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# SHARED SERVICES: THE VALUE OF PROCUREMENT

ONE GREAT GEORGE STREET, LONDON

15 MARCH 2007

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# Chairman's Opening Address

# Ros Aird

Hertfordshire Business Services

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# Keynote Address Andrew Campbell

DCLG

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# Dr Helen Walker & Dr Elmer Bakker

Bath University

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# The impact of sustainability on collaboration and shared services

Dr. Helen Walker  
Dr. Elmer Bakker

# Outline

- Shared services & Collaborative procurement - *Elmer*
- The impact of sustainability - *Helen*

# Collaborative procurement

- Many different names / labels:

*"Cooperation between 2 or more organisations in one or more steps of the purchasing process"*

- Pooling of purchasing and supply activities / resources
- Not necessarily independent organisations (perceived independence but all public sector)
- Horizontal not vertical
- Different levels: strategic – tactical – operational
- Different degree of cooperation
- Formal or informal

# Shared services

- shared service (including shared procurement services) is:  
*"a form of public-public partnership that should be explored particularly where smaller councils have relatively less capacity to deal with procurement in a corporate way"*  
(NPS, p. 37)
- Sharing back-office and front-office
- Collaborative procurement and/or shared services both about: **COLLABORATION!**

# Advantages of collaboration

- Economies of scale
- Transaction cost benefits
- Easy availability of expertise / specialisations + opportunity to develop this further
- Counterbalancing suppliers
- Better negotiation position with stakeholders (others than suppliers)
- Assuring supply (short term shortages and long term availability)
- Better response to changes in business context
- Better exchange of information, experiences and expertise (e.g. market, suppliers' and product information)
- Opportunity for bringing in innovations (sharing new technologies / sharing learning)

# Disadvantages of collaboration

- set-up costs
- coordination costs
- loss of flexibility
- loss of control / identity
- supplier resistance
- anti-trust issues

# Success factors



- Careful selection of goods, services and suppliers – same buying needs
- Member and executive commitment + continuity of engagement (same point of contact)
- Compatible purchasing philosophies
- Defined (agreed) goals and performance measures
- Process and contract management
- Supplier involvement
- Allocation of necessary resources
- Appropriate support (training, IT, etc), procedures and coordination mechanisms
- Team building and trust
- Implementation of appropriate structure

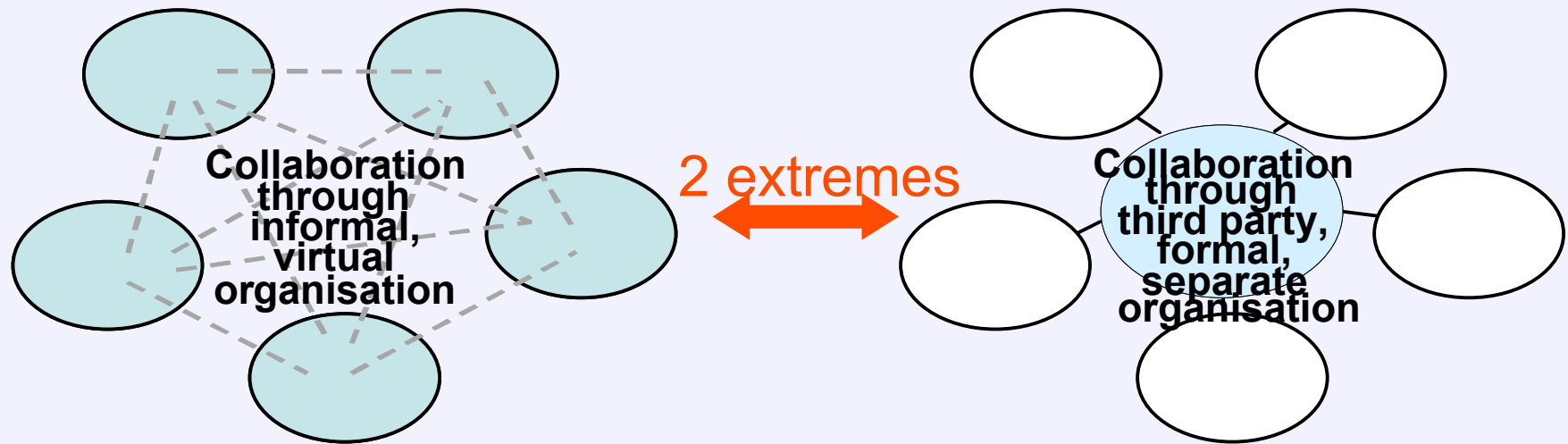
# Obstacles

- Lack of ability to convince members of savings
- Lack of compatible & meaningful data to show savings / make business case
- Lack of compliance
- No clear lines of hierarchy
- Lack of commitment (of top-management and/or internal users)
- Lack of communication and transparency
- Lack of vision / clear goals
- Lack of skills
- Synchronisation of existing contracts (run out @ different times)
- Suppliers with limited capacity (volume and geographical spread)
- (perceived) Fair distribution of benefits and costs

# Different forms

- Professional networks / committees with or without formal membership (exchange of ideas / best practice etc)
- Lead buying (CBC, KBC, NHS Supply Management Confederations)
- Piggy backing (smaller councils using larger councils contracts)
- Advisory, facilitating body providing expertise and sometimes framework contracts without commitment (NHS PaSA, CoE, OGC)
- Joint committees (ESPO, YHO, NHS HUBS)
- Outsourcing (NHS Supply Chain – DHL/Novation)
- Shared services (ISIS project)

# Different forms



Local / district

National / regional

Local professional networks / social networks

Buying Consortia  
- *Lead buying*  
- *Piggy Backing*  
- *Shared Services*

Advisory / facilitating

Joint committees

Outsourcing

# Evolution of forms



A typology of the evolution of purchasing groups

Characteristics	Phases			
	Birth	Growth	Maturity	Concentration
Payers' intervention		Legislation putting pressure on health care centres to look for savings		
Nature of benefits	Price reduction	Price reduction	Price reduction and cost reduction for managing purchases in health care institutions	Reduction of total cost
Procurement strategy	Segmentation of common commodity products to members	Increase in the number of products managed by group and increase in the number of members	Diversification of services offered. Segmentation of product families	Offer of products adapted to preference products
Nature of relationships with suppliers	Competition through bids	Competition through bids	Partnership; competition and direct negotiation	Direct negotiation and partnership for developing innovations
Structure	Confederal-type of structure	Autonomous structure and private enterprise	Autonomous structure and private enterprise	Autonomous structure and private enterprise
Size	Local or regional	Emergence of national private groups	Questioning about regional groups	Emergence of mega-groups
Relationships with members	Volunteers	Volunteers, but contacts with top management of members. Resistance of purchasing depts in health care centres	Contracts include clauses about mandatory participation	Adaptation of programs so that they fulfil individual needs by members
Resources	Buyers of institutions manage all aspects	Development of autonomous structures with separate resources. Resources are for sale	Very competent resources and electronic links with members	Multidisciplinary team integrating medical personnel and electronic catalogue

# When which Form?

Factors	Collaboration through a virtual organisation	3-d party collaboration
Cost/benefit ratio (set-up costs, post-contract management costs, benefits/advantages):	<i>High</i> <i>(relative high cost and little benefit)</i>	<i>Low</i> <i>(relative low cost and high benefit)</i>
Core - non-core of collaboratively purchased products / services	Core	Non-core
Dependency on resources:	High	Low
Uncertainty	High	Low
Information asymmetry:	High	Low

# The future...

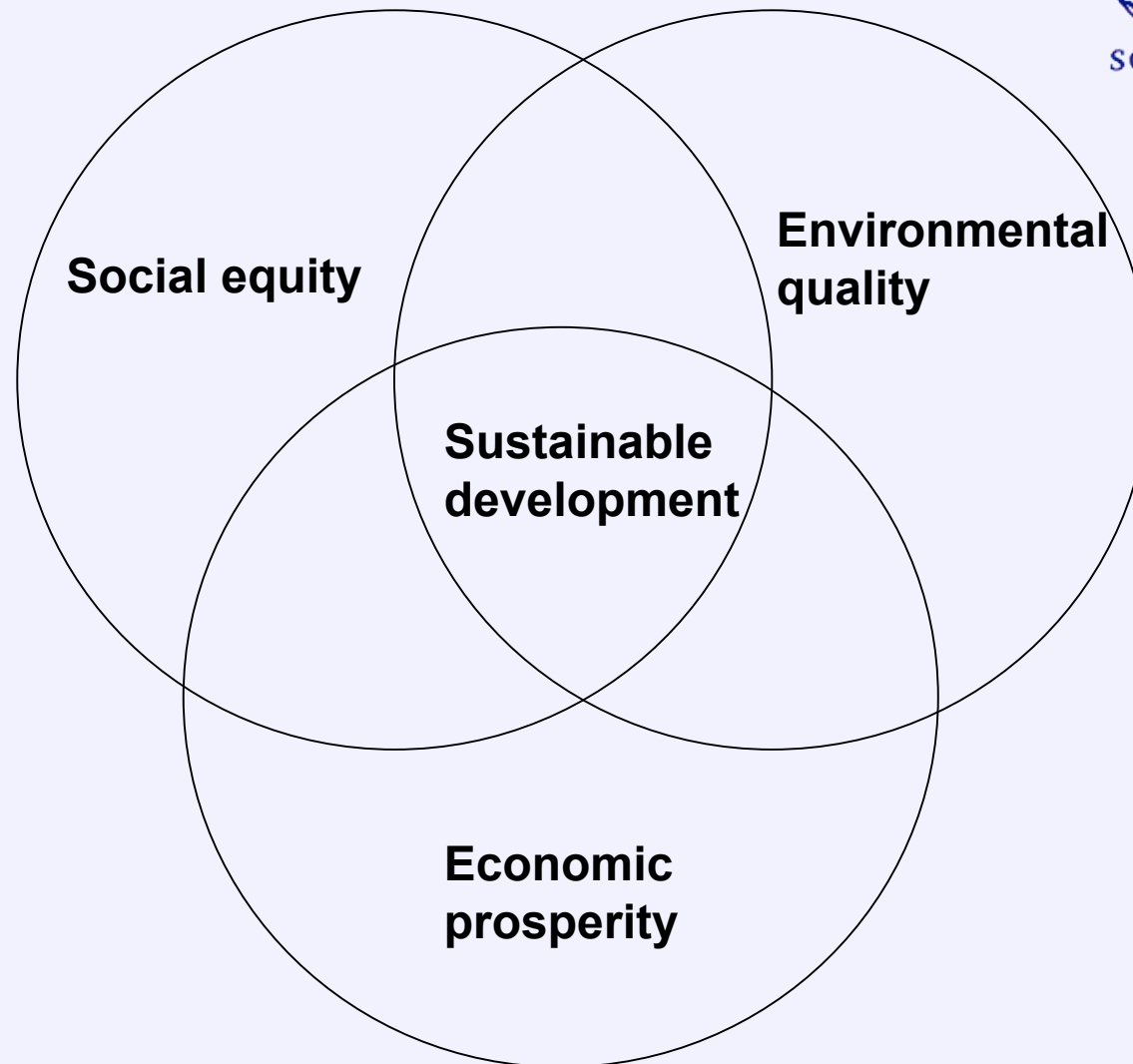
- Redefinition of roles: who does what? (e.g. confusion between NHS Hubs and NHS Supply Chain)
- Choices to make:
  - which product / service categories do we provide ...
  - local-regional-national ...
  - doing deals or being advisory/specialist (e.g. on sustainability) ...
  - from price to total cost: contract and relationship management ...
  - Within or across sector... sharing/collaborating across sector, e.g. local area agreements
  - What to do in the form of collaborative procurement, what in shared services form ...
- Collaboration can incorporate & affect other policy objectives, e.g. sustainability (e.g. waste, reduced spend to be used elsewhere, SME agenda)

→ **SO WHAT ABOUT SUSTAINABILITY?**

# Sustainable development

- Over 300 definitions of sustainable development
- Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs  
(Brundtland report, 1987)
- Influenced by concern for the role of business in society
- Examples . . .





# Sustainable procurement task force

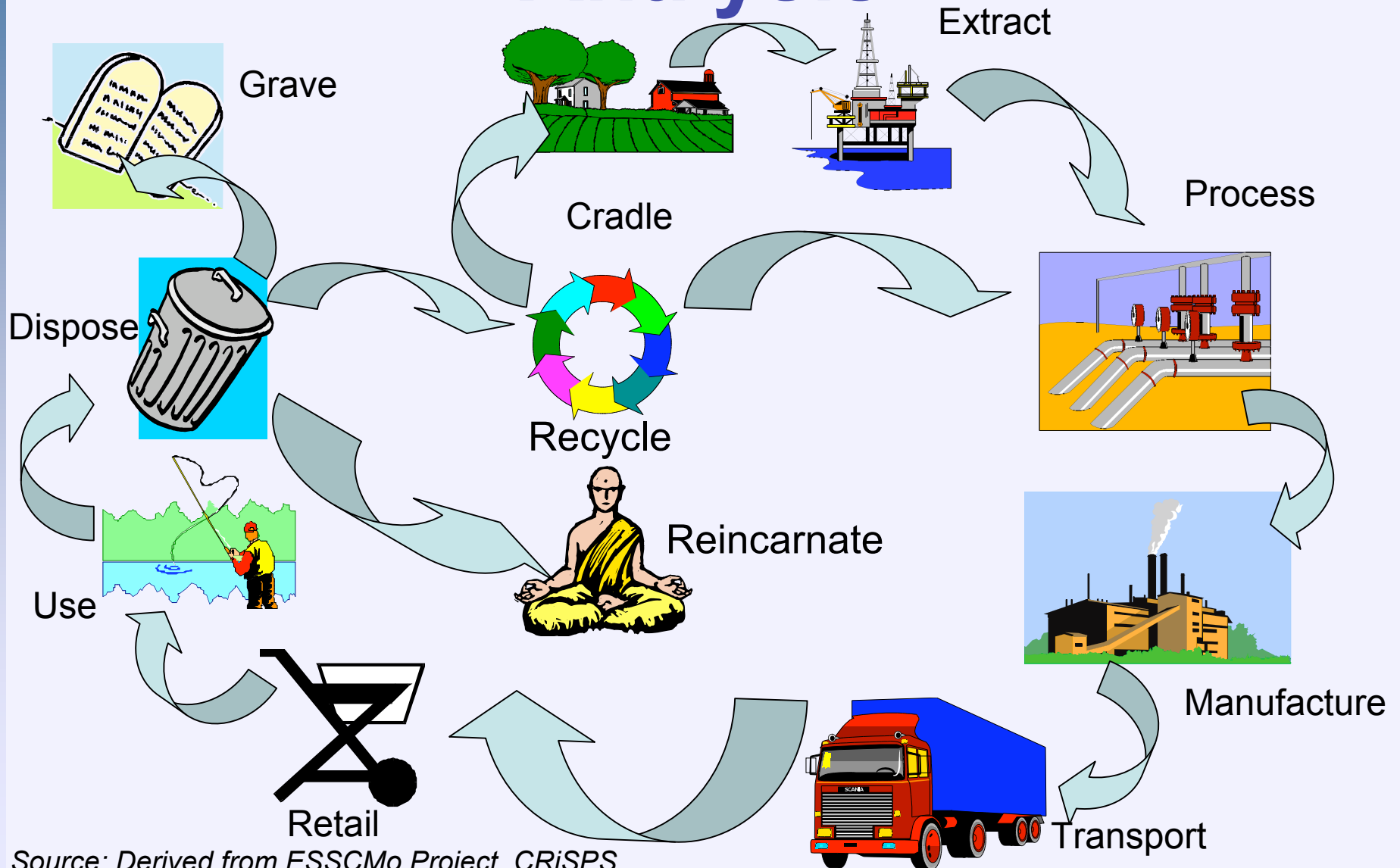
- A definition . . .
- Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to **society** and the **economy**, whilst minimising damage to the **environment**.
- Footnote: Sustainable Procurement should consider the environmental, social and economic consequences of: Design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers' capabilities to address these consequences throughout the supply chain.



# VFM & sustainability – Competing objectives?

- scope to pursue SP under VFM policy and EU rules, but SP issues may need to be considered as early as possible in the procurement process.
- SP and efficient procurement could be mutually reinforcing, because departments are encouraged to procure goods/services that offer the best value for money over the lifetime of the contract, rather than lowest price.
- So what is needed for SP, may also be needed for “better” procurement more generally
- WHOLE LIFE COSTING

# Life Cycle Analysis



Source: Derived from ESSCMo Project, CRiSPS

# Some related topics

- CSR and supply chains
- Ethical supply chains
- Environmental supply chain management
- Sustainable consumption
- Resource productivity
- Reverse logistics
- Lean supply – reduce waste
  - A lean enterprise manages to produce goods with half the inputs (materials, time, labour, space) and produces twice the value (Womack et al, 1990 – *The Machine that Changed the World*)
- Through life capability management
- One planet living

# Ethical supply throughout life cycle

- Labour practices at point of raw materials (e.g. mining)
- Manufacturing conditions associated with offshoring
- Waste being exported to countries like China
- Child labour, health and safety, corruption . . .

# Ethical supply in United Nations

- Use vendor assessment
- Will not buy from suppliers that use child labour
- Will not buy from suppliers involved, directly or indirectly, in the production of landmines





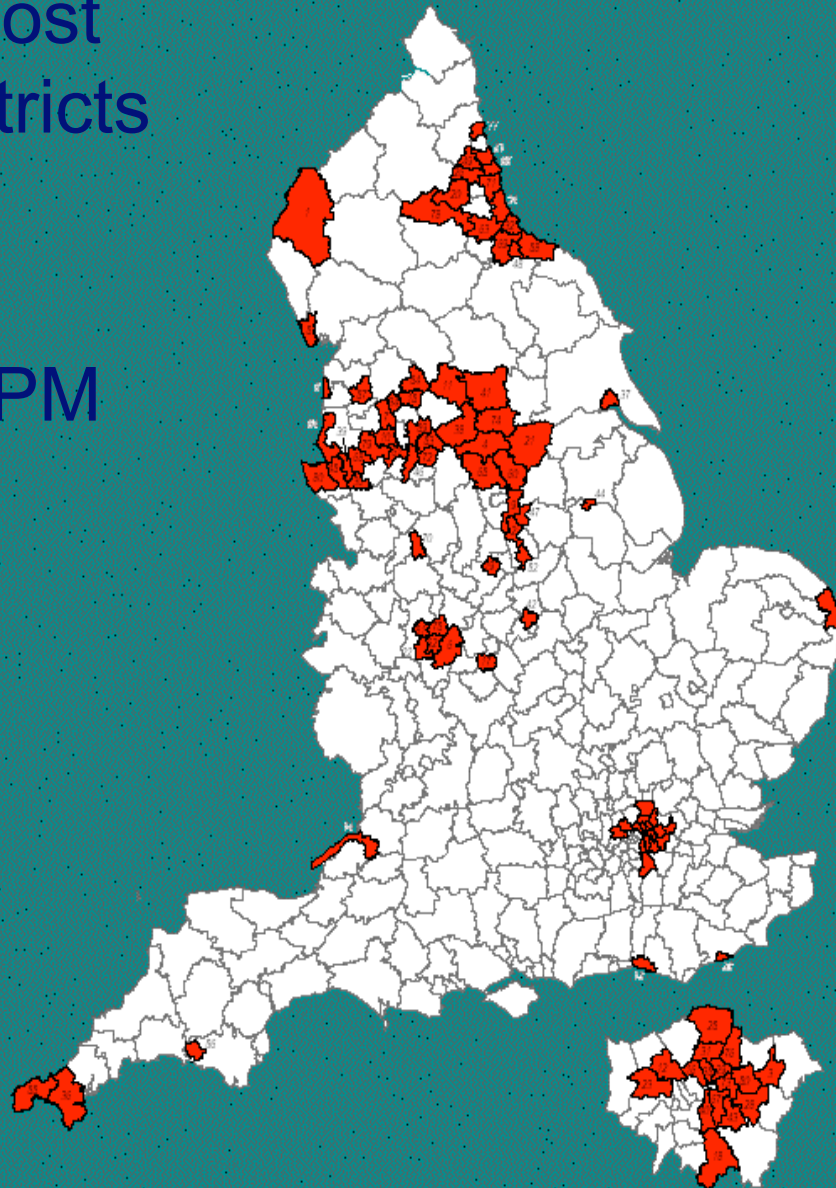
Where to focus sustainability efforts?



# England's most deprived districts (ID 2000)

Source ODPM

## Regional focus



Source: CRiSPS NHS PASA  
Sustainable Procurement Course 2005



# Local government context

- Nature & range of services have fit with sustainability
  - waste, local economic development, land use planning
- Combined purchasing spend of £38.8 billion
- Powers of Well-Being under the Local Government Act 2000 gives local authorities the legal right to define the aims of their activities in wider than just monetary terms

# Potential local government actions

- Good corporate citizen, neighbour, employer
- Stakeholders, NGOs, social enterprises, consider impact within community
- Support local suppliers for regional development
- Support SMEs in more innovative green products and services
- Meet the buyer events
- Unbundling contracts
- manage spend (i.e. consumption) e.g. reduce (use less), re-use, recycle
- manage process, e.g. reduce inefficiency in transaction processes
- avoid the purchase
- 'green' the specification e.g. using eco-label criteria, community benefit clauses
- Comply with regulations such as WEEE and packaging directives
- Supplier development – work collaboratively with suppliers
- Management commitment
- Champions throughout the organisation
- Offer training on how to

# Shared services

- National Procurement Strategy for Local Government – aggregation more cost-effective
- vs unbundle contracts – encourage local SMEs & social enterprises
- Shared procurement services may release capacity to deliver sustainability agenda
- Join up on sustainability – e.g. local gov, NHS, fire service, police
- Standardised procurement makes easier for suppliers
  - “One of the things that is always with me is: if I put a pound into [a local supplier] then it is probably going round five to seven times. That is terribly important for a local authority.”

# Current research

- Forms of collaborative procurement
- Enablers and constraints to collaboration
- Case studies of sustainable procurement
  - Local government and health sector
- Sustainable procurement training programme
- International survey of sustainable procurement
- Through life capability management
- Whole life costing
- Supply from developing countries
- Sustainability and SMEs
- Barriers and enablers to sustainable procurement
- Partnership approach to sustainable procurement across public and private sector

A photograph of the Statue of Liberty in the foreground on the left, with the New York City skyline in the background across the water. The scene is captured at sunset or sunrise, with a warm, golden glow on the horizon and a hazy sky. The text "ANY QUESTIONS?" is overlaid in the center in a large, bold, grey font.

**ANY  
QUESTIONS?**

Source: CRiSPS NHS PASA Sustainable Procurement Course Cohort 1 2005

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# Don Cleeve

BT

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# Mike Rebeiro

Norton Rose

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# Shared Services

## The legal and commercial issues

Mike Rebeiro and Adam Kirby

Partners, Norton Rose

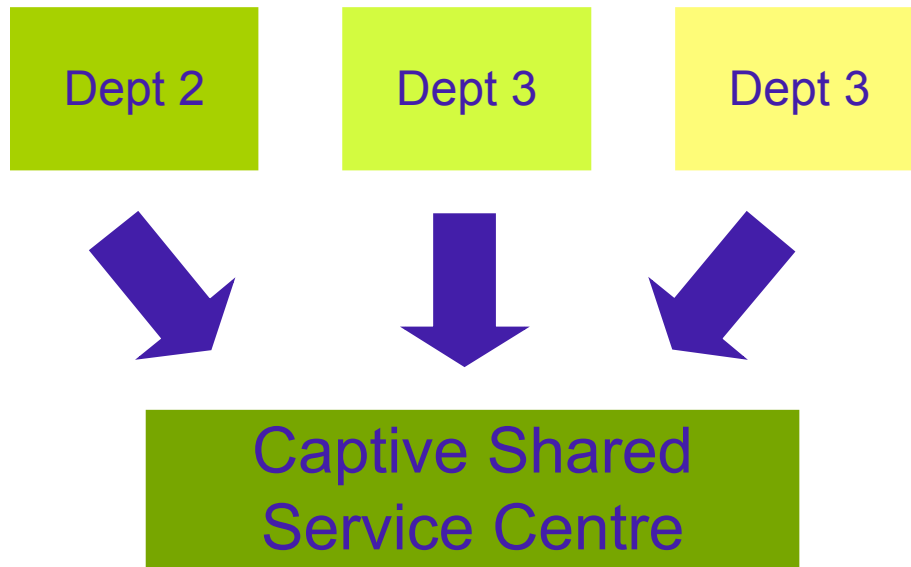
March 2007

## Overview

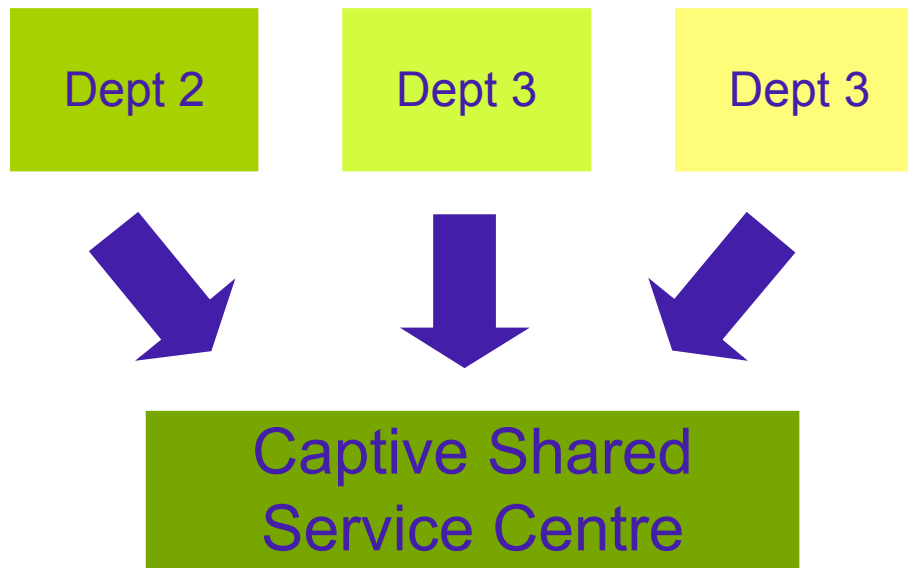
- Commercial models
- The joint venture model



## Commercial Models - Captive



## Commercial Models - Captive

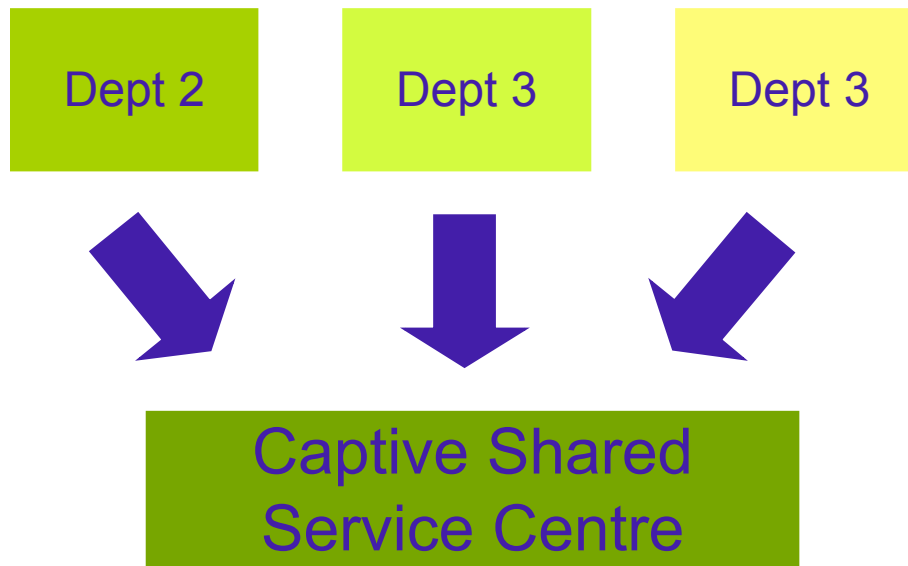


### Ownership

- New Department
- Separate Legal Entity



## Commercial Models - Captive



### Ownership

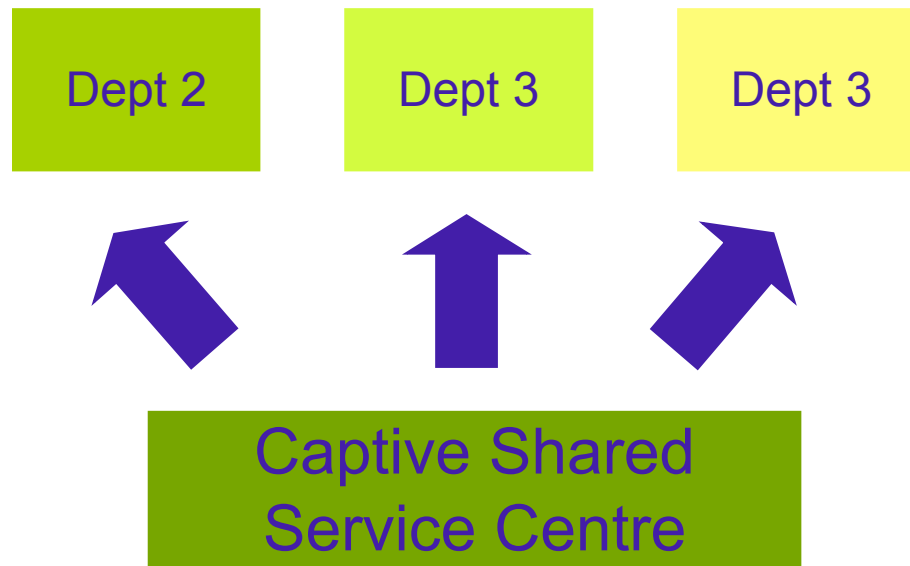
- New Department
- Separate Legal Entity

### Assets

- People
- Tangible
- Intangible



## Commercial Models - Captive



### Ownership

- New Department
- Separate Legal Entity

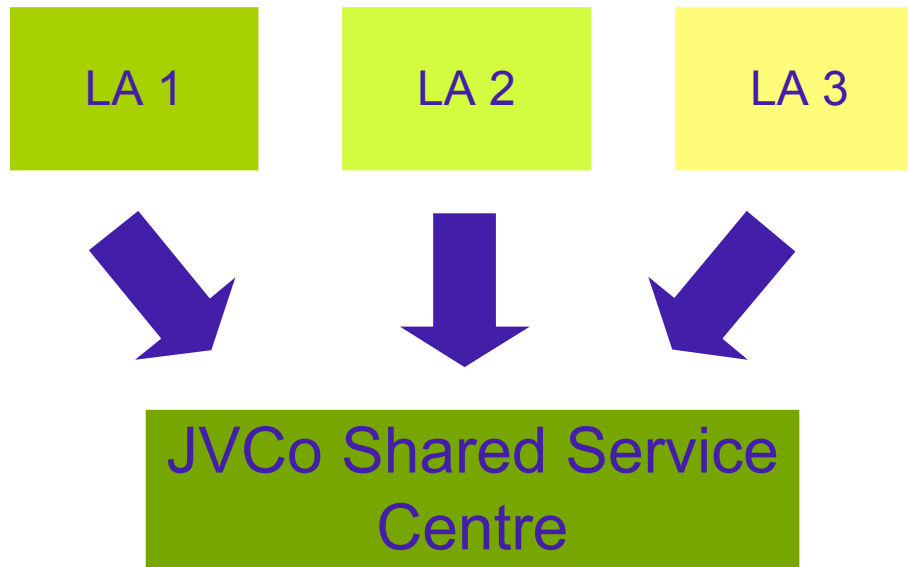
### Assets

- People
- Tangible
- Intangible

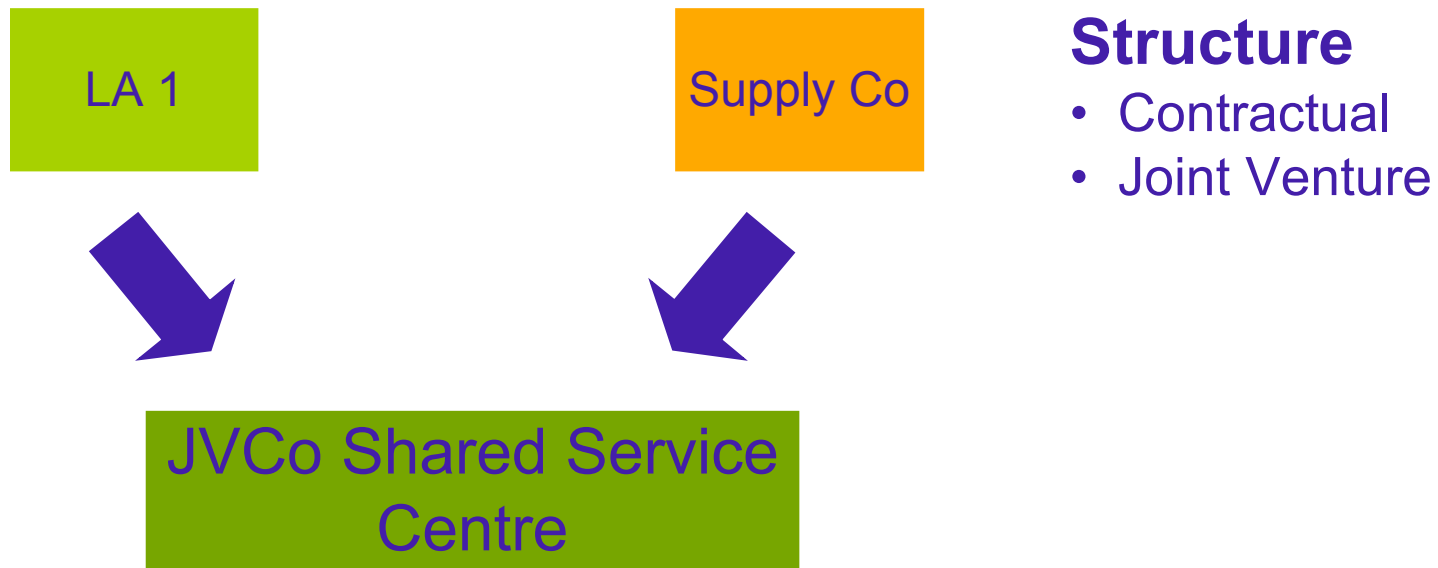
### Services

- Internal SLA

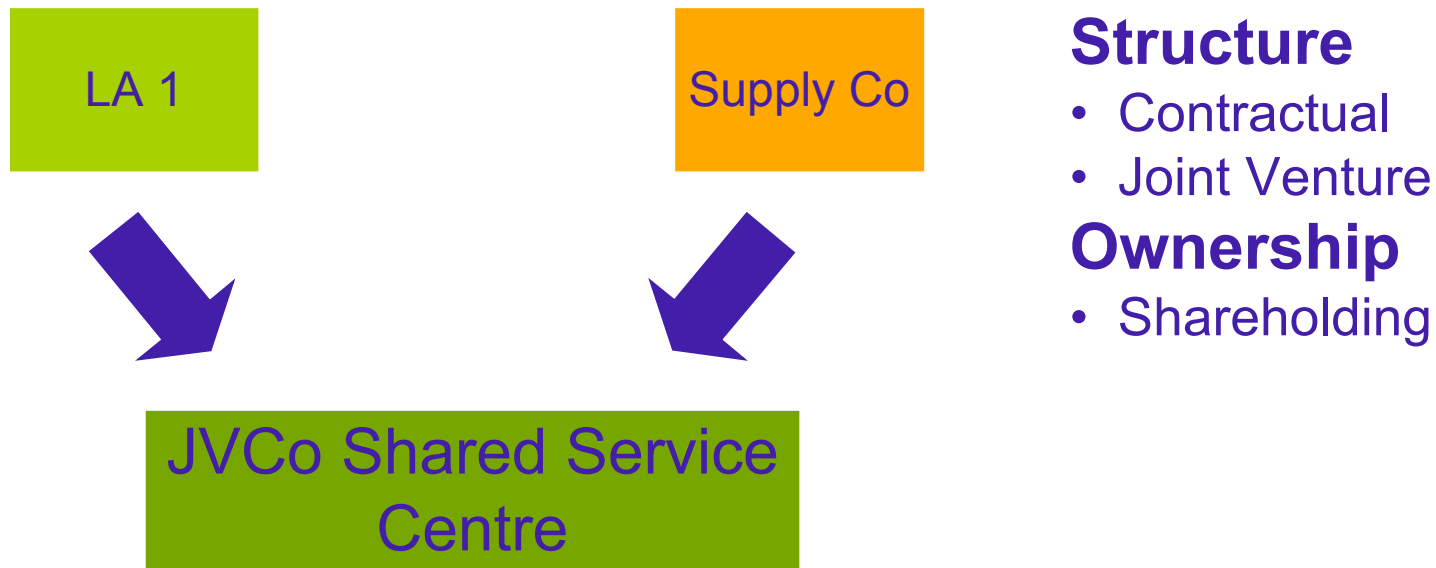
## Commercial Models – Joint Venture



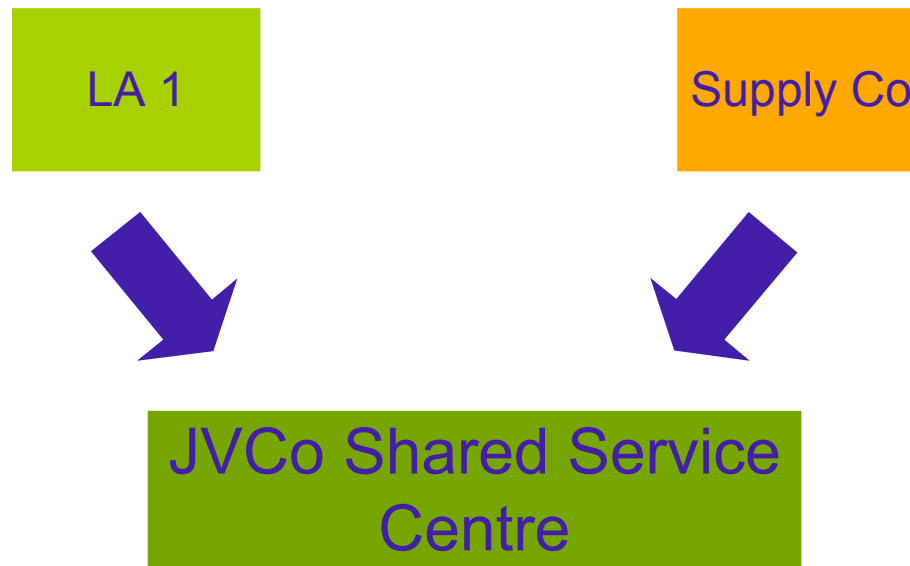
## Commercial Models – Joint Venture



## Commercial Models – Joint Venture



## Commercial Models – Joint Venture



### Structure

- Contractual
- Joint Venture

### Ownership

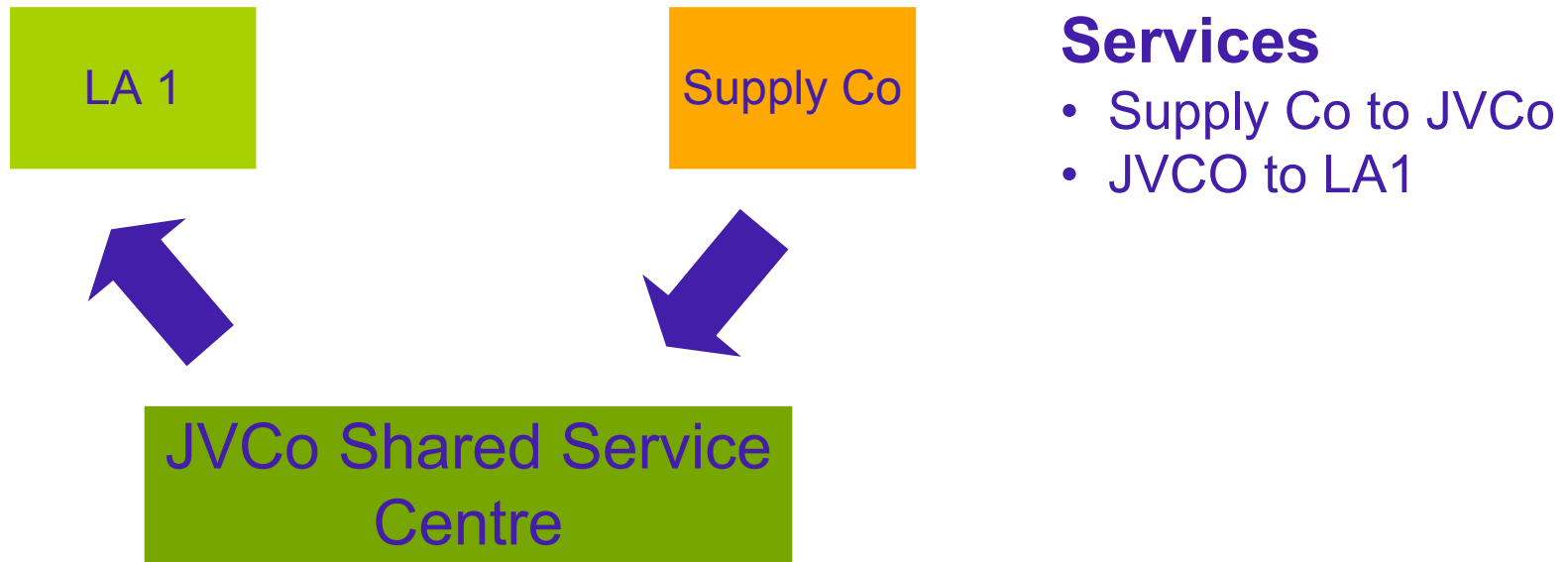
- Shareholding

### Assets

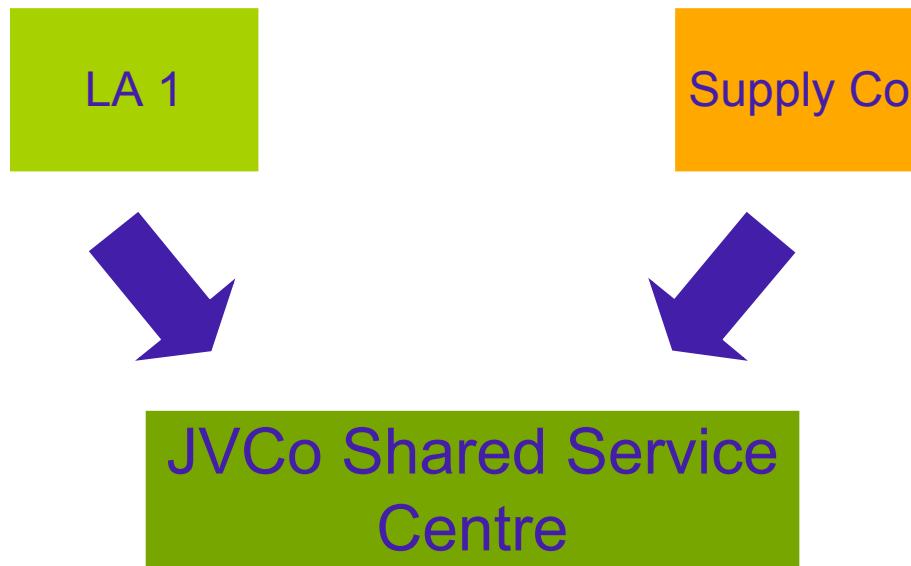
- People
- Tangible
- Intangible
- Expertise



## Commercial Models – Joint Venture



## Commercial Models – Joint Venture

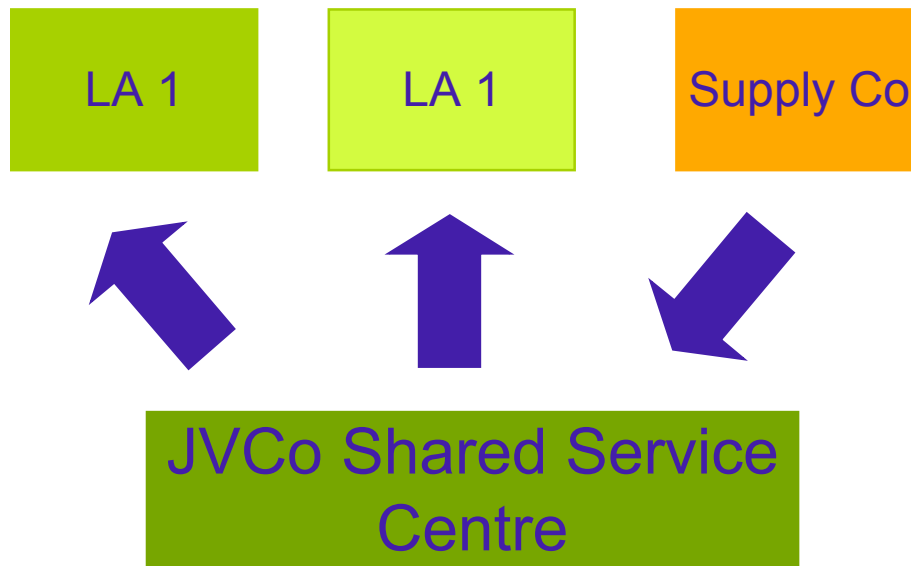


### Services

- Supply Co to JVCo
- JVCO to LA1
- JVCO to LA 2 , 3 etc



## Commercial Models – Joint Venture

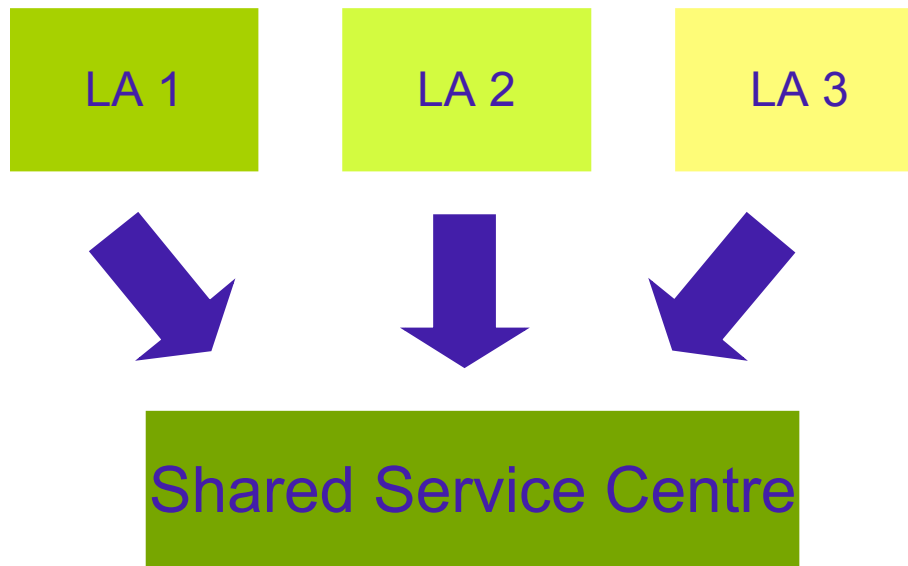


### Services

- Supply Co to JVCo
- JVCO to LA1
- JVCo to LA2, LA23 etc



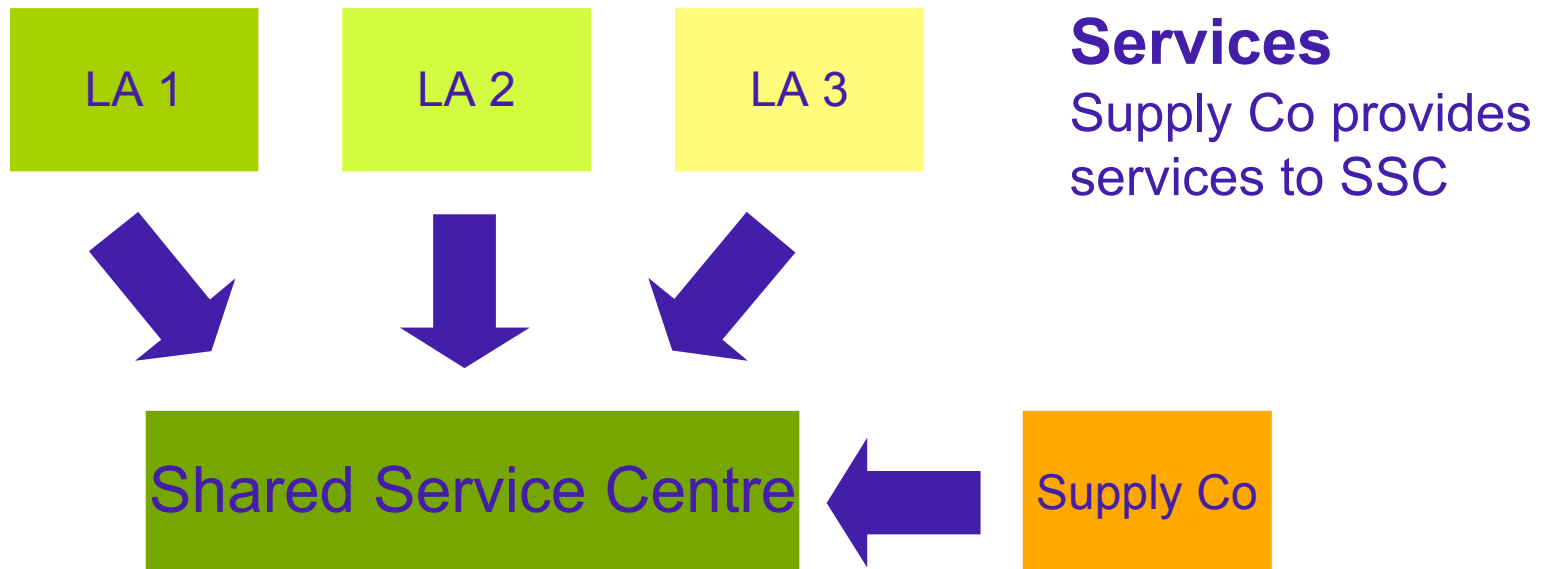
## Commercial Models – Outsourcing



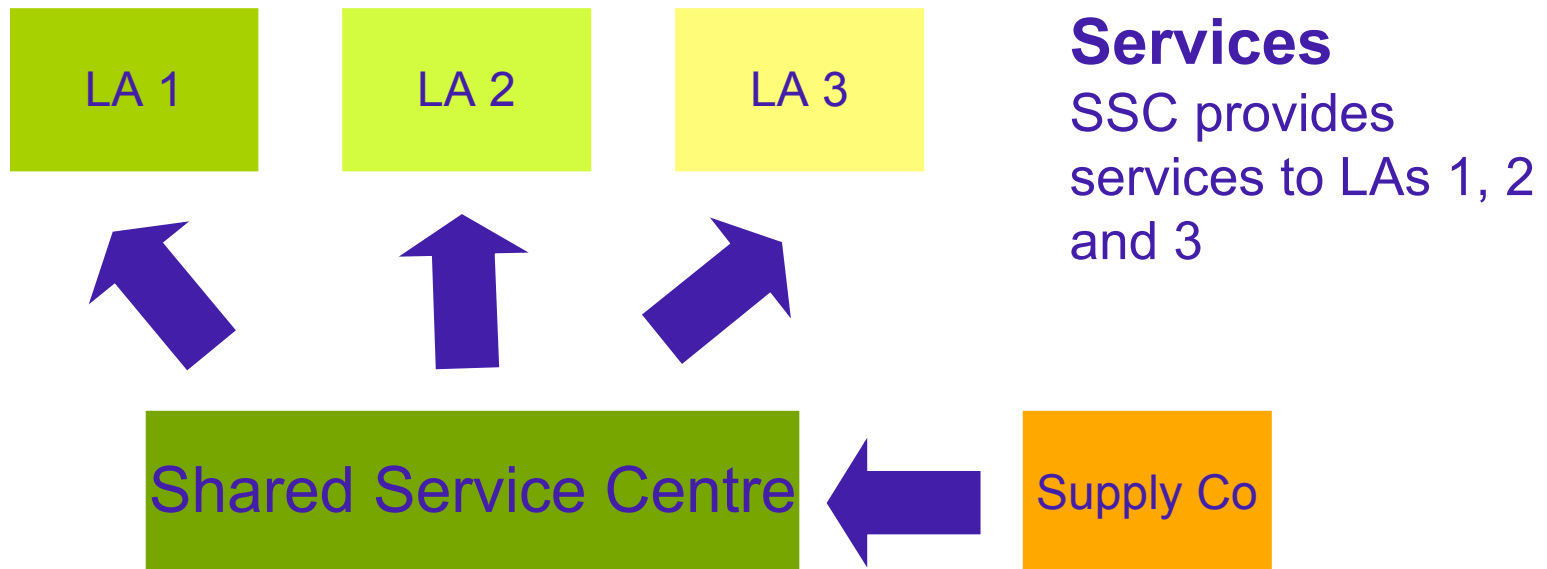
**Establishment**  
of a shared  
services centre (SSC).  
Alternatively new build  
by outsourcing  
supplier



## Commercial Models – Outsourcing



## Commercial Models – Outsourcing



## Commercial Models – Pros and Cons

### Captive

#### Pros

- Minimises people issues
- Simple structure
- Internal stakeholders only
- Retain control

#### Cons

- Business as usual
- Lack of expertise





# Commercial Models – Pros and Cons

## Joint Venture

### Pros

- Third party expertise
- JVCo profit centre reduces costs
- Sharing of risk
- Reduction in staff levels

### Cons

- Time and commitment
- Liability issues
- Cost
- Private sector v public sector





## Commercial Models – Pros and Cons

### Outsourcing

#### Pros

- Access to third party expertise and new technology
- Scalability
- Transfer of risk
- Reduction in staff levels

#### Cons

- Cost of change
- Lack of flexibility
- Loss of control



# Shared Services

Joint venture case

## Why a joint venture?

### Advantages

- retention of control
- access to third party expertise
- reduce costs
- share risk
- participate in upside



## Why a joint venture?

### Disadvantages

- ongoing commitment
- cost
- public vs private sector tension
- deadlock and exit



## What type of joint venture?

- Corporate?? Partnership??
- 50:50 deadlocked JV?
- Majority stake for public sector?
- Minority stake for public sector?



## Transaction overview

- OJEU notice
  - open procedure
  - restricted procedure
  - competitive dialogue procedure
  - negotiated procedure
- Invitation to tender
- Negotiations with 2 or 3 bidders
- Negotiations with preferred bidder



# Terms of the joint venture agreement

## Governance issues and control

- corporate governance and directors' duties
- board control and shareholder control
- independent chairman?
- conflicts of interest
- customer panel?



## Terms of the joint venture agreement

Working capital, dividends etc, other payments

- working capital and operating costs
- guarantees, indemnities etc.
- state funding
- bank debt?
- dividends
- additional fee for services?



# Terms of the joint venture agreement

## Transfers of shares

- general prohibition
- group transfers
- lock-in period?
- tag along/drag along
- retaining control over destiny
- fair market valuations

# Terms of the joint venture agreement

## Compulsory transfers and deadlock

- compulsory transfers – what is a default?
- deadlock – what happens?
  - resolution by senior representatives above board level
  - determination by an independent expert?
  - private sector solutions?
    - Russian roulette
    - auctions
    - winding-up

## Conclusion

- Joint ventures involve detailed provisions
- Care to be taken as to rights given/taken
- “Goose and gander” issues
- Ongoing commercial relationship
- Team to understand its requirements/targets



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The logo consists of a stylized, upward-pointing chevron shape in a light orange color, positioned above the first letter of the word 'NORTON'.

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*Ready.....*



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Shared Services: The Value to Procurement*



# ***Staffordshire Connects: The Role of Procurement in our Beacon Partnership***

**Charles Malkin,  
Communications Manager**

Thursday 15th March 2007



# Preview

- Introducing Staffordshire & the partnership
- Drivers of change & how we responded
- Joint procurement: the benefits
- The Downside!
- What we've achieved:
  - ✓ Products, service enablement, recognition & spin offs
- Conclusions





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## Introduction

# Some numbers

- ◆ 1.04m population
- ◆ 10 Councils
- ◆ 50000 employees
- ◆ Revenue budgets approx £1.25bn



# Introduction

## ***Partnership between:***

Cannock Chase District Council

East Staffordshire Borough Council

Lichfield District Council

Newcastle-under-Lyme Borough Council

South Staffordshire Council

Stoke-on-Trent City Council

Stafford Borough Council

Staffordshire County Council

Staffordshire Moorlands District  
Council

Tamworth Borough Council

## ***Supported by:***

Staffordshire Police

Staffordshire Parish Councils' Association

Stoke-on-Trent and Staffordshire voluntary organisations (SCIO)

Stoke-on-Trent and Staffordshire Fire and Rescue Service



# Drivers of Change

- BVPI 157
- Priority Service Outcomes
- 70% demand for telephone access
- Typically up to 30% lost calls
- Low out-of-hours provision
- 133 public access points not joined up
- 5% use e-mail & websites

# How we responded

## **OUR VISION FOR CITIZENS, BUSINESSES AND VISITORS IN STAFFORDSHIRE:**

“Working together towards efficiency and service improvement through seamless delivery of joined-up services that afford the customer a consistent, high-quality experience, irrespective of location”



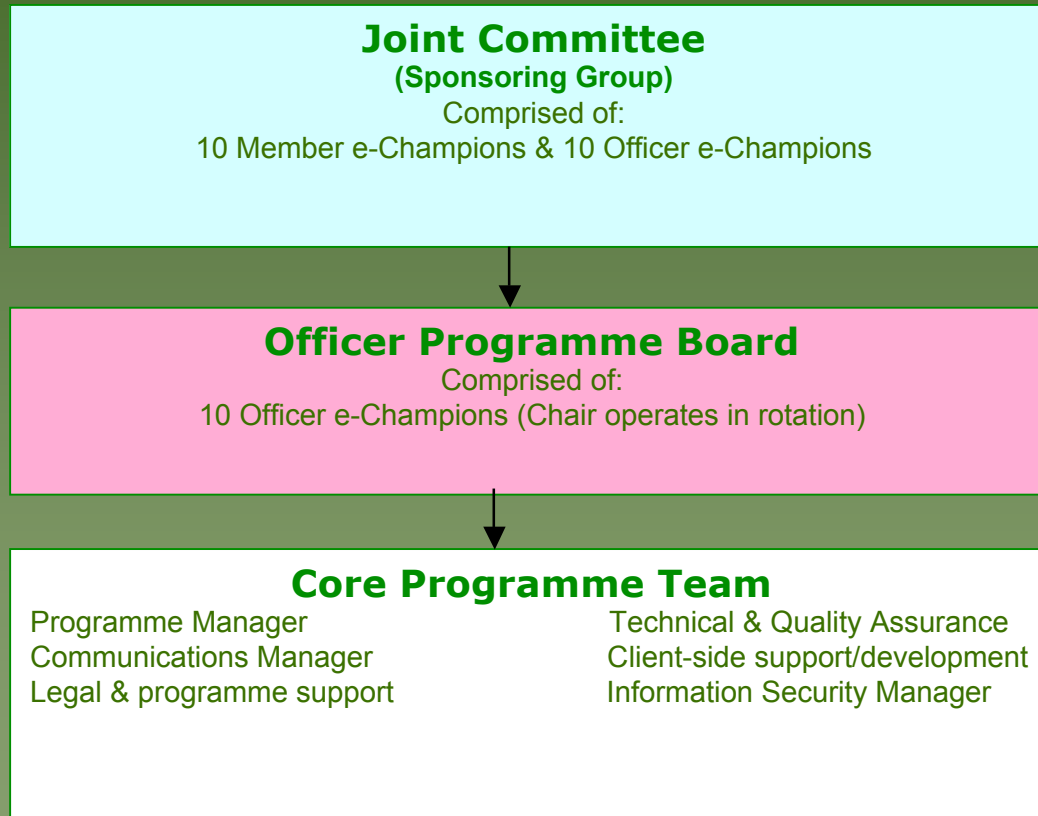
## How we responded

- Developed Constitution
- Adopted Standing Orders & Financial Regulations of Staffordshire County Council
- Developed project portfolio & required sign up
- Ensured procurement would enable product adoption by the many: not the few



# How we responded

## GOVERNANCE STRUCTURE



# How we responded

## Projects

- Consultation
- Portal
- Broadband
- e-Services (inc. data capture, self serve, MSA)
- Joined-up Directory
- e-Payments
- e-Procurement
- Channel Strategy
- Telephony



## Joint procurement: the benefits

- £1.8m capital saving on product procurement
- Annual revenue saving of more than £400k
- Only **one** OJEU notice per procurement (if required)
- **One** ITT, **one** contract, **one** legal process
- Contract specifications backed by client's terms and condition: not supplier's



## Joint procurement: the benefits

# Estimated £ savings

- Consultation = £250k
- Joined-up Directory = £200k
- CRM = £1.5m
- e-Payments = £312k
- Legal costs = £200k
- Partnership procurement costs = £50k



## Joint procurement: the benefits

“The Partnership makes life so much easier for us because we’re not procurement specialists & our legal section is stretched. The Partnership takes the worry away from us and does each procurement once for the benefit of everyone, achieving economies along the way”.

Head of Planning & Engineering

Stafford BC



# Joint procurement: the benefits

- Joint procurement creates major customer with bargaining power over suppliers (i.e. greater control of cost & quality):
- Joint contract with merchant bank for e-Payments –
- ✓ charge for credit card payments cut from 1.75% to 1.19% of value per transaction
- ✓ debit card charge driven down from 20p to 15p
- ✓ 30% annual saving for 1 partner from new Cable & Wireless tariff
- ✓ Call charge savings of up to 74% from single tariff for 3 NTL customers



## Joint procurement: the benefits

- Enabling shared-service delivery:
  - ✓ single ICT system for DPE
  - ✓ uniforms, hand-held devices, cameras
  - ✓ capital assets for street-scene services
  - ✓ potential for joint outsourcing (e.g. grounds maintenance, waste collection)
  - ✓ facilitating shared-services agreements
- BUT joint procurement may be difficult/impossible unless green field service
- So ensure broad procurement scope



# Street scene

- Improved access and delivery
- £30k regional funding for Stage 1:
- Business case & feasibility study
- £70k for Stages 2 & 3:
- Virtual front office, **joint procurement**, shared-service agreements



# DPE

- Collaborative approach to DPE
- Powers devolved from County to districts
- Single ICT system for back-office notice processing
- Back-office service provided by single authority
- Parking attendants employed by each authority



## Joint procurement: the benefits

- Promoting economic well being:
- ✓ 10-year CRM support contract awarded to Staffordshire firm Capula Ltd
- ✓ Co location with Capula
- ✓ Awarding product development & project management to Stoke-on-Trent firm MPCG Ltd
- ✓ Partners producing “how to trade with council” booklets as part of e-Procurement project
- ✓ Partners developing online tendering processes & promoting locally



## Joint procurement: the downside!

- Core Team required to enable it (costs £350k p.a.)
- It's very hard work!
- It's not always possible to get everyone to agree
- Joint procurement often triggers OJEU thresholds so it takes longer
- BUT most partners think benefits outweigh negatives



# What we've achieved

## The BIG picture

### Before

- 10 councils in splendid isolation
- Silo mentality – within and across councils
- NO common vision
- NO common services
- Limited joint efficiencies



### After

- Strong and sustainable partnership
- Staffordshire Connected
- A shared vision
- Working towards two-tier service delivery
- Major efficiencies



## What we've achieved: products

# Asking what customers wanted!

BMG: Preferred future methods of accessing services:

- 70% - telephone
- 24% - one-stop shops
- 5% - e-mail & websites
- 41% used Internet
- ✓ 86% at home
- ✓ 37% at work





Partnership Working, Public Service  
Excellence Awards 2005

### 1 + 1 = 3!

ANY infant mathematician will tell you that one plus one doesn't equal three. Yet Staffordshire Connects has proven that the whole can sometimes be greater than the sum of the parts by building a successful partnership which has added significant value for everyone involved. For example, all 10 partners joined forces with two Warwickshire councils and Staffordshire Fire and Rescue Service to form Staffordshire Plus Improvement Partnership, which secured £858,000 from the Government's capacity building programme to boost performance in five key areas. Among the benefits arising from the programme to date is an offer from Stoke-on-Trent to share with partners a ground-breaking framework for developing the skills of its customer service advisors.

Similarly, Tamworth joined forces with Cannock Chase, Lichfield and Staffordshire Moorlands to bid successfully for £650,000 from the Government's e-Innovations fund. The money has been used to develop a revolutionary website which gives citizens much greater control over personal information held online.

What is more, Staffordshire County and Staffordshire Moorlands worked together to establish a trio of one-stop shops while Lichfield and Staffordshire Moorlands scooped three national awards for outsourcing their desktop IT support. And just for good measure, Cannock Chase and Lichfield share responsibility for emergency, out-of-hours services.

Said partnership chair and Staffordshire county councillor Jack Barber: "By working together, we



### Latest News



Click on the image above for news of Staffordshire Connects' efforts as a Beacon partnership to share its learning with other councils.

# What we've achieved: products

## Single CRM System

- Single system with common database
- Joint service requests developed
- Unique identifier for every transaction enables logging
- GC will enable authentication & facilitate citizen accounts
- Secure citizen self serve now developed



# What we've achieved: products

## Citizen Self Service

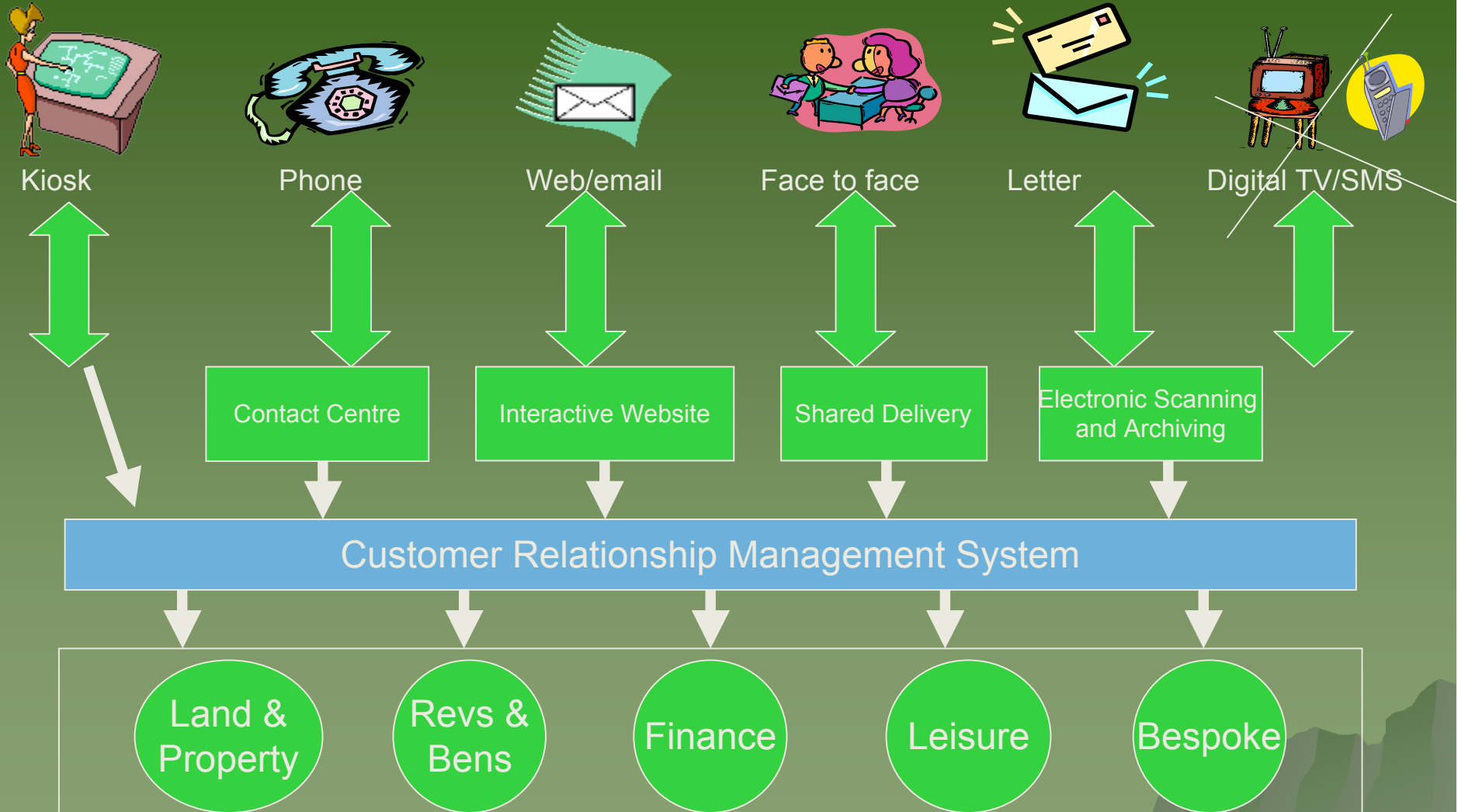
- A request for service raised via the web
- Automated email confirmation that the service request has been raised with the council
- Unique reference number assigned
- Ability to view, track and update progress
- Notification from back office of work completed



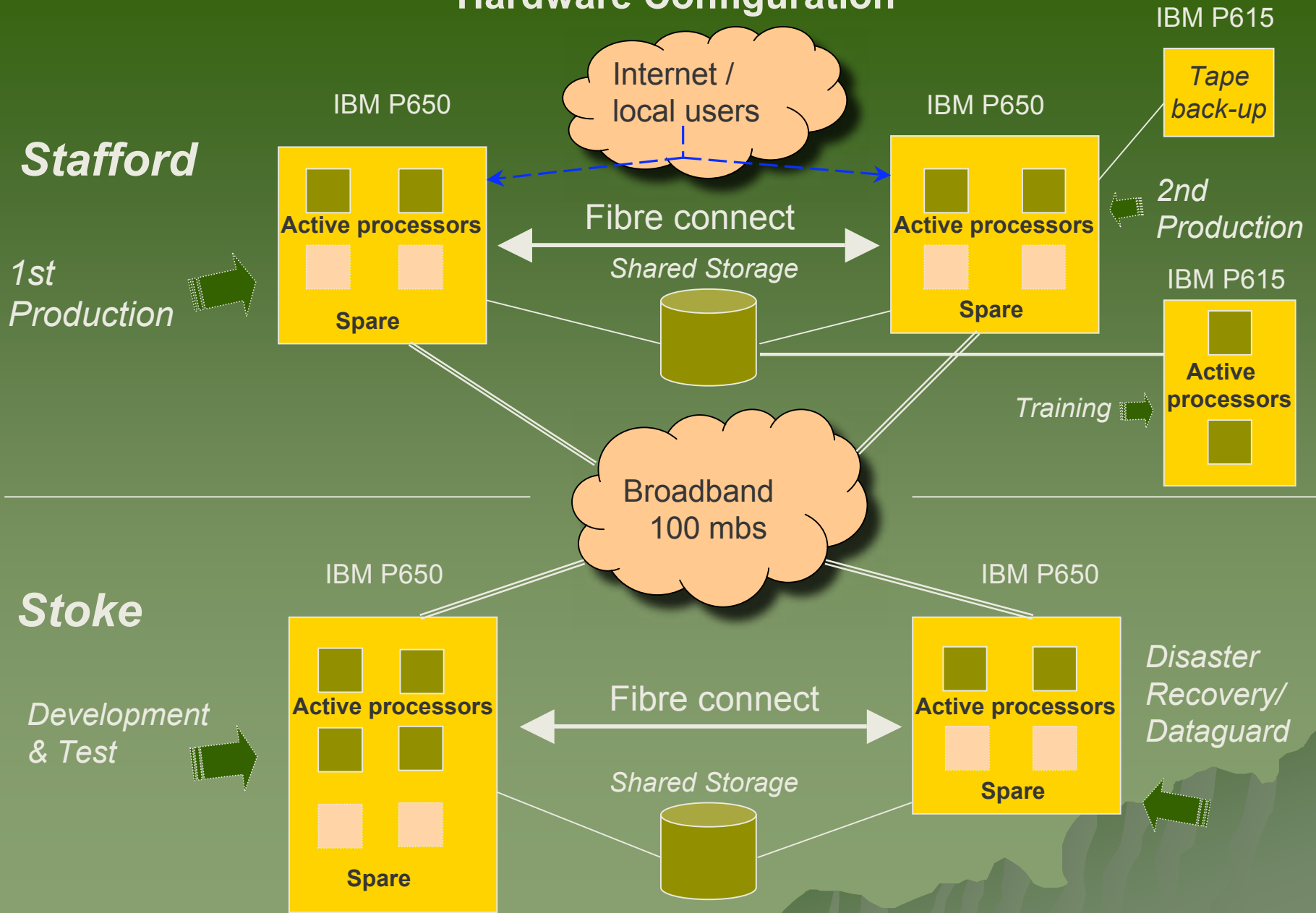
2006-2007  
Transforming the Delivery of  
Customer Through Performance

# What we've achieved: products

## Customer Contacts



# Hardware Configuration



Vic Falcus receives award in Cannes.



## Broadband Project

### ***STAFFORDSHIRE WINS INTERNATIONAL IT AWARD Best Corporate IP Network of the Year***

*The honour recognized Staffordshire County Council's forging of broadband links with all its schools, libraries and partner authorities to enable high-speed Internet access and joined-up, shared services such as the CRM, Portal and Shared Directory.*

*The county council was the only public sector organization short listed in the Best Corporate IP Network category. In winning the award, the county outshone banks and other multinational organizations from Germany, Italy, Russia and Norway.*

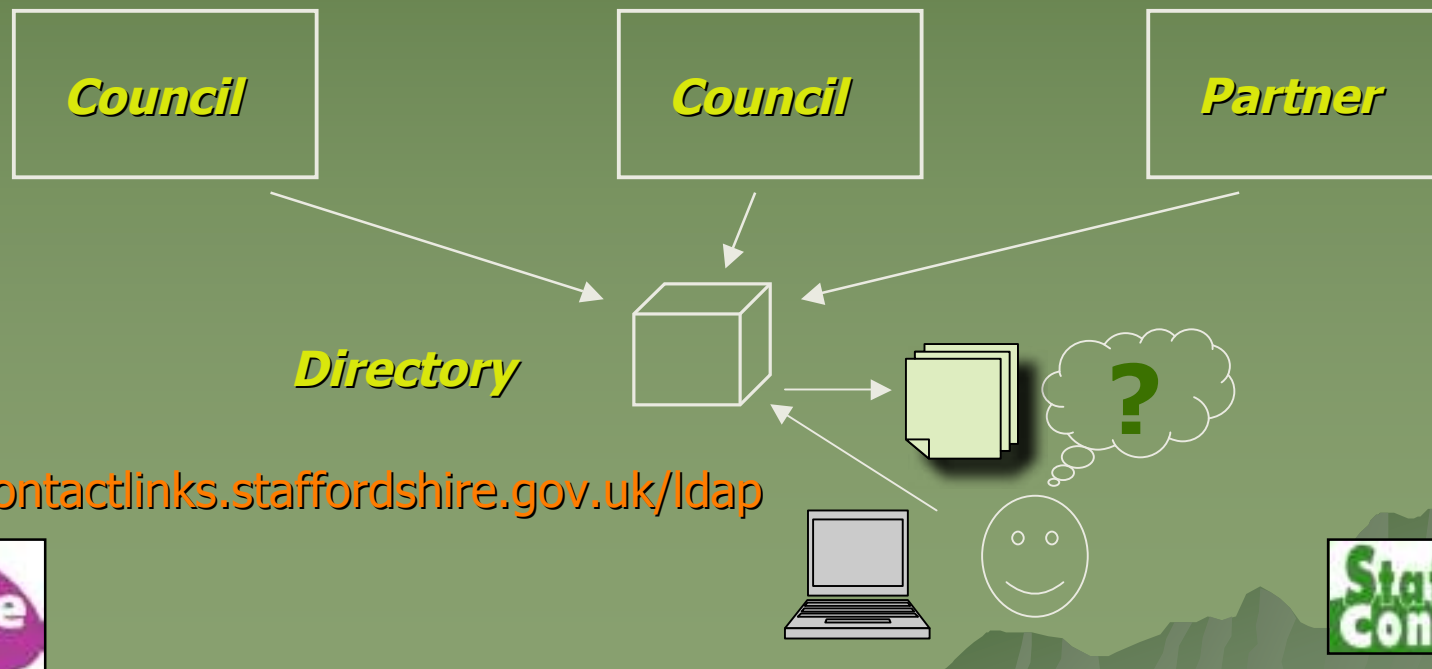


# What we've achieved: products



## Joined-up Directory

A local innovative project to improve the efficiency with which public sector employees are able to communicate with each other, across Agency boundaries..



<http://contactlinks.staffordshire.gov.uk/ldap>



## STAFFORDSHIRE CONNECTS DIRECTORY

Please enter a search criteria in one or more text boxes. Then click the Search button to search.

<b>First Name</b> <input type="text" value="Charles"/>	<b>Surname</b> <input type="text" value="Malkin"/>	<b>Organisation</b> <input type="text" value="Staffordshire Connects"/>	<b>Department</b> <input type="text"/>
<b>Telephone</b> <input type="text"/>	<b>Job Title</b> <input type="text"/>	<b>Job Function</b> <input type="text"/>	<b>Service Type</b> <input type="text"/>

Developed by MPCG Ltd in ASP.Net  
 For comments / problems [Click Here](#)
Useful Links  
[About](#) | [Terms and Conditions](#)

To sort the search results alphabetically, click the relevant underlined table header. The default sort is by Surname.  
 Click on a results Firstname or Surname to view further details.  
 To send an e-mail to more than one contact, click the option boxes in the first column and click Group Email button.

**1 Match Found**

	<u>First Name</u>	<u>Surname</u>	<u>Email</u>	<u>Telephone</u>	<u>Job Title</u>	<u>Department</u>	<u>Job Function</u>	<u>Service Type</u>
<input type="checkbox"/>	Charles	Malkin	charles.malkin@staffordshire.gov.uk	9 01782 237081	Communications Manager	Staffordshire Connects	Manager	Communications & Media / Public Relations



# WEBPUBLIC Payments

For information about a field click on the **i**

### Payment Details

**Fund** **i**

**Reference** **i**

**Amount** **i**

To modify a payment, click the reference.

To remove a payment, click Delete.

Reference	Fund	Amount
<b>Total Amount</b>		<b>£0.00</b>

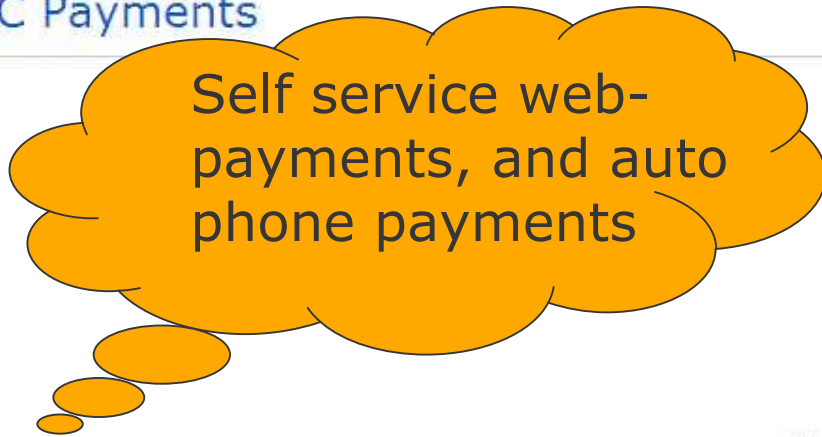
### Card Details

**Card Type** **i**

**Card Number** **i**

**Issue Number** **i**

**Issue Date** **i**



## What we've achieved: products

# Telephony

- ACD across 3 partners
- 3 other partners with compatible systems
- Enabling:
  - ✓ Accurate call routing
  - ✓ Workload assignment & performance management
  - ✓ Shared service delivery



# What we've achieved

## Service Enablement



- Channels
  - One Stop Shops
  - Contact Centres
- Future:
  - Internet



## What we've achieved

# Usage of the CRM system

- Nearly 211,000 transactions from September 2004 to September 2006 (but most partners not live until summer 2005)
- 827 service requests live at average of 91 per authority
- Usage of system will rise as more service requests are uploaded
- One partner still to go live



# What we've achieved: recognition

- APSE Partnership Working winner 2005



- Beacon Status winner 2006



- BCS info management awards, short listed 2006

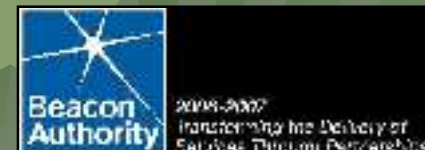


# What we've achieved: recognition

## Improving Customer Satisfaction

Evidence of rising customer satisfaction after CRM go live, spring 05

- Staffordshire Moorlands DC: 99% satisfied or very satisfied with overall service in Autumn 06
- Lichfield DC: Evidence of rising satisfaction with household waste collection, (78% in 03/04 to 85.4% in 06/07)



## What we've achieved: recognition

# Customer Satisfaction:

"When my job wasn't completed in the expected time, the operator found the job **easily and quickly**"

"The new system is so **much better** as it allowed me to arrange delivery of my new suite on the same day the old suite was collected"

"A lot better! Having an appointment for bulky waste collections is **easier for us** as we can ensure items are out on the day"

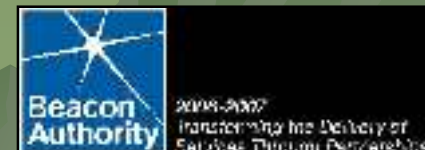
"The advice given today was so **much clearer** than I have received in the past"

"Yes, **a lot quicker**: more efficient and effective. Previously, the service was extremely poor"

"My job was logged straight away: a **very effective service**"

"The service is **much more accessible** now"

"The service has improved a lot from its previous standard, with **accurate information now offered quickly**"



# What we've achieved: spin-off collaborations

- Lichfield & Staffordshire Moorlands: 3 national awards for joint outsourcing of desktop and ICT support
- Jadu Partnership: Cannock Chase, Lichfield, Staffordshire Moorlands
- Cannock Chase & Lichfield sharing out-of-hours services
- Staffordshire Plus (£850k 13 Partners)
- About Me Now (£685k 4 Partners)
- Business Matters
- International Centre of Excellence for Local e-Democracy (ICELE)



# Conclusions

- Economies of scale:
  - ✓ Capital & revenue
  - ✓ Developed once, shared many times
- Foundations for shared-service delivery
- More effective services
- Enhanced reputation
- Improved customer satisfaction



# Questions?

*Contact us at:*



charles.malkin@staffordshire.gov.  
uk



Telephone: 01782 23



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Services Through Partnerships

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ANNUAL CONFERENCE & EXHIBITION 2007

# SHARED SERVICES: THE VALUE OF PROCUREMENT

ONE GREAT GEORGE STREET, LONDON

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# David Wright

NECE

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# Shared Services relating to Sustainability & Collaboration



**CBC Shared Services Conference**  
**Thursday 15 March 2007**  
**London**

David Wright, NE Centre of Excellence  
0191 4332230  
[davidwright@gateshead.gov.uk](mailto:davidwright@gateshead.gov.uk)

# Presentation Outline



- Role of RCEs
- Why sustainable procurement?
- NPS and other drivers
- RCE programme
- Sustainability potential
- Evidence from 'pathfinders'
- Stakeholders
- Collaboration spectrum
- Opportunities and threats

Improvement through efficiency

## RCEs Role



- efficiency & procurement
- hosted by, run by, and act for LA's with core funding from 'Communities & Local Government'.
- lead change agents and first point of contact for LA's
- assisting Councils to find and achieve efficiency gains.
- Support opportunities for improving performance
- develop and support opportunities for shared working within their region.
- supported by, and co-ordinate the activities of, a variety of change agents working both at national and regional levels.

Improvement through efficiency

# RCE National Strands



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- Adult Care Services - SE
- Supporting People - NE
- Corporate & Transactional Services - YH
- Productive Time - London
- Social Housing - London
- Fire & Rescue Services - SW
- Waste & Environmental Services – SE
- Commodities, Goods & Services – National
- Construction (inc Housing, FM, Highways & civils) - EM
- Children’s Services - WM
- Education - NE
- Culture & Sport - NE
- Integrated Local Transport - NW

Improvement through efficiency

# Why Sustainable Procurement in Local Government?



- £40bn LA sector annual procurement spend
- Corporate Procurement Strategy aligned to Sustainable Community Strategies
- National Procurement Strategy for LG 2003
- Gershon efficiencies
- SPTF Action Plan
- LGWP, LAAs, MAAs and sustainable community strategies
- 3<sup>rd</sup> Sector – future public service delivery
- ONE PLANET!

Improvement through efficiency

# National Procurement Strategy for LG 2003 - Sustainability Drivers



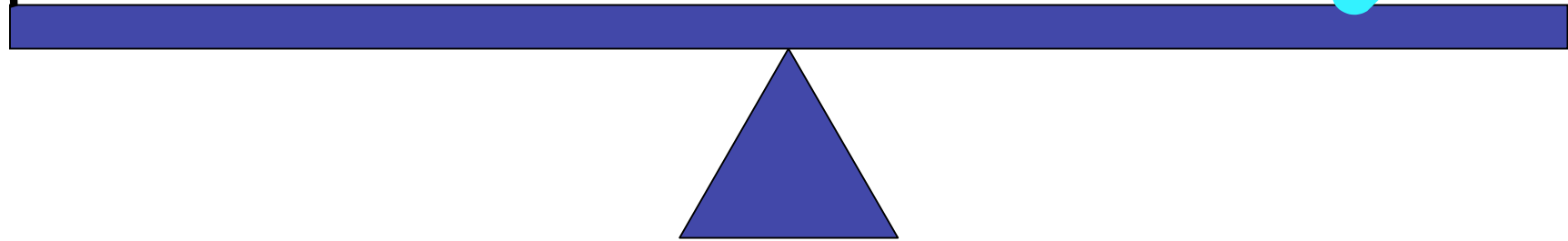
- Corporate Procurement Strategy aligned to Sustainable Community Strategy
- Achieve community benefits
- Improve supplier engagement
- Establish agreements with the SME and 3<sup>rd</sup> sectors
- Encourage effective supply chains development
- Assure equality & diversity
- Evaluate 'whole life' costs
- Stimulate markets

Improvement through efficiency

# Value for Money, People & Place



**Social,  
Economic &  
Environment  
Wellbeing**



Improvement through efficiency

# RCE's Sustainable Procurement Plan



To assist and encourage local authorities to understand and optimise the 'whole life' environmental, social and economic impacts of their procurement decisions, in order to improve the vitality and wellbeing of their communities in line with their Performance Plans and Community Strategies.

Improvement through efficiency

## RCE AIMS



- **To enable understanding of the strategic and specific impacts of all procurement in order to prioritise their areas for future action.**
- **To facilitate awareness and adoption of evolving best practice, tools and benchmarks.**
- **To enable adoption of established minimum product standards which are known to deliver key environmental benchmarks and value for money.**
- **To champion opportunities for development and stimulation of markets which enhance environmental, economic and social benefits.**

Improvement through efficiency

# Sustainable Procurement Potential



- Community Benefits & Enhancing Wellbeing
- Collaboration, Partnership & 'Use of Resources'
- Corporate Citizen agenda
- Corporate Social Responsibility
- Economic, Regeneration & Sustainability strategies
- Social Cohesion, Equality & Diversity
- 3<sup>rd</sup> sector public service delivery
- Environmental, Spatial and Rural strategies
- Waste strategies
- Health Improvement strategies
- Public Sector Food Procurement Initiative
- LAA's, LSP's and LEGI's

Improvement through efficiency

# Evidence from 'pathfinders'



- Commitment from the top and to sustainability generally.
- Corporate approach related to LA's priorities and engaging range of services.
- Lead by example
- Use the SPTF Flexible Framework
- Plan, prioritise and set targets
- Be imaginative
- Build interest, capacity and enthusiasm
- Understand change management:
  - Identify and remove barriers
  - Emphasise the positive
  - Promote champions
- Engage with suppliers
- Provision of coordinator to unlock greater potential.
- Whole life costing but evidence shows short term costs also competitive!
- Kudos and improved reputation.

Improvement through efficiency

# 10 key objectives covering all elements of procurement:



- Compliance with legislation
- Research & promote best practice in sustainable procurement
- Sustainability appraisal and qualification of vendors
- Environmental & social specifications
- Sustainability considerations in tender evaluation
- Sustainability considerations in the supply chain
- Minimise environmental impacts of contracts
- Sustainable procurement awareness raising and training
- Sustainability considerations in monitoring and review
- Promoting local & BME businesses, SME's, social/voluntary enterprises

*Thanks to LB Camden*

Improvement through efficiency

# Sustainable Procurement



- Many drivers but remains the discretion of the procuring organisation
- Not simple.....but can be tackled if mainstreamed and relating to your priorities
- Many interested partners
- Good practice in every region, but different people doing similar things separately
- Opportunities to achieve a greater whole effect than the sum of the parts
- Not necessarily more costly .....not when considering 'whole life, whole value' costs
- Not easily measurable.....but can assess improved effect
- Need to be well-informed and not just well-intentioned

Improvement through efficiency

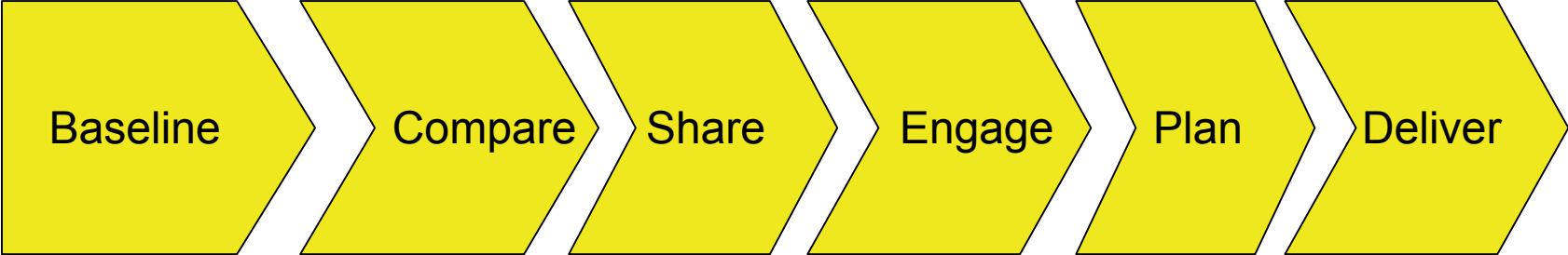
# Harnessing Participants



- Public Sector – policy, strategy, service, procurers & scrutiny
- LG Professional Organisations
- Audit Commission
- IDeA
- GO's, Government departments and agencies
- RDA's
- Environment Agency
- Procurement Consortia
- Business Sectors & 3<sup>rd</sup> Sector
- Business Support Sector
- Academia

Improvement through efficiency

# Collaboration Spectrum



# Opportunities & Threats



## OPPORTUNITIES

- Knowledge, research & evidence
- Influence
- Stimulating markets
- Harmonised procedures
- Improved Capacity
- Central thinking with local decisions
- Improved Engagement
- Shared priorities

## THREATS

- Inaccessible aggregation
- Centralised or exported job location
- Different priorities – diluted impact
- Chasing the cashable gain
- Compounded negative impact
- Central thinking with central decisions

Improvement through efficiency

# Shared Services relating to Sustainability & Collaboration



## Thank You, Questions?

David Wright, NE Centre of Excellence

0191 4332230

[davidwright@gateshead.gov.uk](mailto:davidwright@gateshead.gov.uk)

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# BETTER BENCHMARKING FOR SOCIAL CARE BUYING



**Presentation to CBC Annual Conference**

**Thursday 15 March 2007**

**David Hewitt, PSL Consulting Solutions Limited**



*Your Partner in Procurement*

# ABOUT PSL CONSULTING

Experts in procurement we provide strategic, operational and category-related solutions and services to the purchasing and supply community in both private and public-sector organisations throughout the UK and elsewhere.

[www.pslconsulting.co.uk](http://www.pslconsulting.co.uk)



Your Partner In Procurement

# WHAT'S THE PROBLEM?

**Councils are exercising too little control and influence over the market for residential care services**

# WHY IS THIS?

- **Shift in supplier base from single-site owner/managed homes to large 'corporates'**
- **Managing (predicting) demand**
- **Building (supply) capacity and competing with other councils for it**
- **'Gross rates' culture**

# THE WAY FORWARD

**Adoption of a common 'commercial' benchmark across many councils is?**

- a) A PIPE DREAM
- b) HELPFUL
- c) VITAL
- d) COUNTER-PRODUCTIVE

# A COMMERCIAL RESPONSE

- **Getting more *detailed* price information (from providers)**
- **Establishing a link between the 'commercial' and 'technical' elements (of the care contract)**
- **Building a *transparent* specification**

# THE 'SPECIFICATION'

PRICE ELEMENT >	DEFINITION OF NEED	High	Medium	Low
	Accommodation			
	Shared Client Support			
	One-to-one Support			
	Specialist Support			
	Life Skills Development			
	Transition			

# HOW TO USE IT

## INTERNAL PRICE TOOL

- **Template to collect price 'menu'**
- **Internal comparison database**
- **Linked to care order specification**
- **Standard price bidding tool**

# HOW TO USE IT

## EXTERNAL BENCHMARK

- **Shared supplier base**
- **Better capacity building**
- **Common template**
- **Wider geographical footprint**

# A SOLUTION...

- **Spreadsheet tool**
  - ABOUT CLIENT worksheet
  - HOME FEES worksheet
  - HOMES NEGOTIATION worksheet
- **Simple to use/apply**
- **Flexibility/adaptability**
- **Provider acceptability**

# 'About Client' WORKSHEET

Microsoft Excel - Price Tool dummy data

File Edit View Insert Format Tools Data Window Help Adobe PDF

Type a question for help

022

A	B	C	D	F	G	H
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2						
3	Client reference or name:	1234	Choices of Home:	Cherrytrees	Total for homes:	£793
4	Commissioning / procurement manager:	Tom Greg			within budget	
5						
6	Level of care required (please select)	Moderate				
7						
8	Description of level of care:	Needs are complex. Mechanical/technical help is intermittently needed. Relationships have complications. Physical and mental health fluctuating erratic or unstable. Abilities are compromised or absent some of the time. Regular risk assessment needed.				
9						
10						
11	Weekly budget allowance:	up to a maximum of	£250			
12						
13	Preferred accommodation:	select type:				
14	1. own bedroom shared living	<input checked="" type="radio"/>				
15	2. Studio flat	<input type="radio"/>				
16	3. Flat - 1 bed	<input type="radio"/>				
17	4. Flat - 2 bed (carer sleep provision)	<input type="radio"/>				
18						
19	Shared client support:	Time and client/carer ratio required:				
20	Daytime shared support based on 15 hr day (hours per week)	85				
21	Carer/client ratio	1:3				
22						
23	Night sleeping cover based on 9 hr night (nights per week)					
24	Carer/client ratio					
25						
26	Night waking cover based on 9 hr night (nights per week)	7				

about client / home fees / home negotiation / homes / home input /

Ready

start Microsoft Excel - Proc... Microsoft PowerPoint ...

# 'Home Fees' WORKSHEET

Microsoft Excel - Price Tool dummy data

	A	B	C	D	E	F	G	H	I	Z	AA	AB	AC	AD	AE
1	<b>Cherrytrees</b>														
2	Client name / assessment level	1234		Moderate											
3															
4	Cherrytrees is able to cater for up to:	High													
5															
6															
7	<b>1. Accommodation cost: £ per week</b>	<b>Home</b>	<b>Client</b>	<b>Cost per week</b>	<b>Commission Rates</b>										
8	1. own bedroom shared living	£246.00	1	£246	min	max	median								
9	2. Studio flat				£225	£273	£248								
10	3. Flat - 1 bed														
11	4. Flat - 2 bed (carer sleep provision)														
12	Extra supplement	£5.00		£5											
13															
14	<b>2. Shared Client Support:</b>														
15	Daytime shared support based on 15 hr day (£ per hr)	£2.50	65	£163	£3	£5	£3								
16	Carer / client ratio	1 to 4	1 : 3												
17															
18	Sleeping cover based on 9 hour night (£ per night)														
19	Carer / client ratio														
20															
21	Night waking cover based on 9 hour night (£ per night)	£24.00	7	£168	£19	£28	£23								
22	Carer / client ratio	1 to 4	1:4												
23															
24	<b>3. 1-to-1 Support:</b>														
25	Simple support (£ per hour)	£4.00	9	£36	£3	£8	£5								
26	Carer type / grade	domiciliary	domiciliary												
27															
28	Full shift - day (£ per day)														
29	Carer type / grade														
30															
31	Full shift night- sleeping (£ per night)														
32	Carer type / grade														
33															

Ready

start Microsoft Excel - Proc... Microsoft PowerPoint...

# 'Home Negotiation' WORKSHEET

Microsoft Excel - Price Tool dummy data

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Chemtrees												
2	Client name / assessment level	1234		Moderate									
3													
4	Chemtrees is able to cater for up to:	High											
5													
6													
7	<b>1. Accommodation cost: £ per week</b>												
8	1. own bedroom shared living	£248	1	£248	£248	1	£248						
9	2. Studio flat												
10	3. Flat - 1 bed												
11	4. Flat - 2 bed (carer sleep provision)												
12	Extra supplement	£5		£5	£5		£5						
13													
14	<b>2. Shared Client Support:</b>												
15	Daytime shared support based on 15 hr day (£ per hr)	£3	65	£163	3	65	£163						
16	Carer / client ratio	1 to 4	1:3		1 to 4	1:3							
17													
18	Sleeping cover based on 9 hour night (£ per night)												
19	Carer / client ratio												
20													
21	Night waking cover based on 8 hour night (£ per night)	£24	7	£168	20	8	£150						
22	Carer / client ratio	1 to 4	1:4		1 to 4	1:4							
23													
24	<b>3. 1-to-1 Support:</b>												
25	Simple support (£ per hour)	£4	9	£36	4	9	£36						
26	Carer type/ grade	domiciliary	domiciliary		domiciliary	domiciliary							
27													
28	Full shift - day (£ per day)												
29	Carer type/ grade												
30													
31	Full shift night - sleeping (£ per night)												
32	Carer type/ grade												

Ready

# CURRENT COLLABORATION



YOUR PARTNER IN PROCUREMENT

# CASE STUDY EXAMPLE

## ...OLD REGIME

<b>PRICE</b>	<b>£</b>	
To supply weekly care for John Smith:		
<b>TOTAL PER WEEK</b>	<b>883.00</b>	

# CASE STUDY EXAMPLE

## ...PRICE TOOL BENCHMARK

PRICE ELEMENT	£	
To supply weekly care for John Smith: ACCOMMODATION	446.00	
SHARED CLIENT SUPPORT (65 hrs in a week)	157.00	Daytime
	91.00	Night sleeping
ONE-TO-ONE SUPPORT (14 hrs/wk @ £7/hr)	98.00	Domiciliary
SPECIALIST SUPPORT (7 hrs/wk @ extra £3/hr)	21.00	Qualified
LIFE SKILLS DEVELOPMENT (10 hrs @ £7/hr)	<u>70.00</u>	Domiciliary
<b>TOTAL PER WEEK</b>	<b>883.00</b>	

# CASE STUDY EXAMPLE

## ...NEGOTIATED OUTCOME

PRICE ELEMENT	£	
To supply weekly care for John Smith:		
ACCOMMODATION	346.00	
SHARED CLIENT SUPPORT (65 hrs in a week)	157.00	Daytime
ONE-TO-ONE SUPPORT (13 hrs/wk @ £7/hr)	91.00	Domiciliary
SPECIALIST SUPPORT (7 hrs/wk @ extra £3/hr)	21.00	Qualified
LIFE SKILLS DEVELOPMENT (10 hrs @ £7/hr)	<u>70.00</u>	Domiciliary
<b>TOTAL PER WEEK</b>	<b>685.00</b>	

# OPPORTUNITY...

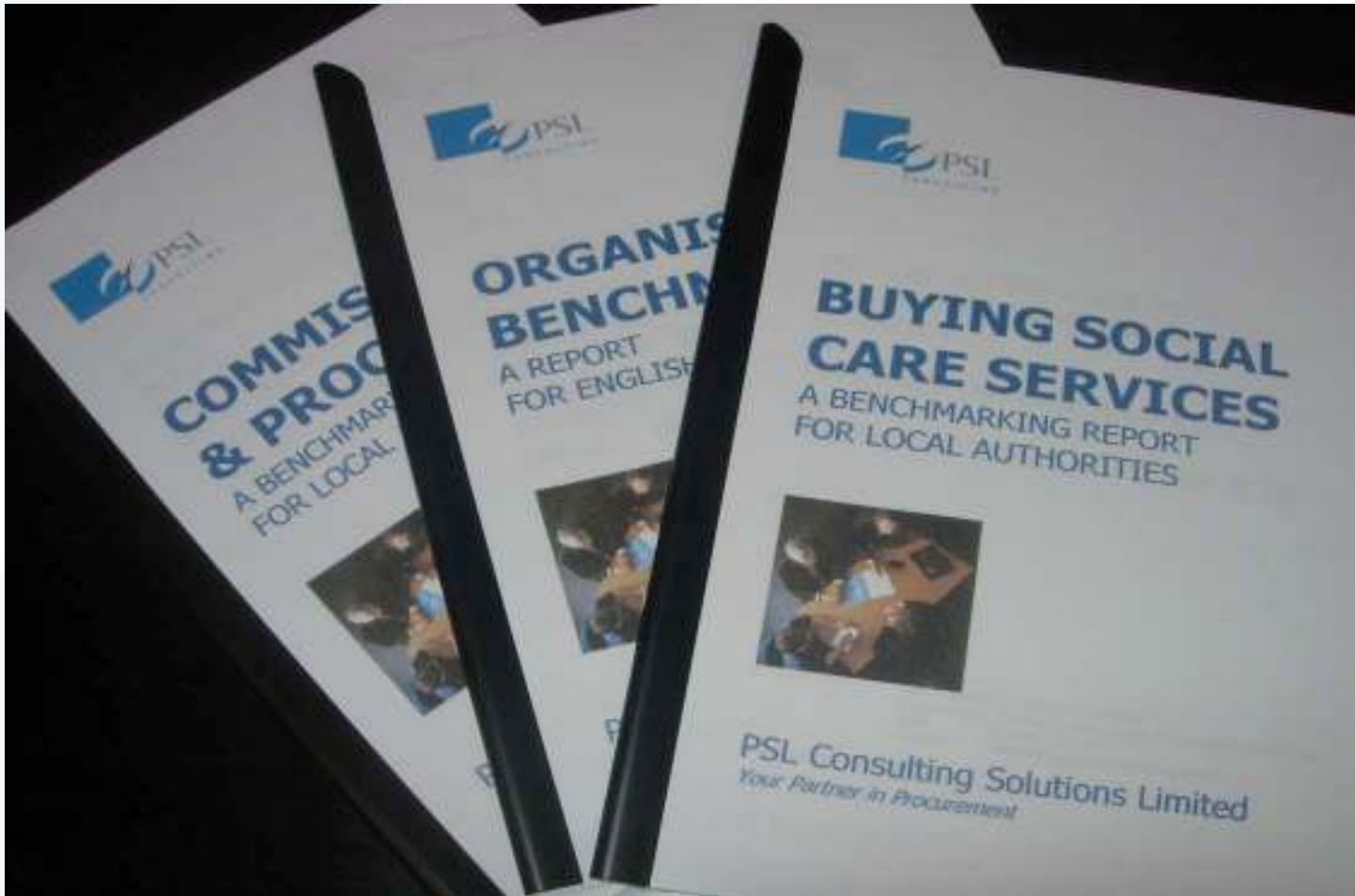
# 3-4%



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ONE GREAT GEORGE STREET, LONDON

15 MARCH 2007

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# Darren Cox

DfES Centre for Procurement Performance

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# Central Buying Consortium

## Annual Conference 2007

*‘DfES: Our Thinking on Shared Services ’*

15<sup>th</sup> March 2007

**Darron Cox**

Deputy Commercial Director, DfES

# Shared Services Vision

Shared Services will help the **Education and Skills Sector** deliver 'value for money' policy outcomes through a portfolio of clearly defined programmes which take each other into account and which are based the principle that common processes are the sensible choice for institutions.

# Shared Services Vision

**Learners, parents and children** will be able to access education and children's services that have been tailored to their individual needs and circumstances. These services will be delivered through coherent, standardised support processes using common, shared data.

# Shared Services Vision

**Institutions** will have access to ‘best of breed’ front line and support processes from service providers in both the public and private sector.

Measurement will be built into ‘end to end’ processes rather than creating additional work.

# Shared Services Vision

**Value for Money** will be driven through transparent pricing leading to measurable outputs and ongoing improvement of service standards to meet existing and future needs of individuals.

# Shared Services Programme

## Schools

- Shared payroll services
- Shared recruitment services
- Shared bursar and business management services
- Schools will also benefit in due course from cross-sector shared ICT services

## Children, Young People and Families

- Regional commissioning units being piloted through the Care Matters Green Paper

# DfES Educational Procurement Centre (EPC)

- Strategic Initiatives
  - *Guidance and Skills Development*
  - *Temporary Workers*
  - *Transport*
  - *Information and Knowledge Management*
  - *Building Schools for the Future (BSF)*
  - *Category Management*
- 'EPC: Local' & E-procurement Pathfinders
- Development of stakeholder networks

# EPC: Local

- Sub-regional network of Educational Procurement Centres
- Develop effective working relationships, taking a strategic view of commercial arrangements;
- Implement OPEN: The marketplace for schools;
- Provide procurement support, guidance and training to schools;
- Deliver the sustainability agenda for school procurement;
- Identify opportunities for improved procurement or collaboration by:
  - managing aggregated demand across the school sector;
  - leading category management and commissioning initiatives; and
  - identifying and managing commercial risks.
- Improve knowledge management and information sharing; and
- Implement National Procurement Initiatives.

# OPEN: The marketplace for schools



## Vision

Easy access to local, regional and national value for money contracts in one place that allows buyers and suppliers to transact electronically.

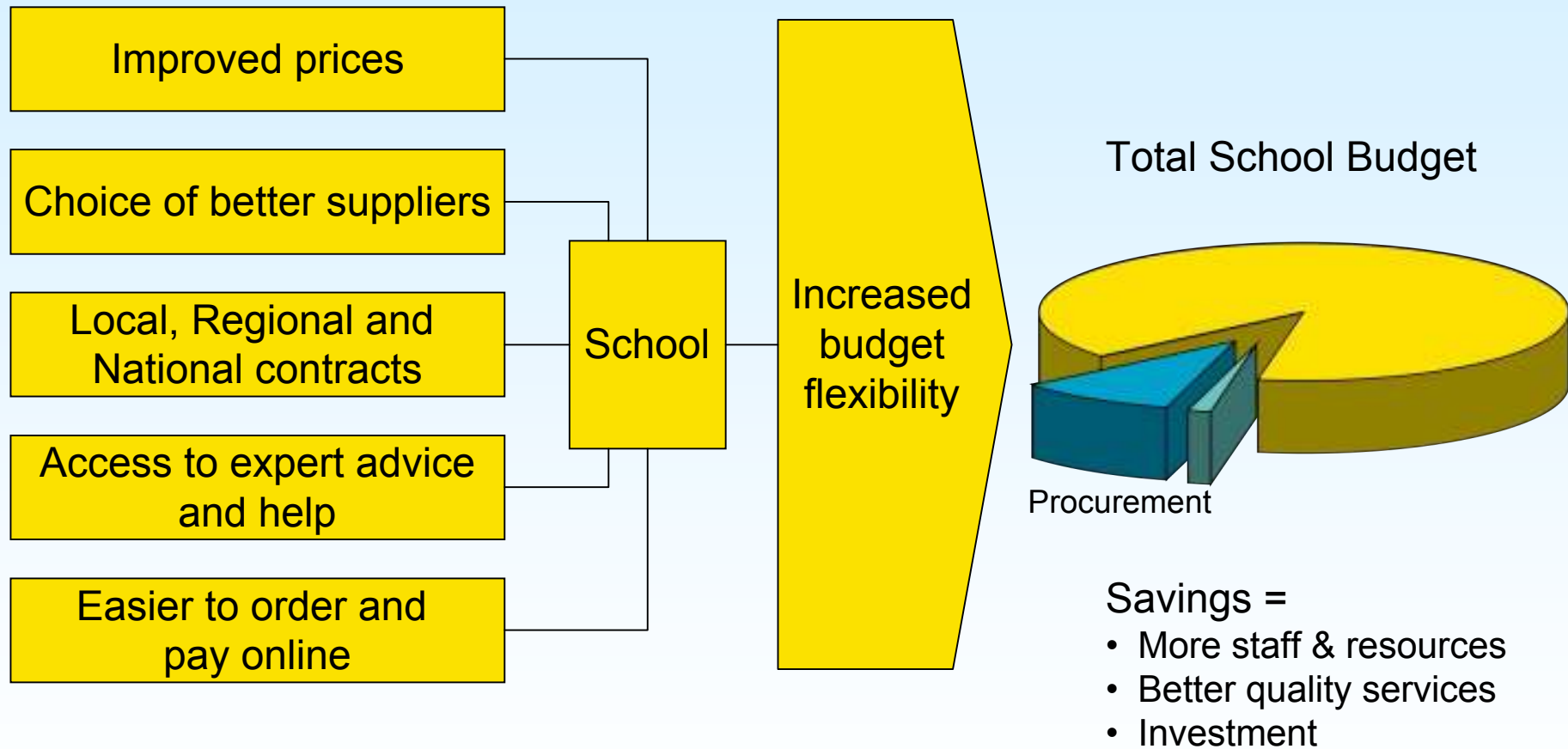


# OPEN: The marketplace for schools



- A centrally run managed service
- Content focused on the needs of schools
- Schools have choice and control
- Suppliers invited to join by public sector bodies
- Integrated with schools MI systems (SIMS, RM, etc)
- Simple Amazon™ type of purchasing experience
- Transactional data and management information integrity throughout procurement process

# How will Schools benefit from EPCs?



# Thank you

For further information

[www.dfes.gov.uk/cpp](http://www.dfes.gov.uk/cpp)

[www.dfes.gov.uk/cpp/open](http://www.dfes.gov.uk/cpp/open)

[\*\*Eprocurement.schools@dfes.gsi.gov.uk\*\*](mailto:Eprocurement.schools@dfes.gsi.gov.uk)

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# John Seddon

Vanguard

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# To share or not to share?

John Seddon

Visiting Professor, Lean Enterprise Research Centre,  
Cardiff University

Managing Director, Vanguard Consulting

## The Toyota System for service organisations

The major causes of sub-optimisation (high costs, poor service and low morale) are in the ways the work is designed and managed.

If you are prepared to change the way you think (about the design and management of work) you can have a RAPID impact on performance.

***... the Toyota system for service organisations***

# Changing management thinking

## Command and Control thinking

Top-down

Functional specialisation

Separated from work

Budget, targets, standards, service levels, activity etc.

Manage budgets and people

**perspective**

**design**

**decision-making**

**measures**

**ethic**

## Systems thinking

Outside-in

Demand, value and flow

Integrated with work

Capability versus purpose, variation

Act on system

# Is the public sector improving?

If it is, improvement is happening in spite of ministers and their agents

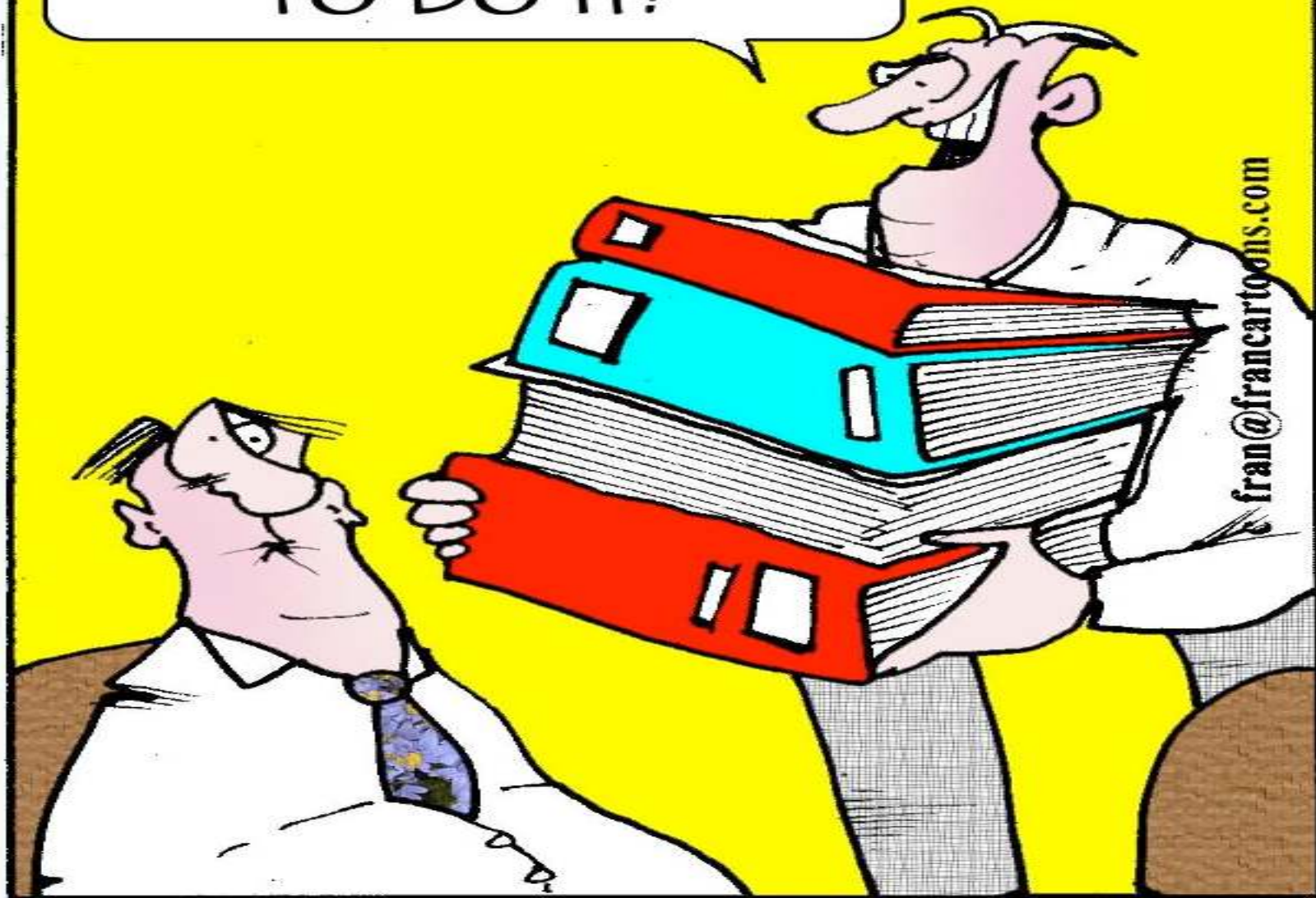
WE WANT TO RELEASE LOCAL GOVERNMENT FROM THE **SHACKLES** OF CENTRAL INTERFERENCE!



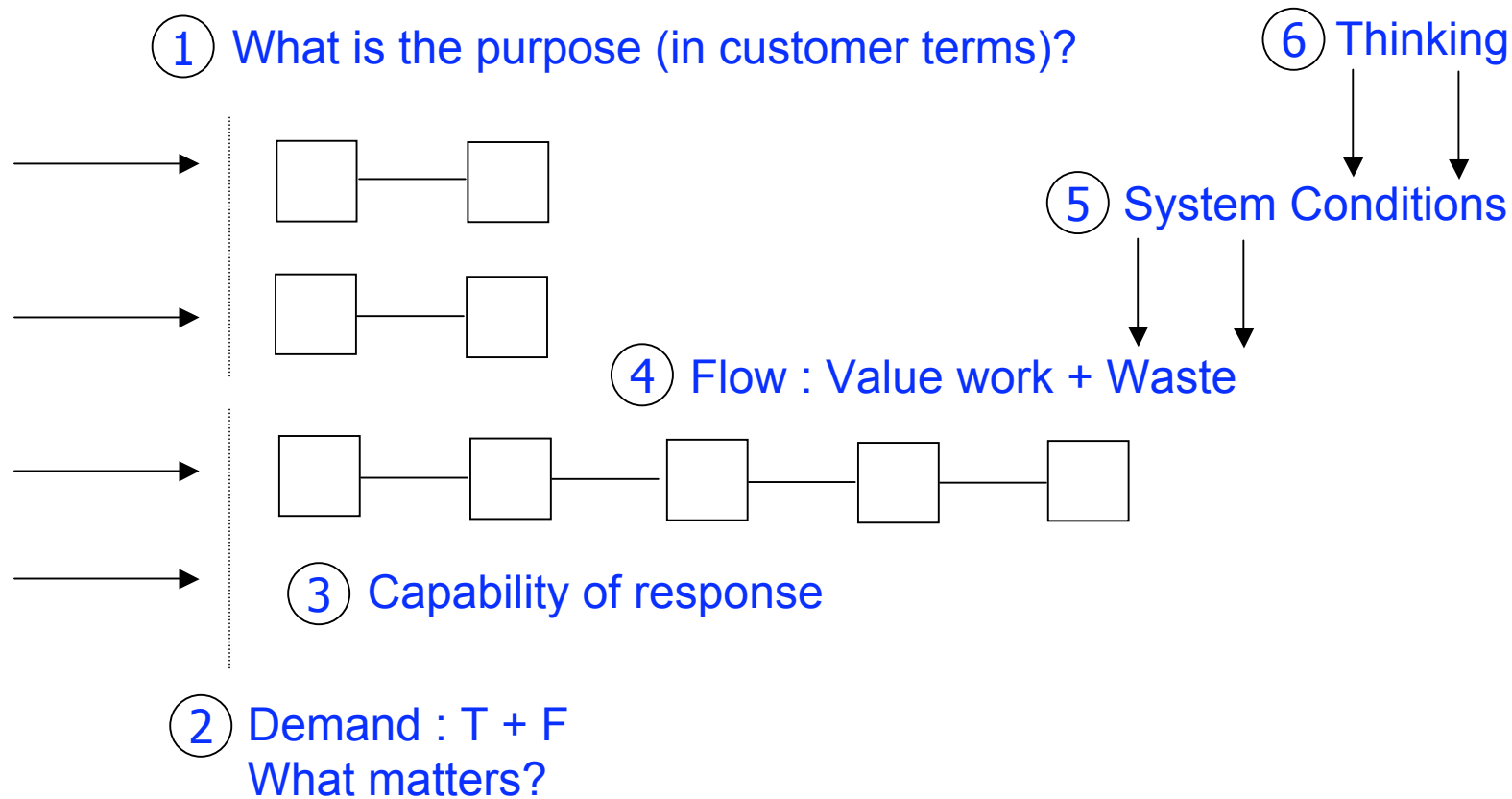
WE ENVISAGE A FUTURE  
WHERE LOCAL COUNCILS ARE  
**BACK** IN CONTROL OF  
DELIVERING HIGH QUALITY  
SERVICES TO THEIR OWN  
ELECTORATES...



AND *THIS* IS HOW  
WE WANT YOU  
TO DO IT!



# The Vanguard model for 'check'



# Ministers managing benefits

- DWP sends help toolkits including forms for recording measures
- Chancellor gives £200M for performance standards over 3 years
- If you are VF compliant you get 50% additional funding
- DWP help fund of £5M

# Ministers managing benefits

Standards for:  
claim form  
being seen  
responding to letters  
etc

Front office

Standards for:  
time to decide and pay  
etc

Back office

DIP system

Encouragement  
to use DIP

And on top of all this is a  
massive specification,  
inspection and  
reporting bureaucracy

# What you learn from Check

What do customers want?

“Can I make a claim?”

“My circumstances have changed”

# What matters to customers?

“I get an answer quickly so that I know whether or not I’m going to get help”

“Deliver payments quickly so that I don’t get hassle from my landlord or the CTax department”

“Make sure my benefits keeps track with changes in my situation...”

“You help me through the process”

“I can understand the letters & forms”

“I don’t mind waiting a bit if I know it is going to be sorted”

# Purpose

Pay the right money to the right people as quickly as possible

# Capability

(how well are we meeting the purpose in customer terms?)

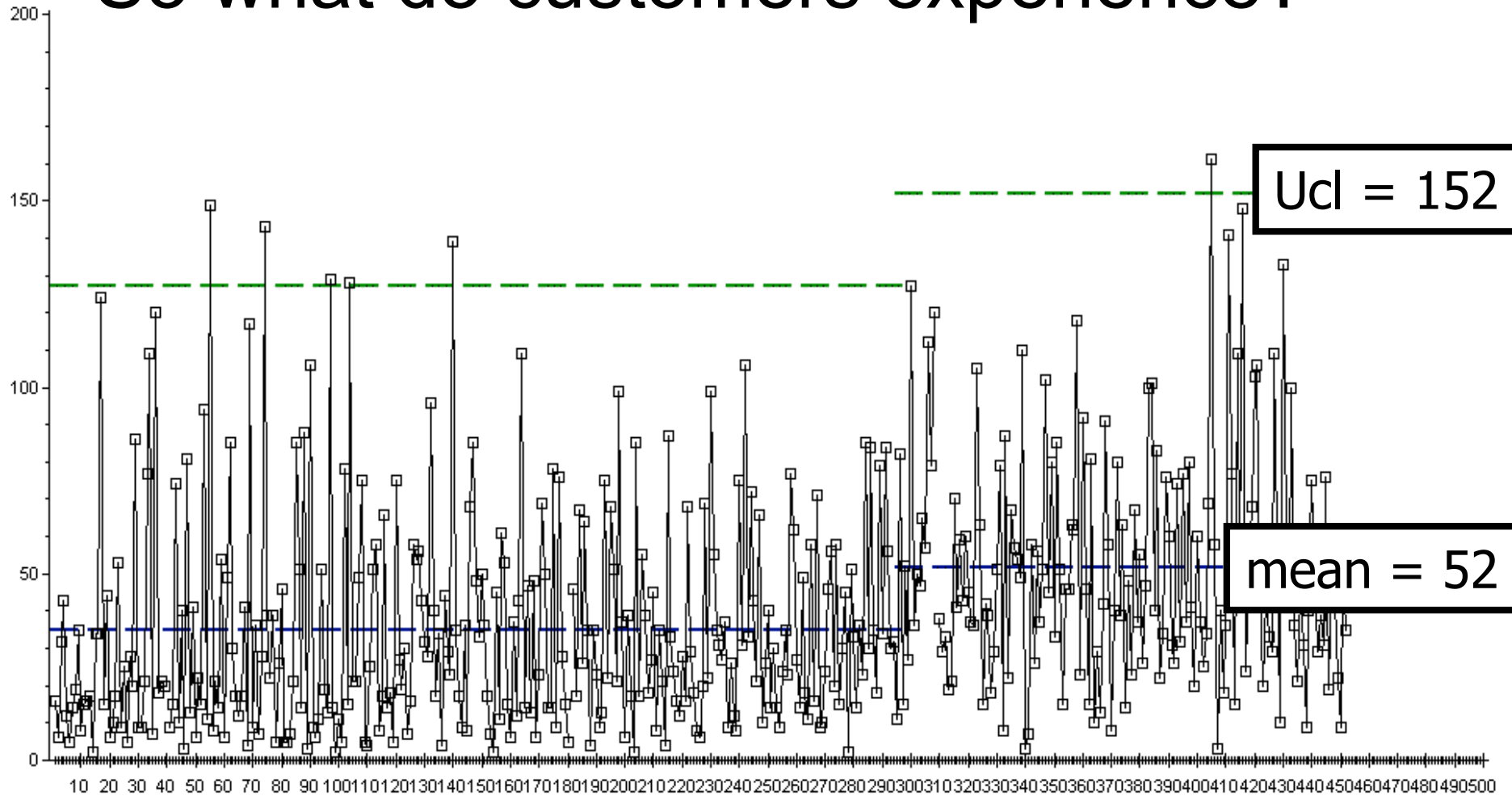
## **We don't know!**

- ***Because we don't measure it!***

## **But ... we do measure:**

- *BVPIs & position relative to 'similar' authorities*
- *Waiting time in reception*
- *AvHT, wrap, etc. in the Call Centre*
- *Number of cases per day in the back office*

# So what do customers experience?



Split Start	1	296
U.C.L.	=127.2	151.8
Mean	=34.8	51.9
L.C.L.	=N/A	N/A

# Learning to see HB as a System

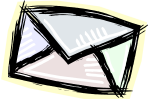


**"I want to claim"**

34%V 66%F



22%V 78%F



44%V 56%F

Letters unclear



0-152 days to pay  
3% visit once

64% passed back  
Manage queues

Hand out forms  
Take in documents

Handoff

Multiple Sorts & Checks  
Cases fragmented  
Scanning/Indexing errors

Sort  
Scan  
Index

HO

Workers' activity 'managed'

Allocate

HO

99% claims 'dirty'  
No case ownership  
CTax fragmentation

Decide

HO

Inspect

60% errors  
Rework

Notify

Pay

HO

HO



1-10 cycles to clean (ave.4)  
95% cases over-specified  
20% docs. duplicated

# The Systems Solution: design against demand

Demand

**“I want to claim”**



Value Work

- Obtain clean information
- Make a decision
- Notify the claimant
- Pay if entitled



Expertise

- Put the claims expertise at the front end
- Enable assessors to pull support on demand
- Build Ctax expertise into the flow
- And measure against purpose

# Results from the systems solution

Before

Average = 52 days

After

Average = 6 days

...and with improved quality and reduced cost

# You should not share benefits

Any kind of 'front-office / back-office' design will drive up costs and worsen service

Contracting-out locks in further costs



**Chris Hannan**  
Assistant Chief Executive  
London Borough of Newham

# Contracting out

‘Sharing’ with the private sector

What does the TPS teach us about working with suppliers?

# Have you already contracted out?

What measures are to be found in the contracts?

What impact might the measures be having on the system (and thus performance)?

What do you do now?

# Contracting out the IT help desk

Volume-based agreement

e.g. X,000 calls per year with 'volume kicker'

SLAs: % answered in x rings

KPIs on response times by priority

What is wrong with that?

# Contracting out the IT help desk

What would you be looking for in 'check'?

Demand – what might this tell us about the potential for sharing?

# Contracting out the IT help desk

What would you be looking for in 'check'?

Capability – why should we study this before we decide to share?

# Things you typically learn in 'check'

Waste: High volumes of failure demand, many types of waste in flow

High end-to-end times and poor first time fix (despite meeting SLAs)

# Things you typically learn in 'check'

Causes of waste and long end-to-end times:

- Functional design, thus many handovers
- KPIs drive 'closed' not 'fixed'
- Activity measurement drives meet the stats, not solve customer problems

# Things you typically learn in 'check'

- Procedures

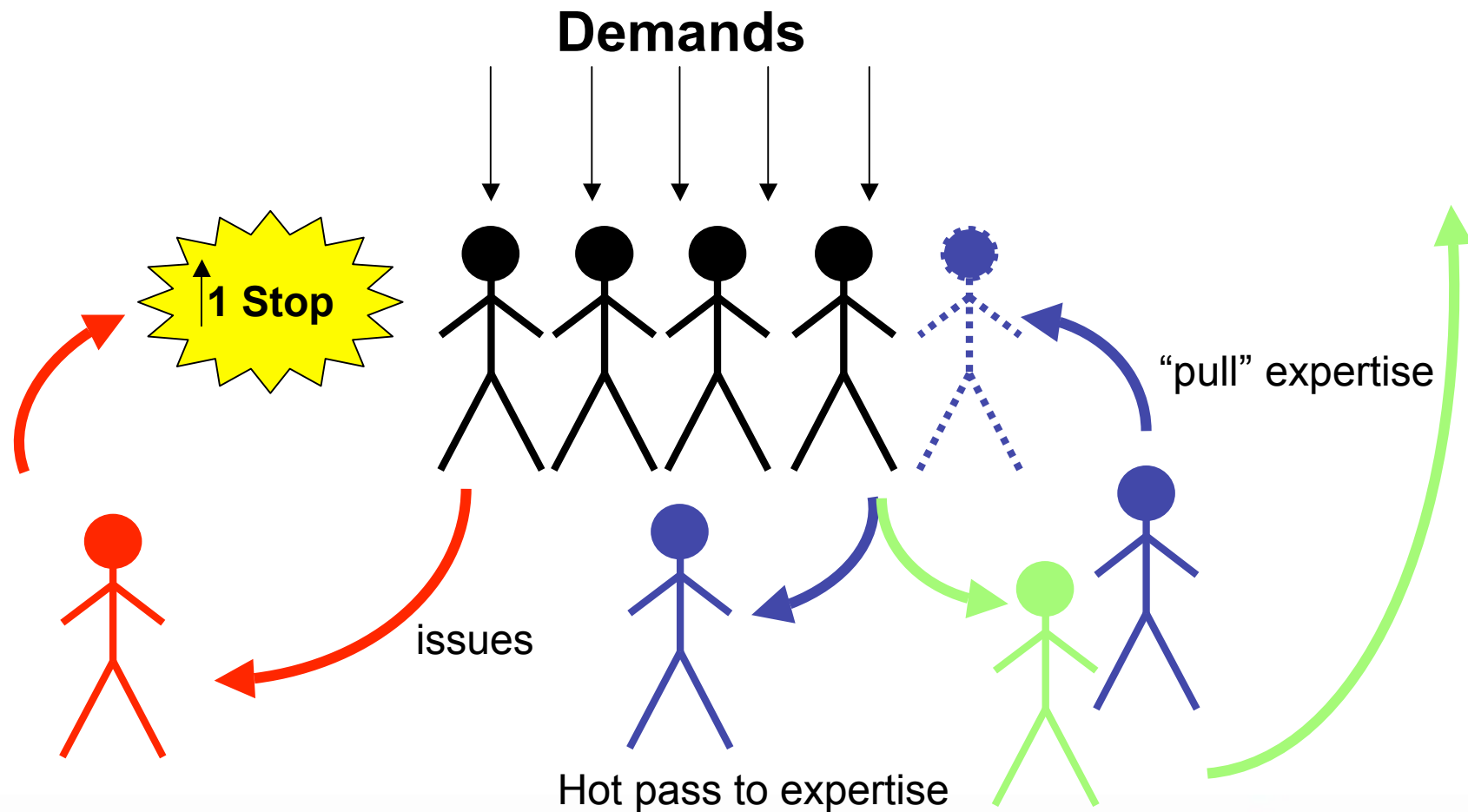
'Legitimate' administrative delays

And contractual issues:

Is this 'in scope'? Targets to get work into Development

Stick to the contract; changes mean cost

# Design against demand



# Changing management thinking

## Command and Control thinking

Top-down

Functional specialisation

Separated from work

Budget, targets, standards, service levels, activity etc.

Manage budgets and people

**perspective**

**design**

**decision-making**

**measures**

**ethic**

## Systems thinking

Outside-in

Demand, value and flow

Integrated with work

Capability versus purpose, variation

Act on system

# Changing management thinking

## Command and Control thinking

Top-down

Functional specialisation

## Economies of scale

Budget, targets, standards, service levels, activity etc.

Manage budgets and people

perspective

design

versus

measures

ethic

## Systems thinking

Outside-in

Demand, value and flow

## Economies of flow

Capability versus purpose, variation

Act on system

# Conclusion

What SHOULD you share?

METHOD

Get Knowledge  
(from Check)

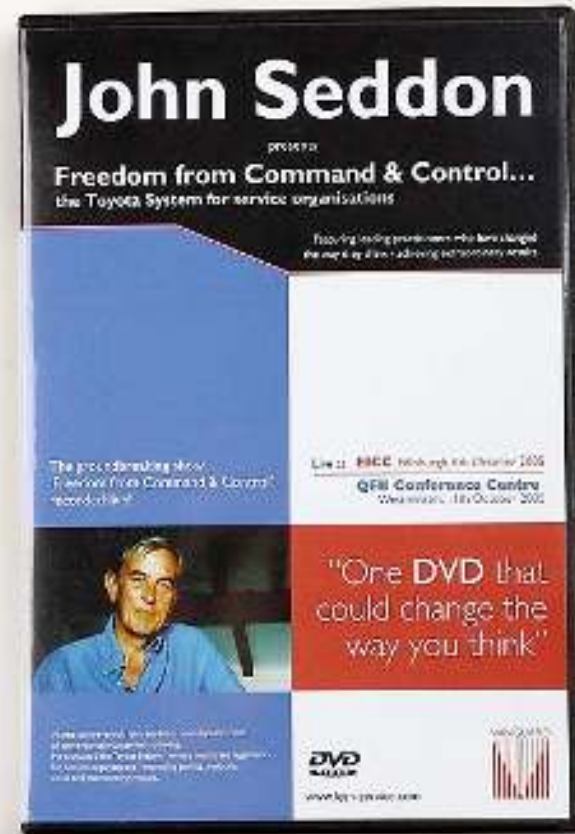


Improve



Determine whether  
& how to share

Freedom  
 from  
**COMMAND  
 & CONTROL**  
 a better way  
 to make  
 the **work**  
**work**



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