



**NORTH AYRSHIRE**  
COUNCIL

# Shared Services

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# Shared Services

In 2007 DCLG stated:-

“the development of shared services in the public sector is not a new concept”

“a potential panacea for many of the key challenges facing the public sector”

# Public Finances

“.. I’m sorry but there is no money left”

Note left to Chief Secretary of the Treasury

# Two Key Opportunities

Reduce Cost

- $1+1+1=2$

Improve Quality

- $1+1+1=4$

# Examples of Success

## Private Sector

- Bringing together business support centres and subsidiaries split across the organisation into a single organisational structure.

## Public Sector

- Bringing together customer contact processes into a central customer contact centre.
- Creation of central procurement units.

# Areas of Savings

- Savings of between 20% and 30% through Reducing management to staff ratios.
- Headcount reductions
- Savings of between 10% and 25% through process re-engineering and standardisation
- Up to 30% savings through common ICT and shared platforms
- Integrated Procurement
- Accommodation Rationalisation

# Public Sector Challenge

- Bringing together services from different organisations.
- Not just Local Authorities
  - Police
  - Health Boards
  - 3<sup>rd</sup> Sector
- Provide an opportunity to reshape and reorganise service delivery around users' requirements.
  - Customer-centric services
  - Total Place??

# Two Key Opportunities

Reduce Cost

- $1+1+1=2$

Improve Quality

- $1+1+1=4$

# Barriers – Issues for Consideration

- Political and Governance
  - Perceived loss of democratic control
  - Perceived loss of local identity
  - Creation of an appropriate legal structure
  - Background of party politics
- Impact of re-locating service centres upon the local economy
- Significant set up costs
  - Savings from investment may not be realised during the political term
- Performance
  - Loss of focus on current service delivery during the change process

# Barriers – Issues for Consideration

- Reputation
  - Working with historically poor performing organisations
- Organisational Resistance to Change
  - Management relationships with staff
  - Human elements
- Capacity
  - Within the partnership to deliver the change
  - Private sector to provide the infrastructure to deliver/support the change and to understand the human elements involved.
- Maturity of the Partnership
  - Resilience throughout the change process

# Barriers – Issues For Consideration

- Commercially
  - ‘locking out’ of suppliers creating risks of reduced competition and creation of monopolies.
  - Capacity of SME’s and the 3<sup>rd</sup> Sector to compete for larger contracts
  - Management risks of operating large contracts

# Where Now?

- The opportunities to improve are attractive
- The process needs to be carefully managed
- Do we have a choice in the current climate?

# Shared Services

Thank You For Listening