

Case Study | Creating and leading the London Centre of Excellence

"Setting up a new regional efficiency organisation from scratch and gaining buy-in was a big challenge in London"

Summary

In 2004, the Office of the Deputy Prime Minister (now the Department of Communities and Local Government) set up nine Regional Centres of Excellence to implement the findings of Spending Review 2004 and help councils deliver the National Procurement Strategy (NPS). The aim was to create a Regional Centre of Excellence (RCE) in each of the nine English regions. The City of Westminster and L B of Hammersmith & Fulham were appointed as lead authorities with the Association of London Government (now London Councils) undertaking the role of host for the London Centre of Excellence.

The sponsors and host wanted advice on creating such an organisation together with an evidence based business plan to drive a work programme that was acceptable to the London boroughs and which helped to deliver them cashable gains. Following a very competitive process SPS were appointed to deliver the business plan. They also went on to provide the Director who led the organisation until 31st March 2008.

Organisation Background

London has a population of about 8 million and contains 33 local authorities that are responsible for local government, as well as the Greater London Authority (GLA) which has certain strategic responsibilities and powers. As well as a diverse and fast moving population, London has a complex political and communication structure. Gaining agreement on policy and finding the right person to help make things happen can be a real challenge, but London continues to deliver a huge range of top quality services to its citizens and is the most improved of the nine regions.

The Business Challenge

Although on paper producing a business case and an organisational structure to spend over £1.1 million per annum was straightforward, the practicalities of doing it were far from it. On the policy side, there was a need to define the scope as there was still uncertainty about the remit of the new RCEs (they were set up originally to implement the NPS but were then asked to incorporate the Gershon recommendations). There was also a need to identify a work programme that would gain consensus and support from most authorities and which was likely to deliver real cashable savings over and above what they could deliver on their own.

The Business Solution

SPS understood that this study was about providing solid evidence and showing the extent of the business opportunity. However, timescales were short so SPS fielded three teams in parallel, the first to do direct interviews, the second to undertake consultative workshops and the third to undertake an ad-hoc expenditure analysis (in which 16 boroughs took part).

The analysis showed that the boroughs spent about £8 billion per annum with third parties of which around 40% was on the delivery of frontline services. Also, there was a significant overlap with 1,000 suppliers accounting for about 60% of spend, with many being used in multiple boroughs.

The model created recognised that funds were limited, defined tight business objectives and recommended the creation of a virtual organisation acting as a 'catalyst for change'. The new Management Board was urged to restrict the amount of money spent on overheads and also ensure that only projects whose outcomes were portable were funded.

Ken Cole, who led the SPS team, said "this was a classic case where authorities did not want a top heavy central overhead which duplicated or interfered with what they were already doing. They wanted a structure that was accountable to them and allowed them a say in determining business priorities"

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Outcome

The LCE Management Board accepted the business case and work programme. Ken Cole was engaged as Director of the LCE to deliver the business plan that SPS had developed. The London Centre of Excellence went live on 1st April 2005 following on from the initial work that had been done by Peter Fanning, and Francis Murphy. Ken Cole agreed to a secondment which continued until 31st March 2008.

Julia Vernalls, the lead Director for London Councils Division said that “the LCE model succeeded in ensuring that scarce resources were used to maximum effect. Overheads usually remained below 20%, and the Board was able to fund 43 projects in the three years some of which have delivered considerable savings and won awards. Also, it was encouraging that every authority took part in at least one project with twelve leading a funded project.”

The LCE delivered direct savings of £20M and also helped boroughs deliver at least a further £40M.

Full details of what the LCE achieved can be found on its website at www.lcpe.gov.uk and copies of the four annual reports can be found in the SPS library on www.sps-consultancy.co.uk

Find Out More

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