



shared service architecture Magazine

essential shared service skills and knowledge for public sector managers

Putting Shared Services On The Map

Sir Merrick Cockell presents graduation certificates to the UK's first Shared Service Postgraduates



Shared Services becomes a profession
Twenty-one students graduate with the national Postgraduate Certificate In Shared Services

Sharing Nicely

Dr Michael Servian suggests an effective contract structure for shared service projects

University Challenge

Graham Rogers, Deputy Vice Chancellor, University of Wales, Newport, unpacks the UUK Efficiency and Effectiveness Report

Research Councils UK Shared Services

Manny Gatt unpacks the new NAO report on the failings in this five year project

What Can We Learn From NASA?

Alasdair Robertson applies shared service computer modelling to reduce both risk and the cost of delay

VAT removed from HE/FE shared services

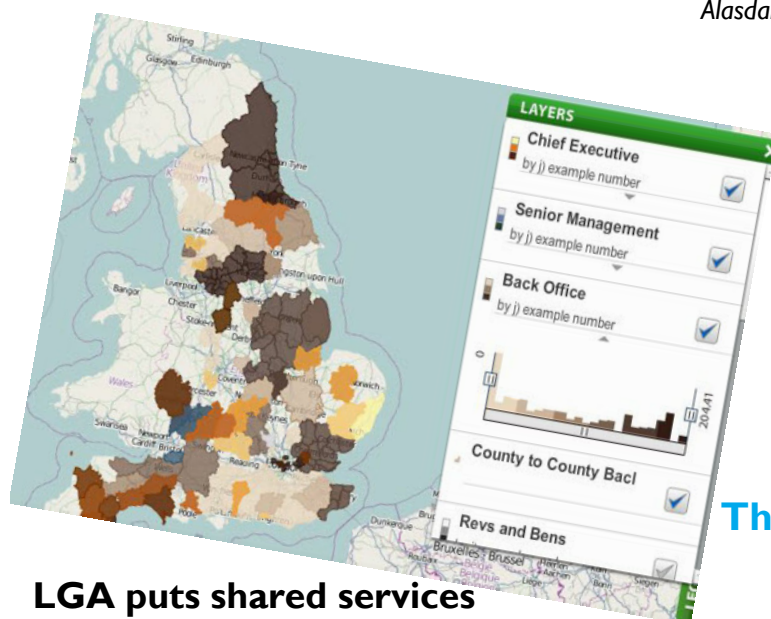
Is there help for FE, HE and Housing after the Autumn Statement?

How Will The Police Be 'Adapting To Austerity?'

What can the HM Inspectorate Of Police report tell us about the future of blue light shared services?

The Clyde Valley Shared Support Services - Why The Stumble?

Seven Scottish councils have a plan, but do they have a shared vision?



LGA puts shared services literally on the map



**What did they have
on their CV
that you didn't?**

**The Postgraduate Certificate in Shared Services
from Canterbury Christ Church University**

...six months distance learning and a turbo-charged CV

**Click below for a prospectus
www.canterbury.ac.uk**

Or email Dr Wim Van Vuuren, Programme Director
wim.van-vuuren@canterbury.ac.uk



A cause for celebration

It must be a great feeling to know that you are part of an elite group of postgraduates. That is certainly the way the pilot cohort of students felt

when they received their Postgraduate Certificate in Shared Services (PCSS) from Sir Merrick Cockell, Chair of the Local Government Association. The PCSS is the first qualification of its kind in the UK and, to my knowledge, in the world and I am proud to be associated with it as a lecturer. The additional good news is that another 15 students have passed the PCSS over the summer, with another dozen just setting out.

Publish a report and go on holiday!

It would be easy to get a feeling that every sector has published a report on shared services over the summer months. In this edition of SSA magazine, we have reviewed eight of them for you, so you can blend the learning into your projects. Potentially the two most interesting from a practitioner point of view relate to the HE sector (p25) and police (p27) who are both early in their shared service journeys.

HMRC also brought out their consultation on VAT and shared services which is a double edged sword. If VAT relief is granted under EU-132, then it will make outsourcing 20% more expensive than inter-organisational sharing in some sectors (p17).

Then there is the NAO's review of the Research Councils UK Shared Service - 65% over budget and 15 months late. Manny Gatt assesses the problem and why we should have expected it (p11).

New look website with plenty of downloads

Over the summer we redesigned the Shared Service Architect's website to help you be more effective in your work. There are now 22 sections, under the three headings of:

- how can we help you with your personal skills and knowledge?
- how can we help your organisation gain collaborative advantage?
- how we can help your partnership develop and deliver?

Drop in and see it at www.sharedservicearchitects.co.uk

Dominic Macdonald-Wallace
Editor

The views expressed in this magazine are those of the contributors for which Shared Service Architecture Limited accepts no responsibility. Readers should take appropriate professional advice before acting on any issue raised in this magazine. Reproduction in whole or part without written permission is strictly prohibited. Articles are welcome for publication through contact with the editor. No payments are made for articles. The editor reserves the right to edit or decline articles without explanation.

"Shared Service Architect®" is a registered trading name under the Business Names Act 1985 and permission should be requested to use it in connection with shared service activities. Reg. No. 2272322.

contents

Sir Merrick Cockell meets the UK's first shared service postgrads p7

Local Government Association: Putting shared services on the map p9

What went wrong at the Research Councils UK shared services? p11

Developing shared service business cases in-house p14

Is the VAT man offering help with shared service activity? p17

What can we learn from NASA and apply to shared services? p19

Leading shared service innovation teams p22

Universities UK and their report on shared services p25

How will the police cope with 'Adapting to Austerity'? p27

Clyde Valley Councils launch the largest shared service in the UK p29

How to share nicely: A contractual perspective p31

Trade Unions: Please can you lend us a member of your staff? p33

What do MPs think of employee mutuals? p35

HEFCE finalises their £12.5m shared service funding p37

AoC evaluates the impact of their £4m shared service grants p38

When was the last time you went to the new, improved, SSA library? p39

Shared Service Architecture Magazine is a publication of:
Shared Service Architecture Ltd
New Broadstreet House
New Broadstreet
London EC2M 1NH

T: 0845 658 9783

E: info@sharedservicearchitects.co.uk

W: www.sharedservicearchitects.co.uk

© Nov 2011 - Shared Service Architecture Ltd

‘Litany of failings’ in Research Councils’ procurement project

It was estimated that it would save the councils nearly £400 million in its first 10 years.

The National Audit Office has warned in a critical report (24/10/11) that the research councils might never recoup the money they have spent on the development of their joint procurement project.

The NAO report, “*Shared Services in the Research Councils*”, talks of a litany of failings which resulted in the Shared Services Centre being delivered 65 per cent over budget and 15 months late.

The centre was set up in 2006 to co-procure the research councils’ systems for human resources, finance, ICT, procurement and grants allocation. It was estimated that it would save the councils nearly £400 million in its first 10 years.

However, according to the report, complex governance arrangements led to a lack of clarity about specifications and a falling out with original IT contractor, Fujitsu at a cost of £13million. See page 11 for an analysis of the report. (See p11)

Northants and Cambs Councils save £11m in 2010-11

Northampton and Cambridgeshire County Councils have transferred the Cambs County ICT service into the jointly owned shared service project.

In an August press statement, Leader of Cambridgeshire County Council, Cllr Nick Clarke said: “We have shown how successful sharing services can be with our other back office services and the transfer of IT and facilities management to LGSS was the next

logical step. By making further savings from our business support services we can ensure that the vast majority of our money goes directly to the front line.”

The two councils launched the shared service in October last year to share business systems such as HR, legal services, internal audit and finance. To date the shared service has banked £11m of savings for the two authorities.

London Tri-Borough shared services banks £740k in months

...replacing nine roles with three, saving around £740,000 in salaries alone.

Writing in their Oct 2011 report, “*Driving Change: leadership, trust and money*”, the three Leaders from Hammersmith and Fulham, Kensington and Chelsea and Westminster Councils have announced almost immediate savings of £740,000, only months into their project.

Sir Colin Barrow, leader of Westminster City Council, writes in the report that having one director for children’s services, one libraries

director and one director for adult social care replaces nine roles with three, saving around £740,000 in salaries alone.

The 28 page report illustrates that the rapid success of their project has been gained through strong and driving leadership from the Members and recognition that shared service activity is driven mostly by managing the people, power and politics with the need for robust business cases and implementation.

Bromsgrove and Redditch Councils to expand shared working

Both councils have already saved £85,000 and further £3m are expected to be saved once the project is completed.

Bromsgrove and Redditch councils have decided to expand their shared service collaboration with leisure services.

Both councils have already saved £85,000 and further £3m are expected to be saved once the project is completed.

Cllr Derek Taylor said: "The work being done behind the scenes will not even be noticed by our residents but it goes a long way in helping the two councils save money and become more efficient as we face challenging financial times. This move means that Redditch

Borough Council can continue to offer top leisure facilities and activities to our residents while still making savings".

Bromsgrove and Redditch Councils already share services for more than three years. Some of the services are ICT, payroll and communications, procurement, community safety, lifeline and management team.

[You can follow the shared Chief Executive's blog by clicking here.](#)

Cheltenham & Tewkesbury Councils share legal services

Cheltenham and Tewkesbury have launched a legal shared service project.

The new team will be called 'One Legal' and will be based at Tewkesbury Borough Council.

The collaboration has been launched in order 'to save taxpayers money and create savings on services in the future for both councils'.

Tewkesbury's Cllr Robert Vines said, "I am delighted to see the launch of this new shared service, which really highlights the benefits of working together with Cheltenham Borough

Council. We are committed to providing excellent, value for money services that really meet the needs of our customers - and this is clearly reflected in the shared legal service".

Andrew North, Chief Executive for Cheltenham Borough Council said: "Shared services deliver countless benefits to local communities, including improved services. I am pleased that the joint working has been approved and I look forward to working with my colleagues in Tewkesbury."

Debenham's police and fire to share local offices

Each fire station will be extended to accommodate police staff, with improved facilities for the teams and members of the public.

Suffolk County Council has agreed to jointly fund shared bases for fire and police services in the county.

Suffolk Fire and Rescue Service is committing capital funding of £215,000 for construction work to the fire station in the town of Debenham and two others in Elmswell and Ixworth, while Suffolk Constabulary will be providing £599,000.

Each fire station will be extended to accommodate police staff, with improved facilities for the teams and members of the public.

The cost of maintaining and improving the three fire stations would have amounted to £156,000 over five years. However, sharing will help make savings of £25,000 annually.

Shropshire Council explores sharing options to reduce costs

An important aspect...is the agreement by Members to save at least £2m by adopting ways of working which share service delivery with other organisations...

Shropshire Council is to look to internal and external shared services in order to reduce its costs.

In July 2011 the Shropshire Cabinet members approved the plans for shared services which should save the council at least £2 million. It should take a further 12 months to design and implement the shared service plans.

The shared services will be completed in two stages. The first stage will result in the merger of groups of internal processes and the creation of a shared service business plan.

The second stage will include creation of a new platform, allowing the council to explore wider partnerships with other authorities and public services.

An important aspect of the MTFP is the agreement by Members to save at least £2m by adopting ways of working which share service delivery with other organisations, so as to reduce costs and provide economy of scale, initially in relation to "back office" corporate support services, with the potential to extend this approach to a wide range of other services.

Five London fire authorities plan for shared service control

Guardian Public reports that the London Fire and Emergency Planning Authority have tendered a proposal for fire and rescue services in Lincolnshire, Buckinghamshire and Berkshire.

The contract will be 10 years with possible extensions for another four and valued at up to £248m. It specifies the provision of software, hardware, consultancy, maintenance, call

handling and data processing machines. They currently use a Motorola system that will end in late 2014 and want a system that has newer technologies with automatic vehicle location and caller identification.

The authority is moving to Merton, south-west London and expects to have it in place by November.

Lothian Councils in education and children's service collaboration

The project has already cost £60,000 and it is expected to need further investment of £150,000 till March 2012.

East Lothian and Midlothian Councils came together to share delivery of support services in education and children's services.

This collaboration follows a 7 month project of developing an outline case for the shared services. The project has already cost £60,000 and it is expected to need further investment of £150,000 till March 2012.

Cllr Paul McLennan said: "In developing a shared model for delivery of education and

children's services, both councils have recognised the need to deal with the funding challenges we all face".

However there have been concerns from trade unions about not fully informing the members of staff who fear redundancies.

The next step will be appointing a new joint team to resolve outstanding issues and senior management team for the shared service.

The Department of Transport to privatise its shared service

The Department of Transport aims to have a contract in place by the first half of 2012.

The Department for Transport has tendered notice for a private operator to take control of its shared service centre in Swansea.

The centre provides HR, IT and document management. The tender for its framework agreement will make it open for use around Whitehall. Its aim is to “simplify and standardise back office services for central government - as well as reducing the cost of civil service administration”.

The ITT states that “It currently has 15,000 users but could easily cater for three times

that number. A fully utilised centre would help reduce costs to the department as well as bringing greater job opportunities to Swansea”.

It would be a 10 year contract, with a 4 year cancelling option with a value of between £150m and £750m, which will require a significant capital investment.

The Department of Transport aims to have a contract in place by the first half of 2012.

AoC and I57 Group fund new FE shared service project

An AoC and the I57 Group Collaboration and Shared Services Grant will be used to develop innovative work by FE sector organisations to drive forward significant efficiencies and innovation.

AoC held the first Innovation Committee meeting on 2 June and discussed the supervision, allocation and process of the £6.5million shared services money granted to AoC by the SFA.

It was agreed by the Committee that in order to help the sector in terms of applications and making processes clear and transparent, the bids and assessment process should be joined with the I57 Group to ensure a single process as they too have an allocation of funds.

The funds will be granted for the development of innovative work to drive forward significant efficiencies and innovation within the FE sector. (See p38)

Universities UK releases key report on HE efficiency

‘...information on the costs of operational activities within higher education is poor...’

The Universities UK Efficiency and Moderation Task Group has released a September 2011 report, [‘Efficiency and effectiveness in Higher Education’](#) which explores the opportunities for HE to meet the challenges of reduced funding.

The report reveals that ‘information on the costs of operational activities within higher education is poor’ and calls for wider analysis and benchmarking of costs across the sector.

The report suggests that there is a lot of preparatory work to be done before universities step into shared service activity.

For example it states, “Shared Services are often held up as an ‘off the shelf’ solution for efficiency, but if their potential is to be fully realised in higher education then simplifying, streamlining and improving needs to be a priority.”. (See p25)

Shared Service Architecture Becomes A Profession

From Back Left: Cllr Gary Porter, Alasdair Robertson, Dominic Wallace, Sir Merrick Cockell, Dr Wim van Vuuren, Manny Gatt. David Martin, Joanne Wright, Mike Lea, Bryan Smith.



Sir Merrick stressed the importance of training and developing the shared service skills and knowledge of both Members and senior managers

Sir Merrick Cockell, Chair of the LGA and Leader of Kensington and Chelsea Council, has presented graduation certificates to the UK's first cohort of public sector leaders and managers to achieve a postgraduate certificate in shared services. The presentation took place in London over the summer.

Since then another 15 senior managers from local authorities and higher education have graduated and another 10 have started on the October 2011 programme.

The six month postgraduate programme has been designed and delivered through a partnership between Canterbury Christ Church University and Shared Service Architecture Ltd.

The content was developed from research published at the university in 2009 into the skills and knowledge required by public sector managers and leaders to be successful in shared services.

The research illustrated that shared services is a complex area of working and the skills and knowledge required are not fully taught through current leading project systems

such as Prince2 or Managing Successful Programmes.

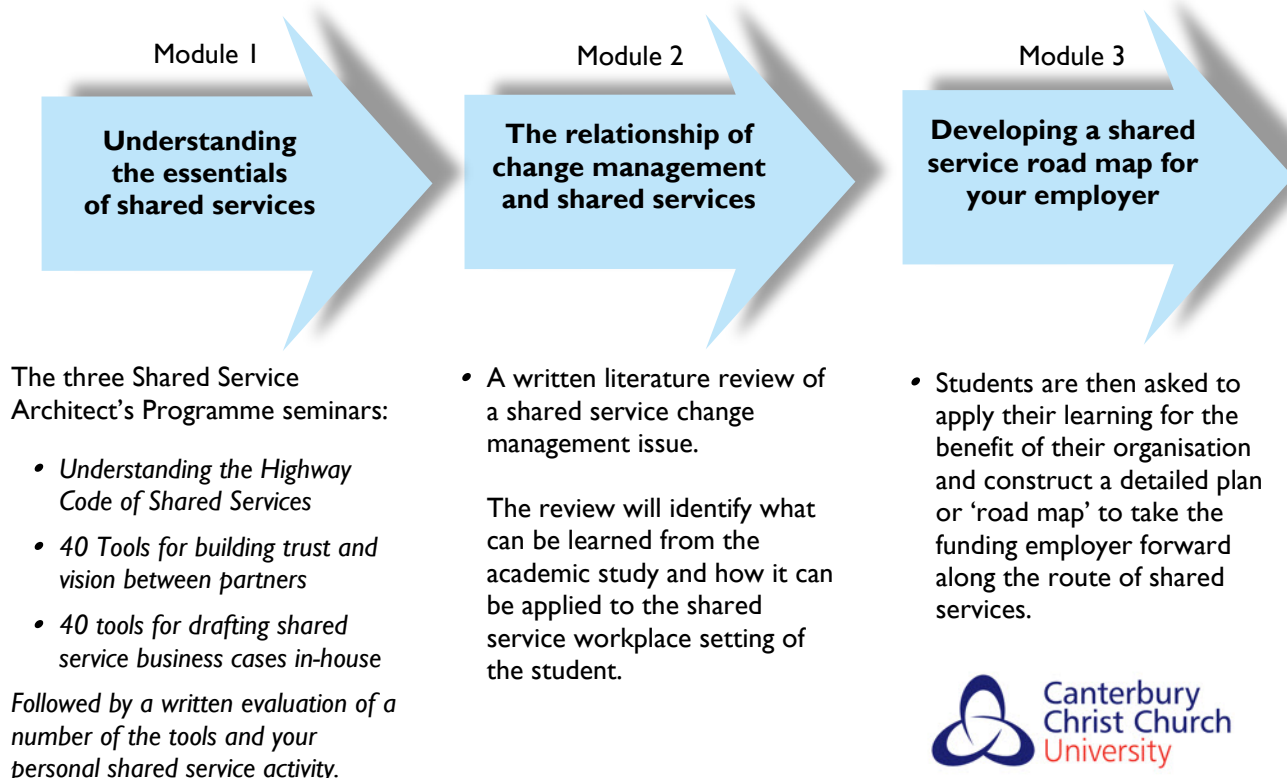
Whilst it is important that shared service practitioners are qualified in those systems, the research identified 20 key areas of additional knowledge and skills relevant to shared service activity in the public sector. This has been called 'The Shared Service Architect's Programme' and forms the first module in the postgraduate certificate.

Over 150 councils, FE, HE, fire, police and other organisations, have put over 600 of their Members, leaders and senior managers through one or more of the three Shared Service Architect's seminars.

The programme draws strongly on the academic study of 'Inter-organisational Relationships' which is led by a special interest academic group at the British Academy of Management.

UK academics such as Prof Chris Huxam at Strathclyde University are some of the world leaders in shared service activity and much of their research and writing is applied in the six month course.

The three modules of the Postgraduate Certificate in Shared Services



Before handing out the certificates, Sir Merrick stressed the importance of training and developing the shared service skills and knowledge of both Members and senior managers so that they can deliver the benefits of shared service activity effectively and rapidly.

Dr Wim van Vuuren, Programme Director for the university, added that many Members and senior managers have been thrust into shared service activity without sufficient training, putting both their organisation and their personal credibility at risk. Collaborative working is in fact very difficult, as is reflected in the low success rate of mergers and alliances in the private sector.

CIIR Gary Porter, Leader of South Holland DC was among the graduates receiving their certificates from Sir Merrick.

Gary told the gathering that the six month programme had helped him immensely

with the challenges encountered in setting up Compass Point Business Services, with East Lindsey District Council and his shared management programme with Breckland DC.

He felt that the collection of over 100 shared service tools, techniques and templates, provided in the foundation module, was particularly helpful.

Canterbury Christ Church University is now inviting applications for the February 2012 cohort.

For more information contact:
Dr Wim van Vuuren,
Programme Director,
Canterbury Christ Church University
T: +44 (0) 1227 782118
E: wim.van-vuuren@canterbury.ac.uk

[Or click here to visit the website](#)

Putting shared services literally on the map

Example service areas available on the map:

- Back Office
- Chief Executive
- County to County Back Office
- Front Office
- Housing
- Legal
- Planning
- Procurement
- Property
- Regulatory
- Revs and Bens
- Senior Management
- Social Care
- Transport

One of the most successful local government productivity workstreams is the *Shared Services Across Areas, Tiers And Partnerships*.

Set up in 2010 with support from South West Councils and the Audit Commission, the commission was led by Cllr Gary Porter, Leader of South Holland District Council and Joanne Killian, CEO of Essex County Council and Brentwood Borough Council.

The workstream's ambition is to investigate existing shared service activity, draw together lessons learned from existing practice, and provide tools to support decision-makers as they consider the options ahead of them.

For shared service practitioners, the most helpful way they have achieved their ambition is to release a database of over 200 identified shared service activities in local government and, most helpfully they have created an online, searchable, shared service map.

The benefit is that shared service practitioners can search for projects and programmes from which they can steal with pride.

For example if you tick the box for 'Shared Management' the map will indicate activity on shared management that workstream has been made aware of.

This will enable you to contact the people who are leading on those services and maybe undertake some shared service tourism or 'business case borrowing'. Both may well reduce your cost of delay by many thousands of pounds which is why the map is so valuable to the sector.

However, you have to give to receive and part of that is contacting the workgroup to put your shared service on the map if it's not already on it.

You can contact them through productivity@local.gov.uk

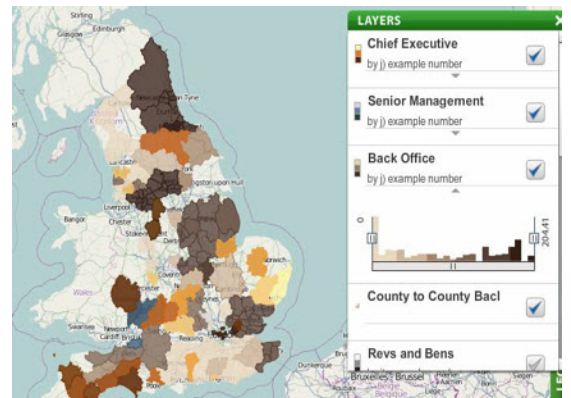


Fig 1: You can choose either a single service or an overlay of several services. This map highlights areas with shared CEOs, management teams and Back Office services. [Click here to visit the map.](#)

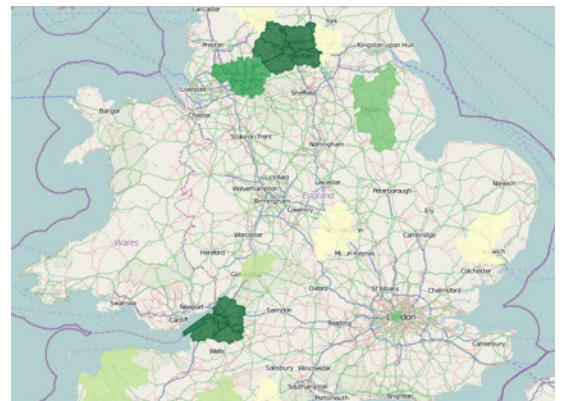
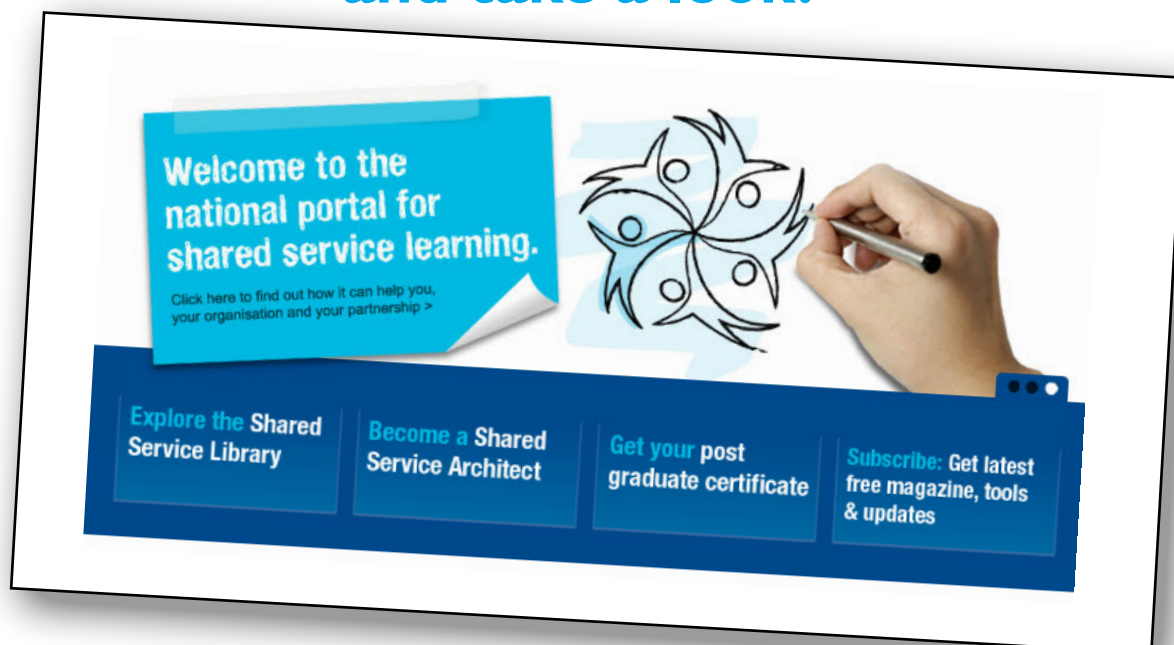


Fig 2: This map illustrates where there are shared planning services being developed



The work of the Shared Services Across Areas, Tiers And Partnerships Programme is set out in this Shared Services and Management Guide which can be [downloaded by clicking here.](#)

**We've had a makeover.
Why don't you come round
and take a look?**



www.sharedservicearchitects.co.uk

We have totally revised the Shared Service Architect's website to help you get the most from the taught sessions, mentoring and computer based modelling services on offer.

The major changes you will notice are:

- Access to 22 areas of shared service learning and activity to help you get the most for you, your organisation and your shared service partnerships
- Download free tools, templates, booklets and guides
- A better library layout, linking you to over 600 reference documents, and a wider range of search options to refine your search
- You can book onto many of our seminars online, to suit your needs
- Possibly the best shared service news service in the UK

**Pop around anytime - the website is open
24 hours a day, 7 days a week**



Manny Gatt is Managing Director Of Shared Service Architecture Ltd and lectures on the Postgraduate Certificate in Shared Services

What went wrong at the Research Councils UK shared service?

In January 2006 the seven UK Research Councils agreed to work in partnership to harmonise five back-office activities across their organisations, in full by 2009.

With an overspend of 65% (£130m against an initial budget of £79m) and underachievement of £73m compared to the business case predictions, it has been a less than easy journey for the project over the last five years. The future doesn't look too bright either as it may take 10 years to pay back that investment unless further savings are found¹.

We know this, because the National Audit Office has shone a very bright light on the problems in its October 2001 report '[Shared Services In Research Councils UK](#)', and it provides us with an opportunity to identify the learning points.

Lessons from the private sector

In the private sector, up to 70%² of collaborations fail to deliver the projected outcomes for the following three reasons:

- Leaders fail to lead because they lack the skills to be effective in collaborations
- Projects are under-resourced, against weak business cases that are over optimistic
- Project teams are not equipped in shared service working

With that in mind, I have been unpacking the NAO report to identify if any of these seem to have occurred in the Research Councils' collaboration. And, not surprisingly all three issues are in play.

¹ National Audit Office (2011) *Shared Services In the Research Councils: Report by the Comptroller and Auditor General*. HC 1495 Session 2010-2012, 21/10/11. Norwich TSO

² Audit Commission (2008) *For Better, For Worse: value for money in strategic delivery partnerships*. London Audit Commission Publications

Leaders failing to lead

The NAO reports that the governance structure of the project has been complex³.

'A large project board was established to oversee the project, comprising up to 20 attendees and supported by a complex series of sub-groups. As a result the project board found it challenging to gain consensus on the direction and delivery of the project⁴.'

This contributed to a lack of shared vision of how shared services would work, which in turn contributed to costs escalating and slippage⁵. In addition the project appears to have been pushed forward despite the fact that *'the Councils had found it hard to agree a common way forward given their individual needs⁶'*.

Experienced shared service leaders would have halted the project at this point and made certain that there was strong consensus. However, the board pressed on to produce a 'target operating model' in August 2008. The NAO comments that *'Even at this stage the design lacked the usual detail to agree a full business case.⁷'*

In addition the NAO is critical of the leadership of the project board and its sub-group for poor decision-making.

For example when analysing the options of the business case the board, *'did not follow HM Treasury published guidelines⁸'* and *'The [options appraisal] scores appear to be purely judgemental with no quantified analysis.⁹'*

³ NAO p7, para 6

⁴ NAO p22, para 3.5

⁵ NAO p7 para 8

⁶ Ibid

⁷ Ibid

⁸ NAO p17, para 2.4

⁹ NAO p18 para 2.6

'The strategic outline business case...set out a rationale for the project based on making efficiencies and bringing benefits to scientists, universities and taxpayers....The full business case did not, however, have the same level of vision...'

Good leadership should have led to a consensus that the options should be re-appraised. *'The financial analysis should have prompted a re-evaluation of the available options but this did not happen'¹⁰.*

Finally, we can learn from the fact that in six of the seven gateway reviews in the project, the leadership did not act fully on the recommendations¹¹.

An under resourced project and weak over-optimistic business cases

There were identified problems around the lack of a robust business case underpinning the decision to opt for the chosen shared service solution¹², accompanied by a lack of base-lining to measure progress¹³.

NAO tells us that, *'The financial case for the chosen option relied heavily on making savings from better procurement for the councils – some 85 per cent of the gross savings to be generated. These projections were inherently uncertain and did not take into account that some savings might have been delivered by existing joint procurement arrangements'¹⁴.*

This was coupled with the appointment, in August 2008, of Fujitsu to develop the systems underpinning the shared service centre. Puzzlingly, at the time of their appointment, there was not a sufficiently clear design specification in existence for the Centre¹⁵. This led to project drift and variation.

So, not surprisingly Fujitsu were ultimately released from the project 15 months later after being paid £32m in that time, for an ICT project that was meant to cost in total, only £46m over 10 years¹⁶.

Additionally in the mix was the lack of resources. Project resource is about more than warm bodies or sufficient funding. It is about the right people, at the right time, applying their expertise to the right problems.

¹⁰ NAO p6, para 6

¹¹ NAO p25

¹² Ibid

¹³ NAO p20, para 2.14

¹⁴ Ibid

¹⁵ NAO p7, para 9.2

¹⁶ NAO p26, para 3

The RCUK SS resource was a mixed group, *'The [project] team was largely staffed by seconded Council employees, but with roles requiring specific skills and experience in implementing shared services filled by external contractors. External advisers were also used to support the team.'¹⁷*

However it was clear that they were not always available when needed. The NAO found *'evidence that recruitment to key project posts was difficult...'¹⁸*.

The governance of the project team was also confusing. There were two parallel teams reporting to two separate sets of managers.

Project teams un-trained in shared service working

What becomes obvious from the report is that the majority of the project members, from leadership down, may have had strong silo project management experience, but they evidence a lack of collaboration skills. For example, there is the skill of developing a clear shared vision before moving to a business case. This didn't happen and was the major cause of costs escalating and slippage¹⁹.

Then there is the skill of developing customer and stakeholder centric services. The NAO reports that, *'The strategic outline business case, agreed in December 2006, set out a rationale for the project based on making efficiencies and bringing benefits to scientists, universities and taxpayers....The full business case did not, however, have the same level of vision...'²⁰*.

Key lessons

Unsurprisingly, the key lessons are covered by the tools in the four Shared Service Architect's text books:

- Give leaders an effective governance structure to drive the project
- Establish a customer centric shared vision before developing the full business case
- Rigorously test business case assumptions
- Train and develop the skills and knowledge of your shared service project team to innovate and deliver effectively.

¹⁷ NAO p14, para 1.8.1

¹⁸ NAO p23, para 7

¹⁹ NAO p7, para 8

²⁰ NAO p16, para 2.3

Could you save £thousands in external consultancy fees if you had the tools, techniques and templates to write large chunks of your shared service business cases in-house?

The Shared Service Architect's Business Case Toolbox seminar is now available at a council or college near you!



The seminar and tools and techniques will equip you with the skills and knowledge to move confidently along the shared business case route map

This new, one day seminar, and the accompanying 200 page book of almost 40 tools, templates and techniques, has been written to build the capacity of you and your colleagues, to effectively draft as much of a shared service business case as possible, in-house.

£75,000 appears to be a rough guide to the fees paid to external consultants to draft a shared service business case. If ten services in your organisation are being considered for sharing with partners, that could mean up to £750,000 of external consultancy spend on business cases.

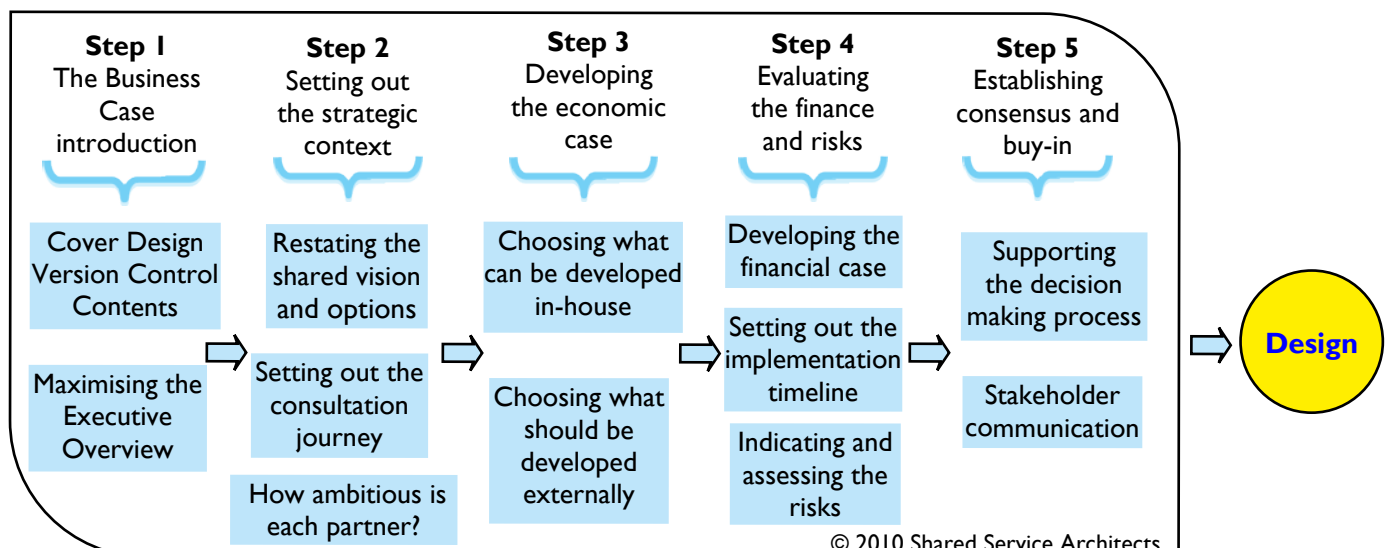
This seminar and toolbox (which are a foundation unit of the Postgraduate Certificate in Shared Services) equips public sector managers with effective tools, techniques and templates to delegate chunks of the drafting to colleagues and thereby considerably reducing the external consultancy spend. Just how much of that £75,000 could be consumed in-house will vary from organisation to organisation.

However the ambition of the seminar and toolbox is to help you shave up to £10,000 of consultancy payments off the cost of each shared service business case - a potential saving of £100,000 or more for organisations with 10 or more projects.

Email: manny.gatt@sharedservicearchitects.co.uk to find out about the cost of the book and discounts for hosting a partnership seminar at your offices.

Or visit: www.sharedservicearchitects.co.uk

THE FIVE KEY STEPS OF THE SHARED BUSINESS CASE ROUTE MAP



Tool: 2.09

MAKING ASSUMPTIONS

This is a sample tool from the Shared Service Business Case Toolbox.

Maybe you are assuming that the IT will work because it 'just does' in your organisation, but your partners' have an ageing infrastructure and their IT staff have little understanding or skill in working with it.

Tool 2.09 provides a template for setting out the assumptions that underpin the recommendations from previous tools.

This contrasts with Tool 0.07 which provided a way to make the hidden assumptions in people's heads explicit *before* the development of the business case started in earnest.

Presumption of assumptions

Whatever recommendations the business case ultimately makes it will always be predicted on assumptions. Its impossible for it not to be since you will never be able to confirm every detail before commencing the shared service. Your assumptions fill the gaps where evidence is not available.

For example, you might have to assume that accommodation costs are going to be in line with current forecasts, or a certain critical post will prove attractive enough to recruit someone of suitable calibre, and that such a person with experience of working across shared services even exists!

Some assumptions may be so 'obvious' that they don't even seem worth mentioning. But it is worth making them explicit for a number of tactical and strategic reasons:

1. It 'shows your working' and thought processes. This adds confidence that the proposals are robust and well conceived.
2. It reduces opportunities for critics to undermine the business case by claiming its based on unexplored assumptions.
3. It focuses attention on the issues that will matter.
4. It frames all discussions on risk and allows sensible judgements to be made about risks.
5. Assumptions are rooted in our cultural frames of reference. Different services and different partners all have different cultures, experiences, norms and expectations. This makes it imperative that assumptions are explicitly stated.

The last point in the above list is the most important in a shared service business case.

Maybe in your world staff are used to being asked to do things differently and re-structures happen routinely. As a result staff absorb changes readily and just get on with it.

Others may have had little experience of change and the proposals come as a greater shock, with more resistance, slower progress and more cost.

Maybe you are assuming that the IT will work because it 'just does' in your organisation, but your partners' have an ageing infrastructure and the IT staff have little understanding or skill in working with it.

Maybe you've assumed that something will be politically sensitive in your organisation, but that is simply not the case in other services or partners.

Other assumptions could be as simple as:

- Certain data was not available so we assumed the missing information was at the average level.
- Customer profiles will remain as at present.
- Demand volumes will follow current trends.
- Insurance premiums will be unaffected by the change.
- Legal barriers to otherwise attractive options will not be removed.

Testing testing...

Listing the assumptions is important, but what you do with them is more so. Tool 2.09 sets out the the assumptions in a table rather than the classic linear method, making it substantially quicker to access visually and compare the assumptions against a set of criteria you set for each one.

...assumptions may be 'unsensitive'. They could be wildly out and it doesn't matter since it would not change the outcome or decision. Others may be highly critical and even a small variation changes everything.

Four example criteria

In testing the assumptions, you can set criteria relevant to your circumstances. In the table opposite we have set four generic criteria as a starting point.

What assumption is being made?

This is where you list the assumption that is 'standing in the place of evidence or known facts'.

Sensitivity

It makes sense to list the range of circumstances within which the assumption remains valid.

Some assumptions may be 'unsensitive'. They could be wildly out and it doesn't matter since it would not change the outcome or decision. Others may be highly critical and even a small variation changes everything.

For example it may not change the decision if the future cost is 5% more than expected because the proposed option is still 20% better than any other alternative! In other cases even a small change may be so critical that the business case is no longer the same (e.g. Professional Indemnity Insurance is not available under this option, or a 5% increase in costs of a major software component).

Reason why the assumption was made.

People want to know why the assumption was made if only so they can be clear that it is not to pull the wool over their eyes. If the reader feels this assumption is critical they may ask for the assumption to be clarified with more data. Indicating here that the assumption was made because it would cost a considerable sum to obtain the data avoids unnecessary delays and shows it wasn't just that you didn't really try!

Monitoring

This is important for sensitive assumptions. Monitoring will be needed to see if the critical tolerances are close to being exceeded.

As with every other aspect of the shared service business case, analysis of assumptions is a team game. It is best co-created with partners and is an opportunity to better understand fears and cultures of those you are working with.

How to use this tool in the business case structure

The matrix in Tool 2.09 is used to make the implicit explicit. It aids confidence in the integrity of the business case and shows where assumptions have been made to fill the gaps in knowledge that will always remain.

Co-creating it with partners is a powerful way to understand the fears, constraints and cultures of those you are working with. Listing the assumptions in a matrix makes it easy to refer to them and identify which are 'mission critical' and need monitoring.

Step 1: Create a blank table similar to the one on the opposite page.

Then, add in appropriate criteria headings in the top row for your assumption work. We have used:

- What assumption is being made?
- Sensitivity
- Reason the assumption has been made
- How can it be monitored?

You may want to create your own set of headings.

Step 2: In the first column, write in the set of assumptions in your business case

Step 3: Taking each assumption in turn populate the rest of the table with answers to each question at the head of the columns

Step 4: Add the table to your business case section on risk management

Tool: 2.09

© 2010 Alasdair Robertson & Shared Service Architecture Ltd

The Assumptions Matrix

Testing assumptions for the business case

What assumption is being made?	Sensitivity	Reason why assumption was made	Monitoring
The demand for services in partner x is average for the size of the organisation.	If demand is more than 20% above average, then an additional post in the new service may be needed, adding £30k to the cost.	No data on this aspect of performance has been recorded and is therefore unavailable.	Demand volumes will be recorded and assessed against the capacity of the new service.
Customer dissatisfaction will not drop when we remove the late night opening service.	If satisfaction with opening hours dropped by 10-20% it is estimated this could reduce overall satisfaction between 5-20%.	Customer reaction to the proposal is not known as opening hours have not been changed before. No piloting has been done and customers have not been specifically asked what their reaction might be.	A dip in customer satisfaction results and increase in related complaints.
Customer requirements match those of the customers who were surveyed.	Very different customer requirements could emerge if the sample was not valid?	A sample of 50 customers were asked. This was sufficient to be statistically valid.	A dip in customer satisfaction results and increase in related complaints.
The new software release will be available and operating over a shared network.	A delay of 6 months would make virtual working impossible. This would remove the assumed accommodation savings and lead to additional costs of £500 per person. This would make the payback period in year 3, rather than year 2.	Software is already operating in other partnerships with comparable networks.	Existing project management arrangements and exception reporting.



HE/FE shared service VAT barrier to be removed in 2012.

When Chancellor George Osborne raised the VAT level to 20% in Jan 2011, there was an audible groan from across shared service practitioners working with VAT exempt partnerships in colleges and universities.

savings and economies of scale. Once formed the groups are relieved of a VAT charge on their supplies if all the conditions of the exemption are met.⁴

However, although the exemption is mandatory⁵, and is being used to reclaim VAT on shared services in other EU countries, HMRC reveals that, *“There is currently no domestic legislation that allows exemption to be used by the UK taxpayers.⁶”*

So, HMRC issued the consultation document. But, they had not been idle prior to that.

“...the Government will introduce a VAT exemption for services shared between VAT exempt bodies, including charities and universities.”

(Autumn Budget Statement, 2011)

Suddenly the public sector shared service efficiency threshold moved - for FE colleges, universities, housing associations, the charitable sector and other organisations - from needing a 17.5% gain to a 20% gain, before any savings are made.

The problem for these organisations is that in a shared service partnership they may have to pay VAT on services they gain from the partnership, but unlike local authorities, their tax structure does not allow them to claim the VAT back.

Following an [HMRC consultation](#)¹ on the subject in June 2011, the Chancellor announced in his [November 2011 Autumn Statement](#)², that, *“Following consultation after Budget 2011, the Government will introduce a VAT exemption for services shared between VAT exempt bodies, including charities and universities”*.

Whilst this is good news for shared service activities, it will potentially make outsourcing to the private sector more expensive - as VAT may still be payable on private sector related services. More on that later.

But is it the Chancellor, or the EU, who helped make the change?

The original June 2011 consultation document stated that, *“The VAT Cost Sharing Exemption³ is a provision in European law that allows businesses and organisations making VAT exempt, and/or non-business supplies, to form groups to achieve cost*

June 2010: It was announced that existing discussions with ‘relevant sectors’ would continue and a promise of a consultation was given

- **Jan-Feb 2011:** There were meetings with potential beneficiaries of the exemption
- **March 2011:** There was an announcement in the budget that the process consultation would continue

The release of the consultation document offered the opportunity for groups to have their say and many did.

What is likely to happen?

HMRC have the ambition to implement the exemption so that it⁷:

- Will be used by a wide range of sectors
- Reduces a VAT barrier to businesses collaborating with each other
- Is straightforward to operate
- Does not create opportunities for abuse or avoidance

To help you understand the implications of the impact on shared services they provide worked through examples in [Annexe D: Diagrams illustrating the cost sharing group structure](#)⁸.

¹ HMRC (28/06/11) VAT: Cost Sharing Exemption Consultation Document. Available from HMRC website.

² HM Treasury Autumn Statement 2011. Section 2.34 VAT: cost sharing exemption. Page 51

³ EU Article 132 (1) (f) of the Principal VAT Directive PVD

⁴ Page 2

⁵ Para 2.2 page 8

⁶ Page 3

⁷ Para 2.6 page 8

⁸ Page 36

Whilst this is good news for shared service activities, it will potentially make outsourcing to the private sector more expensive - as VAT may still be payable on private sector related services.

Estimates from HMRC are that this will cost the treasury up to £200m in lost income by the fifth year after implementation.

So maybe this is just a subtle way for the Chancellor to sow the seeds of an even more substantial cut in the budgets of the FE colleges and Universities in the 2012 budget.

What are the conditions that need to be met to qualify for exemption?

Based on the European legislation HMRC considers that there are five basic conditions that have to be met before the exemption can apply⁹. These are:

- There has to be a “cost sharing group (CSG)” supplying services to persons who are members of it
- The members have to make exempt and/or non-business supplies
- The services supplied by the CSG must be ‘directly necessary’ for the exercise of the members’ exempt or non-business activities
- The services must be supplied at cost (‘exact reimbursement’)
- Use of the exemption must not cause or be likely to cause distortion of competition
- The members of a shared service must carry on an “activity which is exempt from VAT or in relation to which they are not a taxable person¹⁰”.

Under current legislation¹¹ these are:

- Certain land supplies
- Insurance
- Postal services
- Betting and gaming
- Finance
- Education
- Health and welfare
- Burial and cremation
- Trades unions, professional and public interest bodies
- Sport
- Charity fund raising

⁹ Para 2.8 page 9

¹⁰ Para 4.1 page 16

¹¹ Schedule 9, VATA 1994

- Cultural services

Plus it can apply to a “charity or similar body carrying out non-business activities to meet its objectives¹²”.

What does it all mean?

Firstly, there may well be many FE colleges and universities dusting down plans that were shelved because the VAT issue was the only barrier to moving forward in partnership.

There may be others who now have a bit of a problem because they were using the VAT issue to cover up the fact that, although engaged in talks, they really do not want to partner with others.

Secondly, there is probably a puzzled look on many private sector outsource companies as, unless it changes in 2012, the proposals do not address the VAT payable on outsourcing of services to private sector providers.

So this could potentially limit the use of outsourcing models to achieve cost efficiencies. But, watch this space carefully as it may be addressed when the changes are made in 2012.

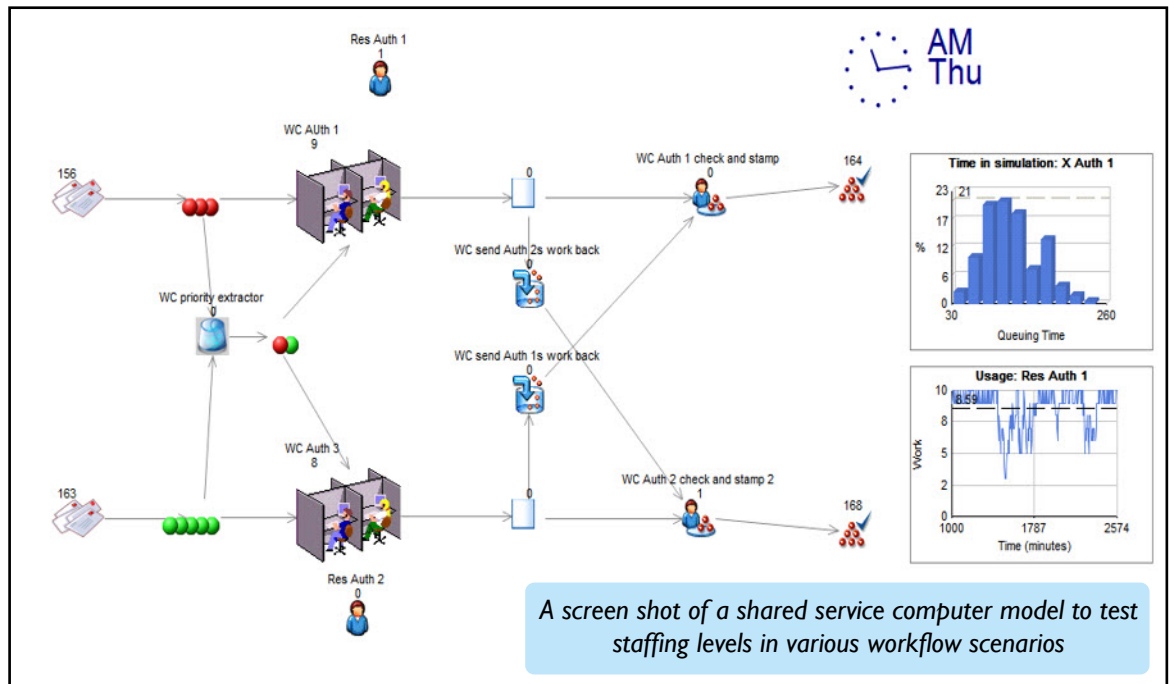
Finally, reducing the need to exceed the 20% VAT threshold before shared service savings kick in will be advantageous to colleges, universities and other sectors at a time of reduction in the central government budgets they receive. And therein lies the elephant in the room.

Estimates from HMRC are that this will cost the treasury up to £200m in lost income by the fifth year after implementation.

So maybe this is just a subtle way for the Chancellor to sow the seeds of an even more substantial cut in the budgets of the FE colleges and Universities in the 2012 budget.

¹² Para 4.2 page 16

What can we learn from NASA and apply to shared services?



We can learn a lot from NASA. They certainly don't stick multi-million pound rockets into space with fingers crossed. They computer model the options first, to reduce the risk of failure. So, why can't we do the same with shared services?

Shared services are change management projects with an above average record of being difficult to deliver¹.

Often they are being rolled out into new, untested, partnership structures that carry high risk if they go wrong.

Therefore, the opportunity to theoretically try it out (before you buy) gives you the best possible chance of understanding that risk, enabling you to reduce it.

For example, underestimates of volume flow, or resilience in staff levels, can create backlogs that are costly to clear - and damaging to the service recipient, staff and reputationally to the partners involved².

¹ (2008) Audit Commission *For Better, For Worse*. "Private sector experience suggests that 60 to 70 per cent of strategic partnership arrangements between companies fail, and few meet expectations."

² (2010) *South Worcestershire Shared Service Revenues and Benefits 2010 Scrutiny Report*, Page 11: The shared service hub dealt with the same volume of changes of circumstance in the mid-five months of 2009, than in the whole of 2008. There was an effective increase of almost 60% in volume of work compared to the original business case predictions and that created resilience issues.

However, this can now be avoided by applying operational research computer modelling to designing new partnership structures.

'Try before you buy' shared service modelling

We can learn a lot from NASA. They certainly don't stick multi-million pound rockets into space with fingers crossed. They computer model the options first, to reduce the risk of failure. So, why can't we do the same with shared services?

Imagine if the decision-makers in your organisation could build a simulation of the shared service from the facts and figures in the business case before commissioning its design.

Over the last eight months, we have been piloting computer modelling that applies operational research³ maths to shared services. The outcome has helped councils to reduce risk, cost of failure and also the cost of delay. And this can be done in a few days, rather than the months of post-it note process maps and Excel spreadsheets traditionally required.

³ See www.theorsociety.com

Put simply, distributed models are very often the pragmatic solution when the shared service needs to be established rapidly, with minimal set up costs and for low risk.

Shared service sheds vs distributed models

Over the last few years, the perceived wisdom of shared services has been to bring a smaller number of staff together into a single location.

However, we are seeing more and more shared services operating variations of what we term the 'distributed model'. Distributed models enable part of the service, and staff, to remain located with each partner.

It is the opposite to the idea of a 'single shed full of TUPE'd staff', on neutral ground between the partners.

Put simply, distributed models are very often the pragmatic solution when the shared service needs to be established fast, with minimal set up costs and at low risk.

The partners in the model simply share the workload, with equal amounts undertaken on each partner's premises. A smaller number of staff can carry out work for either organisation with no special preferences applied.

This also provides overflow opportunity. If one partner has high demand in their own work, another partner can step in and help out.

Correctly used, distributed models serve multiple political and practical purposes:

- They maintain a balance to the relationship – no-one is exclusively provider and no-one is exclusively customer
- Jobs are retained in the local area
- Staff have much more to gain and much less to lose, for example they can specialise and develop while not having to change location with all that can do to the established work/life balance
- Migration costs are far lower
- The issue of residual overheads is mitigated, eg organisation A does not have to find space for a load more staff to move in, whilst organisation B is not left with vacant and unusable property.

The problem is, how do you test which of the two is the best model for your partnership? You could run one version of the model for 12 months, and then switch to the other model for the following 12 months to compare and evaluate the benefits.

Or, more likely you could ask your managers and consultants to spend a couple of months process mapping the two styles of services and use Excel spreadsheets to evidence which of the choices is best.

Minutes not months

Operational research maths provides the same system that operates the satnav in your car. It enables the input of a very wide range of variables and analyses them to show you the best route.

Applying the same principle to shared service computer based modelling you can gain an idea of the benefits of each style of service within about 30 minutes, using a pre-programmed laptop. And you can vary and compare the outcomes.

As a result, what we have seen in the pilot is the growth in confidence of the decision-makers involved in the sessions.

Imagine them being able to see on the screen the processes of the services and be able to control changes? Shouting out, "Half the number of staff in that model!" and "Add 20% to the workload after Easter!"

The modelling helps them to articulate and debate the factors that have made them uncertain about which choice to make, the 'Shared Service Shed' or the 'Distributed Model'.

In addition to aiding the correct decision and reducing the risk factors, the pre-configured computer modelling can help them to identify appropriate designs in minutes rather than months. In that context computer modelling pays for itself.

If you would like to know more about shared service computer modelling, please contact

aldasair.robertson@sharedservicearchitects.co.uk

*“If we don’t innovate in the public sector
we are in serious trouble.*

*We are not going to get out of this
recession with a few efficiency savings
or, as someone put it,
a hair cut here and there
for public services.*

*We are going to have to look
at fundamentally different
ways of delivering services”*

*Lord Michael Bichard
Director of the Institute for Government
and Chair of the Design Council*



The Shared Service Architect's Innovation Toolbox

*20 tools, templates and techniques for
leading shared service innovation teams
to success.*

*The book and the supporting seminar that will
change the way we do shared services.
For more details email:*

manny.gatt@sharedservicearchitects.co.uk

Or visit: www.sharedservicearchitects.co.uk

Tool: 2.0 I

THE NINE DOT PUZZLE A TOOL FOR DUMPING FALSE ASSUMPTIONS



Prof. Victor Newman chooses another tool from the Shared Service Architect's Innovation Toolbox

You must take an "out-of-the-box" approach to problem solving and remove your false assumptions and constraints.

Tool 2.0I is about giving yourself permission to innovate using the nine dot puzzle¹. It makes tangible the much used phrase 'thinking outside the box', and reminds you to always personally challenge the way in which you lead innovation projects.

The *Three Innovation Thinking Messages* you can derive from this simple puzzle are:

1. **Move:** Stand outside the problem in order to see it as it really is
2. **Test:** Identify and test your assumptions to see if they are real
3. **Break:** Consider changing any self-imposed rules

You should use this frequently with work groups too, to remind them to free themselves from the shackles of the institutionalised and cultural thinking that can cloud public sector activity.

The Whitehall Innovation Hub sums it up in its report on leadership innovation, "*The gulf between social innovation and public institutional practice has become accepted as the biggest barrier to innovation flow.*"²

Why limit yourself by creating unnecessary assumptions or constraints?

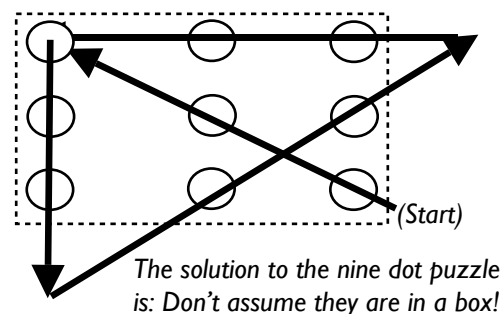
A key development in the February 2010 Total Place Pilot report is the way in which current assumptions that govern public sector structures are being challenged and constraints removed.

For example a possible outcome of the Dorset, Poole and Bournemouth pilot could be the integration of health and social care teams to support an increased offer of home care for older people who currently are admitted into secondary care³. This would be a step change from the current traditional, silo arrangements for these kinds of teams.

¹ This puzzle first came into general knowledge as a trick, called Christopher Columbus's Egg Puzzle, that appeared in Sam Loyd's *Cyclopedia of Puzzles* in 1914.

² Maddox, S. (2009) *Change you can believe in*. p8.

³ (04/03/2010) Local Government Chronicle, London: EMAP publications (p21)



First Innovation Thinking Exercise: When you start working with Tool 2.0I, you are asked to connect 9 dots, using 4 consecutive straight lines.

Generally, when people attempt this problem they tend to fail because they create a **self-imposed illusion** that a box-shape surrounds the dots and creates a boundary within which the puzzle must be solved.⁴

This experience is similar to our situation in attempting to deliver public services, frequently making an assumption that we cannot solve the problem of resources and delivery outside our current structures. However, the 'correct' solution to the nine-dot problem is to connect all 9 dots by extending the lines beyond the assumed constraints of the 'illusory box'.

Let's make it more difficult for you

So far I have made it easy for you, by revealing the classic answer to the nine-dot problem in advance. The message here is that you must take an 'out-of-the-box' approach to problem solving and remove your false assumptions and constraints.

Your next exercise involves attempting to solve the nine-dot problem using fewer lines.

Second Innovation Thinking Exercise: How many methods can you develop for connecting the same 9 dots by only using 3 consecutive straight lines? Turn over the page for some guidance...

⁴ See the work of Weisberg, R. W. and Alba, J. W. (1981) who tested this on over 300 students.

“...gain their agreement to make an assumptions and constraints list each time they start and whilst working on an innovation project.”

Maybe, before you start on this, it would help to analyse what assumptions and constraints you are placing on yourself. Are you making any of these, and other, false assumptions:

1. That you cannot fold the paper?
2. That you cannot cut the paper?
3. That the lines have to be of equal width?

If you are, then **you** have created those assumptions and constraints. All I asked you to do is connect the 9 dots with three consecutive straight lines. The answer is shown at the bottom of the column on the right.

So what is the learning from this exercise?

What the nine-dot puzzle demonstrates, is the importance of understanding, testing and challenging the current ‘rules’ of a situation¹.

In an innovation leadership role, you should not be in charge if you are bringing false assumptions and constraints to a project. Therefore you must cleanse yourself of these before attempting to influence the work of a group you may be leading.

In addition, you should spend time with your innovation teams or project work groups in shared service or total place settings, cleansing them of their institutional, cultural and self-invented constraints and assumptions. Working through this nine-dot puzzle with them, explaining its purpose as you go, is one way of contributing towards that goal.

Help them list all the current project assumptions, rules and constraints they feel cannot be disturbed. Then ask them to identify which ones are illusory and which ones cannot be disturbed for clear reasons - eg statutory constraints².

Third Innovation Thinking Exercise:

A final challenge for you is to connect all the nine-dots with just a single line. Have a go, before looking for the answer at the bottom of page 56.

¹ Speaking at a conference in March 2010, Ian Lowrie shared Chief Executive at Adur and Worthing Councils talked about the change in culture from a “why change...?” to “why not change...?” that led to the creation of a shared management spine between the two councils with savings into millions of pounds as a result. *Public Service Conference on Shared Services, Barbican London.*

² For example Data Protection Act, EU Procurement Rules or limits on statutory vehicles for shared services.

How can you use this tool?

The spirit of this tool is firstly to illustrate that you need to purge yourself of any false assumptions and constraints that will impact on your leadership of an innovation group.

However, the most practical application of this tool is to help move others you are working with to the same place in their innovation activity.

Step 1: Photocopy the following page so that members of your group have three copies each.

Step 2: Ask them to work on their own, to try to connect the dots using 4 straight lines.

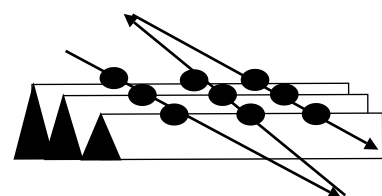
This is best started off as an individual task as someone may already know the solution and in a group setting, your exercise could be over in seconds. If no one is able to solve it, then you could suggest they get together as a group to work on a solution before revealing it.

Step 3: Following the exercise, ask each person to jot down what kinds of assumptions they had been using that may have prevented them getting to the solution.

Step 4: Then ask them to connect the 9 dots by only using 3 straight lines instead of 4.

But this time, before they start ask them to make an assumptions list, eg they assume they cannot fold the paper, cut it, or pleat it or the lines cannot be different widths. Then ask them to divide the list into those assumptions that are true and those that are false. Then let them try the exercise.

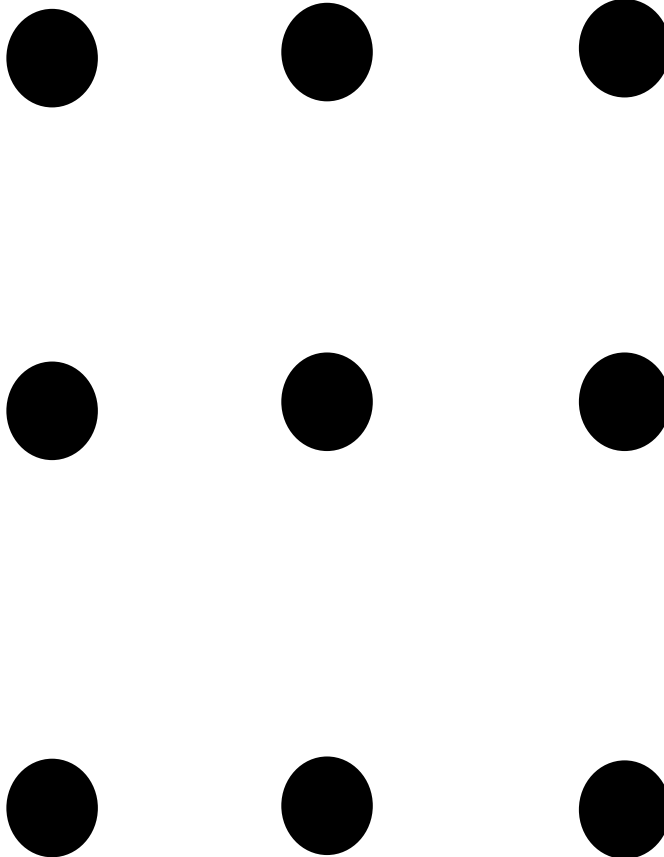
Step 5: Following this exercise, gain their agreement to make, and evaluate, an assumptions and constraints list each time they start and whilst working on an innovation project.



How to connect the dots with only three consecutive straight lines - fold the paper!

Tool: 2.01

© 2011 - Victor Newman & Shared Service Architecture Ltd



You may photocopy this page

University Challenge: Efficiency and effectiveness in HE



Graham Rogers is Deputy Vice-Chancellor (Learning Support) at University of Wales, Newport, and is a qualified Shared Service Architect.

Only a few weeks after HEFCE announced how it would spend £12.5m 'to help universities and colleges deliver better value for money by working together more effectively', the Efficiency and Modernisation Task Group (EMTG), set up by Universities UK, published its Sept 2011 report, [*Efficiency and Effectiveness in Higher Education*](#), on the future of HE in the new funding environment.²

The EMTG, chaired by Prof Ian Diamond, VC of University of Aberdeen, draws three main conclusions - none of them surprising to those of us on the sharp end of efficiency and shared service work in HE.

However, before I reveal them, maybe it would be useful to provide some background on existing shared service activity in HE. Whilst the report suggests there has not been enough of it, there are considerable success stories to tell about the existing ones.

HE shared services that work

'JISC' is the acronym for Joint Information Systems Committee - and its governance is a joint committee consisting of interests from HE in England, Scotland and Wales.

Working in both Further and Higher Education JISC facilitates the sharing of hardwired networking, online learning environments and specialist information services. A 2009 review of JISC showed that for a 2008/09 investment of £3.4m the FE/HE sector reaped savings to the value of £41m³.

Another example, quoted in the EMTG report⁴, is the London University Accommodation and Housing Service. London University is a federation of 19 colleges spread across the capital.

¹ 'Shared Services In Cloud Computing to be funded by HEFCE'. See page 37 of this magazine.

² Universities UK (2011) *Efficiency and Effectiveness in Higher Education*. London: Universities UK

³ JISC VFM reports (2008/09) (i) Advance value for money report, (ii) Collections Value for Money Report

⁴ Universities UK (2011) *Efficiency and Effectiveness in Higher Education*. London: Universities UK. p41

Using a shared service, employing only 8 staff, they manage 3,500 halls of residence places for students and placements for around 25,000 students in private accommodation too.

So maybe its not surprising that Prof Diamond writes, "...we have found many innovative approaches to efficiency, which are not only making savings, but enhancing the effectiveness of what institutions are delivering across all of their activities."⁵

What is the challenge for the HE sector?

There are two key issues facing the HE sector over the coming years.

Firstly, a squeeze on income and general rising costs has resulted in a reduction in available spending resulting in the sector needing to 'do more, with less'.

Secondly, there is the new student centric funding environment - the up-to-£9,000-a-year fee structure - in which student expectations are anticipated to become far more demanding, without an increase in income to service them.

In that context the UUK report has set out a range of actions that will support efficiency and effectiveness activities:

- To improve the data on exactly how much it costs to run the many services in HE and to have national benchmarking frameworks (p23)
- To develop continuous improvement, streamlining processes and tackling the VAT issue to make shared services more productive (p31)
- To consider the potential for outsourcing and strategic relationships with the private sector and a strategic co-ordination of procurement including regulatory reform (P58)

⁵ Universities UK (2011) *Efficiency and Effectiveness in Higher Education*. London: Universities UK. p5

The driver is for HE Wales to be the best it can be for the funds available without reducing the overall provision (same number of campuses, fewer Vice-Chancellors).

How can shared services help overcome the challenges?

What is compelling about the UUK report is that it sees shared services as an opportunity for both service transformation and innovation.

It states that *'The sector should ensure that any shared services model is based on a wider transformation strategy, and that it aims to achieve improvements in service quality and sustainability as well as efficiency.'*⁵

In addition, the report raises the issue of innovation as a key opportunity to look to a range of public and private sector partnerships⁶.

What will the key stumbling blocks be?

Entering into a shared service arrangement is not easy. It relies on senior managers having the appropriate skills and knowledge to manage the people, power, technical and political issues that will inevitably present challenges.

For example a major challenge for shared services is managing the resistance to potential reductions in staffing.

In addition, setting up shared services arrangements, undertaking benchmarking and data exercises is complex and experience in local government suggests it takes up to three years to get it right.

The Welsh experience

Mergers are the ultimate in sharing services, the more you share, the closer you get to a merger.

In Wales, since 2002 the HE funding council, HEFCW, has allocated £131M on

reconfiguration and collaboration, including supporting three substantial mergers⁶. Currently, there is considerable political pressure for further mergers with the Welsh Government's Minister for Education and Skills stating that the number of universities in Wales should reduce in number from eleven to six.

The driver is for HE Wales to be the best it can be for the funds available without reducing the overall provision (same number of campuses, fewer Vice-Chancellors).

Government intervention to force mergers is not new. Since the 1960s, Australian governments have used mergers to resolve issues of duplication, fragmentation and small non-viable institutions⁷.

Similarly, in Finland, legislation was introduced in 2009 to reorganise the structure of HE and reduce the number of institutions.

Will this happen in Wales? Two universities have publicly indicated that the case for merger with other universities has not been made and if these institutions resist an HE merger, the Minister's target would be unachievable.

The question then is whether the Welsh Government will intervene by taking financial measures, exercise its legal powers, or take some other action to force its merger agenda. Interesting times ahead.

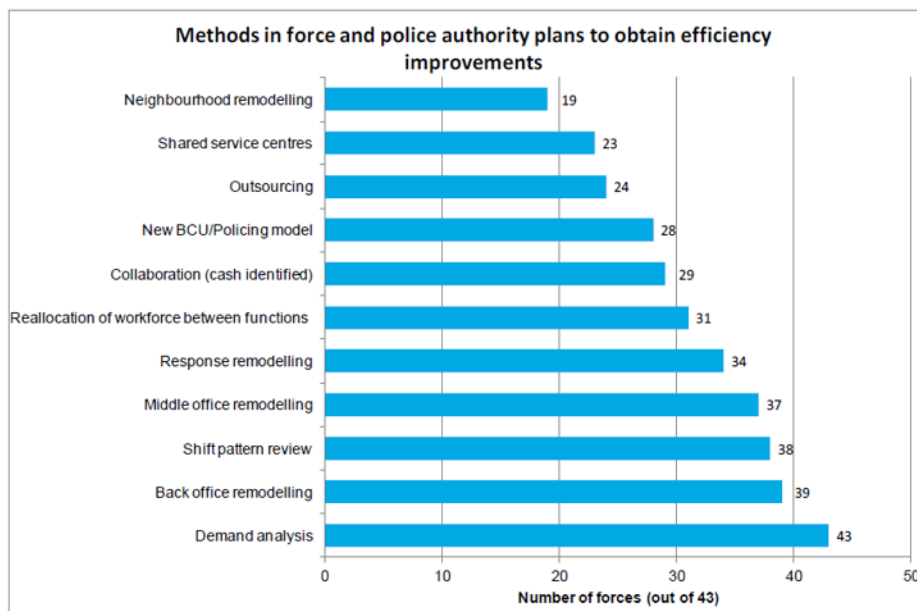
What is certain is that financial and political pressures will be driving the shared service and merger agendas with increasing force in the near future.

⁶ Welsh Assembly Ministerial statement on HEFCW'S advice: *Future Structure of Universities*. (July 2011)

⁷ Harman, G and Harman K. (2003) *Institutional Mergers in Higher Education: Lessons from International Experience*. Tertiary Education and Management. Vol 9 (1). pp 29-44.

How will the police cope with “Adapting to Austerity”?

“This could be seen either as an opportunity to innovate and refresh – or as a reason to continue as is and see services cut back. It is vitally important to the public that the police adapt as well as is practically possible.”



Methods being used by forces to improve efficiency

From HMI 2011 *Adapting to Austerity* p7

HMI Constabulary has published their report of a Spring 2011 “inspection of the preparedness of forces and authorities across England and Wales to make savings...”¹ between 2011/15.

This suggests some tough response will be necessary for many of these organisations in the coming years - some of which will involve sharing and collaborating.

The July 2011, 42 page report, [Adapting to Austerity](#)² is set in the context of the police service, “facing the biggest financial challenges of a generation. This could be seen either as an opportunity to innovate and refresh – or as a reason to continue as is and see services cut back. It is vitally important to the public that the police adapt as well as is practically possible.”

Where to start the sharing?

The report states that there is a “pressing need” for forces and authorities to:

And the decisions that some forces will have to make are tough. For example the report indicates that of the 38 forces who provided data:

- 10 may have to make a workforce cut that is greater than half their non-frontline staffing
- 8 face uniformed officer cuts greater than the number of non-frontline officers in their force
- 5 forces will have both problems

1. Share quality, checked information between forces and authorities on the potential yield from different choices about workforce, process improvement and economies of scale. This would enable the leadership of forces and authorities to make better informed choices for the public.
2. Share information between forces and authorities on the optimum sequencing of change: reducing bureaucracy before improving processes and information systems, and then collaboration.
3. Seek good quality objective and comparative information on the potential benefits from different private or public

¹ Page 3

² Downloadable <http://www.hmic.gov.uk> and from the [SSA library](#)



...spend on pay and people costs averages 81% across the 43 forces, with the balance of 19% on other costs...

sector joint venture initiatives.

4. Arrive at a broadly agreed set of ideas about transformation so that decision makers have a common language.
5. Consider further how forces and their local governance bodies will be supported in future.

- They are also prohibited in statute from participating in industrial action.³

Therefore, if spend on pay and people costs averages 81% across the 43 forces⁴, with the balance of 19% on other costs, the real savings will most likely be in cutting civilian support, if uniformed officers are to be retained for the reasons given.

Why not cut the officers in non-frontline roles to save money?

A regularly asked efficiency question is why there are police officers carrying out roles that could be conducted by civilian staff.

The report defends this practice, "It is important to note that there are, of course, good reasons why forces assign police officers to middle and back office functions:

- Primarily, this is in order to ensure that there are supervisors in these functions who have operational experience (for instance, sergeants or inspectors in control rooms).
- Police officers offer more resilience than other types of worker; they can be ordered to work on any task and to make short notice changes – both to their role, and to their working pattern.

This is borne out in the the report's findings that there is an overall intention to reduce civilian staff by 19% overall, compared with 11% officers⁵.

This is possibly where shared service may be beneficial, rather than applying all the effort on the 10% (out of the 19%) that make up supply and service costs.

So what is happening in shared services?

The report summarises its findings on shared services, "Nearly all forces were considering the use of collaboration; of these, 29 forces had identified cashable savings from using this method. Twenty-three were considering, implementing or running a shared service centre. HMIC is providing support and challenge to forces on collaboration, and will publish our findings in the Winter.⁶"

³ Page 23

⁴ Page 24

⁵ Page 30

⁶ Page 32

Clyde Valley launch the largest shared service in the UK



Dominic Macdonald-Wallace reviews the 'largest public-public sector shared service in the UK'.

In August 2011, seven councils in Scotland released their *Detailed Business Case* for undertaking the largest public-public shared service yet to be seen in the UK.

The project, called *Clyde Valley Shared Support Services*, is an invest-to-save collaboration that feeds £30m into the front-end, with the ambition of gaining the same value in annual savings for the next 10 years.

The two stage approach

The introduction to the 106 page document, sets out two stages to the project, *"The Business Case is based on sharing in two phases. Phase 1 covers the elements of Support Services that: are most similar across all councils; are unlikely to be influenced by the strategic direction of the council; and have the strongest track record of successfully being shared or outsourced in the public sector. These services would deliver over 60% of the potential savings. Phase 2 would deliver further savings by sharing more of the professional and specialist elements."*

Each of the seven partners is asked to *"fully commit to joining phase but can then choose when or if to participate in phase 2"*.

The key service areas (see diagram 1) to be in Phase 1, are the classics of ICT, Revenues and Benefits, Transactional Finance and Transactional HR - valued in turnover at £111m per annum across the partners.

Phase 2 of activity (professional finance, professional HR, strategic support) has a value of £43m annual spend.

Excluded from the shared service project at this stage are call centres and face to face services².

There are six design principles underpinning the project³:

1. Cost savings
2. Sufficient gain for all (all councils gain from participation)
3. Protected customer service and key performance measures
4. Continuous improvement
5. Strategic benefits for Clyde Valley
6. Flexibility and robustness

So why doesn't each council tough it out on their own?

The rationale put forward by the councils for their collaboration has five points⁴.

"While councils' own internal improvement plans may enable them to achieve a proportion of these savings, the shared services must allow them to go further than can be achieved individually by:-

- collaboratively developing and implementing best practice and lean processes;
- investing in shared skills and expertise;
- removing the duplication inherent in seven separate operations of the same service;
- pooled investment in implementing world class technology to automate and simplify manual activity and introduce self service;
- creating a unique organisation with an empowered workforce focused on meeting their customer needs in the most efficient way possible.

The business case assumes that all seven councils participate in the shared service and it should be noted that both the savings and costs above would be impacted if some councils chose not to participate...

...However a particular strength of the Clyde Valley proposals is the scale of savings that can be achieved collectively and the ability of councils of very different sizes to come together and gain equitably from their involvement in the shared service."

Click [here](#) to download the full document

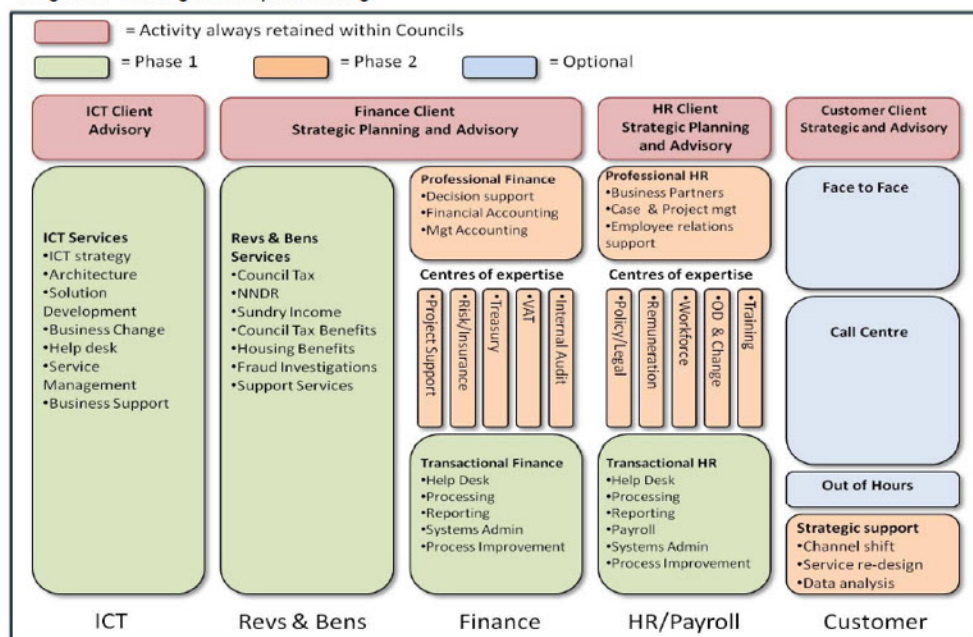
¹ p2

² P3 para 3

³ P15 Table 6

⁴ p5

Diagram 1 - Phasing and Scope of sharing



From page 3 of the Detailed Business Case

However, what could almost guarantee its success is very clear ownership by all seven sets of Councillors. The seven Council Leaders should be the signatories on the front of this business case with full cross-party support.

How can we assess the chances of success for this project?

Overall this is a well structured, compelling business case document and we congratulate the writing team. However it is process and efficiency driven, neither of which are relevant to the successful development and delivery of a shared service project. From the proven evidence⁵, there are three things that drive the delivery of successful shared services.

Firstly, is the project driven and fully owned by the decision makers?

In local government shared services, only council Members are the decision makers. So it does not bode well that Members⁶ have to wait till page 13 before there is a minor reference to them⁷. Then the next valuable reference is on page 48. Yet there are over 100 references to officers in the document.

Secondly, is the business case driven by a 'decision maker led' shared vision document, which casts a shared vision of a better experience for the Councillors, the citizens/customers and the staff who will operate the services?

There are references to a vision for better processes, but nothing passionate enough to make the leadership (Members) drive through

the tough decisions necessary to implement this plan.

A lot of Members will not want to change the way things are currently done, unless they are passionate about the new benefits of delivering the services to their electorate.

Finally, how much innovation activity is to be applied to gain new, better and lower cost services?

The word innovation appears only five times and often as an aspiration, rather than as an essential activity. Yet co-created innovation is key to driving a shared service project beyond the stagnation of benchmarking or merging existing ways of working.

So will this project be successful?

Within 48hrs of release it stumbled as councillors from partners began to challenge the project. Then, within weeks, three of the seven partners stepped back from the project.

Personally, I would put this down to the lack of Member led shared vision, the Officer orientation of the business case and too many partners. Maybe that could have been prevented, if the seven Council Leaders had been the signatories on the front of this business case, not those of chief executives.

After all, the Council Leaders and their fellow Members, are the final decision makers and they have to face the consequences of this project at the ballot box in the coming years. And, probably long after many of the senior Officers will have moved onto other things.

⁵ The science of Inter-organisational Relationships is the academic study of shared services in the private and public sector

⁶ The word 'Councillor' does not seem to appear at all in the report

⁷ Page 13 in the final sentence of the Workstream Group

How to share nicely: a contractual perspective



Dr Michael Servian a partner with lawyers KJD Freeth LLP discusses contractual approaches to sharing services

Behind any successful shared service, the strategists will have had their vision and the tacticians (preferably appropriately trained and/or experienced and/or with transformation or other consultants) will have developed outline business cases.

The sharing concept in mind might range from joint procurements, to joint outsourcing, to fully fledged shared services.

At this point it will be important to move from the "what" to the "how", and this is where a preliminary conversation with a lawyer is prudent. The lawyer should be appropriately experienced in shared service law.

The discussion with the chosen lawyer should bottom out, once and for all the format that the sharing will take.

This will act as the touchstone in formulating detailed plans, including the crucially important TUPE consultation timeline if particular jobs will become redundant.

Choosing the right method for the right moment

The imperative to share resources and know-how, is an old one, not least in the commercial world, and a bewildering array of methods of sharing have arisen over the centuries with a variety of very specific objectives.

For example, the joint stock company was developed in the 19th century to act as a vehicle for sharing risk capital, ringfencing that risk and as a blueprint for governing the enterprise and internal relations.

There have, similarly, been a variety of legal forms specifically geared towards wider interests. For instance, the cooperative society, the mutual society and a company "limited by guarantee", the last often being used as a vehicle by clubs and charities.

There have also been "informal understandings", but they have a tendency to be an expensive and inefficient way of proceeding since they:

- fail to force rigorous upfront thinking
- do not provide a blueprint for action
- are of little assistance in handovers to new personnel
- leave potential for blame against unknown criteria
- fail to allocate risk in an insurable fashion
- are inexplicable to residents, members, MPs, press or ombudsmen challenging the arrangements on grounds of sovereignty, scrutiny and accountability.

Oh, and potentially partially binding informal understandings are simply too much fun for lawyers if things go wrong!

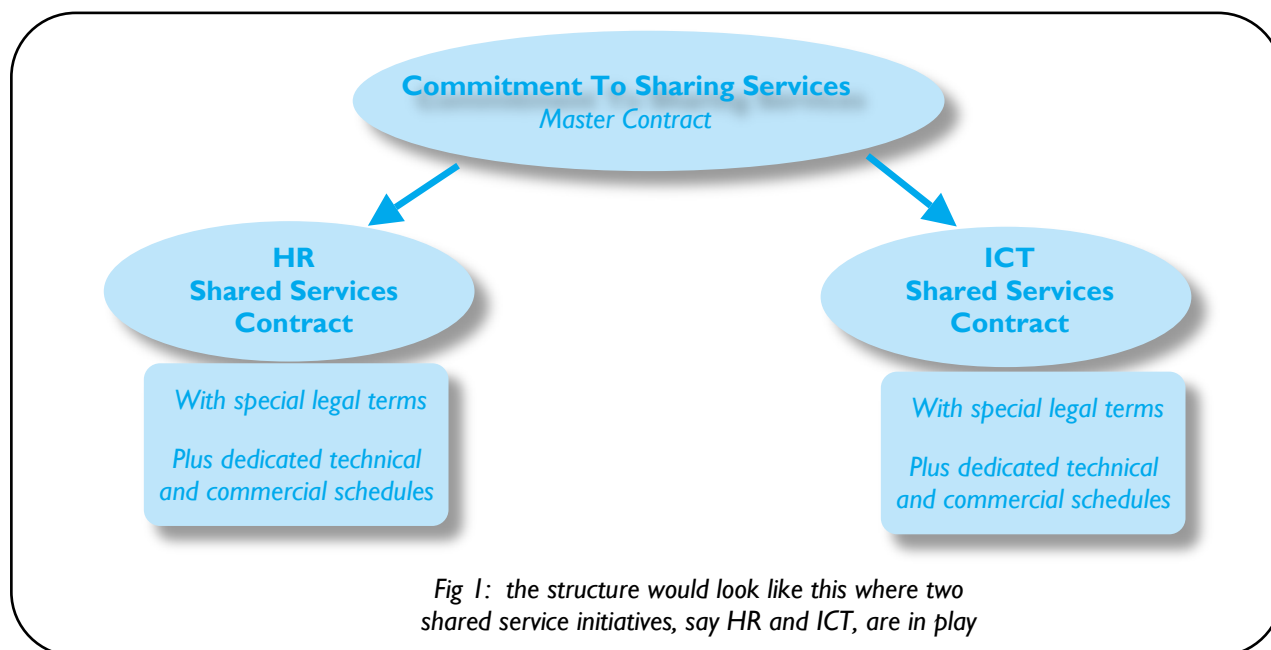
There is, however, nothing approximating to a "standard" legal model to accommodate the current growth of shared services initiatives and my view is that there should not be one.

The imagination of strategic alliance boards and the like should not be constrained by trying to order their thoughts so that they fit into a pre-fabricated box. It is easier to think outside the box when there isn't a box.

With an open mind, then, a lawyer can look at the specific vision and outline business cases clearly, test the assumptions, discuss the implications, identify the key requirements, help to order the wishlist and then, armed with this knowledge, not simply present a table of options but advise accordingly.

The simpler, the better...

Having said that, the legal form that I have generally found to be the most appropriate is that of simple contracts. This is for a variety of reasons:



- the parties can pretty much agree what they want
- they are, in comparison with many more formal structures, simpler and cheaper to create
- administration of "the legal side" can be minimised
- they can permit for change without troubling high level committees, members or, worst of all, lawyers
- first, by means of "special" legal terms (eg ICT services might need a special legal term, not in the master contract, regarding transfers of existing software licenses) and,
- second, by means of dedicated technical and commercial schedules (eg regarding transition management of this particular service and financial provisions).

Further, so far as fully fledged shared services are concerned, the contracts can be created in a way that means that, after the scheme has been set up, a lawyer only needs to be minimally involved in fresh initiatives.

Again, the trick is to keep it simple, and to avoid reinventing wheels.

Blending master contracts and specific contracts

So, a contractual structure for shared services might comprise a master contract setting out the regulatory justification for the sharing and picking up the issues that will permeate all of the individual shared services initiatives (eg a longstop/review date).

Then, any particular shared service initiative will have its own contract incorporating the master contract and dealing with anything specific to those particular services:

So, the structure would look like Fig 1 (above) where two shared service initiatives, say HR and ICT, are in play.

Once the first few shared service initiatives are underway, there is every reason to suppose that the authorities will be able to generate the special legal terms and dedicated technical and commercial schedules in respect of further shared service initiatives.

This can be done with minimal involvement from the external specialist lawyer beyond, perhaps, just checking the final form documentation.

Michael Servian has over 12 years' experience in settling the legal aspects of public sector collaborations and can be contacted at:

Michael.Servian@KJDFreeth.co.uk

T: 01782 202020

Please can you “lend” us a member of your staff and keep services in-house?



With the complexity of the public sector job losses and so many of your colleagues on ‘notice letters’ it probably won’t surprise you that UNISON is recruiting at an average of 375 new members per day. In 2010 they recruited 137,000 new members.

UNISON claim to be Britain and Europe’s biggest public sector union with more than 1.3 million members.

They include frontline staff and managers working full or part time in local authorities, the NHS, the police service, colleges and schools, the electricity, gas and water industries, transport and the voluntary sector.

Do UNISON support shared services

In 2008 UNISON published their Branch Guidance to Shared Services, a document now used widely as a guide by many shared service practitioners¹.

Since then they have produced a series of well structured and informative papers, occasionally with APSE.

Over the last two years regional branches have been increasing the shared service knowledge and negotiating skills of their local representatives in shared service activities through a series of Branch Guidance papers and seminars. This may well have left untrained Officers in Councils at a disadvantage when shared service discussions have started with the trained UNISON officials.

In general UNISON take a pragmatic approach to public-public shared services, whilst defending the terms and conditions of their members. However, they are strongly opposed to shared services which are disguised as

outsourcing or privatisation activities and will fight strongly against them.

At the end of August 2011, UNISON published a new ‘Service Changes’ guide for local government called ‘In-House Shared Services’.

This is another ‘recommended read’ from this union for shared service practitioners, but more interestingly it suggests that UNISON are contributing new meaning and language to the shared service lexicon.

You say tomato and I say...

The first new contribution is ‘In-House Shared Services’ to illustrate effective collaboration between public sector organisations, with no private sector involvement.

This could be a way to see-off the encroaching use of the phrase ‘shared services’ by private sector contractors who are trying to avoid saying ‘outsourcing’, or public sector organisations trying to avoid the word ‘privatisation’.

However, the second phrase and the focus of this guide is ‘staff lending’. You probably know this as ‘secondment’ and is strongly favoured by UNISON in their May 2010 Branch Guidance on how to use mass secondments as an alternative to TUPE transfers².

Terms and conditions cannot be played with under secondments and therefore is attractive in retaining the rights of employees. Maybe UNISON also have an eye on the review of TUPE being led by the Department for Innovation & Skills with a report due in the Autumn of 2011³.

This new, 2011 five page UNISON report opens with, ‘This guidance explains a number of options available for local authorities to operate a shared service model. The options below explain how local authorities can use joint committees, delegation, and “staff lending” methods to keep services in-house.’.

² Available on the [UNISON Website](http://www.unison.org.uk)

³ See <http://www.bis.gov.uk/tupe>

UNISON have published a five page guide to “staff lending” - better known as ‘secondments’.

Click [here](#) to download the full UNISON ‘In-House Shared Services’ Branch Guidance paper

¹ In the Postgraduate Certificate In Shared Services one of the exercises for students is to use the 15 point questionnaire from the guide to discern employee terms and conditions under a new shared service arrangement.

Staff employed by one authority may be lent to another ...in a “section 113” or “section 65” arrangement,

It then goes on to get to the crux of the guidance *‘No change is without risk, especially at a time of cuts, but we have to make keeping services in-house and members directly employed, a priority.’*

The preferred way forward

The topic of delegation of powers and joint committees is covered in depth in the Highway Code of Shared Services seminar¹. Here, UNISON usefully reminds us of the supporting statutes² that underpin these two options:

- Section 101 (5) of the Local Government Act 1972
- For Councils with Executive Arrangements Sections 19 and 20 of the Local Government Act 2000
- Section 56 of the Local Government (Scotland) Act 1973

They go on to say that, ‘This is likely to be reinforced by the “general power of competence” in the Localism Bill in England, likely to become law in late 2011.’

The outlined benefits are that, *‘Both joint committees and delegation are “administrative arrangements” which councils may enter into without advertising and tendering a contract under the European procurement rules.’*

Reminding us that, *‘Staff employed by one authority may be lent to another (or others) (“put at the disposal of another authority”) in a “section 113” or “section 65” arrangement, Or ‘Staff may be seconded from one authority using a variation to their contracts.*

UNISON support their guidance with a number of examples of ‘staff lending’ activities that we would encourage you to read the full details of when you download the document.

¹ See seminar content at www.sharedservicearchitects.co.uk

² See footer on page 2 of the Branch Guidance Paper for web site links to the legislation

Those named for using Section 113 arrangements are³:

- The “Tri-borough” project between Westminster, Hammersmith & Fulham, and Kensington & Chelsea Councils
- Suffolk Coastal and Waveney Councils
- South Oxfordshire and Vale of White Horse District Councils
- The “Worcestershire Enhanced Two Tier” (WETT) programme
- Dartford Council delegated its Revenues and Benefits Service to Sevenoaks Council
- East Herts and Stevenage Councils voted to establish a single, shared Revenues and Benefits Service.

Involve the unions from outset

There is clear evidence that UNISON are unhappy when they are not involved in the development of shared service activities that affect their members.

In the next article in the magazine we look at the Clyde Valley Shared Support Services detailed business case, issued in August 2011. However, as we go to press, UNISON, who have strongly opposed the project because they have not been consulted during its development, are celebrating the withdrawal of one of the partnership’s councils.

On their website they state⁴, *“We are glad that West Dunbartonshire has backed away from taking a risk with people’s services and council taxpayers’ money,”... An analysis of the business case for the Clyde Valley Shared Services proposal, by the union, suggests that it relies on “sweeping financial assumptions” with little supporting evidence ...A proposal developed in darkened rooms without any meaningful staff or trade union engagement was unlikely to stand up to proper scrutiny.”*

³ For full background details see pages 4 & 5 of the branch guidance

⁴ See www.unison.org.uk/news

What do MPs think of employee ownership in public sector services?

Despite the obstacle represented by EU procurement rules, the evidence from the hearings was that with the right guidance, encouragement and direction, new employee mutuals can compete fairly and successfully with conventional and larger companies.

Ownership for All¹ was first published in 1938 and encouraged wide share ownership by employees of private sector businesses. The premise was that staff would be more motivated if they participated in the profits.

In December 2010, Cabinet Office Minister Francis Maude set aside £10m to support the development of employee ownership in public sector delivery, based on the same premise. This was followed by talk in the press of potential shared services being developed as employee mutuals.

To take the debate to the next step, the *All Party Parliamentary Group on Employee Ownership* released their 'short inquiry' in June 2011 called, *"Sharing Ownership: The Role of Employee Ownership in Public Service Delivery²"*.

Whose side are you on?

This was not the first time the parliamentary group had touched on the subject.

In 2008 they had published a paper that stated, *"The conclusion of the Group was that the co-owned model offers enormous potential for the UK Economy... co-owned firms appeared adept at managing innovation and change, were underpinned by high levels of productive employee engagement and delivered an excellent track record in delivering broader social, environmental and community benefit.³"* So we have to read the report knowing that the group are favourable to the concept rather than starting from a totally independent view.

For example, the 24 page report draws 14 conclusions on hurdles that mutuals will encounter and shows a keenness to circumvent them.

Finding 4: More work is needed to create

¹ Written by Jo Grimond who went on to become leader of the Liberal Party

² Downloadable from <http://www.employeeownership.co.uk> or through the [SSA online library](#)

³ 2008 All Party Parliamentary Group Report. *Share Value: How employee ownership is changing the face of business.*

safeguards against the possibility that mutualised public assets could be sold off before they have had a chance to show their value, undermining employee ownership and the admirable intentions behind the Government's objectives.

Finding 9: Despite the obstacle represented by EU procurement rules, the evidence from the hearings was that with the right guidance, encouragement and direction, new employee mutuals can compete fairly and successfully with conventional and larger companies. But it remains important to make sure that new mutual public service providers are allowed to grow, and are not immediately squeezed out by larger companies.

Finding 10: The Group identified irrecoverable VAT as an additional cost in some mutualisations. The Government should consider whether existing VAT recovery arrangements for government and other public sector bodies, including Academy Schools, can be extended to services for the public benefit, delivered by mutual delivery models funded by the public sector.

Go on, give us an example...

The report provides a number of successful examples where a new employee venture has been formed from collaboration of connected services into a shared service that service the former owner. They include:

Central Surrey Health which is quoted, after only one year in business, as having reduced 'waiting times for the musculo-skeletal service from 16 to 4 weeks'⁴.

Sunderland Home Care Associates is cited as having a staff turnover between 3-5% compared with an industry average of 20%⁵.

All in favour say 'aye'!

⁴ p7

⁵ p7

Union evidence to the Group can be summarised as a conviction that the mutualisation programme is not being implemented with the objective of capturing the benefits of employee ownership, but primarily in response to the need to make large savings in public service expenditure

All in favours say ‘aye’!

But not everyone is in favour, especially the unions. The report states that, ‘Both the Communication Workers Union (CWU) and PCS were concerned that the Government’s plan to roll out alternative delivery models in the public sector is ultimately a way to privatise the services. PCS argued that “employee-led mutuals” will become in time more conventional private sector providers competing in the open market’¹.

In their written submission to the committee Unison are very cautious, “Our overriding concern is that employee ownership is not being deployed on its merits, but rather as a mechanism to break up public services.”

Union evidence to the Group can be summarised as a conviction that the mutualisation programme is not being implemented with the objective of capturing the benefits of employee ownership, but primarily in response to the need to make large savings in public service expenditure².

John Medhurst of PCS echoes this point in the report, “We’re sceptical of their effectiveness, particularly in regard to the Francis Maude proposals and what we expect to be in the White Paper. This is mainly because of the context of spending cuts, the lack of a level playing field in terms of growing social inequality. We think the programme is designed to deliver cuts and privatisation.”³

Additionally there appears to be a confusion of language used in the ‘mutual arena’. The paper states that, ‘Enquirers to the Mutuals Information Service variously describe their target ownership and business model as a mutual; an employee owned business; an employee mutual; employee-led; co-operative; social enterprise; or some combination of all of those. Some believe it is essential to describe themselves as ‘not for profit’; some believe they must operate to a social purpose and be a social enterprise; just as many think not

on both counts. Some favour an external equity partner; others assume such a move will disqualify them from the right to provide’⁴.

Déjà vu for mutual shared services...

In Chapter 7 of the report⁵ there is a section called ‘Change amid cuts: the context challenge’ which picks up on points made by Manny Gatt in the SSA Magazine article on Shared Service Mutuals in the Spring of 2011. It is complex enough developing a shared service, but adding another layer of mutualisation at the same time could be a step too far.

In addition there is the time factor. Shared services take a long time to develop and embed. The report acknowledges this, ‘We believe the background of expenditure cuts do present a danger that organisations may set unrealistic timescales in making the transition to new models, and could make bad decisions about selecting appropriate models and business plans for the future. Many potential spin outs were hoping to complete the business transfer process in a matter of months when the APPG heard that the change programme could take two to three years’⁶.

The All Party Parliamentary Group on Employee Ownership (APPG) was established in 2007 and issued its first report in 2008. Its aim is to raise awareness of employee ownership and the benefits it can offer both to the business community and the economy.

The Officers of the Group are:

- Jesse Norman MP, Chair,
- (Hereford and South Herefordshire)
- Martin Horwood MP, Vice Chair,
- (Cheltenham)
- Lindsay Roy MP, Vice Chair,
- (Glenrothes)
- Lord Best, Treasurer
- Lord Brooke, Secretary

¹ p5

² p17

³ p17

⁴ p14

⁵ p15

⁶ p15

HEFCE finalises their £12.5m shared service funding

In the current economic climate all education organisations are looking for further ways to work together, share resources and reduce costs.

In Feb 2011, a £12.5 million fund was announced by [HEFCE and JISC](#) "to help universities and colleges deliver better value for money by working together more effectively¹".

Across the Summer, they confirmed the projects and partners appointed to deliver the two parts of this work: a national cloud infrastructure and supporting services.

JANET (UK) will deliver the national brokerage to aid procurement of cloud services between higher education institutions and commercial suppliers and Eduserv will provide a pilot cloud infrastructure for higher education institutions.

The frontline partners involved are:

- **De Montfort University** developing an enterprise service bus (ESB) solution to demonstrate interoperability between local and cloud systems for shared administrative applications, starting with RMAS.
- **JISC Collections** will manage the electronic resource management support service which builds on work by JISC and the Society of College National and University Libraries (SCONUL).
- **The Digital Curation Centre (DCC) at University of Edinburgh** will develop data management tools and training capability.
- **A consortium led by Liverpool John Moores University** will develop the secure document service.
- **Leicester University** is providing support for joint NHS and university research teams working with tissue samples and anonymised patient data.
- **The University of Oxford** is providing a database to a wide range of researchers in the arts, humanities and other disciplines.
- **The University of Southampton** is providing electronic lab data management and collaborations tools.

So that colleges and universities can gain the most benefit from this new cloud-based infrastructure, four new services will be

developed to drive its adoption:

- A new specialist team set up by JISC Advance to support for procuring and implementing administrative systems and services.
- A shared service to help universities manage the administration of research operations, from research proposal to project completion.
- A service to support the secure distribution of graduation documents and transcripts for the benefit of students and prospective employers.
- A service to support libraries in the administration of electronic resources and licensing and subscription of electronic journals.

David Sweeney, HEFCE Director – Research, Innovation and Skills, explains the value this suite of work will have once complete, "In the current economic climate all education organisations are looking for further ways to work together, share resources and reduce costs. This programme of work will provide data management and storage services, plus a suite of tools to help universities and colleges, researchers and administrators work more effectively across the research management lifecycle. This will reduce duplication and increase the efficiency of administrative and research processes."

David Utting JISC Director of Service Relationships commented, "Cloud-based services have the potential to bring enormous efficiencies and benefits to higher education institutions and we look forward to working with them to realise these. But we acknowledge that it is vital to demonstrate to users the security and robustness of working in an education and research cloud.

For further information visit [JISC](#)

¹ ['Shared services in cloud computing to be funded by HEFCE'](#)

AoC and I57 Group evaluate the impact of their £4m shared service grants

...we have found that one of the key benefits has been the fostering of trust and common understanding between the partners.

In June 2010, Business Secretary Vince Cable announced that £15 million would be made available for the Skills Funding Agency, the Association of Colleges and the FE sector to work together to develop "an innovative suite of shared service solutions".

An initial £2 million was distributed to 21 projects through the FE Efficiency and Innovation Fund and another 20 more, shared an additional £2 million through the scheme this year. The Association of Colleges is tracking the success of the grants and providing reports on its website from partnerships.

Feedback from the frontline...

For example, Sunaina Mann, Principal and Chief Executive of NESCOL, has feedback on their investigation of sharing and improving student customer service with Greenwich Community College and Bexley College.

"Although our ...project is still at an early stage, we have found that one of the key benefits has been the fostering of trust and common understanding between the partners. By working together on a project that asks some really hard questions about how we deliver on the customer journey from enquiry to enrolment, we have developed a mutual honesty that I am sure will have many wider benefits in the longer term."

Tony Lau-Walker, Chief Executive of Eastleigh College offers a different benefit growing from their work with Brockenhurst College.

"The major benefits of the project so far have been the exchange of staff (we have shared expertise at low or no cost); peer support for efficiency savings (peers have acted as consultants or critical friends on planning and scoping staff structures); the joint investigation of outsourcing opportunities; joint procurement (we've entered into a joint operation for savings on purchases through a third-party agreement); joint planning (shaping future curriculum initiatives and delivery modes) and joint curriculum provision (we've come to an agreement on specialisation – currently limited – between partners.)"

Kathy Bland, Project Manager for the North East Shared Services project is pleased with their progress.

"The journey to date has been a relatively short one, commencing in October 2010. Nevertheless, much progress has been made: we have held visioning workshops, trained shared services architects, are mapping processes and holding business case workshops and also preparing an official launch."

The biggest success to date undoubtedly has to be the commitment made to the development of the business case alongside the work on producing detailed process maps with the preferred option clearly identified and delivered to time. The work undertaken so far has been confidently led and carried out in a participatory manner so that all the partners have had full ownership. We will continue this project management approach and have complete confidence that the commitment, enthusiasm and determination shown to date will ensure successful implementation."

Peter Milford, Project Manager, Solent Colleges Innovation Partnership (SCIP) has been working as the shared service architect for a group of sixth form colleges in Hampshire:

"The biggest success so far has been getting six principals with their chairs or senior governors around a table in an independent location to discuss common issues and common ways forward."

We're looking at what steps we as a group can take towards maintaining the student experience, the enhancement and enrichment we bring to post-16 education, in the face of the changing funding environment. It comes down to the fact that you have to move away from a concept of competition to a concept of confidence."

It's all about developing trust and confidence in each other so that, in the future, if a college is faced with an issue, they feel they can pick up the phone and talk to another college to resolve it in a non-competitive and non-threatening manner."

More details are available in the [AoC shared services section](#) of the AoC website.

The SSA online library is now faster and easier to search!

Over 600 articles, papers, reports and documents to help accelerate your shared service activity!



The Shared Service Architect's online library is updated weekly and edited by our team.

Better than the randomness of Google, it can fast track you to key shared service documents, examples, materials, tools and techniques from the UK public sector and across the world.

And, if you cannot find what you are looking for, you can email our librarians and they will try to help you find the documents you need.

Library

Please search the library for the document(s) you require:

Search Directory

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Title	<input type="text" value="Sharing The Gain"/>	Sector	<input type="text" value="Local Authorities"/>
Keywords	<input type="text" value="CIPFA"/>	Service	<input type="text" value="Finance and Audit"/>

Search

*Possibly the UK's largest edited library
of shared service documents*

Click on the link below to visit the library now...

www.sharedservicearchitects.co.uk