting one up. It will be useful for managers and officers involved in commissioning services or looking at new service delivery models. It can be read as a whole or dipped into for information on specific areas.

One thing that will become apparent is that there is inevitably some overlap between various models. The chapters in this publication reflect that. Shared services (Chapter 5), for example, can be delivered through various vehicles and legal forms, including joint committees (Chapter 7), companies (Chapters 9 and 14) and limited liability partnerships (Chapter 14). The publication endeavours to make those linkages clear while highlighting differences between the various vehicles available.

Chapter 2 partly addresses the variety of approaches, and provides an overview of the main types of alternative delivery models.

Chapter 3 looks at the outsourcing option, considering key issues as well as the ingredients for transitioning to an outsourced service.

Chapter 4 considers insourcing. This is a clear alternative, particularly where outsourcing has proved unsatisfactory.

Chapter 5 looks at shared services and the range of models and vehicles available for delivering a shared service.

Chapter 6 describes various types of partnership available.

Chapter 7 looks at joint committees and the functions that can be delegated to them.

Chapter 8 considers joint ventures, including those with other public bodies and those with suppliers.

Chapter 9 looks at companies owned by local authorities. More information on limited companies is also included in Chapter 14, which provides an overview of legal forms.

Chapter 10 considers various ways of working with the voluntary, community and social enterprise (VCSE) sectors.

Chapter 11 describes the relatively recent development of public service mutuals. These are employee-led organisations spun out of the public sector.

Chapter 12 is a little different in that it looks at a financing model but one that includes an interesting outcomes-based delivery model combining commissioners, social investors and VCSE providers.

Chapters 13 and 14 look at the various legal forms and structures available for alternative delivery vehicles. Chapter 13 looks at charities, community interest companies and mutuals, while Chapter 14 looks at the various underlying legal structures available for the full range of alternative delivery vehicles, including the three types discussed in Chapter 13.

Chapter 15 provides a list of resources, set out in the same order as the relevant chapters.