

Councillor Briefing

Value for Money and Efficiency – Alternative service delivery options

This briefing examines alternative models for the provision of culture and sport in response to the efficiency agenda and suggests ways in which local authorities can adapt to a climate of funding reductions.

Overview

Value for money (VFM) is defined as the relationship between economy, efficiency and effectiveness. In the past the Audit Commission has used VFM profiles to support judgements about Council's effective use of resources. Local authorities are now operating in a different political climate with a focus on localism, active citizenship and new, results based models to deliver services more efficiently and effectively.

The reality of the current landscape means that public sector provision of culture and sport will need to change significantly over the next few years. And so, if the culture and sport sector is to continue playing an important role in delivering outcomes for local communities, it is important to consider alternative service delivery options.

Why it Matters

The Comprehensive Spending Review (CSR) in 2010 has seen a reduction in the Local Government Finance Settlement grants by 28% in real terms over four years, with three quarters of this reduction front loaded into the first two years (21%).

Cultural services are a cornerstone of the Big Society, but financial pressures on local authority spending mean that provision will reduce or cease if more efficient ways of working are not identified.

Key Messages

- In order to meet the challenge of budget reductions now is the time to consider alternative forms of service delivery.
- Investing time in formally exploring the full range of options available is likely to provide dividends in terms of future savings.
- If it is necessary to rationalise services consider how you can maintain quality of provision and remain responsive to user needs.
- Alongside reducing expenditure, identify how you can better generate income commercially, deliver outcomes for other policy areas or secure new funding sources.

Background

The delivery of efficiency savings requires leadership and considerable planning and management. Councillors and senior officers need to look beyond the immediate budgetary pressures and consider the positive opportunity it presents to reshape public services.

Below is an A-Z summary of service delivery options that you may want to consider:

Asset transfer: Transferring the ownership of a physical asset currently owned/operated by the local authority to an external organisation. This may be with or without ongoing financial support.

Co-location: To reduce property overheads consideration could be given to locating cultural services within other local authority or partner premises.

Commissioning services: Delivery of a facility/service by a commissioned organisation. This involves a cycle of assessing needs; identifying priority outcomes; designing a service specification; sourcing and contracting providers; managing, monitoring and reviewing to inform future commissioning.

Commercialisation: As an alternative to reducing expenditure consider how to exploit the commercial potential of your assets, for example through retail or catering.

Consortia building: Encouraging the formation of a consortium to deliver services; this can create savings through a reduction in transaction costs to the local authority and will also help civil society organisations better access the market place.

Development of civil society organisations: Building the capacity of an existing not for profit organisation so that they have the capability to deliver services or creating a new trust, mutual or social enterprise.

Joint investments: Two or more authorities investing capital in the development of new culture or sport facilities that will serve communities in both areas.

Outsourcing to the private sector: This option can bring savings through greater levels of commercial management and more efficient supply chains.

Sharing facilities: Sharing physical assets across two or more authorities; sharing services as below may also be part of this solution.

Shared posts: Employment of an officer to deliver a service in two or more local authority areas.

Shared services: Delivery of a service for two or more local authorities using a shared team of employees or the same contractor or service provider. This could be front line service or a back office function.

Using volunteers: Using volunteers to work alongside paid staff in the provision of a service.

Your next steps

- Consider how your council compares with other councils using the [Culture and Sport Value for Money Profile](#)¹, which includes spending on the arts, tourism, the historic environment, sport, play, parks, museums, libraries and archives. Find out if the differences in spending are associated with differences in service levels.
- Discuss with fellow Councillors and Officers how best your authority can transform the way cultural services are delivered to meet your communities' needs within the budget constraints.
- Invest time in exploring the range of service delivery options available; if you don't have the necessary expertise within your organisation to undertake this review - seek independent support.
- Take a strategic approach to rationalising your council's asset portfolio. Identify assets, which through transfer to community organisations, will open up new revenue streams, ensure long-term viability and also bring social benefits. Involve the community and build trust by clearly setting out how the local authority will handle potential transfers.
- Consider the implications of the [Localism Bill](#). This will give local groups a number of rights including a 'community right to buy' that will allow communities to bid for ownership and management of community assets that face closure.
- A range of advice and guidance is available to help local authorities deliver services more efficiently on the Culture First website www.culture-first.com/support/guidance

¹ Local Authority value for money profiles, Audit Commission