

**SHARED SERVICES PUBLIC
SECTOR LEADERSHIP EVENT 24TH
JUNE 2008**



Purpose of the event:

The Director of Public Service Reform Ruth Parsons opened the seminar outlining the purpose of the day. This was firstly to outline the development of shared services one year on, highlight its successes so far, to identify and discuss the potential opportunities and challenges of the future. Secondly, to examine the roles of both the Scottish Government and the private sector in the shared services agenda. Finally, the future of shared services was discussed, and how its role could develop over the next 5 years. The 87 attendees comprised of a broad range of public sector Chief Executives and Senior Officials.

After the introduction Cabinet Secretary for Finance and Sustainable Growth John Swinney MSP, gave the Key Note speech, in which he outlined an overview of Shared Services and its potential to contribute to the growth of Scotland's economy. The speech was followed by a question & answer session with Mr Swinney.

Cabinet Secretary for Finance and Sustainable Growth Key Note Speech Outline:

Mr Swinney's speech emphasised the role of Shared Services as part of the efficiency agenda. He reiterated the purpose of the Scottish Government, to focus government and public services on increasing sustainable economic growth, and on providing improved public services with a more user orientated focus. The Cabinet Secretary highlighted the successes of Shared Services over the last 12 months and identified the key programs with potential to be rolled out. It was made clear that the Scottish Government is looking to empower the public sector to progress and is open to fresh ideas.

The Cabinet Secretary stressed that for the efficiency agenda to make progress, clear and dynamic leadership was required from within the Scottish Government and the Public Sector in Scotland. It is important to avoid duplication of services and to build on the best elements of previous agendas. The Single Outcome Agreement and Community Partnerships encourage sharing and need to be expanded. Integration is required to provide joined up, value for money services. In terms of alignment, where appropriate there could be re-organisation of bodies such as the action taken with Scottish Enterprise and Communities Scotland but for the most public bodies collaboration and co-operation will provide effective solutions.

Mr Swinney also highlighted the changing demographics of Scotland, explaining that an ageing population will place increased demand on the public services, who will require continuous improvement if they are to cope.

Report on Cabinet Secretary for Finance and Sustainable Growth Q&A Session

Below is a summary of the Q&A session.

- Q) *At the recent NDPB conference the focus was on outcomes, what is the relationship between outcomes and shared services? Is the outcomes agenda first?*
- A) Outcome Agreements and Shared Services do sit comfortably together. I do not see that there is a problem with timing. An example would be: that every child deserves the best start to life. Such an outcome is not the responsibility of only one public body to deal with. The concept of shared services fits with the pursuit of broad outcomes. Outcomes drive the need for public bodies to co-operate and plan together. The consequence of this is the need to focus on shared services, right across the public sector.

- Q) *Striking the balance between central direction and empowerment, what are your thoughts on closing this loop, ensuring that the citizens receiving the best services.*
- A) The Scottish Government is willing to take new initiatives in this respect, e.g. the removal of the Local Government ring fencing. We have to ensure that the climate establishes the sharpest sense of what the administration is wanting to do. The SG is issuing a call to all public sector organisations – what are you contributing to the process?
There are various assurance processes in place to give us comfort. Firstly with the Single Outcome Agreements, secondly with the audit and inspection regime through the Best Value process.
There was also a recent announcement on the Scrutiny Review, pushing essentially for a holistic look at councils and public sector organisations.
There are also various financial audits in place.
All this gives adequate comfort in the balance of central direction and empowerment. As well as central direction/audit I am also looking for national bodies to seek their own comfort that their organisations are playing their full part.
- Q) *Local Government flattered by the numerous references to what they are doing so far. But there has been no references to NDPBs, are they ahead of us, or are they not doing it because they are working to different prescriptions?*
- A) The message on alignment is relevant to all in the public sector. The NDPBs are not all there and are not all done and dusted. We need to ensure that all public sector players are fitting into the National Performance Framework, they all have a contribution to make.
- Q) *Shared services isn't easy. The Orkney Council and NHS partnership is working well, but cultural issues have been a block. There are also blockages around finance and legal issues.*
- A) We need to be clear about the focus of what we are trying to do. Shared services is about drawing organisations together for the benefit of members of the public. It's about finding ways for members of the public to receive seamless services and creating the right architecture for finance / legal requirements. There is the potential to spend more time on the blockages/issues than on actually improving the service. We mustn't refuse to believe that issues around finance/audit etc are insurmountable – there must be ways to make it happen. If we focus on audit/accountancy issues we will miss the point of serving individuals.
- Q) *What are the options for making space for shared services? E.g. Reducing regulation/inspection/audit to enable greater progress.*
- A) There is far too much scrutiny, we are looking at how to reduce the burden. However dismantling the process we have is a challenge, we have to be careful about proportionate character of scrutiny. There is parliamentary appetite for this to happen. A promise has been made at the recent SOLACE conference that things will have improved in a years time. We are putting in place careful steps to allow us to do this. There are a number of sensitive and difficult judgements to be made.
- Q) *Is the vision for shared services a short term consequence of the financial imperatives or is it a longer term vision?*
- A) Demographics are pushing the agenda, we are facing an ageing population. Too often it is left to members of the public to join up services. There is a constant search to leverage more resources into front line services, its all about continuous improvement.

For these reasons shared services are here to stay and are not just a short term consequence.

Workshops:

After an update on Shared Services activity in Scotland, delivered by Julie Kane, the group split into five workshops. Every workshop was given the four questions listed below to discuss among themselves and report back. The general theme of the questions was the role of Shared Services and how it might look to the future. Below is a summary of the main points to come out of the five workshops.

Question 1: There is no overall Public Sector Scotland wide Shared Services vision, should there be?

The idea of an overarching vision for Shared Services was welcomed, but of more immediate concern was the establishment of greater communication between the Shared Services Board and the public sector. A greater understanding of the process of developing a vision was sought. It is important to know what the final objectives are before a vision can be developed. It is vital Scotland has an organised and efficient approach to shared services given the threat of globalisation.

However one of the workshops felt that rather than have one single vision covering the whole public sector, it would be more beneficial to have various visions that displayed more detail.

While there was agreement that a vision for Shared Services was required, it was understood that this vision shouldn't become too narrow, and must represent the full spectrum of different services. It was argued that local knowledge and expertise allows services to grow organically and be more engaged with local opinion rather than centralised policies that can prove out of touch and stifling. Local planning can cause conflict with national overarching policies. The position of national bodies, somewhere between local and central government, and how they interact with these organisations to deliver services, needs to be clarified.

It was stressed that any vision created needed to include real projects and programmes of deliverables from its inception to provide clear focus. There was recognition that the development of a common vision would help inter-agency collaboration. A vision would map out how local government could begin to join central government.

There was widespread agreement that the shared services agenda should be customer based, and recognise their needs and difficulties. In a period of economic downturn, it becomes even more of an imperative that services ensure value for money. Back office services should be improved from a customers perspective. The Shared Services Forum was seen as a good example of information transfer across different organisations.

There was a recognition that pan-organisation financial systems would be required, something that would require detailed planning and co-operation. Currently accounting and auditing processes were felt to be a hindrance. Investment is required for a shared services vision to succeed, and as a result the Scottish Government's position on commercial providers needs to be clarified. However investment should not be indiscriminate.

A key point of discussion was the possible need for central guidance, it was felt an obligation would be a better basis than a compulsory agreement. A first step would be an obligation to uptake and improve end to end business processes. Shared services is not optional, there must be buy in from all organisations.

For NDPBs, especially those outside the major cities, it was felt that full integration into national shared services procedures would be difficult. There is confusion about the role of NDPBs, are they different to local authorities? Other problems around NDPBs, they can find it difficult to engage with others in the sector, especially on a strategic level.

The experience in Ireland has been that standardising IT across all government departments was tricky, with varying levels of technology in place. IT became too technology focused as a result. There were also security issues (e.g. cards for access).

The example of shared services in the Borders was used, where the Borders Council and Health Board theoretically shared responsibilities, but in reality the Health board “speaks on behalf of everyone for joint services”.

A potential risk of employing a national infrastructure is that it can lead to lack of competitiveness, dangers of a monopoly provider.

The Universities were ambivalent about a vision, which they worried might restrict them, considering their most successful shared services have been UK wide (e.g. UCAS).

In summary, there was enthusiasm for a Shared Services vision as long as it struck the right balance between being too abstract or too straight-jacketing, and remained broadly representative. It is necessary to realise how big a programme of change this represents, and to galvanise organisations and compel them to understand their responsibilities accordingly. Positivity and initiative has to be married to realism for programme to succeed, Scotland is a small country and time and resources can't be wasted on grand gestures or under developed ideas. Before any vision is followed blindly, it is important to realise that many of the issues have been unresolved for several years, there is a need to thoroughly examine why before establishing new policies.

Question 2: Obtain feedback on potential Shared Services Models. Obtain feedback on the top 3 opportunities and challenges that Shared Services brings.

The delegates were provided with handouts of three models (Sector Wide Sharing, Federated Sharing and National Sharing) in their packs in order to prompt discussion about the different opportunities and challenges of Shared Services.

On the question of a model for shared services, there was consensus that it is difficult to achieve a one size fits all model.

Opportunities

Again it was agreed that a customer focus was required, to create a model more likely to lead to successful partnerships. Attention should be paid to customer surveys, while the progress made by Customer First needs to be consolidated. Joint working initiatives were seen as a good opportunity, with staff benefitting from an increasing skills base and greater flexibility to move across different organisations.

There was agreement that front end services provided the principal opportunity for savings and potential benefits. Collaborative procurement of services such as residential care can provide considerable potential savings. Front of house sharing has already proven to be successful in Universities sector.

Smaller organisations appear set to benefit more, if they are in partnership with other services they will be better equipped to retain and pay highly skilled employees.

IT was seen as a useful tool to enable internal sharing and improving communication between various services, using collective databases etc. Improving IT should be prioritised as at the moment it is often cumbersome and unwieldy.

The ability of both senior and lower management to engage with and adapt to new models was also identified as a key challenge. A general buy in by staff is also required; adaptation to new models should be an organic process not as a result of pressure to comply with mandate. This appears possible as staff tend to place their loyalty in their research and key interests rather than their institutions.

Finally it was agreed that a continuity of purpose was essential, there must be an acceptance that in the short term developments may cost money. The need to pursue this course beyond the short term was stressed. A model that can survive long term, and through varying administrations, is essential. There is a need to formulate programmes around common circumstances, e.g. births, deaths, moving house etc.

It was agreed that the opportunity to discuss issues across the sectors such as this event more often would be welcomed.

Challenges

These opportunities were balanced against a number of challenges, most notably to avoid compulsory redundancies. There was acknowledgement that the ability to improve efficiency while avoiding redundancies was difficult and an evolving process, which is dependant on the size of the organisation.

Choosing appropriate areas to focus shared services in also provides a challenge, as it is important that shared services policy doesn't have a detrimental effect on a local area. Centralisation of services should not lead to geographical centralisation to the central belt.

Financially it is important to remain consistent, as there are opportunities to save money which might be unpopular at first. There is a need to share financial responsibility evenly, and in turn share benefits evenly. For example when investing in new technology there should be a greater exploration about how these new technologies can be used in other sectors as well. It was also felt that looking at the status of an organisation including the use of charitable status could be helpful in reducing inefficiencies in implementing common systems. This was raised in the context of eProcurement Scotland. In terms of financial planning, effective organising principles need to be in place if organisations are to enjoy the freedom to work together. IT will pose a challenge, as there is considerable diversity in the systems used across the public sector.

Under a new model, it is necessary to be able to not only measure but also demonstrate progress and service improvement. Tangible successes are required during the span of the current administration, but the need for deliverables must be balanced against danger of resource wastage. There is a need to be realistic about what can be achieved and the timeframes in which it can be done. There is a need to move to 3 year financial cycle for capital investments, while accountability needs to be renegotiated to come in to line with any new systems or models. For progress to be made in all areas, and to avoid organisations counteracting against each other, there needs to be considerable unity across the public sector. A focus on models is less important than understanding the lessons to be learned. For all this to happen, it is essential an entrepreneurial spirit is encouraged, and potential risks are not shied away from. As a result, there will be a need to allow for failure. This

requires effective leadership and management, and a culture change among public sector organisations, who must not resort to protectionism. Success should be measured by constituent approval.

Question 3: What does good look like – in 5 years?

The vision of shared services in Scotland in five years was that of a customer orientated public sector. Better services would be provided for less cost and using fewer resources, but delivering high levels of customer satisfaction. Services would be more streamlined and also better integrated with others to enable mutual benefits through the sharing of information, research and expertise. HR and ICT would be significantly improved, particularly in the delivery of front line services. There would be a more joined up working relationship between central and local government.

The public sector would benefit from a culture of continual change and improvement, and be able to demonstrate tangible and regular advances in services. Centres of Excellence would be established, which delivered core functions for other government bodies, and there would be delivery on Single Outcome Agreements. Efficiency would have improved significantly, duplication of services would be reduced, and bureaucracy cut. Healthcare would show greater horizontal integration, with further linking between different agencies.

Question 4: Role of the private sector

IT is a key area in which the private sector is seen to be able to play a role, through the provision of resources, in shared services. The private sector is seen as a useful counter balance to public sector techniques and management. It also provides a non-threatening solution to rivalries and suspicions between public sector organisations. However there are also suspicions over the private sector from within the public services. Other benefits of private sector included its flexibility and the breadth of expertise it boasts, potentially in areas which public sector organisations lack. The private sector can also replace personnel quickly.

As long as the role of the private sector remains as a partner, it can prove beneficial in providing knowledge of customer satisfaction, markets experience and good client skills. Crucially, it can also provide investment. However, if the private sector is to be involved in a project, it must adequately prove there is a lack of risk and that budgets and timescales will be kept to.

In terms of negotiating the relationship with the private sector, it was agreed that it was necessary to “approach with eyes open”. There was an agreement that it would be beneficial to seek guidance from the Improvement Service about how to deal with the private sector, and that the Scottish Government’s position on private sector involvement needs to be clarified. It was also agreed that there should not be an over reliance on the private sector and in particular outsourcing, as public sector organisations should become more streamlined and effective. Outsourcing itself was seen in some cases as a costly measure.

There was clearly an understanding that private sector involvement was necessary for the development of the Shared Services agenda. However, any such involvement should be focused in the specific areas that define the differences between the two sectors rather than to solve problems that could be dealt with by a more efficient public sector.

Finally there was recognition that it would be impossible to resource IT adequately without private sector involvement and that public services spend too much time and resources

diversifying into areas that weren't relevant to their core skills. Instead organisations should focus on maintaining and improving their core business, which should remain internal.

The outcomes of the workshop were presented in the final session of the day and copy of the presentation is available at the link below.

Afternoon Session

The afternoon session focussed on some of the key topics for Shared Services in terms of addressing challenges and opportunities and provided an overview from the Scottish Government as a shared services providers and the developing agenda for Local Government. The way forward presented the collective outcomes of the workshop. The topics and speakers were as follows:

1. Procurement Shared Services Challenges (Paul McNulty, Scottish Procurement Directorate)
2. Shared Services in Scottish Government (Paul Gray, Scottish Government, Corporate Services)
3. Shared Services in Local Government (Paul Dowie, Improvement Service)
4. The Way Forward (Craig Russell, Scottish Government, Efficient Government Delivery)

Copies of the presentation can be found on the Scottish Government website at: <http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment/SharedServices/Resources>

The Next Step

Following the June 24th conference, Shared Services will:

- Write up the outcomes of the five workshops.
- Encourage practitioners to take part in the discussion forum.
- Take the views expressed in the workshops to the practitioners and suppliers at September 23rd conference.
- Support public sector in developing new opportunities and marketing existing proven models.

Delegate List

Name of Attendee	Organisation
Tom Aitchison	City Edinburgh council
Alan Bailey	Scottish Police Services Authority
John Barrett	North Ayrshire Council
Kay Brown	South Lanarkshire Council
Martin Brown	Improvement Service
Duncan Campbell	National Library of Scotland
Stuart Carruth	Learning and Teaching Scotland
Helen Christie	Grampian Police
David Clark	NHS Tayside
Gary Coutts	NHS Highland
Dorothy Cowie	Scotland Excel
Alan Crawford	NHS Health Scotland
Iain Crozier	NHS Orkney
Sandy Cumming	Highland and Islands Enterprise
Chad Dawtry	Scottish Public Pensions Agency
Anthony Daye	Learn Direct Scotland
Paul Dowie	Improvement Service
Paul Du Vivier	Scottish Fisheries Protection Agency
Forbes Duthie	Highland and Islands Enterprise
Calum Elliot	Scottish Government
Eleanor Emberson	Scottish Court Service
Martin Fairbairn	Scottish Funding Council
John Foley	Taoiseach
John Ford	Scottish Environment Protection Agency
Peter Glynn	Northern Ireland Office
Jeni Graham	Clackmannanshire Council
Paul Gray	Scottish Government
Tim Hencher	Scottish council for Voluntary Organisations
Gerry Hendricks	Scottish Government
Guy Houston	Transport Scotland
David Hume	Scottish Borders Council
Sharon Hutchins	NHS Fife
Michael Jackson	Scottish Ambulance Service
Gary Johnston	Scottish Government
Julie Kane	Scottish Government
Alastair Keddie	Moray Council
Peter Kennedy	Welsh Assembly
Jim Kinney	Improvement Service
Dawson Lamont	Highland Council
Graham Laughlin	NHS Lanarkshire
Derek Lindsay	NHS Ayrshire and Arran
George MacKenzie	Scottish Public Pensions Agency
Duncan Macnivan	General Register Office for Scotland
Arthur McCourt	Orkney Islands Council
Kenny McLeod	Scottish Government
Lorraine McMillan	East Renfrewshire Council
Alistair McNair	Aberdeenshire Council
Andrew Menzies	Scottish Legal Aid Board

David Millar	Lothian and Borders Fire and Rescue Service
Caireen Miller	Scottish Government
Lindsay Montgomery	Scottish Legal Aid Board
Joe Moore	Scottish Natural Heritage
Alison Morris	Scottish Government
Ed Morrison	Scottish Children's Reporter Administration
Chris Morrison	Improvement Service
Gordon Muir	South Ayrshire Council
Diana Murray	Royal Commission on Ancient Historical Monuments of Scotland
Alan Nairn	Perth and Kinross Council
Ken Neilson	VisitScotland
Keith O'Donnell	Fife Council
Andrew Patience	National Museum of Scotland
Nigel Paul	Edinburgh University
Hilary Pearce	Scottish Government
John Phillips	Scottish Enterprise
Mary Pitcaithly	Falkirk Council
Bill Pritchard	East Dunbartonshire Council
Mhairi Rae	National Galleries of Scotland
Lynn Regan	Scottish Government
Oliver Reid	Renfrewshire Council
Rebecca Robinson	Scottish Government
Stuart Robinson	Her Majesty's Inspectorate of Education
Craig Russell	Scottish Government
David Sawers	Angus Council
John Ross Scott	NHS Orkney
Ann Smith	Scottish Government
Phillip Spence	Northern Ireland Office
Alison Stewart	Transport Scotland
Robert Stewart	NHS 24
Alex Stobart	Scottish Government
Aidan Timmins	Taoiseach
Ian Tully	Glasgow City Council
Dr Gerry Webber	Napier University/Universities Scotland
Roger White	Aberdeenshire Council
Gavin Whitefield	North Lanarkshire Council
Andrew Wilkinson	Social Work Inspection Agency
Ray Wright	Northern Ireland Office