Business Case Development
Guiding Principles for Shared
or Outsourced Services Arrangements

This document is designed as a supplement to the Merton Approach to Projects (MAP) methodology. It is especially for use when developing a business case for shared or outsourced service arrangements because it contains guiding principles to ensure that you are considering the right things.

It uses and builds on the seven dimensions of change identified by CIPFA as central to establishing successful shared services, and is based on the lessons we have learned as a council from our own experiences.

Purpose	The business case…is clear about what the service is trying to achieve. There is an accepted understanding about the objectives of the change and the effect they will have on the final proposals. Key questions - Are you trying to deliver 'more for less', or 'different for less'? - Is there an agreed vision of what you are trying to achieve?
Content & processes	The business case … is clear about what is actually provided by the service/s and sets out which elements will and will not be shared or outsourced. There is an understanding about the procedures that are followed and where they align and where they will need to be altered. Consideration is given to whether processes are as efficient as possible, prior to the move to share or outsource the service. Key questions - Have your Director and Lead Member given a steer about what should be in and out of scope? - Have you specified and prioritised the elements of the service that will be (or are intended to be) shared or outsourced? - Have you reviewed and leaned your current ways of working and exploited any in-house efficiency gains before you consider sharing or outsourcing?
Technology & Information	The business case … contains details of the tools people work with and how information is accessed. It is clear about any investment required to align or re-procure systems or IT infrastructure and has assessed the risk in sharing information in the proposed shared arrangements. Key questions - Have you discussed with your Business Systems Manager the impacts and implications of the proposed service

	delivery arrangements on your current back office systems? - Will you need to procure new software or hardware? - Have you completed a Privacy Impact Assessment (PIA) in conjunction with colleagues in the Information Governance team?
Organisational Structure	The business case … has clarity on how leadership arrangements will change in the proposed structure. There are established lines of responsibility showing who reports to whom, who works with whom and spans of control. Key questions - If there are proposals for a shared service, will Merton be the lead partner? If not, what will the nature of our role be, and what will that mean for our reporting structure? - How have you established the willingness of the other organisation(s) to collaborate? Are senior stakeholders on board? - If there are proposals for an outsourced service, what impact will this have on the current organisational structure and reporting arrangements?
Job roles & grades	The business case … links the content above with information about the job roles that are required. There is agreement about the duties each person must carry out, their areas of responsibility and their authority to make decisions (the impact of any changes on salary scales has been acknowledged and costed). Key questions - Have you considered additional staffing implications such as training needs or recruitment costs?
Location	The business case … has options for where work will be undertaken and whether relocation and commuting costs will be compensated for. The plans here take into account the One Public Space vision to rationalise public sector space and share with partners wherever feasible. Key questions - Where will staff be based or operate out of? - Will the new service delivery arrangements require Merton to provide more or less space for staff (as well as things like equipment)?
Employment relationship & branding	The business case … sets out who the employer will be and sets out the implications this may have on the employee's sense of identity. There are change management approaches in place to support this transition.

	Key questions - Have you liaised with the Corporate Change Manager to discuss the potential impacts of the proposed service delivery changes? - Have you factored these considerations (and any risks they pose) into your assessment of the options?
Staffing levels & structures	The business case … sets out whether staff with be transferred (or not) and the timescales and approach for this. It details how many posts are needed and whether staff are expected to work across organisational boundaries. Key questions - Have you consulted with colleagues in HR about any potential TUPE implications and costs? - Have you assessed the resources and time needed if a restructure is required?
Finance	The business case … looks at detailed financial modelling for all options being considered, including full-life costs for each possible delivery model. Key questions - Does your modelling cover all possible economic considerations, such as the administrative costs of managing a provider (or another local authority's staff)? - Has your Service Financial Adviser (SFA) signed off your modelling?

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