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Alternative delivery models in public service delivery:

An action plan for consultation

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1 - Purpose

The purpose of this Action Plan is to provide a clear national framework within which decisions can be made locally on the appropriateness of alternative delivery models in specific services areas. It also sets out the practical support available to public service organisations, their workforce, citizens and communities in making decisions about how services should be designed and delivered.

By setting this framework and making support available we want to ensure that:

- the wider environment within which proposals for new models are considered, and then established, is conducive for ongoing sustainability and success
- new models are properly tested before being adopted
- the interests of citizens, communities and the workforce are properly considered and protected throughout

We advocate cooperative and mutual models of delivery and other alternative delivery models only as an alternative to ceasing or privatising services, as a 'least worst' option.

There are three important pre-conditions for ongoing work to develop a stronger framework for change and better support which are:

- Accountability to local government
- Protection of employee terms and conditions
- Continuation of trades union recognition

This version of the Action Plan is being published for consultation and will be developed further through engagement with interested parties during the consultation period.

2 - Context

Public services are transforming. Some of that change is a response to financial pressures and Welsh Government is clear that, where reductions in budgets mean hard choices and the possible loss or reduction of services, alternative approaches must be part of the solution.

There is, however, a more fundamental purpose underlying the transformation which is taking place, and that is public services recognising the benefits of services that are designed, owned and delivered with citizens and with their workforce. It creates an approach that is about empowerment, about grounding services in communities and making sure they are responsive to what people really need to live fulfilled lives; and, importantly, about empowering public servants to be innovative and have a real stake in the work they do.

It means that public bodies are letting go of control and developing much more nuanced approaches to ensuring vital services are provided. The emerging picture is one that sees direct delivery, effective commissioning through a range of mechanisms, establishing new organisations to deliver and brokering provision with a range of parties all playing a part.

This is a transformation which is happening now. New models of delivery are being developed and rolled out across Wales and beyond and, as we set out in the 'Reforming Local Government: Power to Local People' White Paper, these approaches are part of a powerful history of activist communities in Wales choosing to engage co-operatively to find collective solutions.

Our tradition of activist communities in Wales is something we can draw on now as we seek to define the nature of public service in the context of austerity. Just as Aneurin Bevan and his colleagues in the Tredegar Workmen's Medical Aid Society were providing a service in the public interest, we can acknowledge that people are working in the public interest and not-for-private-profit in a range of organisations that are holding public service values and are generating public value.

Co-operative and Mutuels Commission

The Co-operative and Mutuels Commission's Report documents the contribution that co-operatives and mutuels make to the economy. Co-operatives and mutuels are not only concerned with making profit, they also offer a more ethical and sustainable alternative to many challenges facing our economy and offer many solutions to the Welsh Government's priorities of redressing disadvantage and protecting the environment. The Commission presented a strong case for co-operatives and mutuels to play a much greater role in the Welsh economy and Welsh life.

The Commission looked at the ongoing delivery of public services in Wales and their related pressures. With many people demanding a greater say in the public services they receive, the Commission's view was that rising need and demand for public services, together with a more participative approach, requires a transformation in how they are provided. There needs to be innovation in service delivery, greater participation by service users and stringent financial management.

The Commission sees co-operatives and mutuals playing a vital role in this process, not as a means of cutting costs but as a way of encouraging innovation, developing new sources of income and, crucially, meeting people's needs.

In February 2015 the Minister for Economy, Science and Transport reconvened the Commission to review the steps that have been taken to implement their recommendations. The Report and its relevant findings will be considered as part of this Action Plan.

'Reforming Local Government: Power to Local People' White Paper

The White Paper 'Reforming Local Government: Power to Local People' set out the Welsh Government's policy intention that mutualism, co-operation and shared ownership with communities should be at the heart of the transformation of public services.

The White Paper also highlighted the challenges Local Authorities may face in stimulating opportunities for social and community enterprise.

In response to these challenges, the Welsh Government proposes enabling Local Authorities to use the general power of competence as a firm legal basis for developing alternative delivery models, and to review the powers of Local Authorities to delegate functions under the Deregulation and Contracting Out Act 1994. The White Paper also set out proposals to empower communities to initiate action themselves. It proposed giving community bodies a range of rights which will enable them to become involved in local services and take responsibility for community assets.

Social Services and Well-being (Wales) Act 2014

Part 2, section 16 of the Social Services and Well-being (Wales) Act 2014 introduces a duty on local authorities to promote the development, in their area, of social enterprises and co-operative organisations or arrangements to provide care and support (which includes support for carers) and preventative services. A local authority must also promote the availability in its area of care and support and preventative services from third sector organisations (whether or not they are social enterprises or co-operative organisations). Section 16 of the Social Services and Well-being (Wales) Act is due to be commenced in April 2016.

The local authority must promote the involvement of people for whom these care and support or preventative services are to be provided, in the design and operation of that provision.

The duty to promote means that local authorities must take a proactive approach to planning and delivering models that will meet the well-being needs of all people – children, young people and adults - in promoting models which are based on social values. Well-being outcomes underpin the whole system, and the development of any type of service must always focus on this aim.

Regulations and a code of practice have been developed to support local authorities in delivering on this duty.

An action plan to further support local authorities in delivering on their duty is in place and the key components of the social services plan are set out in this Action Plan in *Section 5 Making it happen: Actions*.

Health boards, through the primary care clusters, will increasingly draw in local government, the third sector and local communities to explore and put in place new service delivery models to bring service providers together to deliver sustainable, integrated and person-centred services closer to home.

***'Is the Feeling Mutual?'* report**

In order to address the gaps in specialist expertise which were identified by the Welsh Co-operative and Mutuals Commission, and deliver on the policy intentions set out in the 'Reforming Local Government: Power to Local People' White Paper, the Minister for Public Services and the Minister for Economy, Science and Transport jointly commissioned work to support the practical development of mutual models in public services delivery.

A review was commissioned through the Wales Co-operative Centre and led by Keith Edwards. The results were presented in the report 'Is the Feeling Mutual?'¹, which drew on extensive engagement with a wide range of people including senior public service leaders, both officers and elected members; the Wales TUC and Trade Union representatives and representatives from the wider co-operative and mutual sector.

The report provides a comprehensive overview of the issues and it:

- provides a summary of the issues and the case for public service co-operatives and mutuals (chapter 1, 2 and 6 of the report)
- confirms the position of, and potential role in driving change of, all the key organisations with an interest, including those currently not supportive of public service co-operatives and mutuals (chapter 3 of the report)
- summarises proposals to enable transformation (chapter 4 of the report) which are expanded on in more detail in the Annex to the report
- sets out examples of public service co-operatives and mutuals or other models that could be drawn on (chapter 5 of the report)
- provides proposals for next steps to enable co-operatives and mutuals in the public sector (Annex of the report)

Consideration within public bodies

Public bodies across Wales have been considering the future shape of service delivery in the areas they are responsible for. This had led both to the consideration of the possible role of alternative delivery models and to a number of new models being established.

¹ 'Is the Feeling Mutual?' (Keith Edwards, Wales Co-operative Centre) - <http://gov.wales/topics/improvingservices/publications/is-the-feeling-mutual-report/?lang=en>

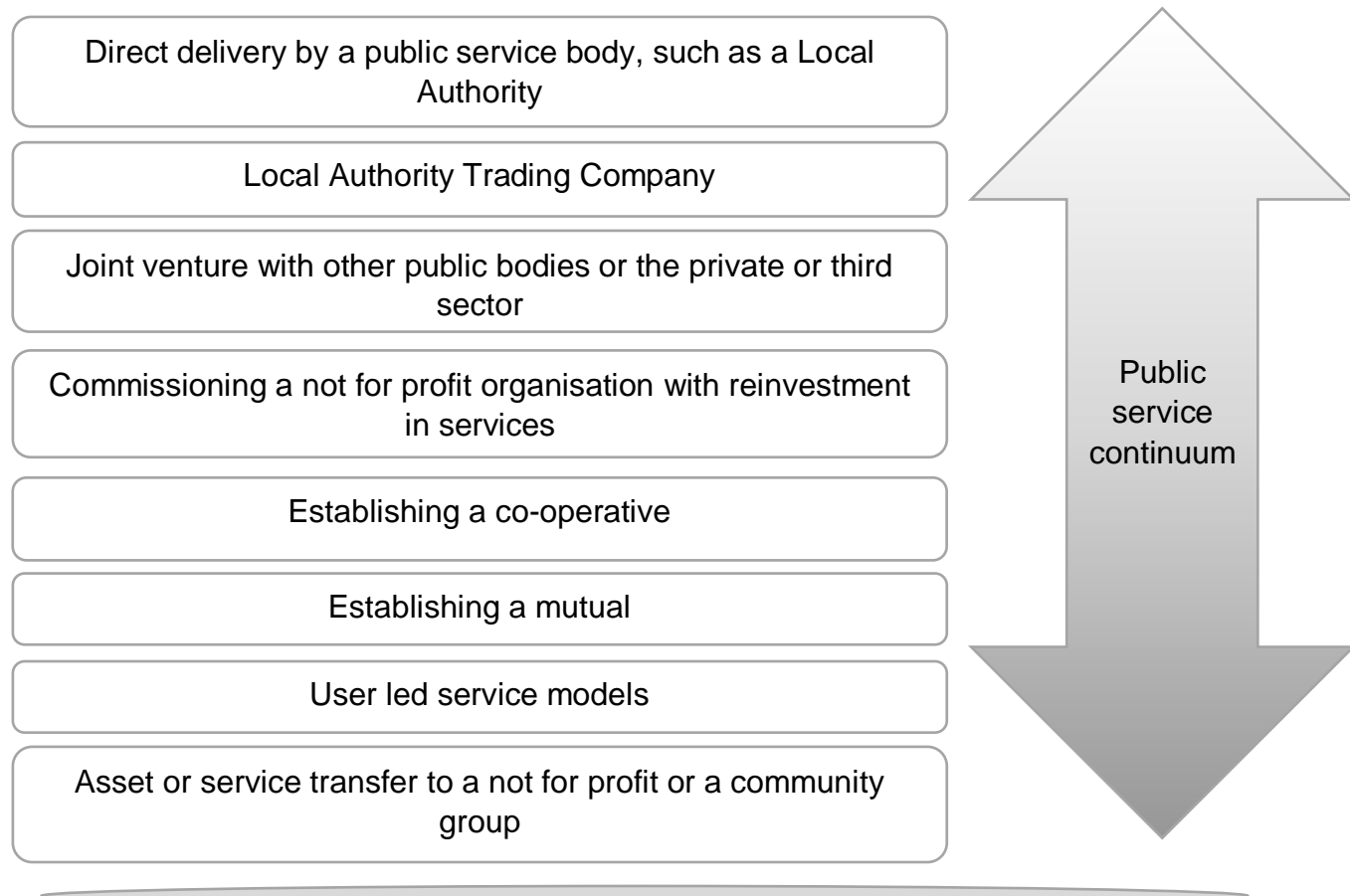
There is significant insight and learning which can be drawn from this experience. The report 'Is the Feeling Mutual?' summarises some examples and there are further case studies, outputs of conference events and sources of advice available on the Good Practice Wales website².

² Good Practice Wales website - <http://www.goodpractice.wales/home>

3 – Scope of Action Plan

The scope of this Action Plan is the role of co-operatives, mutuals and alternative delivery models in public service delivery, where they offer an alternative to ceasing services or privatisation.

It covers the full continuum of models some of which are illustrated below:



The different models offer different opportunities, benefits and limitations. The selection of the appropriate model for any service area in any given place should be based on a thorough assessment of the local circumstances and engagement with citizens about what they want. That process should lead to an informed consideration of which model will best fit those specific circumstances and meet the objectives of the commissioner, the new organisation, citizens and the workforce.

Although decisions on which services might be suitable for delivery via an alternative delivery model are best taken locally, based on the experience of public bodies so far, it is possible to identify areas where there is likely to be more scope for such a model to be successful. These can be summarised as follows:

Discretionary / at risk services that might otherwise be lost
(Example: leisure services)

Service areas where there is significant market provision and scope to grow activity and enable insourcing which would secure more not for private profit provision
(Example: aspects of social care)

There are different stages in the development of alternative delivery models and we want to support effective and informed decision making at each stage. The broad scope of each stage summarised below:

Creating the conditions within a public body – this is the process by which an organisation thinks through where it wants to place itself on the continuum of direct delivery and delivery using other models. The focus is on the purpose of making any changes, values and surfacing issues like workforce matters. It relies on engagement of officers and elected members, where relevant. It also provides the mandate and scope for further stages, if that is the outcome of the consideration.



Develop ideas into business plans – this is about testing service areas for scope to support alternative delivery models and then, where potential is identified, moving from feasibility to business case development. This stage will require careful consideration of workforce implications, treatment of assets and other matters.



Establish the new organisation and deal with issues at point of transfer – this is about successfully establishing the new body and successfully commissioning the desired services from it.



Creating commercial capacity in the new organisation – this is about providing support so that the commercial focus and capability of the new body is sharpened and honed



Training, networking and capacity building – this is about ensuring commissioning bodies and new organisations are equipped to make this work successful

4 - Principles underpinning our approach to alternative delivery models in public services

Developing alternative delivery models is about making local choices about how best to meet local priorities. That said, there will be some clear principles which can underpin everyone's approach including recognising the needs of citizens and of the workforce, as well as reflecting the particular imperatives of a public service organisation.

We advocate cooperative and mutual models of delivery and other alternative delivery models only as an alternative to ceasing or privatising services, as a 'least worst' option.

There are three important pre-conditions for activity in this area which are:

- Accountability to local government
- Protection of employee terms and conditions
- Continuation of trades union recognition

The Welsh Government has adopted a series of principles which characterise its approach to working with communities. The 'Principles for Working with Communities' are not meant as a replacement for well established principles and practice used by community groups and public sector organisations. The Principles are Welsh Government's principles and this is the approach it will advocate when working with communities.

The work on developing alternative models of public service delivery will need to have regard to the Principles for Working with Communities but will also require consultation with partners to develop a common set of principles, specific to this work, which we can all use. Developing this agreed set of principles will be a key focus of the consultation on this Action Plan.

Building on these, and acknowledging the pre-conditions above, we want to develop some boarder principles to guide our approach.

The box below sets out some initial proposals for the principles which will underpin our approach to alternative delivery models in public services and which we want to discuss and refine through engagement with partners.

Draft principles

We believe that public services are vital. We believe that public servants and those acting in the public interest are best placed to deliver public services. We recognise that the public has a right to expect us to find alternative ways to provide services even when budget pressures mean current models cannot continue. In doing so, we will be guided by the following principles:

- We will design services with people and the workforce
- We will engage constructively with our recognised trade unions and their members at the earliest possible opportunity on such developments
- We will want to make a maximum positive impact with the minimum appropriate intervention
- We will recognise, value and use the assets that are available in communities and ensure we use what citizens and communities themselves can offer
- We will look creatively at what local needs and assets are and design and operate services with citizens
- We will ensure there is direct delivery by the public sector where possible
- We will develop workforce skills and opportunities for career development

- We will seek to ensure an equal and diverse workforce which will be treated fairly, and aim to retain jobs but we cannot rule out change given we want to retain jobs and keep services running
- We will develop services to be affordable and sustainable
- We recognise that commercial activity and income generation, where it is not for private profit, has a role to play but only where it can drive investment into vital public services

5 - Making it happen: actions

Overview

We have grouped proposed actions as follows:

- Clearing the way – removing barriers and creating an enabling environment
- Specific support – specific support to ensure effective consideration
- Asks and offers – the contribution key partners will make to enabling the development of sustainable alternative delivery models

The actions listed do not represent a comprehensive picture of all the activity underway. Where work is already well in hand, for example the follow-up to the Welsh Co-operative and Mutual Commission or in implementing the requirements of the Social Services and Wellbeing (Wales) Act 2014, we make reference to where more information about that activity can be found.

Where proposed actions are highlighted as new, shown as *New*, we want to ensure that any support we offer, or activity we undertake, is designed with those it is intended to benefit and will be effective. We will be using the consultation period to engage people on the proposals and refine them further.

Clearing the way

We will make it easier for co-operatives, mutuals and alternative delivery models to be established.

We will:

- Undertake a review to identify any legal constraints which limit the development of alternative delivery models *New*
 - Complete: by May 16
 - Led by: Local Government Department, Welsh Government
- Establish how a 'mutual audit', in line with the expectations set out in the Social Services and Wellbeing (Wales) Act could be applied more widely to funding of other services *New*
 - Complete: by Jul 16
 - Led by: Local Government Department, Welsh Government

- Identify ways in which to strengthen the emphasis on testing the scope for alternative delivery models in making funding awards or commissioning decisions and utilising the new designation on public procurement to identify the potential for opening up contract opportunities *New*
 - Complete: by Jul 16
 - Led by: Value Wales and Grants Centre of Excellence, Welsh Government

- Ask the Public Services Staff Commission to identify and advise on key workforce matters arising from the development of alternative delivery models *New*
 - Complete: Agree scope of work to be undertaken by Dec 15
 - Led by: Public Services Staff Commission

Specific support

We will provide specific, targeted support to create the right environment within which co-operatives, mutuals and alternative delivery models can be considered and proposals tested. We will also provide specific, targeted support which will ensure that new models can be established on a sound footing and have the best chance of operating successfully.

We will:

- Develop a national framework for advice and specialist support on alternative delivery models which public bodies can draw from *New*
 - Complete: April 16
 - Led by: National Procurement Service, Welsh Government

- Establish a simple, flexible funding mechanism to support Local Authorities in drawing on expert support to inform decisions on alternative delivery models *New*
 - Complete: Mar 16
 - Led by: Local Government Department, Welsh Government

- Support the development of mechanisms for developing capacity and capability in this area including the following: *New*
 - Peer-led mentoring network
 - Academi Wales to provide support through its Continuous Improvement team. The intention would be to apply a 'train the trainer' model to equip people in public services to provide the relevant support and expertise in service redesign
 - Skills development programme – across Local Government and Health we will develop plans for a skills development programme
 - Complete: Sept 16
 - Led by: Peer led / Local Government Department, Welsh Government

- Continue to deliver the Social Services Action Plan which includes action to:

- Continue to generate a shared understanding and raise awareness of not for private profit models as a viable delivery model for care and support.
 - Encourage new entrants to the care and support market in the form of not for private profit models, whilst ensuring that appropriate advice and information is available for them.
 - Encourage local authorities to make the best use of the assets available to meet care and support needs, which must include the expertise and knowledge of people who use care and support services and carers.
 - Support local authorities to share learning and best practice by providing direction and support to establish networks and links to best practice.
 - Encourage local authorities and health boards to use various mechanisms (for example the population assessment and primary care clusters) to investigate not for private profit models as an option for the delivery and operation of early intervention and preventative services.
 - Support the piloting of new models of service delivery by exploring a range of delivery models that will build enterprise and innovation skills as well as capacity.
 - Evaluate the impact to inform policy and implementation.
 - Complete: Varies
 - Led by: Social Services Department, Welsh Government
- Continue to provide relevant business support, which includes:
 - Welsh Government grant match funding towards the £11 million EU backed ERDF Funded Social Business Wales Project led by the Wales Co-operative Centre
 - Core funding to the Wales Co-operative Centre and Social Firms Wales which provide specialist social enterprise support; and to membership organisations that specialise in providing bespoke business support and membership services within the social enterprise sector.
 - Complete: Ongoing
 - Led by: Economy, Science and Transport Department, Welsh Government
- Ensure the ongoing implementation of all of the recommendations from the Welsh Co-operative and Mutuals Commission's Report that impact on the portfolio of the Minister for Economy, Science and Transport. The Minister reconvened the Commission in February 2015 to undertake a review of progress by the Welsh Government and the Sector in implementing its recommendations
 - Complete: Ongoing
 - Led by: Economy, Science and Transport Department, Welsh Government
- Take account of the research into services which focus on key issues in the home care workforce. This is linked to the work on the Regulation and Inspection of Social Care (Wales) Bill. The findings of the research will be published and will be used to inform decisions about alternative delivery models, including as it relates to agency workers
 - Complete: March 2016
 - Led by: Social Services Department, Welsh Government

- Take account of the outcomes of the consultation on Protecting Community Assets which closed on 11 September. This included consideration of whether the Assets of Community Value Measures contained in the Localism Act 2010 should be commenced in Wales, or whether a bespoke approach should be developed for Wales. Such an approach might be aligned to the Local Government reform in Wales. The Minister for Communities and Tackling Poverty is expected to make a Statement on the outcome of the consultation by November 2016.
 - Complete: Ongoing
 - Led by: Communities and Tackling Poverty Department, Welsh Government

- Continue to consider options for alternative delivery models for the provision of supply teachers including:
 - Engage with Directors of Education and HR Education leads to investigate the practicalities, financial and legal implications of establishing secondary cooperatives for supply teachers; and
 - Encourage schools, local authorities and consortia to consider alternative methods of covering teachers absence as set out in the guidance *Effective management of workforce attendance*;
 - Complete: By May 2016
 - Led by: Workforce Strategy Unit (Schools), Education and Public Services, Welsh Government.

- Continue to encourage local authorities to consider how cooperatives and mutuals can deliver wellbeing outcomes through local ownership of energy generation, supply and use, building on our work with the Wales Co-op and other sector bodies over the last 5 years.
 - Complete: Ongoing
 - Led by: Natural Resources Department, Welsh Government.

- Continue to fund WRAP Cymru to explore opportunities for the increase of reuse to maximise the environmental, economic and social value to Wales in line with the principals outlined in the Well-being of Future Generations (Wales) Act 2015, and Towards Zero Waste 2010. Co-ops and mutuals play an important role in reuse and there are significant opportunities for them to work more closely with local authorities. This includes the potential to provide services to reuse 'bulky wastes' (e.g. furniture, and large electrical items) collected at the kerbside and at recycling centres.
 - Complete: Ongoing
 - Led by: Natural Resources Department, Welsh Government

- Continue to support, as part of the Welsh Government Rural Communities – Rural Development Programme 2014-21, cooperatives and mutuals through the Rural Community Development Fund grant scheme. This scheme offers grants, primarily aimed at LEADER Local Action Groups (LAGs) and other

community-based organisations, including Co-operatives and Mutuals, for investment funding across a wide range of interventions designed to prevent poverty and mitigate the impact of poverty in rural communities, improving conditions which can lead to future jobs and growth.

- Complete: Ongoing
- Led by: Natural Resources Department, Welsh Government

Asks and offers

We recognise that in order for co-operatives, mutuals and alternative delivery models to play a sustainable and equitable part in public service delivery, a number of partners have a key enabling role. We will work with these partners to define their contribution to this agenda during the consultation period and will set out those agreed contributions in the final version of the Action Plan.