

Management Options for the Future

Exercise One

- What are your current drivers for change?

Examples

- Immediate in year savings
- Corporate transformation and mergers within your organisation
- Libraries transformation programme
- Restructuring
- Asset rationalisation
- Digitisation of collections
- The commissioning agenda
- Development of new revenue streams
- New services / facilities coming on stream
- Etc..



Management Options for the Future

Exercise One - Group Discussion 10-15 mins

1. What are your Heritage Services currently reviewing or planning to review in the next 12 months?
2. If yes, will your Council be integrating your service review with Libraries and or other sport and cultural services?
3. Is your current service fit for purpose or will it need some restructuring / rationalisation prior to any new management model?



London Library Change Programme (LLCP)



Phase 3 – Support for implementation of collaborative projects and shared learning

Rick Blakemore, Mott MacDonald

- Providing **practical support** to help boroughs refine their strategic plans and accelerate the delivery of savings.
- Offering three types of support:
 - **Tools to support strategic planning:** a package of tools including a 'Strategic Options Framework' and case studies to help refine savings plans and support in using them.
 - **Collaborative learning:** providing a forum for ideas and sharing progress with projects and providing peer support and challenge, including workshops, seminars for offices and cabinet members and Community of Practice.
 - **Investing in collaborative projects:** working with boroughs and partnerships to help develop options and models for cost-effective service delivery models.
- Supporting **collaborative solutions** to complex and urgent **shared problems**, helping to avoid the cost of 'reinventing the wheel'.

Investing in Collaborative Projects

- The commissioning process:
 - CA confirmed remaining funding including £130K for commissioning products.
 - Funding available for collaborative projects that will result in development of ‘reusable products’ that can benefit other boroughs.
 - In-depth telephone survey to identify strategic models that boroughs are pursuing
 - Have issued guidance on commissioning process to boroughs
 - Providing workshops to help develop and refine ‘products’ which Capital Ambition will commission.
- Our timetable:
 - First round of proposals to be submitted and reviewed by 7 February.
 - Target deadline for other proposals – 28 February.
 - Capital Ambition final approvals by 15 March

London Boroughs' Interest in Service Models

Stage	Trust	Comm. Mgt.	Sharing	Place-based	Out-source	Buying cons.	Other
3: Planning	1		3	2	1	3	2
2: Resourcing	4	2	3	7	2	2	1
1: Exploring	7		4	2			1
Totals	12	2	10	11	3	5	4

Source: LLCP telephone survey of 28 boroughs – Dec 2010

- 3 large-scale collaborative partnerships well-advanced:
 - London Libraries Consortium: 15 boroughs already using one LMS and purchasing consortium
 - SE London – 7 borough purchasing consortium
 - Central London – RBKC, LBHF and City of Westminster – part of wider shared service transformation programme
- Others propositions in development:
 - Cross-boundary rationalisation and place-based integration of assets, including libraries
 - Community Management and Trusts
 - Employee-led mutuals
 - Outsourcing

Definition of an Options Appraisal



- An options appraisal is used to assist authorities take the right decisions by ensuring that no policy, programme or project is adopted without first answering these key questions:
- Are there better ways to achieve our objectives?
- Are there better uses for the resources available?
- Is this the best way to achieve our desired outcomes?



Key stages of an options appraisal



1. Establishing the strategic need
2. Establish the range of resources available
3. Establishing the key outcomes and objectives you want to achieve in terms of meeting the strategic need
4. Establish your 'do minimum' or "baseline" position
5. Establish your organisation's position on risk transfer
6. Develop your evaluation criteria for the long-and short-listing process
7. Identify the full range of options, which may be available to deliver your desired outcomes and objectives
8. Create a short-list from a high level option appraisal
9. Evaluate fully the short-listed options against the evaluation criteria
10. Progressing the preferred option.



Key stages of an options appraisal

1. Establishing the strategic need



Key questions to ask

1. What strategic needs are we meeting with our Heritage Services and is there evidence to support this?
2. Do we understand our key stakeholders approach to meeting these strategic needs and our role in supporting this?
3. Are we in a position to review strategic need and our organisation's response to those changes on a regular basis?
4. Have we taken account of the new Localism Agenda and other emerging issues eg Big Society and Commissioning ?



Key stages of an options appraisal

2. Establishing the range of resources available

Key questions to ask

1. Do you know how much each element of your service costs?
2. Are you in a position to identify the budgets you are working to and for how far into the future?
3. Have you begun to seriously explore how you can generate revenue to supplement direct funding from the local authority & partnerships?
4. How are you going to build in some contingency to ensure if your budget is reduced further, you can still function?



Key stages of an options appraisal

5. Establish your organisation's position on risk transfer

Key questions to ask

1. Has your organisation explored the risks associated with potential transfer / divestment of assets to both the Council and any future partners?
2. Are you clear about the condition of your assets and the longer term lifecycle costs linked to condition surveys?
3. Has your organisation explored the issues for staff linked to TUPE, Pensions and T+Cs?
4. What is the Council's position on losing some level of direct control with some management options?
5. Is it legal for you to change to an alternative management model?
6. What services would you lose as a Borough and how would you deal with loss of control?
7. Have you got a risk register and how are you using it?



Key stages of an options appraisal

6. Develop your evaluation criteria for the long-and short-listing process

Key considerations

1. An opportunity to involve Members and wider stakeholders?
2. Try to use a consensus based approach to establish the criteria
3. Use weighting each criteria to emphasise the Council's priorities
4. Involve your Finance Director where practicable.
5. Ensure you have taken account of the wider transformational agenda to ensure Heritage Services are not working in isolation.



How Heritage Services sit within a wider Departmental Options Appraisal

Many Heritage Services are subject to a wider review of Cultural and Sport Services.

Discussion

1. What are the issues relating to this and how can they be addressed to position Heritage Services?
2. What opportunities are presented from more collaborative working?



Cross Boundary Collaboration

1. A variety of approaches are being explored including:
 - Joint Posts
 - Shared Management Teams
 - Sharing volunteers
 - Shared Services / Infrastructure (Shared Archives)
 - Shared systems - eg digitisation
2. Any examples from the audience?

Example: Colchester and Ipswich Museum Service

The museum services in Colchester and Ipswich merged on the 1st April 2007, creating a brand new service for the two towns. This enabled greater economies of scale and shared services.



Collaboration

Exercise - What are the key considerations for collaboration?

Table 1

- Joint working
- Shared back office / ICT / Digitisation
- Joint Posts
- Shared management teams
- Shared procurement of supplies and services

Table 2

- Joint commissioning (eg being commissioned or commissioning work)
- Shared collection space
- Shared volunteer management
- Shared accommodation.



Collaboration: key considerations

- How strong are relationships now?
- Is there a genuine appetite for partnership working?
- Are there significant benefits for both sides?
- Is it clear where duplication exists and can be removed?
- Are there opportunities for economies of scale?
- Are there opportunities for synergies?
- Are the people in charge ready to relinquish some control?



Learning from shared management teams

1. Ensure no large cultural differences
2. Ideally there must be some similarities in the areas covered by the councils
3. The communities need to have some similarities
4. Both authorities must trust the head of the shared service
5. There needs to be clear and well understood governance
6. Politicians must be able to trust and work with each other.



Identifying and evaluating risk

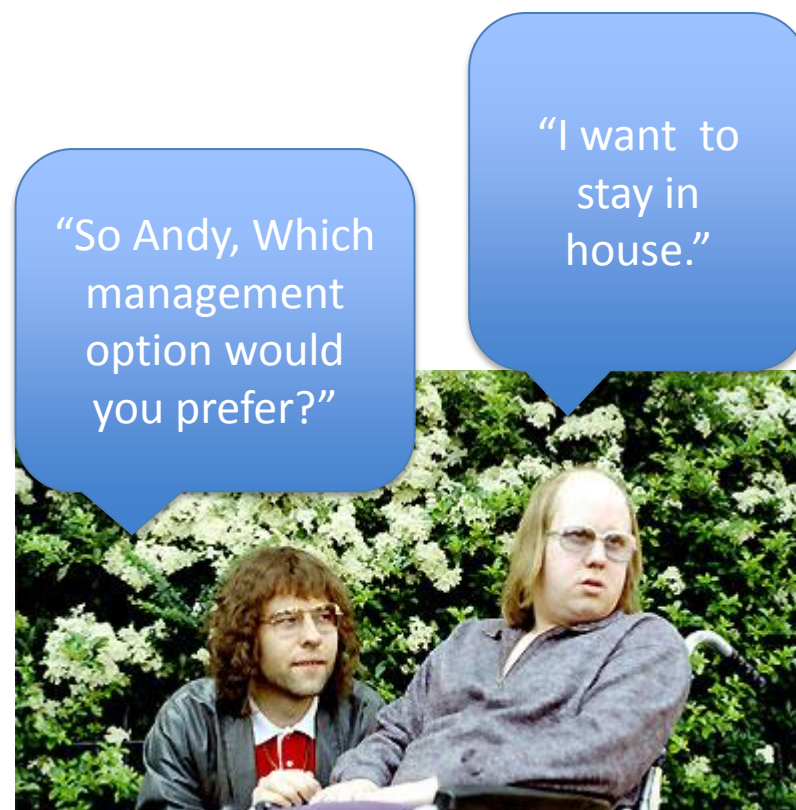
Exercise

1. What major risks can you think of linked to a Museums and Archives Service adopting a new management model?
2. How could you mitigate against them?



Common Pitfalls to Avoid

1. Avoid 'Appraisal Bias' - over optimism towards a particular option
2. Avoid using the appraisal to establish the business need
3. Ensure you've explored all associated costs linked to a particular option.



Common Pitfalls to Avoid

1. Jumping to solutions
2. Appraisal Bias
3. Lack of ownership of the developing business case
4. Not exploring all the options fully prior to taking a view on the preferred approach
5. Not exploring cross boundary collaboration at an early enough stage to consider as a serious option
6. Keeping the service structure and functions the same, and pursuing an alternative way of managing that service which may not be ready for externalisation / new partnerships
7. Not developing a business case alongside the options appraisal.



Options Evaluation

1. Give careful consideration how you plan to refine your options down to a shortlist
2. Too light and there is a risk that options are not fully explored prior to selection for further scrutiny and exploration
3. Too heavy, and time and resources are wasted on options that are unlikely to be pursued.

Exercise 5 mins

How much time and resource as a percentage would you spend on the long list of options compared to the short list of options and development of a preferred option and implementation plan?



Options Evaluation – key considerations

1. Options evaluation criteria must be developed well in advance of the evaluation
2. Weighting of criteria must be transparent and politically approved
3. This is not a box-ticking exercise – so allow sufficient time and resources
4. Assessment of options, costs and benefits should include a descriptive analysis as well as numerical and financial
5. Descriptions of options should be independent, comprehensive and accurate
6. Financial estimates and forecasts should be clearly stated so they can be assessed accordingly
7. Costs, risks and benefits of each option should be proportionate to the likely impact
8. Identify direct and indirect impacts on users and communities, stakeholders and staff.



Options Evaluation



An example of evaluation criteria

Criteria	Weighting (%)
Quality Criteria	40%
Potential to widen access to Council facilities to target groups	15%
Track record of high quality museums management and programming innovation, that also appeals to educational partners	5%
Potential for partnership working and ability to secure external funding through commissioning	10%
Potential to integrate with Library and Other Culture and Sport Services	5%
Potential to increase the range of events and activities that support the Council's economic development and reputation as a visitor destination	5%
Cost Criteria	60%
Potential to reduce ongoing revenue subsidy for the Council	20%
Provision of a sustainable long term, flexible and cost effective solution	20%
Likelihood of securing external grant funding	5%
Potential to develop new lines of business effectively and optimise rate of return on investments	5%
Relative value of risk transferred from Council to Partner	10%
Total	100%



Implementation Planning

1. Once you have identified a clear way forward for your services you will need to have developed a detailed implementation plan.
2. This should be a project in its own right and have a formal project management and governance structure.
3. The business modelling of the option to be implemented will be a key element
4. A stakeholder communications strategy should be considered
5. Staff and Union communications / consultation will be key, particularly if / restructuring / externalising the service
6. You will require external support in relation to legal, HR, finance and procurement and this will need to dovetail with any wider transformational activity with your Council etc..



Further Support and Information

Publications:

1. IDeA – 'Improving strategic commissioning in the culture and sport sector Guidance Paper 2'
2. ESSU – 'Options appraisal criteria and matrix' By Dexter Whitfield
3. FMSIS – 'Option Appraisal March 2005'
4. 'Sharing assets and asset transfers' - Asset transfer consultation
5. 'Different models for delivering culture and sport services' - Alternative models consultation IDeA 2010
6. '10 Golden Rules for Options Appraisals' The Sport, Leisure and Culture Consultancy
7. Heritage Change Programme Resources available at <http://bit.ly/gcuv6i>



Summary

Group Discussion

1. What are the two things that you will take away from today back to your organisation?
2. What further information and support you feel you need?



Further Information

Heritage Change Programme – New Ways of Working Guidance

1. Options Appraisal Guidance
2. Business Case Guidance
3. Signposting Guidance
4. Trust Options Guidance
5. Trust Implementation Guidance

Visit <http://bit.ly/gcuv6i> to access these documents once published.



Further Contact

HCP Project Manager

Tina Morton 07917 330025

tina.morton@mla.gov.uk

HCP Consultant Team

Duncan Wood-Allum 07930 549580 (HCP Project Director)

duncan.wood-allum@sportleisureculture.co.uk



Coming up....

Heritage Services of the Future An Introduction to Visioning and Competencies to Transform Your Service

Wednesday 9 March, 2011 10am-4pm

Suitable for:

Officers with strategic and / operational responsibility for both individual heritage organisations and borough-wide Heritage Services.

Delegates will have hands-on experience of applying the unique tools in the HCP Guidance Pack with close support from the HCP consultants. This day-long session will: Provide practical guidance on using the HCP Future Operations Model and Visioning Techniques to create a compelling model of how their Heritage Service could look in the future

Explore the key competencies identified by HCP for Heritage Services to ensure that their workforce is fit for the future.





THE SPORT, LEISURE AND CULTURE CONSULTANCY
www.sportleisureculture.co.uk

Integrity

Talent

Passion

Knowledge

Balance