



BUSINESS CASE
FOR A PROCUREMENT SHARED SERVICE
WITH LB HARROW, LB BRENT AND BUCKINGHAMSHIRE COUNTY COUNCIL

Version Control

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1. Executive Summary

- 1.1. Harrow, Brent and Buckinghamshire Councils have a combined annual third party spend of over £750m. Commercial and Procurement teams across these councils are providing professional commercial and procurement support to service departments whilst under downward budgetary pressures and with limited resources in terms of capacity and expertise.
- 1.2. Creating a Procurement Shared Service (PSS) from the three councils will help assuage cuts to budgets and bring together best practices, knowledge, skills and resources. Its creation will enable Harrow Council to achieve savings of £290k, Brent Council to achieve savings of £270k and Buckinghamshire to realise savings of £12k. In addition Buckinghamshire have already made significant cuts and will benefit from collaborative procurements and access to a larger team which will provide greater resilience and expertise.
- 1.3. If councils do not take action now, the impact would be that two of the three councils will have to make cuts over the next three years of over 50%. This would seriously jeopardise the ability to provide even a basic transactional procurement service to those councils, and mean that any commercialisation or civic enterprise activity would be severely limited. Failure to do anything now will also affect Buckinghamshire's ability to provide procurement services due to the difficulty in attracting staff.
- 1.4. Individually the Councils have very high procurement expenditure for the purchase of most goods, works and services but collectively they will become a significant customer for a number of areas of major spend. The aggregated spend on specific categories will open up greater opportunity to deliver savings, value for money and social value for the councils whilst making it much more interesting for suppliers to work with the three councils.
- 1.5. The main benefits of the PSS will be significant savings in terms of budgeted spend alongside an increase in the skills and resources available for Commercial and Procurement activity in each of the councils, improving resilience and giving staff more opportunities to progress their careers. Other benefits include the ability to identify collaborative procurement opportunities and implementing standardised, best practice systems and processes. It is estimated that the value of this could amount to 1% of 3rd party spend (approximately £7.5m) once the PSS has worked with Services to identify opportunity areas where procurement activity can be shared. It should be noted that this benefit will be realised by the commissioning services and not as a direct benefit for the PSS.
- 1.6. In addition it will provide a platform to do work for other councils and give greater influence to deliver collective aspirations with regard to SME engagement, apprenticeships and social value.
- 1.7. There will be a two stage process to creating the PSS. The first stage will be to create an amalgamated procurement service, with staff from Brent and Buckinghamshire TUPE transferring into Harrow Council.

- 1.8. The new PSS will be created from the newly amalgamated Procurement Service through a process of interview and selection, providing that there are economical, technological or organisational reasons for a reorganisation. The selection process will follow Harrow processes and will be run jointly by the three councils. The main features of the new service will be senior staff that will be peripatetic supported by small teams that will be based on site with each Council.
- 1.9. The recommendation from this paper is to create a shared service, whereby Brent and Buckinghamshire Councils formerly delegate their procurement and commercialisation activity to LB Harrow, and LB Harrow provides the service from a Procurement Shared Service (PSS).
- 1.10. Staff working in the PSS would be employed by LB Harrow, meaning impacted staff from LB Brent and Buckinghamshire Councils would TUPE transfer to Harrow Council.
- 1.11. The aspiration for the PSS is to be able to provide Commercialisation and Procurement services to the founding partners at no cost within 5 years.

2. Introduction

- 2.1. This paper sets out proposals for the creation of a shared Commercial and Procurement Service for Brent, Buckinghamshire and Harrow. The foundation for this was made following a decision in 2013 by Harrow Council to invest in its procurement service in the short term to create a centralised service with the aim of improving its capabilities and opportunities to collaborate. It is envisaged that this would have a number of benefits, including opportunities to save on the overall staffing costs for each Council, the creation of joint contracting to enable improved cost and quality outcomes and enable a platform that can be used to attract other boroughs or councils to join in a broader collaboration.
- 2.2. There is a risk that the reductions being proposed to the procurement teams in each council will result in the sets of teams having a very limited capability only to support the commercial and procurement requirements of all Councils. The key risk is that the staff remaining will be unable to be proactive in taking the procurement function of each Council forward and will adopt more of a 'policing' role i.e. to ensure that each Council is adhering to the Public Procurement Regulations rather than a positive role.
- 2.3. Brent and Harrow Councils are in the process of implementing savings reductions in their Procurement Teams. Brent needs to implement savings in the order of 40% in 2016/2017 whilst Harrow has to deliver savings of 54% on its procurement staffing costs on a phased basis leading up to 2018/19. Buckinghamshire has already made savings and require a solution to improve resilience, recruit skilled staff, provide staff with the opportunity to become part of a larger team with career development and give them access to a wider range of procurement expertise.
- 2.4. This paper considers whether there would be advantages from amalgamating the procurement teams into a consolidated Commercial Shared Service Team to enable the quality of service notwithstanding the reductions being made to be maintained and, in some cases, enhanced.
- 2.5. The basis for investigating the potential for joining the three procurement teams and the implementation of a shared service are given in section 5.2 where the rationale for change is outlined for each council. Critical mass in existing procurement teams is being eroded due to staff cuts and the inability to fill vacant posts. Further cuts will exacerbate this situation.
- 2.6. It should be made clear that the proposed target operating model outlined in section 6.1 will only be consulted on, and possibly implemented, after an assessment of the operations of the combined procurement teams has been performed, and only if there are economic, technological or organisational reasons for it.

3. The Vision for Sharing Procurement Services

3.1. The current local government environment is one of being under pressure to constantly reduce costs under the austerity measures introduced by central government. However after years of cutting budgets and looking at efficiencies local councils are now looking at alternative delivery models in order to avoid 'salami slicing' to unsustainable levels.

3.2. The procurement services of Brent, Buckinghamshire and Harrow need to achieve further savings and as a result will continue to have to contract in size to the point that there is a risk that only reactive to transactional work will be possible. In order to avoid this position the three councils are looking to join up their Procurement and Commercialisation activities into one, shared service.

3.3. The rationale for looking at a shared solution are numerous and included below:

- All 3 councils are struggling to attract high quality procurement and commercial staff with the right skills and knowledge;
- This situation will be compounded by planned procurement staffing reductions over next few years;
- After the latest round of cuts each council will lack critical mass to provide any procurement activity except for tactical and transactional activity;
- A shared service will enable a staffing structure that can meet the strategic, commercial and procurement needs of each council within revised staffing budgets;
- A revised structure would enable systems, tools and processes to be joined up and standardised and a 'best of breed' approach to be taken;
- A shared service will improve resilience and provide economies of scale; and
- Critically, joining up the procurement functions offers the opportunity to explore meaningful collaborative procurements with the aim of achieving significant savings for each council.

3.4. A key aspiration for the shared services is the opportunity to grow the service by bringing other organisations on board. The mechanics/specifics of how this will work in practice are still to be agreed and may vary between organisations, but will need partner agreement. It is proposed that future organisations will be on-boarded at their own cost or through provision of savings to the founder organisations.

3.5. In joint discussions with the three boroughs it has been agreed that the vision for the new Procurement Shared Service will be to:

- Provide a commercial and procurement service that meets the needs of its customers;
- Strategically align itself with the needs of its customers;
- Attract top quality staff and provide opportunities for staff to grow and develop;
- Implement best practice systems, processes and procedures; and
- Act consistently across all participating organisations.

4. Current Procurement Services and the Shared Service Proposition

4.1. The three councils included within this business case have slightly differing needs and their teams are at different stages of development.

4.2. The current Commercial and Procurement scope that has been considered as part of this business case is outlined in the following table.

Current Service	Harrow	Buckinghamshire	Brent
1. Strategy development	Procurement team prepares the strategy	Procurement develop a commercial strategy in conjunction with Commissioning	The Procurement team prepares the strategy
2. Procurement Legislation	Procurement lead this activity	Procurement lead this activity	Procurement lead this activity
3. Service Legislation, Regulatory & Policy Environment	This is jointly performed but owned by services	This is jointly performed but owned by services	This is jointly performed but owned by services
4. Needs Analysis & Business Requirements	This is jointly performed but owned by services	This is owned by commissioning	This is owned by commissioning
5. Spend analysis	Procurement lead this activity	Procurement leads this activity. Finance also involved	Procurement lead this activity
6. Market & Supplier Analysis	This is jointly performed but owned by procurement	This is jointly performed in conjunction with commissioning	This is jointly performed in conjunction with commissioning
7. Gap Analysis	This is jointly performed but owned by procurement	This is owned by commissioning	This is owned by commissioning
8. Risk Analysis	This is jointly performed but owned by procurement	This is jointly performed but owned by commissioning	This is jointly performed but owned by commissioning
9. Resource Analysis	This is jointly performed but owned by procurement	? Does this refer to resource to deliver projects? If so owned by commissioning	Owned by commissioning
10. Category Strategy and Plan	This is led by Procurement	If agreed requirement could be delivered via a strategic options appraisal conducted by Innovation team	This is led by Procurement
11. Service Design	This is led by services	This is owned by	This is led by services

Current Service	Harrow	Buckinghamshire	Brent
/ Specification	with input from procurement	commissioning with limited input from procurement	with input from procurement
12. Final Options Appraisal & Business Case	This is led by services with input from Procurement	This is owned by commissioning with some input from procurement if required.	This is led by services with input from procurement
13. Procurement (sub-category) Strategy Plan	Procurement lead this activity with support from Services	Limited in scope, owned by commissioning if applicable	Procurement lead this activity with support from Services
14. Tender Documentation Preparation	Procurement lead this activity with support from Services ¹	Procurement lead with significant input from Finance and Commissioning	Shared between Procurement and Services dependent on who is the Project Lead
15. Tendering	Procurement lead this activity with support from Services ²	Procurement lead with significant input from Finance and Commissioning	Shared between Procurement and Services dependent on who is the Project Lead
16. Transition & Contract Implementation	This is led by services with input from procurement	Owned by commissioning with some input from procurement if requested.	This is led by services with input from procurement
17. Operational Supplier Management	This is led by services	Contract management activity	This is led by services
18. Contract Management (Performance)	This is led by services with input from procurement	Business Unit activity, some input from procurement if requested	This is led by services with input from procurement
19. Supplier Development	Procurement lead this activity with support from Services	Business Units lead on this activity.	Business Units lead on this activity.
20. Category Review	Procurement lead this activity with support from Services	Strategic Options appraisals can be conducted by Innovation team if commissioned by Business Units.	Procurement lead this activity with support from Services
21. Contract Review	This is performed jointly	Contract Managers lead, supported by Procurement and Finance for Platinum contracts only.	Contract Managers lead, supported by Procurement

¹ Procurement lead on complex and/or high risk and/or high value procurements (above £100k)

² Procurement lead on complex and/or high risk and/or high value procurements (above £100k)

Current Service	Harrow	Buckinghamshire	Brent
22. Service Needs & Business Requirements Review	This is performed jointly	Commissioning activity.	Commissioning activity.

4.3. Baseline Costs

For the purposes of preparing this business case the baseline used is the controllable 2014/15 budgeted spend for each of the three procurement teams.

2015/16 Budget	Harrow £	Bucks £	Brent £	Total £
Salary costs	854,500	378,346	757,159	1,990,005
Other staffing costs ³	0	10,800	0	10,800
Other procurement related costs ⁴	8,500	41,000	56,017	105,517
Total Costs	863,000	430,146	813,176	2,106,322

4.4. Baseline Staffing

The baseline used for staffing is taken from the 2015/16 budgets in order for it to be aligned to the financial baseline. For details of the current procurement structures please see Appendices 1, 2 and 3.

2015/16 Staffing	Harrow	Bucks	Brent	Total
Posts	14	10 ⁵	11	35
Full Time Equivalents	14	9.2	11	34.0

4.5. The current staffing fte analysis for each organisation is outlined in the following table, along with an indication of the possible future PSS staffing.

Post	Current Total	Harrow	Brent	Bucks	Future PSS
Divisional Director ⁶	1	1			1
Head of Commercial &	0		0		

³ IT, Travel and Telecommunications

⁴ Procurement specific IT systems, & Travel costs

⁵ Includes Procurement Lead post that ends 31/03/16, and 3 posts that are not full time

⁶ Post shared with Brent and included in Harrow staffing to avoid double counting

Post	Current Total	Harrow	Brent	Bucks	Future PSS
Procurement⁷					
Head of Procurement Services	0				3
Commercial Business Partner	2	2			
Procurement Manager	1		1		
Procurement lead	1			1	
Commercial Business Specialist	3	3			6
Procurement Manager	2			2	
Senior Category Manager	5		5		
Commercial Business Managers	5	5			7
Procurement Officer	2		2		
Senior Procurement Officer	6			6	
Commercial Analyst	0				1
Senior Procurement Officer (Trainee)	1			1	
Systems, Processes & Tools Manager	0				1
Procurement & Systems Manager	1		1		
Commercial Officer Systems	1	1			1
Commercial Coordinator	1	1			1
iProcurement Analyst	2		2		
Commercial Apprentice	1	1			1
TOTALS	35	14	11	10	22

4.6. The Procurement Shared Service proposition is based around a team of procurement experts that will:

- Support the delivery of financial savings and non-financial efficiencies from contracted services both through competitive procurement and supplier negotiations;
- Deliver value and innovation through leading a programme of procurement across the shared service;
- Use category management techniques and spend analytic tools to enable smarter and where appropriate collaborative procurement;
- Analyse and provide sector specific market intelligence to commissioning experts to inform decision making to allow for market making and market shaping;
- Develop a set of contract standing orders for the shared services that is generic where it is able to be whilst recognising the respective Councils making up the shared service will have specifics that they will wish to maintain;

⁷ Post shared with Harrow, and included in Harrow staffing to avoid double counting
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- Develop procurement processes that are generic and support the lean delivery of projects whilst at the same time ensure good governance and probity;
- Manage procurement boards across clients to ensure adequate officer scrutiny is given to decisions to commence procurement and award contracts;
- Manage and record procurement risk at a corporate level and also at procurement project level;
- Offer training and development in commercial and procurement to services;
- Where possible and cost-effective the offer is developed to suit each shared services organisation; and
- Support the delivery of strategic contract management and Supplier Relationship Management.

4.7. The PSS will aim to provide some or all of the activities described below (see section 6.6 for proposed split of activities).

- Commercial, Civic Enterprise & Procurement Strategies

The development of strategies will be the responsibility of the PSS. However they will need to be tailored to the needs of each of the participating councils.

- Achieving savings

The PSS will assist the participating organisations to achieve savings through collaborative procurement, sharing best procurement practice and ensuring efficiencies are implemented in procurement processes and systems. It will also assist the councils to achieve revenue generation through commercial/civic enterprise activities. .

- Category management

Category management is a strategic process-based approach that focuses on the vast majority of a council's spend on goods and services with third-party suppliers. It will be used by the PSS to structure the new organisation and as a basis for providing future services.

- Market management

The activities that will be undertaken typically include researching and analysing the market as a whole to gain an understanding of who are the key players in the market, their relative strengths, which councils are using them and how important each council is to a particular supplier. This work will assist with the development of strategic procurement options and can be added to business cases. In the main the PSS will provide advice and guidance on markets to clients.

- Needs analysis

The first step in any procurement process is to identify and fully define the need in relation to the activity. This is predominantly performed by services, and the PSS will provide advice and guidance should it be required.

- Specification development

The specification is developed to define the business requirements clearly and communicate these to suppliers effectively to facilitate the evaluation of goods, services and works against the agreed specification. The PSS will provide advice and guidance but the ownership of the specification will continue to be with the service.

- Drafting of tender documentation

A standard set of tender documentation will be available for all clients and services. It will be developed and maintained by the PSS team, and services will be made aware of how to access it through a central document repository.

- Tendering

For high value (above a value to be determined) and/or high risk procurements the PSS will provide a project manager to manage the tender. For smaller value or less complex tenders the PSS will provide an oversight and advisory service as well as any template documentation that is required.

- Negotiation

Negotiation is defined as a process of "communication with the objective of reaching an agreement by means, where appropriate, of compromise". A successful negotiation is one that accomplishes this goal and that secures supplies, materials and services of the right quality, in the right quantity, at the right time, from the right source and at the right cost. The PSS will provide an oversight and advisory service unless clients require a more involved service at cost.

- Commercial and procurement advice and support

The PSS will be available to provide advice and support locally initially through the use of local Commercial Business Officers. More complex requests will be passed to the relevant Commercial Business Specialists.

- Contract Management

Once a contract has been awarded and a new service procured, contract management falls under business as usual. However this activity varies across different clients and services and good contract management depends upon the commissioner or actual contract manager. The PSS will implement an improved process for contract management across all clients.

- Support new business models/opportunities

As part of the PSS, Commercialisation will form a key part of the service moving forward. The team will assist services in identifying opportunities, advise on possible corporate structures as required and lead on the creation of companies.

- Ensuring compliance to legislation and council policies

The PSS will ensure that EU legislation will be complied with and that council policies will be applied.

- Commercialisation

The PSS will have the capacity to explore commercialisation/civic enterprise opportunities in each council. This will also enable sharing of different council approaches to commercialisation and by combining teams will enable the possibility of maximising opportunities.

- Social Value

The Public Services (Social Value) Act 2012 requires public authorities to pursue community benefits with regard to economic, social and environmental well-being as part of their procurement of public services contracts. The coming together of the three organisations will allow for social value to be embedded into the procurement process consistently to drive an increase in community benefit realisation through collaborative procurement and the required lotting of requirements.

- Governance

Governance is the process to manage procurement activity and report on performance of the PSS. It will include the use of Gateways and Procurement Boards. Initially the governance arrangements will be specific to each Council with the aim of standardising them over time.

- Systems

Systems covers all IT systems and these could include bespoke or off the shelf solutions. Whilst it is possible that some systems will be common between Councils (such as the Due North e-tendering solution), in the short term it will not be possible to integrate or standardise them. The longer term aim will be to standardise systems and processes across the PSS. ERP systems will remain outside the scope of the PSS, but links and the way the systems are used will be reviewed once the shared service is operational.

5. The Options for Delivery

5.1. This section outlines the various options for how commercial and procurement services can be provided to the three councils in a cost efficient and effective way. The three main options considered were joint working, to share services and outsourcing. These were all compared to the option of ‘doing nothing’.

5.2. The first option considered for each organisation was a baseline option to ‘Do Nothing’. The following table outlines the current service and why doing nothing is not an option.

Council	Features of Current Service	Implications of doing nothing
Harrow	<ul style="list-style-type: none"> Built around Category Management Advisory for small procurements Advisory for medium sized unless higher risk PM for high value (.£500k) or high risk procurements Procurement officers support all areas Single role for systems Knowledge of procurement and buy-in varies across services Improved stakeholder relationships in all directorates Category plans are used Categories being aligned with Brent Starting to sell services to other organisations (e.g. WLWA, LGA) 	<ul style="list-style-type: none"> Inability to make significant cost savings over the next two years, without destroying service Continued difficulty to recruit to vacant positions Limited resilience built in to local solutions, and further cuts weaken this further Limited career progression Limited training opportunity or skills development Further move towards transactional, and away from strategic, procurement Difficulty in assisting services to make their savings targets Limited ability to collaborate on procurement opportunities Inability to fund commercialisation activities
Brent	<ul style="list-style-type: none"> 5 Senior Category Managers, loosely aligned to directorates Small pool of procurement officers support all areas Different categories have different approach to service, from hands-on approach to lighter touch Categories being aligned with Harrow Director of Procurement now being shared with Harrow Category plans being implemented currently 	<ul style="list-style-type: none"> Inability to make significant cost savings over the next two years, without destroying service Continued difficulty to recruit to vacant positions Limited resilience built in to local solutions, and further cuts weaken this further Difficulty in assisting services in making their savings targets. Further move towards transactional, and away from strategic, procurement Limited career progression Limited training opportunity or skills development Limited ability to collaborate on procurement opportunities Limitation on pursuing Civic Enterprise agenda
Buckinghamshire	<ul style="list-style-type: none"> Small team managing procurements 	<ul style="list-style-type: none"> Continued difficulty to recruit to

Council	Features of Current Service	Implications of doing nothing
	<p>above the EU threshold of £173k</p> <ul style="list-style-type: none"> • Services are only mandated to inform procurement of projects above the EU threshold • Provide an advisory service for other procurement queries • Have recently removed 'category management' • Lack of procurement strategy 	<p>vacant positions due to local competition</p> <ul style="list-style-type: none"> • Staff morale has been impacted by recent changes • Further move towards transactional procurement • Limited amount of resilience built in to current service • Limited career progression • Limited training or skills development • Limited ability to collaborate on procurement opportunities • Limited access to procurement specialists

5.3. To summarise the above Brent and Harrow have significant budgetary pressures that mean the current models will not be viable in the future, with the levels of savings required. Buckinghamshire require a service that is resilient and can attract high quality staff. It also requires access to procurement specialists that it struggles to recruit currently. It is for these reasons that the option to 'Do Nothing' or continue operating as today, is not a viable solution.

5.4. Future Delivery Options

5.5. In determining the options for delivery of a shared service for Commercial and Procurement activities research was undertaken of models that have been implemented elsewhere in the public sector arena. The Institute for Public Finance (IPF) have produced a paper⁸ that details the various options available for a public sector shared service. In general the options can be split into three categories, characterised by different relationships between the partnering organisations.

5.6. The three main options (after excluding the 'do nothing' option) are:

- **Joint working:** in which participants try to consolidate functions within existing institutions – the least sophisticated of the three options. This often begins by merging internal services into a single unit, but can be extended to apply across organisations. However, each partner acts independently and retains responsibility for the service in-house. For example, several local authorities might collaborate on commodities procurement and agree to negotiate jointly with suppliers, but they each continue to employ and manage their own purchasing staff. This could also be the sharing of a particular post across two organisations, such as sharing the Head of Commercial and Procurement across Brent and Harrow.

⁸ IPF Occasional Paper, Shared Services: The Opportunities and Issues for Public Sector Organisations, Richard Whiter

Joint working is an ad-hoc sharing of learning and agreements to co-ordinate action. Whilst it can be formal or informal, it is more likely to be small scale agreements, such as sharing a post. It can provide access to extra skills and resources and will be a relatively cheap and less disruptive option. As in sharing a post it will be a good way to develop trust between organisations and will be relatively cheap, as there will be no procurement costs. However it will be difficult to change or streamline processes and sustaining significant change will be difficult. It would not resolve resilience issues nor fill gaps in resourcing. Progress will be difficult to sustain without further integration.

- **Shared Services**, in which one organisation (private or public sector) assumes responsibility for running services for others. Insourcing, outsourcing and PFI initiatives also fit into this category.

A shared service in this instance is where one public sector organisation provides services to one or more other organisations. It would mean that the lead authority would be the service provider and other organisations would delegate their service delivery to that lead organisation. This would have the benefits of increasing the size of the team, pooling skills and resources, enabling greater resilience and the ability to achieve economies of scale. As a delegation to another public sector organisation there would be no requirement to undertake an expensive and lengthy procurement exercise. The drawbacks include possible political issues about governance and control of the shared service, opposition from staff, especially around potential relocation and a risk that weaker clients may require proportionately more input than more established ones. A significant consideration would be the choice of an appropriate employment model that minimises management, pay and reporting complications.

- **Outsourcing**, in which participating bodies decide to establish, or use another, organisation to deliver services for them at arms-length. This would require a procurement exercise.

For the purposes of the Procurement Shared Service there was no appetite to create an arms-length organisation to deliver the service due to the complexity in procedural terms of establishing a special purpose vehicle or other local authority controlled company. In addition outsourcing to an external provider was not considered as the way forward, as it would limit the savings potential and the scale of the outsource would be too small to generate the savings required. This effectively ruled out this option, and no further analysis is provided.

5.7. In order to determine the model for the Commercial and PSS the following table illustrates the rationale used for selecting a model that would work best.

Option	Features	Rationale
Joint Working	The 'ad-hoc' nature of the agreement could lead to unclear accountability and difficulties in sharing risk and benefits.	Not recommended. The experience of other Councils operating this model is that it doesn't fully commit Councils to

Option	Features	Rationale
		making the service work and provides difficulties through having staff on different terms and conditions. In addition the structure would not be suitable for an agreement between a number of organisations.
Shared Service	One organisation manages and supplies services to others.	This is the recommended option – it enables a structured service to be created, whilst generating economies of scale and savings for each partner.
Outsourcing	Services transferred to a private sector partner.	Not recommended – this would ‘lock’ the Councils in to a particular contractor and restrict the opportunities to make further savings through adding additional Councils and services to the arrangement. There have been a number of outsourcings of procurement (e.g. SW ONE) that have had poor outcomes for the Councils participating. In addition, currently there is no demand or desire to outsource work or staff.

5.8. The Recommended Option

On the basis of the research, and taking into account the requirements of the three organisations, the Shared Service model is recommended.

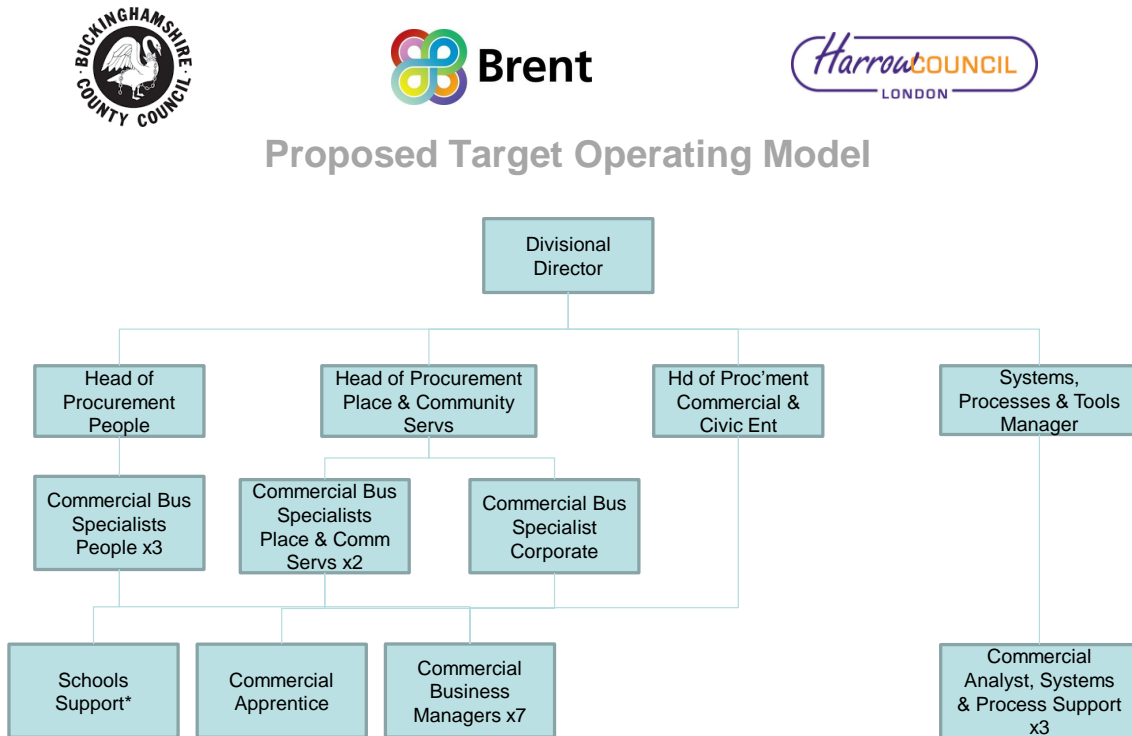
- It was agreed that maintaining the status quo is not an option due to the savings each has to make, and the other challenges in running small procurement functions. As a result delivering services in a different way and sharing them with others was now considered the only option to make further savings and continue to provide a resilient service.
- The Shared Service model is a popular vehicle for initiating shared services in local government. It provides clarity as the service is delivered by one authority to another under delegated agreements. The arrangements are generally governed by an Inter Authority Agreement (IAA), which is set up for a defined purpose. The services are delivered and managed within the decision making framework of the Lead Authority, which would be underpinned by comprehensive delegation agreements and service level agreements. Staff from other authorities can TUPE to the lead authority which will make cultural change less challenging.
- Accordingly it is recommended that staff from LB Brent and Buckinghamshire are TUPE transferred to Harrow Council. This process will require a formal process of consultation, but it will provide clarity for staff and protection for employees in terms of job security, pension and contractual terms of employment. As it provides a single

employer model, the cultural changes required to deliver the practice will be easier to achieve.

6. Proposed Target Operating Model

6.1. Business Model

The proposed target operating model⁹ is shown in the following diagram. This proposal will be subject to formal consultation and may change as a result.



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Notes

* to be funded by schools

- The host authority is proposed to be Harrow Council which will manage procurement staff across all Councils. Staff will be located at the Council where it is most appropriate to carry out their work; this approach retains flexibility to respond to local circumstances and requirements. However it still permits the full benefits of economies of scale, effective process design and re-design, career development and cost reduction.
- Underpinning the new approach to management is a focus on the key strategic goal of expanding as a shared service, promoting income generation and creating stakeholder value. Thus the service re-design will include changes to the overall business model, not just efficiency savings.
- The key features of the new service will be that there will be one Procurement Director responsible for the performance of the team and for providing direction to

⁹ The proposed target operating model described in this section will only be consulted on, and possibly implemented, after an assessment of the operations of the combined procurement teams has been performed, and only if there are valid economic, technological or organisational reasons.

the service. This role is likely to spend their week moving between the three organisations.

- It is proposed that there will be two Heads of Procurement aligned to main categories of spend. These roles will be peripatetic and serve all three councils, dependent upon the demand for their services.
- In addition there will be a Head of Procurement responsible for Commercialisation activities.
- There will be five Commercial Business Specialists arranged in groups that align to the service areas that they will support. These staff will not be based nor aligned to a particular council but will provide peripatetic support across all three Councils.
- Commercial Support Officers, or Procurement Support Officers, will be part of the PSS Team but will be located within the Council that they are likely to spend the majority of their time supporting. They will be enabled to provide support across all organisations.

6.2. Governance arrangements will need to be agreed by all parties prior to the detailed work on creation of the service. It is proposed that a three-council governance board meets quarterly to review performance and consists of senior Directors from each organisation. Initially this board will need to agree the governance arrangements, agree the role profiles and appointment process and how future partners could be brought into the arrangement. The PSS will report on performance and outcomes to Portfolio Holders annually. To assist with this, a suite of KPIs will be developed as part of the Inter Authority Agreement.

6.3. Optional Activities will be defined in a menu based service and ‘purchased’ by councils on an ‘as required’ basis. It will need to be agreed as to how they will be priced and how they will be delivered.

6.4. A draft set of Design Principles have been created, which support the transition to a shared service and ensure that the design aligns with the vision for a shared procurement practice.

Area	Principles
Processes	Standardise processes unless they need to be different
	Maximum time on professional role
	Greater efficiency of process – faster – better for customers – easier - simpler
	Eradicate duplication across Councils
	Optimal use of resource and performance regulated by Business Practice Manager

Area	Principles
Organisation	<p>Standard terms and conditions will enable consistent treatment of all staff, irrespective of where they are working and ensure that activities can be consistently priced. In addition it will make filling vacancies easier, rather than having to recruit to different terms for different organisations.</p> <p>Staff will TUPE transfer into Harrow Council and be on their existing terms & conditions.</p> <p>All impacted staff will be able to apply for new roles unless ring-fencing applies. Once the target operating model and role profiles have been agreed, positions will be advertised in all three partner organisations. All applicants that are shortlisted will be interviewed by a panel that has representatives from all three organisations.</p> <p>TUPE will apply to staff that transfer into Harrow Council.</p> <p>Customer focused culture with expert professionals.</p> <p>A resilient flexible and scalable business model</p> <p>Where possible the new Commercial and Procurement Service will share assets (such as ICT, buildings, resources, management)</p> <p>Use internal talent to redesign the business, taking the best from each other to capitalise on strengths and reduce weaknesses</p> <p>Sustainable, cost effective and efficient shared services which are highly competitive and that can provide savings/economies of scale</p>
Technology and Information	<p>Each Council will continue to use their existing ERP system (SAP or Oracle). The benefits from implementing one ERP across all three organisations do not outweigh the significant costs (investment, implementation and change) that would be incurred through the implementation.</p> <p>The PSS will look to implement common systems across the three councils, with the exception of the ERP system. These would include sharing tendering packages, contract management systems and ...</p> <p>The target operating model will include a Systems Manager who will be responsible for ensuring consistency of systems across all the organisations, implementing standard processes around those systems and managing the day to day running of those systems.</p> <p>In order to obtain benefits and economies of scale the proposal is to align category management and analysis across the three councils.</p>
Location	<p>In order to maximise efficiencies the target operating model will specify that some posts, probably the more senior roles, will require the post holder to travel between the three locations.</p> <p>Unless a system is specific to one partner, it is envisaged that the systems team will be based in one location. This will help to create a centre of excellence for systems and enable the team to share knowledge.</p> <p>The target operating model will be designed so that staff can be co-located, enabling a consistent coverage for each of the three partner organisations.</p>
Business	<p>Operating model is able to adapt to meet the changing needs of the</p>

Area	Principles
Growth	Councils Needs to be business focussed and attractive to others Create a competitive advantage to develop income generation opportunities

6.5. Commercial and PSS Sizing

In order to establish the procurement workload that the PSS would inherit from the respective boroughs, an analysis of the contract registers across the shared services was undertaken. Across the three boroughs there were 361 significant contracts (broken down per borough in the table below) which were identified as being due to expire from now to the 31st March 2019.

	Brent	Bucks	Harrow
Significant Contracts	97	123	141

Based on the possible future operating target model (section 6), the above contracts were allocated across a team of 15 procurement professionals. The outcome was that from the point of the PSS going live 24 procurement projects would be allocated to each of the individual professionals in the team.

This number of projects /workload for individuals within a procurement function is consistent with the experience of procurement professionals and the workload they manage. Much of the time this workload is staggered and is also a composition of both complex high value and less complex lower value procurement projects.

Also the detail behind these contract numbers as yet has not been established; there may be opportunities to collaborate on similar categories; where it may be possible to access existing frameworks for procurements; and other improved outcomes of the PSS such as generic systems and processes.

6.6. Scope

The following table outlines the proposed split of activities. It intends to provide an indication of who is responsible for the activity in the future along with possible variations.

Activity	PSS		Services	Other
	Local	Shared		
Drafting Commercial, Civic Enterprise & Procurement strategies		Lead		

Activity	PSS	Services	Other
Achieving Savings	Depends upon the nature of savings required		
Compliance with EU and Council priorities	Lead		
Category management	Lead		
Market management	Lead		
Needs analysis	Support	Lead	
Specification development	Support	Lead	
Drafting of tender documents	Support	Lead	
Tendering	Depending upon the shared service role required		
Negotiation	Lead	Support	
Advice & support	Depending upon the nature of the advice or support required		
Commercial trading arrangements	Lead		
Contract management		Lead	
New business models	Lead		
Commercialisation	Lead		
Social Value	This will be led by the Divisional Director and be input into each procurement as required		
Managing procurements through governance boards	Lead		
Governance & systems	Lead		

The intention is to create one team that provides services to the three partner councils in a seamless and efficient way. It will be under the stewardship of a Divisional Director who will be shared with all three councils. The main contracts requiring procurement management will be determined from reviewing each organisation's contracts register and developing a procurement programme. The team will consider the value and risk profile, recognising that significant procurements (such as those above the EU Threshold) will need closer attention.

6.7. IT Considerations

IT will be an enabler to ensuring that the PSS staff can perform their duties to each of their clients with minimal disruption. More detail about the proposed IT solution is provided in section 9.3.

6.8. Procurement Shared Service Governance

The new shared service will be overseen by a Divisional Director of Commercial and Procurement. From a shared service governance viewpoint, the post-holder role will report into the three partner councils on a quarterly basis. The Divisional Director of Commercial and Procurement will produce an annual report that will be presented to each Council's Cabinet. The annual report will also outline the estimated budget for the shared service, and determine the share of the costs for each partner organisation in time for the annual budget setting process.

The Divisional Director of Commercial & Procurement will produce an annual Procurement Report and present this to a Shared Services Steering Group which consists of the relevant Portfolio Holders/Members from each of the three councils. This body will also be responsible for agreeing any changes in the proportion of cost allocation as well as considering applications from other organisations to join the Procurement Shared Service.

On an on-going basis PSS staff will attend relevant meetings with Services/Business Units and sit on the relevant individual procurement and programme Boards, as they currently do.

6.9. How will the PSS support Harrow Council?

The PSS will support Harrow by providing the following:

- The service will support each procurement that is over the current threshold (£100,000);
- In providing the above, the shared service will be able to bring procurement experts and experience from the other councils;
- Provide greater resilience, should staff become unavailable or leave;
- Initially the same systems and processes will be followed but these will be streamlined and aligned over time;
- Staff will be available to work on procurement activity and processes but they may not necessarily need to be on site; and
- Both the quality of work and the outcomes being delivered will be overseen by senior managers.

In addition, other activity that the shared service will provide (if required) includes:

- An advisory service for procurement activity below the threshold;
- Sharing of commercialisation expertise and experience;
- Sharing of techniques to include social value in procurement activities;
- Collaborative procurement opportunities, both with current partners and potential future partners; and
- Provide access to a wider talent pool.

6.10. How will the PSS support Brent Council?

The PSS will support Brent by providing the following:

- The service will support each procurement that is over an agreed threshold;
- In providing the above, the shared service will be able to bring procurement experts and experience from the other councils;
- Provide consistency across the council in the way procurement activity is undertaken, reducing the risk of failure to adhere to CPR's;
- Reducing the reliance on interim resource and removing the problem of vacant posts;
- Provide greater resilience, should staff become unavailable or leave;
- Initially the same processes will be followed but these will be streamlined and aligned over time;
- Staff will be available to work on procurement activity and processes but they may not necessarily be on site; and
- Both the quality of work and the outcomes being delivered will be overseen by senior managers.

In addition, other activity that the shared service will provide (if required) includes:

- An advisory service for procurement activity below the EU threshold;
- Sharing of commercialisation expertise and experience;
- Sharing of techniques to include social value in procurement activities;
- Collaborative procurement opportunities, both with current partners and potential future partners; and
- Provide access to a wider talent pool.

6.11. How will the PSS support Buckinghamshire Council?

The PSS will support Bucks by providing the following:

- The service will support each procurement that is over the EU threshold (£173,000);
- In providing the above, the shared service will be able to bring procurement experts and experience from the other councils;
- Provide greater resilience, should staff become unavailable or leave;
- By creating a shared service, vacancies could be filled from a larger pool of applicants;
- Initially the same processes will be followed but these will be streamlined and aligned over time;

- Staff will be available to work on procurement activity and processes but they may not necessarily be on site; and
- Both the quality of work and the outcomes being delivered will be overseen by senior managers.

In addition, other activity that the shared service will provide (if required) includes:

- An advisory service for procurement activity below the EU threshold;
- Sharing of commercialisation expertise and experience;
- Sharing of techniques to include social value in procurement activities;
- Collaborative procurement opportunities, both with current partners and potential future partners; and
- Provide access to a wider talent pool.

7. Benefits, Disbenefits and Outcomes

7.1. Benefits

It is contended that combining the 3 individual teams into one shared service team will provide the following benefits:-

7.1..1. Reduced overall cost

The combination of three procurement teams will allow for the release of economies of scale and an overall reduction in cost. This will be by reducing the spending on staffing and systems, and enabling combined procurements.

These savings will be achieved by:

- Combining expertise in category management to share knowledge and resources and to determine the potential collaborative opportunities.
- Aggregating spend on common goods and services to make savings, but without compromising on providing opportunities for local businesses.
- Delivering a programme of contract management training in order to improve our supplier management capabilities and developing three Council-wide approaches to contract management in order to gain most value from the supply chain.
- Undertaking a comprehensive spend and supplier analysis across the three Councils in order to identify where improvements, savings and efficiencies might be achieved.
- Developing and delivering a pipeline of collaborative, 3-Council procurement projects.

7.1..2. Ability to attract staff

All three boroughs have struggled to attract staff of good quality to their structures. It is considered that in part this is due to location, but it is considered that the salaries that can be offered and the lack of subsequent career opportunities are also key determinants. As the size of the teams shrink this situation will be exacerbated. Combining the teams offers the opportunity to provide a structure that can provide salaries and career opportunities at the levels to attract good staff. Having staff of the right quality will also enable procurement teams to hold discussions at the appropriate level with service-based staff on forthcoming procurements and to be able to influence the direction of those.

7.1..3. Enable a more commercial approach to be taken in the boroughs

Related to the issues of attracting staff with the correct skills and calibre, it is proposed that any shared service structure adopts a commercial approach to its

work. In particular this will involve having a remit to drive income generation, work with Services to establish trading vehicles and taking a risk based approach to procurement.

7.1..4. Greater savings by combining procurement activity

Over time it will be possible to align many of the procurements of the 3 boroughs. The area where 'quick wins' can be made will be in areas such as corporate procurements and commodities (i.e. insurance, telecommunications, commodities, etc.) as typically these areas do not have 'owners' so decisions will be able to be made quite quickly about joining these up. Contracts owned by service departments will, typically, be harder to join up and will take a longer period to do so. Notwithstanding that, significant benefits are anticipated from being able to approach relevant markets with greater purchasing power and from a consistent offering.

In addition to the direct savings, savings are also possible from standardising documentation (e.g. ITT and contracts) and other support services, such as legal and finance support. However it is recognised that partners may require that the provision of other support services could need to remain with the procuring council. Further discussion is required between partners about how this support will be provided.

7.1..5. Systems approach and supplier spend/management synergy

The 3 boroughs use different ERP systems as Brent uses Oracle and Harrow and Buckinghamshire use SAP so there will be a need to continue to support both systems. However there is an opportunity for all organisations to access shared contracts through catalogues hosted on the e-marketplace. The marketplace supports both SAP and Oracle and is currently implemented in Brent. All Councils currently use Due North for their e-tendering requirements so there are some synergies that can be gained from this. Both Harrow and Brent Boroughs use the Pan London Contracts Register.

Spend analysis will be extracted from the ERP systems, combined and analysed through the Local Authority standard classification 'ProClass'. Brent has recently implemented improvements to their P2P system to enable improved categorisation by ProClass.

Bucks also use off the shelf tools (MINT and BvD Fame) to provide details about suppliers and the markets.

7.1..6. Contract and supplier relationship management

The 2 boroughs use a number of common suppliers; over time as the boroughs increasingly undertake joint procurements this number will increase. The benefits of sharing suppliers are that a cohesive approach can be taken to their contract and supplier relationship management to reduce costs and improve performance.

This will assist to ensure that suppliers aren't using differential pricing across the boroughs' contracts.

7.1..7. Supporting local economies

The PSS will ensure that all participating council's objectives in relation to social, economic and environmental aims are delivered. Best practice will be shared across the three organisations, using a base set of documents and principles that take the best elements of each council. In particular the following activities will be considered by the PSSs team:

- Include criteria relating to social, economic and environmental objectives in all contracts;
- Ensure equality of opportunity to bid for all suppliers, which would include improving accessibility for sole traders, small and medium sized enterprises (SME's);
- Ensuring that payment of the London Living Wage is considered in London procurements, and payment of the Living Wage is considered for all others;
- Improving management information so that spend can be tracked consistently across the PSS, in particular with local businesses and SME's;
- Including targets for waste, recycling and energy consumption in requirements wherever possible; and
- Maintaining best practice by ensuring Equality and Diversity requirements are addressed in all procurement documentation.

7.1..8. Schools

Both London boroughs have a procurement resource for schools. Brent has a Senior Category Manager whilst Harrow has a Commercial Officer funded through contributions from schools. It is considered that there is a significant opportunity to better utilise these 2 roles to provide a more comprehensive schools service that can expand to provide a service to an increased number of schools, other boroughs and Academies, etc. This will require active marketing and promotion to reach into areas where opportunities may exist and will be achievable out of existing budgets.

7.1..9. Increasing the Shared Service offering

The additional benefit from joining up the teams is that it provides a platform for sharing procurement services with other public sector bodies by providing a clear track record and a firm basis on which to build additional capabilities.

7.2. PSS Economic Position

The economic case has been built around a number of assumptions. The target operating model has been constructed using the revised budgets of the three councils. It is proposed that fixed costs will be split between the three councils in proportion to the budget provided at the outset. Any variable costs in future years will be split on the basis of the commissioned service as set out in the service plan, while consumables will be paid by the council that they are intended for.

The proposal for income sharing is as follows:

- The small amounts of existing income from arrangements that exist before the creation of the PSS will be retained by the PSS (as the resources being used to deliver the service will be from within the PSS).
- Future income (such as from selling services or rebates), generated by the PSS will be shared in the same proportions as costs but only after £500k has been achieved. This will allow the initial income to be reinvested into the PSS in order to grow the service, meet the needs of the three councils and identify further income generating opportunities with the aim of making the service zero cost to the founding councils within five years.

Future (external) trading will be considered with other non-local authority organisations but not in the immediate future.

Each participating council will be charged a proportion of the cost of the PSS based upon the relative proportions of the 2016/17 budgets. This means any surplus or deficit will be apportioned in line with fixed proportions. On this basis, the PSS will enable the release of savings for Harrow and Brent Councils, ensuring that they achieve their respective targeted cost reductions.

The Shared Service Management Board¹⁰ will agree the mechanisms by which to monitor performance. Any changes to allocation of costs, including as a result of the withdrawal of a partner, or sharing of income following the initial agreement will need to be agreed by the a board¹¹ consisting of the relevant Portfolio Holders from the partner organisations.

¹⁰ Name to be agreed

¹¹ Steering Group

C&P Shared Service Summary				
	Yr 1	Yr 2	Yr 3	Annual
	£'000s	£'000s	£'000s	Uplift
Contributions:				
Brent	541.181	546.013	550.894	0%
Buckinghamshire	417.565	421.294	425.060	0%
Harrow	573.042	578.159	583.327	0%
Total Contributions	1,531.788	1,545.466	1,559.281	
Salary Costs	1,332.000	1,345.320	1,358.773	1%
Other Staffing Costs	40.000	40.000	40.000	0%
Other Procurement	124.000	124.000	124.000	0%
Overhead Contribution	35.788	36.146	36.507	1%
Total Costs	1,531.788	1,545.466	1,559.281	
Surplus / (Deficit)	-	-	-	

PSS	2016/17
	£
Income (from 7.4)	1,531,788
Costs (from 7.5)	1,531,788
Surplus / (Deficit)	£0

Any surplus or deficit will be shared amongst the partner organisations, either offset against costs or as an increase in the annual cost of the service. Where required full cost and income information about the shared services operations will be provided to the partners by Harrow Council.

7.3. Cost Apportionment

Operational costs incurred by the PSS will be recharged to partner organisations in direct relation to the proportion of budgets that were agreed at the outset of the project. The following table illustrates how operational costs will be apportioned on an annual basis.

Council	Original Budget £'000s	Allocation Proportion¹²
Harrow	573 ¹³	0.3741
Brent	541 ¹⁴	0.3533
Buckinghamshire	418 ¹⁵	0.2726
Totals	£1,532	1.0000

Any over- or under- spend in a financial year will be apportioned to the three partners on the basis of the proportions above.

7.4. Procurement Shared Service - Council Contributions

Income for the PSS derives initially from three sources: Brent and Bucks Councils (actual income) and Harrow (notional income). In order to keep the method of apportionment simple, income has been assessed Assuming a 'Go-Live' in April 2016, and a full 12 months operation in the first year. The following table illustrates how each organisation has agreed to fund the PSS.

	2015/16 Budget £	Savings Required¹⁶ £	Amount Available £
Harrow¹⁷	863,000	290,000	573,000
Brent	813,176	272,000	541,176
Bucks	430,146	12,388	417,612
Total	£2,106,322	£574,388	£1,531,788

The intention is for the PSS to generate income over and above the regular contributions from partners by selling their services to other local authorities, government departments and third parties. The pricing of these activities will be dependent upon the nature of the activity and whether it can be performed by existing resource or whether temporary resource would be required.

Contribution to Harrow overheads by Brent and Buckinghamshire will be discussed as part of the negotiations of the Inter Authority Agreements. The current overheads incurred by the Harrow Procurement Team are calculated at £9k per person (£7k excluding capital items) and as such it is expected that each of the partnering councils

¹² Proportions based on a %age of the Total Original Budget and rounded to 4 decimal places

¹³ After allowing for reductions in budgets in years 1 and 2

¹⁴ After allowing for reductions in budgets in years 1 and 2

¹⁵ After removing savings target of £12,388

¹⁶ Savings required in 2016/17 and 2017/18

¹⁷ Notional as there will be no budget transfer

will contribute to Harrow based on this amount and dependent upon how many staff transfer to Harrow Council.

7.5. Procurement Shared Service Costs

The PSS has been designed to deliver savings across Brent and Harrow from day one, and an improved and more resilient service for all partners. Using the staffing structure outlined in section 6.1 the annual cost of the new PSS will be £1,531k in the first year of operations.

Annual Costs	Yr 1	Yr 2	Yr 3
	£	£	£
Salary costs	1,332,000	1,345,320	1,358,773
Other staffing costs ¹⁸	40,000	40,000	40,000
Other procurement related costs (see 7.5)	124,000	124,000	124,000
Overheads Contribution	35,788	36,146	36,507
Total Cost of Shared Service	£1,531,788	£1,545,466	£1,559,281

Assumptions behind the figures outlined above include:

- i. Each year above has been considered as a full year.
- ii. The salary costs relate to a full year of the new TOM.
- iii. An uplift in salary costs of 1% has been added to subsequent years.
- iv. Salary costs (including on-costs) are based on the following number of roles.

The breakdown of Salary Costs is provided in the table below.

PSS Roles*	Grade¹⁹	Number of Posts	Salary (inc on-costs)	Total Staff Costs
			£	£
Divisional Director	D1 (point 5)	1	145,000	145,000
Head of Procurement	MG4 (point 5)	2	100,000	200,000
Head of Commercial Services	MG2 (point 5)	1	75,000	75,000
Commercial Business Specialists	MG1 (point 5)	6	65,000	390,000
Commercial Business Managers	G10 (point 41)	7	50,000	350,000
Systems, Processes &	G10	1	53,000	53,000

¹⁸ Travel, training and telecommunications

¹⁹ Harrow Council grades, based on spinal scale mid-point unless otherwise stated

PSS Roles*	Grade¹⁹	Number of Posts	Salary (inc on-costs) £	Total Staff Costs £
Tools Manager				
Commercial Analysts	G7	1	35,000	35,000
Commercial Officer	G6	1	32,000	32,000
Systems				
Commercial Co-ordinator	G6	1	32,000	32,000
Apprentice		1	20,000	20,000
<i>Schools Support</i>			<i>Funded by Schools</i>	
Total Salary Costs		22		£1,332,000

For outline profiles for a number of these roles refer to appendix 4.

* All new roles will be subject to Job Evaluation, and if a market supplement is required then the Council's policy and process will be followed.

7.6. Other Procurement Related Costs

Other procurement related costs are mainly concerned with systems and the table below includes the costs and associated assumptions.

Cost	Value £	Assumption
Due North / ProContract	52,000	All councils currently use this e-tendering package.
Illuminator / PORGE	18,000	Currently Harrow and Brent use this research tool and it is assumed that this cost will not rise as there will be no increase in licences
EGS Marketplace	25,000	Brent & Bucks currently use EGS and there is no requirement for Harrow to use it
BvD & MINT	10,000	These are company research tools currently used in Bucks only.
Network Costs	10,000	For Bucks and Brent to provide the local LAN
Software	9,000	Harrow ICT charge to set up new users
Total Procurement Related Costs	£124,000	

7.7. First Year Operational Considerations

Whilst the amalgamation of the three teams is intended to take place in April 2016 there are considerations that need to be taken into account during the first year of operations. Firstly the shared service operating model will not be in place until July 2016 at the earliest. This will mean that the merged team will be operating at the

current cost until the new model is fully staffed. In effect this would mean an increase of approximately £143,633 for the first three months. The impact of this on each Council is shown in the following table.

Council	Original Budget	PSS Contribution	Saving	3 Months Current Cost
	£	£	£	£
Harrow	863,000	573,000	290,000 ²⁰	72,500
Brent	813,176	541,176	272,000 ²¹	68,000
Bucks	430,146	417,612	12,534	3,133
Total	£2,106,322	£1,531,788	574,534	143,633

There is the possibility of additional year one costs should any redundancies be made. These will be effective from 1st July 2016 and may include notice periods of up to 12 weeks. No impact of this has been taken into account due to not knowing the impact of vacant posts, difficulty in determining likely notice periods and redundancy terms but the method of apportionment will be agreed by all parties. This will be confirmed and agreed before the 31st March 2016.

In addition it is possible that individuals may take roles that are below their current salary or grade. In these cases the individuals are allowed to continue for a period²² on current salaries which would reduce the saving potential until they move onto the new pay grade.

These two factors can be offset against a combination of current vacancies and that £180k of LB Harrow's savings are not due until 2017/18, and the current case has them being realised earlier.

Finally the treatment of set up costs that will be incurred through the creation of the new shared service will need to be agreed as a first year cost that the partners will share. These include one-off ICT costs, HR advisory costs and legal advice on the creation of Inter Authority Agreements. These costs will be incurred by Harrow and funded from the Procurement budget in the short term, with the intention of reimbursing the budget once the new shared service is operational.

7.8. Redundancy Costs *[NB this section requires discussion/negotiation with each Council]*

Prior to the inception of the PSS and during its first year of operation (i.e. one year from the date of staff transferring) it is proposed that costs of any redundancy will fall to the previously employing Council. In subsequent years any subsequent costs will be incurred by the shared service and allocated to the partners in accordance with the

²⁰ Savings relate to 2016/17 and 2017/18

²¹ Savings relate to 2016/17

²² This period will vary between councils, and it is possible that a reduced difference is also required for the second year

cost sharing mechanism. The aim is to minimise the potential for redundancies by removing vacant posts in each of the three organisations.

Voluntary redundancy (VR) schemes may be applied in accordance with each Council's Policies and Procedures, in advance of transferring to Harrow Council.

7.9. Other Costs

Consideration has been given to the potential requirement to top up the Harrow Council Pension Fund for those staff transferring into Harrow Council. However having sought legal advice the opinion is that if the transferring staff is less than 10 any transfer will have to be calculated by factors prescribed by the Government Actuary so there is no requirement to involve the respective pension fund actuaries²³. The impact of this is that although there will be a transfer between funds it will not require topping up, and as such has no impact on the business case.

7.10. Disbenefits

The main disbenefits for the implementation of the PSS are:

7.10..1. Greater geographic movement

Whilst there will be staff located on their respective customer locations the operating model assumes that some of the more senior roles will be peripatetic. It is also possible that peaks of workflow may require movement between locations, especially if system access is not permitted remotely, but this will be kept to an absolute minimum.

7.10..2. Potentially significant increase in delivering competing priorities across 3 organisations

The creation of the PSS will reduce the resources available to provide Commercial and Procurement services across the three clients. This will mean that there is likely to be more competition for resources.

7.10..3. Commissioner across all three organisations feeling 'short changed' from the support they are receiving as they have been used to dedicated teams.

The current service that clients receive is likely to be tailored to specific service areas. The new shared service will be encouraged to provide a standard service which could mean that clients will feel short changed.

²³ Email from Linda D'Souza, Head of HR Operations, Harrow Council, 15th October 2015
\$Jprxhhby.Docx

7.10..4. Having to operate with different systems and processes, cultures and processes.

In the short term it is unlikely that there will be standards processes and systems. The culture and way of working in each council will also vary and add challenges to the PSS. Whilst this will be less of a concern for those staff based on specific sites, it may mean some staff will need to work with different systems and processes.

A complication will also be the different requirements expected from each Council's Legal and Finance teams.

7.10..5. Removal of a council-specific procurement service

Until the creation of a PSS each participating council will have had a procurement service that was tailored to their specific requirements. Whilst this would have changed significantly over recent years, due to budget cuts, the main activities and ways of working would be known to their clients. With the implementation of a shared service, this service will change to become a standard service across a number of organisations, thereby reducing the amount of bespokeing. It will also mean a change to the relationships between the client and the shared service.

7.11. Outcomes

The PSS will provide a service that:

- Supports the delivery of financial savings and non-financial efficiencies from contracted services both through competitive procurement and supplier negotiations.
- Delivers value and innovation through leading a programme of procurement across the shared service.
- Uses category management techniques and spend analytic tools to enable smarter and where appropriate collaborative procurement.
- Analyses and provides sector specific market intelligence to commissioning experts to inform decision making to allow for market making and market shaping.
- Develops a set of contract standing orders for the shared services that is generic where it is able to be whilst recognising the respective Councils making up the shared service will have specifics that they will wish to maintain.
- Develops procurement processes that are generic and support the lean delivery of projects whilst at the same time ensure good governance and probity.
- Manages procurement boards across the shared services to ensure adequate officer scrutiny is given to decisions to commence procurement and award contracts.
- Manages and record procurement risk at a corporate level and also at procurement project level.

- Offers training and development in commercial and procurement to services. The offer is developed to suit each shared services organisation.
- Supports the delivery of strategic contract management and Supplier Relationship Management.\

8. Timescales and Implementation

8.1. Implementation Timeline

The timescales for implementation are set out in the following table. The project commencement is the start of the first calendar month after month that Cabinet have given approval to proceed. The approach being recommended is to manage the transfer of all staff to the Lead Authority (Harrow Council) after the requisite consultation periods in both Brent and Buckinghamshire Councils.

Proposed Date ²⁴	Activity or Milestone	Description
2015		
December	PSS Business Case drafted	
	Inter Authority Agreement	Drafting of Inter Authority Agreement
	Staff and union engagement	Initial staff and union engagement to take place in all councils
	ICT solutions	Investigation into ICT options to enable staff to continue to work in Brent and Bucks after transfer date
2016		
January	Cabinet Decision (Harrow) (21 st) Call in period (ends (28 th))	
February	Consultation on staff TUPE transfer	Transfer to Harrow (Brent & Bucks) – no fundamental change to job roles or location
	Agreement of high level terms	
	Measures Letter	Issue of Measures Letter (at least 30 days prior to transfer date)
March	Role Profiles drafted	
	Consultation pack	Begin the preparation of the Consultation Pack
April	Transfer Date	Brent & Bucks staff transfer to Harrow Council
	Assessment of the operating model and whether it meets the needs of the partner organisations	
	Consultation on shared services TOM	Consultation on the new PSS Operating Model
May	Outcome meeting	
	Consultation complete	
	At Risk / Redundancy letters issued	
	Interview & Selection	Staff invited to apply for new roles and panel ²⁵ interviewed
June	Appointment	Successful staff appointed to new roles,

²⁴ Dates are based on attending Harrow Cabinet on 21st January 2016 Cabinet

²⁵ Interview panel will consist of representatives for each council

Proposed Date ²⁴	Activity or Milestone	Description
July / August	New PSS Operating Model commences	redundancy notices given to those unsuccessful

8.2. HR Considerations

The main HR considerations are outlined below. More detailed responses from each councils HR teams are included in Appendix 5.

Creation of the PSS

It is recommended that two phases are taken to create the shared service. Firstly, it is proposed that staff TUPE transfer from Brent and Buckinghamshire to create a joint service with Harrow. Staff and unions will be engaged and consulted about this activity between December 2015 and March 2016. The intention is then to transform the joint service into a shared service through an interview and selection process, should there be economic, technological or organisational justifications.

Redundancy

Agreement will be required to agree on the treatment of redundancy costs between the three partners. The proposal is that redundancy costs are shared depending on which organisation the staff originated from. This will be subject to negotiations in the Inter Authority Agreement. There are two alternatives: firstly the costs are added to the operational costs of the shared service and allocated proportionately or secondly, suffered by Harrow as the employing organisation. The second alternative is not acceptable to Harrow.

Additionally voluntary redundancy may be considered, but will need to be agreed as each partner council has differing policies which would be part of the TUPE requirement. *[NB check that this statement is correct]*

Profit Related Pay

Buckinghamshire staff are paid on a profit related pay scheme. On a TUPE transfer Harrow would need to ensure it can pay staff on this basis.

Protected Pay

Consideration will need to be given to the different protected pay policies that exist with each council.

Other Considerations

Other areas for consideration include:

- Travel cost differences between organisations
- Car parking availability for staff
- Working hours and flexible working arrangements (for instance Harrow staff up to G11 are on flexi scheme over 36 hours)

- The identification of staff on maternity and sick leave need to be included in consultation
- The importance that HR reps meet with all staff in February²⁶ (on 1-2-1 basis) to understand individuals specific employment details (such as home working arrangements, part-time working).

8.3. Consultation

Staff and union consultation is an important part of a shared services project and will be required in all three organisations.

8.4. Location considerations

The intention is for staff to continue to work in their current offices on the transfer date and continue to work there until the new shared service operating model is implemented in July 2016. From that date onwards the location of staff will be dependent upon the specific role profile.

8.5. Project Critical Success Factors *[Bucks to be inserted]*

A number of project critical success factors have been created as part of the service design principle development.

Critical Success Factor	Priority ²⁷	Definition
Delivery of savings - MTFS	1	Delivers cashable savings for all parties
Delivery of savings - on-going	1	Delivers cashable savings through collaborative procurement and savings through provision of professional advice
Delivery of low cost, quality services	1	Sustainable, cost effective and efficient shared services which are competitive and that can provide savings & economies of scale
Investing in people and skills	1	The importance of investing in people and skills to support sustainable business.
Resilience	1	Continuously improving and creating a sustainable business with new revenue streams
Ease of delivery	2	Is not complex in terms of implementation
Anticipate Customer Needs	2	Customer focussed shared service which highlights an understanding of cultural needs. It has a flexible and proactive approach towards its customers to realise

²⁶ Assuming that Cabinet approve the business case in January 2016

²⁷ These are per Harrow and Brent

Critical Success Factor	Priority ²⁷	Definition
		customer satisfaction; and has a 'can do' attitude at its core
Mandatory first request / refusal	2	To prevent fragmentation and duplication of provision, the shared service should be the first port of call for all procurement needs for all councils. Alternative provision should only be agreed where requests cannot be met.
Flexible	2	Provides a flexible model which can provide resources for peaks in demand and where partner authorities can join at a later date
Revenue streams	2	Develop revenue streams by looking for innovative ways to grow and be on the competitive edge by planning / reviewing market trends.
Governance & Compliance	2	Robust but flexible approach.
Multi-channel	2	Utilises ICT to deliver procurement service innovatively.
Provide a platform for continuous improvement	3	A flexible and scalable platform to support services by leveraging innovations in order to enhance market knowledge and self-development to gain competitive advantage

8.6. Set Up Costs

The following table includes an assessment of the costs required to create the PSS. In order to guarantee the success of the project Harrow Council will be injecting significant resource into the project.

Type	Description	Cost £	Source
Resources	HR Advisor	35,000	70 days at £500 per day
Resources	Legal Advice	25,000	Drafting IAA & associated matters
IT Hardware	Laptops for staff transferring	19,000	19 staff at £1,000
IT Software	Software cost	8,740	19 staff at £460
IT Set up	One off set up costs	6,650	19 staff at £350
IT LAN	Remote LAN set up in Brent & Bucks	40,000	£20,000 per location
IT App	Estimate to load an app in Brent and Bucks for access to ERP	10,000	£5,000 per location
Total Set Up Costs		£144,390	

The assumptions behind the set-up costs are as follows:

- An HR advisor will be required to provide advice, guidance and direction throughout the process through to the appointment in the new operating model. This has been assumed as a full time role for three and a half months.
- There will be a requirement to obtain legal advice on the creation of the Inter Authority Agreements and associated matters.
- It has been assumed that 19 staff will become new Harrow employees and be provided with laptops at a cost of £1,000 each.
- For those 19 new staff the software cost has been estimated as £460 per person.
- Additionally these staff will also need to be set up on the Harrow systems at a cost of £350.
- A remote LAN will be required to enable staff to work remotely in Brent and Bucks²⁸. This has been estimated at £20,000 per location.

Any costs incurred by Harrow as a result of the restructure of Shared Service staff which will be initiated on the 1st of April 2016 will be split between Harrow, Brent and Bucks in accordance with the budgets each council expect to provide in the first year of the Shared Service.

8.7. Implementation Team

A small project team will be required to implement the recommendations from this business case. It is proposed that there will be a Steering Group with Corporate Directors from each of the participating councils, along with the Procurement Director and HR representative(s). The project team will consist of at least one manager from each organisation, and include HR representatives.

²⁸ Subject to agreement with Brent & Bucks
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9. Operational Matters & Dependencies

9.1. Governance and Reporting

It is proposed that a Shared Service Management Board will meet on a quarterly basis. It will consist of Corporate Directors representatives from each council (i.e. responsible for Procurement) and be chaired by the Corporate Director Resources. This will review performance and any major issues that require resolution. The Divisional Director will prepare an Annual Procurement Report that will be presented to the relevant Portfolio Holders of each Council.

The Shared Service Management Board will ensure that:

- Procurement activity follows CPR for each Council;
- Ensure resources are available for the higher risk and/or higher value procurements;
- Ensure collaborative procurement opportunities are identified and followed up;
- Ensuring that all Councils' have prepared procurement plans and strategies, and ensure that these are being followed; and
- Being accountable to participating Councils to ensure the successful delivery of projects.

The Divisional Director and PSS staff will feed into other boards (such as the Commissioning and Procurement Board in Harrow) as required.

9.2. Staffing

Job profiles and grades will be created and approved by the tri-borough governance board²⁹. For an indication of the profiles for each of the main roles in the PSS refer to appendix 4.

9.3. IT and Systems

The proposal is for staff to receive IT support from Harrow, as Harrow employees. However this means that there is complexity for staff that are not located on Harrow premises and for those that travel between sites. The following table describes the variety of types of staff needs and the recommended solution for each set.

Staffing	Requirement	Recommendation
Peripatetic	<ul style="list-style-type: none">• Ability to work remotely and flexibly• Access all 3 council's systems• Email account that can be	<ul style="list-style-type: none">• Harrow Laptop user• A remote LAN to be created for high speed connection on Brent & Bucks sites

²⁹ Or whatever it is called!
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Staffing	Requirement	Recommendation
	accessed from cloud or any location	<ul style="list-style-type: none"> • Access to SAP / Oracle would need Brent & Bucks agreement for remote device access to local ERP system • Users have a Harrow email account and associated calendar
Based in one location (except Harrow), serving all councils	<ul style="list-style-type: none"> • Potentially desk based role - but location could be Brent or Bucks (however may need flexibility to work in other locations) • Access to all three council's systems • Email account 	<ul style="list-style-type: none"> • Harrow Laptop user • A remote LAN to be created for high speed connection on Brent & Bucks sites • Access to SAP / Oracle would need Brent & Bucks agreement for remote device access to local ERP system • Users have a Harrow email account and associated calendar
Based in one Council (except Harrow) and serving that council	<ul style="list-style-type: none"> • Desk based role • Access to that (one) council's systems • Email account 	<ul style="list-style-type: none"> • Harrow Laptop user • A remote LAN to be created for high speed connection on Brent & Bucks sites • Access to SAP / Oracle would need Brent & Bucks agreement for remote device access to local ERP system • Users have a Harrow email account and associated calendar
Harrow based (serving all or only Harrow)	<ul style="list-style-type: none"> • Desk based role • Access to all systems • Harrow email account 	<ul style="list-style-type: none"> • Harrow desktop user • Able to access Brent & Bucks systems via the cloud • Unclear how they would access SAP / Oracle at Brent & Bucks if required • Users have a Harrow email account and associated calendar

The main additional cost would be the creation of remote LAN's in Brent and Bucks to enable users higher speed access and ensuring that they aren't reliant on WIFI or more expensive 3g connectivity. This has been estimated as £20,000 per site and included within set-up costs. However because all PSS staff will be on the same network it would mean that file sharing will not be a problem across the team.

Brent and Bucks will need to provide remote access into their ERP systems from a Harrow managed device. Depending on how that is provided there may be some configuration work on Harrow devices to enable this, such as installing remote access client software. An estimated cost has been included within the set up costs to cover this as well as an on-going charge of £5,000 per organisation to maintain them.

In terms of specific procurement systems, the proposal is to continue to use local council-specific systems in the short term to ensure service continuity. It is likely that some systems will require more users than currently, and an exercise will be undertaken to determine the impact of this during implementation. Due to the current arrangements it is unlikely that this will be a significant cost.

9.4. Training

There will be training requirements on three levels for the new operating model:

- Once the new Operating Model is in place, a Training Needs Analysis will be undertaken to identify areas where there are group or individual gaps in knowledge or skills.
- As part of staff development, requirements for longer term professional development will be captured and a training plan created.
- The aspiration will be for the organisation to continue to be CIPS Accredited and should training requirements be identified to maintain this accreditation.

9.5. Future organisations joining

The new service will be designed so that new organisations will be able to join either fully, partially or on a menu-based basis. The method for accepting future organisations into the shared service has yet to be determined and will be agreed on a case by case basis, depending on the size of the organisation and complexity of requirements.

Formal arrangements for sharing the additional benefits of future organisations joining the shared service will be included in the Inter Authority Agreement. Implementation costs will be incurred by the joining organisation, and savings will be shared in proportions to be agreed with the partners.

9.6. Exit Arrangements

The length of the PSS is proposed to be unlimited. Should organisations wish to exit the arrangement they will be required to give the remaining partners 6 months' notice of their intentions.

Should an organisation withdraw from the partnership the following will apply:

- The withdrawing partner will receive those staff that that can be assigned to that partner;
- The withdrawing partner will incur redundancy costs where staff are unable to be reassigned;
- The withdrawing partner will incur any other costs linked to their withdrawal, including any other redundancy costs and legal costs; and
- Should there be a dispute the withdrawing partner will be liable for the legal costs.

If a partner leaves the arrangement, then the remaining organisations will meet to discuss the viability of the operation, and whether it can continue.

9.7. Dependencies

The following table contains a list of major dependencies and the impacted activities.

Milestone or Activity	Dependency	Potential Risk
Shared Service staff can work at different locations	IT needs to enable remote working for all staff	The implementation may fail if IT cannot be accessed by the relevant staff at the relevant location
Agreement to proceed by Brent and Bucks councils	Approval of the business case to agree to move into the implementation phase	Without one or both parties the business case as it would not be viable. A reworked business case would be required.
Consultation is complete	Staff & union engagement is performed by councils in line with timescales	Lack of formal consultation could lead to failure to implement the new operating model
Agreement by Brent & Bucks to allow Harrow to create LAN	LAN created in Brent and Bucks	Difficulty in staff being able to work flexibly on other sites, and reliant on WIFI or 3G connections
Agreement by Brent & Bucks to allow Harrow staff ERP access	User ids or accounts created in Bucks and Brent to enable staff to access ERP	Inability for staff to process ERP transactions, or interrogate the ERP systems without local user access.

9.8. Risks

Major Risks have been captured in the project's risk register and assessed under Harrow Council's risk matrix. An extract of the Risk Register is included in appendix 6. The major risks are summarised in the points below:

- Withdrawal of an organisation**
 Withdrawal of an organisation prior to the new operating model going live will lead to a significant revision of the design and the assumptions behind the business case. If the withdrawal is before Harrow Cabinet approves the case (in January 2016) it is possible that a redesign could be achieved without any delay. However a withdrawal once the case has been approved the project is likely to have suffered cost and this could lead to significant delays and the possibility of the project failing.
- Procurement Considerations**
 A failing in the PSS between Westminster and the Royal Borough of Kensington & Chelsea was where contracts were entered into jointly but held by one council, covered by an IAA³⁰. When issues arose individual councils have found they were unable to deal with contractors directly. This has been remedied for new contracts, which are being let as frameworks with each authority having its own relationship directly with the contractor

³⁰ Inter Authority Agreement
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- **Decision Making**
There is a risk that decision making will be slower, especially for any decisions that require all partners to agree. In particular there will need to be agreement on how to involve finance and legal reviews of tender/contractual documents for collaborative procurement.
- **Inability to cope with the requirements of 3 councils**
There is a risk that the demand for procurement will continue to remain at current levels, ignoring the fact that the service is going through a transition. Stakeholder engagement and clear communications will be required across the three partner councils to reduce demand and set realistic expectations.

10. Summary by Council

10.1. The table below contains the summary benefits for each Council.

Council	Future Shared Services
Harrow	<ul style="list-style-type: none"> • £290k cost savings will be achieved over the next two years without having to make dramatic staffing cuts. • Access to a greater level of knowledge, information and professional network across the organisations. The Shared Service brings not only procurement and commercial expertise but with it commissioning and commercial exchange of valuable ideas and initiatives • Organisation will be fully staffed, with the recruitment into the new organisation being undertaken through an interview and selection process. • Increased resilience with a team that is larger than the current team size • Career progression will be clearer, with opportunities for promotion • Training will be available for staff, and will be encouraged to enable the service to be the best in its class • Significant opportunities to collaborate on procurement initiatives and able to align contracts.
Brent	<ul style="list-style-type: none"> • £270k cost savings will be achieved over the next two years • Access to a greater level of knowledge, information and professional network across the organisations. The Shared Service brings not only procurement and commercial expertise but with it commissioning and commercial exchange of valuable ideas and initiatives • Organisation will be fully staffed, with the recruitment into the new organisation being undertaken through an interview and selection process. • Increased resilience with a team that is larger than the current team size • Career progression will be clearer, with opportunities for promotion • Training will be available for staff, and will be encouraged to enable the service to be the best in its class • Significant opportunities to collaborate on procurement initiatives and able to align contracts • Becoming part of a commercial & procurement team that holds the CIPS Corporate Certification Standard (one of only two Local Authority's in the country at the time of writing). • Becoming part of an innovative commercially thinking team.
Buckinghamshire	<ul style="list-style-type: none"> • £12k cost savings will be achieved over the next year • Access to a greater level of knowledge, information and

Council**Future Shared Services**

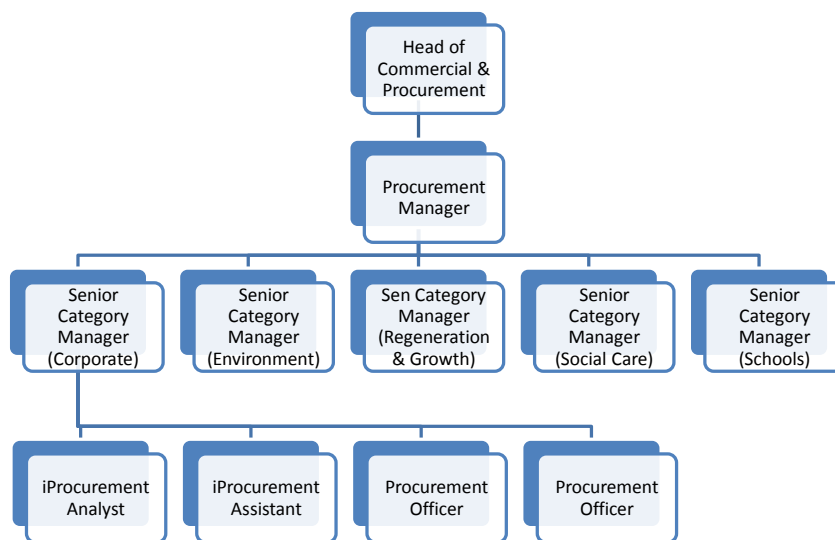
professional network across the organisations. The Shared Service brings not only procurement and commercial expertise but with it commissioning and commercial exchange of valuable ideas and initiatives

- Organisation will be fully staffed, with the recruitment into the new organisation being undertaken through an interview and selection process.
- Improved morale after the initial uncertainty through the implementation
- Increased resilience with a team that is more than double the current team size
- Career progression will be clearer, with opportunities for promotion
- Training will be available for staff, and will be encouraged to enable the service to be the best in its class
- Significant opportunities to collaborate on procurement initiatives and able to align contracts
- Becoming part of a commercial & procurement team that holds the CIPS Corporate Certification Standard (one of only two LA's in the country at the time of writing).
- Becoming part of an innovative commercially thinking team.

11. Appendices

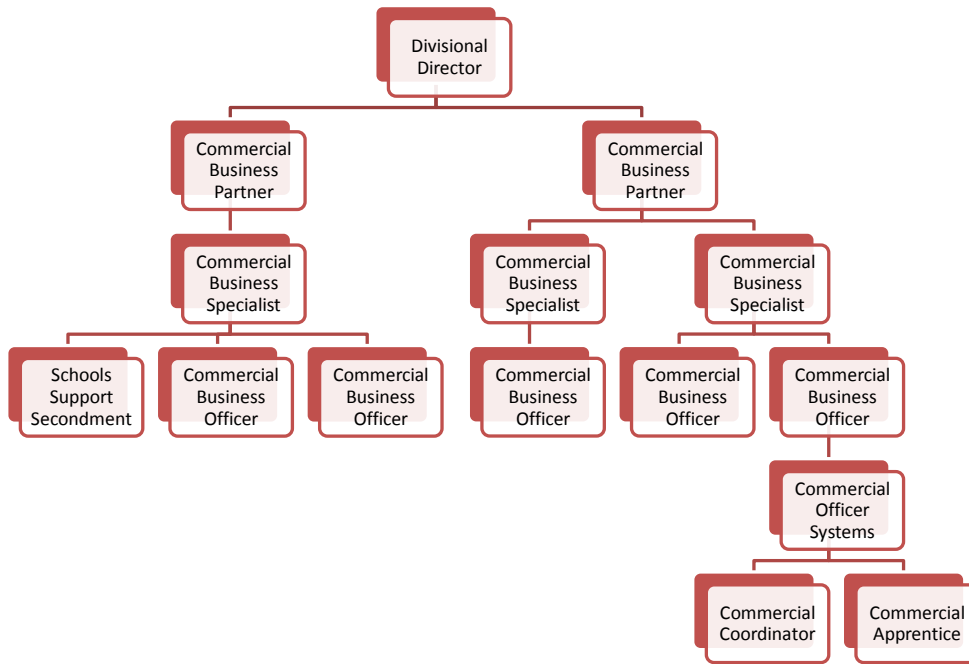
11.1. Appendix 1: Brent – Current Procurement Structure

BRENT Structure Chart for Procurement Team



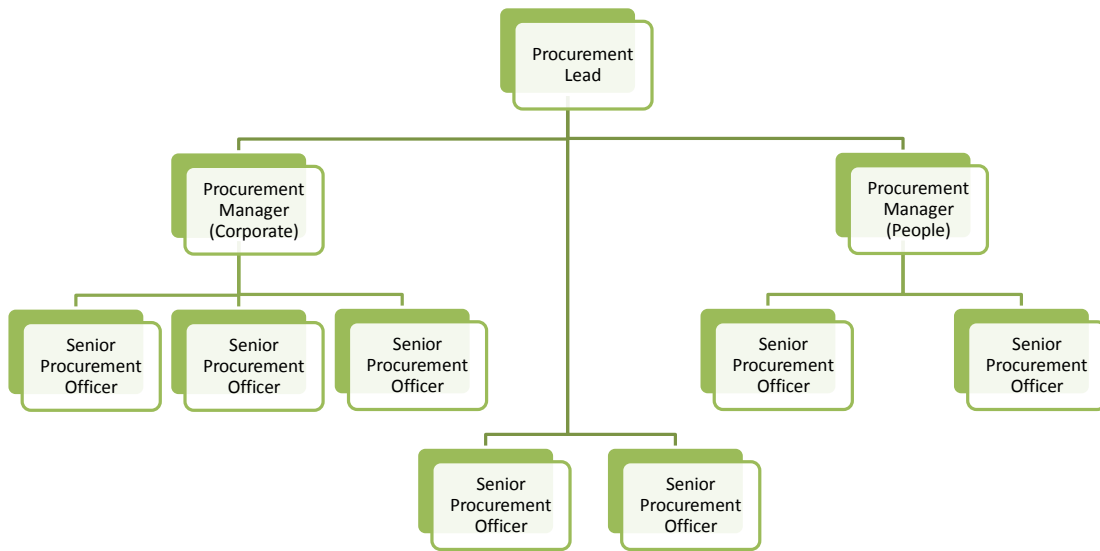
11.2. Appendix 2: Harrow – Current Procurement Structure

HARROW Structure Chart for Procurement Team



11.3. Appendix 3: Buckinghamshire – Current Procurement Structure

Buckinghamshire Structure Chart for Procurement Team



11.4. Appendix 4: PSS Role Outlines

- **Divisional Director, Commercial & Procurement**

Reporting to the Shared Services Management Board³¹, this post is pivotal to the success of the shared services arrangement. The Divisional Director will enable and drive a culture of best practice in procurement and commercial professional support. The Shared Services vision is ambitious and this role is fundamental to ensure this vision is delivered. This role will lead the team and oversee the strategic delivery of a procurement and commercial programme across the shared service.

- **Head of Procurement**

These roles will provide leadership, direction and management of the respective council's within the Shared Service's current contract, procurement and commissioning services, as well as playing a key role in leading the major contract re-provision programme and playing an advisory role for all other procurements.

There will be expectation to deliver measurable efficiencies in third party expenditure, professionalise and develop the procurement community, provide flexible and creative support to transform operations and achieve high standards of compliance with policies and processes.

- **Commercial Business Specialists**

Working closely with the service areas and supported by a team of Commercial Business Officers, a Commercial Business Specialist's role is primarily to understand and deliver a programme of procurement across the shared service. They will adopt a category management approach where possible to enable smarter and more efficient procurement and work closely with cross council teams. Additionally they will contribute in the decision making process by offering commercial and procurement expertise.

Commercial Business Specialist will effectively lead the delivery of procurement solutions ranging from £50,000 to multi million pound projects. This role will actively participate in the end to end process of the commissioning cycle i.e. Understand, plan, do and review.

- **Commercial Business Managers**

These roles will report to the Commercial Business Specialist and will be responsible for the day to day management of procurement support, both project based (tendering) and advisory. They will be responsible for increasing leveraged benefits and cost reductions through their professional support and advice in key procurement projects across the council's directorates.

This activity could range from low value to complex high value procurement projects and will include procurement in all areas of goods, works and services. They will also ensure compliance with the relevant Contract Procedure Rules.

- **Systems, Processes and Tools Manager**

The Commercial Business Officer - Systems and Processes role will be a key contributor to the success of the Shared Service, taking responsibility for the running and upkeep of

³¹ Naming of this Board is still to be agreed

systems and processes to ensure resources are delivered quickly, smartly and in a timely and sustainable manner.

The main focus of this role is to support the Shared Services team to provide a smart and seamless service through the use of modern technology and systems. They will be responsible for maintaining and improving the tendering process, contract management & financial information systems to produce strategic analytical management reports on procurement spend, social value expenditure data and contracts.

11.5. **Appendix 5: HR Considerations**

The following table outlines some of the main HR issues that need to be considered throughout the process, along with Council specific responses.

	Harrow	Brent	Buckinghamshire
<p>The proposed approach is for all staff to transfer (TUPE) to Harrow Council on 01/04/16 and then be formally consulted on the new operating model, interviewed and selected for roles that come into effect on 1st July. Assuming the business case is approved by Cabinets in January, what are the relevant consultation periods in order to ensure staff and unions are adequately briefed for each council?</p>	<p>There is no formal requirement to consult staff or unions in advance of the TUPE transfer of staff into Harrow from Brent and Buckinghamshire. However good practice would be to inform staff about the transfer and any measures. Furthermore brief staff on the rationale for Brent & Bucks joining, the fact that current jobs won't change until 30th June 2015 and that the current management structures continues until 30th June 2015. Stage 2 consultation meetings with staff and trade union reps on the proposed shared services TOM will take place after March 2015. It would be helpful to brief Harrow unions before April about the Transfer, any measures and identify who will transfer.</p>	<p>As mentioned in a previous email it is very difficult to answer this without knowing what Cabinet will finally agree; i.e. whether this is TUPE or a shared service. If TUPE, then we have to work with Harrow in transferring our staff on their existing terms and conditions. If it's a shared service, then staff will remain ours working collaboratively with the other two Boroughs.</p> <p>In the case of a TUPE transfer, then Harrow will lead on this working in conjunction with ourselves and Bucks to ensure the necessary information is received and the implementation date is met. There are no set consultation periods as such during a TUPE transfer providing both staff and Unions are consulted and especially on proposed measures but good practice would mean we would begin consultation as early as possible. There is however strict timescales in providing the Employee Liability</p>	<p>Consultation is 45 days once full approval has been given to go ahead. Unions require 5 working days' notice of the consultation meeting. Any changes that are related to the transfer are automatically unfair unless there is an Economical, Technical or Organisational (ETO) reason. If your changes are not due to take place until 1st July then the consultation will be done with staff once they have moved to Harrow.</p>

	Harrow	Brent	Buckinghamshire
Can you confirm that it would be for Harrow to offer VR if appropriate after transfer?	Needs agreeing	Information to the transferee. Providing this is a TUPE transfer then this will be up to Harrow as the incoming organisation. However, as part of TUPE and the commercial agreement, all three Boroughs can decide how any redundancy costs will be covered if they are making staff redundant	This would need to be agreed on once the staff have transferred to Harrow and costs paid by Harrow
Are there specific union or staff briefings that are required for your organisation?	See above – advisable as a courtesy for Harrow staff at this stage	As mentioned above, there are no specific consultation periods set out under TUPE but good practice suggests that we should start informal consultations with staff as soon as possible and again especially once the Cabinet report has been agreed in terms of next steps.	We recognise Unison and they would need to be invited to staff meetings. We also have employee representatives who may also wish to attend
(Bucks) What is the implication of performance related pay on the current team? And how do we need to consider this in planning the way forward?	<i>(Speak to Jon Turner for PRP implications – could increase staffing cost)</i>	n/a	Bucks operate a CBP pay system which would need to transfer over with employees. This is based on performance of objectives
Can you confirm the process for how people will be assimilated into, or interviewed for, jobs in the new TOM?	This will need agreement between all parties. Whilst the interview/selection process is relatively standard, councils are likely to have specific policies around selection criteria, ring-fencing, pay protection and job matching. The approach will need negotiating between the three parties. Harrow will apply the principles of the Managing	Again, until we have the final agreement the answer to this may change but if a TUPE transfer then it will be for Harrow to decide on this. However, there are strict rules to be observed regarding TUPE transfers and reorganisation	Employees would need to transfer across into the same role as they are currently doing and any changes would need to be consulted on by Harrow once employees have transferred

	Harrow	Brent	Buckinghamshire
	Change Policy & Procedure.		
It is proposed that redundancy costs are incurred by the current employing organisation for a period of up to 12 months after the creation of the shared service. Subsequent to that the costs will be incurred by the shared service as a cost and shared amongst the partners in accordance with the Inter Authority Agreement.	This needs to be agreed by all parties. Legal advice will be required to create the IAA.	This will be subject to agreement.	This would not be agreed by BCC as we would not be prepared to pay redundancy costs
If staff are assimilated into a position in the new TOM but the salary is either higher or lower than their current post in Brent or Bucks what will happen to their salaries?	In the case of an individual taking a role at a lower salary, they will have protection for 12 months at their current salary, followed by 12 months at 50% of the difference. This will increase the staff costs where staff apply for lower paid roles. (The wage differential is limited to 20%). For staff taking a higher paid role there is no impact.	This is subject to any pay protection terms and needs to be discussed with Harrow.	Staff have the right to protected pay for 2 years post transfer. Any additional salary costs would need to be paid by Harrow
OTHER POINTS	Other areas for consideration: <ul style="list-style-type: none"> • Travel cost differences • Car parking • Working hours • Flexible working arrangements (Harrow staff up to G11 are on flexi scheme over 36 hours) • Staff on maternity and sick leave need to be included in the consultation • Important that HR reps meet with all staff in 	It's important that the nomenclature is correct throughout the process. My view is that the timetable and briefing paper is somewhat confusing and therefore will also be to staff. Subject to final agreement at Cabinet, the timetable and briefing paper suggests there is an intention to TUPE staff across to Harrow and then restructure into a 'shared service',	

Harrow	Brent	Buckinghamshire
February ³² (on 1-2-1 basis) to understand individuals specific employment details (such as home working arrangements, part-time working)	however, technically a shared service is a process alternative to TUPE so it's important that staff understand at the beginning that the proposed intention is to TUPE rather than enter into a shared service and then review, and therefore understand the implications which flow from this.	

³² Assuming that Cabinet approve the business case in January 2016
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11.6. Appendix 6: PSS Risk Register (as at 11/11/2015)

ID	Risk Category	Type	Risk Title	Date Identified	Source	Implication i.e. Time/Cost	Description (there is a risk that ...)	Owner	Likelihood	Impact	Rating	Mitigating Actions	Likelihood	Impact	Rating
1	Programme Delivery	Risk	Service Proposition	07/07/2015	RB	Specification	Different partners to the shared service have different procurement propositions, and the new service doesn't provide them all.	TB	C	3	C3	Develop a clear understanding of the services that will be provided and those that will continue to be provided by the boroughs. Ensure this is agreed by all parties.	C	3	C3
2	Reputational	Risk	Partner leaving the service	07/07/2015	RB	Operational	A party to the shared service withdraws after 'go-live', leaving an oversized and relatively expensive service	TB	C	2	C2	Care needs to be taken in drafting the agreements to the shared service. Clear exit terms need agreeing up front	C	2	C2
3	Benefits	Risk	Redundancy costs	07/07/2015	RB	Cost	Redundancy costs could make business cases unachievable	TB	D	2	D2	Clear apportionment and assignment of costs needs to be discussed and agreed prior to commencement.	C	2	C2
4	Benefits	Risk	Other costs	07/07/2015	RB	Cost	Other costs are not agreed before the commencement of the service, leaving the potential for disagreement of how to reimburse parties.	TB	D	4	D4	Need to be clear on the expected costs, both to set up the service and ongoing running costs.	D	4	D4
5	Resource	Risk	Staff recruitment	09/07/2015	RB	Operational	That all parties will need to be involved in the recruitment process for staff of the shared service, meaning the speed of creation of the shared service takes longer than predicted.	TB	D	4	D4	The project will need to be clear on the recruitment/appointment process and ensure all partners are able to input into it.	D	4	D4
6	Resource	Risk	Procurement strategy	09/07/2015	RB	Operational	Different procurement strategies may be required for each partner	TB	D	4	D4	In determining the activities that the service will provide, clarity will need to be given for those that are organisation specific.	D	4	D4
7		Risk	Contract Management		RB	Specification	Jane West (Interim bi-borough executive director of corporate services at Westminster City Council and the Royal Borough of Kensington and Chelsea) What hasn't worked? A number of contracts have been jointly entered into and some of these have not honoured the sovereignty guarantee. This has tended to arise where early contracts were held by one of the councils, with inter-authority agreements defining the relationship between the other two authorities and the contracting authority. When issues have arisen, individual councils have found they were unable to deal with contractors directly. This has been remedied for new contracts, which are being let as frameworks with each authority having its own relationship directly with the contractor	TB	B	2	B2	This needs to be considered when deciding on the new ways of working, ensuring any party can deal with the contractor.	B	2	B2
8	Resource	Risk	Organisation withdrawal	08/10/2015	RB	Cost	Should an organisation withdraw between now and 'Go-Live' then the baseline costs and future operating structure will no longer be valid. Significant reworking will be required	TB	C	1	C1	Ensure all parties are brought into the plan, agree on the future service provision and sign up to the business case.	C	1	C1
9	Cultural	Risk	Cultural change	08/10/2015	RB	Operational	A more standardised service will mean a different service being provided to directorates due to an inconsistent approach to procurement both within and across organisations	TB	C	2	C2	Work will be required to understand how procurement is provided currently, and then communications planned about changes will be planned	D	2	D2
10	Financial	Risk	IT	08/10/2015	RB	Operational	Staff in the new shared service (on Harrow systems) will not be able to access legacy systems without substantial costs.	TB	C	2	C2	Work is required to determine whether staff need to access legacy systems, and if so what workarounds are available, or how much additional cost will be suffered	C	2	C2
11	Financial	Risk	Pensions	12/10/2015	RB	Cost	The funds required to top up the pension fund significantly impact the business case and mean it becomes untenable	TB	B	2	B2	TB (from JT): if the numbers transferring are below 10 (which they will be for both Bucks and Brent) then it is treated as de minimus so we won't need to worry about this issue	E	2	E2
12	Programme Delivery	Risk	Legal & Financial Reviews	13/10/2015	RB	Time	Three separate reviews by internal legal and finance teams will be required before the business case can be taken to Cabinet	TB	C	2	C2	Determine how to manage this through the different sets of legal and finance teams of each partner	C	2	C2
13	Programme Delivery	Risk	Speed of decision making	13/10/2015	RB	Time	Decisions will be required from each organisation and turned round in a timely fashion	TB	C	2	C2	Agree the project board members and the frequency of meetings. Early identification of those items that require approval or stakeholder sign-off	D	2	D2
14	Resource	Risk	CPR's	13/10/2015	RB	Operational	One set of CPR's will not be in place by the anticipated 'go-live'. This will make for confusing procurement activity in the new shared service	TB	B	4	B4	Plan an activity to review the CPR's and processes as part of the implementation project or as a first activity as business as usual	B	4	B4
15	Programme Delivery	Risk	Knowledge of services	13/10/2015	RB	Operational	Staff in the new shared service will not have relationships with at least 2 of the organisations.	RB	B	4	B4	Include an activity in the communications plan for new post holders to spend time with their new 'customers'	B	4	B4
16	Cultural	Risk	Process Change	13/10/2015	RB	Operational	All services in all organisations will receive a different service to that that they receive today	RB	B	4	B4	Be clear in the new processes and about who does what in the new shared service. This needs to be communicated to service areas as a whole and on an individual basis.	B	4	B4
17	Cultural	Risk	Expectation Management	11/11/2015	NM	Operational	The expectation from services (clients) will be higher than the service actually provided (either assistance or on-site presence). This could lead to significant complaints about how the service is falling.	TB	B	3	B3	Communication and engagement with the major stakeholders about the process of bedding down the new service, and be clear about the fact that the service has had significant cuts	B	3	B3