

Efficiency News

Contents

[Efficiency Champion's Notebook](#)

[News from Communities and Local Government](#)

[Departmental Focus – Children's Services](#)

[Contract Rationalisation in the East of England](#)

[Update from the Regional Centres of Excellence](#)

[News Round-Up](#)

[4ps – Standardisation of PFI Contracts](#)

[Case Study – Harlow Council and Kier Support Services Limited](#)

[Case Study – Cambridgeshire and Northamptonshire Shared Services](#)

[Making Risk Management Work](#)

[Knowledge Source – Cipfa's Nearest Neighbours Model](#)

[Useful Links](#)

Welcome to the fourteenth edition of *Efficiency News*, published by the Communities and Local Government Transformation and Efficiency Division and National Procurement Forum in partnership with PricewaterhouseCoopers.

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Issue 14 – June 2007

Efficiency Champion's Notebook

Barry Quirk, Chief Executive at Lewisham London Borough Council, Chairman of Solace and Efficiency Champion examines innovation and its role in local government efficiency.

You may know that Communities and Local Government have reorganised their approach to the management of big national programmes. Efficiency is now most closely linked with the improvement agenda. Joyce Redfearn, the Chief Executive of Wigan Council chairs a new Board which is trying to link innovation, capacity and efficiency together – it has the marvellous acronym of the ICE board. But why? What has innovation got to do with efficiency? An awful lot actually.

The Audit Commission have just published a very useful document on innovation in local government – “Seeing The Light”. It gives an outline of the drivers of innovation; how to generate innovations and how to implement and disseminate innovations. The Commission acknowledge that innovation involves greater risks than other improvement strategies (such as simply copying “best practice”) and as a result they urge Councils to be more explicit about assessing the costs of innovation. But they are also aware that efficiency is the main driver for the search for new ways of working, new ways of designing services or new policy instruments. Of course, innovations are driven by Government, by communities and by elected members – but 80 per cent of Councils focus on how to be more innovative because of their own pressures to be more efficient. Over 150 Councils report that they are involved in a “great deal of innovation”.

Innovation is too often viewed from a producer perspective - as something that a manufacturer or service provider does in anticipation of new and emerging customer needs. They innovate to create a more successful product or service range. To its credit the Commission's new publication does not fall into this trap. However, a new book on innovation highlights vividly how a customer centred approach to innovation works best. Eric Von Hippel is the Head of Innovation at MIT's Sloan School. His new book, “Democratising Innovation” is available to download from his website (he practices what he preaches – just google him!). Basically Von Hippel argues that “users that innovate can develop exactly what they want, rather than relying on manufacturers to act as their (often very imperfect) agents”. Research suggests that between 10-40 per cent of users engage in developing or modifying products and services. These innovating users are lead users at the leading edge of product or service development. Moreover, innovation by users tends to be widely distributed rather than concentrated among just a few very innovative users.

Most of the management literature on innovation relates to products and product design. However, there is a lot of good work that reads across to the management of public services (Von Hippel refers to research in the Australian library service, for example). Perhaps the key lesson is that the service users (particularly “lead innovative users”) are as much a source of service innovation as experimentation by public service managers. Involving innovative users in service design and delivery can improve effectiveness and it can certainly improve efficiency.

News from Communities and Local Government

The Transformation and Efficiency Team review some of the recent events relating to the efficiency agenda for local government.

Since the last edition of Efficiency News, there have been some changes within the Team. Most importantly, **Sue Reid** has moved on from her post here as our Deputy Director to become the Assistant Chief Executive for South Oxfordshire District Council. We wish her well on her return to local government! Until a new person can be appointed to replace Sue, **Paul Downie**, the Deputy Director for Local Improvement Support, will also cover the work of the Team.

In addition, the former Modernisation and Efficiency team itself has been re-branded as the **Transformation and Efficiency Team** to highlight the increasing focus on service transformation following the publication of Sir David Varney's Report with the Pre-Budget Report last year¹. As a result, our general enquiry e-mail address has changed to: TED@communities.gsi.gov.uk

Over the last few months, the Department has set up a programme board and a series of six project boards to help deliver the commitments in the Local Government White Paper. Particularly relevant to readers of this publication is the **Innovation, Capacity and Efficiency Project Board**, which met for the first time in May.

The Board is chaired by Joyce Redfearn, the Chief Executive of Wigan Council, and also includes a number of other local government representatives, including Donna Hall, Barry Quirk and Rob Sykes. It has a key role to play in supporting the implementation of the new Local Area Agreement and Performance Framework arrangements, and the development of the National Improvement Strategy.

Good progress is being made by the **National Process Improvement Project's** pathfinders with 25 councils². The contract to synthesise the results from this work has recently been let to RSe Consulting, and the outputs, including guidance, are expected to be published in August.

The latest phase of the award-winning “**Connect to your Council**” marketing and communications campaign, designed to raise public awareness of online council services and optimise their take-up³, kicked off on 4 June. This third phase will see advertisements promoting online council planning services across press, radio and online media. We will also be continuing to promote online services in relation to fly tipping, garden waste, and renewing a library book. Keep a look out for our ads and feel free to look at and use the toolkit of creative material we distributed last year⁴.

In March, the Department organised nine regional events to gather feedback from local authority communications professionals about the **opportunities and challenges of promoting online services**. Over 130 local government PR, web and media managers attended. Some of the major findings and commitments arising from those feedback discussions included:

¹ Report can be downloaded from: http://www.hm-treasury.gov.uk/pre_budget_report/prebud_pbr06/other_docs/prebud_pbr06_varney.cfm

² Information on the pathfinders is at: <http://www.bip.rcoe.gov.uk/rce/core/page.do?pageId=27159>

³ For more information, see: www.communities.gov.uk/takeup

⁴ This is available online at: www.productshare.org

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- Commissioning new marketing, PR and advertising material in consultation with local authorities, including new print creatives for schools admissions, to go alongside the existing radio and online material;
 - There was a need to make the promotion locally relevant, aligning the promotional material with local authority policy priorities;
 - Producing case studies of successful take-up work in local authorities; and,
 - Establishing a “Connect to your Council” Communications Forum of local government communications professionals.

We are currently working on implementing the recommendations made as a result of our regional take-up discussion, and they go to form part of the tools and guidance available within the Business Improvement Package (BIP). The Department is continuing to develop the BIP which is designed to provide local authorities with a set of practical tools and resources to support improving and transforming services.

Thank you to everyone who contributed to the feedback activity in respect to **Business Improvement Package**, through the website and regional events, including the regional Chief Executive roundtable meetings in March and the Practitioner events in May⁵. We appreciate the time you took to share your experiences and contribute your ideas to help shape the future direction of the BIP.

Work is now underway with the RCEs to incorporate what they have been doing on business transformation into the BIP website⁶, with the aim of providing councils with an integrated online offering of business improvement information.

The annual efficiency statement rounds have continued to progress in recent months. The final versions of the **2007-08 Forward Look efficiency statement**, following feedback from central government departments, were submitted at the end of May and are expected to be published on the Department's website shortly. Overall, they show that councils and fire authorities are continuing to forecast significant efficiency gains and consequent improvements in public services.

In the meantime, the online template for the **2006-07 Backward Look efficiency statement** has been launched on the esd-toolkit website⁷. These statements, in which councils and fire authorities will set out the new efficiency gains they achieved last year – and those sustained from previous years – are due for submission by 5pm on Thursday 5 July. These statements are expected to show councils have exceeded their £3bn efficiency target a year early.

⁵ Presentations from the Practitioner events are now available via the BIP website: www.bip.rcoe.gov.uk/events

⁶ The Business Improvement Package website is at: www.bip/rcoe.gov.uk/

⁷ Template accessible from: <http://www.esd.org.uk/esdtoolkit/>

Departmental Focus – Children’s Services – Commissioning for Efficiency

The Department for Children, Schools and Families (DCSF) are gathering examples of local authorities that are addressing the key questions in relation to commissioning and using the results to deliver better value for money and improved outcomes for children and young people.

Commissioning is probably one of the most misunderstood concepts of the moment. However, across government, in particular at DCFS and at the Department of Health (DH), Communities and Local Government (CLG), the Office of the Third Sector (OTS) and the Home Office (HO) there is a shared understanding of what commissioning means and what it means for delivering better value for money and more efficient public services to the children, families and communities who need support. Commissioning is a whole cycle of needs analysis; service planning; procuring and contracting; and monitoring. We have a shared determination to bring down the barriers to collaboration and joint commissioning of services at the local level across organisational boundaries in the interests of better outcomes for the population as a whole, for all age groups and for all categories of need. The Every Child Matters strategy, the reform programme set out in the Local Government White Paper and the Commissioning Framework for Health and Well-being all take this agenda forward.

We are clear that the improvements we are all seeking, in terms of outcomes and efficiencies, cannot be delivered without going back to the basic questions which should drive all service improvement:

- What does the public that we serve really need (rather than what have we given them in the past)?
- Are there organisations out there that can fulfill this need?
- How do we develop the capacity of service deliverers to respond to need?
- How do we, as public servants, manage that capacity?
- How do we effectively monitor performance to ensure underperformers exit the market and providers, from all sectors, who deliver results, thrive?

At DCSF we have been gathering examples of how a number of authorities have been addressing these questions to drive better value for money for children’s services as part of our Every Child Matters reform programme to improve outcomes for children and young people. The following are a few examples of what we have found.

North East Regional Commissioning Unit

Eleven authorities across the North East have come together to establish a regional commissioning unit whose objectives are to:

- Collect regional information for benchmarking and trend analysis of children in care placements;
- Contribute to the development and brokerage of more needs-led services and placements;
- Undertake analysis and reporting to inform local and joint commissioning strategies; and,
- Manage a preferred provider directory.

In the twelve months it has been in existence, the unit has made improvements in partnership working between commissioners and independent providers, made matching of placement needs and

providers more effective and benchmarked placement costs, profiles and gaps in provision to monitor progress. In 2007 we will be funding regional commissioning pilots for looked after children placements in a number of regions building on the experience of the North East.

Blackpool

Blackpool has used market management techniques to get a better deal for residential care provision for looked after children. It has made savings of £400k pa by analyzing the market for residential care provision, designing a ten year market management strategy and engaging with suppliers to establish standard costs.

North Lincolnshire

North Lincolnshire has been working on integrated, multi-agency approaches centred on the needs of the child. They have used this approach to shift the pattern of service provision away from crisis driven responses and towards prevention and early intervention. Strong partnership across professional disciplines have helped placement stability for looked after children rise from 44% to 56% and re-registrations on the child protection register drop from 18% to 11.5%

Contact details: ben.arora@dfes.gsi.gov.uk

For full case studies please visit the Every Child Matters website at <http://www.everychildmatters.gov.uk/strategy/planningandcommissioning/>

Contract Rationalisation in the East of England

The East of England Regional Centre of Excellence along with local Councils with Social Service Responsibilities (CSSRs) and the Department of Health Care Services Efficiency Delivery programme has developed a programme to rationalise the complex contractual arrangements for the delivery of Supporting People services, as the following article explains.

CSSRs provide a range of care and support services, including housing related support funded under the Supporting People programme.

When the Supporting People programme was introduced in 2003, a number of funding streams for housing related support were transferred from Central Government to CSSRs. The CSSRs were then asked to put in place contracts for the delivery of Supporting People services, provided in the main by the independent sector. However, many CSSRs already had contracts for care services with those same independent sector providers. The separate contractual arrangements developed for Supporting People and Adult Social Care mean that, in many cases, providers are currently engaged on different contractual terms and conditions while providing what is essentially a single service to the same service user for the same local authority.

The Contract Rationalisation programme has been set up to tackle this wasteful duplication.

Who is sponsoring the programme?

The [Care Services Efficiency Delivery programme](#) (CSED) will jointly lead this work with Thurrock Council. The Programme Team, based in Thurrock, are jointly funded by the East of England Regional Centre of Excellence, Thames Gateway and the CSSRs in the region.

What does it entail?

CSSRs will analyse their contracting arrangements for social care and Supporting People services to:

- Identify where separate contracts exist for the provision of services to the same service user;
- Agree common terms and conditions and a single service specification for an integrated service;
- Agree the new contracting arrangements with the providers;
- Where appropriate, renegotiate prices and rates; and
- Identify opportunities to procure integrated services;

What support is available?

The regional programme will:

- support 10 local contract rationalisation projects;
- provide local spend analysis and quantification of potential efficiency gains and other benefits;
- support formulation of local strategies to realise those efficiencies;
- enable the adoption of consistent contract documentation and procedures across the region;
- offer skills development, particularly in relation to contract negotiation and contract management;
- facilitate engagement with the market on a regional and sub-regional basis, including negotiation; with providers;
- identify opportunities for collaboration in relation to contracting and procurement;
- report on the efficiencies and benefits delivered;
- highlight opportunities for further efficiencies through subsequent procurement projects.

What are the Benefits?

Anticipated outputs and outcomes include:

- Reduced contract administration costs;
- Alignment of contract processes to enable future joint procurement;
- Standardisation of contracts on the most favourable terms and conditions;
- Negotiated efficiencies with suppliers in relation to the reduced administrative costs and rate; differentials between Supporting People and Adult Social Care services;
- Greater consistency across the region for suppliers leading to more competitive offerings in a better organised and more open market place.

The initial analysis indicates that substantial cash releasing efficiency gains can be expected.

What happens next?

A seminar for key staff is being planned for early August. This will explore in detail the range of help available to each council rationalising Supporting People and Adult Social Care contracts in their area. The programme team will then work alongside each of the councils to plan how best to undertake the work.

Further Information

The Programme Team is based in Thurrock Council. For further information contact:

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Christopher Smith, Programme Consultant on 07887 743 696 or

christopher.smith@value-improvement.net, Chris Kynaston (CSED) on 020 7972 4601 or

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Update from the Regional Centres of Excellence

Run by local government for local government, the Regional Centres of Excellence (RCEs) play an essential role in transforming council services. With a growing reputation for achievement and success, the RCEs are helping councils up and down the country to secure millions of pounds in efficiencies that can be re-invested in front line services.

National news

Latest phase of good deals to be launched

A new programme of On the Money guides to promote good deals to help local authorities reduce their costs and save procurement time is about to be launched.

Published under the Regional Centres of Excellence Procurement Programme, the guides will bring together for the first time details of contracts which are open to all councils and set out prices for certain commodities and services. In this way, councils will be able to compare what they are currently paying with what they could be paying. And because the contracts have been tendered, councils wishing to enter into new arrangements will be able to make substantial time savings by avoiding a lengthy procurement process of their own.

The initiative comes in response to research which has found considerable variations in the prices paid by local authorities for the same commodity or service. And yet deals are already available which would help councils to cut their costs but unfortunately they have not always been aware of these deals or how they can access them – until now.

The first guide published under the programme will promote two framework agreements for translation and interpretation services. More guides will follow over the coming months to promote open contracts for commodities like fuel, print, fleet and IT hardware. Each guide will be promoted in the municipal and buying press and distributed by the Regional Centres of Excellence.

Adult care

Using the social care costing model developed by the **South East** Centre of Excellence (the national lead on adult care), four authorities in the region have evidenced savings of over £800,000 on services for adults with learning difficulties. This works out at an average saving of 13% on prices quoted by suppliers. The model provides a comprehensive breakdown of the individual care package and the accommodation-related costs to enable care commissioners to strike a fair deal for the required service.

The Centre commissioned Crystal Blue Consulting to carry out research into the current picture of commissioning dementia nursing care in the South East. The project contains demographic pressures and profiling up to 2025 alongside an analysis of changing market forces. An executive summary of the study can be found on the Centre's website.

Following a successful stakeholder event earlier in the year, the Centre is discussing with Berkshire Procurement Shared Services Unit and Procure (acting on behalf of the Thames Valley NHS

Procurement Hub) the tender of sub-regional procurement frameworks for dementia care. The frameworks aim to:

- Identify the best deals for local authorities and Primary Care Trusts;
- Safeguard capacity and project demand;
- Consult with private and voluntary sector service providers to identify areas of potential efficiency and promote best practice;
- Improve the transparency and consistency of care home fees by negotiating a sustainable future.

Building on existing regional communications, a South West Adult Learning Disability Services Commissioning Forum has been established. The forum consists of 15 county and unitary authorities, health authority representatives and government agencies from the region. Within the learning disability programme, sub-groups are working on strategic commissioning strategies and best practice, provider modelling (contracts and commissioning), critical path analysis of care planning processes and the financial implications of different outcomes. The regional programme is funded and supported by the **South West** Centre of Excellence.

Children's services

Ten county and unitary authorities in the **South West** expect to achieve higher quality placements and better value for looked after children and for children with special educational needs by joining the Cross Regional Placement Database (CRPD). The database, administered by Hertfordshire County Council, acts as an internet based 'matching engine' to help authorities find residential places. By using the database, local authorities in the region hope to achieve efficiency savings of about £1.25 million over five years. The work to evaluate the CRPD, train staff in its use and provide funding for the initial membership costs was carried out under the Children's Services Programme of the South West Centre of Excellence.

Commodities, goods and services

The **North West** Centre of Excellence has awarded the contract for a regional procurement portal and e-sourcing solution to Due North. The first implementation meetings are planned for the Association of Greater Manchester Authorities and Cumbria. Due North highlighted the new portal at the Centre's recent Bargain Hunt II, an event which showcased around 30 workshops illustrating how the public sector can achieve procurement and efficiency savings.

The Centre also plans to fund a procurement portal and e-auction capability for each sub-region, as required. Councils will be able to purchase a full e-sourcing solution at a reasonable cost under the agreed framework. The portal will include information on suppliers and contracts, tendering templates and e-procurement tools. The move follows research which revealed that almost half of the region's authorities want the Centre to broker or implement a solution for either individual authorities or for sub-regional collaborations.

The **London** Centre of Excellence ran a collaborative e-auction on IT hardware in May which lasted just over five hours, during which time nearly 300 bids were received and resulted in cost reductions of 50%. The initiative involved ten London local authorities, four local authorities from other regions and a NHS procurement confederation from the South West. All costs were covered by the Centre.

In all, the organisations saved over £6.8 million of which £3.8 million was directly attributable to London boroughs. This represents an average saving of £388,000 per authority against current like for like costs. The e-auction was part of a programme of rolling IT hardware e-auctions run by the Office of Government Commerce.

Thirty eight of the South West's 51 local authorities plus the region's fire authorities have registered an interest in taking part in the latest phase (05/06 and 06/07 data) of the **South West** Centre of Excellence spend analysis project. So far, around 30 authorities have submitted their 2005/6 data, which is currently being processed, before being made available to participating authorities. Ultimately, the project will provide three consecutive years of spend analysis data which will give authorities essential information for business case development and procurement improvement.

A recent workshop was held by the **East Midlands** Centre of Excellence to help local authorities identify the greatest opportunities for achieving sustainability in the procurement process. Delegates considered the role of demand reviews, PQQs, specifications, evaluation criteria, whole life costing and supplier development. The workshop was facilitated by Forum for the Future as part of the EU-funded BEST procurement project, the aim of which is to maximise the delivery of social, economic and environmental benefits through public procurement.

Also on sustainability, the **North West** Centre of Excellence Procurement Board has approved a regional work stream on sustainable procurement. Early discussions have been held with other regional agencies working in this area, such as Envirolink, Groundworks and the North West Development Agency. The Centre is also linked to the national agenda on this topic.

Corporate and transactional services

The **East Midlands** Centre of Excellence recently hosted a telecoms workshop in association with Azzurri and ttmobiles to explore the opportunities for quick win financial savings in fixed-line and mobile telecoms. Delegates discovered how best to manage their telecoms costs, improve on existing efficiencies and how to get better returns on local authority telephony investment, courtesy of Azzurri. Both Northamptonshire and Derbyshire County Councils presented case studies on their telecoms projects, while ttmobiles discussed how to identify cashable savings on mobile telephony and to ensure local authority compliance with strict VAT requirements on calls.

The **Yorkshire and the Humber** Centre of Excellence (the national lead on corporate and transactional services) reports that the VOCA electronic payments project is entering an important phase. The final self assessment direct debit framework has been published in May's edition of Insight, the Institute of Revenues Ratings and Valuation's (IRRV) magazine. The framework identifies three levels of billing – minimum, progressing and excellent – across five strands of activities of direct debit administration. Using the framework, authorities can assess their progress and set manageable targets for higher achievement.

To highlight the scope for savings, a study has found that councils in the **North West** are missing out on the chance to make significant efficiency savings on their council tax collections. A report by VOCA, commissioned by the DCLG, has revealed that the scope for annual anticipated efficiencies for the region is around £1.54 million.

Following two years of hard work, the London Authorities' Mutual Limited (LAML) is now live, with two of the ten founding authorities, Brent and Harrow, having placed their insurances on 1 April. Funded

and supported by the **London** Centre of Excellence and project managed by the London Borough of Croydon, LAML is a UK public sector first. A registered company established from scratch, it is owned by its member local authorities, and regulated by the Financial Services Authority as an authorised insurer. It has been established by London authorities for London authorities – it is governed by a Board of Directors drawn from London borough directors of finance – so the company is able to offer a better service with discounts of up to 15% lower than its rivals.

The **East Midlands** Centre of Excellence recently held a shared services workshop to disseminate best practice, improve service outcomes and look at how shared services can contribute to 2007/08 efficiency targets. Developed in partnership with Liberata, the workshop explored how an integrated approach to public sector assets, combined with a citizen-driven approach to services, could deliver real efficiency and cost savings by:

- Reducing the duplication of cost and activities across public sector bodies;
- Maximising the use of physical assets through flexible and mobile working;
- Reducing service costs by making them more efficient from end to end.

In association with The Bridge, the **North East** Centre of Excellence is offering local authorities in the region the opportunity to undertake an independent review of a partnership to ensure that it is delivering its objectives. The review aims to strengthen partnerships by helping them to deliver their objectives, help organisations to work better together and to plan for the future. It takes the form of a series of diagnostic interviews with partner organisations, the results of which are analysed and then discussed at a workshop with all partners. An action plan is then developed to address any identified issues. The health checks are carried out by the Centre and action plans are confidential.

Environmental services

Three of the top ten recyclers in the country are from the **East Midlands** and the region has the second highest rate of recycling. To build on this performance, 24 local authorities responsible for waste attended the first East Midlands Local Authority Waste Network on 27 June in Nottingham. The event has the full support from the Local Authority Recycling Advisory Committee and the various regional agencies.

The **South East** Centre of Excellence has relaunched the Waste Information Network (WIN) to keep pace with a continually changing environment. The new and improved website offers a new design with much easier navigation, an improved search function, a new document browser and a new section on waste management networks. Since its launch in 2006, over 400 users have registered. To see the new improvements, visit www.win.org.uk

Productive time

A project leading the way in the use of mobile technology is being funded and supported by the **North East** Centre of Excellence. Led by Newcastle City Council, the project was successfully piloted last year and involves the provision of handheld computers (PDAs) to front line repairs and maintenance staff. Benefits of the project include reduced overheads such as administration costs and fuel rationalisation and less tangible benefits such as worker empowerment, job enhancement and satisfaction and improved customer satisfaction. The lessons learned will be shared in a case study in the coming months.

Training and development

The **North East** Centre of Excellence has provided a successful pilot programme of training in procurement and change management to the region's local authorities. Courses were rated very highly with an average of 83% of attendees saying that they were either good or very good. Consequently, commissioning a future programme of 25 procurement-related and 15 change management courses is underway. They will be delivered between September 2007 and February 2008 and it is expected that courses can be booked online from late July.

The **North West** Centre of Excellence reports that a placement scheme between Merseyside Fire and Rescue Service and Liverpool John Moores University has been so successful that it is being copied in other areas of the region. For the last two years, the Fire Service has offered year-long work placements to students from the university's business school. The students work in the purchasing department and carry out a wide range of professional purchasing activities. Lancashire Fire and Rescue Service and North Shropshire District Council are now following suit with local universities. The scheme is believed to be unique within the fire services and in the public sector and supports the National Procurement Strategy.

Meanwhile, the **Yorkshire and the Humber** Centre of Excellence reports that a second university accredited course on Transformational Government started in April. The course, arranged in response to the success of the first course, will be delivered by Damian Dewhirst, Associate Director at Grant Thornton UK LLP.

General news

The **North West** Centre of Excellence's director of modernising services, Miranda Carruthers-Watt, has left to take up the post of Chief Executive of Lancashire Police Authority. North West e-Government Group programme manager Phil Swan has taken over Miranda's role, leading on shared services. Miranda has also relinquished her role as senior advisor to Government Connect.

Under the theme of transformational government, the **Yorkshire and the Humber** Centre of Excellence held a successful event to roll out the lessons learned from its funded projects in the region. Project leads provided presentations focusing on project methodology, problems encountered, how these problems were overcome, efficiency savings achieved and what if anything they would have tackled in a different way. The presentations can be found on the Centre's website and a second lessons learned event is being planned to focus on social care.

Focus on the East of England RCE

Building of strong stakeholder relations and a growing awareness of the opportunity presented by collaborative working are amongst the reasons for record levels of demand for support from the East of England Regional Centre of Excellence in 2007/08.

As the Centre enters into its final year in its current format with a project investment fund available for 2007/08 of approximately £728k, bids were sought from Councils across the East of England for projects capable of completion before the end of March 2008. In response, the Centre received 29

bids with a total value in excess of £2m, the majority of which were of a standard high enough to meet the Centre's published criteria for support.

This is the first year that demand has so far exceeded supply in this manner. We believe a number of factors led to this situation

- A significant culture change in councils' approach to efficiency/service improvement, driven by their own aspirations on behalf of their citizens and the potential impact of the Comprehensive Spending Review 2007, including the latest efficiency target of 3%, cashable, efficiency savings year on year.
- The stated efficiency targets contained in councils own Annual Efficiency Statements (forward looking) and the challenges faced by individual councils in delivering such efficiencies.
- A growing awareness that collaboration and sharing presents an opportunity, not a threat.
- Awareness of and confidence in the ability of the Centre to assist in the identification and delivery of significant efficiency/effectiveness opportunities.
- Clear and focussed strategic direction, support and challenge from the Centre's Management Board and Elected Member Advisory Group.
- The very real and sustained efforts of the whole RCE-East team to build stakeholder relationships with Chief Executives, Service Managers and Elected Members regionally and nationally.

David White, Chief Executive of Norfolk County Council and Chair of the RCE-East Management Board said:

"I believe the number and quality of new bids received is evidence of the positive attitude growing within local government towards collaboration and shared services as the means to drive efficiency and a recognition of the Regional Centre of Excellence's role in supporting and guiding local authorities in the region to achieve their targets".

In consequence, however, the Centre's Officers and Management Board were faced with some exacting decisions - but the result is an exciting mix of brand new projects and further funding for ongoing projects to see them through the implementation and delivery stage to the achievement of real efficiency gains.

Projects include:

- The St Edmundsbury Public Service Village, which is an exciting programme utilising the opportunity of a major office construction and relocation project to drive cultural change and service integration objectives. It was one of 16 chosen projects highlighted under the recent Front Office Shared Services research programme conducted by Communities and Local Government, Cabinet Office, Improvement and Development Agency and Local Government Association. Further funding for Phase 3 of the project has been agreed. This will support the change management work partner authorities will need to undertake to support the cultural changes necessary for a successful outcome from frontline integration between the different functions and services.
- SMARTE-East, a unique collaboration of local authorities in the East of England which has developed a new strategy for the regional procurement and delivery of schools and other construction projects, has been successfully established with sponsorship from the RCE-East.

Following on from this the Eastern Regional grouping of the Association of Chief Corporate Property Officers in Local Government (COPROP) has been awarded funding from the Centre for two further

projects.

Firstly to develop the SMARTE-East procurement consortium and use it to procure a partnership based framework contract for project management services available across the Eastern region.

Secondly to develop a regional Local Education Partnership for the delivery of Building Schools for the Future for all local authorities in the region that will accelerate the schools reconstruction programme with potential savings in excess of £100m for the region. The East Midlands Centre of Excellence has also expressed an interest in this project and the possibility of collaboration between the two Centres is currently under consideration.

The RCE-East has always put a high priority on social care issues and is continuing this with support for the following projects:

- Adult care procurement: to complete work on a care costing model and produce a standardised toolkit for adult care procurement, including standard contracting documents.
- Contracts rationalisation: rationalising contracts between the Supporting People and Social Care service areas in the region (further details available [above](#)).
- Developing and piloting a regional strategic commissioning toolkit and training modules: to develop a regional framework for use within different organisational cultures to help staff meet the challenges in implementing strategic commissioning projects with social care and corporate procurement colleagues.
- Community meals provision in Hertfordshire: The implementation phase of this project establishing a Social Enterprise Organisation for managing, delivering and commissioning community meals across the county.

Shared Services are high on everyone's agenda and the Centre has agreed to fund three such projects and recommend a fourth for joint funding with Building Capacity East (the Regional Improvement Partnership in the East of England):

- Norfolk Shared Services project will look at ways for the County Council, District Councils, Health Authority, Police and the Broads Authority to share support services in Norfolk.
- The implementation of shared financial services across 4 district councils in Cambridgeshire.
- Development of procurement shared services with Peterborough City Council and Cambridgeshire County Council.
- Design guide for sharing corporate services which is being recommended for consideration as a joint funded project with BCE.

In addition ongoing support is being given to the 'Collaborative approach to Highways Management and Maintenance' work being carried out by Norfolk County Council, Suffolk County Council and the Highways Agency.

The Centre is venturing into new territory with the following:

- Trading Standards Business Advice East. All Trading Standards authorities in the East of England will review, consult on and assess current provision of advice to businesses in the East with a view to eradicating duplication of effort, plugging gaps in provision where they exist and avoiding bombarding business with information they do not require.
- A regional term maintenance framework contract covering building, mechanical and electrical maintenance and installation.

- Coastal Protection Partnership feasibility study. Pressures on coast defence services have increased substantially in recent years in consequence of the effects of global warming, together with erosion resulting from natural coastal processes. Authorities in Norfolk and Suffolk will be looking at a shared service approach which will provide a more robust, efficient and effective service than that which presently exists.
- INTRAN - Interpretation and Translation Framework. Develop the existing INTRAN framework, widely used within local authorities in Norfolk, for expansion to public agencies outside of the county, eg other local authorities, Police, Primary Care Trusts, and Healthcare Trusts.
- Implementation of a Supplier and Collaborative Portal for Essex acting as an Eastern Regional pilot. The aim is to improve communication with potential suppliers and reduce bureaucracy and duplication which can act as a barrier, particularly for Small and Medium Enterprises (SMEs) and Voluntary and Community Organisations (VCOs) when bidding for public sector opportunities.

This coming year will also see many ongoing projects coming to fruition and the Centre will be busy tracking actual efficiency gains emanating from both old and new projects.

If you require further information on any of the above, please contact, Michael Worrton, Regional Director on 07879 432375 email: michael.worrton@norfolk.gov.uk

Focus on West Midlands RCE

The West Midlands Centre of Excellence's major regional Business Improvement Initiative was formally launched in May. This is a joint funded initiative with the regional Capacity Building Fund and its purpose is to provide regional support for process improvement and a framework for collaboration and shared learning.

Since April 2006 the Centre of Excellence in the West Midlands has been an integral part of the West Midlands Regional Improvement and Efficiency Partnership (the first region in the country to achieve this). The Partnership brings together the Centre of Excellence, the Regional Improvement Agenda/Capacity Building Fund, and the regional E-Government Group into one integrated framework. All the key support staff for these activities are co-located in the Regional Partnership Centre and there is an increasingly integrated approach to staffing, resources, branding and identity, and customer service. The Partnership produced its first joint Business Plan in April.

The joining up of the efficiency and improvement agendas is starting to have many tangible benefits which are becoming increasingly apparent. There is the ability to:

- Allocate resources across initiatives and authorities in a joined up way and to co-fund major projects across different funding streams;
- Develop more effective relationships with the region's 43 local authorities and fire and rescue services;
- Provide a single point of contact for customers;
- Increase awareness of improvement and efficiency activities through joint branding and identity.

In terms of key areas of work, a number of important developments have recently taken place on the **Procurement** front. These include:

- The launch of the West Midlands Procurement Hub which provides a core source of knowledge and information sharing for the Region's procurement community. In particular it contains a developing register of contracts that are open to authorities in the region to share and utilise;
- The region's Bargain Hunt in early May was a huge success with well over 100 attendees and opportunities for efficiencies of over £50m within the region on display;
- Regional commodity groups now established and operating for Home to School Transport, Postal Services and Insurance Services, with more commodity groups in the pipeline focussed on achieving savings from better procurement.

The West Midlands' exciting **Business Process Improvement (BPI) initiative** was very successfully launched on the 10 May 2007 to approaching 100 'change agents' within the region. The morning showcased the valuable learning that is coming out of the National Process Improvement Project (NPIP). There was a keynote address by John Seddon from Vanguard on the Lean Approach to Process Improvement. This was then followed by an overview of how the regional initiative is developing and feedback from regional authorities.

The Local Government White Paper highlights the importance of Business Process Improvement and the government has recently published a Business Improvement Package (BIP) to support this priority. The West Midlands initiative reflects the national approach and operationalises it at regional level. The West Midlands approach is broadly based and its objectives are to:

- Create a regional framework to share knowledge and encourage collaboration around transformation through the development of the regional Business Process Improvement (BPI) resource project
- Provide a flexible framework of support to help authorities respond to the transformation agenda
- Encourage the development of shared services through collaborative working on process improvement, provide catalytic support to smaller shared service initiatives and extract the learning and transferable experience from funded projects

Key elements of the initiative include:

- Identification of a lead 'change agent' in each regional authority that the project will work with and support;
- Signposting to the extensive Regional Centre of Excellence and Business Improvement Package libraries of materials available to support different elements of process improvement and the management of transformational change;
- Support for a regional communities of practice network;
- Provision of regional training on 'Lean' Systems Thinking and Managing Successful Programmes (MSP);
- The establishment of a regional support team that will work with individual authorities to support process improvement and share best practice;
- Encouragement and support for authorities in the region to utilise the Business Improvement Technique (BIT) which supports teams to work together to improve a key process they are all involved with;
- A planned programme of initiatives to encourage collaborative working on process improvement in key service areas.

Levels of buy in and support from within the region are very positive.

In terms of other key regional priority areas, some key developments very briefly include:

- Regional work on **Waste** markets is developing rapidly and a very successful regional initiative 'Waste is Money' summit was held earlier in the year. The full report from this day can be viewed [here](#)
- In **Children's Services** the regional commissioning project is developing a highly innovative approach to improving the management of the regional market for children's placements. A major initiative to support workforce development in children's services within the region through a common induction process has also recently been agreed.
- To support **Corporate Improvement** a number of important regional projects funded through the CBF are under development including a regional recruitment portal, and major initiatives around 'a regional coaching pool', and an LAA Support Programme.

For more information on the work of the Centres access their websites (details at the end of this newsletter) or contact them through our national website gateway www.rcoe.gov.uk

News Round Up

Place Shaping: A Shared Ambition for Local Government

Sir Michael Lyons has published the final report from his independent inquiry into the future role, function and funding of local government.

Entitled *Place-shaping: a shared ambition for the future of local government*, the report argues that local government's 'place-shaping' role, i.e. using powers and influence creatively to promote the well-being of a community and its citizens, is crucial to help improve satisfaction and prosperity through greater local choice and flexibility.

Sir Michael calls for a new partnership between central and local government based on changes in behaviours from all tiers of government to achieve a stronger

relationship. He calls on central government to leave more room for local discretion and recognise the value of local choice; while local government needs to strengthen its own confidence and capability, engage more effectively with local people, make best use of existing powers, and stop asking for central direction. He also concludes that council tax is not 'broken', but is seen as unfair and has been put under too much pressure.

Sir Michael's short term recommendations include:

- Greater flexibility for local authorities to place-shape with less control from the centre. This should be achieved by reducing specific and ring fenced grants, creating a new power to levy a supplementary business rate in

consultation with business, a new power to charge for domestic waste to help manage pressures on council tax, and an end to capping of council tax;

- Changes to improve fairness of council tax, recognising that council tax benefit is a rebate, automating the system to ensure £1.8 billion in unclaimed benefit helps the poorest households, and raising the savings limit for pensioners to 50,000 pounds;
- Improving transparency in the funding system by being clear about the contribution made by national taxation, and ensuring a more independent voice to inform Parliament and the public; and
- Improving incentives for local authorities to promote economic prosperity and growth, initially through reform

of the Local Authority Business Growth Incentives Scheme.

In the medium term the Government should:

- Revalue council tax to update the tax base and improve fairness; and at the same time, reform council tax by adding new bands to reduce bills for those in the lowest value properties. This should be paid for by increased bills for those in higher value properties paying more - there should be no increase in average council tax bills as a result of this;
- Consider assigning a fixed proportion of income tax to local government;
- Find ways to improve the incentives within the grant system; and
- Consider introducing the power to levy a tourist tax if local government makes a strong case based on local public support - this would be appropriate only in some areas.

In the longer term, future governments could consider more radical reform options such as local income tax or re-localisation of the business rate, but these reforms may require greater public support and understanding than currently exists.

Place-shaping: a shared ambition for the future of

local government is available on the [Lyons Inquiry website](#).

Lyons Inquiry, 21/03/07

2008 Use of Resources Consultation

The Audit Commission has published for consultation its proposed changes to the key lines of enquiry for the 2008 Use of Resources assessments for single tier, county and district councils.

The consultation includes details of several issues and policy priorities included in the Local Government White Paper that are likely to form part of the new Comprehensive Area Assessment to be introduced in 2009. The Commission is proposing to give more emphasis to these issues in 2008 to avoid too big a change the following year, and to give councils time to plan and manage their response. The document also recognises the improved Use of Resources performance by Councils and includes new raised standards.

The consultation document can be viewed in full on the [Audit Commission website](#).

Audit Commission, 26/04/07

4ps Guide to Competitive Dialogue

4ps has published a guide designed to help local authorities to understand the competitive dialogue process.

The guidance aims to explain to local authorities how the competitive dialogue process works and provides advice on how to conduct dialogue with bidders to agree best value solutions. The guidance takes authorities through the various stages of the process including:

- Pre-qualification;
- The suggested stages of the dialogue process;
- Selecting a preferred bidder;
- Achieving financial close.

The guidance can be viewed in full on the [4ps website](#).

4ps, 25/04/07

Local Government Workforce Consultation Launched

Local Government Employers (LGE) has launched a consultation into all aspects of improving workforce conditions and challenges over the next ten years.

Delivering a rewarding future: an approach to pay and benefits in local government in the 21st Century, examines how

local government needs to move towards employment structures that will enable the sector to adapt to the changing demands on its workforce, and promotes new approaches to rewarding individual members of staff. This will run alongside a second consultation, conducted jointly by LGE, the Local Government Association (LGA) and the Improvement and Development Agency (IDeA). The consultation, entitled *Delivering through people: big challenges, big questions*, explores how to involve the workforce in change, improve performance and attract and retain talent.

Responses will be used to inform the priorities for the workforce aspects of the new National Improvement Strategy which will be published later in 2007.

Both consultation papers are available on the [LGE website](#).

LGE, 14/05/07

Report on Community Asset Management Published

Communities and Local Government has published a report examining the function of community management and ownership of assets.

The report, by Chief Executive of Lewisham Council Barry Quirk and entitled *Making Assets*

Work, concludes that transferring assets to communities helps to meet local priorities more effectively as well as creating a more empowered community with greater civic spirit. The report also concludes that there are no substantive barriers to prevent councils from transferring assets into community management or full ownership but many local authorities are unaware of the powers available to them.

The review includes details of a number of case studies where transferral of assets has improved the well-being of communities. The report can be viewed in full on the [Communities and Local Government website](#).

In response to the report, Local Government Minister Phil Woolas has announced an action plan designed to encourage councils to transfer assets to community management in order to make services more responsive and encourage community spirit.

The plan includes six steps:

- A new £400,000 challenge for councils to become one of twenty pilot areas that will transfer up to forty key assets from local authorities to community organisations;
- Access to a £30m Cabinet Office Community Assets fund to support community-

led organisations in owning and running buildings, to be managed by the Big Lottery Fund;

- New guidance to be issued to all local authorities to help them identify proactively all assets that community organisations could run;
- New training programmes for community organisations and local authority officers;
- A new drive to promote powers available to residents to call for assets to be devolved;
- Greater collaboration between financiers.

The plan can be viewed in full on the [Communities and Local Government website](#).

CLG, 15 & 22/05/07

Improvement Through Innovation Report Published

The Audit Commission has published a report designed to help local authorities and fire and rescue authorities to consider innovation as a means of achieving sustained performance improvement.

The report, entitled *Seeing the Light: Innovation in Local Services*, aims to provide practical advice and support in order to foster an environment within authorities where innovation is developed and managed

effectively. Other areas highlighted in the report include:

- Identifying service areas where aspirations are high but service levels are low as these are the ones most in need and most capable of innovation;
- Managing the inherent risks that are involved in implementing innovative solutions;
- The four stages of innovation - identifying opportunities; embedding creativity; taking well-managed risks; and sharing innovative practice.

The report includes a number of case studies where innovation has been used to improve performance, increase democratic engagement and provide better value for money. The report can be viewed in full on the [Audit Commission website](#).

Audit Commission, 16/05/07

Work in Progress: Improving Resource Management to Deliver Better Public Services

The National Audit Office (NAO) has announced details of a study which follows up the 2003 report *Managing resources to deliver better public services*.

The study will examine the progress that has been made by central government

departments since the 2003 report in improving the management of their resources and what more needs to be done to improve value for money.

The report will look at a number of elements that can contribute to the more advanced use of financial information to inform robust in-year decision-making about resource allocation. These include:

- The quality, timeliness and presentation of financial management information;
- The use made of financial management by the board and budget holders; and
- The level of financial skills amongst both finance and non-finance staff.

A report is expected in spring 2008.

NAO, 29/05/07

Developing the Local Government Services Market: Working Papers Published

Further to the publication of the *Developing the local government services market to support the long-term strategy for local government* report, produced by PricewaterhouseCoopers LLP on behalf of Communities and Local Government (CLG), the Department has published a

further four working papers on specific market sectors.

The latest reports cover neighbourhood and streetscene services, leisure services, shared services, and technology and transformational services. Specific issues highlighted in the papers include:

- Neighbourhood & Streetscene services – Development of fence-to-fence solutions directed at liveability outcomes, through a sensible balance between economies of scale in contracting and locally tailored services, and encouraging a more diverse supply base.
- Leisure services – Encouraging participation and health outcomes through new models of commissioning and delivery from a more diverse supply base, for example based upon developing mixed use facilities providing community, education, health, and leisure services; and ensuring access for key target groups. This would require local government taking on a more strategic role and therefore exploiting the full capacity of the wider leisure market by focusing upon capacity planning and facilitation and focusing resources on the needs of, and increasing access for, target groups – for

<p>example, within the context of the healthier communities agenda.</p> <ul style="list-style-type: none"> • Shared Services - identified a number of different models for sharing services, embracing a number of collaborative scenarios, degrees of integration and diverse opportunities from ICT, public libraries to regulatory services. • Technology and transformational services – exploiting economies of scale and at the same time encouraging competition and innovation within the market (including public-public as well as public-private partnerships) which brings about a sensible balance between efficiency and service 	<p>transformation outcomes.</p> <p>Previous papers have been published on asset management and construction services, with the remaining papers on waste management; local transport; planning & regulatory services, local authority syndication and trading; and the potential of the third sector expected in the near future. All published papers can be accessed on the CLG website.</p> <p>PwC was commissioned in 2004 to undertake a study into the future development of the local government services market with the specific objectives to:</p> <ul style="list-style-type: none"> • Assess the levels of market effectiveness 	<p>across a range of Local Government sectors;</p> <ul style="list-style-type: none"> • Identify the potential future development challenges and opportunities facing key markets; and • Provide an overview of the key strategic issues relevant to Government, local government, and the supply community in further developing the market as a whole. <p>The overall conclusions from all the working papers were published in the <i>Developing the local government services market</i> report, which is available on the CLG website.</p> <p>CLG, May 2007</p>
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4ps – Standardisation of PFI Contracts

Rob Hann, Legal Director at 4ps, explains how the Standardisation of Private Finance Initiative (PFI) Contracts (SOPC) 2007 Version 4 will help local authorities achieve best value from PFI projects as well as saving both time and money by simplifying the PFI process.

PFI is working in local government. During the 10 years that PFI has been a procurement option for local government nearly 300 projects have been approved for PFI funding. There are now over 175 signed projects and 150 operational PFI projects and overall some £19bn of resources have been made available to local authorities to 2007/08.

A major part of the success of PFI has been the development of guidance and contractual drafting which sets out the core principles and wording for all PFI schemes. This guidance is known as the Standardisation of PFI Contracts ('SOPC'). Earlier this year HM Treasury announced the latest version of these contracts – SOPC4. It is essential that all local authorities are aware of these new developments before embarking on a PFI project.

The new standardisation of PFI contracts introduces a number of new requirements to the PFI process and incorporates previously issued guidance. These new chapters have been added

following changes in procurement law, for example, the competitive dialogue process. The experience and lessons learned from operational PFI projects have also been taken into account as well as the new options and approaches which have developed in the market since SOPC was first published in 1999, such as the potential for bond issues or other forms of financing.

The changes to the SOPC are in response to calls from public authorities and other parties to improve the PFI process. Concerns have previously been expressed that long term PFI contracts were inflexible and therefore unable to adapt to changing circumstances. 4ps was one of the organisations which raised concerns about the rigidity of long term contracts. A HM Treasury report published last year also identified that public authorities need greater choice to make decisions on future service provision where they intend to sign long term contracts.

The SPOC4 effectively addresses all these concerns. The changes to the standard PFI contracts (SOPC4) and the benefits these new measures will bring to local authorities embarking on PFI projects should be welcomed. 4ps are encouraged by the introduction of measures to improve the flexibility of these contracts. Local authorities will now have an option to terminate a PFI contract at break points throughout the project if a provider is unsatisfactory. This has obvious benefits for both authorities and the public in maintaining high quality public services.

One area where SOPC4 provides new guidance is PFI payment mechanisms, outlining that payment mechanisms should deliver value for money and effectively incentivise the contractor to efficiently deliver the service specified. Changes in Service throughout the term of a PFI contract is also an area of SOPC which has undergone major amendment. Instead of standard drafting which was contained in earlier versions, the new guidance signals a change of approach and recommends the development of 'change protocols' which each market sector will need to develop. Standard forms of change protocol will, when developed, take account of factors such as who originates the change, the phase of the project (construction, operation, steady state etc) that the change occurs in and its size or scale in relation to the project.

Contractors will need to be properly resourced to provide an efficient change management process and will be evaluated during the bid phase as to their ability to deliver efficient change through the processes outlined. Under the competitive dialogue process, contractors will be expected to build in flexibility for anticipated and unanticipated changes over the term of the contract. Overall the publication of SOPC 2007 is a welcome and timely contribution to the PFI market. These changes should not only help local authorities achieve best value from PFI projects but should also simplify the PFI process, saving authorities both time and money.

We are pleased that the Treasury has responded to local authorities' experiences of PFI. 4ps will be working to help local authorities understand how the changes will impact on their PFI projects. We are developing comprehensive procurement packs and model contracts which will be conformed to SOPC mandatory drafting (or will include approved derogations where appropriate) and these will be available from 4ps web site when completed.

This will make procurement of complex local government PFI projects quicker and cheaper and will greatly assist local authorities and bidders alike to navigate the as yet largely uncharted territory of competitive dialogue saving time and money for all involved.

4ps is the local government's partnerships and project delivery specialist. For more information about 4ps please go to www.4ps.gov.uk.

Case Study – Harlow Council and Kier Support Services Limited

Chief Executive of Harlow Council Malcolm Morley examines how the partnership between the Council and Kier Support Services Limited is helping to deliver significant improvements at a lower cost.

In June 2004 Harlow Council was categorised in its Comprehensive Performance Assessment as 'Poor'; one of the worst Councils in the country. Now it is at the cutting edge of developments in local government and has delivered major improvements in performance whilst reducing costs.

The District Council's element of the Council Tax rise last year was 2.9% and this year is 1.9%. Last year it was the only Council to receive two 'Excellent Prospects for Improvement' from Best Value Inspections. In 2005/06, 76% of its Direction of Travel Best Value Indicators were improving compared to a national District Council average of 58%. 30% were in the top quartile.

As the newly appointed Chief Executive with private sector experience I saw an opportunity for the Council to gain value from its strategic location, its skills base, its physical assets and its guaranteed cash flow from a contract for the provision of services. I also saw the role that a more entrepreneurial approach to service provision to its customers could support the strategic, cultural, resource allocation and performance management change initiatives introduced to transform the Council.

The approach developed was a Joint Venture Partnership Company where the Council has a minority equity stake but retains a 'Golden Share' to enable it to manage its risk profile. This approach means that not only will the performance and value for money of its core services be significantly improved but also that it will share in the success of the company as it gets third party business.

The company, Kier Harlow Limited, went live on 1 February 2007 with the TUPE transfer of approximately 400 staff. The initial £130 million + core contract covers housing repairs and improvements, building maintenance, street scene services and grounds maintenance. The partnership has already illustrated performance improvement with housing void repair turnaround times reduced to below ten days. It will generate multi-million pound savings for the Council.

The local economy is being supported through sourcing materials locally. A trade academy for construction skills is being created in partnership with Harlow College. Kier and the Council share a vision for the future success of the business and Harlow's role.

Harlow is to be used as a hub to obtain new third party contracts and to service those contracts using its strategic location. The Council has also developed an innovative way to streamline the procurement process for considering the options for the award of capital works.

Business cases can be developed by the company for specific categories of work that illustrate competitiveness in the marketplace. After evaluation of the business case against market benchmarks, the Council has the option of either accepting the business case and awarding the contract or going out to tender in the marketplace. This innovative approach, developed with Elizabeth Cooper of Nabarro and Michael Kitts of PricewaterhouseCoopers LLP, provides the opportunity to save time and money in the procurement process whilst ensuring value for money.

The Council is now developing the joint venture approach to other service provision and hopes that other Councils and other public sector organisations will join it to seek to further transform the performance versus cost equation.

Further details regarding the contents of the article can be gained from e-mailing me at malcolm.morley@harlow.gov.uk

Case Study – Cambridgeshire and Northamptonshire Shared Services

Cambridgeshire County Council and Northamptonshire County Council share a joint vision of providing a best of breed transaction processing service tailored for Local Authorities. They are already well on the way towards this vision by developing a programme to implement a shared system and aligning their business processes to an agreed standard.

Cambridgeshire County Council has been using Oracle e-business suite – Financials, Human Resources, Property Manager, Procurement and Payroll – for seven years and has made considerable investment in making the suite a really effective infrastructure for their Corporate Services. This is a contributing factor towards the year on year improvement in their scores in the Use of Resources block of the Comprehensive Performance Assessment. Mike Parsons, Deputy Chief Executive for Corporate Services says: “Many of the projects usually identified as ‘quick wins’ to make savings have already been implemented. There are certainly some processes we could make more efficient but that would not deliver the level of cashable savings we needed. We had to consider a radically different approach to find these savings.”

Northamptonshire County Council has embarked on a major transformation programme designed to deliver service improvements and efficiency savings right across the Council. Implementing an integrated suite to support their Corporate Services is a major part of this programme and underpins many of the savings that they are seeking. Northamptonshire’s Director for Business Support, John Neilson, said: “This seemed a real opportunity to avoid reinventing the wheel – sharing infrastructure and processes could mean that both authorities made savings and improved performance.”

The two Councils, together with Fujitsu who is supporting both authorities, are now designing and implementing a shared instance of the Oracle e-business suite and are working together to agree a set of business processes which will form the basis of a standard Local Authority shared service. The programme has a joint Programme Board, joint Programme Director and weekly meetings monitor progress against the programme plan.

The Councils should be sharing one instance of the e-business suite by September – and are currently developing the commercial model for offering a Local Authority transactional processing service to support their joint vision. The idea of a commercial model particularly interests them as it offers the possibility of sustainable savings by aggregating scale with future customers. Their future vision would develop a pioneering new business model for local government to deliver a truly transformational service.

The programme has a long way to go – but already working in partnership has proved beneficial . Officers from both Councils meet regularly and have developed a real enthusiasm for developing the best possible corporate processes to support a modern Local Authority. Both authorities are keen to draw on experiences across the public sector to make sure what they build will offer the best possible service for other local authorities. The next few months will see them beginning to network with other councils to explore future opportunities – so be prepared for exciting times to come!

If you would like to know more contact Caroline Stanger, Joint Programme Director, on 07766 077746 or e-mail at carolinestanger@stangerconsultingltd.co.uk.

Making Risk Management Work

David Webb and Andre Katz of PricewaterhouseCoopers LLP outline the concept of 'risk maturity', a term for matching risk against capability, and its relevance and to the public sector and the efficiency agenda.

As the Spending Review '04 (SR04) efficiency programme finishes and Comprehensive Spending Review 2007 (CSR07) begins it is important that the public sector seeks to avoid the kind of preventable failures that it has suffered in the past – however, there is a risk that loss of key programme staff may put achievement of some gains under threat.

Failures have occurred even where there are comprehensive risk management frameworks and policies in place. A common cause of this is failing to match the risk management framework, delivery processes and support to the current capability and engagement of the organisation: *Risk Maturity*. Understanding risk maturity provides a number of benefits:

- Risk management frameworks can be matched to capability;
- Processes and structures can be designed to support the current level of engagement;
- A basis for improving and embedding risk management is provided.

The Office of Government Commerce efficiency team evidenced the improvement of the public sector's ability to manage risk, understand their capability and then engage more comprehensively with risk management when it moved from creating lists of "top risks" to risk profiling and assessing the impact these risks could have on the delivery of efficiency gains.

The diagram below is an example of a risk maturity model. This model focuses on organisational elements, including the ability to manage risk corporately and not just locally. The elements needed early appear in the first columns. There are a number of other models, including that developed by HM Treasury.

Maturity Level	Maturity Elements						
	Senior Management commitment	Middle Management drive process	Central support team in place	Business Unit RM infrastructure in place	All Business Units fully participating	Risk management supports decision making	Aggregate risk managed across organisation
Level 1	Minimal	Minor	No	No	No	No	No
Level 2	Partial	Partial	Driver	No	No	No	No
Level 3	Significant	Yes	Growing	Partial	No	No	No
Level 4	Substantial	Yes	Stable	Most	Partial	No	No
Level 5	Full	Yes	Shrinking	Yes	Most	Partial	No
Level 6	Full	Yes	Supporter	Yes	Yes	Yes	Yes



Matching the risk management framework to an organisation’s capability ensures users can understand and apply the selected methodologies. At low levels of maturity, simple concepts are needed, such as checklists to support risk identification and simple risk assessment matrices. As the organisation becomes familiar with risk management, more powerful methodologies and concepts can be introduced, for example; Control Risk Self-Assessment (CRSA) workshops and process risk assessment.

A key objective of many organisations is to embed risk management in their day-to-day business. This is usually achieved when line managers become the “drivers” for the programme, rather than the risk managers. This is usually achieved at level 4 or 5 in this model.

A level 1 organisation is often characterised as “fire fighting”, when a risk is recognised, measures to control it are put in place but there is no pro-active risk management. Conversely, level 6 organisations are using risk to help drive performance, they will use risk management to find ways of exceeding plan. Organisations seeking to go beyond their SR04, or CSR07, targets should aspire to level 6.

Assessing and understanding risk maturity provides a basis for risk improvement plans. Understanding and using risk maturity to influence the design of your risk management programme helps ensure your risk management programme will work. And, of course, improving risk maturity improves the efficiency of risk management.

For further information please contact [David Webb](#) and [Andre Katz](#) of PricewaterhouseCoopers LLP – both formerly Head of Risk in the Office of Government Commerce Efficiency Team.

Knowledge Source – CIPFA’s Nearest Neighbours Model

The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Nearest Neighbours Model provides a means of measuring the similarity between local authorities and finding which are the most statistically similar for benchmarking or other comparative exercises. The following article outlines the basics of how to use the tool and where it can be found.

The Nearest Neighbours model was developed to allow local authorities to compare themselves to one another using a variety of indicators and to return a list of the authorities that, based on the indicators selected, are closest in ‘statistical distance.’ The model aims to ‘adopt a scientific approach to measuring the similarity between authorities’ taking a wide variety of issues into account.

The indicators used to generate this distance are chosen from a list by the user and include:

- Population, including the percentage of population within a specific age range;
- Household statistics including percentage of households with more than one person per room and percentage of households with less than four rooms;
- Unemployment and housing benefit statistics.

These indicators are then compared against other authorities from the comparator classes defined by the user which include London Boroughs, Metropolitan Districts, Unitary Authorities and Non Metropolitan Districts. Once requirements are submitted the model generates a ranked list of the most similar authorities giving a numerical ‘statistical distance’ showing which are the ‘nearest neighbours.’

The results are useful to provide a basis for any comparative studies of local authorities and are particularly resonant when placed alongside Comprehensive Performance Assessment scores.

The tool can be accessed on the [cipfastats website](#). Registration is required, although the tool is free to use.

Useful Links

Transformation and Efficiency Division

Communities and Local Government
3/G5, Eland House
Bressenden Place
London
SW1E 5DU
E-mail: ted@communities.gsi.gov.uk
Web: [Better Public Services](#)

Communities and Local Government

Eland House
Bressenden Place
London
SW1E 5DU
Tel: 020 7944 4400
Web: <http://www.communities.gov.uk>

Local Government Employers

Local Government House,
Smith Square,
London
SW1P 3HZ
Tel: 020 7664 3131
Web: <http://www.lge.gov.uk>

Improvement & Development Agency and IDeA Knowledge

Layden House
76-86 Turnmill St
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EC1M 5LG
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Web: <http://www.idea.gov.uk>
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OGCbuying.solutions

Rosebery Court
St Andrews Business Park
Norwich
NR7 0HS
Web: www.ogcbuyingsolutions.gov.uk

Care Services Efficiency Delivery

Department of Health
Wellington House
135-155 Waterloo Road
London SE1 8UG
Tel: 020 7972 4641
Web: <http://www.csed.csip.org.uk>

Ourpartnership

c/o NCVO
Regent's Wharf
8 All Saints Road
London N1 9RL.
Telephone number: 0207 520 2428
Web: <http://www.ourpartnership.org.uk/>
E-mail: info@ourpartnership.org.uk

The Local Government Procurement Forum

Communities and Local Government
3/H6, Eland House
Bressenden Place
London SW1E 5DU
E-mail: procurement@communities.gsi.gov.uk
Web: <http://www.communities.gov.uk>

The Local Government Task Force

Warwick House
25 Buckingham Palace Road
London SW1W 0PP
Tel: 020 7837 8286
Web: <http://www.lgtf.org.uk>
E-mail: info@lgtf.org.uk

Constructionline and National Pre- Qualification Service

PO Box 6441, Basingstoke
RG21 7FN
Tel: 0870 607 1602
Email: mconstructionline@capita.co.uk or
<mailto:npqs@capita.co.uk>
Web: www.constructionline.co.uk or
www.npqs.co.uk

PricewaterhouseCoopers LLP

Cornwall Court
19 Cornwall Street
Birmingham B3 2DT
E-mail: laura.divall@uk.pwc.com

Links to the Regional Centres of Excellence

East of England Centre of Excellence

Centre of Excellence East of England
East of England House
Meridan Way
Norwich
NR7 0TA
Tel: 01603 704 010
Web: <http://www.eastspace.net/eecpe/>

East Midlands Centre of Excellence

East Midlands Centre of Excellence
47 Loughborough Road
West Bridgford
Nottingham
NG2 7LA
Tel: 0115 977 3875
Web: www.emce.gov.uk

London Centre of Excellence

London Centre of Excellence
Association of London Government
59½ Southwark Street
London
SE1 0AL
Tel: 020 7934 9967
Web: www.lcpe.gov.uk

North East Centre of Excellence

North East Centre of Excellence
Gateshead Civic Centre
Regent Street
Gateshead
NE8 1HH
Tel: 0191 433 2257
Web: www.nece.gov.uk

North West Centre of Excellence

North West Centre of Excellence
Tameside Metropolitan Borough
Council Council Offices
Wellington Road
Ashton-under-Lyne
OL6 6DL
Tel: 0161 342 4080
Web: www.nwce.org.uk

South East Centre of Excellence

South East Centre of Excellence
Kent County Council
Sessions House Room 1.60
Maidstone
Kent
ME14 1XQ
Tel: 01622 696 317
Web: www.kent.gov.uk/sece

South West Centre of Excellence

South West Centre of Excellence
Suite 5
Stowey House
Bridport Road
Poundbury
Dorchester
Dorset
DT1 3SB
Tel: 01305 757 230
Web: www.swce.gov.uk

West Midlands Centre of Excellence

West Midlands Centre of Excellence
Sentinel House
The Courtyard
Harris Business Park
Hanbury Road
Bromsgrove
B60 4DJ
Tel: 01527 839 200
Web: www.wmcoe.gov.uk

Yorkshire and the Humber Centre of Excellence

Yorkshire & the Humber Centre of Excellence
1st Floor St George House
Great George Street
Leeds
LS1 3DL
Tel: 0113 247 5252
Web: <http://www.yhcoe.rcoe.gov.uk>

National website for the Efficiency Programme in Local Government.

Web: <http://www.rcoe.gov.uk>

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