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## Overview

Penny James is CEO of Taunton Deane Borough Council. Together with Somerset County Council, Avon and Somerset Police and IBM, Taunton Deane Borough Council is part of Southwest One, a unique public/private joint venture formed in 2007. Southwest One's goal is to improve services and save money for the authorities by managing back-office and transactional services through a single shared service arrangement, and by delivering major strategic projects to transform and modernise the way the authorities work.

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# Punching above your weight to achieve growth targets

*Penny James, CEO of Taunton Deane Borough Council*

## Q. What were the key strategic drivers for Taunton Deane Borough Council to engage with the Southwest One initiative?

**A.** As a nominated growth point for the South West, Taunton Deane has very significant growth ambitions: we're aiming to double our housing stock by 2026, and we have central government support to do this. When we went out to the local community to confirm the best way to grow, what came back very clearly was that our expansion needed to be sustainable. We want to make sure that Taunton Deane doesn't become a region of dormitory towns, so we are also thinking about how to develop local employment opportunities.

As a small organisation, it rapidly became clear that we didn't have all of the capital, skills and knowledge to tackle this ambitious growth plan on our own. The Southwest One initiative gave us the opportunity to punch above our weight, and we very much feel that shared services are the future for local government.

## Q. How much of a radical departure and a risk was this for the Council, and how did you secure agreement from the internal stakeholders to proceed?

**A.** We had recently been judged "Excellent" by the Audit Commission - one of only two such organisations in the South West - which was great for our reputation but also created some internal resistance to pushing for further improvements. And the whole concept of shared services was a tricky topic in political terms. When dealing with internal stakeholders, my team and I made a point of talking about desired outcomes rather than the structures that would deliver those outcomes. As a result, we successfully got all stakeholders on board as our partners in Southwest One.



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*“As CEO, I oversee an ongoing balancing act between flexibility and uniqueness on the one hand, and efficiency and control on the other.”*

Penny James, CEO of Taunton Deane Borough Council

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One complicating factor we managed to overcome was that the council had a negative previous experience with outsourcing. I made it very clear that Southwest One is a strategic partnership and a joint venture, not an outsourcing deal. By selling the bigger vision, including the prospect of new jobs and incremental growth here in Taunton, we ensured that the political leadership were comfortable with the potential risk of moving to a shared-services model.

On an ongoing basis, when we're dealing with politically sensitive issues, we keep going back to the stakeholders for sign-off, ensuring that they understand what is being proposed and getting their incremental buy-in.

**Q. What are the key skills that you draw on to manage the day-to-day challenges of working within this innovative public/private shared-services framework?**

**A.** My role, to an extent, is to hold onto the long-term vision and not give up. Even when we come to what seems an impasse, there's always a way to find a positive outcome, and a lot comes down to building strong relationships behind the scenes and remembering our common commitment to the initiative. So communication, diplomacy and relationship-building are key skills - together with the ability to keep in mind the bigger picture and not get dragged down into the details. In that sense, there's an element of cheerleading also.

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*“The total cost is much lower if we let IBM handle the work. By being honest about the commercial side of the deal, we quite quickly won people over.”*

Penny James, CEO of Taunton Deane Borough Council

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**Q. Did you have any concerns about losing your identity, flexibility and speed of response as a result of being part of a larger organisation?**

**A.** What really mattered to the council was to preserve democratic representation and branding. Southwest One was more about working behind the scenes to deliver greater efficiencies and joined-up access. We have a two-tier local government but a one-tier community: citizens don't care, nor should they, whether it's the County Council or the Borough Council that delivers a particular service. Southwest One makes the wiring behind the services invisible, and enables us to offer better levels of service at lower cost.

We acknowledged that we'd inevitably lose some flexibility and some identity, so we simply made those into project risks that we needed to manage. As CEO, I oversee an ongoing balancing act between flexibility and uniqueness on the one hand, and efficiency and control on the other.

**Q. During the project, what specific challenges emerged from the fact that Southwest One brings together public-sector and private-sector bodies?**

**A.** One notable challenge was ensuring that council stakeholders were comfortable with the idea of working with a private-sector organisation that would -- in return for taking on the up-front costs and risks of the shared services organisation -- ultimately make a modest profit. Our point has always been that we don't have the skills or capacity to make the cost savings ourselves, and that the total cost is much lower if we let IBM handle the work. By being honest about the commercial side of the deal, we quite quickly won people over.

**Q. What are the key benefits that you're helping to achieve for the stakeholders in Southwest One?**

**A.** The headline benefit is the guaranteed 2.5 percent year-on-year cost reduction over the life of the contract. Today, there is even more pressure on us to reduce costs, and we are planning for a reduction of around 10 percent in our budget. While cutting costs, we've ensured that services are as good or better than they were, and we've been able to afford transformation that would otherwise have been completely out of our financial reach. For example, implementing SAP and creating a strategic procurement function.

Beyond the direct cost reductions, moving to shared services gives us much greater resilience and breadth of expertise, because the services are delivered by a much larger pool of resources than we could afford internally.



Added to that, we have customer access beyond our dreams in terms of the quality and speed. The strategic procurement function in Southwest One should deliver significant additional cost savings through standardisation and increased purchasing power, and we expect quality to increase also. Finally, the Southwest One initiative has brought us closer to the County Council and to the Police, which can only be a good thing.

## Q. What does the future hold for Taunton Deane Borough Council and Southwest One?

**A.** Our long-term vision for Southwest One is very much one of growth. If the organisation grows, it will bring more jobs and development to the area, and the cost savings are supporting that vision. We're currently developing a major new site that will provide more offices for the town, and we're confident that the strategic procurement function will help to bring in new businesses.

In terms of the reputation of the town, the association with an innovative model for local government sends out a strong positive message and gives us confidence for the future. With Southwest One, we have built a platform that can take on more services in future, giving us the freedom and the flexibility to think about where we can make significant efficiency savings without diminishing the quality of service we offer to the public.

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