

# SHARED SERVICES

## A magic cost reduction formula?

### The North West experience and approach

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# The North West

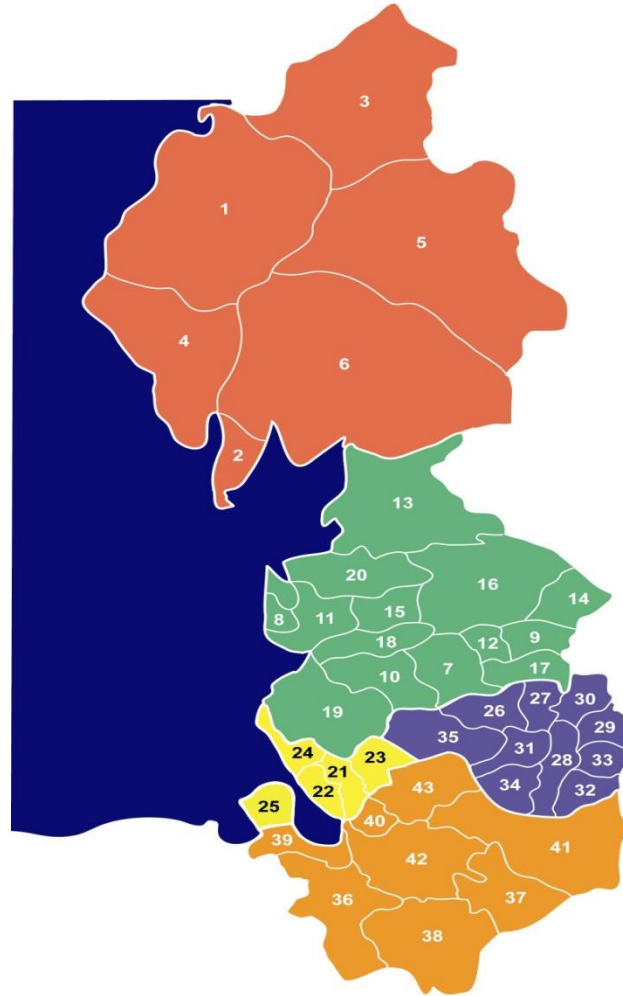
**3 COUNTY**

**4 UNITARY**

**15 METROPOLITAN**

**24 DISTRICT**

**1 NATIONAL PARK**



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# 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**

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# 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**

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# Procurement – How to take out 9%

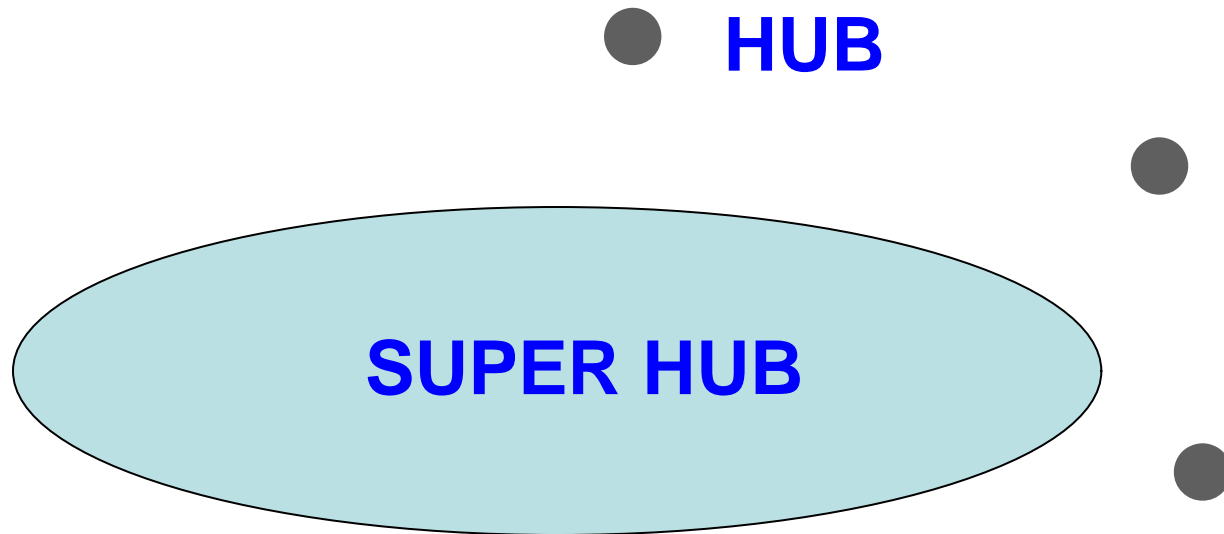
- **Increased leverage**
- **Better quality contracts**
- **Expertise available to all**
- **Commodity market knowledge available to all**
- **Better/more consistent policy implementation**
- **Opportunities to use more advanced purchasing techniques**
  - **relationship management**
  - **supply chain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