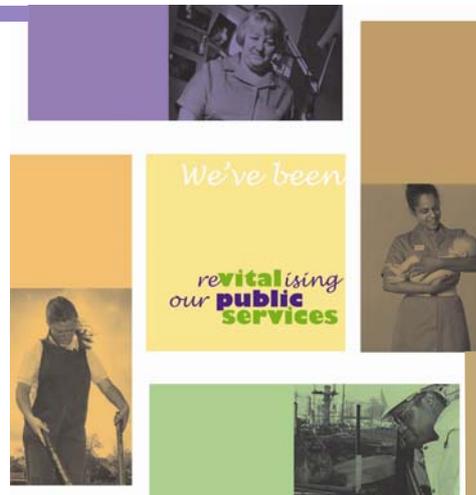


revitalise

A briefing on UNISON Scotland's public services campaign
No 3 September 2007



Sharing Services—not all it's cracked up to be?

Shared services models elsewhere in the world, have begun to develop problems and flaws that were not predicted. Despite this the Scottish Government does not seem to be taking note.

The example to follow?

The introduction of shared services in Western Australia (WA) has been heavily criticised in a report by their Auditor General.

This backs UNISON's view that the Government's assertion, that shared services in WA were a great success, was premature. The programme, intended to eliminate duplication and save money, is two years late and likely to be millions of dollars over budget. The Auditor General stated "the shared services reform model was ambitious and high risk"

Recent research also highlights the following key lessons from the Australian experience.

- Initial costs of shared services are underestimated because implicit costs and externalities are often not included
- Introduction of shared services is complex and costly and requires detailed research
- Consultation and meaningful involvement with unions and staff is essential
- The key aim should be improvement in service delivery not cost savings
- High risk of losing corporate knowledge and skills
- While cost savings can be achieved, targets are rarely met. Savings are mainly job losses

- There are job losses in regional areas and they affect the viability of some communities
- Inappropriate shared service schemes damage staff morale at a time when skill shortages and job opportunities mean the public sector struggles to retain staff.

There is also a partner report *Shared Services in Britain*, full copies of the reports are available from the P & I Team.

Shared Services in the USA

Public sector bodies in the US have also found shared service projects fail to live up to their promises. In 2005 Wisconsin Governor Jim Doyle announced the Accountability, Consolidation and Efficiency initiative (ACE) promising \$200million of savings. Officials have now cancelled another contract. Problems included:

- A contract with a real estate firm was cancelled when a representative was charged with taking a kickback from sales of state property
- A \$2.6 million contract to restructure the state's email system was cancelled and awarded to a new company after a rash of technical problem
- The consultant involved in restructuring state computers walked off the \$7 million project
- The state employee travel contract was pulled after fraud charges were filed
- The contract for printers was cancelled after a consultant awarded the contract to an unqualified company

- A multi-million dollar contract to identify cost savings on state purchases was cancelled after concerns that the savings would be less than the consultants costs.



New Government Funding

Plans for shared services continue to move forward in Scotland despite the lack of evidence of shared services delivering improvements. In June the new Government approved £2.1 million for five projects implementing shared services (see box on p2). The projects involve local regional and national collaboration with at least 10 local authorities.

John Swinney believes

"projects like these can free up substantial amounts of money from the public purse..... In this case alone that figure is £10 million". COSLA also welcomed the decision.

As well as the International experiences above, research by the European Services Strategy Unit supports UNISON's view that there is a lack of evidence of costs and benefits for shared services.

Savings from full outsourcing and offshoring examples are widely used as comparisons, and estimates and targets are often converted into facts.

Scottish Enterprise scraps new IT system

Scottish Enterprise (SE) is to scrap their latest computerisation project and install a new one.

The system went into operation in 2005 at a cost of almost £14million. It was supposed to standardise handling customers across the SE network including the phone and computer handling systems. The new system will cost £7million.

Underspent, but cuts in spending still likely

In June 2007 John Swinney, Cabinet Secretary for Finance and Sustainable Growth, announced his plans for the strategic spending review 2007. He announced a £242million underspend in last years budget.

From this £135 million will be carried over as End of Year Flexibility (EYF) under spend. He also emphasised that there will be a period of lower public spending. The outcome of the review will be announced in the autumn.

East Renfrewshire

East Renfrewshire council is claiming cash savings of £4.3 million in the first year of its efficiency drive. A further £171,000 saving has been made in staff time. Bringing social work and health services together as E Renfrewshire Community Health Partnership is credited with saving £250,000.

The Council has focused on absence management and in future will be focusing on craft workers. Shared services will also be high on the agenda.

New Shared Services Funding from the Executive (see P1 article)

The projects are:

Public Information Notices. An attempt to develop access to public notices, eg. on road works, via the internet.
Joint Working in Orkney. To implement shared "back room" services between the council and NHS Orkney.

Continuous Improvement Toolkit launched

An aid designed to help councils implement continuous improvement has been launched by the *improvement service*. The *Continuous Improvement Toolkit* is designed to provide practical assistance to those involved in service provision & managing change, helping them focus on what's important from the customer's perspective rather than organisation's.



The *Toolkit* provides best practice guidance in formulating and delivering continuous improvement projects. It is web-based with no password necessary, is free to use and available now, provides a generic nine-stage framework or route map to run projects, and incorporates a bank of tools, techniques & templates that provide guidance and support for running projects from start to finish.

It provides a bank of downloadable training & support materials is a valuable resource for sharing knowledge & experience from improvement projects across Scottish councils.

The toolkit has been developed through collaboration among a number of Scottish councils, led by Aberdeen council under the direction of [Customer First's CRM Programme](#) chaired by Alex Linkston, Chief Executive, West Lothian Council. It can be accessed online at www.db-continuousimprovement.org.uk.

Edinburgh IT deal re-negotiated

Edinburgh City Council has renegotiated its ten year IT infrastructure contract with BT. The council thinks the new deal will save £23.3million over 10 years. The money will be ploughed back into IT projects.

The council has simplified IT systems which lowers IT maintenance as most faults can be fixed remotely rather than through costly site visits. The partnership with BT will be reviewed next year and if successful BT will be awarded a five year contract.

needs", involving COSLA, SOLACE, The Society of Personnel Directors Scotland (SPDS) and the Scottish Executive.
Learning and Development. Eight Clyde Valley authorities will be working together to improve learning and development in their workforces.

Integrated Services Delivery. Preliminary work by Outer Hebrides Community Planning Partnership to improve service delivery.
Shared Workforce Management and Planning. To deliver a plan to deliver the "workforce to meet future service

SNP tax plan threatens local jobs and democracy

The SNP-led Government won a vote in June which could pave the way for the abolition of the Council Tax in Scotland. The Government plans to freeze council tax rates until they introduce a Bill for additional income tax to fund local government which is expected in 2010.

In early August the Herald reported that there will be "massive cuts in public services" unless the Executive can come up with half a billion pounds to cover the freeze. They state that they have seen estimates from local gov-



ernment of £70 million pound shortfall this year, £140 million the year after leading to a total of £420 million until the planned abolitions and replacement of the tax. Without the extra money, members jobs in local government are seriously at risk.

The replacement of the tax by additional income tax will have serious implications for the jobs of those members currently involved in the administration and collection the tax. UNISON is already collating information on the numbers of posts at risk and continuing to campaign for improved local government finance. To be democratically accountable, local government needs more, not less control over its finances. Setting council tax centrally and handing over tax collection to Westminster would be a massive blow against local democracy.

As well as a fairer council tax, UNISON also supports returning business rates to local control. Posters and leaflets (above) giving the arguments for a reformed Council Tax are still available from the P&I team. Contact Victoria Fleming - v.fleming@unison.co.uk.

Skill shortages in the public sector

One of the National Shared Services Board (NSSB) key themes is shared workforce planning. Local government is experiencing difficulties with recruitment and the board is aiming to make local government an "employer of choice".

- Clyde Valley local authorities are working together to improve training and development. The Learning and Development project is expected to generate significant cash savings and be a pathfinder for wider adoption.

The *improvement service* is also working on a Shared Electronic Recruitment Portal for local government. It is expected to go live in February 2008.

Projects include:

- COSLA is leading a project to put together a plan to deliver the right workforce to meet future needs.

Government cash delivers information to Dundee staff outside the office

Dundee council has used money provided from the Government to improve information technology available to workers when out of their office.

Now their laptops can access central data while staff are making home visits. Members of the social work team can book clients onto courses during meetings with them in their homes, meaning the time lag between initial interest and confirmation of attendance is gone.

The technology is also supporting staff investigating arrears, meaning they have all the relevant information when on a home visit. This coupled with other initiatives, has led to a four per cent increase in council tax collection.

Procurement expert centre

The *Scotland Excel* project aims to deliver best value for local authorities across Scotland through a centre of procurement expertise. A steering group was established in December 2006 with representatives from the Scottish Procurement Directive, the *improvement service*, Strathclyde Police, the Scottish Local Government Procurement Forum, and chief executives and senior managers from across local authorities.

It is hoped that the project will:

- Secure significant cost reductions and increase the quality of service from suppliers through collaborative procurements
- Improve best practice through coaching mentoring, training and development
- Create a forum and communication medium to engage suppliers.

The proposed organisation will be based in Paisley and have three regional offices:- Edinburgh Aberdeen and Inverness.

Procurement rules mean that agreement is key to shared services

The Scottish Government has published guidance on the impact of EU procurement rules on shared services in Scotland's public sector.

UNISON was fully involved in the process and welcomes this new guidance as an initial approach. It fairly and clearly lays out the current position on the impact of EU competition rules on public procurement. It is now clear that safest way for public bodies to cooperate is via agreement between councils. Contracts could lead private sector companies taking over the service.

European Union (EU) procurement rules are intended to promote the single market and ensure that where the public sector acquires goods, works or services from third parties it does so on the basis of open and non-discriminatory competition. This is a complex and fast evolving area of competition law. It affects moves towards shared services because some types of shared service arrangements can be held to be third parties and therefore cannot be awarded a contract other than through an open tendering process.

Further case law will continue to clarify the current position but as the guidance confirms the grounds for a general exemption from competition are extremely narrow. The safest way for public bodies to cooperate is via agreement between councils. Contracts should be avoided.

The guidance can be downloaded from: <http://www.scotland.gov.uk/Resource/Doc/1265/0051647.pdf>

The UNISON response to the previous executive shared services consultation can be downloaded from: <http://www.unison-scotland.org.uk/response/sharedsers.html>

Efficiency Savings handbook for Local Government

The *improvement service* has published a handbook to spread best practice on efficiency savings: *Cashable and Non-cashable Savings Guidance Handbook on Leading Practice for Scottish Local Authorities*.

The guide covers the background to the efficient government initiative as well as detail on:

- Service transactions
- Variation by costs
- Variation by volume
- Calculation of costs
- How to identify and capture efficiencies

There are also case studies and Frequently Asked Questions (FAQs) sections. Also available from the improvement service website are the presentations and paper from a series of planned benefits realisation workshops. (www.improvementservice.org.uk)



Common efficiency measures published

A set of [25 measures to assess efficiency gains](#) across Scottish local government has been published. The measures were developed as the result of a ten-month project involving councils in partnership with the *improvement service* and COSLA.

They aim to provide councils with a consistent method of measuring and reporting efficiency gains. Developed in collaboration with the *improvement service*, consultancy *Aspiren*, and councils, they were then refined through a series of online

consultations with local authorities and in-depth discussions with local government professional associations.

COSLA leaders agreed to the adoption of the measures in April 2007. All of the efficiency measures plus supporting guidance, frequently asked questions and more information on the project are available in the *improvement service* [Performance Management & Efficient Government](#) section.