



Service Design Proposal

Traded Services

1 What is the recommendation?

The Council currently offers around 60 services to schools on a paid for basis. To maximise income generation, the Council should reshape its existing traded offer to schools and other customers. Instead of an ad hoc offer that is managed disparately across the organisation, the Council builds a coherent trading service and establishes a new commercial entity to deliver this new menu of services.

2 Why is this proposal recommended?

The Council faces major financial challenges that will drive the need to ensure it gets maximum value for money from the services it operates.

At the moment the Council generates some income through trading a variety of services with schools and other customers. This traded income is notionally meant to cover the costs of providing these services to customers.

Given the extreme financial pressure the Council faces, it faces a difficult decision over whether it can afford to run a number of these services where they aren't part of 'core business'. However cutting these services could mean stopping a quality service that is valued by the Council and a range of customers such as schools.

The Council wants to explore the option of setting up a new entity that can trade a menu of services to local organisations and act as a commercial organisation.

3 What does the future service look like?

The future service is likely to operate as a separate commercial entity that is wholly owned by the Council. This entity will offer the Council and other customers a coherent menu of traded services that they can buy.

Going forward the Council wants to ensure that all traded services are commercially viable – this means that they are able to remain competitive to potential customers, and are able to cover their own costs. Consequently the new entity is unlikely to offer the full range of around 50 – 60 services currently traded by the Council as they will not all be commercially viable.

4 What will the service deliver?

This is to be determined through the work, but it is likely that the new entity will offer a range of services to schools and other customers, which may include existing ones such as catering, soft facilities maintenance (i.e. cleaning, minor repairs, safety inspections, etc.), and payroll.

5 What are the constituent parts?

The exact nature of any new entity has not been established it is likely to comprise the following:

- A client management function that secures new business and manages the relationship and contacts with existing customers
- A central business support function to provide administration, payments and corporate support for the new entity
- A range of functions that deliver the services to clients. The number of these will be dependent upon the range of services and groupings.

6 What will be different for the customer?

Customer will interact with a separate organisation instead of the Council. They will have a single point of contact through which they buy services and request support.

7 What will need to change in the service(s)?

A number of aspects of the current set up will need to change:

- A new entity will need to be set up to trade – this will require a new organisational structure with new roles and responsibilities
- Services and staff within scope will need to become more commercially orientated
- The service offer (both in terms of the types of services and pricing) may need to develop to retain existing custom and attract new business
- The Council may need to change the way it procures some services (i.e. they will need to be bought from the new entity)

8 What will be the impact on the workforce?

In order to be competitive the staff terms and conditions may need to be reviewed. The staff that sit within any services deemed within scope may need to be transferred under TUPE to any new entity created. Their roles and responsibilities within this new entity may also change.

The Council will need to decide what to do with services that are deemed not part of the new entity; depending upon the nature of the services offered it may decide that they are terminated with necessary support is bought in from an external supplier, or that it is reduced in size. Consequently staff may be reassigned to other positions or made redundant.

9 When will the changes take effect?

The Council would aim to launch the new trading entity by April 2017, however this would likely involve a phased implementation whereby suitable services would migrate over to the new entity over time. The move would be likely to take 12 – 24 months to complete.

10 When will customer outcomes be seen?

Customer outcomes are likely to be seen shortly after the new trading entity has been established.

11 What savings will be made from the changes?

The new model has the potential to reduce operating costs to the Council, as well as generating additional revenue to help meet financial challenges.

12 When will the savings be realised?

Financial benefits will start to be realised 12 months after implementation of the new arrangements starts.