Cambridgeshire County Council

Shared Services without borders:

Improving services and value for money

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To share or not to share?

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- The current public policy agenda is focussing local authorities on commissioning, market development and the role of community leader and enabler.

- Local Government and Public Involvement in Health Act 2007 and Public Sector Efficiency and Service Transformation Reforms require multi-tier areas of local government to enhance and improve joint working;

- The current economic climate has created significant additional pressures upon public sector spending and the future of public sector spending.

To share or not to share?

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- Comprehensive Area Assessment is primarily focussed upon the quality of outcomes and impact achieved for a place, rather than the single performance of one organisation;

- Comprehensive Spending Review (CSR) in 2007 has made local government funding more challenging for the next 3 years and scrutiny of management ‘overheads’ and ‘back office’ costs is an increasing challenge for all parts of the public sector – CSR 2010 will not make things easier!

A snapshot of Cambridgeshire

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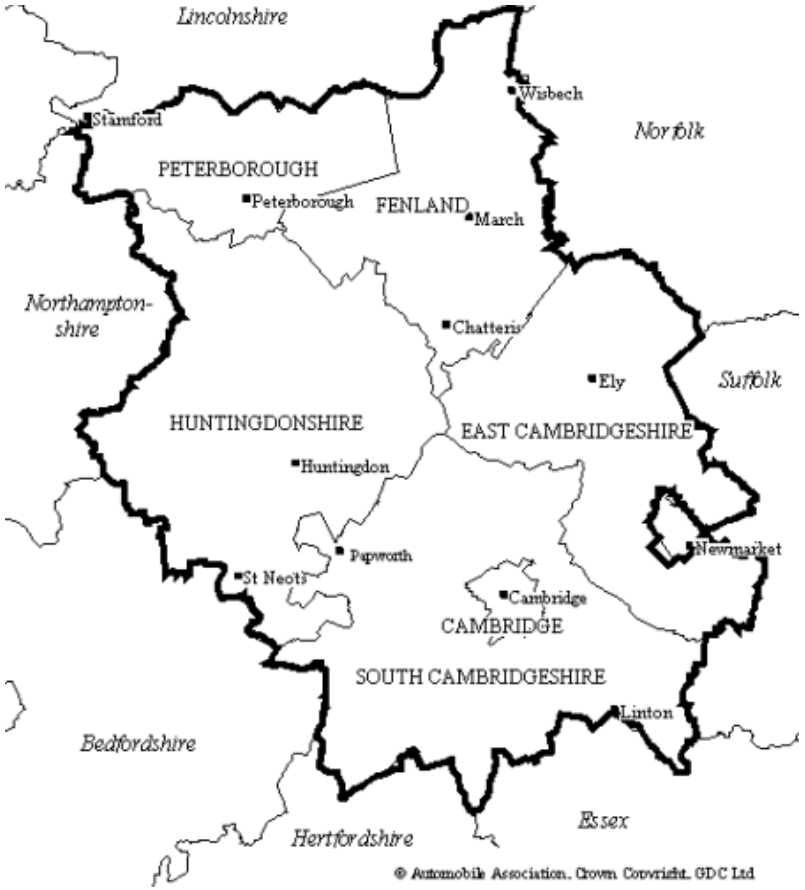
- 590,000 population and rising;
- Annual budget of £570 million,
- In excess of 18,000 employees (6,500 non-schools based employees);
- Mix of urban and rural, with market towns and 1 main city;
- Low level of tax and low level of government funding.



Current Operating Model

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- An organisational delivery model based around three customer facing Services: Children & Young People, Community and Adults and Environment Services.

- Supporting the delivery of customer facing services with a common set of Corporate Services – centralised HR, Finance, ICT, Property and Asset Management, Procurement and Programme Management;

- Absolute focus upon value for money by delivering high quality services for lowest possible cost.

Corporate Services in Cambridgeshire

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- Relatively highly performing (a sustained 4 / 4 for Use of Resources);
- Relatively low cost (based upon CIPFA and other benchmarks) – but with room for further cost reduction;
- Invested in the necessary technology for a number of years and in developing the intellectual property around the operation of an e-Business Suite within a local government context.

But:

- Further technology investment for the future hardware and software requirements was becoming problematic and increasingly unsustainable;
- Corporate Services funding was being reduced year on year with a requirement to absorb more inflationary pressures;
- Given the broader financial pressures facing the Council, £1 million worth of savings had been removed from the corporate services budget – the choice became stark, either share and generate income or reduce costs!

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The response?

"Creation of a shared service centre from which local government can easily source best practice corporate services/back office services and solutions."

- The Cambridgeshire, Northamptonshire and Slough shared vision

By Local Government, of Local Government, for Local Government

The objectives of the Local Government Shared Services Programme (1)

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- Highly effective and efficient, providing upper quartile performance at lower quartile process costs based on local government benchmark;
- Offering a quality and sector-specific service to local government, rather than competing with private sector outsourcers;
- Able to offer a menu of services to other local authorities, underpinned by a common process and system design. All processes delivered by the venture will be standardised maximising the economies of scale resulting from a shared service centre model and the efficiencies available from the integrated e-Business Suite;

The objectives of the Local Government Shared Services Programme (2)

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- Able to support the founding authorities and future authorities that take-up the service to reduce service operating costs and, therefore, optimise their scarce resources;
- Able to maintain the flexibility to, if appropriate, embrace the potential benefits of contracting-out specific processes or services to the private sector to reduce cost whilst ensuring the overall quality of service remains high;
- Professionally managed with a culture strongly focused on customer service and continuous improvement;
- Able to generate revenue from new customers to benefit the founding organisations.

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What's in scope?

- Financial services including: Accounts Payable, Accounts Receivable, Accounting, Statutory Reporting, Regulatory & Compliance, Travel and Expenses, Revenue Collections, General Ledger Month End Close, Cash Application, Billing and Invoicing, Purchase to Pay and Financial Assessment.

- Transactional HR services including Payroll, Employee Records Maintenance, Recruitment Processing, Learning & Development Administration, and Pensions Administration.

- System Support Services including e-Business infrastructure hosting and support, Application support and development, Systems administration and security.

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Three phases of change to deliver the shared service

- Phase 1 - Operational convergence and procurement
- Phase 2 - Optimisation and stabilisation
- Phase 3 - Growth and improvement

(Phases 2 and 3 occur in parallel)

Progress to date

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- Shared common processes developed between two authorities – achieved;
- Shared systems administration team between two authorities - achieved;
- The unique achievement of having fully converged technology in operation for Cambridgeshire and Northamptonshire since June 2008;
- Cambridgeshire on track to realise £1million net savings on the costs of Corporate Services delivery, Northamptonshire on track to realise similar levels of savings.

Next Steps

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- To update the business case and roadmap for improvement with Slough Borough Council having now formally joined as a third partner in the programme;

- To a commence the formal procurement exercise to identify a private sector partner(s) to support the three founding partner authorities with the creation of a joint venture and the letting of a framework contract for public authorities, to easily procure the services offered – to be completed in 2010;

- To continue to drive out efficiencies and increase the technological convergence between the three authorities prior to transferring assets to the new Joint Venture Company.

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How does this relate to the economy?

- Innovation to deliver differently and focus on core services;
- The programme will create a sustainable vehicle for delivering essential corporate services to the founding authorities and future customers;
- Because the venture is being built upon technology it enables virtual operation, rather than a shared service “shed” approach;
- Ensures employment opportunities for people working in the corporate functions of the three partner authorities can be secured;

How does this relate to the economy?

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- Streamlines the future procurement of back office services for future customers and reduces the costs of procurement involved;
- Creates a solution that enables the necessary technical maintenance and development to be shared, reducing the financial burden upon individual authorities;
- Generates future income for the three partner authorities to reinvest in front line service delivery and thereby helps us to balance the books!

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For further information, please contact me:

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