

The front line starts here

Report by APSE
(Association for
Public Service
Excellence) for
UNISON Scotland

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Foreword

Scotland's public services are essential to the country's future prosperity. Thousands of public sector workers are committed to meeting the legitimate service needs of people and communities throughout Scotland on a daily basis.

The downward pressure on Scottish Government public expenditure is now having significant implications, in the form of severe budget reductions for public service organisations and their services, at a time when the demand for public services is increasing significantly.

As a consequence, public service organisations are redesigning, reconfiguring and reorganising their services as part of the wider national sector reform agenda and individual service transformation programmes. These transformation programmes often involve squeezing further efficiency savings from much reduced budgets whilst attempting to deliver key priorities and maintain service standards.

Many public service organisations are working to reach new service settlements with their communities via a transformational approach. One such way of reforming public services and delivering efficiencies that is currently the focus for many consultants, transformational experts and gurus despite, as yet, not showing significant savings, is 'sharing services' – particularly with regard to the traditional back office service activity which includes finance, information technology and administrative services.

Recent experience illustrates that shared services and in particular back office shared service centres should be developed on a partnership basis and in such a way that ensures the service change is genuinely in the interests of service users and local communities. Where organisations are considering developing back office shared service arrangements, all stakeholders should be fully engaged throughout the overall change process. A range of employee issues such as pensions, terms and conditions and transfer arrangements should also be given full consideration.

There has also been a gradual diminution in

administrative support to staff who directly support service users including the development of self-service systems. While this is presented as a cost saving, in practice it often simply displaces costs onto other staff. It also reduces the time available for service users and leaves professional staff having to undertake tasks they are less qualified to do, at greater cost.

This publication outlines the case for full service redesign to be fully explored as an option when developing shared front and back office service proposals – and highlights the importance of designing systems from the service user upwards as opposed to piecemeal organisational change in the form of structures which is resulting in the separation and fragmentation of services across the Scottish public sector. It seeks to expose the flaws in creating artificial splits between the front and back office services when setting up shared service delivery arrangements, as back and front office services are interdependent.

Purpose of publication

- To support members, branches and other stakeholders in discussions about developing proposals for shared back office delivery arrangements as part of the wider public service reform and transformation agendas.
- To equip members and their branches with the necessary knowledge and arguments to engage effectively in any proposals their respective organisations are addressing and progressing with regard to shared back office service delivery arrangements. Particularly where those proposals involve creating false and artificial splits between an organisation's front and back office services.
- To highlight the false economy of reducing administrative support to mainly professional staff groups.
- To ensure that UNISON Scotland's policy position on shared services, including front and back office arrangements, informs thinking and developments in public service organisations in a proactive and purposeful manner.

Executive summary

- Scotland's public services face the twin challenge of responding to an increased level of need and demand, whilst implementing a difficult programme of public sector spending cuts. Reforming the delivery of Scotland's public services has been one response to the fiscal situation; but there is also a need to improve the quality of public services so that they are better suited to the needs of local communities. See Christie Commission report at scotland.gov.uk/About/publicservicescommission
- Public service organisations in Scotland are redesigning services, particularly so-called front office and back office activities, in order to respond to the challenging environment that they find themselves working within. This is with a view to both increasing levels of efficiency and maintaining their capacity for effective service delivery, in order to continue to meet the needs of people and local communities.
- Public services across Scotland are embracing and establishing localised service transformation programmes in order to ensure that within a difficult financial environment, services can still be delivered and continue to improve. Public service organisations are drawing upon approaches to service transformation, which utilise techniques including lean and systems thinking to underpin whole service redesign from a service user's perspective. This needs to be encouraged as opposed to being reliant and dependent on organisational structural change only in order to deliver budget savings.
- One often commonly touted transformational solution is the adoption of shared services, specifically creating front and back offices. Where sharing front and back office services is considered to be the most appropriate transformational option, it must be carefully designed prior to it being delivered. Clearly defined objectives should be developed in partnership with all stakeholders and care must be exercised about creating a fragmented organisation and associated services which can often result when establishing separate front and back office service arrangements.
- Public sector organisations need to be clear about their objectives with regard to shared front and back services, particularly with regard to the predicted or planned efficiency savings associated with shared services; but also the costs and upfront level of investment required. This is necessary in order to achieve a balanced view of the financial case for introducing shared front and back office service delivery arrangements.
- It has already recently been suggested that the public sector's approach to shared services has been piecemeal and lacking in an overarching strategic focus. The emphasis has tended to be placed upon process heavy, transactional back office functions, rather than on the larger areas of frontline service spending.
- A number of organisations involved in providing advice to the public sector are starting to reject out of hand, the issue of equating economy of scale with service aggregation and centralisation. They point out that successful organisations benefit from economies of flow in terms of managing and designing organisations on a systems basis as opposed to considerations of scale and size of structure. This involves assessing and managing the demand for services more effectively against available organisational capacity, with a view to removing waste, duplication and failure demand. With such an approach there is a need to further align and integrate front and back office activity rather than artificially separate them out and fragment the overall service even further, as the front office as an activity is highly dependent on the back office.
- The assertion that shared front and back office services will lead to economies of scale and lower transaction costs is a plausible but potentially an unsound and unproven concept. Critics argue that separate back office operations are often doomed to fail as they are poorly designed from a systems and customer perspective. The front and back offices are looked at in complete isolation and are rarely fully aligned or integrated from a process/systems perspective.
- Splitting services into front/back activity can have issues for the flow of work/service requests.

The organisational design conditions affect the natural flow of work and can create significant backlogs and actually add to cost. Studies have found that there is a high degree of failure demand (a service request that goes wrong), which can create waste and even higher transactional costs, as opposed to the promised lower costs.

- This focus on sharing back office transactional services compounds many of the problems originally caused by the Compulsory Competitive Tendering regime introduced by the Tories in the 1980s. Rather than creating separate and fragmented front and back offices, the best approach is to design services and the supporting processes/systems from the service user upwards, e.g. a totally integrated approach which can best serve and represent the needs of the customer. This helps to ensure that when a customer turns up for a service, they are met by an employee that can actually help them through the service from start to finish or end to end in terms of dealing with the full service request in its entirety rather than simply passing the request to another employee in an artificially created centralised back office.
- The potential savings from back office shared delivery arrangements can be low. A recent report by the new Local Government Network 'Shared Necessities' concluded that even in the best case scenario, sharing back office services will yield only savings of 1.8%. There is often an element of cost displacement when front line staff are left to perform back office functions that they may be less qualified to deliver.

Policy context – public service reform and service transformation in Scotland

In 2004, the former Scottish Executive set out its plans for securing greater efficiency, effectiveness and productivity across the public sector and its organisations in its efficient government policy. To deliver the national 'Efficient Government' policy, the Scottish Government envisaged that a series of programmes and projects would be developed and implemented particularly in relation to shared services. It was hoped that this would create a coherent national approach and platform for shared front and back office service delivery arrangements in the Scottish public sector. To date, some seven years on, progress can be best described as being slow for a whole range of reasons with regard to the shared service delivery agenda which incorporates both the front and back office service arrangements.

In 2005 the Scottish Executive issued 'A shared approach to building a better Scotland – a national strategy for shared services'. This was subsequently followed in 2007 by 'The Shared Services Guidance Framework', which reinforced the importance of shared services as a central part of the Scottish Government public service reform and transformation agenda.

In response to this strategy and guidance, UNISON Scotland developed its own unique policy position on the shared front and back office service delivery agenda.

The key aspects of UNISON's policy are:

- Developing shared services should only be pursued on a collaborative and voluntary basis between public service providers.
- Potential savings and benefits from shared services need to be carefully managed and not over estimated or double counted.
- Avoid creating artificial organisational splits between the front/back office functions/activity

as both are interdependent on each other in order to deliver efficient, high quality integrated public services to the customer.

- Employees and their trade unions need to be fully engaged from an early stage in any move towards shared front and back office service delivery arrangements, in order to ensure success.
- Procurement arrangements governing shared services require specialist advice and support.

UNISON Scotland is of the view that whilst shared front and back services may bring some benefits, evidence suggests that implementation is not straightforward and not without considerable challenges and costs – particularly at the proof of concept stage. The recent experience of proposed shared back office service delivery arrangement in the Clyde Valley area is a prime example of this, particularly in relation to business case development and the lack of engagement with stakeholders early on in the “change management” process.

Future outlook for public service organisations and delivery in Scotland

The October 2010 Spending Review has hit the public sector particularly hard. All public service organisations in Scotland are facing substantial financial reductions in real terms over the next 10 years or so. The Scottish Spending Review produced in 2011 for the period 2012/15 has confirmed that £3.3 billion will be removed from the public sector. This will require public service organisations to search even further for “efficiency savings”.

Public services in Scotland have already made considerable efforts in delivering previous efficiency targets. Over the period 2008/11, some £1.6 billion has been realised, however as a consequence much of the “low hanging fruit” has now been taken. It follows therefore that the ability

of public service organisations to further deliver efficiency savings and meet the associated targets will be increasingly difficult and challenging without imposing savage service cuts on customers and communities.

The work of the Christie Commission and the Scottish Government’s strategic response recognises the need for change by providing a broad route map which seeks to reform public services from an outcome perspective, encourage public service collaboration via an integration agenda and the need to develop early intervention programmes.

Defining back office services

Back office activity and services are often considered in the context of shared services.

They tend to be corporate support functions such as finance, human resources, information technology and procurement.

They also include decentralised forms of support activity to support direct front line service delivery.

By bringing these services into a single shared centre, supporters claim they are able to capture economics of scale, structure business processes which in turn frees up employees on front line activity to better support their core business.

The type of services often included in a back office service are highlighted below:

- Finance/internal audit
- Information technology including e. government
- Human resources
- Property/estate management
- Legal services
- Procurement services
- Transport services
- Transactional services such as payroll, council tax administration, housing benefits

What do shared back office services mean for public service organisations?

There are varying interpretations of what shared back and front office services mean for public sector organisations, but most can be summarised as involving some form of convergence and streamlining of functions either within or across organisations. It is commonly agreed that similar services and processes usually exist across services, departments and organisations, each with their own employees, systems, contracts and style of working.

Supporters of this approach argue that by standardising, consolidating aggregating and then centralising the delivery economies of scale and savings will result will flow.

To date, the term shared services has been most commonly used to refer to traditional “back office” or corporate support functions. However, increasingly a range of traditional front office services are now being considered suitable for a shared service approach.

An example of this was the findings of the Arbuthnott report which examined shared service opportunities for joint working in the Clyde Valley area. The report identified a number of services which lent themselves to joint or shared solutions, including frontline services such as waste management and roads maintenance – together with a proposal to develop a single back office service for the Clyde Valley area to deliver a range of transactional/professional services.

Delivery models for back office services

A range of delivery models have been developed to support the move towards shared back office services largely prompted by the consulting sector.

However, the future design of service solutions can best be delivered and improved by drawing upon the extensive knowledge and expertise that exists within the public sector, rather than using scarce resources to fund expensive consultancy assignments which often fail to deliver their predicted benefits with particular regard to savings (see Inverclyde Council’s experience with its Target Operational Model).

In developing shared back office services, a number of different options and models have been established and allegedly implemented within different public service organisations. Public service organisations embracing the shared back office service delivery agenda need to critically appraise all of the various options for delivery as part of any options appraisal exercise, assessing the relevant strengths and weaknesses. In addition, it is essential that organisations undertake rigorous due diligence exercises in order to ensure a range of risks are identified well managed and controlled.

UNISON would point to organisations such as Tayside Contracts as practical and workable examples of shared services.

Three broad options/models

There are three broad options/models for back office shared service delivery:

- Internal Aggregated Model
- External Aggregated Model
- Commercial Model

Internal Aggregated Model

This model involves combining similar activities, services or processes across a single organisation and centralising delivery via a single shared services centre.

External Aggregated Model

This model involves combining and aggregate activity, functions and processes across a number of different organisations and places an emphasis

on economies of scale. This model was proposed in the failed Clyde Valley back office proposal.

Commercial Model

This model often involves establishing a shared operation for public service organisations and then formally taking it to the market place via a procurement process and an appropriate service contract.

There has been a significant growth in the supply market for back office services such as information technology, human resources and finance stimulated by various outsourcing companies, models under the guise of strategic partnership arrangements.

Each of the models outlined can often involve using the private sector. This ranges from consultancy services through some form of outsourced service delivery arrangement.

UNISON believes public service organisations can deliver more effective and sustainable change by drawing on in-house expertise and knowledge. (See 'Public service reform – but not as we know it' by Wainwright and Little).

To develop these models further a range of service delivery options have been implemented and can be classified as follows:

- **Internal re-organisation** – this often involves a public service organisation consolidating and centralising back office activity into a single corporate delivery solution. Example: Glasgow City Council Shared Services Centre.
- **Outsourcing a back office activity** to a third party in the private/public sector – this involves contracting out back office services with the associated transfer of employees/assets. Example: Edinburgh City Councils ICT contract with BT.
- **Create an arms length organisation** (ALEO). Setting up a separate legal organisation which is controlled by the client. Example: Glasgow City Council ALEO structure.
- **Create a new legal identity.** Set up a separate legal entity to deliver a function on

behalf of other public service organisations. Example: Scotland Excel.

- **Joint Committee** – A joint committee is established to oversee the delivery of services to member councils. Example: Tayside Contracts.

Legal framework

This section sets out some of the key legal issues relating to shared services and the collaboration agenda that public service organisations in Scotland need to be aware of.

Although public service organisations have the power to collaborate, this doesn't mean they should assume that they can undertake work for others without the issue of procurement arising. A recent European case has actually brought the majority of public contracts into the procurement/competition framework. It is therefore important that EU procurement rules are fully complied with in relation to all public contracts above the relevant financial threshold.

The Scottish Government's Procurement Directorate has produced guidance on the issue of shared services in the Scottish public sector, 'Impact on the EU Public Procurement Rules'.

This guidance should help public service organisations to determine whether the activities they are undertaking involves a contract to which the EU procurement rules apply.

The guidance also makes reference to the Teckal case which exempts certain contracts between public service organisations from the wider EU procurement regime. Specifically, the Teckal decision allows public service organisations to award contracts to its own, or jointly owned in-house public sector company, provided that two key conditions are met:

- The organisation is subject to the same or a similar level of control as an in-house unit would be, "the control test" and;
- The organisation must operate so that it provides the essential part of its services to the authority, "the functions test".

As set out in the Scottish Government guidance the establishment of non-contractual provisions can avoid many complex legal issues.

Any public service organisation setting up what it considers to be a Teckal company that is expected to trade more widely in the future should take detailed legal advice on both competition and state aid issues.

Exposing the myths behind front and back office organisations

Front office

Public sector organisations provide an enormous range of services and information to their customers. In recent years public service organisations have been developing their approaches to customer service, including creating front offices which fulfil a wide variety of functions.

This has often involved introducing supporting infrastructure changes in the form of new customer access channels, which often reflect the digital age. Public service organisations have been developing their approaches to customer service by creating front offices which perform a range of functions including:

- Manage requests for service
- Provide information about services
- Accept bookings for services
- Accept payment for services
- Accept information about services
- Manage comments and complaints
- Maintain records

Public service organisations have introduced infrastructure changes in the form of new customer access channels.

Such access channels include:

- Websites that undertake transactional services
- Establishing customer service centres and supporting teams
- Establishing one-stop shops

Supporters of these methods of service delivery

argue that by establishing a range of access channels more choice is offered to customers, costs are reduced by automating transactions whilst delivering faster solutions to customer enquiries/requests for service.

To support such developments does however require a comprehensive approach to service re-design – drawing on whole systems-based approach which look to improve the overall service from a customer perspective. It is more than just structural organisational change.

Example: North Lanarkshire Direct

Network of First Stop Services and Customer Contact Centre

North Lanarkshire Direct is part of the Councils 'People First' Strategy. Ten first stop shops are located throughout North Lanarkshire. In addition to the first stop shops, the Council has also introduced 'Northline', which is a telephone based customer contact centre which handles all requests for services via telephone/web.

In recent years, access to and use of the internet has grown across all ages and social spectrums, which has led to many public service organisations placing a growing emphasis on meeting customer expectations to access and receive information and services “on the move”.

At the same time, there is a need to design public services in such a way that doesn't disadvantage those with limited computer skills/internet access or those who are socially and/or technologically excluded in other ways.

Again, to successfully introduce such changes public service organisations need to embrace service redesign involving users and employees from the bottom up.

One such way involves the utilisation of lean systems thinking. This approach has demonstrated that it is possible to refocus the service around the customer and secure improvements in service quality at the same time

as improving levels of efficiency and productivity by reducing failure demand..

Furthermore, meaningful engagement between those involved in providing a service and those using a service can lead to a better understanding of what the problems and their respective solutions are. The application of lean type interventions, or system based reviews, has already produced significant results across public service organisations.

When developing shared front and back office services or indeed undertaking any form of service redesign it is important to understand the provision and nature of services from an ‘end to end’ perspective. This will allow organisations to focus on overall value rather than individual costs, avoiding the tendency of cost reduction in one area which can result in cost increases elsewhere within the overall service organisation.

This is often experienced in shared front and back office operations in that costs are shunted and redeployed elsewhere within the organisation.

The logic of the approach is that it is essential to properly understand the way in which a service currently works and the demands placed upon it before making decisions about how it might work more effectively and efficiently in the future.

It is important therefore when public service organisations are aiming to achieve joined up service delivery, fragmented approaches such as front and back office arrangements can lead organisations into missing the true problems and service opportunities. For example, a call centre may be disconnected from the ‘back office’ and therefore may find it difficult to tackle the issue of failure demand.

Such a change, where it involves fragmenting delivery through creating an artificial split between the front and back office can often create and sustain delivery problems rather than solving them.

Creating an artificial split between the front and back office can create conflict in a variety of areas for public service organisations. Significant resources may have been re-deployed from

Example: Housing Benefits

It is important that when a customer turns up to receive a housing benefits service they need to be met by an employee who can take them through the full service from one end to another end. It is therefore an example of a service that is best designed as a fully integrated service. Creating a separate front and back office for this type of service could be a flawed organisational design mistake which could result in even more failure demand.

frontline services into the back office, only to find that frontline resources have been severely depleted and are often simply passing service requests to the back office which would previously have been dealt with elsewhere.

The need for whole service redesign drawing on lean systems thinking has an important role to play in resolving some of these organisational issues, problems and tensions.

The key point to realise is that when the links between the front and back office are fragmented they can become broken, the ability to think holistically and focus on problem solving for the whole service rather than their individual parts is lost. This has a detrimental impact on the level and standard of service delivered to the customer.

Back office

In recent years, many public service organisations have created large centres for the sharing of back office services. Such centres are akin to “public service factories”.

UNISON Scotland has fundamental issues with the creation of ‘public service factories’ for back office services as they are an outdated approach that have been widely criticised as a flawed model.

Indeed, the Arbuthnott Review, which looked at the potential for shared services in the Clyde

Valley area, highlighted that only 15% of costs are contained in the 'back office'. This has also been reflected in the recent New Local Government Network report 'Shared Necessities'.

The idea or concept behind a back office shared service delivery arrangement is that activities, functions and services performed locally and often by specialist teams can be overhauled, re-engineered, streamlined, standardised, aggregated and centralised into a single corporate service delivery solution.

In reality, shared back office services have embraced service centralisation – as opposed to customisation – in that activity is merely standardised and consolidated via a scaling up exercise. The customer request can get lost in many ways when it is referred from the front office to the back office.

Example: Clyde Valley Shared Services

Following the Arbuthnott Review into shared services in the Clyde Valley area, a business case for sharing finance, payroll services and benefits, human resources, ICT and customer services was prepared and produced by the seven Councils involved, despite the Arbuthnott Review's suggestion that these functions should not be the focus of sharing, as many savings had already been made.

UNISON has particular concerns about this model. It not only creates an artificial split between the front and back office; but also represents a top down, consultant led approach, which can be imposed without adequate consultation with politicians and the wider workforce.

Since the business case, Glasgow City, West Dunbartonshire and South Lanarkshire councils have pulled out of the project, citing excessive risk and a lack of local flexibility making implementation much less likely. At the time of preparing this document others were considering their respective positions.

Back office shared services on the whole have an indifferent track record in the UK public sector, which can often be attributed and diagnosed to organisations implementing change in the wrong sequence. For example, some public service organisations have set up new structures in order to drive through changes to processes.

However, the most successful approaches to service redesign utilise the customer – process – systems – skills, staff and structure methodology.

UNISON is of the view that if public service organisations are moving towards a shared services delivery model, they need to draw upon this methodology and also put a number of key conditions in place in order to ensure success.

- The reasons for moving to shared services should be clear and there should be defined deliverables as well as buy in at both a senior management and elected member level
- Local concerns and characteristics are taken into account as opposed to imposing top down consultancy led solutions. Any changes in service delivery should be clearly in the best interests of local communities and service users.
- Proposals for change should take the need to deliver public value into account
- Full consultation with the workforce should be in motion as soon as proposals for change are being considered
- The need to both attract and retain employees with the necessary skills should be considered
- The model is workable and manageable in a practical sense and intelligible to the service users and the concept is proven
- Procurement and workforce issues are fully understood
- Whole service redesign should be at the heart of any changes, focusing on analysing and changing work processes in order to define and tackle the problems effectively and efficiently rather than jumping to 'quick fix' structural solutions

Christie Commission Report (s4.47)

‘Engaging staff in the design of services is reflected in the concept of systems thinking. In this approach service providers study demand to find out what works for users.

Systems are designed against that demand and improvements achieved by managing demand and flow.

The cost of a service is in flow, not transaction.

Failure demand represents poorly designed flow which organisations can control. Studies show that as much as 80% of transactions handled in traditional call centres relate to failure demand.

Understanding the basics - back office costs and performance issues

Establishing a meaningful picture of performance is essential in order to allow organisations to make strategic decisions about future service delivery including any proposed moves to shared services in particular back office services. In this regard there is a key role for benchmarking as it allows public service organisations to compare their performance with each other prior to making a strategic decision on back office services.

Data collected via a benchmarking exercise is an essential requirement of a systems based review as it involves the development of a thorough understanding of the true position and performance of a service in relation to demand, its cost and quality.

Prior to embarking on new front and back office service solutions there is a clear need to benchmark services as this also allows for an

opportunity to truly understand performance before making strategic decisions around other methods of delivery.

Such an approach was not reflected in the recent Clyde Valley business case for back office services in that there was only limited cost comparability for services/activities between the organisations concerned.

There is a range of data sets which can be used to help a service analyse its performance over time or in comparison with others. This is reflected in the view that centres on “changing the structure without first reviewing how well the current activity delivers it akin to putting the cart before the horse”.

Organisational trends in relation to back office services

Throughout the Scottish public sector there has been a trend to locate a range of traditional and vital back office support services next to the front line services, this being driven by the need to locate services as close to the customer as is practically possible. This is an effective organisational design solution. The intention is to develop and deliver a truly integrated effective and efficient service. Examples include:

Police civilianisation programme

Many of Scotland’s police forces have pursued civilianisation programmes which have been designed to employ professionally qualified individuals into specialised back office/technical roles in order to allow police personnel to undertake genuine police work.

This has enabled back office/technical support to add genuine value to the overall police operation. As a result, it has created additional capacity for police personnel to undertake in full their own unique responsibilities which are concerned with tackling crime. Recent changes within the police force is putting this model and style of operation under significant pressure and will result in police personnel once again undertaking back office activity.

Social work back office

Given the very nature and purpose of social work there is a need for localised service delivery arrangements often through decentralised offices.

To effectively support a local service, decentralised social work services have often established their own back office/support functions in order to provide efficient and effective services to the local and direct social work function.

This again optimises the amount of time individual social workers can allocate and deploy to their respective clients without having to devote valuable time to administrative clerical functions/or other back office activity.

There are clear advantages with this model of operation:

- Recruit professionals with the right skills and experience to perform legitimate back office services/activities
- Increases the level of efficiency and effectiveness of a service as the right skill mix exists to provide integrated services which in turn frees up front line employees to devote to service delivery
- Professional contact time can be optimised as employees are not performing back office type activity as such activity is rightly left to the professional support service employees. This allows front line service employees to devote their time to delivering the service to the required service standard

For a combination of reasons associated with the drive towards sharing services, aggregating and centralising back office support services together with the drive to identify and secure savings the current decentralised back office delivery model is under considerable pressure.

Across the Scottish public sector traditional and well established decentralised back office/support services are being changed. This is resulting in:

- Decentralised back office/support services being removed as a legitimate organisational function in terms of providing support to front line delivery

- Decentralised back office/support services being transferred to large centralised function services or back office factories which are often well removed from the front line service
- Decentralised back office/support services losing a considerable number of posts as they are often considered to be an easy savings target by management without fully addressing the wider organisational consequences, particularly in relation to overall service effectiveness
- Front line employees undertaking activity which was the legitimate preserve of back office employees thus reducing available contact time with clients/service users

UNISON Scotland survey 2011

In 2011 UNISON Scotland surveyed a sample of 'front office' staff on administrative support. Primarily professional staff in local government such as social work, planning, protective services etc. The key findings included:

- **87%** reported that their administrative staff support had been reduced.
- **92%** of those using replacement self-service systems felt that this had added to their workload at the expense of their primary tasks.
- **84%** indicated that they were being expected to perform clerical or administrative tasks that used to be performed by staff trained to perform those functions.
- Of those who were undertaking additional administrative tasks:
 - 26% said up to 2 hours per week
 - 24% said between 2-4 hours per week
 - 37% said between 4-7 hours per week
 - 13% said more than one day per week
- **94%** believed that it was more effective to provide administrative support in the same office than to centralise in back office operations.

Developing back office services: key challenges to be overcome

The development of back office services presents a number of key challenges, some of which are highlighted below:

- Impact upon the local economy
- Involvement of stakeholders in the design of service delivery models
- Service redesign
- Workforce considerations
- Technological issues

Impact upon the local economy

Research by APSE identifies an economic multiplier of £1.64 for every pound that local authorities spend in the local economy. It is important that if shared back office delivery models involve aggregating and condensing services into 'super locations' the impact on the local economy is clearly identified and understood as a key strategic issue.

Involvement of stakeholders in the design of service delivery models

It is important that both service users and providers have maximum involvement and influence in the redesign of the service delivery model. So far most back office operations have merely presented service users and other stakeholders with a finished redesign.

Service redesign

Often shared services are developed in such a way that an artificial split is created between the front and back office, therefore separating out the so called transactional from the more operational work. The key problem with this approach, which is reflected throughout this report, is that in order to deliver both efficiencies and improvements in service quality, it is important to focus on the whole service rather than fragmenting the service by breaking it up into separate areas. Such activities are highly interdependent.

There is also a risk that inherent failure demand never gets addressed. Problems uncovered by one team don't get communicated to another team

meaning that no one has a sense of the complete picture, only partial sight of it as the service is fragmented. Service ownership is reduced because of fragmentation in both front and back office. The risk is that problems fall through the cracks in the service because nobody takes responsibility or the opposite – every team tries to help.

Workforce considerations

It is important that the workforce is meaningfully consulted over any potential moves to shared models of service delivery from the outset. There are many reasons why employees may be resistant to the introduction of shared back office services. For example:

- The process of moving towards shared back office service may mean that employees are at risk of job cuts
- Where shared services involve outsourcing there is a potential transfer to a new employer
- It is important to realise that whilst shared services can create opportunities for staff, staff may also be worried about disturbance to career paths and it becoming more difficult for them to progress into senior positions as well the impact from the loss of skills and experience

These concerns can manifest themselves in low morale during the change process and in high applications for severance. Meaningful consultation can help managers, employees and their trade unions work through some of these issues.

Technological issues

The success of shared back office services is often premised on the introduction of good technology, particularly where big centres are being set up to deliver services. However, thus far the development of shared back office services in many organisations has been beset by problems with technology. Problems with IT have included:

- Often the newly installed kit doesn't work as intended requiring extra work to be undertaken by the fewer staff employed. For example, a problem with Somerset One's invoice scanning system caused two Somerset Councils and a Police Authority to make duplicate payments totalling £4.6m to suppliers

- There can often be a reliance on either a range of incompatible in-house IT systems (for example, payroll and records or e-recruitment and records) or a mixture of unlinked in-house and outsourced services. The same stretching of resources occurs
- There is an over automation of some processes that leads to inefficiencies (people use email and telephone to supplement automated processes because they do not trust them) or customer irritation (‘I want to talk to a person not a machine on this sensitive issue’)

Developing shared back office services: tackling the key decisions

If public service organisations have decided to embark on back office services as their preferred option for service delivery it is important that they tackle some of the issues and make decisions on the areas outlined below.

Start with clarity on the big decisions

- Be clear on the aims of the shared back services and establish a business case accordingly
- Use benchmarking to develop an understanding of cost and performance information
- Carefully take into account the need for flexibility to adjust services – major advantages can often be gained here from directly delivering services rather than outsourcing
- Carefully decide on the sequence of change, paying due attention to customers, processes and systems before structures, being pragmatic as to which is the best route for a particular service, providing clarity about what the services aims are

Undertake proper consultation and communication from an early stage

- Ensure that service users understand the objectives for introducing shared services and

consult with them on the change

- Recognise that services have a number of different customers with different needs
- Understand the anxieties within a service and within the broader workforce, which may be associated with any move towards shared services
- Formal consultation with both the trade unions and broader workforce needs to be in place from the very start

Specify quality standards and processes

- Give high level attention to the monitoring of service quality and reporting of performance to stakeholders
- Undertake redesign of the whole service not just parts of it. Spend some time seeing how processes fit together and reconfigure them around the needs of the customer. The issue of appropriate structure is a secondary consideration until this whole service redesign has been undertaken
- Where managers and staff are taking on new roles as part of the shared service, ensure that they have appropriate development opportunities in order to acquire the skills they need to fulfil the role.
- Choosing appropriate processes as mentioned above must always be focused around the needs of the customer and always represents a balancing act. So whilst automated transactions may often be cheaper, this may not always be appropriate for service users.

Creating the right team

- Ensure the right managers with the necessary capabilities and skills are appointed to key positions within the shared service
- Ensure that the different roles within the shared service are adequately understood and that there is clarity about where responsibilities lie
- Put a high premium on team communication

The front line starts here

Conclusion

Public service organisations in Scotland will continue to operate in a difficult financial climate for many years to come.

Therefore, to deliver the level of cost savings required by the Scottish Government over the next five years, public service organisations need to develop a strategic approach to identifying and delivering both efficiencies and improvements in service quality.

It is important that public service organisations choose the methods and techniques that are most appropriate for their local service and priorities, whilst continuing to deliver on broader strategic outcomes.

With regard to public service organisation there is an emerging view that there is no simple distinction between back office and front office activity and for many services the creation of a back office is in itself a service design mistake.

For example, many front-line employees such as social workers spend only part of their time on 'front office' work with their clients, the remainder being 'back office' work of preparing, reflecting, discussing and recording.

Frontline and backline services and employees are closely interlinked and interdependent on each other and need to remain so.

Report by APSE
(Association for
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UNISON Scotland

**PUBLIC
WORKS:**

UNISON
Scotland

Join UNISON in our campaign
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UNISON Scotland
14 West Campbell Street
Glasgow G2 6RX

0845 355 0845
www.unison-scotland.org.uk