Alternative Service Delivery Models (ASDM’s) at Nottinghamshire County Council

The current economic climate, and in particular the economic landscape for local government has focussed the County Council’s attention on the development and adoption of new and innovative Alternative Service Delivery Models (ASDM’s). In order to ensure all ASDM’s were developed in accordance with agreed County Council policy and to generate consistency, a guidance toolkit was adopted. The toolkit tasked the project team with ensuring the new entity satisfied the following ‘acid test’ at all stages of development;

...taking everything into consideration, on balance, does this arrangement represent a good deal for the County Council and local people....

ASDM’s are being considered across a range of services and support activity, however, there are three new entities that are in the latter stages of ‘going live’;

Highways Joint Venture (Via)

In line with its strategy to secure the best possible outcomes for local people, NCC is creating a joint venture company with CORSERV, a company wholly-owned by Cornwall Council, to run most of its Highways and all of its Fleet Management services. The £44m company, called Via East Midlands Ltd, will be launched on 1 July under a ten-year service contract with an option to extend to 15 years. Over 600 staff will TUPE into the new company. A Managing Director has been recruited.

Cornwall Council already owns a highway maintenance company whose expertise is being used to develop Via’s business and financial plans. NCC aims to benefit from Via achieving greater cost control and efficiency to lower unit costs. By operating in a more agile and flexible way and with access to a well-established and successful commercial bid team, the company will also increase the commerciality of the services because, although 100% public sector owned, Via will be able to seek external work up to a value of almost 20% of its total turnover. NCC will benefit from the company’s efficiency through its prices and its profits.

Contracts are being finalised. Staff engagement, which has been running in various forms for the last year, is being intensified. New systems to support Via are being set up. An interim management structure commenced on 1 April. Training plans are being completed to ensure complete and timely delivery before go-live.

Libraries / Cultural Services Joint Venture (Inspire)

The development of an alternative operating model was agreed by full council during its budget setting process in February 2014 to deliver the following services;

Public libraries, Archives and Records Management, Arts, Instrumental Music Teaching in schools, Community Learning and Skills Service, Nottinghamshire Music Hub and the Education Library Service

The new independent organisation, which went live on 1 April, will contract with the County Council to deliver the range of services against an agreed specification. The Council retains control and delivery of its statutory library and archive duties through the contract and specification. The legal form of the organisation is a Community Benefit Society (CBS) which gains exempt HMRC charitable status. It is registered with the Financial Conduct Authority (FCA) based on charitable model of rules and articles. The Culture, Learning and Libraries (Midlands) CBS was registered in June 2015. The CBS is a membership organisation governed by a board of directors (trustees) made up of 2 County Councillors, 4 elected from the membership (the public), 1 from the staff, 1 CEO and 4 co-opted.

An initial shadow board was formed (2 Councillors and CEO) to establish the new organisation and co-opt the 4 board members, with an AGM and election process for community members to be undertaken latter in 2016. The council has committed to no detriment to transferring staff (over 600) who have transferred on current terms and conditions (including access to current pension arrangements) through a TUPE process. Key stakeholders and a public membership drive was
launched on the 12th November 2015, and has received very positive feedback and media coverage. Membership recruitment has reached over 18,000 members.

**Property Joint Venture**

NCC is developing a Joint Venture arrangement with a partner (Scape) to provide Property Design and Operations services on the premise that a commercial partner will drive a more cost effective procurement supply chain as well as developing income opportunities from other areas including Academies and schools, other public sector bodies such as health, fire and police, other local authorities and the private sector.

The Joint Venture will be a ‘Teckal Company’ (introduced by the Public Contracts Regulations 2015) which means it is controlled by a local authority and can trade by up to just under 20% of its turnover. Being ‘Teckal compliant’ also means that a procurement exercise is not required for the establishment and operation of the Joint Venture. The jointly owned Teckal Company will be resourced, financed and supported jointly by the partners as an ‘in-house’ department, common to both partners. Scape will hold the majority of shares (80:20) and the Board of the Joint Venture will have representatives of both shareholders as both need to demonstrate control for the purposes of the ‘Teckal’ test. A Shareholders’ Agreement will include a series of Reserved Matters that require unanimity and thereby offering the Council a veto on the joint venture undertaking certain activities if it so chooses.

Any efficiency savings generated by the joint venture (or surplus) from the work it does for NCC or Scape or generates a return (equivalent to profit) from work undertaken for third parties, will be shared 50:50.

Strategic commissioning and contract management will reside with the County Council as a Client function. It is intended that the newly formed company will commence operating from June 2016, under an initial 5 year contract with the option to extend by a further 5 years subject to satisfactory performance.