

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 22 JUNE 2005

Report of Strategic Director (Shirlene Adam)
(This matter is the responsibility of Executive Councillor T Hall)

JOINT VENTURE ARRANGEMENTS FOR CORPORATE SERVICES OUTLINE BUSINESS CASE

EXECUTIVE SUMMARY

This report builds on the vision outlined in the report to the Executive “Joint Arrangements For Corporate Services” in May 2005 by the chief Executive. This report presents the first draft “business case” for the project and outlines some of the thinking about the changes needed to our services in order to deliver our customer access ambitions, achieve our efficiency targets, and continue to improve service delivery to the public.

Further reports, adding more detail to the business case will be presented to the Executive in July and August 2005.

1. Purpose of the Report

1.1 This report provides an update on the work carried out since 24 May 2005 on the future direction of the Council in respect of:

- Customer Access to services and service improvement;
- Corporate Services (incl Revenues and Housing Benefits).

1.2 The Executive is asked to:

- a. Note the further progress made with work on a potential Joint Venture arrangement for the services outline above;
- b. Note the Outline Business Case for the Joint Venture option, which is appended to this report.

1. Background

2.1 At its last meeting on 24 May, the Executive Committee considered a report and presentation from the Chief Executive that outlined the need for this Council to consider the future direction of customer access to services, and corporate support services. The report recommended that the Council explore the potential for a Joint Venture partnering arrangement with the County Council and a private sector partner for reconfiguring the way we provide our customer services and our corporate support services.

- 2.2 The Executive agreed in principle to explore the Joint Venture arrangement as a potential solution to help us meet our aspirations and future challenges in these areas, both of which were highlighted in the Chief Executive's report.
- 2.3 The key drivers behind this report stem from the need for the Council to improve and develop its customer access strategy, and to take action to rationalise our corporate support services before the implications of the Gershon review dictate that rationalisation for us.
- 2.3 The projections from the Gershon Review and its associated efficiency savings targets accentuate the need for the Council to begin planning now to ensure that future service provision is sustainable, and that we can achieve the aims of our emerging customer access strategy.
- 2.4 Although this year's position is as described above, it is clear the council cannot year on year sustain its current level and method of support service provision in an increasingly pressured environment. It is also clear that we do not currently possess the skills or capacity to achieve significant reconfiguration of these services under our own steam.

3. Progress Update

- 3.1 Since the Chief Executive's report was endorsed on 24 May, significant progress has been made to further progress the work of the proposed Joint Venture arrangement.
- i. An Outline Business Case has been developed for the Executive's consideration; (See Appendix 1)
 - ii. A dedicated Project Team has been established and is currently working on the refinement of the Outline Business Case – aiming to present a fully researched and defined Business Case to the Executive later this summer. This includes an in depth analysis of services provided and related costs, and a scoping exercise to determine which services should be included in such an arrangement;
 - iii. Governance and Project Management arrangements for progressing the work have been agreed with the County Council;
 - iv. Initial consultation has taken place with Unison and Staff Side representatives about the potential progression of the project;
 - v. Work has begun on developing an internal communications strategy and action plan;
 - vi. The project has been assessed by an independent review team on its readiness to achieve its proposed timetable (discussed on 24 May).
- 3.2 In respect of (vi) above, the project's proposed timetable has slipped a little and the proposed implementation of the procurement process for the

private sector partner has been deferred from May 2005 to September 2005.

4. Recommendations

4.1 That the Executive:-

- i. Note the attached Outline Business Case for the potential Joint Venture arrangement (see Appendix 1);
- ii. Continues to endorse exploring the potential of a Joint Venture arrangement with the County Council;
- iii. At the next Executive Committee meeting in July, further considers a more detailed Business Case for the Joint Venture together with the Council's Customer Access Strategy.

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Background Papers:-

Executive 24 May 2005 – “Joint Venture Arrangements For Corporate Services”

APPENDIX 1

TAUNTON DEANE BOROUGH COUNCIL

OUTLINE BUSINESS CASE

**STRATEGIC PARTNERING
(JOINT VENTURE PROJECT)**

Draft 1

June 2005

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1. OVERVIEW

- 1.1 The main purpose of this Outline Business Case (OBC) is to set out the business need for the proposed Joint Venture partnering project, and to identify any investment in resources necessary to progress the project. It will also serve as a basis, if appropriate, to develop a more detailed Business Case if the project progresses further.
- 1.2 For clarity, a Strategic Service Partnership is a long-term partnership between organisations that work collaboratively to achieve their respective strategic aims and objectives for delivering services (more commonly known as a Joint Venture).
- 1.3 This OBC is written as a “living” document in that it will continually be updated as new information and data becomes available over the following weeks as the project progresses. It is envisaged that a further, more detailed draft Business Case will be shared with the Executive in July, before asking the Executive to approve TDBC’s final Business Case in August.

2. STRATEGIC CASE FOR CHANGE

2.1 Customer Focussed Service Delivery

- 2.1.1 Service improvement has been, and continues to be, high on TDBC’s agenda. Although the council has been assessed as “Excellent” through the CPA process, performance is not just about a package of services being delivered in a timely fashion – it is also about the way in which those services can be accessed, the manner in which they are delivered and the quality of the interaction between the customer and the council.
- 2.1.2 Even “high performing” councils can improve service quality and subsequent public satisfaction with council services. At TDBC, there is still room for improvement and we cannot be complacent and rest on our laurels on the back of our CPA outcome. We may have a two-tier local government structure in Somerset, but we do not have a two tier community.
- 2.1.3 Whilst the development of Local Strategic Partnerships is beginning to define our joint agency priorities and define the areas of service to be delivered, it has not yet translated into changing the way we deliver the services that address these priorities.
- 2.1.4 To ensure we continue to improve our services, we are determined to rethink the way people experience our services – which means customer-

facing services being configured in a way which meets the needs of the service recipients – not simply delivering services in ways that are convenient for local government organisations.

Transforming the customer experience is one of the key strategic objectives of our partnership initiative.

2.2 Efficiency & Value for Money To Our Taxpayers

2.2.1 Economy and efficiency in public service delivery is, and will continue to be, high on the Government's agenda. The Gershon report and the requirement to produce an Annual Efficiency Statement are pushing local authorities to review provision across the whole spectrum of local government services. A number of other targets including E-Government and the National Procurement Strategy are also driving local government to deliver efficiencies. Nine regional Centres of Excellence have been established across England to support authorities and monitor progress and the CPA process will include an assessment of performance against planned efficiencies.

2.2.2 Whilst TDBC is confident that the 05/06 target efficiencies of £400k can be met without affecting service quality, it will not be possible to continually meet this target in subsequent years without a radical review of service delivery. Even if we achieve a balanced budget this year without any support services becoming too small to operate effectively, we cannot continue to achieve this year on year.

Providing better value to council tax payers is a key objective of our partnership initiative.

2.3 Organisational Capacity

2.3.1 Excellent authorities are those which are able to anticipate change, and operate flexibly and proactively for the benefit of both their customers and their employees.

2.3.2 Significant changes have taken place in the role and remit of local government over the last few years. We are now able to use resources in a way which benefit the environmental, social and economic wellbeing of our communities, we are required to work in partnership with other agencies to deliver key services and a strengthened role in community leadership. In short, the expectation is that local government will function in an increasingly sophisticated fashion, that service delivery will be delivered seamlessly to take into account complex individual needs and that the majority of council activity will require multi-functional / multi-agency solutions.

2.3.3 Whilst the Gershon agenda is likely to increase pressure on two tier structures to share in economies of scale, evidence of improvements in "stand alone" integration of service access and delivery are proving

elusive. Although, through partnership working with other Districts and with the County Council we try to eliminate the perceived (and real) inefficiencies experienced by customers, we must recognise that further reform is likely. The challenge is to develop an organisation that is fit to face the challenges we currently know about, and fleet footed enough to embrace those we don't.

- 2.3.4 This means having a workforce which is resourceful and multiskilled and which is familiar with modern work practices and partnership working. It also means providing a work environment that supports multi-agency working and flatter, more flexible structures.

2.4 Workforce Capacity

- 2.4.1 The quality of service experienced by our customers is dependent on the skills, ability and motivation of employees. Workforce profiles show a large proportion of TDBC employees nearing retirement and a shortfall of adequately trained, high calibre replacements. Whilst we are planning recruitment and succession planning strategies, we face an enormous challenge in combating the effects of an ageing staff population.

- 2.4.2 Like many other public sector employers in largely rural settings, TDBC faces a significant challenge in developing its workforce to mitigate the effects of this. Added to this, the corporate services provided by the Council are not necessarily of the optimum size and in addition we duplicate some services provided locally by other authorities.

- 2.4.3 Structures, processes and management hierarchies often get in the way of excellence in service delivery, and can also disempower staff. Most employees want to deliver excellent services and it is the responsibility of managers and leaders to ensure that they are able to do so. The transformation of services mentioned above will depend to a large extent on the ability of the council to "clear the way" and act as enablers for staff to do their best for our customers.

A key objective for the council is to empower and equip staff to deliver excellent services – affording individuals development, employment opportunities and career paths which enhance their job satisfaction and future employment options. The development of a strategic partnership is seen a key strand in delivering this objective.

2.5 Business Need For Change

- 2.5.1 If this council has already been assessed as Excellent then why the need to suggest a significant reconfiguration of support services? And, in introducing a change is there a danger of interfering with something that works reasonably efficiently now?

- 2.5.2 Last year, budget pressures led to resources being cut from front line services. These front line services now operate at the minimum possible resource levels to ensure we still provide high quality and it has been made plain that it is not acceptable to further reduce resources in these areas.
- 2.5.3 It is true to say we could choose to leave the organisation of our corporate services as they are, and simply switch the budgetary focus to these areas but inevitably this will mean budget reduction targets for most if not all of these services. Traditionally this has been managed in a “salami slicing” way by paring back individual support budgets, resulting in each service affected having to either reduce running costs or lose staff. We believe we have already exhausted most means of reducing running costs, leaving the reductions to be achieved mainly through losing jobs. It is inevitable that this will have a detrimental effect on the quality of service provided, with some services (particularly those which are smaller in scale) suffering more than others to the point where the service becomes inoperable.
- 2.5.4 Across Somerset, all 6 local authorities face these same business pressures. 6 organisations provide services to local people, with 6 accompanying sets of “back office “ functions to support these services. It is inevitable therefore that there will be some replication, and potentially duplication of the systems and processes that support these back office functions. In the light of the business pressures described above, the need for change becomes inescapable particularly when viewed from a customer viewpoint
- 2.5.5 **Assessment of current capacity**
We are realistic and honest enough to recognize that we have neither the capacity in our organisation, nor the specific skills needed to bring about such a business transformation and that we need an external partner for this.
A key strategic objective for the council - and one in which the partnership will play a key role - is the development of a modern organisation which is able to respond flexibly and change its ways of working to meet future challenges and changing needs.

3. FINANCIAL CASE FOR CHANGE

- 3.1 This Council is currently in a relatively healthy financial position. General Fund Reserves sit at £1.3m, and excellent services are being delivered within a balanced budget. Despite the increasingly difficult central government funding regime, increases in council tax and cuts to front-line services have been kept to a minimum, and resources have been refocused to ensure corporate priorities are delivered.

- 3.2 However, the Gershon agenda requires local authorities to deliver “efficiency savings” of 2.5% on their budgets each year. This is a new requirement – on top of producing a balanced budget based on challenging financial settlements.
- 3.3 Looking forward, our financial planning model predicts this “funding gap” will continue, and indeed grow. There will come a point in time when it is no longer possible to continue to deliver excellent services, and keep council tax increases low, and avoid serious front-line service cuts. Taunton Deane Borough Council is almost certainly approaching this point – particularly bearing in mind our ambitious improvement programme around Customer Access and Community Planning.
- 3.4 This council has no wish to see our excellent services gradually diminish over the coming years – or accept us not delivering on the Customer Access improvements. Equally it is unlikely that the public will be willing to accept large increases in council tax bills to pay to keep these excellent services.
- 3.5 Central government, in its Gershon review has issued some outline guidance on how local authorities should tackle this funding problem. The guidance suggests that authorities should look to reduce the cost of support services in order to continue to fund front-line services. Local authorities should be streamlining back-office functions as well as reducing transaction costs by introducing modern technology.
- 3.6 Taunton Deane Borough Council has made some progress towards this by:-
- authorising the procurement of new systems for Revenues and Benefits;
 - authorising the procurement of a new Financial Management System.
 - Implementing some e-govt projects (scanning, web services).
 - Creation of the Internal Audit Partnership.
 - Introduction of DIP in Revenues and Benefits
- 3.7 **It is clear that it is necessary to go much further. We need to be much more customer focused in our service delivery, we have to reduce duplication by the joining up of services, and we need to work with other authorities where efficiencies can be made. All of this will require significant skills in business re-engineering and investment in best of breed technology. If we are to take this seriously, we will need some help in delivering this - Taunton Deane does not currently possess the experience, skills, capacity or resources to deliver this level of strategic change on its own.**

4. PROJECT OBJECTIVES

4.1 CUSTOMER ACCESS STRATEGY

4.1.1 Audit commission guidance

The Audit Commission has set criteria on achieving excellence in customer access. These relate to ensuring that customers have choice, convenience and control in accessing services from the Council. The Commission identifies the following context for customer access:

- Services should be easy to access;
- Services should be supported by technology that is appropriate to meet customer needs;
- Council should respond to customer feedback and complaints to improve service quality and access to services;
- Council should use partnership working with neighbouring Councils, organisations and businesses to continually improve access to services;
- Council service should focus on the whole community;
- Council services must ensure equality of access and take proper account of equality and diversity of all service users.

4.1.2 Our Vision for Customer Access

If we are to move forward and improve our customer relationships we need to have a clear picture of where we want to be. All of our decisions can then be made with this long-term outcome clearly in mind. Our Vision is being developed with the involvement of Members through an informal Executive discussion and a workshop at the July 2005 Review Board meeting. Workshops with staff, managers and CMT are also contributing. The results from a number of previous customer surveys are also being used to inform the Vision. It is expected that Customers will be consulted on the outcomes.

Further, If we are to deliver on our ambitious strategy we need to release resources from existing budgets to make this happen.

4.2 “BETTER FOR LESS”

4.2.1 A specific aim of this project is to deliver “better for less”. Our aspiration is that this project will provide an improved service for customers that can be quantified in measurable terms, and will make a significant contribution to Gershon efficiency savings targets for 06/07, 07/08 and beyond.

4.2.2 The following table sets out some draft objectives that are specific to this project. The measures and critical success factors will be further developed and refined over the coming weeks.

Objective	Critical Success Factor	Primary Measures/targets
<p>To improve access to and delivery of customer-facing services</p>	<p>A staff and organisation culture which puts the needs of customers at the heart of service delivery and design</p> <p>An effective customer consultation model</p> <p>Service design and delivery which is inclusive and maximises the proportion of services which can be delivered through the front office</p> <p>Technology platform which supports multi-channel access and front/back office hand-offs</p> <p>Property infrastructure which supports effective face to face interaction with customers</p>	<p>First time resolution of customer contacts %</p> <p>Improved customer satisfaction level %</p> <p>Improved staff satisfaction levels</p> <p>An increased number of primary contacts (not failed enquiries!) and types of contacts</p>
<p>To modernise, reduce the cost of and improve corporate support services</p>	<p>Consistent and efficient deployment of support services across the whole authority</p> <p>Improved quality and quantum of services at a lower cost</p> <p>Industry standard business systems to improve resource management capacity across whole organisation</p> <p>Cultural change to</p>	<p>Unit £ cost of service</p> <p>% of KPIs met or exceeded</p> <p>Quantum of new investment</p> <p>Identification of surplus capacity for redeployment</p>

	<p>support self service and devolved accountability models of resource management.</p> <p>IT infrastructure which will support transactional efficiencies, allowing staff to undertake “higher value” support work</p>	
<p>To help modernise and transform the overall workings of the Council</p>	<p>Business Process reengineering programme delivering full benefits realisation</p> <p>Technology and property infrastructure to support new working practices</p> <p>Cultural change programme to enable customer focus</p> <p>Realising synergies and benefits across the whole organisation from activities within and without the partnership vehicle</p>	<p>Efficiency gains on end-to processes of 35% on ave.</p> <p>Identification of surplus capacity for redeployment</p> <p>Investment profile of council showing resources reallocated to front line services</p> <p>Unit £ cost of service reduced and/or KPIs improved</p> <p>Value £ of investment</p>
<p>To create an excellent working environment</p>	<p>Modernisation of work practices to afford employees greater employment and development opportunities – both within the council and wider public sector community.</p> <p>Technology and property infrastructure to support new working practices</p>	<p>Employee retention rates</p> <p>Employee engagement levels increased</p> <p>Recognised as a Somerset business centre of excellence for the Region Business Growth</p>

5. OPTIONS APPRAISAL

- 5.1 It is clear that we will need to make some significant changes if we are to achieve our objectives, meet the challenges described earlier and implement our customer access strategy. The next question is the choice of method we might adopt to achieve this change.
- 5.1.2 Options appraisals identify and appraise a range of options that will deliver the service changes and outputs required. The aim of the options appraisal is to determine the option(s) that best meet our objectives and drivers (eg improved customer access) and which delivers Best Value. Options appraisal is therefore a critical part of the business case analysis and will firstly focus on the possible service delivery models and secondly on the procurement options.
- 5.1.3 Having discussed and received guidance from government departments and other local authorities that have already studied the options, the following long list of potential service delivery models was identified.

5.2 Potential Delivery Models

Model	Description
1. Status Quo (In house)	The do nothing or do minimum option – the Council continues to provide corporate services directly with no external support. Infrastructure, such as IT, is generally seen as reactive to the demands of different stakeholders. Investment and prioritisation for a more corporate approach is difficult to secure.
2. In house with Consultancy (In sourcing)	The Council continues to provide services in house but with the support of external service providers whether in the private sector or public sector to offer skills and capacity not available within the authority. This is often linked to IT infrastructure with the supplier providing on going support and consultancy, especially in terms of system integration

Model	Description
3. Public sector consortium	<p>The local authority and one or more other local or public authorities join together to effect service delivery of some or all of their activities. The arrangement may involve pooling of budgets and functions and the sharing of technology, staff and accommodation.</p> <p>There are a number of options for co-ordination of resources including:</p> <ul style="list-style-type: none"> • A partnership board • A Joint Committee • A non profit distribution entity • A profit distribution entity <p>This model can act as a precursor to private sector partnering or outsourcing</p>
4. Joint venture	<p>'Joint venture' describes a range of different commercial arrangements between two or more separate entities. This model is increasingly becoming a common feature of modern day business practice by enabling parties to work together, utilising the collective pool of assets whether tangible or intangible in pursuit of complementary objectives and the delivery of a successful business venture.</p> <p>Generally it involves a local authority entering into a joint venture with a private sector partner(s) to facilitate the provision or delivery of services, investment or development</p> <p>Joint venture companies can be controlled by the private sector, the local authority or have no absolute control.</p>
5. Community Interest Company	<p>This is a new company structure available from April 2005. The main criteria for formation of such a company is that it must pursue purposes beneficial to the community</p>

	and will not serve an unduly restricted group of beneficiaries. It does not have benefit of charitable status and has no special tax status. It can be limited by shares, by guarantee, or be a plc but in all cases the assets must be used for the benefit of the community.
6. Partnering Contract	An outsourcing contract entered into between the local authority and a private sector partner which builds on the experience and lessons of conventional externalisation– the nature of the contract envisages a collaborative role between the Council and the private sector partner in relation to the discharge of the private sector partner’s obligations under the contract. The partners jointly agree on the service requirements and share the risk and rewards of any service improvements and/or efficiencies through price performance arrangements.
7. Externalisation/Outsourcing	In this model the Council will contract with a private or voluntary service provider to provide certain services in place of the local authority. This type of contract generally involves a total transfer of the service provision to the service provider. The service provider will secure access to or acquire whatever assets from the Council that are required to provide the services which would include employees who would transfer under TUPE regulations. The Council would retain a client role for contract management and performance monitoring with a limited number of staff.

5.3 Benefits Analysis

The respective advantages and disadvantages of the models described above are evaluated by the options evaluation matrix below which assesses each **option against key critical success factors**.

Business Model	Culture Change	Service Redesign and Delivery	Investment in Technology	Improved Services at Lower Cost	Economies of Scale	Improved Staff Satisfaction
Status Quo	X	x	x	x	x	x
In sourcing	X	✓	x	?	x	?
Public Sector Consortium	X	✓	x	✓	✓	✓
Joint Venture	✓	✓	✓	✓	✓	✓
Community Interest Company	X	x	x	x	x	?
Partnership	✓	✓	✓	✓	✓	✓
Outsourcing	?	✓	✓	✓	?	?

5.4 Early consideration of these models resulted in the view that broadly there are 4 options open to the council:

- Status Quo - do nothing
- Transforming services ourselves
- Externalisation
- Joint Venture

The reasons for this broad view are set out below.

5.5 Firstly, the strategic, business and financial cases described in paras 2-4 above clearly set out why maintaining the status quo is not a realistic option.

5.6 Another option is to undertake this transformation ourselves. Whilst we have shown that we can make our services more effective and that we can streamline the way we do things, we are not experts in this area and it is likely that we have only achieved this on the periphery, rather than looking at the heart of what we currently do and how we do it. It is also very difficult to look at engineering such a scale change whilst still attempting to carry on providing an acceptable level of service to the public.

- 5.7 It is also clear that if we are to radically change the way we configure our support services, significant investment will be needed in new “best of breed” technologies. This effectively rules out options 2, 3 and 5 and 6 since no local authority will be in a position to make the necessary investment and will not possess the necessary skills to achieve the reconfiguration.
- 5.8 Externalisation is a route which this council has tried before. Our experience, and that of others who have taken a similar route is that outsourcing can be fraught with difficulties – in particular with understanding and sharing organisational values, understanding and achieving business objectives, monitoring performance, achieving targets and maintaining staff morale.

This effectively leaves option 4 as the most suited to our overall drivers for improvement and change, and to our business needs. The County Council has decided to explore this route and is keen for this council to join it as a strategic partner.

5.9 Costs

- 5.9.1 At this stage it is not possible to quantify all costs associated with the preferred business model. Cost analysis at this stage will therefore be limited to best estimates assuming at present an indicative figure of a minimum of one year’s gross turnover and a payback period of 10 years
- 5.9.2 This cost analysis will be revised as necessary as data becomes available from the following sources
- Market soundings
 - Reference authorities
 - Benchmarking against norms – unitised costs
- and will be extended to include
- Capital costs
 - Annual financing charges
 - Operating and lifecycle costs
 - Social Benefits
 - Risk – optimum allocation of risk – quantification of the costs-risk register for key stages and time overrun
 - Any wider economic benefits
 - Income generation
 - Sensitivity analysis
- 5.9.3 Research with other authorities has provided some background cost information relating to partnership models but there is a reluctance to provide any detailed financial information as this is deemed to be commercial in confidence.

5.9.4 The second set of costs associated with the project relates to project management. Two full time secondments have been made to a Project Team to progress the work and to develop the Business Case. The cost of backfilling these posts is estimated at approx. £130,000 for a twelve month period. These costs have been met from within existing resources.

6. COMMERCIAL RESEARCH

6.1 Preferred Option

As detailed previously the intention is to progress the strategic service partnership (joint venture) route but further analysis is required to fully prove the economic case. Unfortunately there is little hard evidence from existing partnerships as they are all too new to have realised significant benefits and information is not readily available but we do know that contracts of a similar scope, value and desired outcomes to that of Somerset have been signed both in unitary and two tier councils. It is therefore not unrealistic to expect that we can achieve our aims.

6.2 Attractiveness to Market

A soft market testing exercise has been completed. It is important to note that an open market testing process is to be followed and those companies invited to the soft market testing are not an exhaustive list of potential partners. All suppliers, whether or not they have taken part in the market sounding exercise, will be required to submit an expression of interest following the OJEU contract notice.

6.3 There are a number of pathfinder projects and case studies relating to SSPs for projects of similar scope to Somerset. Our research has provided the following information.

Authority	Partner	Model	Scope	Contract Value	Investment
Bedfordshire	HBS	TUPE transfer (550staff)	Support services, customer access	£200m/12 years	£7m
Lincolnshire	HBS	TUPE transfer (1100 staff)	Finance. Property, personnel, ICT, catering	£280m/10 years	£35m
Liverpool City	BT	JVC-secondment	ICT, revenues and benefits,	£300m/11 years	£60m

			Liverpool Direct, payroll and HR		
Suffolk	BT	JVC-secondment	ICT,finance, payroll,HR, public access	£315m/10years	£51m
Pendle BC	Liberata	TUPE Transfer 180 staff	Revenues, Benefits, personnel, Property Services	£100m/15years	New business centre
South Gloucestershire	Unisys	Incremental partnership	Revenues and benefits	N/a	N/a
Worcestershire E Gov Partnership	Hewlett Packard/Deloittes	Contracting relationship	ICT	10years	£8.5m

6.4 The market is relatively immature. However indications from the market soundings indicate that there are a number of private sector suppliers who will be interested in the Somerset project which has a gross value of £??m (*to be completed in future drafts*).

7. PROCUREMENT OPTIONS

7.1 In terms of procurement options the following could be considered as being in compliance with Standing Orders for Contracts and the EU Public Procurement Directives

- framework agreement – other purchasing authority or OGC
- OJEU open
- OJEU negotiated
- OJEU restricted

7.2 It is unlikely that any framework contract exists which will cover the extent of this procurement. Market intelligence and professional support indicates that the OJEU negotiated procedure will provide the most appropriate procurement option allowing dialogue and negotiation with the preferred bidder to establish the best deal before contract. This is particularly relevant to procurements where it is difficult to accurately scope the procurement at the outset. Once the contract is negotiated it will in effect

be a framework contract open to all authorities as defined within the OJEU notice.

8. AFFORDABILITY

8.1 It is intended that the overall financial outturn on the project as a whole will be cost neutral. The financial evaluation model can be represented as

- A. Value of investment in people and technology
- B. Value of savings from efficiencies and BPR (in scope and out of scope services)
- C. Delivery of customer access strategy
- D. Annual service charge
- E. Value of new business growth

with the formula for the most beneficial option being

$D - (A+B+E)$ with C being the constant.

8.2 Work has begun on completing an affordability model and further information on this will be shared with Members in future updates of the business case.

9. PROJECT SCOPE

9.1 We will need to be clear exactly which services are appropriate for inclusion in any new arrangement, and also those which are not. The project focuses on those services provided by Corporate Services, but will potentially include some other areas (eg property services, procurement). The project will also include public access – as described earlier, the need to implement our customer access strategy is one of the key drivers for this initiative.

9.2 The following table provides an overview of the service areas that are being considered for inclusion. This will be debated further over the coming weeks and more information will be provided in future updates on the Business Case (ie the financial info and details of staff numbers).

Service Area	Functions	Budget Gross	FTE
Finance	Treasury management, budget preparation and accounts		
IS	IT department ,		

	Static and mobile telephony, voice and data activity, Wide Area network, Local Area network		
HR	HR – meeting demands of Services, meeting demands of corporate organisation (strategy and policy issues), organisation and provision of corporate training, recruitment advertising, payroll and Occupational Health		
Customer Services	First point of contact for queries from the public, incl WP function and postroom		
Property Services	Asset holdings and management, facilities management, maintenance and design		
Legal Services	Provision of legal services to all Services, incl Land Charges		
Procurement	Procurement functions		
Revenues and Benefits	Benefit administration, Investigations, local taxation, income control,		

- 9.3 The precise scope will be influenced by the market sounding exercise, visits to other reference authority sites, continued debate within TDBC and continued dialogue with the prospective partner(s).
- 9.4 The statutory roles of the Chief Financial Officer (S 151) and the Monitoring Officer will not be included, and there will be a need to retain sufficient resource to maintain some strategic capacity in other areas, but this will be kept administratively light. Again, further work will be done to clarify this size and shape of resource required and reported in future updates of the business case.

10. KEY STAKEHOLDERS

- 10.1 Although this project focuses on corporate services, it will touch all aspects of service delivery and it is therefore vital that all stakeholders are kept apprised of the Council's intentions. Stakeholders have been identified as Members of the Council, staff of the Council, Members and staff of partner councils and organisations, citizens of Taunton Deane, trade unions and neighbouring authorities with whom we have close relations.
- 10.2 The project has been initiated at top management level and is wholeheartedly supported by the Chief Executive and the Corporate Management Team. The Strategic Director, Shirlene Adam is the project champion.
- 10.3 TDBC has begun a consultation exercise with staff about the prospect of entering into a strategic partnering arrangement and has to date held a number of briefings for senior managers and staff representatives.
- 10.4 A comprehensive communications strategy and action plan is currently being developed as a priority.

11. JOINT WORKING

- 11.1 There has been interest in this project from District Councils and other authorities. It is unlikely that all interested parties will progress to participation before the OJEU advert is placed. In view of this the OJEU advert will be worded in such a way that any involvement from a further public sector partner can be considered.
- 11.2 However, it would be likely that any such involvement in the partnership would have to wait until after award of contract. Although the OJEU wording would not exclude partners joining in the process during the

procurement process, it would make the procurement and negotiation process more complicated by adding another set of dynamics to the process in terms of people, issues and objectives.

- 11.3 Should there be partner involvement from the beginning of the process this will increase the size of the evaluation team but could help ease the resourcing of the full time project team.

12. RISK ASSESSMENT & STRATEGY

- 12.1 Clearly a project of this scale and nature will carry a number of significant risks. TDBC has a tried and tested methodology for assessing and managing risk and this project will be no different.
- 12.2 A risk register has been developed by the steering group which will be maintained, discussed and revised as necessary following project team, steering group and CMT meetings.
- 12.3 SCC has also developed a risk register and the two registers will be combined so that overall project risks can be appropriately managed.

13. PROJECT MANAGEMENT ARRANGEMENTS

13.1 Management Arrangements

The project will be managed in accordance with the principles of Prince 2. The proposed governance structure is as follows.

Executive Board:

- To approve the strategic direction, outline scope of activity, agrees outcomes and benefits and authorises procurement process.
- To approve recommended partner at the end of the procurement process.

Elected Member Advisory Group:

- Provides political direction to the project.
- Review project progress and approves any exceptions to the approved scope
- Ensures process is properly aligned at all stages to the strategic outcomes required.
- Supports key communication processes across all key stakeholders

Frequency of Meetings: to be arranged

Members: to be confirmed

Corporate Management Team:

- Owns the strategic vision for the project provides clear leadership and direction during the course of the project
- Takes key procurement decisions: agrees final scope, approves supplier shortlist, approves final 2 suppliers, agrees preferred supplier, recommends award from Executive Board decision against defined and agreed criteria.
- Secures the investment required to set up and run the project and fund the transition activities required.
- Receives reports on project progress

Frequency of Meetings: Weekly, with bi weekly updates.

Senior Responsible Officer:

- Is directly accountable for the delivery of the procurement project delivering agreed outputs to required specification and quality within budget.
- Maintains close liaison and communication with Partners Authorities, SCC SMB and Elected Member Advisory Group
- Provides day to day direction for the project, responds to project issues and takes decisions to ensure project maintains momentum and that the timetable is achieved.
- Ensures business case is maintained and is remains relevant to the overall strategic aims.
- Ensures that communications with internal and external stakeholders is effective.
- Manages the key strategic risks facing the project.
- Ensures that the organisational change is managed effectively.
- Meets with the project manager at least weekly to review progress
- Commissions and chairs reviews during the project to ensure alignment with objectives, capability of delivery and measurable achievement of benefits

Senior Responsible Officer: Shirlene Adam

Strategic Steering Group:

- Actively leads the agreed communication to staff within respective service teams of the reasons for, progress with and benefits arising from seeking a strategic partner. Highlights to the group and addresses all concerns and issues that arise in the agreed manner.
- Supports the communication with external stakeholders as agreed through the Communication Strategy.
- Receives reports on project progress.
- Informs discussions on and develops business scope and statement of requirement.

- Coordinates and provides all service specific information required by the project team at all stages of the procurement process.
- Approves key procurement documents
- Takes decisions to resolve any business or project issues.
- Identifies, owns and actively supports/leads the management of project risks and related contingencies.
- Ensures adequate resources are available during the life of the project.
- Makes recommendations to the responsible owner and the CMT Project Board.
- Receives feedback from and directs and advises on action to be taken by work stream managers as they are appointed to project activities.

Frequency of Meetings: Fortnightly from 3rd May 2005 or as project issues demand.

Officers: In scope service managers, plus 2 other Heads of Service

Project Manager

- Directs and motivates the project team;
- Provides project information and advice to partner authorities
- Project manages and plans all stages of the project;
- Agrees delegation and project assurance roles;
- Produces the PID;
- Prepares project reports as defined by the PID.
- Manages on a day to day basis the business and project risks (includes contingency planning);
- Liaises with members of associated activities e.g HR and Payroll Project;
- Monitors progress, expenditure, resources and initiates corrective action;
- Keeps Officer Steering Group and Project Board informed of deviations in plans and associated action (ie Change Control);
- Establish technical and quality strategy with appropriate members of the Project Office and Officer Steering Group;
- Prepare End Project Report;
- Identifies and obtains support and advice necessary for the management, planning and control of the project;
- Manages the development of the communication strategy and delivery of the communications plan.

Project Manager: Jill Sillifant

Project Office

The Project Office enjoys the benefits of combined resources with the County Council, and:

- Coordinates all project activities to ensure delivery of identified project objectives and deliverables raising issues as necessary.
- Provides the technical skills necessary for the effective delivery of identified project deliverables e.g. finance, communications, procurement documentation.
- Monitors delivery of the project against the project plan and within the scope of the project initiation document.
- Prepares procurement documentation necessary for each stage of the procurement process
- Manages each Gateway Review process and reports outcomes to Officer Steering Group and the combined SCC/TDBC Programme Board
- Prepares project reports for the Officer Steering Group and the combined Programme Board.
- Manages the project issues log, risk register and plan, and actions log.
- Provides project administration

Members of the Project Team:

13.2 Procurement Plan and Timetable

The procurement timetable has been set out as follows

Activity	Timetable
1 Undertake market soundings	w/c 18.04.05
2 Issue OJEU Notice	12.09.05
3 Shortlisting of suppliers	31.12.05
4 Invitation to negotiate	06.03.06
5 Submission of bids	31.05.06
6 Preferred bidder identified	01.08. 06
7 Contract award	01.10.06

It is recognised that this is a tight timescale but should be achievable given adequate resourcing is available. None of the suppliers invited to the market soundings indicated that this would be a problem for the supplier side.

13.3 Gateway Review Process

The Gateway review process, managed by the 4ps (a government agency) examines projects at critical stages in their lifecycle to provide assurance that they can successfully progress to the next stage. SCC has requested reviews at the following key milestones

- business justification – review of business case
- investment decision – review of procurement process and evaluation
- Readiness for service – review of implementation programme

14. NEXT STEPS

- Further work being done on the “scope” of the project.
- Business affordability model being completed.
- Communications strategy being developed.

An update report (Business Case Draft 2) will be presented to the Executive in July 2005 (to note progress on the project)