

Cheltenham Borough Council

Council - 11 October 2010

GO shared services programme

Accountable member	Councillor Colin Hay, Cabinet Member Corporate Services
Accountable officer	Mark Sheldon, Chief Finance Officer
Accountable scrutiny committee	Economy and Improvement Overview and Scrutiny Committee
Ward(s) affected	All
Key Decision	Yes
Executive summary	To inform Members of the progress of the GO Programme, the final business case and to seek approval (including funding) to progress the Programme and commence the implementation phase.
Recommendations	<p>Cabinet recommended that Council:</p> <ol style="list-style-type: none"> 1. Approves a contribution of £100,000 to support the financing of the implementation of the ERP from the Housing Revenue Account, as outlined at paragraphs 5.2 and 5.3. 2. Approve the residual financing of circa £93,000 required to support the financing of the implementation of the ERP through a virement of the money set aside to fund the councils sourcing strategy as outlined in paragraph 5.4.

Financial implications	<p>As outlined in the section 5.</p> <p>Contact officer: Mark Sheldon mark.sheldon@cheltenham.gov.uk 01242 264123</p>
Legal implications	<p>As outlined in section 6.</p> <p>Contact officer: Shirin Wotherspoon shirin.wotherspoon @tewkesbury.gov.uk 01684 272017</p>
HR implications (including learning and organisational development)	<p>As outlined in section 7.</p> <p>Contact officer: Julie McCarthy Julie.McCarthy@cheltenham.gov.uk 01242 774355</p>
Key risks	<p>A residual risk assessment is attached in Annex 1 of the Business Case in Appendix 1. Risks categorised with values of 7, 8 and 9 (red within the programme risk assessment matrix) will be transferred to the Council's Corporate Risk Register.</p>
Corporate and community plan Implications	<p>The delivery of the Enterprise Resource Planning System (ERP) will make a major contribution to the delivery of on of the council's corporate plan outcomes i.e. the delivery of cashable savings.</p>

1. Background

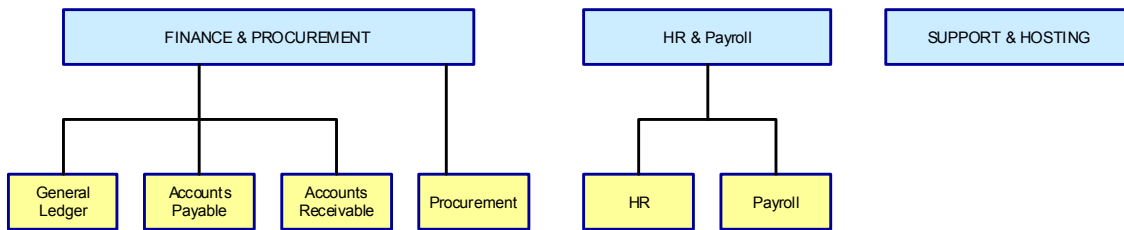
- 1.1** All Councils nationally have faced and continue to face relentless budget pressures. The impact on the Government spending plans over the coming years as a result of the worst economic global crisis in many decades will have a significant impact on Local Government finances for many years to come. Whilst no-one is absolutely sure what level cuts might take, somewhere in excess of 25% cuts in public spending is anticipated.
- 1.2** The challenge facing all Councils is how to continue to provide good quality services to customers with ever decreasing resources. In this respect, it is well acknowledged that back office efficiencies can significantly reduce operational costs for frontline services. The requirement to find cashable efficiency savings for forthcoming budget rounds will have to be achieved if we are to meet the gap between increasing costs and falling revenue support and keep council tax rises to a minimum.
- 1.3** It is against this backdrop and the Government's strong message to share back office services that the GO Programme was formulated. The project is looking at how the partners might share one computer system, called an Enterprise Resource Platform (ERP). The main drivers for the project are efficiency savings, efficient and resilient services and improved user friendly systems.
- 1.4** This report follows on from a previous one submitted to Cabinet and Council during late 2009 which sought approval (from the then seven partners) for the outline GO Business Case and commitment to more detailed pre-implementation investigations.
- 1.5** During the pre-implementation investigations, 3 partner councils (Gloucester City Council, Tewkesbury Borough Council and Stroud District Council) left the partnership for various local reasons. Despite these changes, the 4 remaining partners (Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council) expressed a strong desire to continue the clarification so a final business case could be created upon which final local decisions could be made. This report submits the revised final Business Case and requests the necessary approvals to allow the 4 partners to move together into a formal commitment to the Programme and its implementation.

2. Business Case

- 2.1** The investigations and analysis performed since late 2009 has enabled the Programme Board to define the Business Case in much more detail, including the areas relating to cost, savings, procurement and likely implementation plans. The core vision and concepts of the original business case has not changed, but much of the detail has. This is discussed in the following paragraphs.
- 2.2** A thorough investigation of available systems and procurement exercise(s) for the core ERP system has been undertaken. (Please see Appendix C for a Procurement Summary). The result of this is that the Unit4 Agresso Business World system is the Programme's preferred system and subject to final clarifications is the ERP software that approval is sought to purchase.
- 2.3** The investigation into alternative solutions has included a high level assessment of an offer by Gloucestershire County Council to partner with them and utilise their SAP ERP system. Regrettably investigations proved this route not to be the most cost effective and consequently the option has been discounted. Further information is available as a background paper.
- 2.4** As a result of the detailed investigations and reduction from 7 to 4 partners, the financial elements of the business case have changed as shown in the table below. Whilst the financial benefits have reduced, the Programme still makes prudent economic sense and a full discussion of the financial implications for our authority can be found in Paragraph 5 of this report.

	Original (GO-7) Business Case	GO Business Case
Total investment	£1.6m	£1.4m
Total annual savings	£160k (FY 12/13) rising to £660k (FY 13/14)	£52k (FY 12/13) rising to £448k (FY 13/14)
Gross savings over 10 yrs	£4.7m	£3.4m
Net savings	£3.1m	£2.0m
Payback (Programme Average)	5.27 yrs	5.53 yrs

2.5 A review of the proposed shared service arrangements has also been undertaken and it is now the Programme Board's recommendation that only 3 Centres of Excellence (as opposed to 4 originally) are formed with the responsibilities shown below. This is a result of both the reduction in partner numbers and analysis of the most efficient model for the Programme with regards to overheads.



2.6 The recruitment of a full time Programme Management Office (PMO) has also enabled a thorough review of the proposed Programme plan and milestones. Despite the pre-Implementation period taking some 10-12 months longer than planned in the original Business Case, the reduction in partners has allowed the Programme to be re-phased with the same planned end date (April 2012). The Business Case in Appendix A contains a high level Programme plan; however the proposed key milestones are shown below.

Date	Activity
August 2010	Business Case approved by Programme Board
Sep 2010 – Oct 2010	Programme approved by GO partner authorities
November 2010	Start of implementation
Nov 2010 – Aug 2011	Establish Support & Hosting Centre of Excellence
Nov 2010 – Sep 2011	Installation, implementation and configuration of ERP application
October 2011	First GO partners “live” on ERP application. Forest of Dean District Council West Oxfordshire District Council Remaining Centres of Excellence are established
Oct 2011 – Apr 2012	Rollout to other GO partners
April 2012	Remaining GO partners “live” on ERP application and in scope processes transfer to Centres of Excellence Cotswold District Council Cheltenham Borough Council

2.7 Work has also been undertaken to more fully specify the scopes of the proposed Centres of Excellence (CoE) and this is shown in more detail at the end of the Business Case (Appendix A). This clarification will greatly assist the implementation process due to the decreased risk of differences in partners understandings in what is planning to be achieved.

2.8 Finally programme governance arrangements have been reviewed and streamlined. These are detailed more in Paragraph 6 as well as in the Business Case (Appendix A) and the Collaboration Agreement (Background Document).

3. Procurement

3.1 A summary of the procurement processes followed by the GO Programme is given by Appendix C of this report.

3.2 The current status of the most recent procurement via the Sprint II framework contract is that the Programme Board have selected (subject to contract) Unit 4 (via SCC, the framework operator) as their preferred supplier of ERP software and implementation consultancy. Subject to final clarifications and Cabinet / Council approval of the recommendations contained within this report, it is the intention of the GO programme to enter into a contract with SCC under the Sprint II framework. The Sprint II model contract is available as a background document.

3.3 Under this framework, each Council will enter into a contract with SCC who will then subcontract the provision of the services to Unit 4 (although SCC’s obligations to the Council and any liabilities will not be affected by this arrangement).

4. Support and Hosting Centre of Excellence

4.1 The support, hosting and provision of the proposed new ERP system (to all partners) will be the responsibility of a Support and Hosting Centre of Excellence (CoE). The scope of this CoE is shown in Annex A of the business case (Appendix 1).

- 4.2 To select the lead authority for this CoE a bidding and evaluation process was undertaken; further details of which are available as a background document. The result of the process was that the Programme Board approved Cheltenham Borough Council's bid to be the lead authority for the Support and Hosting CoE, subject to member approval of the arrangements under section 101 of the Local Government Act 1972. The legal implications of the Section 101 Agreement are discussed further in Paragraph 6.3

5. Financial Implications

- 5.1 The allocation of costs and savings resulting from the implementation of the ERP has been agreed by the programme board. The following table summarises this council's share of the final business case costs and savings for the GO partnership compared to the original business case for GO-7. A detailed financial projection of the business case for Cheltenham is at Appendix D.

	Original (GO-7) Business Case – CBC share	GO Business Case – CBC share
Total investment	£250k	£443k
Total annual savings	£70k (FY 10/11) rising to £236k (FY 13/14)	£179k (FY 13/14)
Gross savings over 10 yrs	£1.9m	£1.4m
Net savings	£1.6m	£0.9m
Payback	4.43yrs	4.98 yrs

- 5.2 The remaining GO partners will all benefit from the rollout of the ERP solution to support General Fund accounting across the 4 districts. However, Cheltenham is now the only authority from the partner councils with the requirement to support a separate Housing Revenue Account (HRA) and Arms Length Management Organisation (ALMO). This will involve the creation of a separate chart of accounts with specific requirements but following an agreed standard coding structure and processes in order to maximise the delivery of savings. The payroll for Cheltenham Borough Homes is also processed on a bureau basis by Cheltenham. The intention would be for this to be managed by the HR and Payroll Centre of Excellence and the new ERP system as well as the authority's own payroll. Following implementation, Cheltenham will therefore stand to gain proportionately more from the ERP as a result of the HRA and ALMO. In the final review of the business case, it was agreed that Cheltenham's contribution to the implementation costs and share of savings should reflect the additional benefit it gains from the partnership. Cheltenham Borough Homes have yet to finalise their agreement to using the ERP system for their own accounting needs but there is merit in the organisation using the system since its activities are intrinsically linked to the council and its costs ultimately feed into the HRA.
- 5.3 Previously the council, at its meeting on 14th December 2009, agreed the £250,000 of funding for the council's contribution to the GO7 business case from the reserve created to fund the sourcing strategy. The council now needs to fund an additional £193k to support the council's contribution to the final post tender implementation costs of the ERP. Some work has been undertaken to review the split of usage between the council's General Fund and the HRA which concluded that a contribution to costs from the HRA of £100k is justified and recommended for approval. The HRA will also ultimately benefit from a saving in the recharge in the cost of support services although, at this stage, this has not been quantified.
- 5.4 Given that a proportion of the original investment in the sourcing strategy projects is currently on hold, it is recommended that the residual financing required for the GO Programme of circa £93k is vired from the allocation of some of the money set aside for the sourcing strategy.
- 5.5 Project expenditure comprises both capital and revenue elements which will be properly accounted for in the construction of the councils capital and revenue budgets using the funding available for the project.

6. Legal implications/governance

6.1 In order to proceed to the next stage of the GO Programme the Council, together with the other partner councils, is required to enter into the following legal agreements:

1.	Collaboration Agreement – this agreement will replace the existing informal memorandum of understanding and is entered into pursuant to s1 Local Authorities (Goods and Services) Act 1970, s3 Local Government Act 1999 and Part 1 Local Government Act 2000 and S111 Local Government Act 1972.
2.	Support and Hosting Section 101 Agency Agreement – under this agreement Cheltenham Borough Council will be a lead authority undertaking the services for the other partner Councils in accordance with s101,102,111 and s113 Local Government Act 1972 and s19 and s20 Local Government Act 2000
3.	ERP System Supply Contract – this contract relates to the purchase of the ERP System and is based on the Sprint ii Model Contract as required by the Sprint ii Framework.

Copies of the above mentioned draft agreements are available as background documents.

6.2 Collaboration Agreement -

This agreement is an over-arching contract between the partner Councils to take forward the GO Programme in a formal, legally binding manner. The reason for entering into a legal commitment at this stage is because of the nature of the ERP System. Once the ERP System is implemented across the partner Councils the costs of disaggregation are high and the viability of the programme would be greatly prejudiced if any partner Councils were to exit from the arrangement. Key aspects of the Collaboration Agreement are as follows:

6.2.1 The term is 10 years unless terminated earlier by mutual agreement.

6.2.2 The agreement provides a framework for the partner Councils to work together to deliver the GO Programme and to make the savings set out in the financial case. It is necessary for the agreement to have a degree of flexibility in order to accommodate the possible changes that may be required for the delivery of the GO Programme. The GO Vision appended to the Business Case provides an indicative programme plan and as key milestones approach appropriate Council approval will be obtained before proceeding. For instance, a further report to Members will be submitted during 2011 for the establishment of the future Centres of Excellence (Finance & Procurement and HR & Payroll).

6.2.3 Members will note that given the flexible nature of the agreement, a number of decisions are made 'by mutual consent'. When reaching such agreement each partner Council will need to consider clause 4.7 which provides:

'The Councils' expressly acknowledge that they will have regard to the benefits to all the Councils and accordingly may be required to agree courses of action which although not harmful to their own Council may not necessarily have been their chosen route if they were working as a single entity and not in collaboration'.

6.2.4 The Governance arrangements have been designed on a staged approach as described graphically in Annex C of the Business Case (Appendix A of this report) and in detail within the Collaboration Agreement itself.

6.2.5 Members will note that once the contracts have been completed Phase 1- Stage A commences. In this stage Members will note that a Strategic Partnership Management Board (SPMB) and a Programme Board (PB) is established. The SPMB will consist of the following voting representatives:

- One Member from each Council
- Chief Executive of each Council

It is therefore necessary for the Council to nominate a Member to the SPMB.

- 6.2.6 Members are advised that decisions of the SPMB and the PB are decided by simple majority except for a number of decisions which shall be decided on a 75% majority basis (with at least one voting representative from each Council in attendance). The decisions falling within this exemption include changes to the Business Case, changes to the Financial Case and the selection of the Centres of Excellence.
- 6.2.7 The Terms of Reference for the various Boards and Groups are set out in the documentation as explained in paragraph 6.2.4.
- 6.2.8 As the partner Councils will be working together in delivering the GO Programme the agreement provides that the partner Councils will appoint one of their number to be the Accounting Body and a Council who would employ staff to undertake various duties for the GO Programme.
- 6.2.9 The agreement provides that if Council is in default either under the Collaboration Agreement or the 101 Agreement then the Council in default will be at risk of being required to leave the partnership. As the termination of any partner Council from the agreement will have an impact on the remaining partners, this will only be undertaken in extreme circumstances. The normal process will be to resolve the default through negotiation and by providing assistance and support, where appropriate. If, however, a decision is made that the Council in default must exit the partnership then that Council will be required to pay all costs spent and actual costs committed to the remaining partners as well as any redundancy/redeployment or other costs relating to the termination of any leases or licences. The defaulting Council will also have to disaggregate and transfer all of its data and records from the ERP System at its sole cost.
- 6.2.10 In the event of termination by expiry of the term or by mutual agreement, the partner Councils will work together to prepare a mutually beneficial exit strategy. The costs of termination in this case will be apportioned on the same basis as the apportionment of savings set out in the financial case.
- 6.2.11 The agreement includes a “hold harmless” clause. This means that the partner Councils will not sue each other for internal financial losses arising from the negligence of any partner Council in the performance of this agreement. Each Council will still be required to have insurance cover, in respect of the employers’ liability, public liability and officials indemnity.
- 6.2.12 The disputes process is as follows:-
- Any dispute may be referred to the Strategic Partnership Management Board (SPMB) or the Joint Monitoring Liaison Group (JMLG) as appropriate
 - if the above fails to resolve the situation then the matter may be referred to arbitration.

6.3 Section 101 Support and Hosting Agreement -

On 27 July 2010 Cabinet (at Cheltenham Borough Council) approved the submission of a proposal to the GO Partnership for Cheltenham to provide the support and hosting Centre of Excellence. The Council’s proposal was successful and Cheltenham will become the lead authority under an agency agreement under Section 101 Local Government Act 1972 and Sections 19 and 20 Local Government Act 2000. This means that the other partner Councils will formally delegate the services which fall within the scope of the Centre of Excellence to Cheltenham. The 101 Agreement itself has a number of key provisions (such as the term, governance, termination and insurance arrangements) which directly link to the Collaboration Agreement (as described in paragraph 6.2). Other key items are as follows.

- 6.3.1 Operational and Monitoring matters – the agreement requires Cheltenham to comply with the performance schedule set out in the invitation to bid. The Council is still required to continuously improve the delivery of the service and to make appropriate recommendations to the SPMB/JMLG.
- 6.3.2 Staff - No staff will be transferred across to Cheltenham from the other Councils under the Transfer of Undertakings (Protection of Employment) Regulations 1996, although these regulations may apply to three planned staff to be recruited within the Support CoE in the event of partnership dissolution or CoE termination.
- 6.4 It is recognised that good governance will be essential within the GO Programme for it to be successful. Appendix B contains samples of the key governance documentation that will be used to provide a standardised recording and reporting method for the Programme across all four partners.
- 6.5 Progress on the Programme will be reported to Members by the Cabinet member for Corporate Services (SPMB representative) and monthly via member bulletins. Costs and savings will be reported in the budget reports to Cabinet in December of each year.

7. Human Resources Implications

- 7.1 Should all four councils agree to go ahead with the project, there will be significant demand upon officer time both within the functions directly affected (Finance, Payroll, HR and Procurement) as well as upon the wider organisation leading up to implementation and changes in business processes (e.g. ordering and self service HR functions such as leave). Whilst the Business Case includes some funding for the implementation of the Centres of Excellence, the requirement for resources from the partner authorities should not be underestimated (especially in the period leading up to Go Live).
- 7.2 The provision of services through the Finance & Procurement and HR & Payroll Centres of Excellence will lead to an overall reduction in the number of officers delivering transactional services in these areas. The GO Programme have agreed to manage this eventual reduction in numbers by active vacancy management. Vacant posts, which have arisen since 2009 and over the remainder of the implementation period, will be filled by temporary or agency staff or other such methods until the Centres of Excellence have been fully established and final resourcing requirements ascertained.
- 7.3 Eventually, there is likely to be a requirement to TUPE offers to another authority, but reports on this matter will be brought separately to Cabinet as necessary.
- 7.4 Please note that the comments in paragraphs 7.2 and 7.3 above do not apply to the Support and Hosting Centre of Excellence at this time.

8. Equalities and Impact Assessment

- 8.1 Due to the nature of the programme, the equalities impact is very small and an assessment is not required at this time. However the Programme Board will ensure that equalities impacts are considered during all major processes from procurement through configuration to business and employee change arrangements.

9. Performance management – monitoring and review

- 9.1 Progress on the programme will be reported to Members by the Cabinet Member for Corporate Services (SPMB representative) and monthly via members bulletins.

Costs and savings will be reported in the budget reports to Cabinet in December of each year.

10. Consultation and feedback

10.1 This report follows consultation with the Economy and Business Improvement Overview and Scrutiny committee on 20th September 2010. Minutes of these meetings have been circulated to members.

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Appendices	Appendix 1 - Risk Assessment Appendix 2 - GO Detailed financial projection for Cheltenham
Background information	Available on request to the Democratic Services Unit <ul style="list-style-type: none">▪ GO Programme Business Case (v3.00)▪ GO Sample Programme Documentation▪ GO Procurement Summary▪ GO Programme Collaboration Agreement▪ GO Programme Samples S101 Agreement for Support and Hosting Centre of Excellence.▪ GO Programme Evaluation of Support and Hosting Centre of Excellence bidding process. <p>The following two documents are exempt information (Paragraph 7, Part 1, Schedule 12A of Local Government Act 1972) but are available to Members upon request to the Democratic Services Unit.</p> <ul style="list-style-type: none">▪ Sample Model Sprint II Contract▪ High level assessment of an offer by Gloucestershire County Council to partner with them and utilise their SAP ERP System.

Appendix 1 – GO Risk Log

Risk ID	Project / workstream	Date logged	Last updated	Affected Partner	Category	Description	Gross	Residual	Target	Actions	Owner
1	PMO	17/05/2010	16/08/2010	All	Business Case	IT Interfaces - Risk regarding complexity of interfaces to ERP system from local systems	8	5	3	19/05/2010 KD re-iterated request to ICT sub-group 20/05/2010 Programme Board confirmed that 10K per authority is allocated to cover these costs. 30-Jul-2010 Bank reconciliation to be addressed – confirmation it will be within ERP system	RW
2	PMO	13/08/2009	16/08/2010	All	Business Case	Legacy systems support if the ERP system is not implemented before current systems are out of support then partners have the choice of upgrading their current system or operating it without support. W. Ox - HR & Payroll unsupported in April 11, decision on upgrade due in July 10. FoD - HR & Payroll already unsupported, making legislative changes only for Payroll. Financial mgmt unsupported from December 10.	8	3	3	Press on with programme. Incorporate any constraints in plan where possible. Maintain open communication with councils concerned. 03/06/10 Risk reviewed. FoD will open discussion for a December upgrade of its Finance system and believes it has adequate support for legislative parts of its HR system. W Ox has negotiated a 3 month rolling extension of support for its systems. 30-Jul-2010 FoD proceeding with upgrade to existing finance system	RW
3	PMO	16/06/2009	16/08/2010	All	Business Case	Commitment: lack of commitment and action leads to inability to embed change and realise opportunities and efficiencies	8	6	3	Maintain momentum and deadlines Acknowledge and deal with change management aspect of the programme. Understand resources. Ensure robust governance agreement in place at start of process. Ensure a clear agreed and detailed vision. Meeting with Chief Executives from partner councils on 19-Aug-2010 showed alignment and demonstrated commitment	PP

Risk ID	Project / workstream	Date logged	Last updated	Affected Partner	Category	Description	Gross	Residual	Target	Actions	Owner
4	PMO	16/06/2009	16/08/2010	All	Business Case	Conflicts of Interest: there may be occasions where the interests of the Councils are opposed	2	2	2	Currently addressed in Memorandum of Understanding (MoU) Each programme board meeting includes an agenda item on 'Programmes / Projects which may impact GO' During implementation will be addressed through Collaboration Agreement	PP
5	PMO	16/06/2009	16/08/2010	All	Business Case	Conflicts of Interest: Those involved in leading the project also have an interest in its outcome	2	2	2	Ensure effective scrutiny of roles via the Programme Board (where a representative of Internal Audit sits) and governance arrangements During implementation will be addressed through Collaboration Agreement	PP
6	PMO	16/06/2009	16/08/2010	All	Business Case	Cultural change: political and loss of democratic control. Different corporate priorities and policies at different authorities	3	3	3	To be addressed through governance arrangements	PP
7	PMO	25/02/2010	16/08/2010	All	Reputation	Data Protection and confidentiality: it may not be possible to view or share data or supplier information because of the requirements of the Data Protection Act 1998 and the principles of confidentiality.	3	3	3	Agree data sharing protocols	SW
8	PMO	25/03/2010	16/08/2010	All	Business Case	Resourcing : Availability of critical resources during the implementation and post implementation period Officers involved in project unable to provide day to day delivery of service to their authority	8	6	3	Ensure the critical resources matrix is discussed at each Board meeting, and resources are reviewed at each milestone stage in the programme plan 03/06/10 Matrix to be updated in the light of the updated roadmap in October.	RW
9	PMO	12/08/2010	16/08/2010	All	Business Case	Organisation: Due to financial constraints proceeding without appointment of Business Change manager	8	6	3	Programme Manager to maintain a close watching brief of Business Change tasks	RW

Risk ID	Project / workstream	Date logged	Last updated	Affected Partner	Category	Description	Gross	Residual	Target	Actions	Owner
10	PMO	12/08/2010	16/08/2010	All	Business Case	Business Processes: establishment of Centres of Excellence fails to install best working practices	8	6	3	Programme Manager to maintain a close watching brief of Business Change tasks	RW
11	PMO	16/06/2009	16/08/2010	All	Business Case	Project management: Project does not run to time, goes over budget or does not deliver the expected outcomes.	5	3	2	A PRINCE2 qualified practitioner to ensure the project plan is robust, comprehensive and able to be delivered in the timescales stated April 2010 - an experienced and qualified programme manager has been recruited to lead the implementation of the new system and services.	RW
12	PMO	09/06/2009	16/08/2010	All	Business Case	Project skills: the project lacks the right balance and volume of skills	8	3	2	12-Jul-2010 Programme and Project managers identified and in post	RW
13	PMO	30/06/2009	16/08/2010	All	Business Case	Culture changes - staff: staff unhappy with change, conflicting terms and conditions, key staff leave or reduced cooperation.	5	5	3	Communications. Involvement of Trade Unions	PP
14	PMO	30/06/2009	16/08/2010	All	Business Case	Trade union opposition delays project or results in increased costs, prejudicing business case.	5	5	3	Address in Communication Plan	PP
15	PMO	13/08/2009	16/08/2010	All	Business Case	Set up Costs Combined shared service set-up costs not identified correctly.	6	6		Lead officers responsible for data gathering within each authority. Independent assessment by 8020i. Comparison with private sector benchmarks	RW
16	PMO	27/08/2009	16/08/2010	All	Business Case	Benefits Realisation - Efficiencies & Cost Combined shared service fails to achieve benefits of service efficiencies and reduction in support costs.	6	6		To be monitored	PP

Risk ID	Project / workstream	Date logged	Last updated	Affected Partner	Category	Description	Gross	Residual	Target	Actions	Owner
17	PMO	24/09/2009	16/08/2010	All	Business Case	Organisational changes in organisational structures to occur after the approval of the Business Case but before the establishment of Centres of Excellence	8	8		Review Business Case on regular basis to ensure anticipated benefits remains viable and achievable Programme Manager to ensure that Programmes / Projects which may impact GO are discussed at each Programme Board meeting. All Senior Officers aware of CoE plans	PP

Risk Model

Having identified the key risks, an established method of measuring risk has been followed. A simple 3 x 3 "risk model" has been used to score the risks in terms of likelihood and impact. A broad definition for each element of the grid is shown on the model to assist scoring. Although scores are necessarily judgemental, they have been carefully reached. In such a complex programme, the number of potential risks is substantial. This register, therefore should only identify those risks that can and need to be monitored in order to help ensure that programme objectives are met.

		Likelihood		
		Low	Medium	High
Impact	High	<p>Important risks - may potentially have a major effect on Project deliverables, timescales, cost or reputation. Monitoring required.</p> <p>6</p>	<p>Key risk - may potentially have a major effect on Project deliverables, cost or reputation</p> <p>8</p>	<p>Immediate action needed - Risk is likely to become an issue and will have a major effect on Project deliverables, timescales, cost or reputation</p> <p>9</p>
	Medium	<p>Monitor as necessary - less important but still could have a significant effect on the Project deliverables, timescales, cost or reputation</p> <p>3</p>	<p>Monitor as necessary - less important but still could have a significant effect on the Project deliverables, timescales, cost or reputation</p> <p>5</p>	<p>Key risk - Risk is likely to become an issue and may potentially have a significant effect on Project deliverables, timescales, cost or reputation</p> <p>7</p>
	Low	<p>No action necessary</p> <p>1</p>	<p>Monitor as necessary - less important but still could have a minor effect on the Project deliverables, timescales, cost or reputation</p> <p>2</p>	<p>Monitor as necessary - less important but likely to become an issue and may have a minor effect on Project deliverables, timescales, cost or reputation</p> <p>4</p>

Appendix 2 – GO Detailed financial projection for Cheltenham

Cheltenham Summary		0	1	2	3	4	5	6	7	8	9	10
Year	Financial Year	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/11
Classification		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Capital Investment		£325,313	£96,356	£0	£0	£0	£0	£0	£0	£0	£0	£0
Centres of Excellence Project Team	Revenue	£15,000										
Advice (Legal etc)	Revenue	£6,250										
Total Revenue Investment		£0	£21,250	£0	£0	£0	£0	£0	£0	£0	£0	£0
Internal Hosting - Maintenance	Revenue	£8,773	£8,773	£8,773	£8,773	£8,773	£8,773	£8,773	£8,773	£8,773	£8,773	£8,773
Internal Hosting - Support C of E	Revenue	£3,308	£23,773	£26,575	£26,575	£26,575	£26,575	£26,575	£26,575	£26,575	£26,575	£26,575
Data Communications / Network Connectivity	Revenue	£16,744	£16,744	£16,744	£16,744	£16,744	£16,744	£16,744	£16,744	£16,744	£16,744	£16,744
Software Lic 3rd Party - Quick Address&Org	Revenue	£1,125	£1,125	£1,125	£1,125	£1,125	£1,125	£1,125	£1,125	£1,125	£1,125	£1,125
Licence / IT savings	Revenue		£32,648	£32,648	£32,648	£32,648	£32,648	£32,648	£32,648	£32,648	£32,648	£32,648
One-off employment costs	Capital / Revenue		£120,000									
Procurement Savings	Revenue		£37,728	£37,728	£37,728	£37,728	£37,728	£37,728	£37,728	£37,728	£37,728	£37,728
Indirect savings from service sharing	Revenue		£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
Total savings from service sharing	Revenue		£65,816	£65,816	£65,816	£65,816	£65,816	£65,816	£65,816	£65,816	£65,816	£65,816
Total Revenue Impact (saving)		£3,308	£50,414	£37,024	£37,024	£37,024	£37,024	£37,024	£37,024	£37,024	£37,024	£37,024
Cumulative impact												
Cumulative investment	Capital	£325,313	£421,669	£421,669	£421,669	£421,669	£421,669	£421,669	£421,669	£421,669	£421,669	£421,669
Cumulative investment	Revenue	£0	£21,250	£21,250	£21,250	£21,250	£21,250	£21,250	£21,250	£21,250	£21,250	£21,250
Total cumulative investment		£325,313	£442,919	£442,919	£442,919	£442,919	£442,919	£442,919	£442,919	£442,919	£442,919	£442,919
Cumulative savings	Revenue	£3,308	£53,723	£90,747	£88,045	£266,836	£445,628	£624,420	£803,211	£982,003	£1,160,795	£1,339,586
Net Cumulative Total		£328,622	£496,642	£533,666	£354,875	£176,083	£2,709	£181,500	£360,292	£539,084	£717,875	£896,667
Payback												
ROI												
NPV 5%												
Net Cost / (Saving)		£328,622	£168,020	£37,024	£178,792	£178,792	£178,792	£178,792	£178,792	£178,792	£178,792	£178,792