

BUSINESS EFFICIENCY SCRUTINY PANEL	Agenda Item No. 6
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Report of the Executive Director of Strategic Resources

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PROFESSIONAL SERVICES PARTNERSHIP

1. PURPOSE

The Business Efficiency Scrutiny Panel requested clarification on the meaning of the 'Professional Services Partnership' following the meeting of the panel on 5 June 2008. The purpose of this report is to clarify the purpose, scope and benefits of the partnership to the panel.

2. RECOMMENDATIONS

It is requested that the panel acknowledge their understanding of the content of this report.

3. LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT

This report is linked to the Corporate Plan and the Medium Term Financial Strategy.

4. BACKGROUND

The Council has been running a rigorous and successful business transformation programme since October 2006, which has enabled its medium-term financial strategy to be structured around the delivery of cashable savings through business improvement, yielding the lowest Council Tax increases for any unitary Council in England. It plans over the next two years to strengthen this programme and to extend its scope, making significant investment decisions about its asset and infrastructure base.

Hitherto, the people and services deployed across the programme have been sourced separately by the Council. This means that a large number of direct and sub-contracted contracts are in place, which adds a significant management and administration overhead to the programme. It also means that key personnel within the change programme are engaged on separate rolling contracts which introduces risks of fragmentation, and allows the possibility of poaching of key staff.

It was therefore recommended to introduce a Professional Services Partnership (PSP) to mitigate these risks and to provide a coherent structure for its procurement of the third-party services into the programme.

Purpose

The purpose of the Professional Services Partnership (PSP), is to provide through a single services agreement, the bulk of the business transformation, infrastructure development, capability enhancement and performance management activities procured by the Council from third parties.

Benefits

The benefits to the Council are:-

1. By replacing the existing range of contracts with a more mutually secure commercial services contract with one supplier eliminate the risk to the Council's core financial and business strategy of its supplier base fragmenting or being subjected to poaching by other clients
2. Regularise the contractual framework and standardise the terms on which such services are supplied
3. Rationalise the supplier base, reducing the management and administrative overhead associated with carrying the multiplicity of contracts that have been used hitherto
4. Give ready visibility over all services pricing and ensure that pricing is consistent and fair
5. Enable the full range of in-scope third-party services to be account-managed through a single framework through one supplier and one set of business arrangements, permitting a strategic and coherent approach
6. Provide access to a wider range of skill sets and capabilities and reduce the dependence on sub-contractors
7. Through the provision of management or specialist expertise drive performance improvement of in-house services and sustain the higher performance levels through performance agreements

Focus and Scope

The PSP will focus on those opportunities where business and performance improvement are to be realised through an investment in the Council's asset base and core capabilities, not simply through 'soft' services. In other words, there is an expectancy that a significant and growing proportion of the PSP's work is to be linked to the deployment of efficiencies and the utilisation of prudent financial arrangements to achieve investment in more efficient and productive assets, workplaces, ICT infrastructure and systems, collaborations that exploit synergies or scale economies and business systems and processes. Equally, the PSP is not intended to be deployed only on an internal improvement agenda: it is intended to utilise the partnership to enhance and accelerate improvements in customer services and on the growth agenda.

Not in Scope

The PSP is not intended to be or to become a business process outsourcing arrangement. Its focus will be on value-add activities requiring skills or other capabilities that the Council cannot affordably retain in-house at appropriate levels or quality. If a group of routine ('transactional') activities are considered to be able to be procured more economically at matching or better quality than can be provided by in-house teams, typically because of scale economies in process, then the PSP would be the vehicle to bring that arrangement about, but the arrangement would not sit within the PSP.

Activities of the PSP

1. Project and programme management of transformation and other improvement activities, utilising the Council's programme and project management disciplines and systems
2. The provision of senior management in interim positions to direct transformation and other improvement activities
3. Management consultancy services across the range of transformation and other improvement activities
4. Procurement of third party services not undertaken directly by the PSP
5. Supply chain optimisation and management of the supplier base working on transformation and other improvement activities

5. KEY ISSUES

The panel must consider the key issues in terms of the risks highlighted above.

6. IMPLICATIONS

The PSP is crucial to the delivery of the objectives of the Medium Term Financial Strategy.

7. CONSULTATION

The appointment of the PSP partner (Amtec Consulting Group) was sought through an Executive Decision via a Key Cabinet Member Decision Notice. The decision was made on 1 August 2008.

8. EXPECTED OUTCOMES

That the panel acknowledge that there is clarification of what the Professional Services Partnership means and its benefits to the Council.

9. NEXT STEPS

The PSP is subject to a quarterly review between the Executive Director for Strategic Resources, client Commissioning Manager and the Lead Consultant Partner.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

Executive Decision for the 'Professional Services Partnership', 1 August 2008

11. APPENDICES

N/A

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