
PROJECT INITIATION DOCUMENTATION

DETAILED BUSINESS CASE

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Programme Name	Redefining the Council's role in core place-based services	Portfolio Holder:	Cllr David Topping
Project Reference Allocated		Service:	Streetscape & Sustainable Environment
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1. Executive Summary

The landscape in which frontline services are designed, structured and delivered is changing rapidly in response to new legislation, government policy and changing market conditions. Cheshire East Council (CEC) is responding to these pressures and on February 2013, the Council announced its three year plan to becoming a strategic commissioning council. This consisted of 29 major change programmes covering 8 key priorities. The plan identifies the core purpose of the council, and identifies the need to redefine “the council’s role in core place-based services”. This approach is based upon the need by the council to sustain the full range of high quality services currently provided and to avoid the tendency to apply "Salami like slices" from a range of services similar to the approach being taken by other Councils.

The intention to become a commissioning council is supported by a clear strategic framework. This framework establishes the key principles of achieving the Councils required financial savings, providing opportunities to deliver qualitative benefits and ensuring residents receive excellent services which meet the changing needs and aspirations of modern life. A clear objective of the plan is to develop a new operating model for operating Bereavement Services.

To achieve this ambition a review of the service has been completed, identifying and reviewing the differing operating models which could be used to provide ‘bereavement services’ for residents. A guiding principle of this review has been the desire to create a more effective, efficient and locally responsive service, acknowledging that these outcomes are more important than the question of who actually delivers them.

In October Cabinet approved the decision to create a Wholly Owned Company (Orbitas) limited by shares to act as the Council’s agent in managing the provision of Bereavement Services for the Council. This Business Case has subsequently been prepared in line with statutory guidance, notably, ‘The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009.

The Business Case demonstrates a sound financial case. Even with the anticipated increase in market competition, it is demonstrated that Orbitas can be financially robust as a stand-alone entity. With the ability to offer a broad range of services, to introduce incentivised performance management and to act quickly it is likely that Orbitas will offer a better and more responsive service for users.

2. Background

What Is the Council Trying To Achieve

The landscape in which frontline services are designed, structured and delivered is changing rapidly in response to new legislation, government policy and changing market conditions. Cheshire East Council (CEC) is responding to these pressures and on February 2013, the Council announced its three year plan to becoming a strategic commissioning council. This consisted of 29 major change programmes covering 8 key priorities. The plan identifies the core purpose of the council, and identifies the need to redefine 'the council's role in core place-based services.

The intention to become a strategic commissioning council is supported by a clear strategic framework. This framework establishes the key principles of achieving the Councils required financial savings, providing opportunities to deliver qualitative benefits and ensuring residents receive excellent services which meet the changing needs and aspirations of modern life. A clear objective of the plan is to develop a new operating model for operating Bereavement Services.

To achieve this ambition a review of the service has been completed, identifying and reviewing the differing operating models which could be used to provide 'bereavement services' for residents. A guiding principle of this review has been the desire to create a more effective, efficient and locally responsive service, acknowledging that these outcomes are more important than the question of who actually delivers them.

The purpose of this business case is to summarise the findings of the review and demonstrate how the implementation of a Wholly Owned Company (WOC) best meets the Councils objectives. As such it is a dynamic document and will be revised

and updated at appropriate points, incorporating new feedback on proposals from staff, unions, members and service users.

Bereavement Service Scope

The Bereavement Service provides a highly, sensitive and visible services for the 370,000 residents of Cheshire East and all its visitors. Currently, these services are self delivered by the Council in a tailored manner which reflects the differing needs and aspirations of local communities and residents.

Responsibilities

The service is responsible for two crematoria sited at Macclesfield and Crewe, and eleven cemeteries located within the boundaries of Cheshire East.

The service operates Monday to Friday. The Book of Remembrance Rooms and the cemeteries are opened 365 days per year, with opening and closing times varying to reflect seasonal usage.

Key Service Responsibilities:

- The provision of a dignified bereavement service facilitated by 2 crematoria, 11 cemeteries. This includes preparing for and facilitating over 3,500 cremation and burial services.
- To provide help, excellent customer service, working in partnership with communities, dealing with diverse cultural requirements, tackling changes in technological advancements, and dealing with bereavement services issues of the day.
- Maintaining the wide variety of natural landscapes and bio diverse habitats, within the 135 acres of land across the Borough's 11 cemeteries.
- Providing a rapid response service for emergency and pandemic situations including, flooding, extreme weather situations and public order demands.

Key Service Activities:

- Burial and Cremation Service
- Grounds Maintenance Service
- Development and Management of Bereavement Sites

- Contract Delivery and Management
- Emergency Response Service

Performance Measures and Standards

To benchmark performance a number of local indicators have been adopted to measure performance and standards. These include:

- Green Flag Inspection/Award (Sandbach Cemetery)
- Adherence to the Federation of Burial and Cremation Authorities Code of Practice.
- Achievement of 'Customer Service Excellence' standard.
- Attaining Gold in the Institute of Cemetery and Crematorium Management Performance Ranking tables.
- Monitoring and recording Compliments and Complaints
- Customer Satisfaction Questionnaires

Staffing Resource Implications

The service has 28 core established posts. These members of staff are wholly dedicated to the Bereavement Service and responsible for providing a dignified, efficient and sensitive service. This includes a dedicated team to maintain the cemeteries, to provide a professional grave digging service and to carry out memorial inspections and standard repairs.

All staff currently delivering the service as their primary role will transfer to the WOC under these proposals. The transfer would be carried out in compliance with 'The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). TUPE regulations protect existing terms and conditions and assumptions have been included in the financial business case to cover this. This proposed transfer would only take place following full consultation with staff, unions and members.

Any known risks that may affect employees have already been recorded and included in this business case and in the developing project plan. Both formal and informal consultation and engagement activities are already underway with staff and unions. This valuable process will continually be used to promote staff involvement and engagement with feedback used to inform decisions and project planning

Bereavement Services Staff Profile:

The table below sets out the core cost and staffing data for the service.

STAFFING GROUP	STAFF NUMBERS
Permanent	28
Total	28

Bereavement Service Budget

The table below summaries the current service budget

COST/INCOME CATEGORY	TOTAL £K
Employees	690
Premises	0
Transport	65
Supplies & Services	283
Accounting Adjustments	1
Gross Expenditure	1,039
Income	(2,405)
Net Expenditure	(1,366)

Future Scope

In The Councils three year strategic plan there is a clear prioritised framework to becoming a commissioning council. This recognises the necessity to phase the creation of alternate service delivery vehicles, allowing for resources to be allocated, to be prioritised and for lessons to be learnt.

Bereavement is in the second phase of this plan and will soon be followed by a much broader review of Council Services. As this review progresses the Council is seeking

to identify improved delivery vehicles for all services. As the Council provides a range of customer focused services it may be advantageous for the Council to extend the remit and responsibilities of the proposed WOC to include other, suitable services.

3. Why is the Project needed?

Drivers for Service Change

The Council has realised the need to change the way future services are provided in order to create opportunities for innovation and provide service efficiencies. As a result the Council has determined to take a more commissioning role. This aspiration to redefine its role in core place-based services is set out in the Councils Three Year Plan. The Council is determined to maintain and sustain the full range of high quality services currently provided and to avoid the tendency to apply "Salami like slices" from a range of services similar to the approach being taken by other Councils.

A key priority identified in the plan is to develop a new delivery model for Bereavement Services and this is incorporated in the Councils major change programme.

The existing Bereavement Service Operating model has historically proved effective although the changing nature of service delivery and increased levels of customer expectations mean constraints do exist which can hamper performance and innovation.

Whilst the in-house provision is well regarded, due to organisational constraints and proportionately high corporate overheads, the service cannot currently compete on an equal footing with private commercial operators.

Without intervention, it is anticipated that service standards may be directly affected by financial and operating constraints.

In response the Council has allocated additional resources to support improvements but unless the whole service offering is enhanced and a sustainable operating model established, it is accepted that standards cannot continue to improve.

4. Proposed Solution

The continuing provision of a dignified and sensitive Bereavement Service remains a key priority for Cheshire East Council as it moves to becoming a Commissioning Authority. To consider how this can best be achieved an options appraisal exercise has been completed to review alternate delivery models for running the service.

To ensure the service is best placed to meet current and future challenges the review has focused on identifying ways of delivering the service which can create greater flexibility, are more commercially focused and yet still retain and enhance existing relationships with local communities /voluntary and charitable groups. A guiding principle of this review has been acknowledging these outcomes are more important than the question of who actually delivers them.

During this exercise consideration has been given to the following operating models:

- a) Continuing In House provision
- b) External Tender
- c) Joint Venture Company (with other independent organisations or partners)
- d) Local Authority Wholly Owned Company

The options appraisal concluded that the 'Bereavement Service's transferred to an external provider, with the most appropriate model being a Wholly Owned Company.

This appraisal and recommendation was subsequently submitted to, and reviewed by, the Councils 'Policy Development Group' for Environment on 12th July 2013 and subsequently supported on 6th September 2013. A cabinet paper followed, reflecting comments from the 'Policy Development Group'. This report was formally endorsed by Cabinet on 15th October 2013.

Management Arrangements

Governance

The WOC will be directly accountable to a board of directors which will include 3 appointed members who will represent the interests of the Council, as the sole

shareholder for the WOC. There will also be a nominated officer representation on the board. There will be no private interests.

The Board will primarily focus on the strategic management of the business and will be supported by an internal commissioning team who would manage the delivery of agreed objectives.

Proposed Governance Board Membership:

ROLE	COMPOSITION
CHAIRMAN (Non Exec Role)	MEMBER
DIRECTOR (Non Exec Role)	MEMBER
DIRECTOR (Non Exec Role)	MEMBER
MANAGING DIRECTOR	EXECUTIVE OFFICER

The governance function is still being clarified and it is critical that these roles and responsibilities are defined in a way which allows for clear and robust arrangements which values and recognises the contribution of both organisations.

These responsibilities will clearly be set out in the ‘Articles of Association’ which will define the type and amount of influence that the authority will have with the WOC and may cover key issues such as:

- Financial responsibilities
- Management of Risk
- Business Planning
- Service Standards

It should be noted that the on-going viability of the project will continue to be monitored by the Board of Directors and Project Board Team.

Constraints and Dependencies

The Bereavement Service is currently reliant on a number of support services provided by CEC directly. These are critical in allowing the service to perform and would need reflecting through service level agreements. These include (although not exclusively);

- Existing Central Support Services – Includes IT, Finance, HR support, Legal etc;
- Environment Services - Emptying of skips and bins, completion of arboricultural works, maintenance of closed churchyards, provision and maintenance of fleet
- Asset Management – The development, infrastructure maintenance and cleansing of premises and sites

Legal Implications

Legal advice has been sought with opinion concluding that the Council can lawfully establish a Wholly Owned Company to deliver Bereavement Services. If the company is progressed formal contracts and agreements would be prepared and approved by the Councils Legal team.

- The services provided by the bereavement service are Part B services for the purposes of the Public Contracts Regulations 2006. A contract to provide such services does not have to comply with the full public procurement regime required by those regulations. However, case law has established that the Council would still be liable to ensure that the so-called treaty obligations (e.g. transparency and non-discrimination) are complied with. It is generally felt that the best way of ensuring that those duties are discharged is to carry out a full public procurement exercise. Were the Council to carry out a full public procurement exercise, then unless the Company was able to take advantage of the Teckal exemption, the Council could only award a contract to the Company if the Company was the successful tenderer.
- To qualify for the Teckal exemption, the Company must have no private sector ownership and provide at least 80% of its services to the public sector.

- If the Council were to transfer the provision of the service to the Company this would result in the Company providing services to funeral directors and members of the public; thereby losing the Teckal exemption.
- Were the Council to award the Company a contract to manage/operate the facilities on behalf of the Council (such that, for example, fees were payable to the Council and not to the Company) such a contract could be structured to be Teckal exempt.
- The award of such a contract would trigger a TUPE transfer and both the Council and the Company would need to be mindful of the need to inform and consult those engaged in providing the service as to the manner in which they would be affected by the transfer.
- The Council has power to award such a contract under statute including Part 1 Chapter 1 the Localism Act 2011 and s111 Local Government Act 1972

Business Planning

This Business Case is intended to provide a framework for planning, managing and defining the proposed business change. A separate business plan will need to be prepared and agreed which defines business goals, the rationale behind them, and the plan to achieve them.

A performance framework has been prepared by CEC which represents the expected outcomes for the WOC. These are detailed below and would need to be reflected in the Company’s business plan.

Performance Outcomes

Orbitas Bereavement Services	Primary objectives: <ul style="list-style-type: none"> • To maintain the high quality standards achieved as an in-
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house bereavement service for the residents of Cheshire East and the elected members who represent them;

- Achieving best value for the Council in the provision of Bereavement Services;
- Increasing, year-on-year the return to the shareholder (Cheshire East).

Outcomes

- Maintain the high quality dignified standards already achieved as an in-house service for the residents of Cheshire East;
- Creation of a viable and sustainable Wholly Owned Company (WOC);
- Secure the financial savings as identified within the Council's Financial Plan;
- Transfer approx 28 employees from the Council to the new Provider;
- Become self financing and less dependent upon the Council's core support services;
- Create a new identity for the service that enhances the user experience;
- Increase the range of services provided.

Added value benefits:

- Create a commercial environment with greater autonomy for the services offered;
- Increased investment in the local economy - Retention of jobs;
- Improved service delivery by the service with benefits retained by Council or WOC not shared with private sector;
- Opportunities for co-ownership with other Councils and a Teckal exempt model will provide opportunities for shared delivery;
- Ability to generate surpluses to reinvest in the growth of the

	<p>business or pass back to the council as dividends;</p> <ul style="list-style-type: none"> • Ability to influence and drive the direction of the service and attract partners; • Offer a broader and more comprehensive range of services. <p>Typically these could include:</p> <ul style="list-style-type: none"> ○ Enhanced commemoration offering – services, furniture; family plots, memorial walls
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5. SWOT Analysis

The table below identifies the relative strengths, weaknesses, opportunities and threats to the Council. These are reflected throughout this Business Case and will be revisited and updated as the project develops.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Aligns with the Councils ambition to become a commissioning Council • Company ‘Wholly Owned’ by local authority providing clarity and transparency in ongoing service delivery and clear governance arrangements. • Council retains assets and income –all benefits are retained in full by the Council rather than ‘shared’ with another partner • Ability to tailor service, products , approach and systems to meet changing demands • Reduction in bureaucracy will lead to improved service responsiveness, effectiveness and flexibility • Reduced reliance on the corporate centre • Core Council work can legitimately be devolved without a lengthy procurement exercise being required 	<ul style="list-style-type: none"> • Council retains statutory responsibility for service provision • Acting as an ‘agent’ of the Council places limitations on how the company can operate • Limited scope to act commercially unless a subsidiary company is set up for this purpose • Initially difficult to expand commercially whilst credibility and experience are established • Potential impact on Council corporate services if not providing a service to the WOC • Councils Reputation linked to Company performance • Dependant on Council for funding and workload (altering could affect company viability)

OPPORTUNITIES

- Ability to act in a commercial way and attract/generate new income streams
- Able to develop a new brand and service culture that better meets the Councils changing needs
- Opportunities for partnership working and shared delivery with other local authorities
- Opportunities for staff incentivisation /self determination and reward
Promoting innovation and a more entrepreneurial culture
- Opportunities to reduce the core cost of the service once established
- Provides a vehicle which could run additional services on behalf of the Council

THREATS

- Insufficient budget provision would reduce standards, service delivery and ability to generate income
- Lack of investment in the refurbishment of Crewe Crematorium would lead to loss of service users and income reducing our ability to offer a good service to Cheshire East residents.
- Increased commercial competition

6. Benefits and Benefit Realisation

In assessing the suitability of creating a WOC to deliver bereavement services the following criteria have been considered by officers and members.

Success Criteria:

SUCCESS CRITERIA	BENEFIT TYPE	DESCRIPTION
1.Maintaining or Improving Service Quality	Non Financial	<ul style="list-style-type: none"> • Maintain or improve the quality of service standards • Customer at the heart of all decisions • Quickly able to respond to service requirements
2.Ensuring Financial Viability	Financial	<ul style="list-style-type: none"> • Financial viability within a competitive environment • Reduced corporate overhead costs • Reduction in costs to the Council for the longer term •
3.Innovation and Growth	Financial/Non Financial	<ul style="list-style-type: none"> • In the future, potential

- for additional new business and income generation
- Flexibility and the ability to quickly respond to the changing market
- Potential to increase customer choice

Ensuring Financial Viability

In considering the financial viability of a WOC consideration has been given to the potential financial benefits for both the Council and the WOC. A high-level summary of the business case is provided below followed by a more detailed appraisal (**Table 2**)

Summary Financial Business Case

Table 1 - Summary

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
	2014/15	2015/16	2016/17	2017/18	2018/19	5 years
	£k	£k	£k	£k	£k	£k
Total Costs	(90)	(125)	(307)	(315)	(322)	(1,159)
Total Benefits	0	143	334	351	359	1,188
Net	(90)	18	27	36	37	29

Table 1a – Summary

1. Payback period	4.9 years
2. Net Present Value (Discount rate 5%)	£13k
3. Internal Rate of Return	11%

Definitions

1. Payback shows time taken to earn benefits to offset initial costs of project.
 2. Net Present Value (NPV) shows total value of net benefits of 5 year project as at today.
 3. Internal Rate of Return (IRR) shows discount rate that makes the net present value of all cash flow zero.
- Does not incorporate inflation / interest rates.

Detailed Financial Business Case

The table below illustrates the potential benefits of creating a WOC.

Table 2 – Detailed Financial Business Case

COSTS/ BENEFITS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
	2014/15	2015/16	2016/17	2017/18	2018/19	5 years
<u>Costs</u>	£k	£k	£k	£k	£k	£k
Insurance		(2)	(2)	(2)	(2)	(8)
Additional finance / audit resource	(45)	(45)	(45)	(45)	(45)	(225)
Cost of memoria		(18)	(24)	(30)	(36)	(108)
Fleet replacement	(20)	(20)	(20)	(20)	(20)	(100)
Refurbishment costs – 10 – 20 years			(175)	(175)	(175)	(525)
Costs associated with income growth (40% of leakage) (10% of income)		(9)	(9)	(9)	(9)	(36)
Costs associated with boundary growth (10% of income)		(2)	(2)	(2)	(2)	(8)
Marketing / Advertising	(25)	(25)	(25)	(25)	(25)	(125)
VAT of new business		(4)	(5)	(7)	(8)	(24)
Benefits						

Growth associated with income (40% of leakage)		93	93	93	93	372
Boundary growth		18	18	18	18	73
Income from Environment abatement fund			175	175	175	525
New business stream – memoria		24	32	40	48	144
Corporate support savings		8	16	25	25	74
Total costs	(90)	(125)	(307)	(315)	(322)	(1,159)
Total benefits	0	143	334	351	359	1,188
Net	(90)	18	27	36	37	29

Financial Benefit

There is a financial case for the establishment of a WOC. This is based on confirmation that the service can be financially viable as a stand-alone entity.

The business case assumes an ongoing reduction of £25k (15%) in support service costs by the end of year 4 if the existing numbers of cremations and burials is maintained. This is helped by the WOC potentially being able to use CEC frameworks where beneficial, and establishing its own where not.

It should also be noted that the WOC would have the opportunity to generate new and additional income streams through activities such as the sale of additional goods and services. The sale of memoria has been factored into the financial forecast from year 2 in terms of modest levels of additional income returned, but other income streams are yet to be explored which could further benefit the Council and further support the business case.

Expanding the business and changing the income profile will have significant implications for the WOC and these would need to be fully considered as the WOC matures.

Typically existing operating models indicate that savings may define the former years whilst energies are focused on developing new income streams during the latter years.

Corporate core costs

Corporate core costs are still being fully evaluated. It has been confirmed that there will be an incubation period for this transition where support services will continue to be used for a period up to 3 years. After this period there is the potential to further enhance financial viability by achieving savings on the back of reduced 'back office' support costs and corporate overheads.

Financial Management

A key component of the proposal is to establish a WOC which acts as an agent for the Council. In this setting although the company would have a separate bank account all existing income will continue to be paid directly into a Cheshire East Bank account, and as such, is exempt from Corporation Tax. As all income would be directly returned to the Council, arrangements will have to be made to ensure the Company has sufficient financial resources to operate and to prevent cash flow issues.

Financial assumptions

- The Business Case assumes that capital expenditure is incurred by Cheshire East Council (CEC) to ensure the cremators are replaced during 2013-14 and that the Crewe Crematorium Refurbishment scheme is taken forward.
- The budget transfer involved will be approximately £1.0m - £1.2m. This includes staffing costs of £0.7m, some of the budgets held in Assets for premises related costs and the buyback of corporate support functions which could be approximately £0.1m - £0.2m. Note that this figure is approximate and is subject to agreement on where costs/budgets should reside.

- The financial business case assumes there is no retained cost for the Council to manage the 'client' relationship as this capacity has already been covered in the development of the Environmental WOC which will oversee both operations.

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Service Quality Benefits

The current service is of good quality and generally well regarded by service users. This quality derives from the experience, affiliation and in depth knowledge of the current team who exhibit a genuine motivation to provide high levels of service and care for the bereaved. The staff delivering the service would TUPE transfer into the WOC ensuring their skills and abilities are retained.

Furthermore real opportunities will exist for the team to shape how the service is delivered, designed and provided. This increased level of involvement in running the service, coupled with the ability to act promptly on decisions is undoubtedly a key way of engaging and motivating the team and has been acknowledged by staff during the consultation and stakeholder meetings.

With the ability to offer a broad range of services it is likely a WOC would offer a better and more responsive service for users.

Continued or enhanced take up of the service would create the potential for additional revenue streams to be established. This could be used to reduce unsustainable costs, to provide a source of new investment to improve the service and/or to provide a tangible means of financially rewarding staff for good performance.

Innovation and Growth Benefits

The review of service delivery options concluded that a WOC can offer one of the quickest means of delivering change, promoting cost efficiencies and effectiveness whilst managing the reputational risks associated with service delivery.

Whilst this may take time to develop, there will clearly be opportunities for employees to develop and implement their entrepreneurial skills without being constrained by the red tape found in larger organisations. Already ideas have emerged during the consultation process and through the stakeholder meetings of new ways to expand the type of services offered and their scope.

There is also the possibility of incorporating the WOC, as a subsidiary within a larger group structure as well as possibilities for the WOC to expand its own operations and areas of responsibility. This could allow the Council to incorporate further service areas in an established WOC at a later date.

New Services

There is an expectation that from year 2 the WOC will be able to create new and additional income streams. At the consultation and staff stakeholder meetings there has been a consensus that by becoming a WOC, service levels would improve through quicker decision making and greater flexibility to enhance the services provided.

From the existing meetings held already the following ideas have already been suggested:

- Working more closely with Funeral Directors to further improve relationships
- Introduce new technology to improve services
- Increasing the type and range of memoria provided
- Expanding awareness and the profile of the service in the Community
- Increasing Community activity and participation on sites.
- Tailored training approach to enhance staff skill sets.

It would of course be important for the WOC to assess the viability of new initiatives, and constantly monitor the market place it operates in. This would be a key part of business planning for the WOC and ideas would have to be fully assessed, and comply with the established governance structures and regulations.

Key Benefits Summary

The Following table provides a collective summary of the financial and non financial benefits anticipated from delivering the service via a Wholly Owned Company.

KEY BENEFIT	METHOD ASSUMPTION	MEASUREMENT
Maintaining or Improving the quality of services provided	More responsive, flexible service that can work in a tailored way for customers	Customer Satisfaction
Services are financially viable within a competitive environment	Operating commercially, tailoring approach to, specialist /niche customer needs. Flexibility to adapt to market pressures	Balance Sheet, market comparisons
Savings generated through reduced corporate and support costs	Freedom to purchase better value for money and better suited support services	Outturn information showing percentage of total support service costs
Flexibility and ability to respond to a changing market	Ability to be smarter and quicker in delivering change and responding to new demands and pressures	Customer Satisfaction, take up of WOC services, activity data
A workforce that can co-produce the design and delivery of services	Improved efficiency, service and levels of motivations	Customer Satisfaction, Outturn information showing percentage of total support service costs
Increase income and additional income streams	Flexibility to respond to market, to business develop and to reinvest profits into staff/service enhancements,	Financially sustainable
Alignment with Commission Council priorities	Freeing up management and support staff to enabling focus on strategic improvement and commissioning	Quality of strategy and commissioning

7. Risk Management

Risk Summary

Identified risks have been subject to scrutiny by the Councils Cabinet, The Executive Monitoring Board (EMB) and the Technical Enablers Group (TEG).

As the Council intends to rely on the Teckal exemption to establish the WOC the relevant controls required to manage specific risks will be provided by the governance function. Ultimately as the sole shareholder the risk remains with the Council and in the unlikely event of failure the service can be brought back in house without any contractual complications.

It is recognised that predicting future needs, demand, user responses and financial viability is an evolutionary process and the process of identifying risks and preparing suitable responses and mitigation, is a continual activity which will be a key part of the Business Case and subsequent Business Plans.

8. Equality Impact Assessments

There is no anticipated adverse impact on any protected groups either within or external to the organisation. See Appendix B1 for further details.

9. Review Monitoring & Evaluation

There is a statutory requirement that a business case is prepared and approved by the Council before the Council may trade through a company. Thereafter the Council is required to have regard to guidance issued by the (then) ODPM, which advises that the business case, once approved is used as the basis of developing a business plan to be used by the company in future years.

12. Exit Strategy

It is anticipated that the real trading opportunities will not be fully known until the WOC formally commences trading. There is a recognition that culture change, efficiency savings and new business opportunities are the three main drivers for change through which we aspire to achieve a step change in the way Orbitas,

Bereavement Services Ltd will deliver the services to the Council. In the event that sufficient trading potential has not been realised within a 5 year window or costs begin to spiral, the Shareholder Committee will have the power subject to Cabinet approval to review the on-going viability of the WOC and what steps if any it needs to take in the way the WOC is governed and/or managed to achieve the required benefits. Given that the Council is the sole shareholder, it potentially has the power to bring the service back in-house or to conduct a formal outsourcing exercise or indeed to sell the WOC subject to any agreed processes or relevant legislation. It should be noted that the sale of the company, or of any part of it, to the private sector will remove the Teckal exemption and all contracts then held by the company in reliance on the Teckal exemption would have to be re-procured.