

SHADOW EXECUTIVE
17 March 2009

SUBJECT	Buying-in Additional Resources (To set out the nature, benefits and cost of work being commissioned from Deloitte to support the programme to create Central Bedfordshire.)
REPORT OF	Programme Board
<i>Contact Officer: Simon Redmore (01462 611255)</i>	

IMPLICATIONS

SUSTAINABILITY	None
FINANCIAL	Expenditure with Deloitte will exceed £500,000. Much of the work is pioneering and in recognition of this, Improvement East has given Central Bedfordshire a grant of £229,000 towards the costs of the Deloitte work.
LEGAL	Deloitte's services have been procured using the Office of Government Commerce's "Catalist" procurement route.
PERSONNEL/EQUAL OPPORTUNITIES	None
COMMUNITY DEV/SAFETY	None
TRADES UNION	None
HUMAN RIGHTS	None
KEY ISSUE	Yes
BUDGET/POLICY FRAMEWORK	No

OTHER DOCUMENTS RELEVANT TO REPORT
Central Bedfordshire Shadow Council Constitution

RECOMMENDATION:
<p align="center"> That the Shadow Executive approve expenditure with Deloitte above the delegation threshold subject to consultation by the Interim Head of Staff with the Chairman of the Shadow Executive. </p>
<i>Reason for Recommendation:</i>
<i>To enable services to continue to be procured from Deloitte within the provisions of the Shadow Council's financial procedure rules.</i>

Background

1. Creating the new council is a hugely complex task. It was recognised at the outset that external help would need to be brought in and allowance was made accordingly in the transition budget.
2. In the summer of 2008 officers recognised that a major strategic partner would be needed to provide support. Deloitte were recruited. At the outset the cost of the work was well below the financial threshold delegated to the Chief Executive. Members of Shadow Executive were informed about what was proposed but delegated authority meant that a formal report to Shadow Executive was not necessary.
3. In recent months, Deloitte have been asked to undertake additional activities which has resulted in additional cost. The Shadow Council's adopted procurement procedure rules (rule 7.4) say that the Chief Executive is authorised to approve expenditure above EU thresholds (in the case of services the threshold is £139,893) but below £500,000. The point has now been reached when expenditure with Deloitte is exceeding this figure thereby triggering this report.

Procurement

4. Deloitte were procured using the Office of Government (OGC) "*Catalist*" procurement route. The OGC is an independent office of HM Treasury established to help government and other organisations obtain best value from their spending.
5. "*Catalist*" is a suite of framework agreements that enables purchasers to go straight to suppliers who have already been evaluated at rates that have been competitively tendered. Deloitte are covered by "*Catalist*".

Support Purchased from Deloitte

6. The support purchased from Deloitte has been diverse and has evolved as the programme has progressed since August 2008. Each piece of work has been preceded by agreeing a written brief and any changes have been subject to formal change control. In summary the work has been as follows (the costs shown are rounded):

- a) the first commission to Deloitte was in September 2008 and amounted to £130,000. Given the complexity of the Local Government Reorganisation programme, a review of the programme management and ICT programmes was commissioned. The review assessed whether the existing infrastructure was appropriate for day one success, and identified what changes needed to be made. The ICT element was a joint commission covering both Central Bedfordshire and Bedford Borough;
 - b) during the above piece of work the need for more detailed work on the SWIFT system was identified and cost £20,000 (again jointly undertaken on behalf of both Central Bedfordshire and Bedford Borough);
 - c) Deloitte were then commissioned to carry out an intensive planning exercise which started on 1 December and produced the Key Transition Milestone Plan (which is being used to monitor progress of the programme) and a programme handbook (outlining how the programme should operate) at a cost of £50,000;
 - d) work currently underway by Deloitte is providing programme management support to add to our capacity and expertise between the start of January and the end of March. Deloitte resources are driving the Programme Management Office, and providing resource to focus and help address key issues as and when they arise. The cost of this support is £250,000.
7. Two additional pieces of work as follows will mean that expenditure with Deloitte will exceed the £500,000 threshold noted above:
- e) HR process work. This is vital work and there is simply not the capacity among existing HR resources. Deloitte's fees for this engagement would be £62,000 excluding VAT + expenses;
 - d) IT financial support. Post vesting day, a number of IT services will be shared with Bedford Borough. The charging mechanisms and relative financial contributions to fund this need to be determined, and Deloitte are providing a small amount of specialist support in this area.

Benefits of Deloitte Work So Far

8. The Deloitte input so far has been essential to many aspects of the transition programme, for example:

- a) defining and implementing the robust framework for programme management which has been in operation since January 2009. The improved programme has seen, a greater focus on milestones, much improved co-ordination of the work of programme managers, improved monitoring and reporting of progress, and more effective use of resources;
- b) early identification, and support in resolving, issues associated with disaggregating the SWIFT database and proposing a way forward which was subsequently agreed. Deloitte provided an independent perspective and were able to broker agreement between officers acting for Central Bedfordshire and Bedford;
- c) working with the Director of Corporate Resources and his ICT staff to produce an ICT transition milestone plan;
- d) a major element of "knowledge transfer" is currently taking place so that the officer organisation can develop better programme management skills that will be essential once transformation work gets underway. This is likely to include the transition of the existing Programme Management Office infrastructure to support ongoing Business Transformation activities;
- e) expert resource to work with HR officers and identify the various staff policies and conditions operating in the three legacy councils and which will need to be harmonised in due course;
- f) Expert resource to assess the financial implications of ICT shared service arrangements.

Grant Funding from Improvement East

- 9. The Regional Improvement and Efficiency Partnership (RIEP) "Improvement East" was awarded £5.89m of government funding in 2008/09. The partnership invited bids against this funding for work that met a number of criteria. Officers for Central Bedfordshire submitted several bids and have recently heard that Central Bedfordshire has been awarded a total of £410,000. £229,000 of this is a contribution towards the cost of work carried out by Deloitte.
- 10. The RIEP outcomes which the Deloitte support are leading towards are improvement in performance and delivery corporately and at an individual service level; and equipping the authority with the capacity and skills needed to improve services, empower communities and, in particular, embrace major changes.

11. Much of the work that Deloitte has helped us with is pioneering and officers have already begun sharing the benefits of the work with other councils in the East of England considering local government reorganisation.
-

Background Papers: None specific

Location of Papers: Programme Management Office, Priory House,
Shefford

File Reference: CG3 – 4