shared service architects

essential design skills and knowledge for public sector managers

Do you have the skills to bring up the baby?

Local Councils are putting untrained managers into key roles in shared services. How would your skills and knowledge hold up if it was you?

Talking in UNISON
The trade union checklist they want to bring to the shared services table.

Education has a lot to learn
Is shared service activity between universities too slow?

Sharing in Swansea
The House of Commons Public Accounts Committee gets tough with DfT

Case Studies　　　*Tools & Techniques*　　　*Reviews*

shared service architects

Taught Shared Services

essential skills and knowledge for setting up
shared services in local government

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THE HIGHWAY CODE
OF SHARED SERVICES
*What are the regulations and
constraints that narrow or enable the
choices in shared services?*

THE SHARED SERVICE
ARCHITECT'S TOOLBOX
*40 tools, techniques and templates for
building strong trust and absolute
clarity of shared vision between public
sector partners in shared services.*

Who are these sessions for?

*"The current reality is that senior managers are being thrust into the role of leading on a shared service without
formal skill or knowledge development. By not preparing senior managers or political representatives for shared
service activity, organisations are gambling with the success or failure of their involvement."*

Council Members and Officers who have not been involved in the design and initiation of a shared
service before and quickly need to learn the basics for projects they will be working on during 2009-10.

Groups of Members and Officers from Councils who will be working together on the design of shared
services and would like to develop a common approach based on good practice.

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You may well be wondering how shared services will impact on your career during 2009.

This year, the entire public sector will be under pressure to make efficiency gains and a large proportion of those gains are likely to be made through collaborative working or making the bigger step of forming shared service operations.

The delegates at our taught sessions (see p.4) tell us that senior managers, across all fields of public sector and partnership based provision, are wrestling with the challenge of how to equip themselves and their organisations with the skills and knowledge necessary to successfully develop shared service projects.

Today's change managers and service integrators must be capable of influencing and effecting positive change beyond traditional organisational boundaries.

This is where Shared Service Architects' Magazine, the related learning sessions and our online library can help you build your skills to confidently lead the initiation of a shared service project.

We would like you to become a "shared service architect", named and recognised for that talent.

This edition has a wide range of learning, including the trade union policy debate and the Dept of Transport problems. If there are particular areas you would like to see featured in future editions, or you would like to feedback on the articles, then please email me with your views.

Dominic Macdonald-Wallace
Editor

Editorial@sharedservicearchitects.co.

contents

sharedservicearchitects

A little knowledge
... and dangerous things

You are in a meeting on shared services and the 8 questions on the following page come up in a discussion about the regulations and constraints placed on local government options.

How well would you be able to answer them?

As the credit crunch re-energises the tempo of shared service activity, a growing number of senior managers are being thrust into the role of leading on a shared service. However, the majority are assuming the role without formal skill or knowledge development, with potentially negative outcomes to both them and their councils.

76% of shared service project managers in our 2008 research confirmed that establishing governance and trust are the main problems in the early days of a shared service. Getting those elements wrong, results in false starts or partnerships crumbling during the project journey.

For example some managers found difficulty making the transition from the silo of working for a single organisation with a top-down management framework, into an environment of cross boundary partnership activity where the only initial management structure is the vague "glue of trust".

Also, a majority of them wished they had possessed a better understanding of the many statutory constraints that impact on shared services in the form of acts of parliament, choice of legal vehicles, EU laws, HR and employee rights, before they started out on the project.

Where they lacked the knowledge, the outcome for their organisations have been two fold:

(a) the inexperienced managers lose influence in the early days of discussions to more experienced representatives from other partners and find it very difficult to redress the imbalance during the project

(b) By not preparing senior managers or political representatives for shared service activity, organisations are gambling with the success or failure of their involvement.

There is an obligation on those who have appointed Members or senior managers to a shared service role, to rapidly equip them with the necessary skills and knowledge to "get it right first" time.

Each organisation should have a cohort of trained shared service architects who can confidently represent them at the design and initiation stages.

The alternative is to be led through the design of multi-million pound shared services by representatives who are learning on the job and stumbling their way to success.

For example, how competent would you be if you were thrust into the initiation stage of a shared service? Why not test yourself on the next page?.

8 questions to test your shared services knowledge...

1 **Which of these statements about the application of the Teckal Test is true?**

(a) In procurement terms it identifies the control a parent authority (or authorities) exercises over the delivery vehicle which is to be awarded a shared service delivery contract.
(b) It calculates the proportionate financial liability for two (or more) unitary authorities undertaking a shared service
(c) It outlines the constraints for applying the "Well Being Powers" of authorities undertaking shared services
(d) It applies to taxation and VAT in shared Revenues and Benefits projects

2 **Which of these statements about Joint Committees is true?**

(a) Joint Committees are not corporate bodies
(b) They are free to submit tenders to other public bodies
(c) They are expressly precluded from employing staff
(d)The number of non-elected representatives on a joint committee cannot exceed one third of the total committee

3 **Which one of these statements is correct in considering a limited partnership as a shared service vehicle?**

(a) all the partners have unlimited liability
(b) the actions of each partner do not bind the others
(c) at least one partner must bear unlimited liability
(d) you cannot use a limited partnership as a vehicle for shared services

4 **Which of the following is a definition of a sovereign shared service?**

(a) More than 50% of the partners must be crown agencies
(b) Only Borough Councils can be parties to the shared service
(c) The shared service is only within an organisation
(d) The shared service is jointly owned, or for the benefit of, a number of organisations

5 **Which local government act is potentially a "power of first resort" for establishing local government shared services:**

(a) Local Government Act 2000
(b) Local Government Act 1999 (Best Value)
(c) Waste Emissions and Trading Act 2003
(d) Local Government Contracts Act 1997

6 **Under the Information and Consultation of Employees Regulations 2004, there is a requirement to inform and consult the workforce on shared service activity only where the number of employees exceeds:**

(a) 750
(b) 500
(c) 250
(d) 50

7 **Which of these statements about the Transfer of Undertakings (Protection of Employment) Regulations 2006 is untrue:**

(a) TUPE applies when there is the transfer from one organisation to another of an economic entity which retains its identity
(b) TUPE applies where a specific employee or dedicated group of employees provide a service to a client, and the identity of the service provider changes.
(c) TUPE offers structures for the establishment of a "two tier workforce" so that new joiners can be taken on at less advantageous rates than the transferred workforce.
(d) TUPE applies to steps that must be taken to maintain pension arrangements for transferring employees and offers a minimum level of benefits for new employees.

8 **If staff are seconded to undertake a shared service, which of the following is true?:**

(a) The employer retains all employment obligations for their employee
(b) The employment obligations rest with the organisation the employee is seconded to
(c) A new agreement will be required with the employee, setting out their new responsibilities and the responsibilities of their employer
(d) Secondments only apply in public-to-public sector shared services and not in public-private activities such as PFI or outsourcing

The answers are on page 8 along with details of how to subscribe for free copies of this magazine.

What is a Shared Service Architect?

A shared service architect is the new description for a senior manager or political member, who has undertaken training and learning that equips them to be a specialist in initiating (or reviving) shared service activities.

During 2009-11 shared service architects will have a high value within organisations where shared services are to be undertaken.

On the opposite page is an example of what an advert for a shared service architect could look like in the future.

It is based on our research into the skills and knowledge required to build strong trust and absolute clarity of shared vision in a shared service activity.

The delegates at our taught sessions[1] tell us that senior managers, across all fields of public sector and partnership based provision, are wrestling with the challenge of how to equip themselves and their organisations with the skills and knowledge necessary to successfully develop shared service projects.

The pressure of the 2009 Budget make it even more essential that today's change managers and service integrators must be capable of influencing and effecting positive change beyond traditional organisational boundaries.

There are over 400 councils in England, each with up to 20 front or back office services that could be considered for sharing. That suggests that we may need a cohort of around 2000 or more senior managers with the capabilities (skills and knowledge) to design and initiate those projects.

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[1] The taught shared service seminars were developed in association with Canterbury Christ Church University Business School during 2008-09 and cover the legal aspects of shared services and the skills of developing trust and shared vision covered in this book.

Selecting the right people with the right skills

76% of shared service project managers in our 2008 research[2] confirmed the key skills that are required in the early days of a shared service are the skills of building trust and clarity of shared vision between the partners. Getting those two elements wrong, result in false starts or partnerships crumbling during the project journey.

The current reality is that senior managers are being thrust into the role of leading on a shared service without formal skill or knowledge development in trust and shared vision activity. As a result the outcome for their organisations have been two fold:

(a) the inexperienced managers lose influence in the early days of discussions to more experienced representatives from other partners and find it very difficult to redress the imbalance during the project

(b) By not preparing senior managers or political representatives for shared service activity, organisations are gambling with the success or failure of their involvement.

Over the past 40 years[3], the private

[2] Macdonald-Wallace, D. (2008) Accelerating the successful delivery of shared services: What skills and knowledge do Members and Officers need to learn?

[3] Evans, W.M. (1965) developed the academic field of "inter-organisational relationships".

Have you got what it takes to help us set out on our shared service journey?

We're looking for an experienced shared service architect to help Chief Executives and Department Directors from across a cluster of partners to begin the shared services journey.

Applications are welcome from candidates who can evidence that they possess a majority of the following skills and knowledge:

1. Skills in building and sustaining strong trust across leader relationships in multi-partner collaborations.

2. Skills in creating a positive, shared vision for a project team that may be drawn together from a range of partners of un-equal size or authority.

3. A knowledge of the key methodologies for supporting decision makers in creating policy for selecting which of their internal services could be prioritised for sharing.

4. Skills in developing shared vision between partners on issues such as organisational purpose, procedures and structures, accountabilities and power.

5. Skills in building strong trust between stakeholders at the design stage of the project.

6. A knowledge of the relevant acts, range of governance models and partnership vehicles (joint committees/boards, co's limited by guarantee, etc.) that can be used in the design of shared service projects.

7. A knowledge of EU procurement rules when applied to shared service contracts.

8. A knowledge of the range of current tools that can be used in designing collaborations in public sector activities (4ps, CIPFA, CLG, IDEA, etc.).

9. A knowledge of PRINCE2, or Managing Successful Programmes (MSP), and experience in applying business process improvement methodologies.

10. A knowledge, from case studies or site visits, of the successes and problems encountered by other shared service projects that have already undertaken similar activities.

The Central Partnership Cluster

This is a fictional advertisement for illustrative purposes only.

The traditional tools of PRINCE2 and Managing Successful Projects are worthy, but unsuitable to cope with the politics, trust and clarity of shared vision issues in a shared service.

sector and academia has been applying its mind to the skills training and knowledge acquisition that is required for successful inter-organisational working[1].

The traditional tools of performance management (PRINCE2 and Managing Successful Projects) are worthy, but totally unsuitable to cope with the politics, trust and clarity of shared vision issues[2].

They are excellent for their process and delivery purpose but assume that the people, politics, trust and shared vision issues are resolved already. These tools are best applied from the Cabinet Office second stage, the Business Case phase of the shared service, but not in the initiation phase covered in this book.

Therefore, there is an obligation on those who are recruiting councillors or senior managers to a shared service role, to ensure they either possess or are equipped with the necessary skills and knowledge to get the trust and shared vision issues "right first time".

The alternative is to be led through the design of multi-million pound

[1] See Huxham and Vangen (2005) and Lank (2006) for examples of what they call "collaborative advantage" skills and knowledge.
[2] The words "people", "politics", "trust" and "vision" do not appear in the PRINCE2 manual's index.

shared services by representatives who are learning on the job and stumbling their way to success.

Advertising the role

Each public sector organisation should have a cohort of trained and experienced shared service architects who can confidently represent them, again and again, during trust and shared vision phases of shared service projects. This will also save substantial fees in external consultants.

The fictitious advert, on the previous page, could be used to internally recruit people to the role. It can be used as a checklist by recruiters to "rule out" those who do not possess the skills and knowledge.

The 10 knowledge and skills traits listed are developed from the research carried out at Canterbury Christ Church Business School.

They are based on the requirements of 30 mature shared service projects and the input of 20 experienced shared service practitioners.

This article is taken from the Shared Service Architect's Toolbox, to be published in the late summer of 2009.

Visit www.sharedservicearchitects.co.uk for more details.

How well did you get on with the quiz?

The maximum score is 12 points.

If you scored less that 8 maybe it is time to consider increasing your knowledge in the areas where you had low scores.

Which of these statements about the application of the Teckal Test is true ?

Give yourself one point if you chose answer (a) all the other choices are nonsense.

2.   Joint Committees – which of the statements is true? The answer is all of them. Score one point for each one you chose as true.

3.   Which one of the statements is correct in considering a limited partnership as a shared service vehicle?

Give yourself one point if you chose answer (c).

4.   Which of the following is a definition of a sovereign shared service?

Give yourself one point if you chose answer (c).

5.   Which local government act is potentially the "power of first resort" for establishing local government shared services?

CLG and Inlogov say it is answer (a) the Local Government Act 2000

6. Under the ICER (2004), there is a requirement to inform and consult the workforce on shared service activity only where the number of employees exceeds? Give yourself one point if you chose answer (d).

7.   Which of these statements about the TUPE Regulations of 2006 is untrue?

Give yourself one point if you chose answer (c).

8.   If staff are seconded to undertake a shared service, which of the following is true?

The answers are (a) and (b) - give yourself one point for each correct answer.

Involving trade unions in shared services

Unions are publishing their policies on shared services.

They indicate that whilst they are are not against public-to-public shared services, they are intrinsically against "outsourcing" of services to the private sector.

If you are looking for examples of strong union impact on shared service development then London, Somerset and Wales are valuable case studies.

The first is the reaction to the announcement by Barnet LBC that it could reduce itself to a commissioning hub, contracting a majority of its services to be run by other public, private or voluntary sector organisations.

The Barnet TUC (formed in April 2008) is a pressure group of representatives from a range of unions - Unison, GMB, NUT, NAS/UWT, PCS, RMT and NUJ who are organising the growing protest to the Council's plans. In November 2008, the unions arranged a public meeting which they claim over 300 residents and council staff attended.

In addition to their local canvassing activity, Barnet TUC appointed the European Services Strategy Unit to provide an analysis of the Barnet LBC project. Published in January 2009, the *"London Borough of Barnet - Failure to Assess Options for the Future Shape of the Council"* has a checklist of criticisms of the Council's proposals. Whilst the action is bubbling up in London, in Somerset it boiled over in 2008.

Unison took SouthWest One (the recently established Council/IBM shared service) to an employment tribunal for failure to properly consult employees. At the same time, the Council reportedly dismissed one union shop steward, suspended the branch secretary and launched an investigation into another two of the union's stewards.

The strength of power of the unions in some areas is possibly best illustrated in Wales. The UNISON, GMB and UNITE trade unions claim that they have ensured that private-public partnership is not an option in the *Shared Services Final Business Case*, which is currently being discussed in the 10 Authorities that make up the South East Wales consortium.

The Unison Cymru website explains that "...lobbying by the trade unions at a local and Welsh national level has ensured that if the shared services plan for personnel, training and payroll goes ahead, it will be based on a fully publicly owned solution."

Unison published their [Branch Guidance on Shared Services](#) in May 2008. The guide accepts that shared services are inevitable, "...shared services has moved to the very top of the agenda when it comes to the organisation of public services and it will clearly have an impact on the working lives of many UNISON members.".

The guidance recommends that union reps engage early in the discussions, "...don't wait until you're given a planning document and don't wait for the TUPE consultation period. Make sure your members have been represented early in the process, or even better, before it begins."

What could unions be asking at your shared service meeting?

This is the checklist of questions that Unison recommends representatives bring to the shared service discussions:	From your Shared Service HR Policy document, what would you be saying?
1. Will there be the opportunity to develop a genuine in-house bid and service improvement plan?	
2. Has an equality assessment impact been carried out?	
3. Will there be job-losses?	
4. Will trade union reps be allowed to use facility time on issues relating to a potential new employer?	
5. Will the employer guarantee no compulsory redundancies?	
6. Will redundancy or early retirement be offered to staff? If so, on what terms?	
7. Will existing staff be forced to relocate to a new workplace?	
8. If so, where will this be and will any relocation or travel costs be made available to employees?	
9. Will any redeployment or retraining schemes be put in place?	
10. Will TUPE transfer apply for the duration of the contract?	
11. Will there be any loss or erosion of pension rights?	
12. Have the employers developed a pay and grading structure that complies with legislation on equal pay?	
13. Will the re-organisation comply with the public sector equality duties, including the employers own equality scheme(s)?	
14. Will the new employer recognise existing trade union structures for the purposes of negotiating?	
15. Will the new employer honour existing agreements including trade union facility time?	

Source: Unison Shared Services Branch Guidance 2008

Education has a lot to learn

Think of public sector shared service activity and you tend to think of councils, NHS, police and central government agencies.

However, since 2006 the universities and FE colleges have been engaged in this activity too.

A recent survey, commissioned by the Joint Information Systems Committee of HEFCE (JISC) in 2008 has revealed mixed success in the shared service journey of FE and HE in England.

JISC defines the term 'shared services' as 'institutions cooperating in the development and delivery of services, so sharing skills and knowledge, perhaps with commercial participation'.

Within this broad definition JISC has now released the results of the survey to describe the 2008 shared service landscape across the sector. These include services such as student records, time tabling, finance, estates, human resources, library management, virtual learning environments (VLEs) and customer relations management.

HEFCE predicts that there are real opportunities for the sector to benefit from adopting shared services, and is encouraging higher education institutions to engage positively with these developments and to 'explore the potential of services which can be shared between institutions to improve delivery and release resources to further support teaching and research'.

It confirms that the Learning and Skills Council (LSC) is yet to make a specific announcement about shared services and has an advisory group which is reviewing and providing advice on the potential opportunities they present.

The JISC survey shows that between a quarter and a third of the responding institutions have at least one shared service in place, and nearly 10% are planning at least one such service.

However, it confirms that "...the amount of shared service provision actually in place is generally small, in non-critical service areas and predominantly regional in nature."

The report, undertaken by consultants Duke and Jordan, draws the following conclusions:

a. There is a low level of enthusiasm for shared services in the sector

b. Adopting shared services carries risk with uncertain benefits, which are in any case dependent upon institutional circumstances

c. The principal impetus for institutions towards shared services is the delivery of better services rather than towards being learning organisations

d. Partnership issues are the principal group of inhibitors hindering adoption of shared services

There is considerable commonality in the approaches of FEIs and HEIs in the adoption of shared services.

When was the last time you went to the library?

The Shared Service Architects online library is updated weekly and edited by our team.

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Sharing in Swansea

Just before Christmas, the BBC led with a news item on the Department for Transport Shared Service Centre in Swansea.

Their headline described the shared service as "A stupendously incompetent government efficiency drive designed to save £57m, that will end up costing £81m."

The full story, which may become a text book case study for shared service architects, is told in the House of Commons Public Accounts Committee 57th Report of 2007-08.

The 33 page examination *"Shared Services in the Department for Transport and its Agencies"* includes both the main findings and the oral evidence given to the committee.

Throughout the report the Committee is tough on the project outcomes. For example it states, "There are three ways in which implementation can fail: through delay in introducing developments; increased cost; or by providing poorer services. The Department for Transport has suffered all three in implementing its shared services project. Yet, despite the extent of mismanagement in this case, no individuals have been dismissed or been properly held to account."

The evidence of failure to deliver is reported in a number of the performance indicators for the new Shared Service Centre. The performance achieved against the measure for creating and maintaining customer details within one day was 81% in December 2007, but had fallen to just 1.8% in January 2008, against a target for both months of 95%.

Another, sited in the report, was invoice payment to suppliers. "The Driver and Vehicle Licensing Agency and the Driving Standards Agency have a target to pay 98% of undisputed invoices within 30 calendar days. Neither agency achieved that target in the first 13 months of the Shared Service Centre's operations…"

The DfT was also criticised for its use of an existing framework agreement for awarding a £16m contract directly to IBM. "The department has a duty to seek competitive tenders for projects of this size and nature…" the report concludes.

In defence of the DfT, their permanent secretary Robert Devereux told the committee that the HCPAC report was "…basically a work in progress… What the National Audit Office are assessing - particularly in the benefit line as they made clear - is the value of the savings that we have absolutely identified and can bank right now. I have not come today to suggest that is the position the project should remain in… I do not regard it as the end of the story and, therefore, to say this is the final forecast is not right."

Edward Leigh, chair of the HCPAC, told the BBC, "The [DfT] knew that it was pushing things with such a tight timetable but, without robust challenge to such a risky strategy, ploughed on confidently." In his summary of Report 57 he adds, "The Committee will return to this project to establish what progress has been made in ameliorating the loss to the taxpayer."

What are the generic lessons that can be learned from the House of Commons Public Accounts Committee conclusions and recommendations?

Area of Activity	Corrective activity from the HCPAC report
1. On Planning and Management	To secure proper accountability, the incentives for success and penalties for failure should be clearly defined and communicated at outset - with the specific naming of those who they apply to.
2. On timetables for delivery	All planned timetables should be subject to regular challenge from stakeholders and gateway reviews.
3. On "when things start going wrong"	Progress (its effect on both the timetable and budget) should be assessed at every milestone and project variation agreed with all those involved.
4. On contracting with suppliers	Competitive tendering should be used as it has the added benefit of ensuring that there is a precise specification for the project.
5. On skills and knowledge of staff	Members of staff must have appropriate training and experience in project management.
6. On meeting performance targets	Realistic month on month improvement targets should be set from the start of the project so that action can be taken if they are not being met.
7. On user trust of the new system	User's concerns about a new system should always be taken seriously especially in relation to those areas that are customer focused.
8. On benchmarking the success of the new service	A project should identify a range of public and private sector bodies it can regularly compare its performance against through key indicators.
9. On adding new services whilst struggling with existing ones	Optimism of success needs to be managed and any additional services to be added to "solve existing problems" must be tested with robust costing and benefits before application.

Source: The House of Commons Public Accounts Committee Report 57 Session 2007-08
"Shared Services in the Department for Transport and its Agencies"

Jan 30th 2009 - On my way to the airport. I noticed that the Independent newspaper and Daily Mail have moved in together in West London. to share services and save the Independent about £2m a year.. Journalists from both teams will co-locate in the building. each having separate workspace. but they will share a number of back office services including IT provision and payroll. The Times reports that. "The plans are part of an intense effort to restore the finances of The Independent. which with its Sunday stablemate. is expected to lose over £10 million this year. as the advertising market collapses. Must run – flight to catch!

To SSA Magazine
From
Heathrow

To SSA Magazine
From
Australia

Jan 22nd 2009 - Just when I thought I was escaping for a holiday in Oz, it was announced that Sir Peter Gershon (remember him?) has just completed a review of the Australian Government's management of information and communication technology . The government has decided to implement Sir Peter's recommendations in full!
FutureGov.net reports a government minister as saying, "This decision represents the most significant change in the use and management of ICT in the Australian Government to date. We will act decisively in applying Sir Peter's recommendations."

Feb 2nd 2009 - Fell of my skis when I heard that an agreement to merge and share services by the Danish postal service with its Swedish neighbour was signed yesterday. The new postal service will be jointly owned by the Danish and Swedish states, with shares being divided 40 and 60 percent respectively. The board will be divided equally between the two countries.
Danish Transport Minister Lars Barfoed said that he was pleased the agreement had been reached on the merger terms after a long setting up process which started in early 2008. I wonder what we could learn?

To SSA Magazine
from
Stockholm