Collaborating to develop Effective Shared Services
East Surrey College

Project Synopsis

The focus of the project was to explore the feasibility of developing collaboration and shared services between four FE colleges. The key findings were that such arrangements are built on strong relationships and trust but some areas such as joint procurement are an easy and effective way to build a collaborative approach. The project also confirmed that true shared services are difficult to establish due to the impact of technical issues such as TUPE and VAT.

Project Aims

The project aims were to explore the barriers to development of shared service arrangements and to develop good practice models for various aspects of collaboration and sharing. The focus of the project was back office services, specifically HR, IT, Finance and Governance. The project built on previous research commissioned by the LSC, HEFCE and others and also considered the structure for delivery of shared services.

This exercise was innovative at the time of proposing the project as there were few ongoing projects of this nature. However, since the government announcements relating to funding cutbacks a large range of similar projects have been started between similar sized groups. These are at earlier stages but links have been made through one of the members of this project who are also involved in a similar exercise with two more local colleges. This has enabled us to share experience. The project was driven by a wish to collaborate but also to achieve cost savings and greater efficiency.

Project Delivery

A Project Board was established consisting of the four Principals to drive the process at a senior level within the colleges. The Project Board met every two months to receive a report from the Project Manager who was engaged specifically to co-ordinate the project and manage the agreed budget. The Principals were very enthusiastic about the project but during the year there were staffing changes at this level within two of the colleges which affected the project dynamics and relationships due to a change in priorities. The enthusiasm for the project remained but there was a need to build new relationships, trust and ways of working.

The Project Manager held workshops with key individuals from each college to consider appropriate areas for sharing. As the project was aimed at business support these workshops were with the college Finance Directors, Clerks and IT personnel. From this process it became clear which areas were worth pursuing within the project timescale and in the longer term. Some areas were felt to be valuable in terms of collaboration but would not deliver improvements in efficiency or value for money. Therefore following the workshops the Project Board agreed to prioritise the areas which would deliver the cost benefits at an early stage.

The initial part of the project was intended to build relationships and trust and draw together background data on all the colleges. The college Boards were also made aware of the project aims. As a result of the increasing interest in shared services in the sector it was possible to take advantage of AoC seminars on shared services which were delivered nationally during 2010. This provided a useful guide to experience in other public sector bodies as well as the barriers and technical issues associated with sharing services.

The potential for real sharing is considerable as most colleges are routinely carrying out the same functions particularly in back office services. This has been recognised by the Learning and Skills Council who commissioned a report in March 2010 "Shared Services Further Education" by Kathy Bland exploring previous LSC funded collaborative project outcomes, the potential for shared services and offering guidance to the sector. The LSC report was published as our project was commencing and many of our findings matched those of the LSC as the project progressed.

The early relationship building proved to be the most complex part of the project. Research completed before the LSC March 2010 report does not really focus on this aspect but 'winning hearts and minds' is one of the challenges of this kind of collaboration. The success is completely dependent on the buy in of the key stakeholders and their commitment to the project which needs to be communicated to colleagues within the colleges who will be involved in providing information or putting systems and processes in place. The main area of learning was that sharing is difficult to do, takes longer than expected and that four may be too many partners for an initial stage. Relationship building was more complicated due to the geography of the colleges but their location helped as they were not competitive. In common with other similar projects there was an initial period of overcoming concerns about the motives and potential impact of the project for some stakeholders which could only be overcome by an understanding of the aims and focus of the project.

The timescale of one year for the project was too short to establish formal shared service arrangements. However, now relationships have been established between the colleges work is continuing in a number of areas as was identified in the original funding application with some of this supported through college funding. Links are also in place with other developing shared service projects to pass on learning and some of the continuing work will involve other partners.

The LSC report identified areas which were likely to work at a pilot scheme at local level but also areas which would be most effectively organised as a central provision through a Shared Services Data Centre. This also mirrors the outcome of the project where it quickly became evident that some areas such as financial transactions processing would be better driven as a sector wide service by a central body such as the SFA rather than setting up small groups duplicating effort in a number of colleges. Some of these key functions would also need significant initial investment in IT and staff set up costs which would be difficult to justify in the short term even if a longer term payback could be achieved. In the current climate of funding reductions for the sector the colleges were understandably reluctant to pursue this option.

There were unforeseen issues during the year; in particular two of the colleges had changes in their senior management team which shifted the focus away from the project to more pressing issues such as reorganisation and strategic reviews.

Project Outcomes

Ultimately the success of the project will be proved if the four colleges continue to build links and collaborate even if this means they have to provide development funding for some areas from their own resources. However, in the meantime the aims of the project have been largely achieved as follows:

- Project Board established and information workshops completed;
- Cost benchmarking exercise undertaken and information shared;
- Successful joint procurement exercise completed for internal audit achieving saving on management time, improved costs and better value for money for colleges;
- IT benchmarking exercise completed including analysis and comparison of existing hardware and software in each college;
- IT workshop delivered and areas for sharing identified, work ongoing;
- Staff development – joint programme for management development being established for 2011/12;
- Sharing of governance good practice including self assessment processes and training;
- Joint working on government procurement card and use of procurement frameworks;
- Finance director relationships established for sharing of good practice and experience.

The impact of the project can be summarised as follows:

- Establishing relationships at a number of levels within the colleges;
- Savings from joint procurement exercise – saving on management time estimated as c£2,000 for each college together with saving on audit fees and added value through offer of ongoing benchmarking by audit firms;
- Demonstration that joint working can deliver efficiencies;
- Wayfinding for similar projects which are now emerging in the sector;
- Creating opportunities for further developments such as an ongoing collaborative management development programme.
- Governor self assessment processes shared and streamlined using online survey software;

As the project will still be continuing beyond the end of March there will be further impact arising from these activities which is mainly aimed at improving value for money and efficiencies. These plans will involve the Project Board in a continued monitoring role as original envisaged in the funding application. Another of the colleges has recently appointed a new Principal who will be involved in this process. Areas for ongoing work are:

- Procurement - following the success of the joint audit tender further areas for joint procurement are being explored and some of this work is being extended to others outside the group of four colleges if this is economically more effective;
- Management development – there are plans to establish a joint programme for 2011/12 involving ILM or CMI endorsed courses;
- IT – the workshop identified a number of initial areas for sharing and a bid was submitted for further SFA funding to support a specific feasibility study in this area. Unfortunately this bid was unsuccessful therefore progress in this area will be dependent on the colleges being prepared to invest in the development. This is due to be discussed by the Project Board at their next meeting in May 2011.

Sharing of Project Findings

The Project Board are keen to share experiences with some of the other, more recent shared service projects that are now being funded and developed across the sector through the SFA and AoC. One of the colleges and the project manager are involved in a more local project of this nature and so there have already been opportunities for sharing and dissemination of lessons learned, experience and outcomes. The outcomes of the procurement exercise have also been shared with finance colleagues in the sector and a number of other colleges are now considering taking this approach to procurement of services such as audit. The project manager has provided guidance and support where requested through the existing college networks.