



# Alternative service delivery models in place in Scottish local authorities: summary report

May 2017

# Authors

This report was published by the Improvement Service's Change Management Team.

# Contents

Introduction	5
Context	6
Key findings	9
Current picture	10
Benefits realised	13
Case studies	16
Areas to address	18
Conclusions	19



# Introduction

In December 2016, the Improvement Service (IS) circulated a survey to all 32 council Chief Executives around the development, implementation and proposed arrangements for Alternative Service Delivery Models (ASDM) across Scotland.

The survey was also intended to provide a picture around the scale and scope of ASDMs and how they are being used to assist councils in the design and delivery of services. Furthermore, a core element of the survey was to identify whether councils could quantify the benefits from implementing ASDMs and, if not, what progress was being made towards realising any perceived benefit.

Returns were received from the following 15 councils:

- Argyll and Bute
- Aberdeenshire
- Comhairle nan Eilean Siar
- East Renfrewshire
- Falkirk
- Highland
- Midlothian
- North Ayrshire
- Perth and Kinross
- Scottish Borders
- South Ayrshire
- South Lanarkshire
- Stirling
- West Dunbartonshire
- West Lothian.

Councils were asked to complete a template to provide the relevant information. In some cases, reports and briefing notes were also supplied. With this in mind, where percentages are identified throughout the report, they are approximations based on the information provided.

The results from the survey will be used within the IS to inform the development of our work programmes and how we can best support councils in responding to the public service reform agenda in a time of financial constraint.

# Context

Councils continue to adopt ASDMs as a means of delivering services to address a range of issues, including:

- The continued budgetary constraints faced by councils and the associated pressures on maintaining quality services that meet the needs and expectations of people and communities.
- The ongoing enactment of the Community Empowerment (Scotland) Act 2015, with its core aim of placing communities at the heart of the design and delivery of public services through active participation.
- The emergence of potential regional models in areas such as Enterprise and Skills, Education Governance, Community Justice, roads and trading standards.
- The impending review of Local Governance and the development of a Local Democracy Bill.
- The need to meet challenges associated with demographic changes including a projected 131.6% increase in the 85+ age group by 2039<sup>1</sup>.
- Increasing dependency ratios across a number of Scottish councils (i.e. the number of population aged 0-15 years and 65 years plus per 100 working aged population<sup>2</sup>).
- The changes to the public-sector workforce (across the UK). In mid-2016 it stood at 5.3 million, and has been falling since 2009, when it stood at 6.4 million<sup>3</sup>.

To provide a degree of consistency in the survey returns, the template adopted the following as definitions for a range of ASDMs (with the alternative being any other model that councils may have in place):

- **Outsourced / contracted to an external organisation** – outsourcing the provision of services to an organisation separate from the council, e.g. private sector / not for profit sector.
- **Delivered through an Arm's Length External Organisation (ALEO)** – An ALEO can be set up by a local authority to deliver services on its behalf. While being a separate legal entity, ALEO's governance arrangements enable local authorities to retain some control and oversight in the organisation. This may be through arrangements such as local authority representation on the board or as a shareholder, or through means such as providing assets or funding agreements. ALEOs can be set up as trading companies, trusts or other legal bodies.

---

1 National Records of Scotland

2 National Records of Scotland 2012

3 Work in Progress. Towards a Leaner, Smarter Public-Sector Workforce (Hitchcock, Laycock and Sundorph - February 2017)

- **Partnership / Shared Service Agreements** – Local authorities sharing services and / or working on a partnership basis with other public, private and / or not for profit sector organisations.
- **Joint Venture** – A partnership between two or more organisations to pool together resources with a focus on a particular initiative. Joint ventures tend to be more contractual and formal than other partnership agreements, and often involve the setting up of company structures.
- **Social Enterprise or Community-led Companies** – A service is developed by organisations with an invested interest / objective (often social or environmental). Any profits are usually reinvested in the service.

example  
local research grow  
value such great vary  
poor business price general  
increasing transport government widely success everyday  
out develop rapid manufacturing order survey  
product organizations reduced main  
set sell different mode performance today organizations political end  
effect brilliant market slow steel  
oslo area type innovation improved comparative indicators return european now  
city process economics age user  
level creativity aids better  
base technology industry  
history include former experimentation empirical  
many idea use quality  
efficiency shows radical inputs over failure  
organizational programs time  
view good companies focus  
services employees model cost  
life new through  
method causes within

one term manual  
vision first  
need society customer several  
gdp lead replace cer hospitals startup start  
free yield bright engineering  
inform way more revolution requires  
second itself system those  
even



# Key findings

Analysis of the survey returns highlighted the following key findings:

- There are wide variations in the definition and classification of ASDMs across councils.
- Partnership / shared service arrangements are the most common version of an ASDM, comprising approximately 50.4% of all models identified in the returns.
- Nearly all ASDMs are 'council-led' rather than involving community planning partners, at 94% of all ASDMs.
- Little evidence was provided on the quantifiable benefits of adopting an ASDM.
- Little evidence was provided in the returns of planned / proposed ASDMs (however, this should be considered in the context of the potential sensitivities that can be involved in planning an ASDM approach).

# Current picture

The following chart (Chart 1) identifies the approximate percentages for each defined category of ASDM from the total number of models identified in the returns.

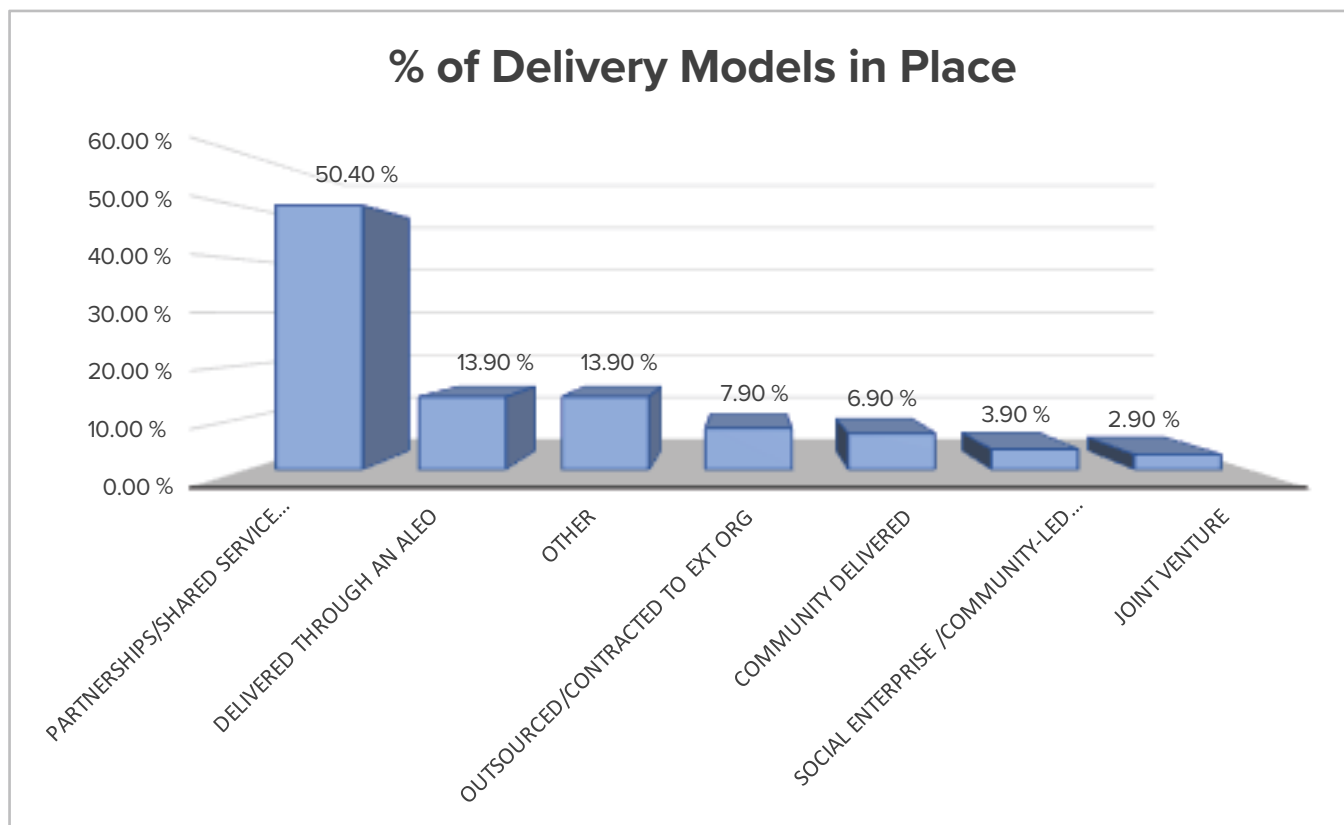


Chart 1. (note: the figures are approximate and based on the information with the returns<sup>4</sup>)

The survey returns indicate a varied range of ASDMs in place across Scotland, with a total of 186 examples provided by the 15 councils who responded. The main reasons given for implementing ASDMs were to improve the quality of service delivery and cost reduction. However, there was little quantifiable evidence of this being achieved from the information provided.

The survey template included the definitions of different types of ASDM identified above. However, the information provided demonstrated that in certain cases the same type of service delivery model was categorised by respondents under different definitions. For example, there were returns that only detailed information around ALEOs whereas others categorised service redesign and / or inter-departmental working as ASDMs.

With regards to the range and types of categories listed above, and based on the information returned by councils, the most common arrangement was a Partnership / Shared Service model, at just over 50% of the total number of models identified in the returns. An example of this is the Clyde Valley Learning and Development Group, which is a

<sup>4</sup> The percentages in the chart are an approximation as a few responses did not include the category of ASDM. They were subsequently allocated to a category based on the type of ASDMs in other submissions.

group of 8 councils involved in a collaborative approach to learning and development.

Approximately 14% of all models were defined as ALEOs and another 14% defined as 'other'. The following is an example of an ALEO from South Lanarkshire Council:

- FX Youth Trust delivers additional diversionary activities for young people who may engage in risk behaviours. Benefits have included more access to funding due to charitable status and quicker response times to the needs of customers as the sole focus of the organisation is focused on young people.

Examples of 'other' types of ASDMs include:

- North Ayrshire Council, who have a catering organisation that provides employability skills, which is set up as a public-sector enterprise
- Stirling Council highlight several models under this category, such as their contracting services which include sport, leisure and advice services, and their overall redesign of services
- West Lothian Council include their public social partnership for housing support services for older people within the 'other' category.

The returns indicate that the clear majority (94%) of ASDMs identified are council-led operations. The remaining 6% was split between those ASDMs that are led by the local community planning partnership or by other means, such as the private sector. Examples of private sector involvement is an outsourced / contracted arrangement for specialised trades (e.g. mechanical, electrical and blacksmith) in Midlothian Council. Community led models include examples around Asset Transfer (for example Perth and Kinross Council have transferred a town hall to a charity; Scottish Borders Council have worked with Newlands Community Development Trust (NCDT) in a public land asset transfer and who will deliver the Newlands Centre (with 3 business units). The Group is now close to completion of the project, created from the full modernisation and remodelling of the old Newlands Memorial Hall).



# Benefits realised

The main reasons for adopting a form of ASDM were to improve service delivery for customers and address ongoing financial challenges. The following are examples where councils identified progress in being able to evidence quantifiable benefits from the ASDM approach:

## Argyll and Bute Council



Since 2008 citizens have made use of Customer Service Point facilities to provide a local outreach and remote interview service for passports. This saves people having to travel to Glasgow and provides £10,000 of income per annum for the council. The only cost to the council is the ongoing premises running costs which the council would incur regardless of whether this service is offered or not.

## Scottish Borders Council



The Council has established a wholly owned Council care company (a limited liability partnership) for the provision of their adult social care services. As a result, the council expects to realise a financial return each year, with £480,000 realised in 2015/16 and £1.2m anticipated in 2016/17. It is the Council's intention to use this approach to future proof against future social care demand and to maintain the provision of high quality services.

## West Lothian Council



Through the asset transfer of Craigsfarm Campus from the Council to the Craigsfarm Community Development Project Limited, the Council has saved around £125,000. A range of community-led services, including health, social policy, employability and economic development are now delivered at this location. The project will also support 4,234 hours of volunteering over the first full year of operation.

## South Lanarkshire Council



South Lanarkshire Leisure Ltd was formed in April 2002 to manage sport and leisure facilities and activities. The organisation was further expanded in October 2010 into South Lanarkshire Leisure and Culture Limited to also provide libraries, museums, country parks and cultural activities. The Non-Domestic Rates Relief value at the time of the transfers (2002 and 2010) was approximately £1.8m.

## The Highland Council



Commencing April 2017, the Council awarded a 7-year contract for ICT Services to WIPRO Holdings UK Ltd. It is anticipated that the Council will realise £11m of savings through the lifetime of the ICT contract.

In addition to the above, there were a range of survey responses around financial benefits (generally unquantified), including reduced operating costs and opportunities for income generation. Further benefits identified include the following:

- Delivered a 'One stop shop' approach for multiple service providers
- Rationalised the need for council run premises
- Charitable status provided more scope for development and has reduced rates
- Increased service resilience
- Enhanced vocational learning
- Vulnerable children and families receive help and support when they need it most
- Better meeting customer demands
- Enhanced service provision
- Procurement benefits from economies of scale, and
- More flexible, affordable, responsive services.



# Case studies

Feedback from this and other areas of work within the Improvement Service continues to highlight the need to share areas of good practice / innovative ideas to inform transformation programmes and options for change. The following case studies provide further additional information on 3 ASDMs across Argyll and Bute, Highland and Scottish Borders councils.

## Argyll and Bute Council



### Partnership / Shared service agreements

- *Alternative Model in Place* – partnership in place with Babcock for Building Standards Verifier professional services to support the delivery of statutory services.
- *Partners involved* – Babcock and other councils including City of Edinburgh
- *Model driven by* – Argyll and Bute Council have a council wide objective to become an entrepreneurial council therefore the model contributes towards this.
- *Additional Points* – Partnership working successful, for example, 180 building warrant applications were processed to approval stage during February and March 2017 for City of Edinburgh Council.

### Income generation based models

- *Alternative Model in Place* – partnership in place for the maintenance and repair of LGV and HGV vehicles as a way of generating income.
- *Partners involved* – mix of partnership with both public and private sector including Arnold Clark, Shanks, Scottish Water and BT.
- *Model driven by* – Argyll and Bute Council have a council wide objective to become an entrepreneurial council therefore the model contributes towards this.
- *Established* – public sector partnership has been in place since 2009 and private sector since 2012.
- *Additional Points* – project has trained five apprentices who have successfully completed their training and one has achieved runner up status in Scottish Apprentice of the Year.





## Arms' length organisation - Highland High Life

- *Alternative model in place* – ALEO to deliver community learning and leisure on behalf of Highland Council. Nine key areas of delivery which are adult learning; archives; arts; leisure facilities; libraries; museums; outdoor education; sport and youth work.
- *Partners involved* – include Highland Council; Highlands and Islands Enterprise; NHS Highland
- *Model driven by* – improved service delivery and efficiencies. Since the initial set up, organisation has gone on to achieve much more than anticipated (£9.1m income in total since late 2011).
- *Established* – October 2011.
- *Additional points* – APSE recognition. Staff involvement has been critical to the success - staff have been involved in improvement, savings and income ideas. Model has allowed for more flexibility and for the organisation to move more quickly.



## Asset transfer - Led by Community Planning Partnership

- *Alternative model in place* - Burnfoot Community Hub project transformed a derelict/disused building into a sustainable Community Hub (“the Hub”), using £2.1m raised by the community and managed by Burnfoot Community Futures (BCF), a charitable company limited by guarantee.
- *Partners involved* – Hub is a community planning partnership led project with a range of partners including Scottish Borders Council and NHS Borders.
- *Model driven by* – first project of its kind in the area to improve community confidence and skills as well as tackle deprivation.
- *Established* - October 2015
- *Additional points* – usage is already exceeded initial expectations.

# Areas to address

The survey was intended to gather information on the scale and scope of ASDMs across Scottish local authorities to inform current developments, to capture evidence of lessons learned and to identify any benefits realised that could be shared across councils. The Improvement Service now plans to use the results from the survey to identify areas where it could potentially offer support.

This could include:

- Developing a common understanding and definition of the types of ASDM in place across Scottish local authorities.
- Conducting further research (from across Scotland and the public sectors in other countries) around innovative ASDMs and sharing good practice This will be published on the [Change Manager's Network on the Knowledge Hub](#).
- Working to support councils in defining quantifiable measures to evidence the benefits, or otherwise, of ASDMs, which would include utilising information from other Improvement Service programmes to identify performance improvement (or otherwise) where ASDMs have been implemented, i.e. Local Government Benchmarking Framework.
- Using the above to further inform council's transformation programmes around the relevance and appropriateness of ASDMs as a solution to improved service delivery, whether on a local or regional basis, and
- Using the findings to inform further Improvement Service research around the range of approaches to commercialisation and income generation.

# Conclusions

The survey returns demonstrate that participating authorities appear to be on a similar footing with regards to the development and implementation of ASDMs.

Although each local authority differs significantly in terms of demographics, geographies and political drivers there are similarities to be drawn in terms of the work that has been undertaken to date and the learning that could be shared across councils.

Quantifying the benefits of ASDMs appears to be a significant challenge which could then make the move to changing other areas of the business more difficult, politically, if there is no hard evidence in the work that has been done to date.

It is worth noting that this report is based on the information that was received from the returns from 15 councils. It is recognised that there will be other work underway in councils and that not all information will have been captured in the returns.



Further information:

Email us at: [changemanagement@improvementservice.org.uk](mailto:changemanagement@improvementservice.org.uk)

Visit our website: <http://www.improvementservice.org.uk/change-management.html>

To sign up to our Knowledge Hub Group, please use the following link:  
<https://khub.net/web/change-managers-network-scotland->