

Appendix 5

REGIONAL COLLABORATION FUND

The table below sets out the eligibility criteria against which project proposals will be considered.

| | |
|-------------------------|--|
| Collaborative | It should involve authorities within a region as defined by the Regional Footprint; it may also include other public service partners within the region. |
| Transformational | It should lead to a recognisable shift in the way services are delivered or in the ways the collaborating organisations operate. Its impact must be long-term rather than short-lived. |
| New/ Additional | It should constitute a new direction or enable service change that would not otherwise have been delivered. |
| Deliver benefits | It should reduce costs or improve services in the region, preferably both. Improving the resilience of services is a high priority. |
| Strategic | It should align with the strategic – Programme for Government – priorities for the region. Projects should be appropriately endorsed by the political and executive fora in place within the region. |
| Challenging | It should tackle substantive service or organisational challenges, including Education and Social Services. |
| Well-managed | It should be managed within a rigorous and transparent governance framework with clear leadership, accountabilities, milestones and progress measures. |
| Cost-effective | It must demonstrate value for money in terms of return on investment, cost avoidance or savings. |

Funding

Projects will have the opportunity to submit proposals for revenue funding for a maximum of 3 years, this should be clearly set out in the project submission. Appropriate regional fora will need to endorse projects. If appropriate, projects may seek additional funding from other sources. However, there should be no expectation that non-local authority partners should be required to provide match funding to participate or contribute to a project. Access to funding from other Welsh Government sources, for example European Social Fund or Invest to Save, should not prevent projects from receiving Regional Collaboration Fund support.

An indicative distribution across the six regional footprints for the Regional Collaboration Fund is set out in the table below. Should a national project that

would benefit all regions be put forward and endorsed then regional allocations would be adjusted accordingly.

| Regional Footprint | Regional Collaboration Fund Indicative Allocation (£000s)* | Percentage Share |
|---------------------------|---|-------------------------|
| North Wales | £2,293 | 22.5% |
| Mid and West Wales | £1,747 | 17.2% |
| Western Bay | £1,705 | 16.8% |
| Cardiff and the Vale | £1,485 | 14.6% |
| Cwm Taf | £1,019 | 10.0% |
| Gwent | £1,925 | 18.9% |
| Wales | £10,174 | 100% |

* based on 2013-14 Current SSA

Process for formally submitting projects for 2013-14 financial year

Potential projects should be sent to PublicServiceReform@wales.gsi.gov.uk by 18 January 2013, using the short template at Annex 1. These projects should be appropriately endorsed by appropriate political and executive fora within each region.

Proposed projects will then be shared with the Reform Delivery Group¹ at its meeting on the 30 January 2013. Following this meeting, any additional information will be sought from project leads to allow the necessary due diligence checks to be undertaken and a formal decision to be made as quickly as possible ahead of the 2013-14 financial year.

¹ The Terms of Reference for the Reform Delivery Group, a subgroup of the Partnership Council for Wales, can be found at the following web link:
<http://wales.gov.uk/topics/localgovernment/partnership/pcf/w/agendas/121024mtg/?jsessionid=E13E8219F4C64822E26F01B13C5A1090?lang=en>

Annex 1 – Project Outline

| Collaborative: | |
|--|--|
| Lead Organisation | Gwynedd County Council |
| Main contact person | Harry Thomas / Ian Forrester Mowatt |
| Address | Council Offices, Shirehall Street, Gwynedd, LL55 1SH |
| Telephone | 01286679052 |
| Email | harry.thomas@gwynedd.gov.uk / ianfmowatt@gwynedd.gov.uk |
| Other organisations involved in project and main contact | Gwynedd County Council Harry Thomas - Chief Executive Denbighshire County Council Mohammed Mehmet - Chief Executive Flintshire County Council Colin Everett - Chief Executive |
| Names of key project personnel | Functional SRO's: Geraint George, Chris Guest, Paul McGrady |
| Length of project | 3 years |
| Proposed start date | July 2013 |
| Proposed end date | June 2016 |
| Estimated total cost of project / activity | Year 1: 250k |
| | Year 2 (if required): £650k |
| | Year 3 (if required): £466k |

| Transformational: | |
|--|---|
| Project / activity title | North Wales – ‘Three County Procurement Service’ (Denbighshire, Flintshire and Gwynedd) |
| Summary of project / activity: <i>(Maximum 200 words).</i> | |
| <p>Based on consultancy work commissioned by the six North Wales local authorities there exists an opportunity to fundamentally revisit the way procurement is structured within North Wales. A restructured procurement landscape would make a significant contribution in key areas including: Increased savings and efficiencies, improved market engagement, increased levels of professionalism and ensuring effective consideration of National and Regional procurement related development.</p> <p>As a consequence Denbighshire, Flintshire and Gwynedd wish to proceed with the development of Outline and Final Business Cases (OBC, FBC), and subject to approval implementation of a scalable ‘Three County Procurement Service’.</p> <p>A professional programme will be established in order to deliver:</p> <p>1) The OBC and FBC, addressing the following:</p> <ul style="list-style-type: none"> • Baseline the influenceable spend and procurement capacity, Full Time Equivalent (FTE) • The introduction of Category Management • The development of a scaleable Category Management based model that | |

transforms procurement and service delivery.

2) The implementation of a 'Three County Procurement Service' through a phased change management Programme, to include development of:

- Individual local authority requirements
- Sub-regional local authority integration
- Further regional proposals/integration as appropriate

How will the project be mainstreamed when successful? (*Maximum 200 words*).

The proposed solution, based on Category Management will be introduced in a **phased manner** and will be sufficiently scalable and flexible to accommodate any differing 'states of readiness' that exists between the authorities.

Services and resources will be restructured, new teams created, embedding the proposed solution, essentially 'locking-in' (mainstreaming) new model.

A key component that will directly impact success relates to the behaviour/culture/change required within the revised services. A Change Management Programme will be a critical component in ensuring effective delivery and take up.

New/ Additional:

Is this project new, or would not otherwise have been taken forward

This is a new project that draws upon consultancy work commissioned by the six North Wales local authorities where CAPITA Consulting produced a Regional Collaborative Business Case in November 2012.

Strategic & Challenging:

What strategic regional aims will this project address? (*Maximum 200 words*).

Following the 'Buying Smarter in Tougher Times' report, the Welsh Government have developed a business case that considers a shared service model where common and repetitive spend is procured 'once' for Wales; known as the National Procurement Service (NPS). The new service would clearly focus on the non-NPS categories, and seek to support the NPS with any transfers that may be required in the early stages. The recent McClelland Report on procurement highlights a number of areas for consideration but specifically confirms weaknesses relating to procurement capacity and capability within Wales.

The ongoing financial position when linked to increasing demand makes a compelling case for considering reconfiguration of procurement and service delivery; not only at a National but also at a Regional level.

Other strategic aims include the development of management information (MI) in support of decision making, contract and market management, compliance and demand management. Another key component is the contribution of procurement to the wider economic development agenda; supply chain management in particular.

Providing a 'Three County Procurement Service' will contribute to addressing the points noted above and has the potential to become a good/best practice example

of collaborative working.

What challenge is this project trying to overcome? i.e. what do you intend to have achieved by the end of the project / activity? (*Maximum 200 words*).

The main challenges can be summarised as:

- Duplication of effort
- Integrating impact of the National Procurement Service (NPS)
- Understanding impact of developing the Welsh Purchasing Consortium (WPC)
- Inconsistent approach to market
- Lack of professional procurement capacity, capability and development
- Lack of clarity regarding demand management
- Variable contract management
- Variable levels of compliance
- Effectiveness of information/reporting systems
- Poor management information influencing decision making
- Maximising the potential savings and efficiencies

At the end of the project achievements will include:

- Focused effort from limited resource
- Clarity relating to interfaces with the NPS and WPC
- Improved relationship and interface with the marketplace
- Improved service levels, aligned procurement capacity/capability/development
- Improved demand management
- Improved contract management
- Improved levels of compliance
- Increased integration and effectiveness of information/reporting systems
- Improved information management and decision making
- Increased levels of savings and efficiencies

Who has endorsed this project proposal (*Maximum 200 words*).

The programme is endorsed by:

- Denbighshire County Council, Mohammed Mehmet - Chief Executive
- Flintshire County Council, Colin Everett - Chief Executive
- Gwynedd County Council, Harry Thomas - Chief Executive

In addition this programme will be subject to endorsement by The North Wales Regional Leadership Board and the cabinets of each council.

Delivery Benefits:

Please describe the benefits the project will deliver and when they will be realised. Please describe for example; How will services be improved as a result of this project? How will costs be reduced? How will the resilience of services be improved? Who will be better off? (*Maximum 200 words*)

The delivery benefits will include:

- Greater internal and external clarity through focused activity from a limited resource, and improved relationship and interface with the marketplace. An improved level of service for commissioning departments/services through aligned procurement capacity/capability/development. Improved information management and decision making will not only improve contract management and levels of compliance it will underpin effective demand management which in turn will lead to increased levels of savings and efficiencies.
- Contribution to and development of existing proposals/activities relating to the further integration of strategic procurement between Denbighshire and Flintshire.
- The programme will require significant structural change underpinned by supporting behavioural and cultural change with benefits being realised incrementally from year two.
- Services will be improved by clarity in key areas relating to procurement including commissioning/strategy/delivery and contract management. Costs will be reduced through restructuring procurement and services and increased efficiencies through effective procurement and demand management.
- Restructured procurement and service departments will provide improved resilience through the introduction of Category Management and clarity between the commissioning and procurement roles. Local Government commissioners, procurers and suppliers are likely to benefit.

How do you intend to measure and evidence success? (*Maximum 200 words*).

KPIs developed as part of the final business case, baselines established and effective project/programme structure in place; established reporting mechanisms in place; post 'go-live' to include:

- Recording outcomes from frameworks/contracts (eg. engagement/compliance)
- Service Level Agreements
- Recording savings and efficiencies
- Profiling and trending/forecasting demand management
- Staff satisfaction and development (both procurers and service commissioners)
- Service satisfaction
- Post-implementation benefit realisation review

| |
|---|
| What evidence is there that the proposed approach will deliver benefits? <i>(Maximum 200 words).</i> |
| The proposition considers the North Wales Procurement Business Case, Capita Consulting, v1.3, 2012. |
| How will the project be managed, implemented and the delivery of benefits be ensured? <i>(Maximum 200 words).</i> |
| Reporting to a Lead Member reference group, a project/programme structure will be established to include: <ul style="list-style-type: none"> • Executive function (including representation from: Chief Executives and Heads of Service) • Project/Programme Director and Project Office • Key workstream leads (including procurement, implementation/change, Economic Development) |
| Please state any key risks identified and mitigation measures proposed <i>(Maximum 200 words).</i> |
| Key Risks include: <ul style="list-style-type: none"> • Support by key individuals/organisations reduced by conflicting/new priorities • Lack of project and change management resource • Insufficient change and take-up in organisations • Limited ownership of Category Management approach/structure • Appetite to risk and uncertainty vary between stakeholders • Assumptions made in developing OBC/FBC • Costs and savings as based on those identified by CAPITA • Delay due to development of OBC/FBC • Reputational risk Mitigation: <ul style="list-style-type: none"> • Sign off of OBC/DBC, ensure ongoing executive support • Establishing an effective and experienced project/programme team • Effective stakeholder engagement, inclusion and monitoring • Pilot/enable provision (not necessarily single site) in a phased manner • Reworking costs/savings during OBC/FBC; led by a Finance Officer (151) |
| What arrangements are you proposing to capture the lessons from this project? How will it be evaluated and what plans are there to cascade learning and findings? <i>(Maximum 200 words).</i> |
| The Programme/project structure will include resource to monitor and review lessons learned, and to evaluating outcomes against the OBC/FBC. Wider dissemination is proposed through professional/functional groups. |

| Cost Effective: | | | | | |
|---|---------|---------|---------|--------|----------------------------|
| Estimated savings/ return on investment/ cost avoidance and timescales for benefits realisation <i>Please provide a profile of: project investment costs, efficiency savings to be released and grant requested</i> | | | | | |
| | 2013/14 | 2014/15 | 2015/16 | Beyond | Total |
| <p>Total project investment: <i>please provide a breakdown of expenditure</i></p> <p>Indicative only. CAPITA's business case (option 5), v1.3, 2012: Note</p> <ul style="list-style-type: none"> • 5yr NPV • Savings @ 4% • Figures shown are halved (i.e. from 6LAs to 3LAs) <p>Ongoing</p> <p>Implementation (one-off)</p> | | | | | <p>£735k</p> <p>£1.36m</p> |
| Cash-releasing efficiency savings | | | | | £2.2m |
| <p>Grant request</p> <p>Implementation</p> <ul style="list-style-type: none"> • P2P • Change mgt. (internal) • Redundancy • Recruitment • Relocation <p>1) estimated profile</p> | £250k | £650k | £466k | | |

| |
|---|
| What funding and other resources, if any, will the project partners be committing to the project? |
| None |
| Are you applying for other Welsh Government funding to deliver this project? |
| <i>Please provide details which funding streams and the amount secured</i> No |
| Have you considered using Invest to save for this project? |
| <i>Please provide an explanation if you did not pursue this option</i> No: Not considered a suitable vehicle due to repayment schedule |

| | |
|--|--------------------------|
| Well-managed: | |
| What is the governance framework for delivering this project? How will all partners be involved in oversight and delivery? (<i>Maximum 200 words</i>). | |
| The Project/Programme Board will report to a Lead Member Reference Group and the North Wales Leadership Board. In addition Key reports will be submitted to the Executive Structure within Denbighshire, Flintshire and Gwynedd. | |
| List the key Milestones i.e. the main things that will be done to implement the aim of the project / activity | |
| Key Milestone | Indicative delivery date |
| Outline Business Case | October 2013 |
| Final Business Case | April 2014 |
| Implementation Note: sub-regional integration of Denbighshire and Flintshire forecast to start in 2013/14 | May 2014 - June 2016 |