



Shared Services Scheme

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1 Purpose of this document

This document:

1. outlines Improvement East's approach to funding and commissioning shared services projects;
2. provides guidance on what to consider when embarking on a shared services project;
3. sets out the funding criteria and monitoring procedures which must be followed once funding is agreed.

2 Introduction to Improvement East

Improvement East is one of nine Regional Improvement and Efficiency Partnerships (RIEPs) operating across England. It has a clear vision to support and help deliver improvement and efficiency to every Local Authority and Fire and Rescue Service within the region.

A three-year Regional Improvement and Efficiency Strategy (RIES) has been developed to identify key regional improvement and efficiency priorities. The Strategy is available at <http://www.improvementeast.gov.uk> . It outlines Improvement East's vision which is to:

“Coordinate, challenge, support and accelerate the drive for improvement and efficiency in localities to a higher level than would be otherwise possible”

Improvement East will do this through four interrelated high-level outcomes, which are:

1. Authorities and the Fire and Rescue Services will significantly *improve* their own organisational *performance* and delivery, both corporately and at individual service level.
2. Excellent, innovative *Local Strategic Partnerships* (LSPs) and *Local Area Agreements* (LAAs) delivering improved community engagement and empowerment.
3. Authorities and the Fire and Rescue Services will collectively achieve at least the nationally targeted *efficiency* savings and the RIEP will support authorities to achieve significant efficiency gains.
4. Authorities and the Fire and rescue Services will be equipped with the *capacity and skills* they need to lead their areas to improve services, to empower communities and, in particular, to successfully embrace major changes.

3 Background

Shared services are already key to Local Authority efficiency programmes and are expected to become more prominent over the coming years as councils feel the impact of the reduction in base budgets.

4 Early Considerations:

Improvement East funded an options appraisal of Shared Building Control services between Basildon, Thurrock and Castlepoint councils. Tribal Consulting (formerly RSeConsulting) carried out the appraisal, providing an exemplar which Improvement East has used to develop a simple checklist. The checklist provides a list of the key things to think about early on, when shared services are very first being considered.

4.1 Context:

- Do all partners understand each other's overall reasons for considering shared services?
- Do all partners understand the degree of each other's commitment to shared services?

4.2 Scope of the analysis:

- What are partners trying to achieve through shared services?
- Are there other ways to do it e.g. internal service redesign or outsourcing? Should these be included? Are they being assessed separately?

4.3 Baseline:

- What is the current shape and success of each of the services?
 - Structure
 - Direct costs, overheads, income and net cost/income.
 - Demand and activity
 - Customer satisfaction, performance and efficiency.
- How do they compare?
 - Benchmark data

4.4 Drivers:

- What are the benefits expected from implementing shared services?
- To what degree are they agreed upon by partners?
- How sensitive are they to changes in the environment or each partner's circumstances?

4.5 Barriers:

- What could stop shared services going ahead or being successful?
- To what extent do partners agree on what the barriers are?
- To what extent do partners agree on whether and how they can be managed?
- What is each partner's appetite for risk? Are there any deal-breakers?
- Do partners agree that the drivers outweigh the benefits?

4.6 Criteria:

- Has “criteria capture” defined what partners want to achieve?
- Is equal weight applied to them by each partner?

4.7 Define options:

- What would each option look like?
 - Structure.
 - Location and accommodation.
 - Staffing.
 - Services.
- What would the operating model look like¹?
 - Joint procurement or commissioning.
 - Lead Authority model.
 - Third Party entities.
- What would the governance structure look like?
 - Joint Committee.
 - Accountable partner.
- Have all the options been captured or have some been discounted immediately? If so, is there a shared understanding why?
- Do all partners have an overall understanding of what each option would mean for them?
- What would the key stages of implementation be? Key issues to be addressed?

4.8 Options appraisal:

- How well does each option fulfill the criteria?
- What are the costs and savings? What is the payback period?
- What are the barriers to each option being a success? Can these be managed?
- What are the risks to each option? Their likelihood, impact, proximity? Can these be managed or accepted?
- Do some options look more or less favourable from different partners' perspectives?

4.9 Conclusion:

- Is there consensus on the best way forward and shared understanding of the reasons for it?
- Is there commitment from all partners on moving forward?

¹ Taken from IDeA website “Shared Services & Collaboration”

5 Funding Criteria

Proposals must address themes and priorities set out in the Regional Improvement & Efficiency Strategy. They should also show if/how they contribute to meeting targets within:

- Local Area Agreements
- National Indicator 179
- Key Lines of Enquiry on use of resources

They should also consider, where appropriate:

- Collaboration
- Relevance and value of products/outcomes to the region
- Skills and Capacity building
- Shared learning opportunities

An initial approach to Improvement East should include the following:

- Phase of the project to be funded e.g. feasibility study, developing the business case, designing the service or implementation costs
- Planned outcomes of project including potential cashable efficiencies
- Proposed lead Authority, main contact, and possible working partners
- Timescales and key delivery milestones
- Breakdown of costs to be covered by the bid, including match-funding

6 Project Control

Improvement East will evaluate the initial approach against its commissioning criteria for Shared Services funding. Subject to success in the initial screening process, Improvement East will request the following:

- Completed Project Assessment Form (PAF)
- mietool Evaluation²
- Copy of the Business Case (where applicable)
- High-level timeline
- Initial risk log

Should the project be commissioned by Improvement East, the following documentation will be required:

- Project plan showing stages, interim and key milestones
- Risk and issue management approach;
- Updated Risk and issue log with mitigation plan;

² mietool is a free tool for local government providing authorities with a robust and consistent way of planning and evaluating projects. It gives users the ability to measure efficiency gains, carry out business cases and options appraisals and monitor benefits over time.

Information on project progress is key to Improvement East for internal and external project reporting. This is achieved through the Project Monitoring Form. This is a simple spreadsheet submitted to the Senior Programme Manager each month that captures:

- Description of achievements to date;
- RAG status;
- Milestone information (including funding release milestone(s));
- Financial forecasting;
- Key risks/issues arising

Funding from Improvement East is granted upon successful achievement of milestones agreed at the outset and documented in the Project Assessment Form.