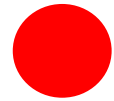


Welcome to:

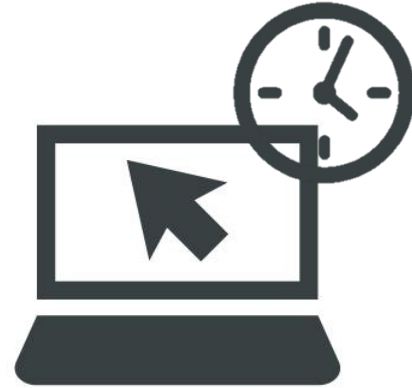
We will start in a few minutes



Webinar briefing on Service
Transformation by
'Delivering Differently'

A bit about me...

... and a bit about logistics



Chat panel

How can we talk?



What are we going to cover?



- Why do we need to deliver differently?
- How to choose 'which direction'
- Consider benefits and dis-benefits of different models
- Set up and operational requirements
- Critical success factors



Why do we need to
deliver differently?

The balance of things

*Nov 2015 - cuts
25% or 40%?*

*3.6% fall in 17/18
(8.8% unprotected)*

*Circa £13bn
austerity
commitment*

Barnett - review?

Risk and reward - NNDR & NHB

*4.4% fall in 16/17
(9.7% unprotected)*

Less grant

More costs

1
2

3
4
5

Free childcare
Welfare changes
Increased service demand

Extended RTB

Home visits > 30mins

Mental Health

Care Act

Community based support

Pensions

Demographic changes

Staff training

Migration - Cost beyond yr.1

A changing landscape:

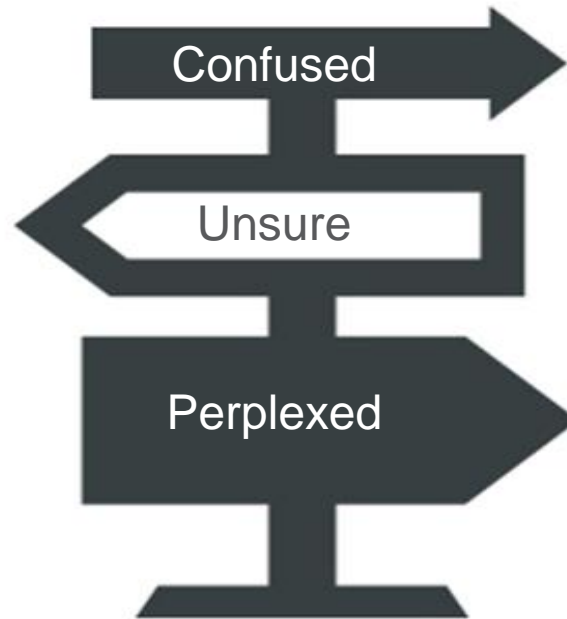
Compare local government now to 10 years ago

- Fuzzy edges - changing boundaries
- New partnerships – inside and outside the sector
- Diverse and competing service delivery models
- Devolution agenda (**next big thing?**)



Finding your way to a balanced budget will be tough

Which way to turn?



What you told us:



Source: CIPFA Networks survey 2013

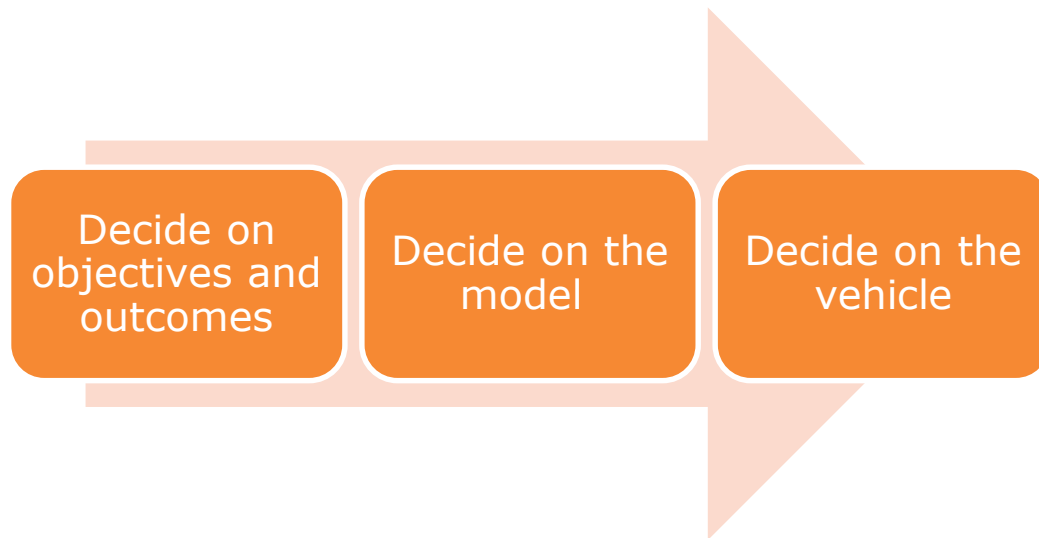
Top 5 from our survey

1. **Understanding** – different delivery models/ options
2. **Loss of control** (of a service area and/or process driving T-change)
3. **Resistance to proposals** – staff & policies
4. **Poor data** – establishing credible baselines
5. **Future proofing** (service delivery & projected efficiencies)

How do we deal with
these issues, and where
do we start?

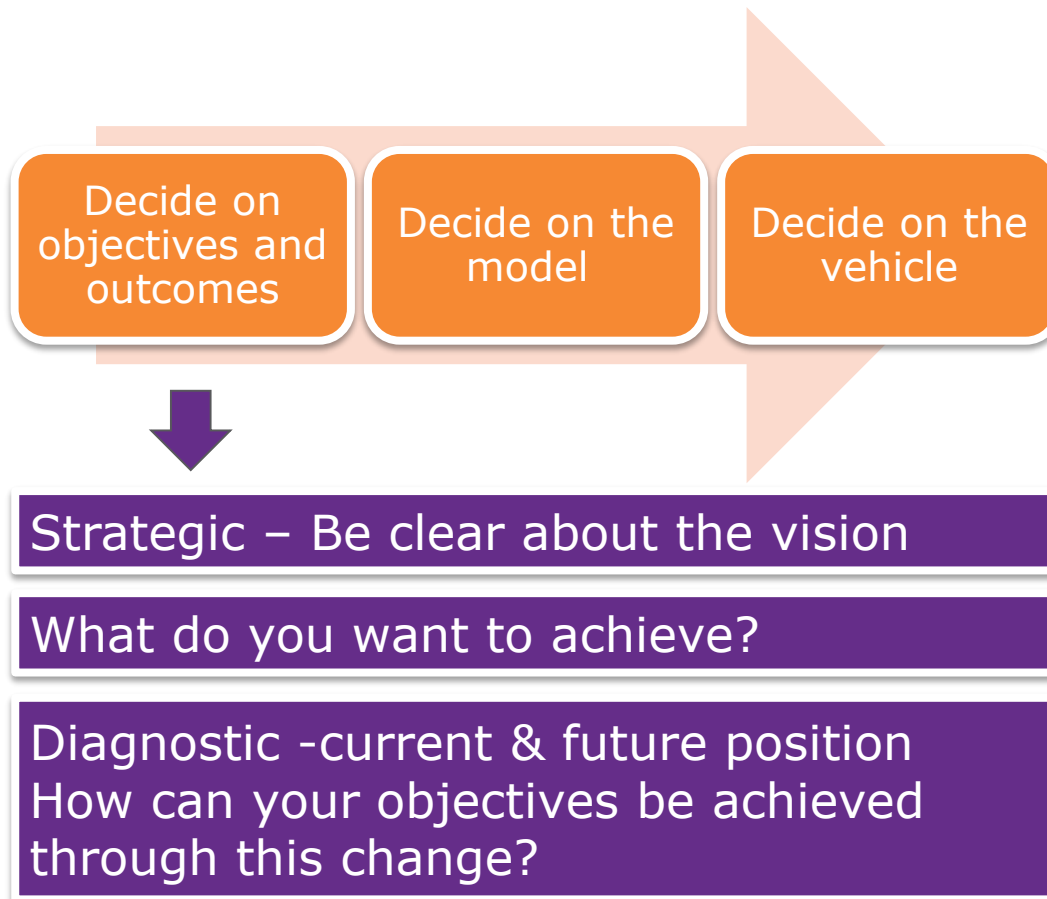


Go through the stages – in
this order

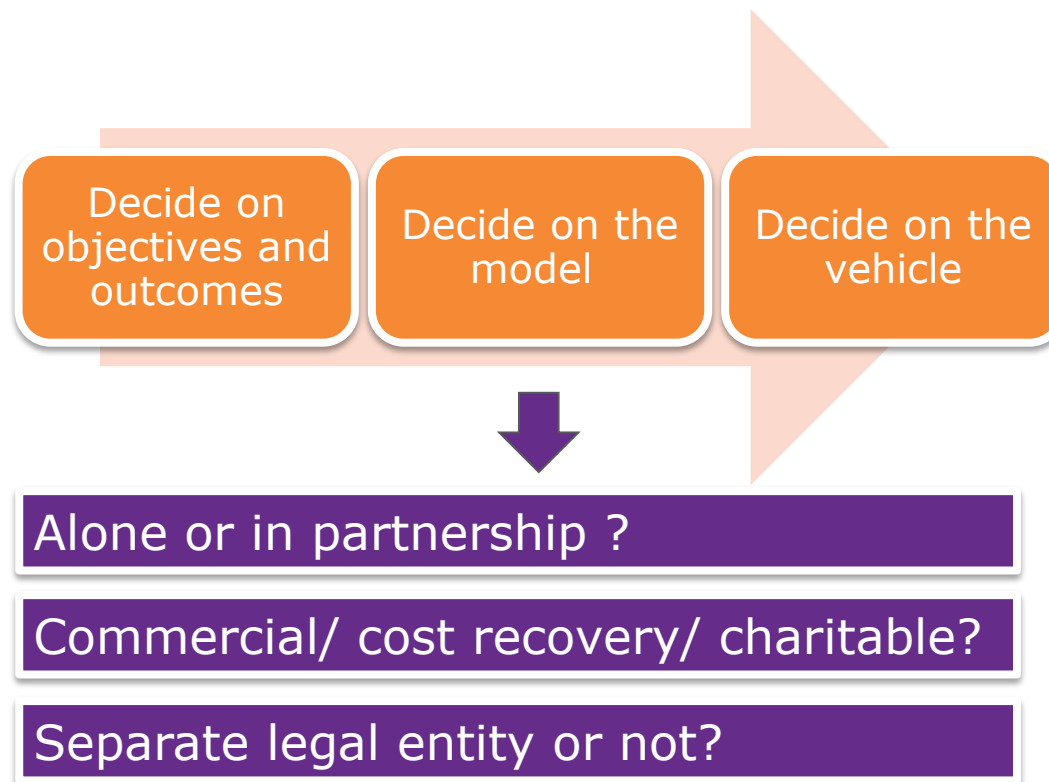


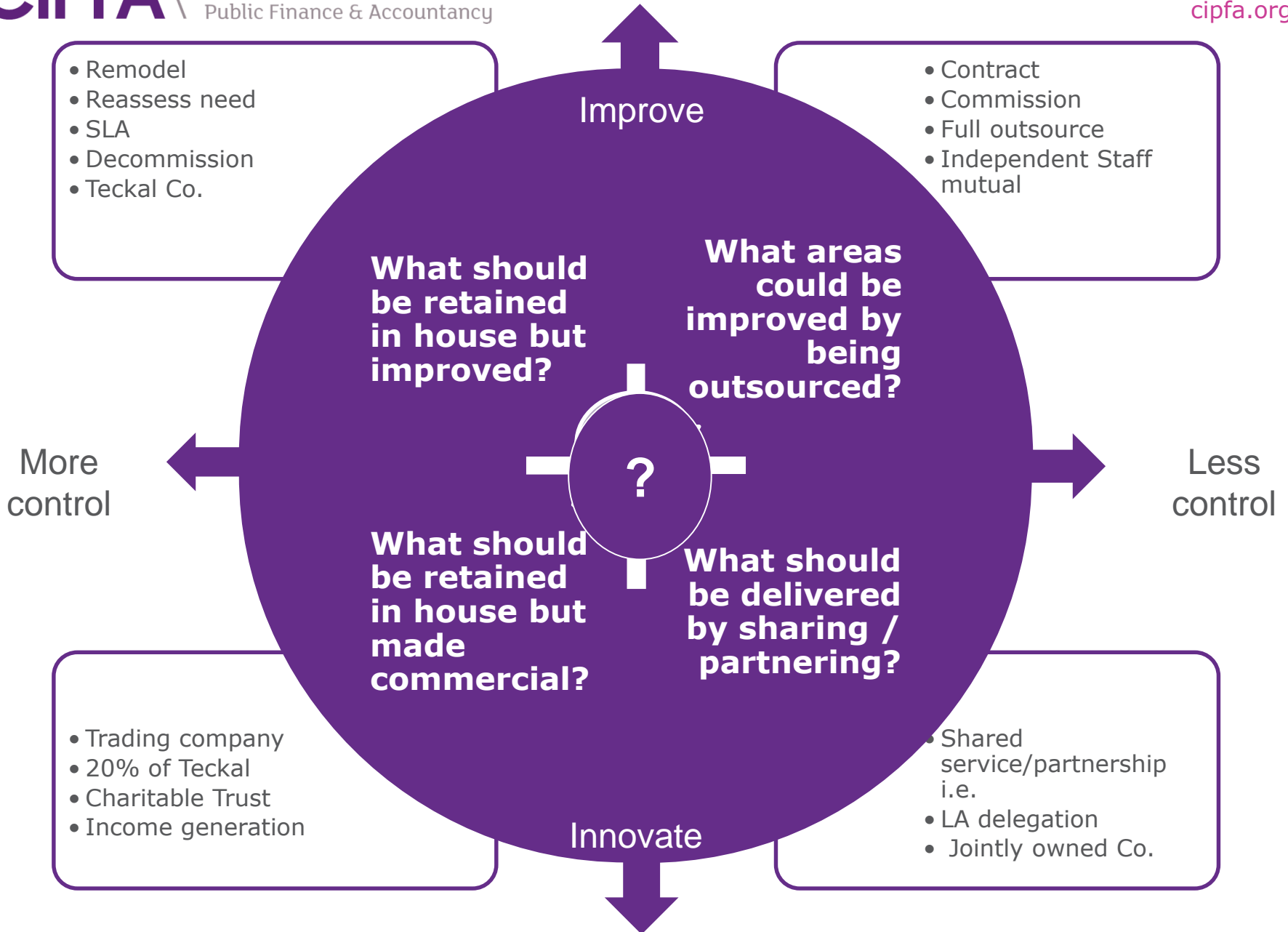
Form follows function

1. Objectives and outcomes

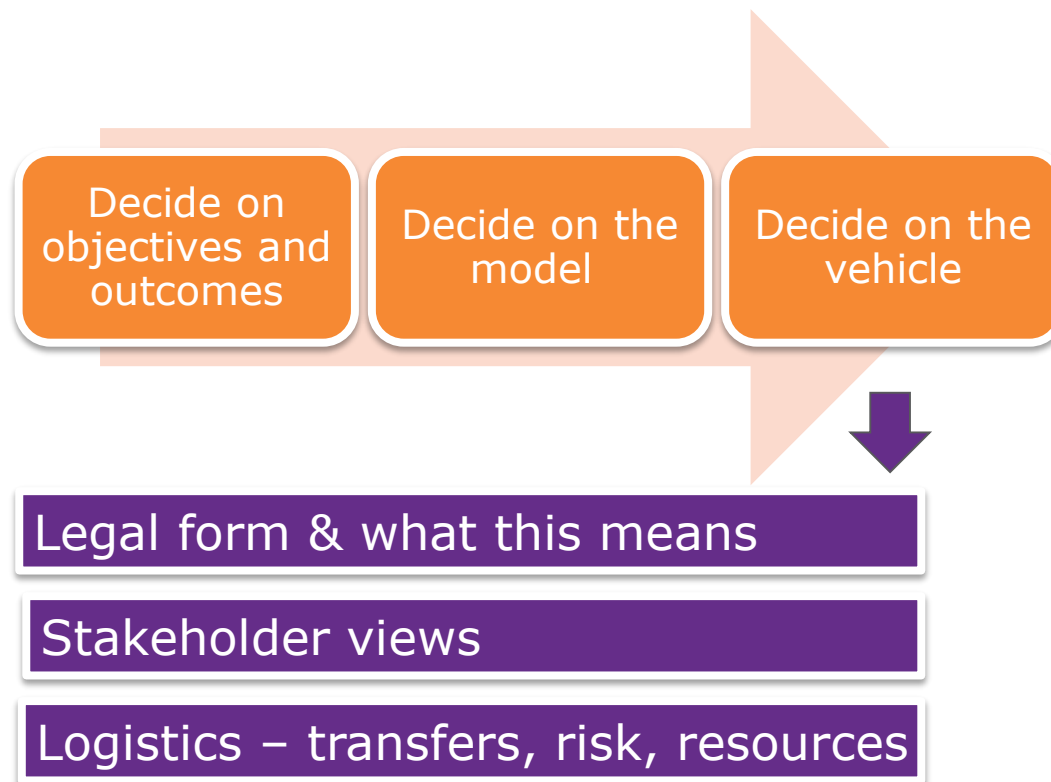


2. Which model?





3. Which vehicle?



Service Transformation:

Delivery models and vehicles



Delivery models

1. Shared service
2. Partnership
3. Traded Services
4. Charity
5. Mutual
6. L.A. Company
7. Joint venture
8. Comm. Int. Company

Delivery vehicles

1. Co. Ltd by shares
2. Co. Ltd by guarantee
3. Community benefit society
4. Co-operative
5. Limited Liability Partnership
6. Lead authority
7. Joint committee



	Charity	Mutual	Community Interest Co	Joint Venture Co	LA Company	LA Delegation
Co Ltd by shares	Yes	Yes	Yes	Yes	Yes	n/a
Co Ltd by guarantee	Yes	Yes	Yes	No	Yes	n/a
IPS Community benefit society	Yes	Yes	No	No	Yes	n/a
IPS Co-operative	No	Yes	No	No	Yes	n/a
Limited liability p/ship	No	Yes	No	Yes	No	n/a
Charitable ind. org	Yes	Yes	No	No	No	n/a
Joint Committee	n/a	n/a	n/a	n/a	n/a	Yes
Lead authority	n/a	n/a	n/a	n/a	n/a	Yes

Which models to go for?

1. To be a separate legal entity or not?
2. To go it alone or in partnership?
3. To be charitable, non profit making
(reimbursement only) or commercial?
4. Level of LA control required.

Most Common Questions	Applicable models and actions
Do I have the option to TUPE transfer staff	Yes- generally for all models EXCEPT 'LA delegation (i.e. Joint committees and lead authorities)
Do I need to transfer pensions	Yes - if you are transferring staff. Actuarial valuations will need to be undertaken & decisions on what pension arrangements will be in place for the new entity
Can I set up a new pension scheme to save money in the future	Yes for new entities- you can move away from the LGPS (often only done for new staff) to a scheme that can achieve savings in the future (n/a for LA delegation)
Do I need to pay corporation tax	Yes - IF you are trading commercially. Teckal companies and primary purpose trading of charities do not pay corporation tax
Can I get charitable rate relief?	Yes - IF you are a charity
Can I trade outside the LA?	Yes –for commercial trading companies - although a 'Teckal Company' can only trade up to 20% of turnover - before it loses its 'teckal immunity'
Members are very risk averse & nervous about sharing with other LA's – what should we do?	One suggestion is to start with LA delegation (i.e. joint committee) before moving to a separate legal entity. Culture, trust and services sharing can develop in a 'safe' way.
What's the benefit of smaller operating units –outside the LA	Closer to the customer, innovation, motivated staff (mutual), fit for purpose, reduce bureaucracy
Do I always have to go through EU tendering processes?	The LA can award contracts to a Teckal company without having to go out to tender. Shared services through a joint committee is outside the tender / contract process.

Which model ? Summary

- There is no “silver bullet”
- Matching the best model / vehicle to your needs may not be easy
- Services can evolve further (Shared Service to LA Company) – future proof?
- What’s right for one authority may not be right for you
- Be clear on what you are getting into, scope/ mitigate risks and have an exit strategy (with partners) – before you start anything

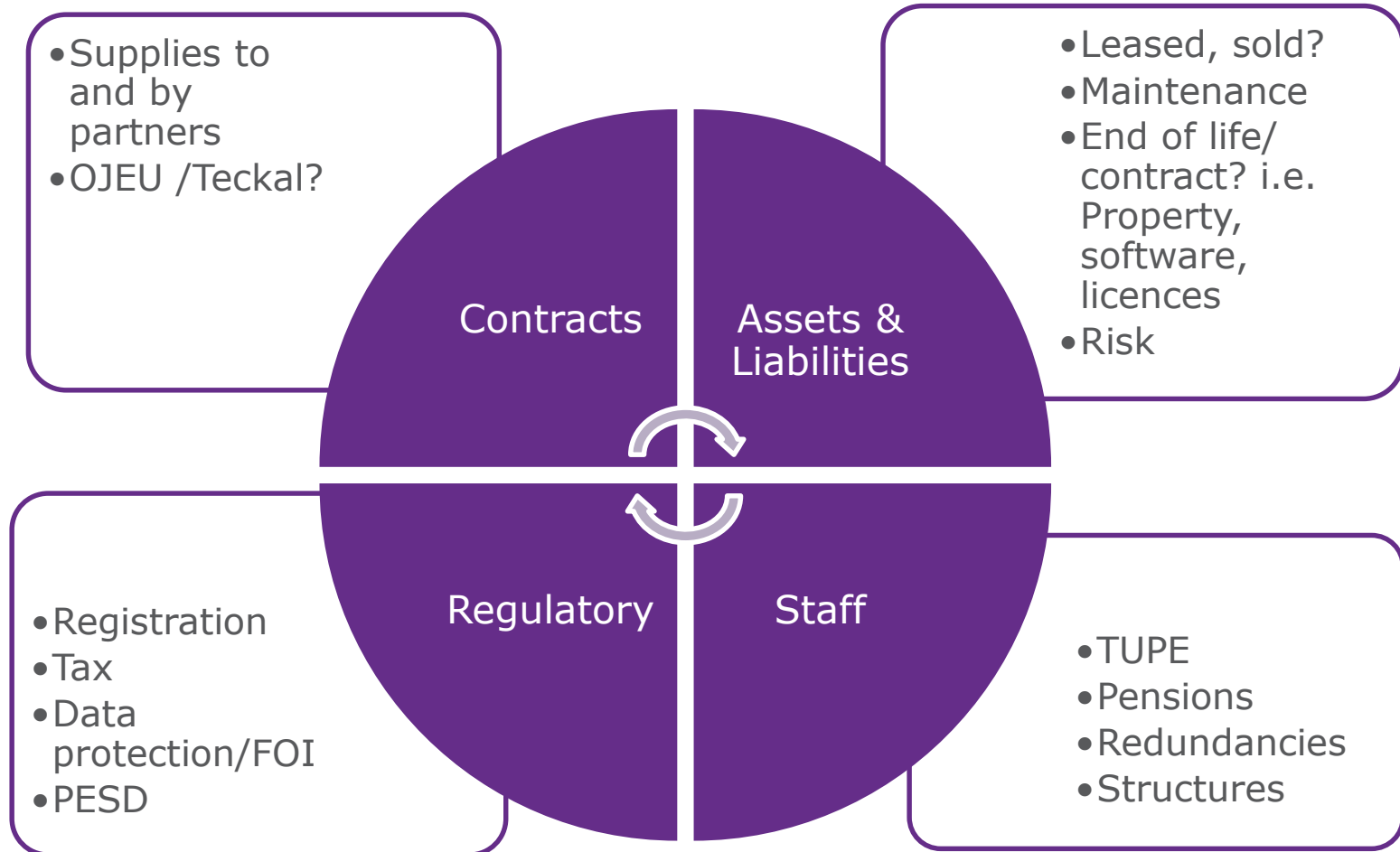
Service Transformation:

What do I need to know?

*Business Transfer of Assets and
Liabilities to separate legal entities*



Business Transfer Issues



Service Transformation:

What do I need to do?

Set up and daily operations



Set up considerations

- Registration with relevant bodies :
 - companies house, charities commission, CIC
 - HMRC
- New Bank Account
- Consider back office providers (payroll, HR, Finance) or can it be done in house?
- Audit (internal and external)
- Scheme of delegation
 - Process and protocols (year end accounts, day to day authorisation, VAT returns etc.)
- Data storage and handling
- IT systems
- Licences
- Insurance

Remember ALL Costs

Remember to factor in:

- Establish a credible baseline
- Any hidden subsidies?
- VAT costs on staff, any unrecoverable VAT?
- Registration costs
- External accounts and audit costs
- Bank charges
- Redundancy costs
- Central support / overheads costs

Company specific costs

- Corporation tax
- VAT
- Stamp duty land tax,
- Costs of bidding for work,
- Marketing costs,
- Professional fees (accountancy, audit, legal)
- Charges from the council in respect of support, assets, supplies,
- Higher borrowing costs and transaction costs.

What about those left behind?

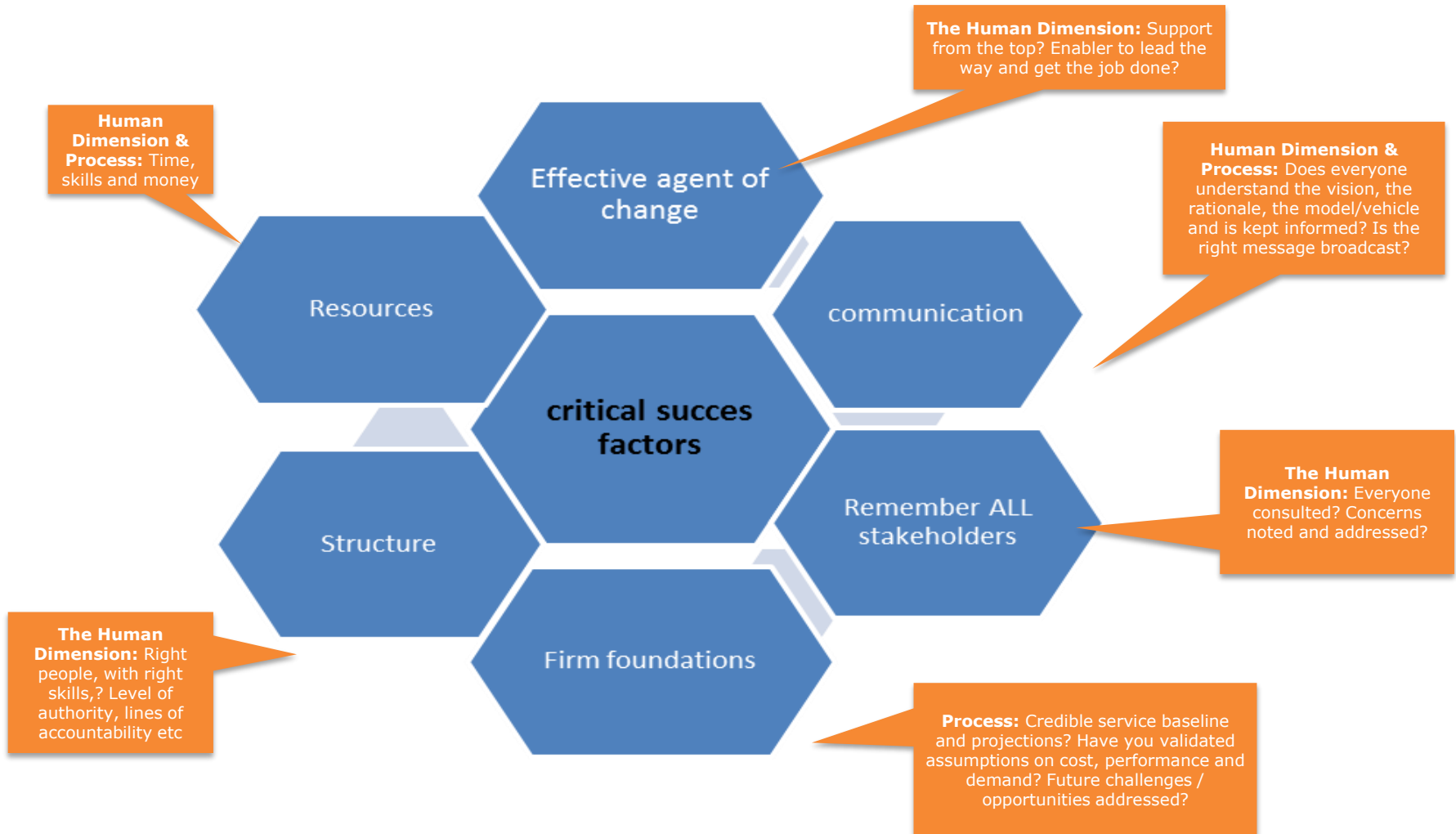
- If a council divests itself of a number of departments, and as a result the corporate 'core' of such as IT, finance, payroll etc. lose a number of clients, what effect does this have on their costs?
- Do you have a transition period – must buy back
- Think about the big picture!

Service Transformation:

What are the critical success factors?



Critical Success Factors





Now you are able to...

- Explain the decision making 'order' for delivering differently
- Understand what is a model and what is a vehicle
- Appreciate some of the high level differences between models
- Understand some of the high level operational and set up requirements
- Appreciate the critical success factors



Upcoming webinars and training

Workshops

- **Practical steps in setting up a trading company** – (11, 13 November)- Procurement Network
- **Accounting for different delivery vehicles** – (8,9,10 December)- Finance Advisory Network

Webinars

- Making Sense of Governance (3 November)
- Leading Complex Change' (12 November)
- Accounting for Grants' (25 November).

Contact me



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