

SHARED SERVICES

A magic cost reduction formula?

The North West experience and approach

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The North West

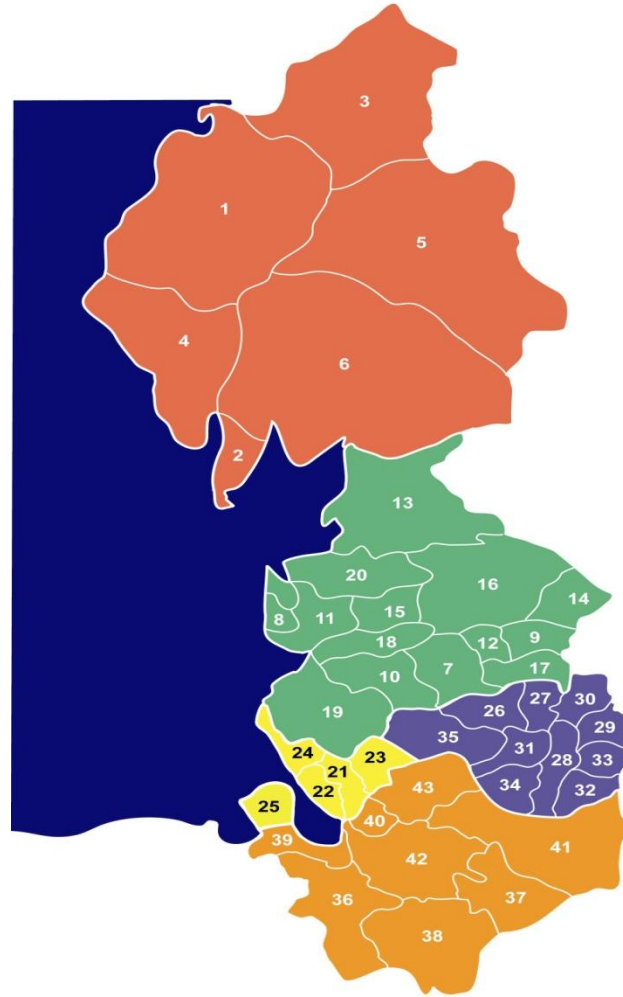
3 COUNTY

4 UNITARY

15 METROPOLITAN

24 DISTRICT

1 NATIONAL PARK



Improvement through efficiency

Shared Services

- **Be realistic about what the benefits are**
- **Be realistic about what can be achieved**
- **Shared services is not necessarily about cost reduction**
- **Shared Services different to collaboration**
- **A lot of it about**
- **Don't expect accolades!**
- **Be realistic about obstacles**

Benefits of Shared Services

HR

Revenues & Benefits

Public Protection

Waste Management

Procurement

Improvement through efficiency

HR

Access to expertise for all

Some process cost reduction

Reduced IT (can be achieved through procurement)

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Revenues and Benefits

Process cost reduction

Access to higher standards?

Reduction in IT costs (can be achieved through procurement)

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Public Protection

**Opportunities to generate
income**

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Waste Collection

Reduced costs through

- Efficient use of depots
- Efficient use of vehicles
- Greater purchasing power for equipment
- Reduced management costs
- Management by best managers?
- Single method of collection and sorting

Procurement (third party spend)

Key to **Reducing costs**
Transforming Services

Why? **Nearly 50% of local
authorities costs are
'procurement'**

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Procurement now!

- **70% of spend with common suppliers**
- **200 procurement staff in procurement organisations**
- **2000 FTE procurement staff not in procurement organisations**

Procurement – How to take out 9%

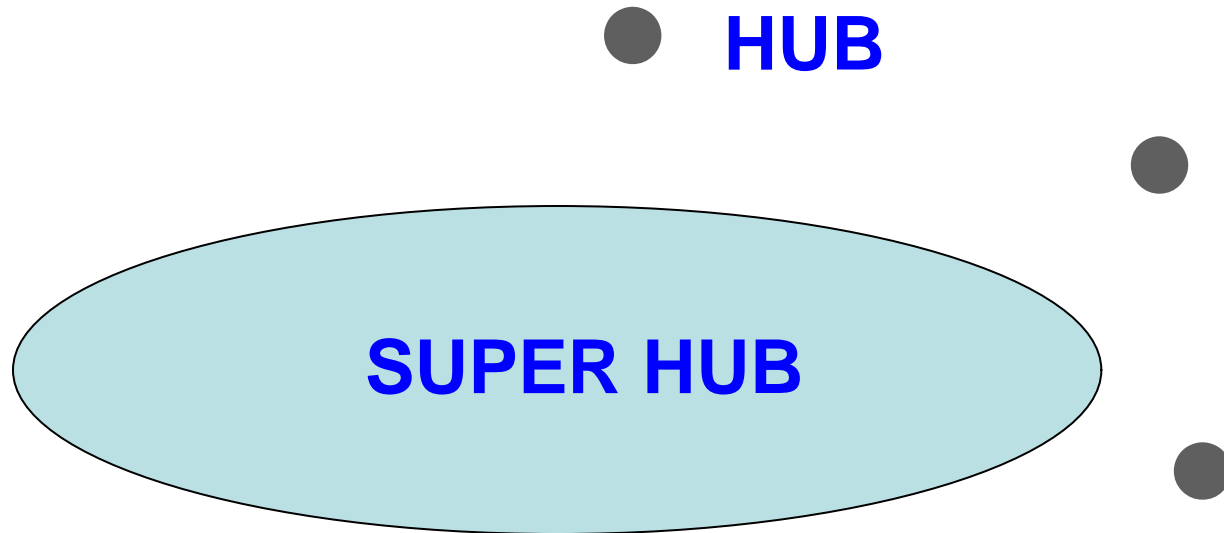
- **Increased leverage**
- **Better quality contracts**
- **Expertise available to all**
- **Commodity market knowledge available to all**
- **Better/more consistent policy implementation**
- **Opportunities to use more advanced purchasing techniques**
 - **relationship management**
 - **supply chain management**
 - **value analysis**

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Procurement

- **Common specifications**
- **Challenge specification / need**
- **Quicker decision making (than collaboration)**
- **Cut out duplication**
- **Defined service levels**
- **Sustainable organisation – quality retained**
- **Ability to measure performance**
- **Customer satisfaction**

IS THIS WHAT PROCUREMENT WILL LOOK LIKE?



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Rest of Shared Services

Governance Structures

- **5 geographical areas**

Baselining

Support

Developing 3 year strategy

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North West Shared Services Programme

- **Dissemination of good practice and ‘helping the NW help itself’**
 - Website with useful materials, legal advice, case studies, templates & news
 - Awareness of existing and planned NW & National SS activity
 - ‘What’s in it for us’ Group: Hear from those who are wearing the t-shirt find out what is happening across the NW, share good practice, hear industry experts and establish a self help network.
 - Share IT Newsletter

North West Shared Services Programme

cont....

- **Building blocks**

- Legal advice – TUPE, Section 151 Officer, the Teckal Test
- ROI model
- Standard Contract Procedure Rules and Guidance
- Standard Shared Services Agreement(s)

- **Capacity building**

- NW Project and Programme Management Centre

- **Alignment with related work**

- Fit with national activities and outputs from other regions
- Specific NW projects:

- **NW Business Continuity in Customer Services**

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Structured Approach to Measurement can help

- Determine what matters
- Measure what matters
- Measure what is measurable
- Measure what helps to achieve your objective
- Measure to check that expected benefits are being realised
- Measure to check progress is as planned

Is there agreement on what matters?

Priorities can change over time.

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With thanks.....

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