

NORTH WEST IMPROVEMENT AND EFFICIENCY STRATEGY

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1. PURPOSE OF THE STRATEGY

1.1 This document sets out, for 2008/11, a strategy and support programme for the north west authorities to build on the work done by NWCE and:

- Save money and live within the more difficult financial climate of 2008/11.
- Deliver improved outcomes and, in some cases, transformed services
- Boost the local economy through:
 - increasing the proportion of expenditure with north west businesses
 - creating 'service centres' to bring employment to the north west.
- Engage more effectively with the third sector to improve the targeting of services, boost the local economy (as such expenditure tends to be local), increase the investment in this sector to achieve better outcomes and save money for local government.
- Support the implementation of the Local Government Sustainability Strategy.
- Provide support to weaker performing councils.
- Support cost effectiveness of LAAs and MAAs.
- Boost capacity and capability in the management of third party spend (45% of local authorities' costs).

The document also highlights issues which need to be borne in mind in setting up the RIEP and some of the transitional issues.

1.2 It is envisaged that full engagement of local authorities with this strategy should enable by 2010/11:

- £300+m of efficiencies to be delivered in the region, almost all of them cashable. This excludes shared services for which estimates will be available once the sub-regional programmes have been developed.
- A 5-percentage point increase in the amount of business going to local suppliers. This amounts to an investment in the local economy of £350m pa, comparable with the annual budget of NWDA. The multiplier effect would boost the value of this to nearly £1bn pa.
- An increase in business with the third sector of 3 percentage points of spend, which would equate to a massive additional investment of £200m pa.
- The creation of 1000 new jobs in the more economically disadvantaged parts of the region through the creation of 'Service Centres'.
- Local Passenger Transport national lead: Potential efficiencies of £200+m

2. DEVELOPMENT OF THE STRATEGY

2.1 In developing this strategy, reference has been made to the following documents and sources:

- National Improvement and Efficiency Strategy
- Delivering Value for Money in Local Government: Meeting the Challenge of CSR07 (The national Efficiency Delivery Plan)
- LGA Advice Note to Support RIEPs in the Development of Regional Improvement and Efficiency Strategies 2008-11
- Local Government Sustainable Procurement Strategy

2.2 This strategy meets the LGA criteria for Regional Improvement and Efficiency Strategies of:

- Evidence based and outcome focussed priorities
- Inclusive and collaborative
- Cohesive
- Strong governance and monitoring systems
- Robust partnership arrangements
- Strategic approach to delivery and commissioning of support

2.3 The strategy focuses on those areas where NWCE has expertise and a track record namely:

- Strategic Management of Third party Spend (Procurement)
- Commodities Goods and Services
- e-Procurement
- Construction
- Health and Social Care
- Local Passenger Transport (NWCE's national lead)
- Environment (Sustainability and Waste)
- Shared Services
- Restructuring and Business Process Re-engineering
- Capacity building, particularly in third party spend

Third party spend covers expenditure with external parties (ie non-in house spend). This includes commodities goods and services, construction, elements of health and social care (ie that which is provided by external suppliers), utilities, elements of

'environmental' spend, eg waste management, elements of local passenger transport and major contracts for IT, services and outsourcings. About 98% of this spend is with the private sector.

- 2.4 Third party spend makes up 45% of local government costs. This proportion is increasing and seems likely to exceed 50% by 2010/11. The remainder is 'in-house' costs, which is where shared services initiatives are focussed. This strategy can therefore influence beneficially the majority of local authorities' activities.
- 2.5 Development of the strategy has been facilitated by NWCE, but is the product of programme boards, which consist of representatives and professionals in their field, from the north west authorities. These are the real authors of the strategy and any figures quoted must therefore be taken seriously. The separate elements are based on evidence, i.e. analysis, research, knowledge about what is happening and knowledge about what is likely to happen. The common theme is that huge savings and significant service improvements can be made through collaboration and joint delivery.
- 2.6 The strategy has also been informed by discussions with:
- CLG and other government departments, in particular DCSF, DeFRA, DfT, OGC and OGCBuying.solutions
 - Audit Commission
 - LGA
 - Widespread consultation throughout the north west in addition to the programme boards, eg through sub-regional groups, working groups and workshops, set up or supported by NWCE, and one to one meetings.
 - Regional bodies including GONW, Greater Manchester Council for Voluntary Organisations, NWDA, Centre for Construction Innovation (CCI), Universities of Manchester and Cumbria, Merseytravel.
 - The NHS
 - Private sector organisations, including several global companies such as Diageo and Phillips, and companies with a major regional presence such as BT and Liberata.
 - Other regions, particularly other RCEs.

- 2.7 The structure of the reports of the various programme boards and working groups is as follows:
- This is what the landscape looks like
 - This is where we need to be
 - These are the potential savings and benefits
 - This is how they can be achieved
 - This is how much it will cost
- 2.8 The programme is a combination of short to medium term gains, longer term strategies, embedding the opportunities that have already been created and supporting delivery and implementation.
- 2.9 The CLG paper, 'Delivering Value for Money in Local Government', anticipates that the bulk of efficiencies (58%) will come from 3rd party spend, 36% from business process improvement (which features strongly in the third party spend, local passenger transport and adult social care parts of this strategy and potentially in that of shared services), 4% from better asset management and 2% from shared services alone. The analysis and work done by the various working groups contributing to this paper would suggest that significantly more than 58% could come from better management of third party spend. Implementation of the latter opportunities offers the least controversial approach; it has least impact on jobs of councils' employees.
- 2.10 For many north west councils 2008-11 will be a difficult period. Increasing demands on services – particularly adult social care, expectations of higher quality and more accessible services and creating LAAs and MAAs will conflict with tighter financial settlements. For many councils in the region, efficiencies of just 3% per annum would be good news. Some may have to deliver efficiencies totalling 20% by 2010-11. This strategy will provide strong support to councils to manage these pressures.
- 2.11 As an illustrative figure, for the north west as a whole, 3% year on year efficiencies would require a saving of close to £650m in 2010-11, against a 2007- 8 baseline. It is envisaged that full engagement of local authorities with the strategy in this paper should enable:
- £300+m of efficiencies to be delivered by year 3 of CSR07, a large proportion of which are cashable.

- A 5-percentage point increase in the amount of business going to local suppliers. This amounts to an investment in the local economy of £350m pa, comparable with the annual budget of NWDA.
- An increase in business with the third sector of 3 percentage points of spend, which would equate to a massive additional investment of £200m pa.
- The creation of 1000 new jobs in the more economically disadvantaged parts of the region through the creation of 'Service Centres'.

2.12 The strategy assumes a continuation of the robust programme and project management and return on investment models employed by NWCE and which monitor milestones and ensure that agreed outcomes are delivered to time and within budget and the funding provided.

3. NWCE'S RECORD

- 3.1 NWCE has delivered a high return on investment for the north west local authorities. The potential benefits from the work done so far in its key priority areas of Procurement, Construction, Health & Social Care, Shared Services and Waste/Environment are in the region of £200m pa. Implementation is proceeding and savings achieved to date are about £40m and rising rapidly. The return on investment it has demonstrated is huge – CLG funding in 2007/8 was £1.15m.
- 3.2 The NWCE programme and initiatives have momentum, are already of considerable benefit to the region and are of potentially enormous benefit to the north west councils. NWCE's reputation outside the north west is growing, as evidenced by the demands on it for speaking/chairing engagements at national conferences. The OGC have several times said that NWCE is well ahead of the other RCEs on procurement. This is good for people's perception of the north west. Its national leadership in several areas reinforces this. Progress on its national lead on local passenger transport compares well with any of the national lead of other regions. NWCE chairs the national working group on procurement of commodities, goods and services; it led the way in establishing model contract terms and conditions and purchasing procedures for local government. It represents local government on various national committees and has represented the UK on several EU working groups.

- 3.3 The systems that NWCE has set up for monitoring progress and managing projects provide assurance about the quality, delivery and benefits of its programmes. These will need to be continued by the RIEP.
- 3.4 The NWCE success has been built on a solid foundation of research:
- Sponsoring and leading a region wide purchase spend analysis
 - Price benchmarking
 - Costs of undisciplined procurement and non-compliance
 - Resources engaged in managing third party spend
 - 'inventory' of shared services initiatives in the north west
- 3.5 Short to medium term opportunities have been created mainly in procurement, construction and local passenger transport, but also increasingly in health and social care. These include 100 purchasing (framework) agreements, a range of utilities' initiatives, a comprehensive e-procurement offering and opportunities created through price benchmarking and re-structuring of procurement within councils inspired by the NWCE purchase spend analysis. NWCE is now working with AGMA and Lancashire on the re-structuring of procurement.
- 3.6 Working with NWDA and the Centre for Construction Innovation (CCI) has led to 9 framework agreements on construction, which beat OGC.buying.solutions prices by 25% and the much acclaimed Hampshire ones by 5-10%. Waste management and passenger transport initiatives promise a very good return on investment. NWCE has provided support for shared services projects throughout the region and a high return on investment is expected. It sponsored the out of authorities children's placements project, which is delivering savings of several million pounds a year for Lancashire and AGMA and has been a founder member of the Joint Improvement Partnership, a regional body created to develop a joint regional strategy for adult social care.
- 3.7 The scale of NWCE's programme is demonstrated through its 83 projects and initiatives, all using best practice project management and with return on investment models approved by CLG. Implementation has been supported through over 100 workshops and 'how to' seminars, hands on support and provision of funding for support

- 3.8 NWCE's national lead, Local Passenger Transport, initiative has a strong programme. The potential efficiencies from the Local Passenger Transport programme are expected to be worth over £200m pa. Other benefits will be improved transport services, improved safety for children, stemming the loss in passengers, helping preserve the viability of rural communities and more effective engagement with the third (voluntary) sector and supporting the delivery of the government's sustainability policy.
- 3.9 DfT have shown their support by seconding a fast stream civil servant to the project. Merseytravel is providing resources. Rosie Winterton, Minister of State at the Department of Transport, has asked to meet the NWCE Director on 10 January 2008 to discuss the formal launch of the latest NWCE publication, 'Providing Transport in Partnership'. This document is in great demand (including a request from the Mayor of London's office) and there is increasing engagement with transport managers.
- 3.10 Recent NWCE initiatives include:
- Restructuring of 3rd party spend (procurement) throughout the north west. A report will shortly go to CXs and endorsement by the Financial Secretary to the Treasury, Angela Eagle, is anticipated. Appropriate re-structuring is necessary to underpin and sustain the short to medium term efficiency opportunities already created and future short, medium and long term opportunities. The strategic and effective management of 3rd party spend is key, not only to saving money, but to transforming services.
 - A pilot, supported by BT and Government Office North West, is to help the voluntary (third) sector receive more business from local councils. The benefits should be lower costs for councils, better targeted services more money invested in the local economy and further development of the third sector.
 - Exploration of the possibility of creating framework agreements for shared services. The objective is to create 1000 new jobs in the more economically disadvantaged parts of the north west and reduce costs of some activities. It is being explored with the private sector and some key councils in the north west.
 - Using our purchase spend analysis data, to work with NWDA to assess what proportion of local government spend is not only with invoice addresses in the north west, but 'sticks' in the north west. This should enable better targeting of the £6.9 bn purchase spend for the benefit of the local economy.

- Funding to sub-regions to work up shared services programmes.
- 3.11 NWCE has demonstrated how to create huge returns from relatively small resources. The heart of its approach has been the right balance between an opportunistic, entrepreneurial approach and formal commissioning. The effective management of the transition to the RIEP is therefore vital in ensuring momentum is maintained and that the structures, expertise and networks continue in order to get the RIEP off to a flying start. This is fundamental to supporting councils in living within CSR07 budgets and improving/transforming services.
- 3.12 NWCE has created, and over-delivered on, a huge programme of work. Its track record demonstrates that reliance can be placed on this strategy and programme. The current NWCE team has the expertise to deliver it.
- 3.13 NWCE has become something of a showcase on behalf of the north west, as evidenced by the demand for its involvement through chairing and presenting at national and international conferences, a big demand for articles in journals, such as ModernGov, frequent news stories in journals and regular visits to understand more about its work. This included a visit by senior South African officials in September, their only visit to local government. The RIEP should seek to build on this. Its reputation is likely, ultimately, to have a positive impact on funds flowing into the north west, i.e. it should increase the trust of funding organisations in the north west's capability to spend wisely.

4. LESSONS FROM NWCE'S 3 YEARS

- 4.1 There are some important lessons to be learnt from NWCE's experience of delivering programmes that are important for the success of the RIEP. Most of these lessons are common to all the RCEs.
1. NWCE's successes have shown that collaboration and joint activity does work and can bring large benefits.
 2. Quick wins are not necessarily easy wins. They require strong leadership from within individual councils.
 3. There is usually a big time lag between creating or identifying opportunities to their implementation. This can be anything upwards of 6 months and is more commonly 1-2 years.
 4. Authorities often need a lot of support for implementation.

5. Good quality research is essential to underpin programmes.
6. Many authorities seem to lack an adequate structure, focus or resource to be able to take advantage of opportunities. This was evidenced recently in the lack of interest in securing a refund on water bills from North West Water. Some authorities could have benefited by a one-off refund of over £250,000.
7. There is often strong resistance to adopting opportunities already adopted in nearby councils and which in several instances could lead to annual savings of six figures.
8. Resistance to change is evidenced in other instances by the requirement for complicated business cases and feasibility studies to prove the obvious. The creation of business cases and feasibility studies can cost a huge amount of money and is often done to try to persuade reluctant councils to climb on board an initiative. However, it has been found that a strong business case rarely does the trick and merely slows down implementation in authorities keen to move ahead – at a high opportunity cost to them. This is a classic civil-service-type delaying tactic.
9. It is easy for the slowest or most reluctant to pull down everyone. Collaboration should only be between councils that are willing, fit and have internal discipline to be able to deliver on commitments and promises.
10. A lack of procurement discipline within many local authorities is very expensive. Some NWCE sponsored research showed that failure to enforce purchasing agreements for commodities could cost an authority as much as 35% of the purchase spend on that commodity.
11. Specifications vary for identical services and purposes. This inhibits chances of collaboration, whether in shared services or third party spend. It can result in IT licensing costs, for example amounting to several times what it would otherwise be.
12. A strong communications and engagement strategy is vital. Engagement equals implementation. A draft strategy for the RIEP is at Chapter 14.
13. Branding matters. It shouldn't, but it does. It took 2 years to get the NWCE brand properly established. Brand recognition is important for credibility and, hence, implementation. The RCE brand is recognised increasingly by other parts of government, the private and third sector. Its loss would set back the RIEP and damage engagement with external stakeholders as well as many internal ones and have serious cost implications for north west councils.
14. Relationships with external bodies take time to develop, but are vital to creating ambitious programmes. An example is the initiative to develop the competence

of the voluntary sector, with engagement of BT and Greater Manchester Council of Voluntary Organisations.

15. Proper programme management and performance monitoring systems are vital.
16. An opportunistic and entrepreneurial approach can frequently deliver quicker and more substantial benefits than formal commissioning; the latter can be expensive and time consuming. There needs to be a balance between the two approaches.
17. It is more cost effective and enables delivery of a much bigger programme to employ a powerful core team of people than to rely on a commissioning process for each project or initiative that depends on the employment of external consultants. The commissioned projects have not delivered to the extent of those that were directly managed. A core team member will be able to handle several projects and initiatives at a time, will usually have formed the relationships necessary for a successful project, and already have the good knowledge of north west councils and their work that enables them to operate efficiently.
18. Giving large tranches of money to sub-regions to develop and implement their own programmes is not necessarily cost effective. Sub-regional programmes must be subject to the same disciplines as other programmes. They must have strong programme and project management disciplines, with clear objectives and milestones. Setting aside funding to support delivery of good quality sub-regional programmes is not unreasonable. However, funding should be provided only against completion of specific milestones.
19. For third party spend, collaboration must be considered at national, regional, sub-regional and local level, depending on the characteristics of the markets in which councils are operating. A simplistic sub-regional approach will fail to take advantage of the north west's purchasing power and secure value for money. Globalisation is an increasingly important factor in developing strategies to manage third party spend effectively. Even where a product or service is provided by a local supplier, that supplier may be operating in a global market. So understanding the market in which one is operating, the supply chain and developing appropriate strategies are essential.

4.2 The NWCE programme has built a strong foundation for a successful RIEP. Such a foundation did not exist when NWCE was created. It is vital that the RIEP does not squander NWCE's legacy.

5. STRATEGIC MANAGEMENT OF THIRD PARTY SPEND

- 5.1 The third party spend of North West local authorities is £6.5bn p.a. This represents almost 45% of local authorities' costs and amounts to about £900 pa per adult and child living in the region. Its scale means that its effective and strategic management is key to enabling local authorities to deliver their business at the optimum level of cost and quality. It is critical to the successful delivery of LAAs and MAAs. It is fundamental to the transforming government agenda. In short, the role of managing third party spend must be to identify and deliver commercial solutions to support local authorities deliver their business in the most efficient and effective manner.
- 5.2 The detailed work undertaken by NWCE in preparing this strategy indicates that the effective and strategic management of third party spend, which will require the full engagement of local authorities, should bring the following benefits to the region:
- Efficiencies and cash savings of £...m pa through a combination of implementing existing opportunities, creating/identifying new opportunities and re-engineering of management of third party spend.
 - Additional investment in north west businesses of £350m pa. This equates to the annual budget of NWDA and, because of the multiplier effect, will have an impact of nearly £1bn pa.
 - Increased investment in the third (voluntary) sector of £200m pa.
 - It will be easier to do business with councils.
 - Effective and consistent implementation of government sustainability policies.
 - Improved construction through capacity building, new contracts and contracts arrangements, more consistent and better specifications and reductions in time and cost over-runs.
 - Improved outcomes in adult social care and children's services.
 - Improved contract and service outcomes through capacity building in procurement, focal points of expertise, the use of advanced procurement techniques and a more disciplined approach.

The can be summarised as improved outcomes at lower cost. The strategic management of third party spend will enable local authorities to achieve the bulk of their required efficiencies and savings without having to make disproportionate cuts in in-house costs along with the commensurate staff cuts.

- 5.3 The above benefits will enable local authorities to deliver government policies on sustainability (which includes environmental, social and economic factors), strengthening local economies, building up the third (voluntary) sector and supporting innovation. It will support initiatives such as 'Building Schools for the Future'.
- 5.4 The assessment of potential efficiency benefits is not out of line with more general experiences of moving from a non-strategic to a strategic management of third party spend. Typically, one should expect to achieve 10% (equivalent to £650m pa). There are issues, particularly with health and social care and some long term contracts, which may make such a figure look optimistic, but given sufficient engagement and sufficient and suitable resource, the figure proposed in para 5.2 does not look unreasonable.
- 5.5 So the potential for savings and improvement depends on how strategic and effective the management of third party spend already is. NWCE has supported a regional purchase spend analysis and a pilot purchase price benchmarking exercise. These, together with other evidence and NWCE research, indicate that effective overall management of 3rd party spend has been lacking. For instance:
- Limited accountability:
 - Few authorities have been able to identify the full staff resources employed in procurement
 - Very limited monitoring of performance
 - An NWCE survey indicates that over 1,000 FTEs may be engaged in significant management of significant elements of third party spend, though there is large element of the unknown in this figure. However, together with the cost of consultants etc, it seems likely that the cost of managing procurement by north west authorities may well be a 9 figure number. The uncertainties around this figure and the roles of many of the persons involved mean that there must be a question as to how effectively this resource is used and how well the expenditure is managed in a way that can provide value for money.
 - Fewer than 1 in 5 people undertaking serious procurement activity sit in designated procurement units.
 - Fewer than 10% of people doing significant procurement activities are professionally qualified.

- Despite the huge expenditure on the management of third party spend, most authorities have undertaken little planned investment in its management and what planned investment that exists is often unrelated to the scale of spend.
- 60% of purchase spend is with suppliers common to more than one authority, yet each authority manages each supplier independently.
- 1% of suppliers account for 60% of purchase spend in the region. 0.1% of suppliers (30) account for 30% of regional spend. Management of these is fragmented between authorities.
- Limited market knowledge; for example some authorities signed long term fixed price agreements for gas without understanding the wholesale gas market. This has proved an expensive mistake as wholesale gas prices have since fallen by well over 20%.
- Pilot price benchmarking exercises have indicated wide variations in prices paid for identical products – often to identical suppliers. For example, prices for high cost placements in adult social care can vary by over £1,000 per week for the same care package with the same supplier.
- Capacity problems in construction in the North West are causing costs to rise by 7% pa, but a strategy on how to deal with this has been lacking.
- A common approach to specifications is largely absent. This adds significant costs to suppliers, who then pass these onto local authorities.
- A lack of internal discipline and compliance with purchasing agreements. NWCE sponsored research indicates that for some commodities, this can increase costs by 35% of the spend on that commodity.

5.6 The total third party spend by local authorities in the north west is comparable with global companies (Diageo £2bn, Phillips £12bn) and with major British supermarket chains. In the past 9 months in particular, many authorities in the north west have been making encouraging progress in improving management of 3rd party spend and in developing collaboration and collaborative structures, particularly for commodities, goods and services. However, despite these improvements (para 5.9 refers), the overall fragmented approach, both within and between authorities, means that an analogy of managing a TESCO sized spend in corner shop fashion is not entirely inappropriate.

5.7 How can the effective overall strategic management of 3rd party spend deliver large benefits? These can be categorised as follows:

- a. Reduction in price/cost of contracts and procurements
- b. Added value
- c. Reduction in risk
- d. Process and product re-engineering
- e. Improved outcomes

The common factor in these approaches is the taking out of cost. This is the most effective means of reducing prices. Whilst negotiation can reduce prices, suppliers need margins and they will find a way of recovering them.

5.8 So what would a strategic approach mean for north west authorities? It would include:

- a. Regular and detailed analysis of third party spend, including by council, category, supplier, SMT, third sector and by value and transaction numbers
- b. Aggregation
- c. Regular price benchmarking
- d. Model/common specifications
- e. Single focal points for managing key regional or sub-regional suppliers
- f. Single focal points for managing markets, commodities and service
- g. The development and application of specialist market and product knowledge
- h. Use of advanced procurement techniques such as value analysis, relationship management, supply chain management and more sophisticated approaches to negotiation and contract management
- i. Discipline and compliance and a procurement organisation with the authority to be effective
- j. Business process re-engineering at local, sub-regional and regional levels
- k. Structuring procurement so that it can take advantage of short to medium term opportunities
- l. Structuring procurement so that it is more aware of and can more easily take advantage of innovations that can produce better outcomes and/or lower costs
- m. Performance monitoring and accountability. This means that the full costs of procurement are known, that there are suitable performance indicators for service and value for money, that measurement of value for money is done in a transparent and comprehensible way, that the data used in

measurement is sufficient and of adequate quality, that targets are set and are appropriate and that all the above is enshrined in a service level agreement.

These elements are mostly still the exception, though the use of aggregation is increasing rapidly as is a preparedness to use the market and product expertise that already exists in government, e.g that of OGC.BuyingSolutions.

5.9 Other encouraging features are that whilst local authorities' procurement staff have traditionally mainly addressed commodities goods and services, involvement in major contracts is occurring increasingly and several authorities have recently decided to strengthen their procurement teams and Cumbrian authorities have set up a procurement hub. The East Lancs e-Partnership acts as a hub for district authorities. AGMA and the Lancashire authorities are considering business cases for joint procurement organisations or hubs. NWCE is providing financial support to other geographical collaborative groups in the region. These are major moves towards the strategic management of third party spend.

5.10 Despite the progress now being made, fundamental change to the organisation, resource and skills base of procurement and the management of 3rd party spend is needed if North West local authorities are to meet the challenges of the latter part of CSR07 and the sustainability and innovation agendas. However, supported by NWCE, the foundations for such change appear to be being laid.

6. RE-ENGINEERING THE MANAGEMENT OF THIRD PARTY SPEND

6.1 **Introduction.** This chapter proposes a re-structuring of the management of third party spend. This is necessary to underpin implementation of third party spend efficiency opportunities and to secure the benefits from a more strategic approach to procurement described in chapter 5. The proposed re-structuring is business process re-engineering on a grand scale.

6.2. Why such a step change? Without it, a substantial portion of the opportunities available will never be realised. A souped-up Citroen C2 will never deliver a McLaren type performance.

- 6.3 An NWCE initiated and sponsored review, 'Is Buying a Burden?' has been completed to assess how the strategic management of procurement in the north west might best be structured. The report recognised the balance between councils and supply markets, that different markets vary from global, through to national, regional, sub-regional and local and the need for procurement structures to take these different features into account. The balance varies between procurement categories. For instance construction and social care tend to have a greater local supplier base than commodities goods and services, which tend to be national or global.
- 6.4 The following proposals take into account the findings of the review, the recent work that has been taking place within sub-regions, the views of the various NWCE programme boards and discussions with public and private sector bodies. The majority of councils in the region are now procuring with others. The proposals build on this excellent work and would formalise arrangements. They will support the five sub-regions in the north west in developing sustainable collaborative procurement strategies, developing programmes of work to reduce costs in areas of highest spend and that have the greatest impact on local economies, and enabling councils increasingly to manage their supply markets.
- 6.5 **Commodities Goods and Services.** The Association of Greater Manchester Authorities (AGMA) has produced a business case for a procurement shared service centre, focussing initially on commodities, goods and services. If successful, its remit should be expanded to address more strategic procurement issues including major suppliers. AGMA authorities have the biggest purchasing spend in the region – over £2500m pa and this makes any of their procurement initiatives potentially influential and beneficial throughout the north west.
- 6.6 The proposed shared service centre would need to work closely with the Greater Manchester NHS Procurement Hub and with the Greater Manchester Police. This should provide the opportunity to start supporting LAAs and MAAs and enable Greater Manchester to have a more joined up approach to procurement.
- 6.7 The eventual size of this shared service centre is difficult to assess. However, including the analysis, performance measurement, the use of best practice, supporting authorities in implementation and to ensure it gets off to a good start, a team of 20 within the first 6 months would not be unreasonable. The cost would be

close to £1m pa. Such centres take time to get bedded down, but in its second full year it should have addressed well over £250m of spend and be delivering overall savings of 10%, ie £25m.

- 6.8 A business case has been produced for a Lancashire authorities' procurement centre, with a similar remit and development to that of AGMA, though its primary role would be focused on Lancashire. Staffing costs are expected to be £500k pa and its first full year would see £90m of purchase spend addressed and savings of £6m.
- 6.9 Cumbria has already established a procurement centre. Support will be needed to ensure it achieves its full potential of a procurement shared service across the sub-region. An injection of £250k for each year of 2008/11 would support a step change in its activities. Savings of £5m in the first full year of additional funding would not be unreasonable to expect.
- 6.10 Merseyside has a collaborative procurement group. The appetite for creating a procurement shared service centre has yet to develop. However, if one were set up along the lines of the proposed Lancashire one, its much greater procurement spend (over £1500m pa including construction) should enable savings to be significantly greater - £10m pa? The cost would be similar to that of Lancashire, ie £500k pa.
- 6.11 The two Cheshire unitaries will need support in setting up their new procurement functions. These could be set up (or one joint function?) prior to the formation of the unitaries. Further analysis needs to be undertaken to determine the best structure, the terms of reference and the staffing level(s). However, an injection of £500k during 2008/11 would not be extravagant. Set up and resourced properly and with the necessary authority, such organisations powerful position and role should enable them to deliver savings in excess of those of Lancashire. £10m per annum should be a conservative figure.
- 6.12 One of the procurement shared service centres, once established, should be able to provide for the whole of the north west the 'Intelligent client' function, referred to in the report, for national deals and let and manage purchasing agreements for a regional 'catalogue'. Ultimately it may be able to take over functions currently done by NWCE.

- 6.13 **Police.** NWCE is sponsoring a review of the structure of procurement by the north west police forces. It is likely that this will recommend closer integration with the procurement structures being created for local government.
- 6.14 **Construction.** The Construction Programme Board has recommended the creation of a construction procurement centre. This is because construction poses some of corporate procurement's greatest challenges due to:
- The value – over £2.5bn in the North West. This is a third of all local authority external expenditure and includes an authority's biggest contracts.
 - Inflation at 7% pa.
 - The breadth of activity - new build, refurbishment, scheduled & reactive maintenance, each requiring different processes and expertise.
 - The complexity of the supply chain.
 - The variety of existing approaches to managing construction across authorities and associated arms length bodies.
 - The lack of influence by procurement managers on specialist construction functions and expenditure.
- 6.15 The construction centre would promote leading practice in construction and construction procurement throughout the northwest region. By encouraging collaborative working, the centre would promote best value by aggregating regional construction demand and corresponding local authority spending and letting and managing a wide range of framework agreements. It would have an overview of the demand and supply markets and plan how these could be managed more effectively and beneficially. It would engender economy and efficiency across the built environment, particularly property, housing and engineering/infrastructure services.
- 6.16. The construction sector is broken down into 3 main work streams:
- Housing
 - Property
 - Engineering (including public realm infrastructure)

Each has some degree of commonality and also its own specific requirements for bespoke service delivery. The NW construction centre would recognise and deliver

in both these areas whilst realising that considerable work has been done and knowledge gained in other regions as well as the North West.

6.17 There is plenty of evidence that such a centre can deliver substantial benefits. In other regions, through Buying Consortia, Partnerships and Frameworks, construction savings will be delivered to the public purse. Similarly within the North West there has been much activity in the construction sector to develop these tools and techniques with a number of innovative councils procuring and delivering for their own spending needs. Also, the North West Development Agency, in collaboration with the Centre for Construction Innovation and support from NWCE, has procured and delivered 11 regeneration and construction consultancy panels available for use by all NW Local Authorities. These can deliver savings of 24%, against similar arrangements in the South East, and 59% against national agreements for comparable services.

6.18 A construction centre would:

- Replicate and build on procurement frameworks and buying consortia already successful elsewhere in the UK.
- Support implementation of purchasing agreements.
- Facilitate collaboration between NW local authorities on construction projects and programmes.
- Train and equip council staff to learn and share best practice, working with strategic partners in public and private sectors.
- Provide a central resource to deliver and manage northwest construction and be seen as an exemplar in construction delivery.

A step change is now required to aggregate the North West public sector construction spend and service requirements to deliver better services with value for money and hard cashable savings.

6.19 A construction centre should be able to deliver annual savings of at least £43m pa for a cost of £1.92m pa. Additional benefits should be overall improved quality, reductions in time and cost over-runs, improvement in construction standards, development in construction capability in the north west, and increased business with north west suppliers. The latter would result in significant benefit to the local economy. The centre would expect to promote development of more sustainable

approaches to construction (including reductions in waste – typically over 10% of contractors materials are wasted and the proportion can be as high as 30%). This is an excellent example of where the sustainability agenda can reduce costs.

- 6.20 **Adult Social Care.** Adult social care makes up over 20% of local authorities' costs (excluding district authorities and education). A significant proportion, £1.5bn pa, is expenditure with third parties. The increasing age of the population means that the need to be efficient is increasingly important. This, together with rising standards and expectations means that new ways of delivering services have to be considered.
- 6.21 The north west strategy is shaped by building on excellent initiatives already being undertaken in the north west, in particular the work of Merseyside on high cost adult placements – for which it is proposing the creation of a 'virtual' information sharing hub. It also takes into account the model of working with Care Services Efficiency Delivery (CSED) being developed in the south west; it is likely that a significant proportion of delivery will eventually be through CSED.
- 6.22 The key policy agenda, which is fundamental to the north west strategy, has been shaped by 'Our Health Our Care Our Say' and by the Local Government white paper – Stronger Prosperous Communities. The task for local government is to lead the shaping of 'place' in a way that will, within 3 years, have made significant progress in securing:
- Engagement and co-production from local communities
 - Choice and control in the hands of people that use services
 - Authentic partnership across a wide range of players
 - Greater efficiency
- 6.23 Key policy objectives are:
- **Personalisation** – delivering choice and control, including the deployment of Direct Payments and Individual Budgets.
 - **Early Intervention** – redesigning services and developing new support mechanisms to reduce the likelihood of people needing to enter Hospital or Residential Care, with a particular emphasis on dementia and Darzi pathways.

- **Promoting Independence** - Investing in Communities, building social capital to support people as citizens:

6.24 These objectives are to be supported by improving efficiency through:

- Reduced expenditure on traditional services and assessment functions – better use of natural support.
- Efficiency based on service re-design and a reduction in demand on hospital and residential care solutions.
- Efficiency through building social capital and support for people, delaying and avoiding the need more expensive service support.
- Integration – efficiency based on reduced duplication across health and social care systems.
- Better Commissioning – efficiency through better market analysis and purchasing.
- Process Improvement – efficiency through better systems.

6.25 Pilots of various approaches have arrived at some very high potential efficiencies, for instance 20% through personalisation and 25% through joint investment by the NHS and local government in social care as opposed to health care. The South East Centre of Excellence, which has the national lead on adult social care, has assessed, in a draft document, potential benefits through the use of framework agreements, efficiency tools, National Learning Disabilities Toolkit, an online care services network 'Carebay' to assist anyone wishing to purchase a service, mobile technology for assessment, to be worth £800m over 3 years.

6.26 Were all the above figures reliable, one could expect to see a huge drop in the cost of adult social care, notwithstanding the additional responsibilities for improvements. A key element of the north west work programme will therefore be to make its own assessment of the potential benefits of such approaches. But even if the benefits were, say, just 3%, that would equate to £45m pa.

6.27 The Adult Social Care programme is covered in more detail in chapter 9 of this report. A key element is the development of a collaborative knowledge centre (either subsuming or in addition to the Merseyside 'virtual' hub), which will also drive through the strategy. This should lead to the implementation of a wide range of initiatives and some very substantial improvements in care.

6.28 The cost of the proposals, including the creation and running of the centre, amount to £1.5m pa. If the benefits do work out at anything like £75m pa, this will represent a superb return on investment.

7. COMMODITIES GOODS AND SERVICES

7.1 This is a programme of:

- Quick Win Opportunities – regional and sub-regional.
- Support for Implementation of existing and new opportunities.
- Business Process Improvement.
- Capacity Building.

7.2 About £40m of savings have been achieved so far by north west authorities out of a total of potential of around £200m. Implementation is proceeding apace, but there is still much ground to be covered and a programme of continued support is essential if momentum is not to be lost. Further opportunities will be created as a result of this programme and substantially greater ones should be created through the proposed re-structuring described in Chapter 6. This means that for commodities goods and services, potential opportunities in 2008/11 could be as much as a further £200m pa for the region as a whole, over and above what has been saved to date.

7.3 A number of projects have been delivered, many in excess of the published business plan for this period. Further information can be found via our website (www.nwce.gov.uk) and a Return on Investment model is available for each major project or initiative.

A summary of projects can be found below:

Sub-regional Procurement Groups

- Established a procurement group within each sub-region
- Enables sharing of knowledge and good practice
- Identifies collaborative procurement opportunities and increases buying power
- Developing virtual shared procurement services
- Providing significant funds to enable sub-regions to recruit dedicated resource to drive forward their joint procurement activity

Purchase Spend Analysis

- Spend Analysis completed by 43 councils in the north west
- Identified opportunities for collaboration
- Identified areas for reductions in procurement process costs – reducing number of
- invoices
- Enabled supplier rationalisation
- Increased management information on spend and to help improve procurement activity

eMarketplaces

- Implemented eMarketplaces in the sub-regions
- Enabling procurement process efficiencies
- Enabled councils to meet their eProcurement targets
- Provided dedicated project management

eAuctions

- A number of eAuctions have been run for north west councils.
- Over £10m saved through eAuctions for stationery, IT hardware and office furniture.
- Increased understanding of eAuctions as a useful procurement tool.
- Enabled councils to meet their eProcurement targets.
- Provided dedicated project management.

Procurement Cards

- Implemented regional procurement card framework agreement
- Negotiated free implementation and management software from the suppliers
- Reducing the number of invoices councils receive from suppliers
- Reducing procurement process costs
- Improving the management of maverick spend
- Enabled councils to meet their eProcurement targets
- Provided dedicated project management

The Vault

- Developed an online contracts register for use by all north west councils

- Enables visibility of council contracts
- Enables identification of collaborative procurement opportunities
- Enables identification of gaps in councils contracts
- Enables knowledge sharing

Creating and Identifying Framework Agreements

- More than 80 good quality framework agreements identified and available to use by north west councils
- Reduces commodity costs
- Reduces procurement process costs as a result of not having to undertake a tender exercise

Library of Standard Procurement Documents

- Standard procurement documents being used across north west
- Enabling collaboration
- Sharing good practice
- Reducing duplication
- Encouraging SMEs to supply councils
- Provided dedicated project management

Postal Procurement

- Identify opportunities for savings within postal services
- Regional framework for postal services
- Opportunities for process savings

Sustainable Procurement

- Establish a robust sustainable procurement programme
- Support councils in implementing DEFRA's Sustainability Taskforce Recommendations and flexible framework
- Identify quick wins and good practices for implementation across the region

Procurement Portal and eTendering Solution

- Encouraging new suppliers to enter local authority markets – leading to increased competition and lowers costs
- Increased use of SMEs to provide goods and services to councils in the north west

- Improving the local economy
- Enabling compliance to formal EU procurement processes
- Reducing procurement process costs
- Enabling councils to meet their eProcurement targets

Framework Agreements

- Develop and identify a further 20 good quality framework agreements for use by north west councils
- Reduces commodity costs
- Reduces procurement process costs as a result of not having to undertake a tender exercise

Education Events

- Deliver a series of procurement training events
- Improve procurement skills and understanding across the region
- Raise awareness of emerging procurement issues, such as sustainability
- Increased understanding of the importance of effective procurement

7.4 The proposed 2008/09 Programme of Work for Commodities Goods and Services is outlined below. Appendix 1 has a detailed breakdown of the costs and resources required to implement it. Implementation will be helped by the introduction of new procurement structures – chapter 6 refers. However, these are relatively quick win opportunities and lack of suitable joint procurement structures is no reason not to implement or delay. Maximising benefits will require further purchase spend analyses and this is a key part of the proposed programme.

7.5 The total cost of running the programme is calculated to be £2.6m in 2008/9, £2.2m in 2009/10 and £2m in 2010/11. The creation of shared services centres would eliminate the need for a significant portion of this expenditure.

7.6 The proposed programme is as follows:

Sub-Regional Working

- Develop a sustainable 3 year collaborative procurement strategy and vision for each sub-region – to include establishment of appropriate governance arrangements and structures.

- Development of training material potential for development of e-learning applications, advice for suppliers, particularly voluntary / 3rd sector organisations within a Sustainable Procurement Strategy.
- Development of a toolkit to provide basis for future collaborative work. The toolkit would be designed to be capable for use by other collaborative partnerships.

Purchase Spend Analysis

- Provide resources to develop a sustainable programme of Purchase Spend Analysis across the north west – councils find the year on year costs prohibitive.
- Provide resources to recruit / develop Spend Analysis experts / analysts to help councils make the most of the information.

Sustainable Procurement

- Develop a detailed and engaging programme of work on Sustainable Procurement for north west councils.
- Continue work with NWDA and Cumbria University to understand sub-contracting spend – where does the money councils spend go, how much of it remains in the north west?
- Develop pilot projects on improving sustainable procurement to enable councils to understand the principles behind this emerging theme.
- Provide education and training on sustainable procurement – i.e. evaluation of tenders, whole life costing.
- Provide support to councils as they implement the Sustainable Taskforce's Flexible Framework recommendations.
- Undertake work to support and increase councils use of the voluntary sector.

Procurement cards

- Provide support to increase take-up of regional procurement card solution.
- Provide advice and guidance on implementation and control procedures.

e-Marketplaces

- Provide support to enable councils to realise the benefits of e-Marketplaces.

eInvoicing

- The creation of an eInvoicing work stream to ensure a standard approach within the region.
- Evaluate possible solutions and make recommendations to NW authorities

eAuctions

- Identify suitable categories for regional collaboration on eAuctions

- To continue to implement a regional programme of eAuctions

Portal and e-Tendering

- Provide resources to assist and manage implementation within councils.
- Provide resources to promote supplier engagement and adoption – particularly SMEs and voluntary organisations.
- Provide resources for ongoing management and support of solution – fund a Portal Administrator to help manage the portal and assist councils in the use of the system.

Adoption of Framework Agreements.

- Provide support and guidance in evaluating whether available framework agreements represent value for money - undertake benchmarking activity.
- Provide resources to undertake mini-competition exercises within national agreements.
- Provide resources to support implementation of framework agreements.
- Provide resources to encourage councils in the north west to adopt value for money agreements.
- Provide resources to undertake future tender exercises for specific commodities – developing agreements for local authority use.
- Provide support to share knowledge of particular framework agreements and draw attention to those used elsewhere in the public sector.

Management of Procurement Function

- Provide support to develop a network of commodity / market expertise for councils to share across the region.
- Develop guidance and clarity around what procurement activity is best suited to being undertaken on a regional basis, sub-regional basis or by individual councils.

Regional Collaboration

- Develop a programme of region-wide collaborative procurement activity.
- Identify and undertake tender exercises for commodities / services with high spend and common suppliers – e.g. banking, insurance, mobile telephony.
- Undertake activity to reduce the number of invoices received from large suppliers.

Knowledge Sharing

- Provide hard evidence of the benefits and savings associated with each procurement initiative.
- Develop and share standard business cases for transformed procurement.

- Undertake work to target areas where take-up of initiatives has been poor.

Education and Training

- Increase the skills and capabilities of local authority staff in the north west in:
 - Contract management
 - Sustainable procurement
 - Commissioning
 - Programme management
 - Whole life costing
 - Joint / partnership procurement
 - Options appraisal development

7.7 **Funding & Resources.** The procurement programme has taken a mix of commissions and direct project management. In the main, the commissioned projects have not delivered to the extent of those that were directly managed. It is therefore proposed that responsibility for delivery remaining with the funding authority.

7.8 Each sub-region has already been consulted with as to the direct support required for their procurement collaboration. A separate budget for path finder projects is also suggested. A full break down of finances is included in Appendix 1 but can be summarised as below.

Description	2008/09	2009/10	2010/11
Purchase Spend Analysis	£350,000	£100,000	£350,000
Management of Procurement Function	£120,000	£126,000	£114,000
Adoption of Frameworks	£180,000	£195,000	£210,000
Knowledge & Education	£102,500	£72,500	£72,500
eProcurement	£286,000	£286,000	£268,000
Sustainable Procurement	£184,800	£148,800	£112,800
Sub-Regional Support			
Cheshire	£75,000	£100,000	£75,000
Cumbria	£125,000	£125,000	£75,000
Greater Manchester	£100,000	£150,000	£100,000
Lancashire	£75,000	£100,000	£75,000
Merseyside	£75,000	£150,000	£100,000
Other Regional Projects	£600,000	£300,000	£100,000
Running Costs	£242,000	£242,000	£242,000

Contingency (@5%)	£113,665	£92,665	£82,615
Total	£2,628,965	£2,187,965	£1,976,915

7.9 To deliver and support the outlined programme the resource profile as outlined below is required. The programme has previously mainly be staffed by interim and contracting personnel and it is expected this will continue. However, more seconded or direct employed staff would reduce costs.

Resource Profile	2008/09	2009/10	2010/11
Programme Manager	1.0	1.0	1.0
Project Managers	5.0	5.0	5.0
Data Analysis	1.0	0.5	1.0
Support Staff	1.0	1.0	1.0
Portal/eProc Support	1.0	1.0	1.0

8. CONSTRUCTION

8.1 Construction is the largest area of local authorities' third party spend in the North West. The programme has been drawn up by the Construction Programme Board, in consultation with the Centre for Construction Innovation (CCI), which is part of Salford University, and with whom NWCE has worked for the past 3 years. The main proposal is for a regional centre of expertise for construction. The construction sector poses some of corporate procurement's greatest challenges, due to:

- The value – over £2.5bn pa in the North West. This is a third of all local authority external expenditure and includes an authority's biggest contracts.
- The 7% rate of inflation.
- The breadth of activity - new build, refurbishment, scheduled & reactive maintenance, each requiring different processes and expertise.
- The complexity of the supply chain.
- The variety of existing approaches to managing construction across authorities and associated arms length bodies.
- The lack of influence by procurement managers on specialist construction functions and expenditure.
- The strong regional market.

8.2 For 2006-8, the Construction Programme Board developed an ambitious programme of work with CCI. This included supporting the development of a range

of framework agreements, a purchasing agreement for dense bituminous mastic (tarmac), a range of excellent case studies on best practice and a large training programme. However, the infrastructure to secure effective use of framework agreements and to take advantage of other opportunities is lacking, so the benefits realised are well below potential. Framework agreements will quickly lose credibility if their uptake is limited.

8.3 The construction programme outlined below is designed to provide the following benefits:

- Annual cashable savings of £43 million (6%). This is a conservative estimate.
- Overall improved quality.
- Reductions in time and cost over-runs.
- Improvement in construction standards.
- Development in construction capability in the north west.
- Increased business with north west suppliers. The latter would result in significant benefit to the local economy.
- Promoting the development of more sustainable approaches to construction (including reductions in waste – typically over 10% of contractors materials are wasted and the proportion can be as high as 30%). This is an excellent example of where the sustainability agenda can reduce costs.
- More productive relationships.
- Greater client satisfaction.
- Improved public satisfaction with local authorities.

8.4 There is the potential for greater efficiency gains to be generated by adopting a strategic approach to property asset management as opposed to undertaking individual initiatives alone across the North West. There are potential savings of between £50m - £100 million per annum within five to ten years.

8.5 The annual cost of delivering the programme is estimated to be £1.9m pa. Successful delivery would represent an enormous return on investment. A breakdown of costs is at Appendix 2.

8.6 The management of construction is very fragmented within the region. Strategic management of construction and engagement with the market is lacking and there

is limited history of effective collaboration. Consistency of specifications is lacking. Whilst there is a significant amount of expertise, it is patchy and uncoordinated. The evidence from CCI is that there is much evidence of varied quality between councils in the management of construction and considerable variation in prices paid for the same products and types of work. There is little evidence in many councils of a strategic approach to resourcing the management of construction.

- 8.7 There are some notable islands of high performance, but likening the management of construction to a cottage industry would not be too wide of the mark in many instances. The reputation with the private sector of north west local authority construction is often pretty low. The evidence points to substantial under-performance by many local authorities in construction leading to excessive costs, excessive over-runs in time and cost and problems with quality that should not exist. All this can have a significant impact on service delivery and the perception of the public on local authorities' performance generally.
- 8.8 There is substantial evidence that major savings opportunities already exist in the north west. The North West Development Agency, in collaboration with CCI and support from NWCE, procured and delivered 10 regeneration and construction consultancy panels available for use by all NW Local Authorities which can deliver savings of between 24%, against similar arrangements in the South East, and 59% against national agreements for comparable services.
- 8.9 Similarly, the north west Dense Bitumen Macadam supply framework, recently put in place and open to all 46 NW local authorities, will deliver a 6% saving on the material costs. The uniqueness of this framework is that the specifications on which it was procured were first agreed by a central core of local authority engineers and reduced from their previous requirements for 20+ specifications down to nine common specifications for the same materials.
- 8.10 Evidence for major savings opportunities also comes from other regions, in particular the south east, where Hampshire County Council has pioneered the use of framework agreements.
- 8.11 Successful frameworks require careful planning and lots of hard work. Many issues and procedures have to be considered, including:

- Formulation of detailed operating arrangements among the contracting partners
- Integration and management of the supply chain
- Shared commitment to performance improvement through progressive measurement and benchmarking

Such agreements need a resource to manage them – both the supplier and client sides. Experience in management of third party spend generally indicates that without such a resource implementation will always be patchy. There is therefore a risk of loss of credibility with the local supply market, with potential very serious consequences for the north west, unless this is rectified.

- 8.12 All the evidence points to a need for a step change in the management of construction by north west authorities to a much more collaborative and strategic approach. It is proposed that this be facilitated by the proposed centre of expertise for construction. It would promote leading practice in construction, engineering, construction procurement and asset management throughout the northwest region. By encouraging collaborative working, the centre would promote best value by aggregating regional construction demand and corresponding local authority spending. It would engender economy and efficiency across the built environment, particularly property, housing and engineering/infrastructure services.
- 8.13 Initially the centre for construction expertise should have a target of influencing 50% of the overall construction sector spend in the north west. Detailed analysis shows that by really focussing and targeting on this, the benefits referred to earlier could be delivered.
- 8.14 For construction the benefits outlined above would be achieved through a combination of better procurement, better and more consistent specifications, aggregation of demand, business process re-engineering and better asset management.
- 8.15 Collaborative and partnership working models are becoming accepted as best practice in this sector – the opportunity now is for these initiatives to be formalised in the north west such that efficiencies and cost savings can be realised.

- 8.16 Local authority construction encompasses a wide range of activities; there are three key areas of the construction market where significant savings and efficiencies can be made:
- Housing
 - Property
 - Engineering (including public realm infrastructure)
- 8.17 Each has some degree of commonality and also its own specific requirements for bespoke service delivery. The north west centre of expertise for construction would recognise and deliver in all these areas whilst benefiting from the considerable work that has been done to date in the north west and other regions.
- 8.18 There are capabilities, disciplines and competences which the centre would promote in three key areas:
- Business process improvement
 - Joint working / smarter procurement
 - Asset management
- 8.19 Within each of these three areas the broad remit would be to:
- Replicate and build on procurement frameworks and buying consortia already successful elsewhere in the UK.
 - Create effective frameworks for councils on a regional or sub-regional basis.
 - Manage and promote under a single umbrella other construction related frameworks that have already been let.
 - Facilitate collaboration between NW local authorities on construction projects and programmes.
 - Be a focal point for managing key regional suppliers.
 - Be a source of expertise for construction contracts and projects, with the capability of supporting the letting of such contracts.
 - Develop and disseminate best practice.
 - Train and equip council staff to learn and share best practice and specialist skills, working with strategic partners in public and private sectors.
 - Assist in the up-skilling of the SME market.
 - Encourage innovation e.g. in the use of more sustainable materials and practices.
 - Start to plan regional demand in a sellers' market.

- Foster the development of common standard specifications and materials.
- Sell expertise on a pay as you go basis to local authorities, especially smaller ones giving them savings on external legal fees etc.
- Provide expertise on large scale complex procurements such as PFI and Building Schools for the Future as additional specialist areas.
- Provide a central resource to deliver and manage northwest construction and be seen as an exemplar in construction.
- Raise technical standards.

8.20 A more considered, joined up approach would deliver considerable benefits for all councils:

- **Financial**
 - Low-cost entry to collaborative and integrated working
 - Economies of scale for small authorities which they would otherwise be unable to access
 - Demonstrates in CPA terms that an authority is pursuing efficiencies
- **Technical**
 - Access to specialist supply chains
 - Provision of scarce expertise and resources
- **Management**
 - Capacity and direction to ensure get things done
 - Local control
 - Greater efficiency because not reinventing the wheel for every project
 - Proactive performance management inbuilt into the process
 - Potentially lower risk than bespoke or one-off procurement

8.21 The following examines in more detail what can be achieved in each of the areas of construction identified above.

8.22 **Housing**

- Planned and cyclical maintenance of the social housing stock.
- Working in partnership with Regional Housing Pathfinders
 - Manchester Salford - Manchester and Salford
 - New heartlands - Liverpool, Sefton and Wirral
 - Partners in Action - Oldham and Rochdale

- Elevate East Lancashire - Blackburn with Darwen, Hyndburn, Burnley, Pendle and Rossendale
- Improve the efficiency and value for money of decent homes and other repairs, maintenance and construction programmes by an average of 20% by 2010
- Amalgamate members existing contracts and standardise and improve businesses processes and work with the NCA housing consortia to deliver efficiencies
- Work with NCA housing consortia to deliver efficiencies
- Better understanding and management of the regional housing asset base
- Develop the supply chains under one strategic umbrella
- Deliver regional skills improvement to the client bodies and the market especially the SMEs
- Cut procurement costs, bidding costs and timescales
- Benchmark cost and other performance indicators
- Supply chain procurement
- Amalgamation of existing contracts and standardise and improve businesses processes
- Identify and champion pilot programmes i.e. heating and gas servicing?
- Client, contractor and supplier partnering capability development

8.23 **Property**

Planned and cyclical maintenance and disposal of land and buildings used to deliver a direct service to the public – for example:

- schools, care homes and the public realm.
- Those that support service delivery in some way, for example, local administrative offices, and vehicle depots.
- Non-operational property – property which is not used for, or in support of, mainstream service delivery.
- Whilst it is important to develop an over-arching property asset management strategy we will also look at putting frameworks in place to deal with the operational and capital expenditure that accounts for 55% of the whole life costs of the north west local

authority estate. The key objectives of the property asset management strategy are:

- Better understanding and management of the regional property asset
- Driving down capital, maintenance and disposal costs
- Address emerging political, economic and social drivers for change
- Knowledge sharing
- Provide skills and training opportunities
- Collaborative working
- Achieving efficiencies
- Promotion of sustainable practices
- Cut procurement costs, bidding costs and timescales
- Benchmark cost and other performance indicators

8.24 Engineering

- To increase cross authority working by promoting joint procurement of Environmental service disciplines and by identifying and embedding best practice in the following areas:
 - Highways
 - Transport infrastructure
 - Civil Engineering
 - Bridges and Structures
 - Coastal defence and infrastructure
 - Urban Regeneration

- The centre will improve and/or assist local authorities with capital investment and expenditure on enhancing, creating or renewing assets and revenue expenditure on maintenance of assets during operation. The collaboration will also assist with sector specific or generic Maintenance, Repair and Operational (MRO) component/service procurement:

The centre will improve the procurement and delivery of the four strands of engineering services:

- Major capital, construction schemes and works
- Capitalised maintenance and minor schemes

- Engineering Consultancy and allied professional services
- Cyclical and reactive maintenance

- Successful and efficient delivery of these activities will support the economic development of the region and improve public satisfaction in the condition of infrastructure in the public realm by:
 - Helping Local Authorities to improve infrastructure services in the North West and help deliver savings
 - Establishing collaborative frameworks to secure the delivery of capital schemes, periodic maintenance and procurement of materials and services
 - Promoting a continuous improvement model for infrastructure maintenance
 - Securing annual recurring efficiency savings from 2008/9
 - Better understanding and management of the regional highway network and other infrastructure assets
 - Acting as 'Centre of Excellence' for environmental services

8.25 Asset management is a key strand of all future work. It is an area where large savings and efficiencies could be made yet still remains an area where progress to date, nationally and locally, has been limited. The Gershon and Lyons' reviews have identified savings and efficiency targets with respect to management of the Local Authority Property estate (the land and built assets including buildings, highways and allied infrastructure used or managed by local authorities). Many local authorities have already been thinking through their responses to Gershon and Lyons, and in particular to the second Lyons report which has identified national potential efficiency gains of £760m through a combination of existing relocation strategies and efficiency plans.

8.26 The regional centre of expertise for construction in north west will identify what could be achieved in through the effective specification and deployment of property/infrastructure asset management strategies and put in place organisational structures and procedures to deliver the savings. There is the potential for greater efficiency gains to be generated by adopting a strategic approach to property asset management as opposed to undertaking individual initiatives alone across the North West. There are potential savings of between £50m - £100 million per annum within

five to ten years. This is supported by experiences from other industry sectors such as utilities where savings in the order of 10% that have been achieved through better strategic and integrated property asset management.

Research shows the breakdown of expenditure, from a whole life costing perspective as follows:

- Capital procurement costs (including acquisition, renewal and adaptation) - 20%.
- Maintenance costs over the life of the asset - 35%.
- Operating costs over the life of the asset (including staffing) – 40%.
- Disposal costs – 5%.

8.27 Whilst it is important to develop an over-arching property asset management strategy we will also look at putting frameworks in place to deal with the operational and capital expenditure that accounts for 55% of the whole life costs of the north west local authority estate. The key objectives of any future asset management strategies are:

- Better understanding and management of the regional property asset
- Driving down capital, maintenance and disposal costs
- Address emerging political, economic and social drivers for change
- Knowledge sharing
- Provide skills and training opportunities
- Collaborative working
- Achieving efficiencies
- Promotion of sustainable practices
- Cut procurement costs, bidding costs and timescales
- Benchmark cost and other performance indicators

8.28 Industry protagonists have long recognised that construction must change its traditionally adversarial image, and advocated partnering as the way forward. Construction frameworks have evolved by extending the principles of partnering from individual projects to programmes of work. Continuity of workload allows construction partnerships to grow, and thus:

- Build on the intelligence and experience developed;

- Improve the service and the product; and
- Achieve a range of other efficiencies, including financial economies.

Setting up a regional centre for construction expertise is a first step in this direction

8.29 The centre for construction will focus on generating efficiencies for all authorities in the north west. This proposal recognises that a one size fits all approach to framework delivery is not appropriate. Large framework procurement exercises must deliver savings which are accessible by the smaller authorities. These smaller authorities, in turn, must be up-skilled to deliver savings within their own environment. The Centre will build on regional knowledge and experience whilst taking into account best practice from elsewhere. It will be made accessible to smaller, less experienced local authorities and their existing supply chain and service deliverers.

8.30 The Construction Centre will work with regional service providers. This is particularly important for SME providers, because clients require delivery of many small projects and programmes. Such work is not among the core business strengths of the larger, better-known national and regional companies. Yet it is crucial for SME providers, and for community wealth on the sub-regional scale where they operate.

8.30 70–80% of projects fall into this sector, with project values under £250k. Here, the SME market is geared up to deliver a high quality, value-for-money service. The proposed centre of expertise for construction will ensure the most effective matching of client needs and provider services. This will powerfully and simultaneously benefit the local authority buyers, the construction SMEs and the overall regional economy.

8.31 There are particular contracting skills for the construction industry where some professional specialisation is desirable on the client side. The proposed centre for construction expertise will support development of such specialisation, because it will:

- Raise technical standards
- Develop best practice
- Foster specialist skills and facilitate skills transfer
- Promote common development of standard specifications and materials
- Build a stronger, more coherent marketplace

- Start to plan regional demand in a sellers' market
- Create effective construction frameworks for councils on a regional or sub-regional basis
- Sell expertise on a pay-as-you go basis to many (especially smaller) councils, giving them savings on external legal fees etc

9. TRANSFORMING ADULT SOCIAL CARE: PUTTING PEOPLE FIRST

- 9.1 In the north west, Adult Social Care represents over 20% of local authority budgets. The gross local authority spend on adult social care in the region is £2 billion (14% of all England). Social Care is second only to construction in local authorities' expenditure through contracted third parties. There are over 55,000 employees across the region working for 3000 registered employers in the region. Those that are employed are low paid and poorly qualified. Then there are the people that are employed in related work in non-registered services and the army of unpaid carers whose contribution is critical to the future.
- 9.2 Government is seeking to transform adult social care provision to improve the quality and appropriateness of care provision to the individual and to communities. The proposal is to create a regional improvement and efficiency plan to achieve these outcomes and improve efficiency (ie save money), supported by a collaborative knowledge hub. This would either subsume or be in addition to the Merseyside councils' proposal to create a virtual knowledge-sharing hub for adult social care.
- 9.3 Pilots and business cases in other parts of the country suggest that savings of upwards of 30% may be achievable through new approaches, eg supporting people for longer in the community. Such figures need to be treated with a degree of caution. Just a 5% saving would equate to £75m pa. Achieving this with the proposed investment of £1m pa would be a tremendous return.
- 9.4 "Putting People First: The transformation of Adult Social Care" is a concordat published on 10th December 2007. It represents an alliance across Government Departments (including DH, CLG, DWP and CS&F) and with a range of Social Care stakeholders, including private sector providers of care services and the NHS. It describes the Government plans to transform Social Care Services.

- The key policy agenda has been shaped by Our Health Our Care Our Say and by the Local Government White Paper White paper – Stronger Prosperous Communities
- Our Health Our Care Our Say is premised on massive changes in demographics. By 2022, 20% of the English Population will be over 65.
- As each generation is getting older there are rising expectations of services that are radically different to previous generations and existing models of care are not sustainable
- Much of the ill health (and health inequalities) are based on determinants we know about and can prevent if we can secure the engagement of communities in finding solutions

9.5 The declared policy intention is to

- Progressively switch resources from secondary interventions to early intervention and care closer to home, promoting independence through securing the engagement of people and communities in the solutions. Bring a whole council focus on housing, employment, information, transport, leisure, in addition to more targeted preventative services
- Reform health and social care to put an emphasis on choice and control, resulting in the personalisation of services, which could put social care in the vanguard of transformation of public service

9.6 The Darzi review of NHS has been initiated to maintain momentum in terms of Health reform and public concerns but the underlying messages is still about improved access and the reconfiguration of Health services towards communities. Local Government is the key partner in that process.

9.7 ‘Stronger Prosperous Communities’ represents a new deal between Government and Local Government (and their partners) – less prescription but:-

- More emphasis on local priorities and empowerment of communities
- Fewer national targets and national prescription
- Focus on place shaping and partnership
- Move towards joined up performance management based on outcomes
- Securing accountability of health services at local level

The Local Government and Public Involvement in Health Bill now has royal assent, this will underline the requirement for local accountability of health services.

9.8 **The Improvement Priorities.** Our Health Our Care Our Say defined Social Care as:

“The wide range of services designed to support people to maintain their independence, enable them to play a fuller part in society, protect them in vulnerable situations and manage complex relationships”

9.9 This is a vision that requires us to hold onto a broad range of activity that goes far beyond those people that receive services because they meet critical and substantial “Fair Access to Care Criteria” but which requires that we do not lose sight of those that do. This means building alliances across the “family” of Local Government to secure whole Council engagement in addressing the key policy objectives:

1. Personalisation – delivering choice and control, including the deployment of Direct Payments and Individual Budgets
 - New model for delivering social care
 - Self assessment
 - Information, Brokerage and advocacy
 - New markets
 - Changing workforce

2. Early Intervention – redesigning services and developing new support mechanisms to reduce the likelihood of people needing to enter Hospital or Residential Care, with a particular emphasis on dementia and Darzi pathways
 - Joint Teams for people with Long Term Conditions
 - Intermediate Care
 - Case finding and falls prevention
 - Re-enablement
 - New technology
 - Expert Carer

3. Promoting Independence - Investing in Communities, building social capital to support people as citizens

- Information for all
- Investment in “sub-threshold” community services
- Extra Care and Supported Housing
- Employment initiatives
- Community Health strategies – social marketing (Smoking, obesity, alcohol)
- Transport solutions
- Market development- social enterprise / voluntary sector

9.10 There are some key enablers for the delivery of this policy based on

1. A greater voice for communities and people who use services
2. Leadership and partnership
3. Intelligent, joint and locality commissioning
4. Developing new providers and working to support change in existing providers
5. Developing a skilled and flexible workforce
6. Joined up performance management

9.11 **Priority sub-themes.** Sitting within this are some important elements that will need to be kept in focus either as themes integrated into the strands of the programme or as stand alone activity. They include an emphasis on Dementia, Carers, the protection of Vulnerable Adults and the interface with Children, transitions, young carers and safeguarding.

Efficiency

9.12 CSR 07 announced a reform programme including a White Paper exploring the long term funding of social care potentially re-defining the relationship between the individual and the state. However the intention is to attend to “the urgent need to begin the development of a new adult care system” and not await the outcome of the White paper consultation. It is also clear that Local Government is facing year on year increases in demand and the financial climate of 07-11 and beyond will be less favourable than recent years. The programme of reform and improvement must hold as a central tenet the delivery of efficiency.

9.13 The key strategic efficiency drivers in Health and Social Care are closely aligned with the policy implementation and improvement agenda

1. Stakeholder engagement and governance
2. Personalisation – efficiency through reduced expenditure on traditional services and assessment functions – better use of natural support
3. Early Intervention – efficiency based on service re-design and a reduction in demand on hospital and residential care solutions
4. Promoting independence – efficiency through building social capital and support for people, delaying and avoiding the need more expensive service support
5. Integration – efficiency based on reduced duplication across health and social care systems
6. Better Commissioning – efficiency through better market analysis and purchasing
7. Process Improvement – efficiency through better systems
8. Leadership and management
9. Workforce development

The potential for delivering efficiency is very considerable but complex in a number of ways.

9.14 The analysis of ‘Personalisation’ (in relation to Individual Budget sites) has not yet been concluded but those close to the work are making the case that percentage efficiency of 20% can be delivered. Not surprisingly there is a lot of caution and it is clear that giving people choice in itself is leading to more demand and it may be that the work so far has been based on quick wins. This agenda requires total transformation and disinvestment in some traditional services to avoid dual costs. The evidence base for efficiency will need to be conducted alongside development but there is room for optimism that efficiency gain alongside quality improvement is a viable assumption.

9.15 The critical factor in early intervention is managing the inter-face between Local Government and the NHS. The early findings are that investment in early intervention can reduce hospital bed days, with better outcomes for people and an

efficiency gain. (National Evaluation of POPPs Briefing Paper on cost effectiveness)
This backs up previous analysis that a Social Care £1 is worth £1.30 in Health Care.

- 9.16 However this requires a whole system vision. Investment by Local Government can produce efficiency in NHS services but the efficiency will accrue to the provider unless agreement to share can be secured. To avoid historical cost shunting behaviours we will need to build trust and transparency across the system at a local level so that efficiency can be delivered and “counted”. We need to build the evidence base for whole system efficiency in each “place”. This is the mechanism by which Health resources will be translated into community solutions, although reduction in unnecessary admissions to Residential Care represents a direct efficiency gain for Local Government. The proposed plan includes investment in building the local evidence base.
- 9.17 The same analysis is true in relation to delivering efficiency through promoting independence through building social capital except that it gets more difficult to measure direct cause and effect. Here the gains to both social care and health will be very substantial but over the long term. For example changed behaviours in relation the smoking, alcohol and diet will have dramatic impact over time on reduced demand for services. Reducing isolation for older people will impact on their health, well-being and resilience. Employment for older people will increase their financial security.
- 9.18 Some Council’s have secured efficiency not only through joint service design but by creating high level of integration with PCTs for example in Knowsley. Not all Councils will use the same model but the evidence for efficiency is available.
- 9.19 The case for improved and revised commissioning is compelling because that is the delivery mechanism for the above. However even within the changes expected from personalisation there is evidence, not least from the work of NWCE, that better market intelligence and better spend analysis will facilitate smarter commissioning and generate substantial efficiency.
- 9.20 There is also evidence that tactical programmes, such as those developed by CSED will lead to efficiency and the outline programme in appendix 1 assumes the continuation of these with CSED as a key partner. This is a model based on that being developed in the south west. Currently it includes:-

- Home Care re-enablement
- Demand forecasting
- Better buying
- Effective monitoring
- Transforming Community Equipment services

9.21 There is an emerging regional alliance between Local Government, Government offices and NHS NW at a senior level that is aiming to secure the best possible environment to deliver the Social Care, Health, Well Being and agenda. Sitting below that is a Joint Improvement Partnership, linked into NWIN and NWCE that is positioned to secure a collaborative approach to the work. There are some good sub-regional networks and platforms for action.

9.22 How can we deliver improvement and efficiency in the northwest?

Given the work of the past two years in the Northwest it is possible to secure agreement between Councils and their partners on the strategic priorities in relation to Social Care and Health, to secure alignment of resources around a single regional improvement plan, to establish joined up delivery of that plan and to establish systems of accountability for the work. That would reflect the anticipated underlying principles of the National Improvement and Efficiency Strategy.

1. A regional Improvement and Efficiency Alliance for Social Care and Health

In the past two years the stakeholders in Adult Social Care improvement have begun to act together in the manner that is described in the “Putting people first” concordat. This has been through the development of a Joint Improvement Partnership (JIP). Membership is as follows:

- Association of Directors of Adult Social Services (ADASS)
- Commission for Social Care Inspection (CSCI)
- Skills for Care NW
- Care Services Improvement Partnership (CSIP)
- Care Services Efficiency Delivery (CSED)
- Northwest Employers Organisation (NWEO)
- Regional Director of Public Health (RDPH)
- IdeA

- Northwest Improvement Partnership (NWIN)
- NW Centre of Excellence (NWCE)

There are established programme links with NHS NW.

2. Agree a regional improvement and efficiency plan

The outline programme in Appendix 4 represents the priorities of the Joint Improvement Partnership and the 22 Councils with Social Services responsibility in the Northwest. The plan's reference to stakeholder engagement would include securing the dialogue with and ownership from Councils and others – users, cares, employees and providers. This plan is also intended to be a mechanism to secure further detailed NHS engagement.

3. An integrated strategy for implementation

The JIP partner agencies are committed to contribute to the delivery of this programme, ensuring alignment of activity and spend. The programme outlined would be based on engagement strategies, build on existing delivery channels and develop new ones. It makes use of a range of tactical approaches

- Build enhanced customer voice
- Best Practice and peer support
- A regional / virtual Knowledge Hub building a “what works” evidence base
- Deployment of nationally developed “tools”
- Demonstration sites in Northwest “Places”
- Capacity Building and Skills Development programmes
- Leadership / Commissioning / Workforce planning
- Market analysis and dissemination of intelligence
- Regional and sub-regional supplier and market development programmes
- A focus on building the efficiency evidence base

4. Resources

The proposals put forward at Appendix 3 are estimated to cost £5.25 million over three years, but the model proposed would ensure that the disposable resource would be enhanced by the contribution of staff time and resources from the partner agencies (CSIP, CSED, Skills for Care, IDeA, NWE0) leading to a substantially enhanced investment (potentially matched) and a co-ordinated response.

10. CHILDREN'S SERVICES

10.1 Planning for joint working for 2008/11 will be undertaken by the Regional Directors of Children's Services, supported by RIEP funding. It will focus on the following themes:

- Joint commissioning of services.
- Developing capacity in market management and commissioning skills.
- Identifying models of best practice for the safeguarding agenda.
- Workforce development.

It is envisaged that a central resource may be needed to support these agendas, which are described in more detail below.

10.2 NWCE already has a track record in supporting children's services. For example:

- It has provided support for a key north west project, the Out of Authorities Placements project. The emphasis for the past 18 months has been on reducing costs through sharing of information and joint negotiations with suppliers. This project now covers most of Greater Manchester authorities, Merseyside and Lancashire County Council. Savings amount to several £million pa.
- NWCE has funded a study for Merseyside authorities of the Connexions service and how it should be delivered in 2008/11. This is a joint service for Merseyside and provides critical support to young people aged, typically, 14-19 in learning and career development. This joint service has been found to work well.

10.3 Further evidence that savings can be achieved through a more procurement based approach to negotiating rates is demonstrated by City of Manchester council which is now achieving zero price increases for its residential care.

10.4 The 2008/11 programme will be closely aligned to the overall aims and objectives of the Directors of children's services (DCS) across the north west. This will ensure that the programme is closely aligned with the work of the Department for Children, Schools and Families (DCSF) and other regional support groups (eg Government Office North West). The following themes have been identified for the programme, full details of which are at Appendix 4.

- 10.5 **Joint Commissioning.** This would investigate and develop options for the joint commissioning of services, both within individual authority boundaries (linked to PCT and health authority service requirements) and cross boundary within potentially sub-regions or local partnering authorities. The initial requirement would be to research some of the existing arrangements and develop options to overcome some of the existing barriers to developing joint arrangements.
- 10.6 **Market Management and Commissioning Skills.** This theme would concentrate initially on improving the overall commissioning skills and capacity available to individual authorities. A key output would be a practical framework for identifying future service requirements for children's services as a whole. A major emphasis would be to link the desired outcomes for children and families with the overall commissioning process. This would include support to develop and refine markets to meet desired service outcomes ensuring that local and sub-regional service availability meets local requirements. Specific elements identified to date would be:
- Research on who is doing well.
 - Development of models of best practice.
 - Action learning sets.
 - Potential establishment of regional capacity to support individual councils.
 - Further development of the placements' north west facing process on robust management of looked after children.
- 10.7 **Safeguarding Agenda.** The programme would cover:
- Models of best practice. This would be to identify models of best practice and provide a reference point for regional and sub-regional service development and improvement. In particular, there is the potential to develop support in respect of the overall trends and data collection processes across the region/sub-region. One option would be the provision of sub-regional/regional capacity to develop systems and evaluate trends.
 - Support to Safeguarding Boards in developing and operating systems to manage the new vetting and barring arrangements in respect of people working within children's services from 2008.
 - Linking of Child Death Overview Panels. There is a potential need to work across the region to reduce the risk of duplication in respect of LSCDs, developing information systems and information sharing arrangements,

particularly where numbers are too low to be significant in some local authorities.

- Regional and sub-regional support to multi-agency Safeguarding boards across the north west region, ensuring that the agenda is firmly established within the wider children's services objectives and development programme.
- Sexual exploitation: establish a model for developing and delivering services within local authorities and across boundaries.
- Domestic violence: Establish a support facility to research best practice and develop service options within individual and neighbouring authorities.
- Work in partnership with GONW to develop a common guidance and practice model across the region.

10.8 **Workforce Development.** Capacity and support in respect of ensuring the provision of a children's services workforce (both internal and external) that ensures we have the right skills in the right people. This would look at the skills required to meet the changing requirements on children's services and the processes to ensure that this is met. This would be seen as supporting the major aim of ensuring that there are a minimum number of visits to each home (preferably one per household). There is significant potential to work with PCT and Health colleagues re information gathering and sharing.

10.9 **Connexions:** Explore the possibility of extending the Merseyside Connexions model to other sub-regions.

10.10 A more detailed of work is at Appendix 4. The programme of work, whilst tentative, implies a considerable degree of coordination. This will not happen without a dedicated resource. The proposal is, therefore to set up a small facilitating group to support the above initiatives, commission research and pilot programmes and identify other opportunities that might lead to savings, improved services or reductions in risk. The annual cost is anticipated at £0.75m.

11. ENVIRONMENT AND WASTE MANAGEMENT

11.1 The proposed waste programme for the next 3 years has the potential to deliver annual cash savings of £24m for an investment of £1.5m, ie £0.5m pa.

- 11.2 The North West produces over 24 million tonnes of waste each year, of which approximately 10 million tpa comes from Industry and commerce, and a similar amount attributable to construction and demolition waste, The balance (just under 4 million tpa) is generated from households.
- 11.3 The North West recycles some 23.8% of its waste. Although this figure disguises a wide spectrum of performance across councils, it represents an increase in recycling and composting of 4% on the previous year. The region still lags behind the national average for recycling (31% in 2006/07). The North West remains the largest generator of household waste, per capita, in England, producing 9% more than the national average in 2005/06.
- 11.4 In order to meet their significant objectives under the Landfill Allowance Trading Scheme (LATS) the four major disposal authorities (Greater Manchester Waste Authority, Merseyside, Lancashire, Cumbria and Cheshire) are all engaged in the procurement of long-term waste treatment facilities, under the Private Finance Initiative. The total value for the 25 year contracts is likely to be around £9bn. These projects exclude waste collection and sorting for re-cycling.
- 11.5 NWCE has worked with and brought together a variety of bodies to develop a programme to support the more efficient collection and re-cycling of waste. These bodies include Government office north West, WRAP, the Office of Government Commerce, DeFRA and the South East Centre of Excellence, who have the national lead on waste.
- 11.6 NWCE has supported several important initiatives on waste.
- In a separate, collaborative initiative (based on a study funded and sponsored by NWCE and Government North West), Chester City supported by five District Authorities: (Macclesfield BC, Crewe & Nantwich BC, Ellesmere & Neston BC, Vale RBC) have just endorsed an outline business case for a new waste collection contract, including a Materials Recycling Facility. The project will rationalise collection routes, boost recycling and improve customer service, yielding potential savings (assuming certain assumptions) over 15 years of up to £46m.
 - It facilitated working groups/seminars so that those involved in the major waste disposal projects could share knowledge and information.

- It was the second RCE to adopt the Waste information Network, which it has publicised widely. This is a means of sharing good practice and avoids the need for waste disposal authorities to 're-invent the wheel'.
- It facilitated one council joining in with the Merseyside waste disposal tendering exercise.
- It supported Warrington's tendering for wheelie bins.

11.7 The main elements of the regional programme for 2008/11 are as follows, together with the potential 3 year cashable benefits:

Programme Module	Potential Gross Cashable Benefits (GBP 000) for NW LA's (First 3 years)
1) Sub-regional collaborative waste collection and sorting for recycling projects	20000 (third year only; assumes 2 year lead in time)
2) Refuse-Derived Fuel: Collaborative Project*	6500
3) Ongoing support re Development of waste portal, WIN	899
4) Landfill Diversion Project*	1692
5) WROMS – Waste Recycling Officer Mentoring Scheme. Online interactive scheme to share best practice.	812
6) Collaborative procurement of WCA Assets	993
7) Waste Mgt Education – LA Members	429
8) Ad-hoc waste efficiency Initiatives.	706
Average ROI/Total	32,931

Notes

- *1. Projected gross cashable benefits accrued over three years.
- *2. Target Projects to be established and set up within the 2008/9 to 2010/11 budgeting period, but gross cashable benefits relate to the three years post project establishment, as detailed in the supporting “ROI” projections.
- *3. Timing of planning decisions and site acquisitions is critical to project establishment, hence conservative, realistic assumption is for at least project set up for all capital projects (i.e. business case, feasibility studies and Project Initiation Document) to be achieved during 2008-11 period, but it is hoped that some stages of project implementation (e.g. site search selection, baseline studies, EIA, outline planning etc can also be achieved in the same period).

- 11.8 The biggest savings lie in joint waste collection and sorting for recycling. There are 41 waste collection authorities in the north west. Politically this is highly controversial. However, it is proposed to explore with each sub-region the possibility of learning from the Cheshire business case. At face value, the potential for savings is in the region of £20m pa across the region. Any feasibility studies will need to be very detailed in order to ensure recommendations are practicable and that any forecast savings are achievable and not offset by additional costs, eg through vehicles having to travel longer distance on congested roads.
- 11.9 If all the proposed projects were fully operation by 2010/11, the annual savings should exceed £25m. The total cost would be likely to be £1m, around £330k a year.

12. SHARED SERVICES PROGRAMME

Background

- 12.1 At the beginning of March 2007, the North West Centre of Excellence (NWCE) collaborated with the North West E-Government Group (NWeGG) to establish the North West Shared Services Programme, which replaced the previous Transactional and Corporate Services Programme. In March 2007 the North West Shared Services Programme Board was established made up of two representatives from each of the 5 sub regions, a Chair and the Programme Team.
- 12.2 The resources of this programme were made up of some monies from NWeGG and a successful bid to the NWCE. It was agreed that the bulk of the money should be split equally and ring fenced for the 5 sub regions with just a small amount being kept for salaries, events, 'tools' and 'guidance'. The funding available to each of the sub- regions was £53,700.
- 12.3 A clear bidding and evaluation process was established, the rules of which were clear. Before any sub region could apply for funding to manage a project they must first have in place effective Governance and a three-year strategy that clearly established why specific areas were selected as projects.
- 12.4 AGMA, Cheshire and Cumbria had existing governance arrangements and Lancashire and Merseyside established them so that all five sub regions now have

strong governance arrangements in place. Their terms of reference cover all aspects of transformation, efficiency and improvement within their sub-regions.

- 12.5 AGMA, Cumbria, Lancashire and Merseyside have bid for funding to help them to develop an effective three-year strategy to be in place by 31.03.08. Cheshire on the other hand had already undertaken this work and developed a high level strategy (with further work needed to add in the detail) and so made a match funded bid for resources for a Programme Manager to help them to implement the strategy.
- 12.6 The intention was that in this way each of the five sub regions would be prepared to 'hit the ground running' to take up opportunities that may arise to make the savings necessary for CSR07 without reducing quality of service. The intention was that regions would address shared services in a strategic way, tackling the most advantageous areas rather than those of least resistance or those for which they could most easily obtain funding and support. They would be required to monitor benefits realisation from the outset.
- 12.7 Progress by each of the sub regions is monitored on a monthly basis. The North west Shared Services Team have established a website that shows interested parties the bidding process, inputs and outcomes, progress monitoring and provides useful information such as relevant legal advice, the BIP, an amalgamation of lessons learned from multiple projects, and provides case studies and guidance etc. A six weekly newsletter, ShareIT, and the "What's in it for us?" stakeholder event add to the support provided across the region from this programme.

Sub-regional Planning

- 12.8 As part of their strategy development, each of the sub regions is undertaking a detailed high level scoping study to determine the areas of biggest spend, maximum impact and best opportunities for collaboration. The strategies themselves are due to be developed by the end of March 2008 so it is too early to provide any detail. However, early indications suggest that the following areas may be the areas of focus over the next three years and the areas for which they would like to receive funding to support progress.

12.9 **AGMA.** Complementary to the City Region agenda, AGMA and key stakeholders in the public sector have been working together on a programme of shared services, the aim being to exploit opportunities to develop and deliver efficiencies and service improvements through collaborative procurement or provision of goods, services and projects. The AGMA Collaborative Services Group is developing a Greater Manchester Efficiency Delivery Plan outlining the key areas where efficiencies and service improvements can be pursued over the next three years.

12.10 The areas where AGMA may focus their attention for the next 3 years are

- Adult Social Care
- Back Office Services (Transaction)
- IT Platform & Infrastructure
- Building & Facilities Management
- Transport
- Professional Services
- Construction NON Building Schools for the future
- Contact Centres
- Children's Services

12.11 A high level scoping study is being undertaken to identify one or more projects in each of the priority areas outlined above. This work will inform the Greater Manchester Efficiency Delivery Plan and would be completed by the end March 2008. If agreed, it is expected to outline how AGMA will achieve its ambition of: "Through Collaboration ... to achieve at least 3% efficiency savings in all AGMA Authorities' spend through service improvement, collaborative procurement or provision of goods, services and projects". This strategy would be supported by robust a governance structure and would have political and senior officer mandate.

12.12 **Cheshire** have advised that the projects comprised under the programme were devised following consultation with all the partners involved. They grew out of a mapping and consolidation of projects that had evolved across the sub region and in particular from the work of their Information Consortium and their Procurement Group. Cheshire stated they thought it important to have a balanced programme that combined projects focused on reducing costs (procurement), projects focused on customers (access to services), projects focused on vulnerable people

(information sharing) and other infrastructure projects like ICT which would further down the line support integration of other front line services.

12.13 Cheshire has already developed its high level strategy and their shared services / collaborative activity is planned as follows:

- Customer Access
- Information Sharing
- ICT (harmonization of systems and shared employees)
- Procurement
- Leadership and capacity
- Improved communications and marketing

Under each of these they have a number of specific projects are already being taken forward.

12.14 It is not clear what will be the impact on the programme of the creation of two initiatives. However, NWRIEP will be in a good position to provide support to the joining up of services that will take place.

12.15 **Cumbria** Cumbria's early work on their three-year strategy has produced the following LAA targets.

1. Children & young people

Better achievement for children and young people from vulnerable groups or at risk from disadvantage, such as looked after children or those with learning difficulties

Targeting early intervention and prevention to give young people the best start in life and to prevent future exclusion from mainstream services

Reducing risk taking behaviour amongst children & young people

Decreasing victimisation and bullying

Reducing homelessness

Increasing participation in leisure service activities

2. Healthy communities and older people

Reduce premature mortality rates

Reduce the prevalence of smoking

Combat the rise of obesity through greater uptake of sport and healthy activity, particularly through better access to the countryside

Support more older and disabled people to live independently at home

Improve the quality of life of older people through improving affordable warmth and maximising income

Improve choice and standards in the provision of health and social care.

3. Economic development and enterprise

Increase employment and economic activity

Improve skill levels to match current and future economic needs

Increase enterprise

Improve economic infrastructure

4. Safer & stronger communities

Reduce crime and the fear of crime

Reduce the level of offending by prolific and priority offenders

Reduce domestic violence

Reduce the number of first time entrants to the youth justice system

Reduce fire related deaths and injuries

Reduce the number of killed and seriously injured in the 16 - 20 age range

Empower local people to have a greater voice and influence over local decision making.

5. Liveability

Reduce the amount of waste going to landfill and increase recycling

Improve the quality of the local environment, particularly through improved street cleanliness

Contribute positively to climate change by increasing energy efficiency and reducing green house gases

Increase the use of sustainable transport.

6. Cross-cutting

Reduce the harmful impact of drugs and alcohol

Improve accessibility in rural areas

Narrow the gap in achievement in deprived areas

Produce balanced housing markets which address affordable housing and increase the percentage of homes reaching decent standards
Improve economic, environment and social wellbeing through culture and sport
Further improve community cohesion

7. Transformation – Collaborative working driving service improvement and realising efficiencies
- Asset management
 - Procurement
 - Shared Customer
 - Shared Services
 - Waste management
 - Workforce planning
 - Governance and Leadership
 - Programme support and delivery.

12.16 Lancashire. Lancashire’s strategy is focused on addressing “a range of ‘knotty’ problems” which they perceive as being central to the delivery agreements (LAA’s and MAA’s) between their councils and central government. These are:

- Lancashire’s Economy and Infrastructure
- Lancashire’s Health Inequalities
- Community Cohesion
- Empowerment, Neighbourhoods and the 3rd Sector
- Lancashire’s Street Scene

12.17 Running alongside and within all these is a cross cutting efficiency stream, within which they have identified specific programmes of work:

- Commissioning Care for Adults and Children
- Developing Shared Services, largely in the context of the ‘Transforming Local Government in Lancashire’ prospectus.
- Bringing together willing partners.
- Business case development.
- Creation of time, space and a safe place to develop and debate shared service ideas.

- Developing or amending legal and contractual frameworks where those already produced such as the Chorley / South Ribble one are unsuitable or new services are covered.
- Buying for Lancashire which will cover the broad procurement agenda.

12.18 Lancashire would use some of the funding to increase capacity and support these programmes by the development of a central policy and programme office which they believe to be vital if they are to be successful in their plans.

12.19 An example of the work to be undertaken by 'Team Lancashire' the body overseeing this programme for the Lancashire sub region is the development of a Procurement Hub.

12.20 Lancashire have emphasised that they would expect, given the aspirations in their *Transforming Local Government in Lancashire* prospectus, to see shared services develop across the whole range of "knotty" problems where they are the appropriate solution to the identified problem, not just in the traditional back office.

Furthermore, Lancashire have stated that the efficiencies they can realise through a more joined up approach to dealing with the problems they need to address needs to be central to achieving delivery of their Local Area Agreements.

12.21 **Merseyside.** The Merseyside programme may include some or all of the following.

- Service Delivery.
- Development of Shared Services.
- Increasing the capacity of Private and voluntary sectors to deliver services.
- Engaging neighbourhoods in the development of service delivery solutions.
- Asset Management, including rationalisation of existing building stock and co-location of services across the region and with partner organisations.
- Workforce Development
 - Developing solutions to tackle recruitment pressures in key posts.
 - Sharing expertise across organisations.

- Effective deployment of collective resources.
- Tackling the Skills for Life Agenda.
- Financial Challenges including collaborative procurement
- Organisational capacity
- Improved sub-regional governance and decision - making
- Improved benchmarking and information sharing

12.22 **Comparison of sub regional draft plans.** Those areas where more than one sub region have noted an area for focus within their three year strategies are noted below :-

	AGMA	Cheshire	Cumbria	Lancashire	Merseyside
Customer Access		Yes			
Asset Management			Yes		Yes
ICT		Yes			
Procurement	Yes	Yes	Yes	Yes	Yes
Leadership, Governance & Capacity	Yes	Yes	Yes	Yes	Yes
Shared Services	Yes		Yes	Yes	Yes
Adults and Children's Care			Yes	Yes	

12.23 It is considered that regional support will need to be continued for the shared services programme. Outcomes from this support include:-

1. To continue to have strong regional leadership of the shared service agenda with buy in from all the sub-regions.
2. To ensure that NW councils shared services strategies contribute towards their LAA and efficiency targets.
3. To provide a single point of contact for councils to come to for guidance and support on shared services.
4. To have an active 'dating agency' that helps councils come together to share services, good practice and experience.
5. To have a high level of awareness and understanding of the good practice that underpins successful shared services (and the bad practice which caused the failures).

6. To ensure that Councils and their partners continue to have a good understanding of the potential benefits of sharing service delivery for their citizens and themselves.
7. To continue to develop a strong community of practitioners who can easily share information and build relationships.
8. To maintain a high level of good practice sharing and reuse of materials, skills and knowledge relating to Shared Services between councils in the North West.
9. To continue to have an effective and well used depository of information for councils to access guidance, tools, products, templates and lessons learnt to help them share services.
10. To have a monitoring process that records progress on sub-regions strategies so that support can be provided in a timely and effective manner when needed.
11. To monitor and update the audit of collaborations so that we are able to have a record of progress against the baseline.

12.24 This in turn will be supported by:-

- Advice and Guidance
- Good practice case studies from both successful and unsuccessful projects
- Tools and templates
- Support the development of Sub Regional Communication Strategies
- Commission a database to store all shared services activity in the region, to provide working examples and to support increased shared services activity across the region
- Supporting shared service opportunities across sub-regional boundaries and between different agencies
- Working with the NWeGG BPI programme, developing and sharing good practice processes in areas that represent good opportunities for shared services.
- Working with NWeGG on information sharing guidelines
- Supporting shared service opportunities across sub-regional boundaries and between different agencies

12.25 As previously stated the five sub regions are each at a critical stage of their planning and need to ensure effective communication and 'buy in' so to rush them would be counter productive. As a result evidence based detailed costing are not available at present. However, if the programmes agreed by March 2008 are ambitious and convincing, a significant proportion of NWRIEP funding will need to be allocated to the sub-regions. £3.5m pa has been suggested, but this includes significant funding for sub-regional third party spend activities, which is identified elsewhere in this document. Therefore an additional sum of £3m pa is the best assessment that can be made for the present.

13. LOCAL PASSENGER TRANSPORT

- 13.1 The local passenger transport programme stems from NWCE having the national lead. An experienced transport manager was recruited as programme director and this has resulted in an extremely ambitious programme, Support has been provided by Merseytravel and, recently, the DfT has provided a 'fast stream' civil servant to work on the project. Local authorities from around the country have provided personnel to take the lead on specific projects and this has helped keep down costs. DCSF had also provided a lead for one of the projects.
- 13.2 The programme director, as well as developing and monitoring the programme, provided much practical consultancy to support implementation. Since he retired in September 2007, progress has slowed. Lack of certainty of funding for the next 3 years has prevented recruitment of a successor. The programme itself has the potential to:
- Deliver savings/efficiencies of well over £200m pa.
 - Deliver improved transport services.
 - Improve safety of children.
 - Start to stem the loss in passengers.
 - Help preserve the viability of rural communities.
 - Engage more effectively with the third (voluntary) sector, thus providing support to that sector, but receiving in return better targeted services.
 - Delivering some important government agendas including sustainability.
 - Delivering more integrated transport services with the NHS.
- 13.3 The programme's scope covers strategic procurement, business process re-engineering (including use of new technology), and shared services. It also supports the development of LAAs and MAAs.
- 13.4 There have been some important deliverables to date including a document on Integrated Passenger Transport, for which a lot of implementation support has been provided, and 'Providing Transport in Partnership', which is due to be launched by Rosie Winterton, Minister of State at the DfT. Implementation of many other elements of the programme is well under way.
- 13.5 To deliver all the programme's objectives within 2008/11, it is estimated that funding of at least £350k pa will be necessary. This will mean a massive return on

investment and the valuable additional benefits listed in para 13.2. The opportunity costs of funding delays are therefore very high and the programme timetable is being re-assessed and delivery will be put back. Assuming funding arrives shortly, it should be possible to have a new director in post by June. This will have led to a gap of 9 months. But it is hoped that they may be some opportunities to catch up.

13.6 In the period of 1 April 2008 to 31 March 2011 the NWCE local passenger transport programme will deliver the following.

1. The Dissemination of Good Practice

Experience has shown that quick wins in efficiency can be achieved by a thorough investigation of best practice. There will be two areas of this deliverable in the period 08/11:

Firstly the assembly of good practice for dissemination to all authorities through existing networks and secondly through identification of areas for focussed research, where clear issues have been identified, suggested opportunities for efficiency savings but for which there is, as yet no practical experience.

Good practice will be identified through workshops with and visits to key stakeholders, evaluated and then disseminated through regular newsletters and publications on the website. This will be an ongoing process for the length of the project. Implementation of good practice will be monitored and evaluated.

2. Identification of the benefits, disbenefits and potential savings from integrated transport units (ITU)

There are three strands to this project. Two of the three strands are completed. The first strand identified benefits of ITU in Shire authorities, and the second did the same for Metropolitan and London Boroughs. The results of this work were published in a best practice paper, which was jointly launched with the Department for Transport and The Department for Education and Skills (as was), in 2006.

The final strand, which will complete in the 08/11 period, looks at inter-authority cooperation and agency arrangements in the delivery of ITU. Essentially the strand is looking into efficiency savings through economies of scale. There are certain synergies in place in existing ITU that can be shared with other authorities.

3. Upgrading and introducing new IT and communications systems

This project looks primarily at administrative systems, SMART ticketing and the use of GPS and real time information. It is essential that LTA make the best use of developing technology in their transport activities.

This project will complete in the period 08/11. The output will be advice on the availability of alternative systems with direction on the criteria that should be used for selection of systems.

4. Integration with non-emergency health service transport in Shire areas

A guidance document entitled *Providing Transport in Partnership - Guidance for Health Agencies and Local Authorities* has been produced in draft.

A launch event for the guidance will be held at the start of the 08/11 period. The project will then be considered delivered, however, we will continue to monitor take up of the guidance and evaluate how effective we were in meeting our objectives. This may result in further work, depending on the feedback that we receive.

5. Integrated social needs transport with in the metropolitan area

This project addresses the issue arising from separate PTE and Metropolitan Borough responsibilities on transport. The project is being led by GMPTE, and is making good progress. Other work will be undertaken across the country under this project.

We will formalise a detailed project plan, which will outline what will be delivered in the 08/11 period.

6. Taxis

There are concerns that the use of taxis does not offer value for money. This project focuses on the opportunities that e-tendering offer. Discussions have been held on the subject of reverse auctions and inventory approaches to taxi procurement.

The output of this project will be a taxi procurement toolkit.

7. Reducing bus operating costs and stimulating passenger growth

There are two strands to this project. Firstly it will look at better bus productivity. Secondly it will look at passenger facilities and the promotion of bus services.

At the start of the 08/11 period we will conduct a scoping exercise. It is likely that this will take the form of a workshop, where key stakeholders from across the sector will be able give their input on how we can improve productivity and stimulate passenger growth. We will then formalise a detailed project plan, which will outline what will be delivered in the 08/11 period.

8. Concessionary fares

Further scoping of the issues will be undertaken before a detailed plan is drawn up for this project.

9. The journey to school

This is a key area for attention, given the scale of local authority expenditure on statutory school transport. The project is being taken forward by the Department for Children, Schools and Families.

10. Partnership in bus network development

There are two strands to this project. The first strand looks at a holistic approach to bus network development across the sector. The second concerns tendering good practice and model contract conditions.

In the period 08/11 the first strand will build on the work already completed, which involved debate with bus operators and local authorities, which included discussions on quality partnerships and the Local Transport Bill. There are a number of efficiency savings that can be achieved in this area, and we are currently putting together a detailed project plan.

The second strand is nearer completion. A consultants study (funded by the Department for Transport) to develop model standardised and simplified contract conditions has been developed. The document will be launched in the first half of 2008. We hope to hold a seminar, in collaboration with the Department for Transport in order to achieve widespread buy-in from stakeholders.

11. Engaging the voluntary/community transport sector

The Government attach particular importance to the third sector in Local Authority activity.

The output of this project will be guidance to Local Authorities on best ways of working with the third sector as their contribution to bus partnerships. We will formalise a detailed project plan, which will outline what will be delivered in the 08/11 period.

12. Vehicle procurement

We will formalise a detailed project plan, which will outline what will be delivered in the 08/11 period.

13. Recruitment, vetting, training and retention of staff

We will formalise a detailed project plan, which will outline what will be delivered in the 08/11 period.

13.7 **Further Programme Development.** As part of the programme we will continue to scan the environment in which local passenger transport exists. The sector is not stable, and there will undoubtedly be a number of arising factors that should be addressed as part of the programme. We will continue to monitor these, and look for ways to make efficiency savings.

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As part of the programme we will continue to scan the environment in which local passenger transport exists. The sector is not stable, and there will undoubtedly be a number of arising factors which should be addressed as part of the programme. We will continue to monitor these, and look for ways to make efficiency savings

14. DEVELOPING THE NORTH WEST ECONOMY

- 14.1 Two initiatives are being explored which may have the potential to boost significantly the local economy.
- Creating Service Centres to Create Employment in the North West and
 - Reduce the Costs of Public Sector Services

Service Centres

- 14.2 The CSR07 provides challenges for many local authorities. One means to secure efficiencies is collaboration between public sector bodies and partnerships with private sector ones, leading to the benefits of aggregation, avoidance of duplication and raising standards. Savings are also expected to be delivered through transferring work from higher to lower cost areas of the country.
- 14.3 There has been an increased impetus towards collaboration, particularly since the creation of the Centres of Excellence. However, lack of common specifications, complex tendering procedures and the need to comply with the EU Public Sector Procurement Directive create high costs and lengthy timescales for collaboration and outsourcing, thus discouraging it.
- 14.4 This paper proposes a means of overcoming the obstacles and giving an impetus to partnerships, both public and private sector as well as collaboration generally. The benefits will be:
- Significantly reduced costs of service provision.
 - Much reduced costs of the process of outsourcing / collaboration.
 - Much reduced timescales for outsourcing / collaboration.
 - Compliance with the EU Public Sector Procurement Directive.
 - Raised standards of performance / service.
 - Increased chances of successful outsourcing / collaboration.
 - Benefit from the ability of the private sector to invest in IT / new systems without the constraints of the public sector.
 - Transferring work from high cost areas with high employment to low cost areas of high unemployment.
 - Increased amount of outsourcing / collaboration.

- 14.5 The multiplier effect could result in significant economic benefits to areas where work is transferred. The low cost / high skills base of many parts of the North West should result in it receiving a disproportionate amount of work.
- 14.6 The proposal is for the NRIEP to facilitate the letting of a series of framework agreements for providers to provide a variety of common services, e.g. revenues and benefits and personnel. The services would be available for use by the wider public and private sectors. The providers could be public or private sector. The agreements would be let under procedures laid down by the EU Public Sector Procurement Directive. The result would be a matrix of providers and services to which customers could have access without further tendering.
- 14.7 The new EU Public Sector Procurement Directive formally acknowledges and legalises the use of framework agreements for the first time. It is proposed that the NRIEP oversees tendering exercises to let framework agreements for a variety of corporate, back office and transactional services. The first stage would be to signify in the Official Journal of the European Union (OJEU) that such exercises were being undertaken, then to develop model specifications. The benefit of such an approach could be that a variety of providers – which could be either public or private sector – could tender to be on the framework agreement. The end product would be a matrix of providers and services (to model specifications). These agreements would be open to the whole of the public and private sectors.
- 14.8 Potential customers would be able to select a provider for a particular service without having to enter a tendering exercise. Due diligence would still need to be undertaken by both parties and model specifications would need some tailoring (within limits allowed by the EU Public Sector Procurement Directive).
- 14.9 It is likely that providers would have bases in areas of the country with high unemployment and low wage costs, hence providing significant benefits to such communities and transferring work from wealthier parts of the country. The North West, because of its low cost and high skills base, would have prime candidates for such bases. The multiplier effect – roughly every pound put into the local economy generates a £3 benefit – should result in a significant boost to those economies.
- 14.10 The reduction in cost, time and aggravation in outsourcing should provide a significant impetus to delivering the government's efficiency agenda.

- 14.11 The expectation would be that between four and eight providers would be on the framework agreement and that they would develop Service Centres in order to handle the expanding business. Such Service Centres would increase economies of scale as they developed and became major centres of expertise. The contracting for the proposed framework agreements would be aided by the provision of the new EU Public Sector Procurement Directive, which specifically allows for framework agreements, and the new Competitive Dialogue procedure. Framework agreements should normally last for four years, but can be longer where economic reasons justify it. It is recommended that such agreements be let for 10 years.
- 14.12 There is no collaborative project of a similar ilk being undertaken by authorities in the public sector.
- 14.13 The scale of interest in such Service Centres is difficult to predict. There is potentially a huge range of services that could be provided. This includes transactional services, where IT developments mean that they can be provided at a distance, and policy and legal services. For example, it is estimated that there are 1500 to 2000 human resources groups in the public sector. The expertise amongst them would vary hugely. Service Centres could provide expert and consistent advice to public sector bodies and result generally in an improvement in public sector personnel management. There should also be an opportunity to reduce the costs of the existing duplication.
- 14.14 The agreements, as well as being open to the wider public sector, would also be open to the private sector.
- 14.15 Detailed analysis needs to be undertaken to assess the potential for business that service centres could attract. Given the right political push, it could be several hundred million or possibly exceed £1 billion p.a. This would create hundreds, possibly even thousands, of jobs in the north west.
- 14.16 How could this potential be realised? There would need to be strong support from government and industry.
- 14.18 Delivery would need to be through a Project. It would require a Steering Group, which would need to consist of local authorities, the private sector and the CBI.

Discussions are being held with the private sector, who have expressed interest and several chief executives in the region are also interested. Assuming the project receives sufficient support, the next stage could be to set up a steering group and for it to commission a feasibility study.

14.19 Assuming the result of a feasibility study supported the proposed project, the Steering Group would need to: -

- Appoint a Project Manager.
- Provide funding for the Project Manager and team.
- Oversee research and development of a project plan.
- Agree the scope of the exercise.
- Determine a timescale.
- Agree a Prior Information Notice for the OJEU.
- Develop a communication plan.

The Project Manager should have access to expert legal advice.

14.20 A critical feature of the project would be to draw on the expertise that already exists. Private sector outsourcing companies should have the expertise to produce model specifications and it is proposed that this be done at an early stage through a working group under the auspices of the CBI. Priorities would include Human Resources, Payroll, Revenues and Benefits, ICT and Property. Other areas would not be excluded.

14.21 The cost of the proposed project is difficult to assess. There would be costs for potential providers and for the project. The first tranche of target areas suggested above could cost up to £1m per winning provider. Together with costs of the losing potential providers, the total would be likely to be between £5m and £10m.

14.22 The project team would expect to have a budget in the order of £1m.

14.23 Sources of Funding. There are several potential sources of funding for the project team, for example: -

- CLG
- Private sector, e.g. through the CBI

The steering group would be expected to secure the funding from the above bodies and any other potential sources. It is proposed that NWRIEP input be limited to funding the project manager at a cost of £100,000 p.a.

Engaging with the Third (voluntary) Sector

- 14.24 Government policy is for local government to engage more effectively with the third sector in order to deliver services that are more effectively focused on the customer. However, services are increasingly being put out to tender, rather than through grants, and the third sector is ill-equipped to deal with such challenges. Very few tenders are ever received from third sector organisations. Purchase spend analysis suggests that possibly only 2% of local authorities' purchase spend is with the third sector and unless something changes, this will reduce.
- 14.25 Discussions with the Greater Manchester Council of Voluntary Organisations have identified a solution. There are 11,000 voluntary organisations in Greater Manchester, focussed particularly on social care and environmental issues. Few have the expertise to tender and few understand how to engage with local government.
- 14.26 A proposal was discussed for a core group to be created, acting on behalf of all to:
- Engage with local government to understand business opportunities.
 - Influence local government strategies to improve outcomes.
 - Identify advertised tendering opportunities.
 - Identify those 'voluntary' organisations for which a tender is appropriate.
 - Provide a tendering service to the voluntary sector.
- 14.27 It is envisaged that such an approach should increase significantly the amount of business going to the third sector. An increase of 3 percentage points of third party spend going to the third sector would result in additional investment in them of £200m across the region. As much of this money would 'stick' in the region, there would be a considerable benefit to the local economy.
- 14.28 It is proposed to run a pilot, largely using private sector funding, to test if this is a useful approach. If it proves successful, the intention would be to implement throughout the region. Some RIEP funding would then be required. The total cost of the Greater Manchester team would be around £150k p.a. Of this, the RIEP

might need to contribute £50k. Expansion across the region in years two and three would be likely to cost a further £300k in 2010/11 and, in the transitional period of 2009/10, approximately £250k. It is proposed that latter years would be funded largely by the RIEP.

15. COMMUNICATIONS AND ENGAGEMENT

- 15.1 **Introduction.** Communications programme 2005-2008 – the story so far - The communications programme has steadily increased over the life of the NWCE. Initial engagement consisted of a one page weekly issued by email to stakeholders.
- 15.2 The role and importance of communications was significantly shifted when the NWCE engaged a communications consultant on a four days per month basis in October 2005. In March 2006, the consultant's time was raised to six days per month. In February 2007 it was increased to 12 days per month. In addition, a member of the administration support team now spends an average two days per week assisting with communications.
- 15.3 The increase in communications activity over this period serves to illustrate the rise in output by the NWCE's programmes, the heightened profile of the NWCE, the increased levels of engagement with stakeholders and our audiences and the recognition by the centre's managers and directors of the value of good communications and the positive results inspired by engagement. Good communications leads to engagement which, in turn, leads to implementation.
- 15.4 The communications programme has made wide use of the essential components of communications – marketing, public relations, events and exhibitions and public affairs, and has placed a high level of importance on the concept of employing communications from conception to completion of all projects.
- 15.5 **Communications activity.** The communications consultant has implemented the key principles contained in the NWCE Communications Strategy. These can be summarised as:
- Informed and advised stakeholders and our audience through the publication of the weekly newsletter.

- Engaged directly with Members since March 2006 via its bi-monthly publication - Members' News - which is distributed to all councillors in the region and helped promote and stage two, annual Members' events.
- Developed and implemented, in consultation with programme managers and directors, communications plans for all projects and established monthly planning meetings with them .
- Worked with programme managers/directors to produce bi-monthly newsletters providing programme updates.
- Engaged with and informed chief executives and executive leaders, through a bi-monthly e-newsletter - Executive Stress - since July 2007.
- Engaged with our improvement partners NWeGG to provide dedicated communications support for the Shared Services Programme.
- Raised the profile and strengthened the reputation of the NWCE by issuing 30 press releases to regional and national media, and securing features about its programmes in Government Opportunities Magazine, Buying Solutions Magazine, Government Computing Magazine, Local Government First, ModernGov Magazine.
- Engaged with key audiences and stakeholders via staging and promoting two major procurement events – Bargain Hunt and Bargain Hunt II.
- Successfully launched three new brands - The Vault, The Chest, and The Docking Station. The Vault earned a best practice award for its communications planning.
- Built on the strong reputation of the NWCE by developing and commissioning exhibition stands, one of them award-winning, that have delivered powerful messages about the work of the NWCE for three consecutive LGA and labour party annual conferences.

- Strengthened communication with our audiences and re-inforced the NWCE's reputation for excellence by relaunching the web site, such that hits per month to the site, pre-launch, were below 200,000. In November 2007, the figure was 380,737.
- Implemented an e-messaging service that has been used to reach large sections of our audience on a personal level.
- Informed and engaged the local authority community with the publication of a full suite of promotional literature focused on Shared Services, The Chest, The Vault, the Docking Station and Transport.
- Built on the NWCE brand by creating a full suite of exhibition materials for key programme areas.
- Published, launched and promoted two best practice transport papers and a report on third party spend.
- Delivered training to members of the team covering news release writing and editing.
- Developed a strong commitment to internal communications and team-building via the publication of an internal newsletter every other month which is circulated to all team members to update them about events within the team and 'in the field'.
- Promoted best practice among the north west's councils by developing and publishing a suite of best practice case studies.
- Raised the profile and reputation of the NWCE by working with the other eight regional centres of excellence and the central programme office to promote best practice and learning across the regions via communications methods.
- Promoted more than 100 workshops and events to engage local authorities in our projects, best practice and collaboration.

- Established links with local authority communications' teams, where appropriate, to promote the work of the NWCE and strengthen the brand.
- Developed an events toolkit and professional publications guidance to broaden the communications knowledge of NWCE team members and to assist them with delivery of events and printed materials

15.6 **Conclusion.** The North West Centre of Excellence has made full and productive use of the communications expertise available, although with greater funding allocated to the programme, more could have been achieved. However, the resulting profile and brand success of the centre is a measure of the success of the communications strategy that was effected within the constraints of the budget allocation.

15.7 Use of the web site, engagement and attendance at the NWCE's events and workshops and participation by local authorities in projects are all further indicators of the strength of the existing communications and engagement programme

Forward Plan: Communications programme 2008-2011

15.8 **Objective.** To build on the firm principles of communication and engagement which have been established by the North West Centre of Excellence and develop them for the North West Improvement and Efficiency Partnership such that its brand and reputation supersedes that of the NWCE.

15.9 **Programme outline.** It is proposed to continue to broadly deliver the key elements of the NWCE communications strategy and communications activity but some adjustments will be necessary to take into account the communications elements involved in launching a 'new' agency – the North West Improvement and Efficiency Partnership.

15.10 The Communications and Engagement programme will address five separate areas of work, all of which will require delivery of additional communications and engagement activity above that which is currently being delivered.

- Meeting the communications needs of the NWIEP team.

- Meeting the communications needs of the individual programme areas.
- Meeting the communications needs of the NWIEP brand.
- Meeting the communications needs of the sub-regional hubs.
- Liaising on communications activity with NWIEP partners/Chief Executives' Task Force /LGA/CLG etc etc.

15.11 **Meeting the communications needs of the NWIEP team.** The internal communications needs of the team are currently being satisfactorily met. To reach another level, activities should increase for which there will be resource implications.

- The CentrePoints newsletter should be increased, at least in the first six months from NWIEP start-up, to once a month.
- Briefings from the SMT meetings should be circulated to staff. This will require attendance at the SMT by the communications manager.
- Briefings from the Chief Executives' Task Group should be circulated to the team. This will require a debrief by the regional director with the communications manager before an agreed briefing is circulated.

15.12 Meeting the communications needs of the individual programme areas. This aspect of the communications programme has been one of the most successful undertaken so far. Programme managers and directors have been quick to recognise the benefits created by good communications and engagement.

15.13 For this work to continue, the following actions need to be undertaken.

- Expand the number of bi-monthly programme stream newsletters to cover all programme areas.
- Hold forward planning meetings with each programme manager/director every quarter to develop and assess communications and engagement strategies for each area of work, to review communications and engagement budgets allocated and to adjust communications plans and activities where necessary.
- Develop a communications induction pack for all new programme leads who join the NWIEP.

15.14 **Meeting the communications needs of the NWIEP brand.** Establishing and re-enforcing the NWCE brand has been a successful process. It has required a

dedication and commitment to the brand by all the team and a firm overview of how it is being projected and profiled by the communications manager.

15.15 Establishing a new NWIEP brand will need to be managed by the communications manager. Blending this brand with the NWCE brand in our audiences' and stakeholders' mind will be challenging and will require time and resources from the communications and engagement programme budget.

- A new brand and logo for the NWIEP will need to be developed and agreed by all partners. Commitment to this new 'look' needs to be total.
- The decision-making process around the new brand needs to be well-thought out but must avoid prevarication. It must be recognised that time is of the essence.
- The messages that are issued around the new brand and why it is superceding the NWCE brands and those of our partners need to be clear, incisive, timely and credible.
- A new suite of documentation introducing the new brand and logo should be created and published.
- A new web site – www.nwiep.gov.uk - should be developed that encapsulates the work, information, news and guidance of the partners. Population of the NWCE website so far has, in the main, been carried out by two members of the administration team with input from some programme managers. It is suggested that tighter control needs to be applied to the information being placed on the web site and that more responsibility for this should be given to the administration team. This will require their undergoing further training in specialist writing skills and editing.
- Consultation exercises with stakeholders and our audiences should be carried out annually to measure the effectiveness of the communications and engagement programme's work.

15.16 **Meeting the communications needs of the sub-regional hubs.** There is an element of uncertainty over this area of communications and engagement but, working on the assumption that the formation of sub-regional hubs will be actively promoted, it is sensible to address the issue at this time and make certain recommendations.

- Communications and engagement for the sub-regions need to cover two distinct areas – inspiring programme participation by the local authorities and engaging the wider community in the work of the sub-regional hubs.
- Any branding and individual logos for the sub-regional hubs should be consistent and fall under the identity established for the NWIEP.
- Distinct elements of the communications and engagement budget should be identified for sub-regional communications and engagement.
- A communications plan for each of the hubs should be created to support effective delivery of the programmes that have a sub-regional focus and that align with the communications activity of the NWIEP as a whole.

15.17 Liaising on communications activity with NWIEP partners. The work needed to develop and implement a communications strategy that will support the formation of the NWIEP will be substantial. Allied with this, there will be a high level of communications and engagement activity needed to inform partners of progress.

- A short-term communications plan for transformation from \NWCe to NWIEP is being drawn up to cover the critical period January – March.
- Regular communications meetings should be established between the NWIEP partners to ensure effective and timely dissemination of information and guidance relating to the new agency.
- Ongoing communications liaison between the communications manager and counterparts from the other partners will be key to ensuring that the new NWIEP is presented in a united and uniform way to our audiences and stakeholders.

15.18 Measurements of success.

The measurement of the effectiveness of the communications and engagement programme will be carried out in several ways.

- Monitoring of attendance at events and feedback from participants
- Annual consultation with stakeholders and key audiences
- Media monitoring
- Web site hits and viewing figures
- E-monitoring of take-up of the weekly newsletter
- Informal feedback at events
- Targeted surveys for specific campaigns

15.19 **Resources.**

The current level of resources dedicated to communications and engagement will be insufficient to deliver the programme from 2008 – 20011.

At least four additional days per month will be required from the communications manager to meet the needs of the programme. In addition, the communications support provided to the programme should be increased from its current level of two days a week to four days a week. The current communications support will require additional training, from internal and external sources, to meet the increased demands being placed on them by the communications and engagement programme. This will bring budgetary implications.

15.20 A new budget for communications and engagement can not be precisely determined until it is known what activity has been approved for the programme areas for 2008-2011. The details are at Appendix 5.

15.21 Provisionally, it is recommended that, assuming all programme leads have not factored monies for communications and engagement into their own budgets, an additional 10% be allocated to each programme budget specifically for communications and engagement. Assuming there will also be a central, budget, this should allocate a further 10% for communications and engagement.

16. GOVERNANCE

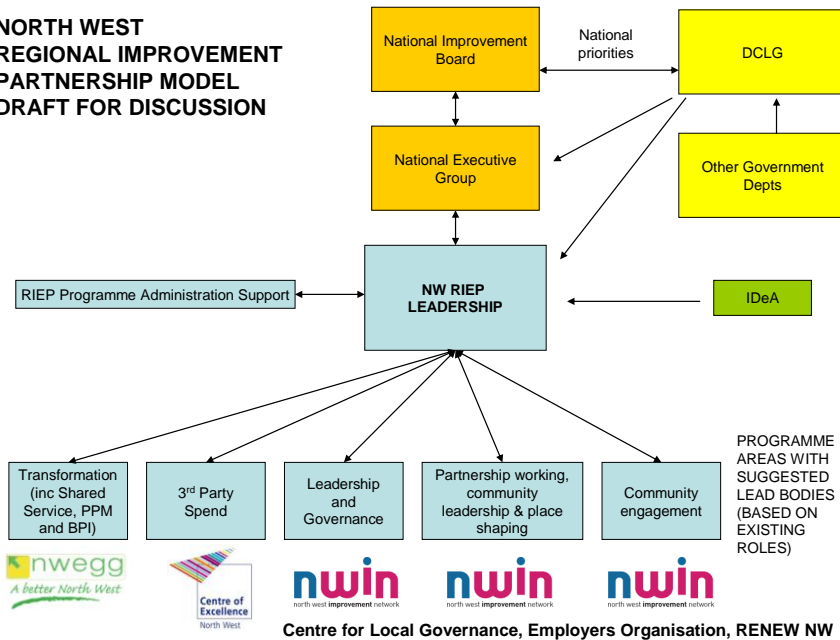
16.1 The draft work programme for NWRIEP is a combination of regional themes and sub-regional initiatives. As explained in chapter 5, third party spend in particular has to take into account global, national, regional, sub-regional and local markets. Third party spend strategies have to take this into account if they are to deliver their potential. All councils and sub-regions are to some degree inter-dependent, particularly in the biggest and often most sensitive areas. They are not islands.

16.2 Therefore, there has to be a regional focus for strategic management of third party spend, one that is flexible enough to respect and support what is best done at a sub-regional level.

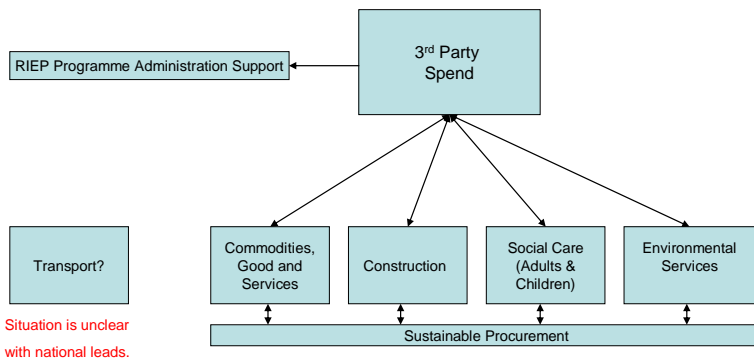
16.3 The approach that NWCE has found to work well is to set up category programme boards of professionals from around

the region to develop and oversee implementation of regional strategies. The current ones for third party spend are: Procurement (commodities, goods and services); Construction; Health and Social Care; Local Passenger Transport. Some co-ordination of these groups will be necessary, and it is therefore proposed that management of third party spend be a separate theme of the NWIEP, together with a governance structure to ensure progress that meets the needs of north west authorities and to ensure delivery. The structure would look like:

NORTH WEST REGIONAL IMPROVEMENT PARTNERSHIP MODEL DRAFT FOR DISCUSSION



NORTH WEST REGIONAL IMPROVEMENT PARTNERSHIP MODEL DRAFT FOR DISCUSSION



Appendix 1

CGS Procurement Budget 2008 to 2011

Description	Rate	2008/09	2009/10	2010/11	Notes
Purchase Spend Analysis					
Spikes Cavell PSA for 47 Authorities		£300,000	£0	£300,000	
Spikes Cavell Read Only Access for 47 Authorities		£0	£100,000	£0	
Data Analysis Support	£450	£45,000	£0	£45,000	20 days per 5 sub regions
Sub Regional Dissemination Events		£5,000	£0	£5,000	One per region
Management of Procurement Function					
Develop (or promote) Commodity/Market Expertise	£600	£60,000	£36,000	£24,000	
Undertake relevant regional procurement	£600	£30,000	£60,000	£60,000	
Leverage savings from common suppliers	£600	£30,000	£30,000	£30,000	
Adoption of Frameworks					
Guidance in best value & benchmarking	£600	£60,000	£60,000	£60,000	
Managing mini-competitions	£600	£30,000	£45,000	£60,000	
Support for framework implementation	£600	£30,000	£30,000	£30,000	
Materials to encourage take up	£600	£30,000	£30,000	£30,000	
Working with other government partners	£600	£30,000	£30,000	£30,000	
Knowledge & Education					
Producing hard evidence of benefits and savings	£450	£22,500	£22,500	£22,500	
Develop and share standard business cases for "transformed procurement"	£600	£30,000	£0	£0	
Increasing skills and capacity		£50,000	£50,000	£50,000	To include; Contact management, Sustainable procurement, Commissioning, Whole life costing, Partnership procurement 10 courses per year at £5k per course
eProcurement					
Support for eTendering & Portal Activities to encourage business take up of portal	£250	£60,000	£60,000	£60,000	Full time role.
Promotion of eProcurement tools	£600	£36,000	£36,000	£18,000	i.e. P Cards, eMarketplaces, eAuctions 10 per annum - provided externally
eAuction Management		£100,000	£100,000	£100,000	To reduce invoices and accept electronically.
eInvoicing Workstream		£40,000	£60,000	£80,000	
Sustainable Procurement					
Support of flexible framework implementation	£600	£72,000	£36,000	£0	To level 3.

Support use of third sector suppliers and SMEs	£600	£24,000	£24,000	£24,000	
Risk assessments of supply chain	£600	£48,000	£48,000	£48,000	
Work with NWDA & NHS on regional programme	£600	£28,800	£28,800	£28,800	4 days per month
Support on specification advice.	£600	£12,000	£12,000	£12,000	
Sub-Regional Support					
Cheshire		£75,000	£100,000	£75,000	
Cumbria		£125,000	£125,000	£75,000	
Greater Manchester		£100,000	£150,000	£100,000	
Lancashire		£75,000	£100,000	£75,000	
Merseyside		£75,000	£150,000	£100,000	
Other Regional Projects		£600,000	£300,000	£100,000	Pot for other regional project bids.
Sub Total for Projects		£2,273,300	£1,853,300	£1,652,300	
Programme Manager					
Programme Manager	£800	£192,000	£192,000	£192,000	Resource may be used for project management as well.
Support Staff		£30,000	£30,000	£30,000	
Travelling and Expenses		£10,000	£10,000	£10,000	
Events & Room Hire		£5,000	£5,000	£5,000	
Misc Items		£5,000	£5,000	£5,000	
Contingency		£113,665	£92,665	£82,615	5% of project costs
Programme Total		£2,628,965	£2,187,965	£1,976,915	
Grand Total		£6,793,845			

Appendix 2

Funding Requirements for Construction

Description	Average Rate	Split	Split	2008/09	2009/10	2010/11	Notes
Construction Hub	£600	100%		£1,980,000	£1,980,000	£1,980,000	5 in procurement, 5 in project management and 5 looking at Monitoring /Control / Project Management Systems @220 days p.a across shared 3 main construction disciplines
Decomposed:							
Property (see identified tasks)		53%		£1,049,400	£1,049,400	£1,049,400	
Smarter Procurement			65%	£682,110	£682,110	£682,110	
Asset Management			25%	£262,350	£262,350	£262,350	
Process Improvement			10%	£104,940	£104,940	£104,940	
Housing (see identified tasks)		27%		£534,600	£534,600	£534,600	
Smarter Procurement			65%	£347,490	£347,490	£347,490	
Asset Management			25%	£133,650	£133,650	£133,650	
Process Improvement			10%	£53,460	£53,460	£53,460	
Engineering (see identified tasks)		20%		£396,000	£396,000	£396,000	
Smarter Procurement			65%	£257,400	£257,400	£257,400	
Asset Management			25%	£99,000	£99,000	£99,000	
Process Improvement			10%	£39,600	£39,600	£39,600	
Programme Total				£1,980,000	£1,980,000	£1,980,000	
Grand Total (2008-11)				£5,940,000			
Note no overhead or contingency shown							

Appendix 3

Adult Social Care Work Programme

Programme	Outcome	Project Streams	08-09	09-10	10-11
10 Sub Themes (Expanded)		<p>Central support and training for the implementation of the Fair Pricing Toolkit</p> <p>Development and coordination of sub regional market (Merseyside) for specialist care in respect of :Learning Disability, Mental Health and Physical Disability Client Groups</p>	200,000	200,000	200,000
11 Supporting People Efficiency	Reduction in Overall costs of Supporting People Services	<p>Development of a North West model for supporting people procurement.</p> <p>Develop a cross authority joint commissioning approach for the purchase of existing and new services through jointly agreed frameworks</p> <p>Development of the Supported Housing Market place with an emphasis on the third sector and partnership in service provision</p> <p>Development of VFM approaches to enable Efficiency Gains</p>	150,000	150,000	150,000

Total Funding Required	£880,000	£830,000	£830,000
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Programme	Outcome	Project Streams	08-09	09-10	10-11
1) Market Management and Commissioning Skills	<p>Practical frame work for identifying future requirements for Children's Services as a whole</p> <p>Develop and Refine markets to meet desired outcomes</p> <p>Local and Sub Regional Service availability aligned with local needs and requirements</p>	<p>Create and embed a programme of commissioning skills development and capacity building</p> <p>Programme of Supplier Development - New Service providers and Early Intervention Skills</p> <p>Development of Service Planning from local and sub regional requirements</p> <p>Further development of placements North West (Looked After Children)</p>	250,000	250,000	250,000
2) Safeguarding Agenda	<p>Identification of Models of Best Management and Best Practice</p> <p>Co-ordination of the Management of trends and Data collection and usage</p> <p>Robust systems for vetting of children's workforce</p> <p>Specific Sub Themes</p>	<p>Development of Regional/Sub Regional Data Collection Processes</p> <p>Provision of Sub Regional/Regional Capacity to develop systems and evaluate trends</p> <p>Development of regional/sub regional systems for vetting and managing Childrens Services Workforce requirements</p> <p>Linking of Child Death Overview Panels – Avoid duplication</p> <p>Develop a model for deleivering services for sexual exploitation across the region</p> <p>Support Facility to research and esablish best practice re services to support victims and reduce the incidenece of Domestic Violence</p>	250,000	250,000	250,000
3 Workforce Development					

	<p>Enhanced analysis and planning</p> <p>New skill mix</p> <p>A wider vision for workforce – outside the boundaries of Local Councils – into the market and partners</p>	<p>1. Specialist focus on the workforce implications of personalisation</p> <ul style="list-style-type: none"> • Brokerage • Advocacy • PA's • Registration • Qualification <p>2. Specialist focus on joint teams for long term conditions</p> <p>3. Development of strategic and integrated workforce planning – across Health and the Private and Voluntary sector</p>			
			£100,000	£100,000	£100,000
4 Procurement Development and Shared Service Options	<p>Enhanced procurement skills and achievement of procurement efficiencies</p>	<p>Development of Regional/Sub Regional Out of Hours Services</p> <p>Specific work on understanding the spending patterns across the North West</p> <p>Development of Activity Based Costing and Fair pricing tools for Children's services</p>			
			£150,000	£150,000	£150,000
		Totals	750,000	750,000	750,000

Appendix 4

Children's Services Work Programme

Programme	Outcome	Project Streams	08-09	09-10	10-11
1) Market Management and Commissioning Skills	<p>Practical frame work for identifying future requirements for Children's Services as a whole</p> <p>Develop and Refine markets to meet desired outcomes</p> <p>Local and Sub Regional Service availability aligned with local needs and requirements</p>	<p>Create and embed a programme of commissioning skills development and capacity building</p> <p>Programme of Supplier Development - New Service providers and Early Intervention Skills</p> <p>Development of Service Planning from local and sub regional requirements</p> <p>Further development of placements North West (Looked After Children)</p>	250,000	250,000	250,000
2) Safeguarding Agenda	<p>Identification of Models of Best Management and Best Practice</p> <p>Co-ordination of the Management of trends and Data collection and usage</p> <p>Robust systems for vetting of children's workforce</p> <p>Specific Sub Themes</p>	<p>Development of Regional/Sub Regional Data Collection Processes</p> <p>Provision of Sub Regional/Regional Capacity to develop systems and evaluate trends</p> <p>Development of regional/sub regional systems for vetting and managing Childrens Services Workforce requirements</p> <p>Linking of Child Death Overview Panels – Avoid duplication</p> <p>Develop a model for deleivering services for sexual exploitation across the region</p> <p>Support Facility to research and esrtablish best practice re services to support victims and reduce the incidenece of Domestic Violence</p>	250,000	250,000	250,000

3 Workforce Development	<p>Enhanced analysis and planning</p> <p>New skill mix</p> <p>A wider vision for workforce – outside the boundaries of Local Councils – into the market and partners</p>	<p>4. Specialist focus on the workforce implications of personalisation</p> <ul style="list-style-type: none"> • Brokerage • Advocacy • PA's • Registration • Qualification <p>5. Specialist focus on joint teams for long term conditions</p> <p>6. Development of strategic and integrated workforce planning – across Health and the Private and Voluntary sector</p>	£100,000	£100,000	£100,000
4 Procurement Development and Shared Service Options	<p>Enhanced procurement skills and achievement of procurement efficiencies</p>	<p>Development of Regional/Sub Regional Out of Hours Services</p> <p>Specific work on understanding the spending patterns across the North West</p> <p>Development of Activity Based Costing and Fair pricing tools for Children's services</p>	£150,000	£150,000	£150,000
		Totals	750,000	750,000	750,000

Appendix 5

Communications and Engagement Budget 2008-2011 2008 to 2011

Description	Rate	2008/09	2009/10	2010/11	Notes
Annual conference* LGA and Labour					* It is assumed that staff travel, accommodation and expenses will be budgeted
Stand development and production		£20,000	£22,000	£24,200	
Promotional items		£2,500	£2,500	£2,500	
Printed material		£2,000	£2,200	£2,420	
Hire of stand space		£20,000	£22,000	£24,200	
Website					
Development and relaunch/updating		£15,000	£5,000	£5,000	
Monthly retainer		£1,000	£1,100	£1,210	
The Chest web site		£5,000	£5,500	£6,550	
Domain names registration		£300	£330	£363	
Photographic fees and image rights		£8,000	£5,500	£6,050	
Annual report					
Copywriting and editing	£400	£4,000	£4,400	£4,840	10 days outsourced
Design and printing		£5,500	£6,550	£7,205	based on a quantity of 500
Executive overview - annual report	£400	£1,600	£1,760	£1,936	
Members News					
Members' News		£7,200	£7,920	£8,712	6 per annum
NWIEP rebranding and launch					
Logo design		£4,000			
Promotional material		£5,000			
Launch event		£7,000			
Other events		£12,000	£13,200	£14,520	two events per annum

Case studies		£500	£550	£605	8 per annum
Communications plans and support for sub-regions		£100,000	£110,000	£121,000	
Sub Total		£220,600	£210,510	£231,311	
Programme Manager	£650	£102,700	£102,700	£102,700	based on 45 weeks @ 3 and 4 days alternate weeks
Support Staff*		£0	£0	£0	* Assumed this will be found from central budget
Travelling and Expenses		£2,000	£2,200	£2,420	
Misc Items		£5,000	£5,000	£5,000	
Contingency		£11,080	£10,526	£11,566	5% of project costs
Programme Total		£341,380	£330,936	£352,997	
Grand Total		£1,025,312			