



## Pick 'n' Mix:

A more palatable approach to shared services?

Jonathan Nulty CPFA  
Management Consultancy

**W**ith the continual pressure to keep Council Tax low, meet budget shortfalls, find efficiencies and improve service delivery, local authorities have seen the joint provision of services (both back-office and frontline) as an effective solution.

Other drivers need to be addressed too:

- Service resilience
- Recruitment and retention issues
- Access to specialist skills and experience

However, many of the pioneers in the shared services field have come unstuck along the way and there are only a few live examples of shared services in the public sector working in practice.

### **So if it's so hard, why bother?**

Clearly, where shared services do work, they can provide:

- improved economies of scale;
- access to specialist knowledge;
- better resilience;
- platforms for expansion and trading; and
- when coupled with business process re-engineering, improved service quality.

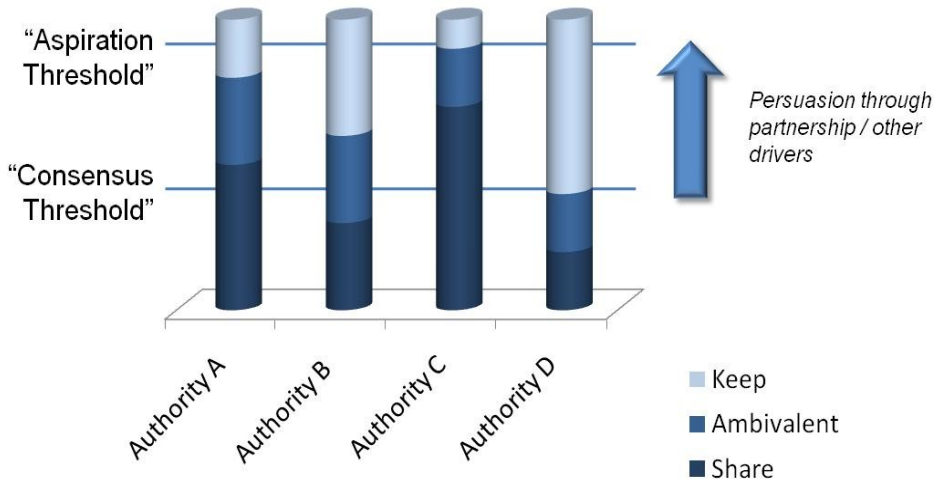
What's got in the way of this has been the "all in, all out" approach that has been taken in many cases. Groups of authorities / organisations have agreed to work together on a number of areas, but feel they have to move together, at the speed of the slowest, and gain overall consensus before moving forward.

### **Appetites**

Each organisation will have a different view on how services can be shared, due to a combination of its history, culture, local circumstances and priorities. Each partner will therefore have "comfort zones", defining how much they are prepared to share services. Across all partners, there will be a baseline threshold of consensus where all partners are happy to share, and an indication of what could be possible.

This should not, however, limit collaborative working to that lower level and partners with a "stronger" appetite may still look to working together on wider sharing opportunities.

## Appetite for / Degree of sharing for a particular function...



**Do you move at the speed of the slowest?  
Do some partners “trailblaze”, leaving others to catch up when they’re ready?**

These partners can still move ahead and through procurement, effectively “leave the door open” for the other partners to engage in sharing those services at a later point (if they wish to).

### Procuring shared services

Partners can form a vehicle to procure and establish shared services; this can involve the private sector as well. Such a vehicle would not provide services, but would procure them on behalf of the partners.

This can be an effective form of governance, giving flexibility and objectivity. Partners would have a choice – to be part of this vehicle (a “core partner”) and benefit from rebates as a result of future trading, or to be a “customer” of shared services.

## A variety of ways to share

For each service, particularly back-office professional services, there is a spectrum of collaborative working, ranging from networking and sharing of best practice through to full-blown joint service delivery and trading with others.

Different aspects of each function may be best suited to different solutions. For example:

- **Strategic advice** – retained within each partner organisation, with representation on joint strategic boards or network groups
- **Transactional services** - rationalised and consolidated functions, possibly provided in conjunction with a private sector partner
- **Professional advice** – joint service provision through a combined unit, giving improved access to specialist skills and better career progression opportunities. This too, could be provided in partnership with the private sector.

Whilst this could be perceived as a fragmentation of existing services, such a change can bring improvements in service quality and address some of the key drivers identified earlier.

## Portals and Hubs

A common and successful approach to shared services has been to utilise solutions that don't involve staffing changes, and the associated risk and uncertainty:

Common examples are:

- Procurement of goods and services
- Shared ICT platforms and systems
- Training and development provision
- Recruitment
- Insurance and Treasury Management functions
- Specialist legal advice and “overflow” provision for legal services

Such hubs or portals can be established for you and your partners, or you could make use of - or participate in - existing arrangements.

## Stacking up progress and savings

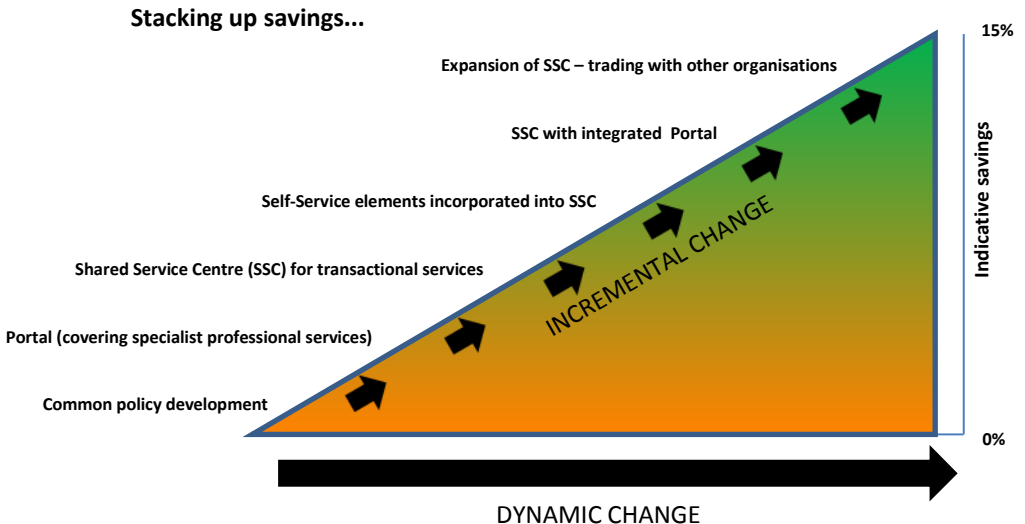
Many of the successful shared services initiatives in the public sector have taken an incremental approach to change. This means a step by step change in developing shared services, with benefits and efficiencies being realised and accumulating over time.

An alternative approach is a more dynamic change, garnering all the benefits of the stages at once. Clearly, this carries some risks since the pace and scale of change will be far greater and it will require a good deal of preparation and specification.

Either way, organisations can build up shared services and the benefits and efficiencies that they bring.

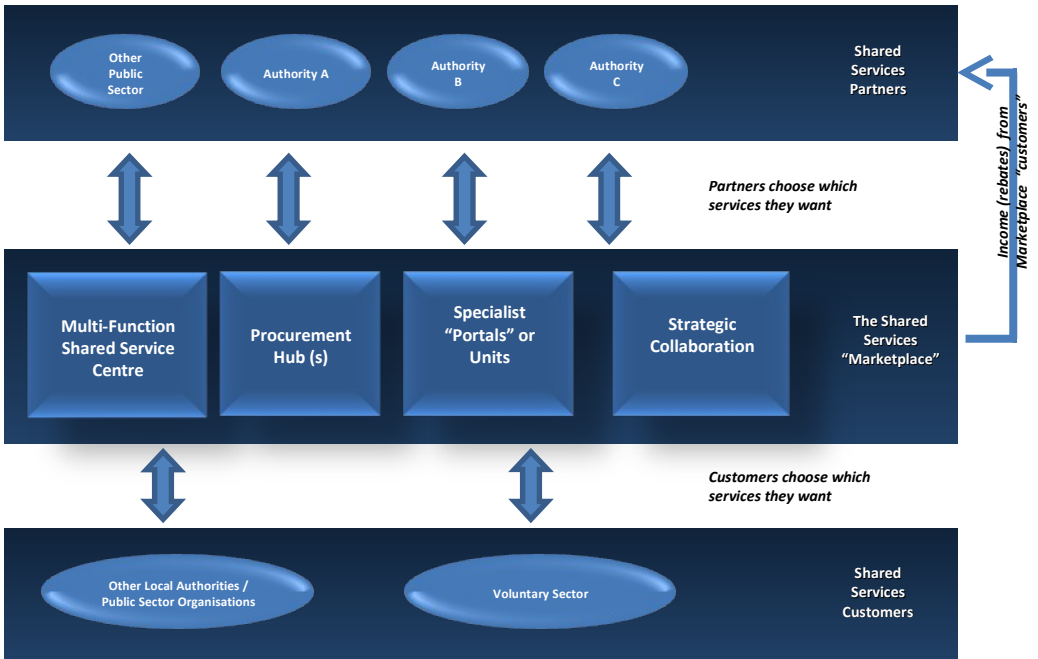
The diagram below shows an example for a Human Resources function, where there can be a combination of approaches which can stack up to produce significant improvement and savings.

These are realised through lack of duplication, rationalisation, more effective use of technology, reductions in overheads and management and ultimately, income through trading with others.



## A marketplace for shared services

By using a variety of service delivery models for shared services – some involving partnership with private sector, and some purely “in-house” across the partner organisations – a virtual marketplace can be established to offer services to each of the partners across a defined area and beyond.



As shown in the diagram above, not all partners have to partake in all the services within the marketplace – a truly “pick and mix” approach. For example, it may be that a particular partner does not wish to make use of the multi-function Shared Services Centre at this point in time, but because of the way the marketplace has been established and procured this does not preclude them from joining in the future.

That said, there are still key benefits of making use of all that is on offer within the marketplace and being a “core partner”:

- Accessing synergies between services
- Income streams generated once other public sector (or voluntary sector) organisations become customers of the marketplace

## Re-inventing the wheel

It may be clichéd, but there really should be no reason to re-invent the wheel – if there are possibilities for any partners to join in other shared services provision already in operation, then this should be a viable option.

There are existing hubs and framework agreements in place and providing procurement has taken the potential involvement of other organisations at a later date into consideration, there should be no reason why service provision cannot come from one of these established sources.

## So what to do next?

What “mix” would suit your organisation?

With so many unanswered questions and potential opportunities, you may need some experience-based guidance.

**W**e can offer an assessment of how such a model for collaborative working could operate in the context of you and your partners (or potential partners).

In undertaking a landscape and feasibility study, you could identify the appetite of the partners for shared services, across a variety of functions/services.

We could also help you to assess the appetite of the market for helping you establish this form of marketplace.

The key thing is to talk with your partner organisations and be open and honest about what you want to achieve together. To be effective, shared services has to be much more than a “ticking the box” exercise, it needs to have commitment and motivation behind it. In that way, it can drive improvement in services for your internal customers and your citizens.



Jonathan Nulty and his associates provide real, pragmatic and experience-based approaches to shared services and innovation in service delivery.

Taking an inclusive and collaborative approach to consultancy gives a greater sense of ownership and solutions based in the real world. This localised view is balanced by drawing on best practice and models from across the public sector.

We can advise on all aspects of shared services and partnership:

- Visioning and strategy
- Objective reviews of current service delivery
- Feasibility Studies and Business Cases
- Developing models for future service delivery
- Soft market testing, procurement and negotiation
- Implementation
- Post-implementation reviews
- Facilitation and training



Jonathan Nulty

Jonathan is former Project Manager of Partnering Adur & Worthing Services and has worked for PwC and IPF as a consultant advising on shared services and partnerships, as well as working with ODPM on the Strategic Partnering Taskforce

## Contact us for a discussion:

**T:** 01903 531607  
**M:** 07954 151778  
**E:** [jonathan.nulty@jpnn.co.uk](mailto:jonathan.nulty@jpnn.co.uk)  
**W:** [www.jpnn.co.uk](http://www.jpnn.co.uk)

57 Milford Court  
Brighton Road  
Lancing  
West Sussex  
BN15 8RN