

## APPENDIX 1: LOCAL AUTHORITY SERVICE DELIVERY MODELS

Delivery Models	Benefits	Risks
<b>Single ‘Sole Provider’</b>	<ul style="list-style-type: none"> <li>• Possibility of large economy of scale savings.</li> <li>• Large scale procurement likely to attract significant market interest.</li> <li>• Simple client side management arrangements.</li> <li>• Opportunity to develop common goals with provider over length of contract.</li> <li>• Access to private sector expertise and innovation.</li> </ul>	<ul style="list-style-type: none"> <li>• Impact of the failure of the single provider is potentially very significant.</li> <li>• Loss of direct influence over service quality. Highly dependent on the quality of the contract.</li> <li>• Will attract only large players capable of delivery diverse multiple service streams.</li> <li>• Risk of variability in service quality due to diverse range</li> </ul>
<b>Internal or ‘Insourced’ Provision</b>	<ul style="list-style-type: none"> <li>• Direct influence over service delivery by the council themselves.</li> <li>• Ability to flex services to reflect current budget provisions and react quickly to local need.</li> <li>• The reputation management associated with front line services is easier to manage.</li> <li>• Greater control over how different environmental services could work together better</li> </ul>	<ul style="list-style-type: none"> <li>• Capitally intensive services (i.e. waste collection) may require significant investment.</li> <li>• No access to Private Sector innovation or best practice.</li> <li>• Exposure to employment liability risks through TUPE<sup>1</sup> process.</li> <li>• Extensive additional management required to deliver the service plus back office provision.</li> <li>• Possibility of increased costs.</li> </ul>
<b>A ‘Joint Venture’ Model</b>	<ul style="list-style-type: none"> <li>• Able to access Private Sector expertise without relinquishing full control.</li> <li>• Commercial risk is shared equally between the Private and Public Sector.</li> <li>• The new venture would be a profit making entity with the council receiving a share of the profit.</li> <li>• The new entity may comprise a trading arm through which external work could be undertaken (see</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement of a private sector partners is subject to procurement rules. Long and work intensive.</li> <li>• Risk of potential conflicting objectives. Possibility of conflict between service quality and commercial performance.</li> <li>• Additional costs associated with the Public Sector may undermine viability of the commercial venture (i.e. pensions).</li> </ul>

<sup>1</sup> TUPE refers to the "Transfer of Undertakings (Protection of Employment) Regulations". TUPE rules protect employees' rights when the organisation or service they work for transfers to a new employer.

	TECKAL <i>(for explanation see footnote page 7 of main report)</i> .	<ul style="list-style-type: none"> <li>• Workload may be insufficient to support the new organisation.</li> </ul>
<b>Local Authority or 'Teckal' Company</b>	<ul style="list-style-type: none"> <li>• The new organisation may not be bound by the same requirements as the rest of the council.</li> <li>• Offers the opportunity to retain control over delivery in the same way as an in-house provider.</li> <li>• A trading arm offers the opportunity to generate external revenue.</li> <li>• Extremely flexible solution, could change with time.</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially high set up costs.</li> <li>• No access to private sector expertise. Skills to create and operate a commercial enterprise such as this may not be in place.</li> <li>• Any External work restricted to just 20% of annual turnover under TECKAL regulations.</li> <li>• Other disadvantages remain as per insourcing model RE Capital and TUPE.</li> </ul>
<b>Multiple Contracts</b>	<ul style="list-style-type: none"> <li>• Commercial benefits to be gained from a competitive tender process.</li> <li>• Successful bidders tend to be specialists in their service sector. Not a one size fits all behemoth.</li> <li>• Procurement of smaller less risky contracts attracts greater numbers of SME's and local businesses.</li> <li>• Delivery risk is spread across a number of contractors.</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement of a suite of such contracts is likely to be time and resource intensive.</li> <li>• Contract management costs are likely to be considerable.</li> <li>• Little opportunity to identify synergies and cost savings between service streams.</li> <li>• Service quality may vary considerably between contracts.</li> </ul>
<b>A 'Mixed Economy' Model</b>	<ul style="list-style-type: none"> <li>• Identification of an optimised solution for each service area.</li> <li>• Successful bidders tend to be specialists in their service sector.</li> <li>• May be more attractive to SME's.</li> <li>• Diverse range of services that make up the Environmental portfolio may require different solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple delivery solutions may be expensive to procure, implement and manage.</li> <li>• Any commercial advantage or economy of scale associated with a large volume of work is lost.</li> <li>• Little opportunity to identify synergies and cost savings between service streams.</li> <li>• Service quality may vary considerable between contracts.</li> </ul>