



CASE STUDY | KENT COUNTY COUNCIL | ERNST & YOUNG

Creating an Effective Local Authority Trading Company

Reductions in central government grants have meant that local authorities have experienced significant funding shortages. This has driven the need to develop a new innovative model to generate increased revenue through a commercialisation agenda. Commercialisation is designed to help the public sector develop their approach to trading and exporting their services. Kent County Council (KCC) had established an internal Business Services Centre to begin realising the benefits of commercialisation. Despite its success, it had experienced the funding issues being felt throughout the organisation. KCC approached the Bloom marketplace to identify a partner to deliver an independent review of their commercial options available to the council. Ernst & Young were compliantly procured to deliver an options appraisal to ensure the sustainable growth of the Business Services Centre.



The Challenge

Kent County Council's Business Services Centre needed to identify new ways of reducing costs as a result of austerity challenges. In 2015, Kent County Council took the decision to establish an internal Business Services Centre (BSC) to trade within the public sector and deliver transactional Finance, HR and IT support services to KCC, schools and external customers.

In its first two years of operation, the BSC successfully realised £4.1 million savings for KCC, achieved from efficiencies and growth of traded activity. However, despite its success, each year, this department experienced the same austerity challenges facing all council departments, forced to find new ways of reducing budget with little or no funds available for investment in technology and improvements. As an internal business unit, the BSC was restricted in the range of organisations it was able to trade with and was required to compete with priority frontline services for scarce investment.

In order to identify a strategy and roadmap, the BSC needed to procure a partner to conduct an independent review. Through the Bloom marketplace, the BSC procured Ernst & Young to conduct an independent review to explore options.





Our Solution

This review conducted by Ernst & Young concluded that the BSC was in a position of strength with opportunity for increased growth, however its position was not sustainable due to:

- Minimal funding for systems, training and staff creating pressure on service quality and staff retention.
- ICT investment not having kept pace with evolving technology.
- Income from the highly competitive education market at risk due to the shift to multi academy trusts.
- Limited scope for further efficiency savings without performance reductions.

A change was needed to make the BSC become self sustainable. A business case was put together to address these risks, in order to both safeguard the quality of back office services and generate new, profitable revenue streams to improve the Council's financial position. The recommendation was to establish a new trading company as the best option to meet these twin objectives.

The Outcome

In July 2017, Kent County Council (KCC) commissioned a project to establish a LATCo, with the aim of reducing costs and driving efficiencies whilst protecting and enhancing service levels in back-office services. The project supported a vision to establish an innovative organisation which delivered insight and customer-led services to KCC and throughout the public sector.

This LATCo, Cantium Business Solutions, launched July 2018 and has been providing back office solutions for HR, Finance and IT to both Kent County Council and external customers including schools, central and local government and health and social care providers. Within its first year of trading Cantium has paid back investment to KCC and provides significant external income to the council that positively impacts frontline services. It also established a highly trained service desk team to support migration to the cloud. Cantium also rolled out seamless remote working capability for all of the local authorities' teams.

The focus for the future is to deliver further efficiencies through the implementation of Robotic Process Automation, Artificial Intelligence and improved Debt Recovery reporting.



£8,000 in savings through a move to electronic storage of data.



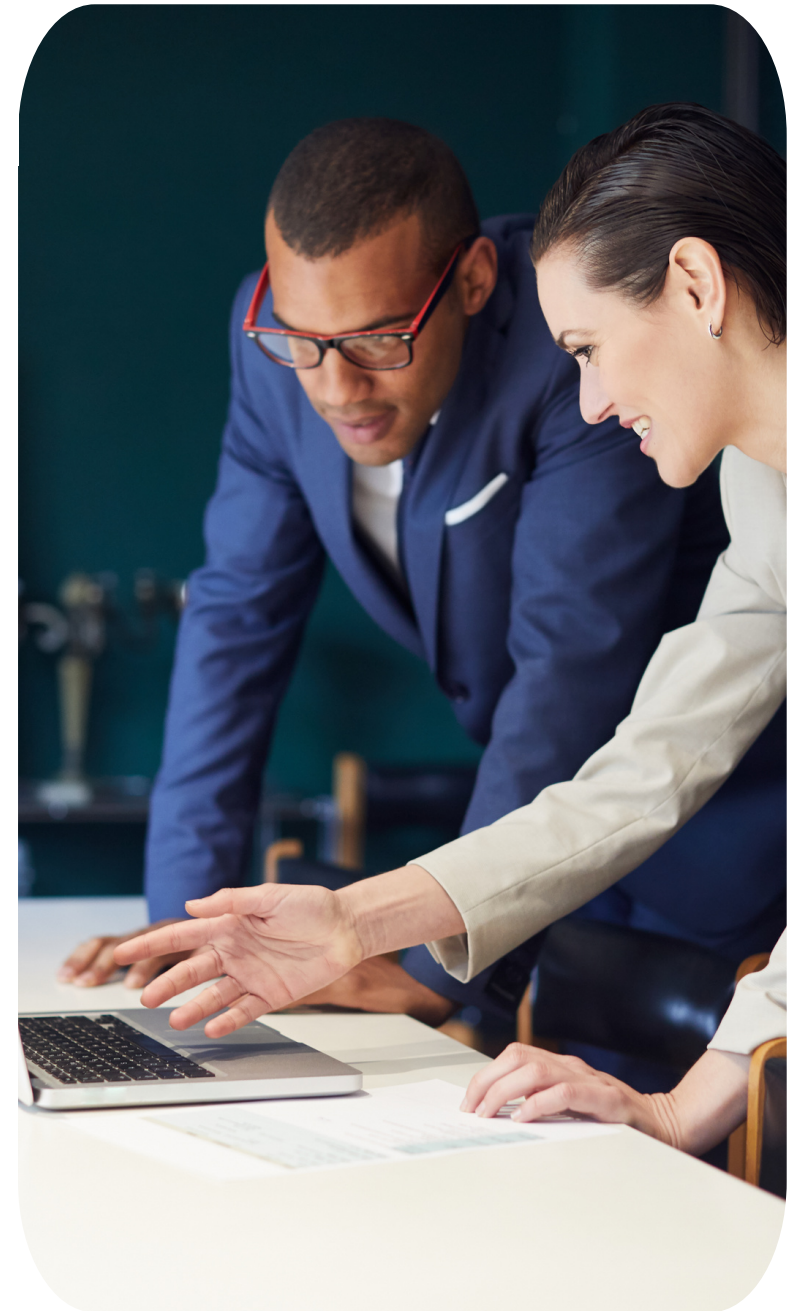
60% reduction in the number of on-premise applications and a **70%** reduction in need.



Increase of on time invoice processing from **90%** to **97%**

“The innovative solutions we are able to offer at Cantium Business Solutions have generated vital new income streams for Kent County Council which have positively impacted frontline services as well as their wider stakeholder group. In addition, we have helped them realise multi-million pound savings through efficiencies and growth of traded activity.”

Mark Scott
CEO, Cantium Business Solutions





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Working in partnership

