

HAVERING AND NEWHAM SHARED BACK OFFICE SUPPORT SERVICE

JOINT COMMITTEE	24 October 2014
Subject heading:	Business development plan report
Report author and contact details:	Tony Huff, 01708 434155, tony.huff@oneSource.co.uk
Financial summary:	There are no new financial implications outside of those budgeted for
Is this a Key Decision?	No

SUMMARY

- 1.1 oneSource is ambitious in continuing to find savings in addition to the £40 million already identified in the Business Case. In order to do this oneSource is exploring ways of attracting additional business and what would be the best way for others to join oneSource.
- 1.2 Our vision is to be the one source of innovative, high quality and affordable support to all public services. In order to do this we need to develop commercially to become more profitable by growing the business to create income and further savings.
- 1.3 Shared services is now being considered a viable transformation initiative to find savings to aid the fiscal challenges ahead for councils. Due to this we feel there is a window of opportunity to market our services over the next eighteen months to the public sector if we are to meet our objective of being a preferred provider of shared services within the market.
- 1.4 In order to understand the opportunity available to us, the market and potential for further savings a Business Development Plan has been produced. This document will help oneSource start to understand how we can:

- compete effectively in the shared service market
 - take advantage of opportunities for further income and savings
 - develop services to meet the needs of our customers and the market
 - gain buy in and secure resources to develop our commercial competence
 - develop the business to ensure sound commercial decision making
 - save costs for other councils / organisations.
- 1.5 The document will help oneSource decide how to trade within the shared service market and plan how to achieve our commercial aspirations.

RECOMMENDATIONS

- 2.1 It is recommended that the Joint Committee agree the approach to business development outlined in the Business Development Plan. Any potential opportunities will be fully considered and reported to the Joint Committee.
- 1.2 It is also recommended that a further piece of work is undertaken to review the resources required to operate commercially in the longer term.

REPORT DETAIL

- 3.1 The Business Development Plan outlines how oneSource can approach business development over the next three years to generate further income and savings to support Havering and Newham Councils' financial strategies.
- 3.2 It considers the dichotomy of how oneSource can be a commercial organisation whilst retaining our original vision and aims and how we can maximise our current differential advantages.
- 3.3 oneSource have identified three unique selling points it has to promote itself and offer the market, being:
- an alternative to outsourcing
 - our public sector experience
 - having a flexible approach to on-boarding.
- 3.4 oneSource have a number of products to offer the market, these have been broken into four main areas of opportunity, which are:
- A total shared service offering - all back office services
 - Individual services or a group of services
 - Transactional service centre – undertaking transactional activity
 - Consultation and project management.

- 3.5 There are a flexible range of on-boarding options which oneSource could use with potential partners and customers, which are discussed in the plan, these are:
- a full partner of the Joint Committee
 - a junior partner of the Joint Committee
 - a part share owner of a company
 - customers through a lead authority
 - customers through an OJEU process.
- 3.6 There are two distinct areas of trading for oneSource to consider, firstly using a partnership type on-boarding method and those which require a commercial tendering process. These distinct approaches have different markets, competitors and on-boarding processes which offers a range of challenges to oneSource when developing our commercial approach.
- 3.7 oneSource is currently set-up to and experienced in operating in a partnership capacity, the premise of the programme for Havering and Newham was that it was an alternative to outsourcing, which similarly could be an attractive approach to others. Although oneSource has been successful in competing for small distinct services, in order to compete for full ranges of service with large outsourcing companies we will need to invest in a first class offering and tendering ability, which will need to be robust and include full unit costs, a range of case studies and references. Significant investment in resources would be required for this and there is also a risk of losses of this investment through abandoned or unsuccessful tenders. This would be subject to a further piece of work to review the resource required and viability and may be more relevant to transactional type services.
- 3.8 It is recommended that there are two different strategies to trade firstly with an additional partner and then commercially. The business development plan assesses the current market and potential customer for oneSource's current products and trading ability. A further assessment will need to be undertaken to take oneSource from this to a fully commercial trading organisation.
- 3.9 Therefore the plan focuses on identifying the current areas of opportunity and starts to consider what activity needs to take place to move towards our ultimate longer term commercial objectives. The report concludes that the initial area of opportunity for oneSource is to look for other local government partners to share some or all of their back office services with.
- 3.10 The Business Development Plan suggests that oneSource's trading objectives are to:
- market services through discussing a bespoke full partner or groups of services offerings to regional districts, unitary authorities and London boroughs in the short term (1-2 years)
 - market groups of services to others using a costed service catalogue in the medium term, the offering will be based on a unit cost comparison and timescales for this to be

linked to the service reviews. This would be subject to a further piece of work to review the resource required and viability and may be more relevant to transactional type services. (18 months to 3 years)

- to compete and be successful in a full competitive tender process, to do this oneSource will need to have full unit costs, a range of case studies and references available in the longer term and raise its profile within the wider commercial shared service market in the longer term. Significant investment in resources would be required for this and there is also a risk of losses of this investment through abandoned or unsuccessful tenders. (>3 years).

3.11 oneSource has already been promoting itself in order for the brand and service to be identifiable to others. This has included exhibiting and speaking at the CIPFA conference, networking and meeting with other councils who are considering sharing services and hosting a national shared service learning event on the 25 September 2014.

3.12 An interim marketing plan is to be implemented to maximise awareness of oneSource in its target local government markets and take advantage of any early business opportunities. This interim marketing plan outlines ways that oneSource can do this over the next twelve months, which include:

- a core narrative and key messages
- media targeting
- award entries
- use of social media
- events and speaking opportunities
- best practice communities.

3.13 Marketing activities will be co-ordinated through the Business Services team.

REASONS AND OPTIONS

4.1 Reasons for the decision:

4.1.1 This report identifies ways for oneSource to grow and provide further savings for the London Borough of Havering and Newham as well as others. In order to do this the Joint Committee will need to agree that further potential partners to the Joint Committee and customers should be explored.

4.2 Other options considered:

4.2.1 This paper explores a number of different on boarding options to further generate income, in addition to this it could be decided to not explore developing these business opportunities which would reduce the capacity for oneSource to provide savings over and above those already identified.

IMPLICATIONS AND RISKS

5.1 Financial implications and risks:

5.1.1 There are no new financial implications outside of those currently budgeted for. If it is agreed that a full commercial strategy is required a further piece of work to cost the resources required for this will be undertaken.

5.2 Legal implications and risks:

5.2.1 There are no new legal implications identified for this business development plan, specific legal advice will be taken as part of any project to on board a new partner or customer.

5.3 Human Resources implications and risks:

5.3.1 There are no new human resource implications identified for this business development plan, specific human resource advice will be taken as part of any project to on board a new partner or customer.

5.4 Equalities implications and risks:

5.4.1 Not applicable.

BACKGROUND PAPERS

The document 'Business Development Plan' dated May 2014 has been used in preparation of this report; this is not a published paper.