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Letter A
31/July/2006

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**A shared approach to
building a better
Scotland – *Response
to white paper***

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Document reference is located at

<http://www.scotland.gov.uk/Publications/2006/05/11102023/0>

CONSULTATION QUESTIONS 1 - 4

Questions on Page 9 – relating to paragraphs 1 – 29 “The most popular areas for Shared Services – Sharing goes beyond corporate support functions – The steps to shared services”

1. Are we right to widen our view of shared services from the more traditional internal support functions to the processes and systems that underpin our front line services?

In short the answer is yes and this is a trend that is increasing in momentum within the Private Sectors.

Corporate services are often the starting point for consideration, but it is important to recognise that there are possibilities and potentially quicker wins, across the back, middle and front office, both at a local, regional or departmental level. Given the extent of fragmented service delivery implicit in public services, and the budget applied to these, there is enormous scope for benefits.

The drivers for change are different between Local and Central Government. Local Government is being driven by the need for citizen centric services which creates an emphasis on transforming front office services to support multi-channel delivery. For Central Government due to the volumes of transactional data the driver is process efficiency.

In the front line, technology is allowing customer contact management to become a “virtual shared service”. In future, the possibility arises where a member of the public can communicate through a single customer contact centre who could provide a range of services from Sport and Leisure bookings to requests for special refuse uplifts. The list is boundless and through time these services could move to on line web enabled access with the contact numbers available for support.

2. Are there opportunities for sharing in other functions and service areas that we have not identified?

A key challenge is assessing and prioritising the full scope of what services can be shared and between who as this has huge impact on which model is most appropriate.

Shared Services is a broad concept, rather than merely a mechanism for back office transformation, and it has a wide reaching scope. At the moment the bulk of the visible initiatives are in the area of Corporate Services. However, we believe that it is important to take a broad view of the opportunities for shared services, if these and the underpinning technology are going to be key enablers of the transformation of Public Services. The implication of this is consideration should be given to sharing of core services or even front office services.

Indeed, the Canadian Government has taken the bold step of transferring all citizen contact from Central Government departments into a new single Department, Service Canada. Although this appears a radical move it is consistent with trends in Private Sector service industries, such as Financial Services and Travel, where multi-product organisations are developing integrated networks for multi-channel customer interaction, to provide a single interface to the customer.

The challenge and opportunity for Government is thus to think broadly about how the concept of Shared Services can be applied, at Central and Local Government level if the full benefits from the opportunity are to be realised.

Other opportunities could be:

- **Internal to the organisation:**
 - Fleet Management
 - Travel
 - Internal Audit (if not included within Finance)
 - Asset Management

- **External Customer facing:**
 - Road Maintenance – Utilities management, Road issues help line e.g. Clarence
 - Cultural, Leisure and Sport management

3. What other examples are there of shared service good practice in Scotland?

The Financial Services business within Scotland employing in excess of 110,000 people and generates over £6 Billion (over 6% of Scotland's GDP). Scotland is recognised as a leader in this industry. Within this the Royal Bank of Scotland is viewed as a leader for Shared Services which covers both Corporate and Front line delivery. One example of this is the HR shared service in Edinburgh that delivers support to managers across the UK, including National Westminster, on employee disciplinary issues through their Shared Services in Edinburgh.

Established in 2000 the Human Resources Shared Services function embarked on a programme to consolidate all existing HR operation functions and migrate into one centralised model.

This model provides:

- **Customer Support Teams**
 - Learning Services
 - Resourcing Services
 - Policy and Advice Services
 - Pay and Benefits Services
 - Group Pension Services
 - International Delivery Services

- **Support Services**
 - Business Improvement
 - Business Support
 - Service Management

The Human Resources Shared Services function currently provides HR services to over 119,000 employees, 15,300 managers, 3,000 executives/senior managers and around 47,000 pensioners. This includes all the Group's branded businesses. Since 2000, HR Shared Services has turned off 12 legacy systems and achieved cost savings in excess of £50m.

4. Are there other options for sharing that we have not identified in Figure 1?

The model illustrated in Figure 1 in the paper is one option to progress the transformation to a Shared Service but it is only one of at least three, each one with different opportunities and challenges. All will result in arriving at the same strategic destination but the journey is different. One overriding theme throughout the alternatives is a clear push towards standardisation.

Figure 1 details how re-engineering and standardisation will occur prior to the movement to a shared service.

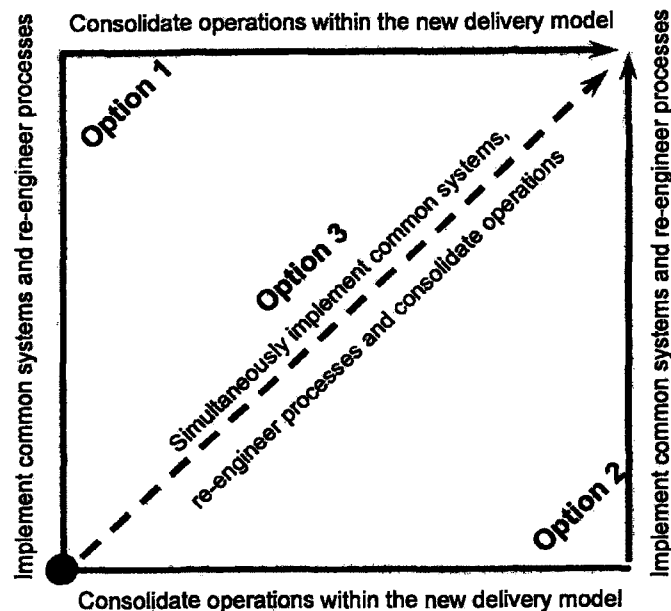
Other alternatives are:

- Consolidate services then standardise
- Consolidate and Standardise at the same time

The optimum strategy should aim to achieve the change objectives within an aggressive timescale to the extent that the project will manage the risks while maintaining acceptable performance levels.

A graphical representation of these alternatives is given below:

Strategic Options for Implementation



Source: Capgemini – Implementation Methodology

Each approach has varying degrees of risk and benefits associated with it:

- **Option 1 – Standardise before consolidation**

Standardisation takes place before consolidation – is best used if the process change can be supported by a suitably strong governance to ensure adherence to the target process description across many locations/ business units. The consequence of not having a strong governance is that in many distributed, federal organisations the reengineering is done with a degree of customisation from the standard design thus failing to deliver true standardised processes across the organisation. Clear process ownership is key to this.

- **Option 2 - Consolidate services then standardise**

Consolidation precedes standardisation - this approach gives the advantage of driving home the transformation by gaining ownership of the functions in scope. The corresponding challenge is to maintain diverse processes and systems within the shared service centre when consolidated and before the processes are standardised.

- **Option 3 - Consolidate and Standardise at the same time**

Consolidation and standardisation take place in parallel - is ideal for those organisations that have the capacity to manage complex change and have the resources and the experience to support the additional short-term risks associated with this challenging but potentially productive approach. High short term risk will be offset by accelerated benefits realisation. It is necessary that technology, Shared Services and process re-engineering projects are governed by one programme governance to ensure alignment of vision, objectives and timings.

Overlaid on the Consolidate/Standardise model is the complexity of the Public Sector landscape which is illustrated in the diagram below:

Government shared services market development

	Short term (2006 / 2007)	Mid term (2007 / 2010)	Long term (2010 +)
Government and Departments	<ul style="list-style-type: none"> Service Consolidation Reorganisation into SSC Develop structured services 	<ul style="list-style-type: none"> Create multi-client capability Benefit realisation Cross charging 	<ul style="list-style-type: none"> Real service consolidation Multi-client services Variable charging for value
Local Public Services	<ul style="list-style-type: none"> Process Standardisation Opportunities Council clustering Already BPO driven 	<ul style="list-style-type: none"> Standards mandated Selective service consolidation Regionalisation 	<ul style="list-style-type: none"> Selective Shared Service delivery

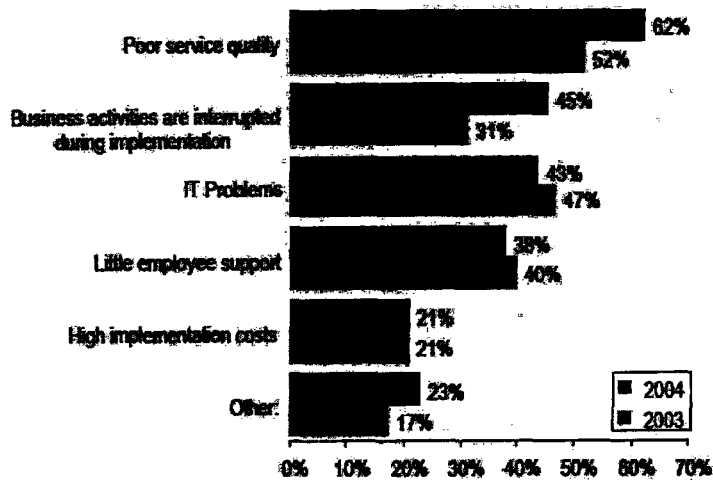
Source: Capgemini – Shared Services for the UK Public Sector

We are seeing a multitude of shared service initiatives from Central Government Departments, Regional Government and Local Government. These initiatives need to ensure that all the appropriate services are being acquired and the correct shared service model applied in order to drive efficiency gains.

5. What do you see as the major risks associated with shared services?

You have already identified the top five challenges which can and will impact the delivery of shared services. Unless these challenges are properly managed then they will increase the risk of not meeting the desired outcome. Additional risks are also identified in the chart below:

Key risk factors when implementing SSOs



Multiple answers possible

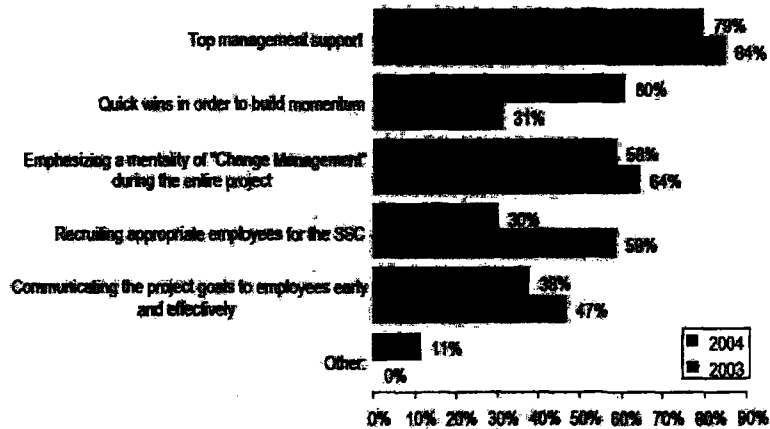
Source: Hackett – Financial Shared Services Organisation Study 2004

6. What can we do to overcome these risks?

- **Poor Service quality** – manage the customers expectations. Understand the previous service levels and set appropriate levels within any SLA. Poor service quality is often perceived rather than fact because the process has “changed”.
- **Interruption of business activities** – ensure a clear cutover strategy is in place and agreed with the business and sufficient resources are allocated to deal with early service issues as well as ‘business as usual’.
- **IT Problems** – Ensure any off-systems activity is properly understood and adequate training given, Too often people hide behind “it’s the new system” where in fact the it is off-system understanding that is lacking. Also do not go live with a solution just to meet a deadline if that solution has not been fully tested and signed off by the business.
- **Employee support** – Engage early with employees and ensure communication is high on the change management agenda. You cannot over communicate with impacted employees who, if disenfranchised, can seriously impact the implementation.
- **High implementation costs** – Ensure the benefits case is robust and constantly updated and reviewed.

The following chart also identifies five critical success factors that have been identified for Shared Services implementations:

Critical success factors for SSO Implementation



Multiple answers possible

Source: Hackett – Financial Shared Services Organisation Study 2004

7. How do we best provide the investment funding required to implement initiatives?

Which ever funding model or combination is chosen this must be included within any Business case:

- Internal - Quick wins re-invested. Initial projects become self-funding with minimal outlay. Efficiencies delivered through process re-engineering which do not consume high levels of resource.
- Joint Ventures/Partnering – risk is shared, as is the funding.
- Business Process Outsourcing – funding provided by the service deliverer.

8. How do we best respond to the concerns of staff over changes to jobs?

The efficient employment of people is key to the success of the transformation to Shared Services and the issues surrounding people cannot be underestimated. This must be acknowledged from the outset, communicated and managed as the most critical success factor. Early engagement with unions has already been identified but that is only part of the solution.

Direct communication with staff is imperative to inform them of:

- The opportunities that will exist on moving the vision forward.

- The chance of re-skilling in preparation for the challenge.
- New opportunities within the Shared Service organisation.
- The approach to the culture of re-engineering and change is continuous and not a one off.
- Commitment to staff policies where reductions will be managed through either natural wastage or agreed re-deployment to front line services.

Current employees and representatives are brought into the journey and see it as innovative rather than threatening. Innovation was and can be again what Scotland is good at. Continual process improvement should be embedded into the Public Sector culture. Too often Shared Services are viewed as the “call centre” mentality. True Shared Services have an efficiency agenda but must also have an effective and qualitative stream that appeals to staff.

CONSULTATION QUESTIONS 9 - 12

Questions on page 11 – relating to Part 1 of Document “An introduction to shared services”

9. Have we made an effective case for developing a national shared service strategy for the public sector?

The argument for the strategy is very effective. Ultimately the citizen will want to see :

- Efficient (lowest cost) delivery of their local/national services expressed as a reduction in their local/national tax burden.
- Effective services e.g. Scottish Citizen Centric contact point which can deliver all services ranging from renewing a car park permit to paying their council tax or making a complaint about a noisy neighbour. They will want a tailored seamless service that responds to their needs. People are more and more comfortable when dealing with the Private Sector to use the telephone or web to interact rather than requiring the physical contact e.g. performing monthly bank transactions.
- The Shared Services agenda must also deliver on quality, as responsibility for the service will be with the provider. They will constantly review and respond to customer needs.

10. What could we do to strengthen the case?

As stated above we believe that you have made an effective case for bringing the Shared Services strategy onto the agenda. To make the argument compelling it would be beneficial to show how this will positively impact every citizen/business within Scotland.

- **Efficiency** – reduced tax or more services available to the individual
- **Effectiveness** – I know where to go for that type of enquiry/action
- **Quality** – Less bureaucracy and red tape. My enquiry answered or action complete through one interaction

11. What can we do to maximise support for the strategy?

- Firstly communicate the strategy to a wider audience and spell out the impacts to individuals and business:
 - Financial impacts.

- Opportunities that could be available in making this difference to the delivery of Public services.
- Ensure there is no disconnect between policy development and the groups that implement these policies. Paying lip service and ticking the boxes will not deliver the strategy. Policy makers and service practitioners must work together and seek consensus over issues if the policy recommendations are to have a wider impact beyond the already converted few.
- Break down the imaginary barriers of Organisational boundaries which are either geographic or functional. This is easier said than done as one study from the Improvement and Development Agency (IDeA) highlighted that a typical unitary authority had 706 Functional areas which compares with 12 for a typical retail bank.

Question on page 13 – relating to Paragraphs 41 – 44 “A vision for Shared Services in Scotland”

12. What should the long term aspirations be for the shared service strategy?

The visioning exercise is ambitious but we agree that this is achievable within the 10 year period, especially considering changes in Technology that will occur. Long term aspirations should be:

- One coherent Shared Services Scotland umbrella body for both local and national public bodies encompassing public and private investment through strategic partnerships and business process outsourcing. This body may take the role of commissioner only or service aggregator.
- The Shared Service develops to be a supplier actively sought out by Central and Local Government as a means of improving service at a lower cost. No mandatory compliance will be required as the economic buyers will view them as a value adding partner of choice.
- Through delivery for Scotland, be positioned to take on service delivery for similar activity within public bodies outside Scotland. This may require changes to the Governance structure.

CONSULTATION QUESTIONS 13 - 16

Question on page 15 – relating to Paragraph 48 “Guiding Principles”

13. Have we got these guiding principles right?

From the list detailed it is clear that some rank higher in importance to others but as guiding principles they are comprehensive. In addition we would also include:

- Process standardisation will initially be the goal then further down the line standards will be mandated.
- We would also encourage caution around the ‘presumption against compulsory redundancy’. Best employment practice should certainly be used and this should include clear and realistic communication. Such policies have often been translated as ‘no compulsory redundancies’ which, given the scale and ambition of the agenda, may not be achievable.

Questions on Page 16 – relating to paragraphs 49 – 51 “The Service areas to focus on”

14. Are these the most appropriate areas for shared services?

Yes for the following reasons:

- Without doubt the returns associated with the sharing of corporate services i.e. Finance, Procurement and Human Resources, are quicker to materialise because they are less citizen centric, more inward looking and not always technology dependant (though technology must be compatible). These historically were back office activities but can now be extended through to the front office e.g. HR Policy shared service offering on giving advice to managers with regards to staff performance and disciplinary.
- Additional functions that could be included require looking outside the organisation and almost exclusively deal with the citizen. Again this reflects the goal of ‘one stop shop’ customer management.

15. Are there other areas we should be considering?

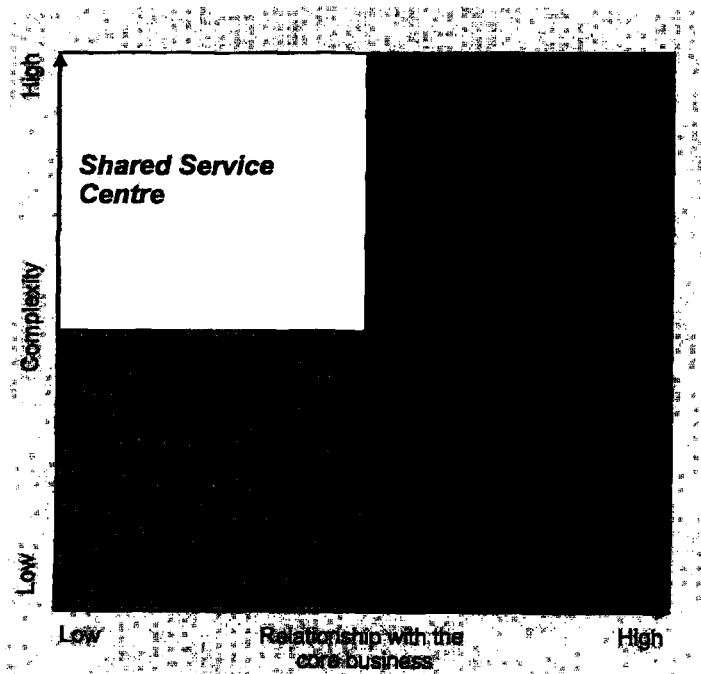
An open mind should always be maintained as both the business and customer needs continually change. With the focus on Scotland there is the potential to miss out leverage that could be gained by sharing with UK Government

departments that impact Scotland. Obvious choices are Department of Work and Pensions (DWP) and HM Revenue and Customs (HMRC). The Scottish citizen is a subset of customers within these organisations. Consideration should also be given to taking advantage of other UK government services located in Scotland such as The Student Loans Company.

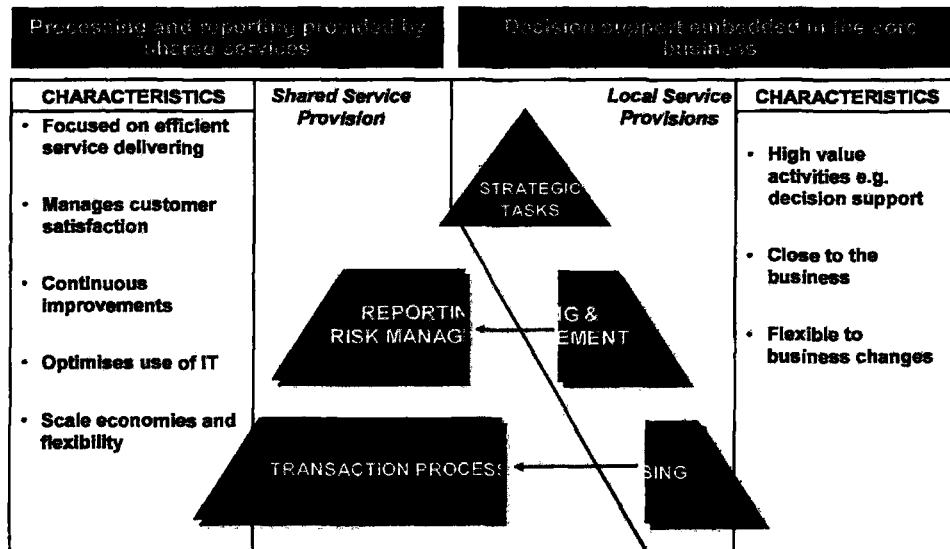
16. What methods could we use to help select and prioritise the potential areas for shared services?

The most common approach is to review the complexity of the task/process in relation to the relationship with the core business or customer. This is illustrated in the diagrams below.

- The higher the complexity but with lower the correlation with the core business or customer the more likely that the activity could be shared.
- This would typically result in identifying the common support services normally moved to Shared Services i.e. Finance, HR and Procurement processes



Shared Services Model



Once identified then it is a question of developing the business case for each process and prioritise based on the ROI.

CONSULTATION QUESTIONS 17 - 19

Questions on Page 17 – relating to paragraphs 52 to 54 “Communities of interest”

17. Are these the correct communities of interest to focus on?

At this stage the Groupings seem appropriate however other natural communities may emerge or could be encouraged if they are not contrary to the overall strategy.

18. Are there other more appropriate ways of grouping organisations?

As indicated above, other communities may emerge and may be more appropriate such as: ‘Blue Light’ - Police, Fire and Ambulance services could be grouped; Education within Local Authorities could join the Further Education grouping; and Social Care could join with Health.

Above all, care should be taken not to create limits at the outset by stopping at an existing boundary such as an existing organisation, function or geography.

19. Where should the voluntary sector and the mixed economy fit in?

The voluntary sector is a delivery vehicle for services and should be included in any review. Given the large amount of total public spending that is channelled through this sector it must also be responsive to the citizens needs and demonstrate value for money.

CONSULTATION QUESTIONS 20 - 23

Questions on Page 18 – relating to paragraphs 56 – 57 “Public Sector ICT infrastructure”

20. What role does ICT have in promoting our public service reform objectives?

Technology is an important enabler to the delivery of Shared Services but not always a pre-requisite. Provided the Technologies interoperable, the setting up of Shared Services for the Corporate activity (Finance/HR/Procurement) can start because they are less citizen centric. Through time you can opportunistically move these services to standard platforms based on benefit delivered.

Other services which interact direct with customers (citizens) will require the enablement provided through a coherent ICT strategy with standard protocols to allow integrated solutions to be developed.

21. Would the creation of a national strategic body to consider public sector ICT in Scotland help in achieving a more joined up and efficient public services?

Yes, provided it does not become a bottleneck for the advancement of Shared Services across the Public Sector. Standards must be set and timeline agreed on when they will be delivered. The body must also have the ability to drive change or the risk of it becoming an additional overhead is high.

22. What should the role of such a body be?

The body should set policy guidelines that will drive compatibility of the ICT footprint and monitor progress in achieving this. This does not necessarily mean the same systems but that they are capable of talking/working together and can form of the overall solution.

23. Where should the membership of such a body be drawn from?

If every interested group was represented then the steering group would become unmanageable. As this is setting policy guidelines, look to set up a small “star chamber” pulled from the interested bodies with 1 representative, say, for the Non Departmental Public bodies.

CONSULTATION QUESTIONS 24 - 26

Question on Page 18 – relating to paragraph 58 “Procurement”

24. How can we best link in proposals from the McClelland Review with our shared services strategy?

McClelland made a number of recommendations covering standardisation, collaboration, governance and mandatory adoption of policies. As Procurement are one of the corporate services that can move to Shared Services faster than the customer facing activity, opportunities exist to implement the recommendations. The Shared Services agenda is an enabler for implementing the recommendations. By sharing information now and presenting one face to suppliers it is anticipated that by 2010 annual savings of £600M will be made. An enabler of this will be the ongoing and further deployment of e-Procurement Scotland (ePS) that will allow for the aggregation of spend with suppliers on centrally negotiated contracts. In short, actively roll-out e-PS across all Public Bodies.

The McClelland review has consulted widely over a period of time and proposes recommendations on clustering of bodies and tiers of activity when referring to Centres of Excellence and Commodity categories. There is an opportunity to build consistency between the Shared Services approach and McClelland with reference to ‘communities of interest’ and processes to be shared.

Within the report McClelland stresses a lack of leadership and conviction is stopping the implementation of his findings. As stated before for Shared Services to succeed there must be a significant mind set change within the public organisations.

Questions on Page 19 – relating to paragraphs 59 – 60 “Asset Management”

25. What more can be done to promote better asset management and the sharing of assets across the public sector?

Clearly the paper has identified assets, especially property, as a major source of potential sharing but this will only occur within areas of large population where multi agencies exist. Other areas could also be:

- IT hardware e.g. servers where spare capacity exists.
- Shared disaster recovery facilities, Local Authorities.
- Purchases of capital equipment e.g. road maintenance.
- Training facilities.

By sharing these assets they will be utilised more efficiently (sweating the assets). Encouragement to share will reduce the capital investment required thus freeing up cash but they could also be encouraged by gaining access to additional funding (reward) to invest in front line delivery.

Sharing should not stop at non-Operational assets.

26. Is this a subject that is best tackled at a local level or are there national aspects that need to be addressed?

There should be a twin strategy at both a national and local level. Local arrangements are covered in the paper, at a national level the same logic can be applied. As with the commodities for procurement the identification of which assets should be nationally managed and those retained locally is critical.

CONSULTATION QUESTIONS 27 - 29

Question on Page 19 – relating to paragraphs 56 – 63 “ National cross-sector initiatives”

27. Are there other important cross sector areas should be considered for shared service options?

Many areas will emerge as confidence, experience and external pressures grow. An example is the Glasgow Partnership. Though legislation has allowed the Community Partnerships to be established as legal entities we believe this is the first example of real commitment. Budgets and resources will be committed to the body ensuring that partners cannot unilaterally impact the effectiveness of the partnership when their own pressures and priorities change.

Questions on Page 24 – relating to paragraphs 64 – 70 “Sector based initiatives”

28. Are there other major shared services initiatives underway within any of the sector groupings above that we have not identified above?

n/a

29. Are there additional shared service initiatives that should be considered for these groupings?

As Shared Services matures then other opportunities will be identified. Many examples of Shared Service initiatives in one sector have yet to be developed in another. With reference to Q27, consideration should be given to replicating or expanding these examples across sectors.

CONSULTATION QUESTIONS 30 - 34

Questions on Page 25 – relating to paragraphs 71 – 74 “Co-ordination and governance arrangements”

30. What governance and programme/project management structures do we need to put in place to ensure effective implementation of the strategy?

The paper already identifies an appropriate Governance model. A critical success factor, regardless of the structure, is the clarity of roles and responsibilities. The critical role will be that of the ‘Design Authority’ and the level at which the role operates.

31. Who should be involved in these governance arrangements?

The paper contains this information (see above)

Questions on Page 26 – relating to paragraphs 75 – 76 “ Financial resources”

32. What are the options for raising the investment needed to deliver the strategy?

Additional options not covered in the paper could be:

- Efficiency savings build into the spending rounds imposed on organisations but released if they are for Shared Services projects.
- Joint ventures with the Private sector which would also share the risk.
- Business Process Outsourcing, where the investment will be made by the supplier and recovered over the life of the contract.

33. How should we prioritise the areas to invest in first?

This should be a combination of two things:

- What is the “size of the prize” – what are the efficiency gains that can be translated into the release of cash or the qualitative benefits that will deliver policy outcomes.
- Timeline – the prize may be large but the timeline to achieve them could be over extended over a number of years.

34. How can we ensure that we deliver the projected benefits from this investment?

Although a business case for Shared Services will include consideration of non financial measures such as quality of output and impact on staff, it will ultimately be judged on how the potential cost savings from efficiency.

This requires an early view of 'the size of the prize', based on an assessment of what is possible by comparing efficiencies of core business functions, both internally and against external benchmarks. This early 'top down' view will help provide focus where the greatest potential lies, ensuring that 'bottom up' analysis and solution design concentrate on areas where the benefit potential is greatest.

As with any business case, a critical success factor is ownership:

- by stakeholders of the objectives, scope, options, chosen approach and return on investment
- by the business of the benefits identified, the assumptions on which their calculations are based, and the actions and governance structure required to ensure successful realisation.

The business case and financial model must be 'living documents', updated throughout implementation to ensure targeted benefits are achieved and appropriate corrective action is taken where necessary.

CONSULTATION QUESTIONS 35 - 37

Questions on Page 26 – relating to paragraphs 77 – 79 “Change management and public sector capacity”

35. How can we best meet the change management challenge presented by the shared services?

Most large projects fail because they under-estimate the challenge and capacity of the change management stream. The solution is good, the technology is excellent but people are not prepared for the change.

You have already identified the need for change and how to up-skill current resources which will prepare for the challenge. However to ensure success you must:

- Establish a clear vision and strategy that is understood and shared.
- Ensure regular stakeholder and leadership engagement to ensure that they are perceived as “walking the talk”. They believe in what they are doing and are not paying lip service to it.
- Establish change champions across the Public Sector representing each effected body and they in turn will establish a change network within their organisation. Their primary goal is to:
 - Understand the impacts to people, process and technology.
 - Asses the gaps that need to be addresses through training and communication.
- Every project no matter the size should have a work stream for Change Management that will carry out the above activity at the individual project level in accordance with an overall strategy and policy.

36. What can be done to increase the change management skills and capacity within the public sector?

You have assessed that there is a skill gap within the Public Sector and established that you want to pull or redeploy resources from within. To achieve this we would recommend:

- Recruit a proportion of staff from the private sector who will have the knowledge and skills to deliver on change.
- Opportunistically engage with the Private sector to provide this resource to ensure project risk is minimised.

- Ensure that engagements with the private sector ensure the required elements of 'knowledge transfer' to develop 'internal' capacity.

Question on Page 27 – relating to paragraphs 80 – 81 “Staff engagement and communications”

37. What should we do to ensure we engage effectively with staff and keep them fully updated on progress and respond to their concerns?

As stated earlier, it is important not just to work through representatives but also to engage directly with staff. It is important that there is a consistent message being communicated which given the size of the Public Sector is challenging

- Communicate to ALL staff (not just the impacted ones) the vision and strategy of Shared Services within the Scottish Public Sector.
- Ensure all stakeholders are bought into this vision.
- Given the scale, introduce a Communications Governance that will set the strategy and review all communications. It is imperative that the communication is consistent.
- Utilise multiple tools and media e.g. e-mail, face to face, quarterly newsletter.
- Ensure communication is regular and not sporadic.
- Allow flexibility within organisations to utilise their normal communications channels but test to ensure effectiveness.
- Introduce a feedback loop - capture concerns and questions e.g. via the web.
- Normal channels with employee representatives can also be utilised but the messages must be consistent and should be tested for effectiveness.

CONSULTATION QUESTIONS 38 - 40

Question on Page 27 – relating to paragraphs 82 – 84 “Supplier engagement”

38. How can we engage effectively with suppliers to ensure that they are able and willing to supply the products and services needed to implement the strategy?

To support this transformation will require end-end capabilities from consultancy through to technology transformation and Outsourcing/BPO. The supplier base will also have to support the Local and Central Government organisations (two distinct levels). No one supplier will offer all this so there must be strong co-operation, collaboration and convergence amongst suppliers. To avoid complex and costly procurement and contract management this is likely to see the emergence of a small number of aggregators and strategic alliances. Those Organisations and alliances with the capability to act in those roles must be encouraged to support sustainable procurement principles, such as providing opportunities for the SME market to participate, in a manner which benefits the Scottish Public sector and the broader Scottish economy.

Question on Page 28 – relating to paragraphs 85 – 86 “Benchmark and Baseline measures”

39. What type of measurements should we be focussing our efforts on?

It is important to get these measures right as they will be the foundation of decision making. Also they should be simple and uncomplicated to collect and collate otherwise they become an industry in themselves. Concentrate on three areas. Efficiency, Effectiveness and, once the service is implemented, Quality. Ask the question “.by measuring this, will it improve the level of service through reduced cost or improve the customer experience”.

- **Efficiency** - This concentrates specifically on cost and throughput. These typically form the basis for benchmarking against other companies and industries. Examples of this are :
 - Throughput per FTE on a transaction processing activity.
 - HR costs as a % of Revenues or Funding available.

- **Effectiveness** - This measures for example the maximisation of the assets you are utilising to deliver the service.
 - How many systems are involved in delivering the service.
 - Technologies employed.

- Level of automation versus manual input.
- **Quality** - In short are you delivering on the agreed service levels with the customer of the shared service. As you start, this data may not be readily available but it is important to make sure that Service Level Agreements are in place before commencement of service.
 - Customer Satisfaction Service culture – focus on customers.
 - Scalability and flexibility of solution – changing customer needs.
 - Speed of response to change – new customers/customer inquiries.

Before embarking on benchmarking it is important to baseline the data to know:

- The starting position.
- Potential for improvement, basically the 'size of the prize'.
- Consistent Measures that track improvement.

Question on Page 28 – relating to paragraphs 87 – 88 “Shared services toolkit and other Cabinet Office activities”

40. What other support would be helpful in taking forward the shared services strategy?

There are a number of organisations that provide benchmark data over all service areas. By engaging with these organisations you not only gain access to the data but also understand what “best practice” is and what good looks like.

There are also shared service groups that can be accessed both nationally and internationally (see example below). This will give you access to the latest innovations and technologies that are available.

<http://www.iqpc.co.uk>

Within Scotland there are also excellent examples of Shared Services within the private sector (Financial services). Continue to engage with them.

Ensure that supplier engagement is continuous and complete through use of industry bodies.

CONSULTATION QUESTIONS 41

Question on Page 30 – relating to paragraph 89 “Timeline for initiatives”

41. Is this timescale realistic?

Firstly, reviewing the number of initiatives and timelines it is encouraging to see that three very important activities span the initial time frame:

- Engage with staff and trade unions
- Engage with suppliers
- Support change management and capacity building

Without these, it will be impossible to move the strategy forward

Regarding the timelines, without more detail it is hard to comment on all of the initiative timelines. However, in general they do look realistic. In relation to Procurement for Local Government this should be accelerated and pulled into line with the McClelland review which targets 2008 for completion.

As a general note it is important to learn and adapt through the cycle of this agenda. Accelerate where it makes sense and increase the timeframe where service delivery will be adversely affected. There are too many stories of large Government projects going live when the solution was not fit for purpose but timelines were seen as the end goal rather than service delivery. Effective Programme and Project management should stop this from occurring.

Please add below any other views on the content of the strategy or related topics in the space below

n/a

**A shared approach to
building a better
Scotland – *Response
to white paper***

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Document reference is located at

<http://www.scotland.gov.uk/Publications/2006/05/11102023/0>

CONSULTATION QUESTIONS 1 - 4

Questions on Page 9 – relating to paragraphs 1 – 29 “The most popular areas for Shared Services – Sharing goes beyond corporate support functions – The steps to shared services”

1. Are we right to widen our view of shared services from the more traditional internal support functions to the processes and systems that underpin our front line services?

In short the answer is yes and this is a trend that is increasing in momentum within the Private Sectors.

Corporate services are often the starting point for consideration, but it is important to recognise that there are possibilities and potentially quicker wins, across the back, middle and front office, both at a local, regional or departmental level. Given the extent of fragmented service delivery implicit in public services, and the budget applied to these, there is enormous scope for benefits.

The drivers for change are different between Local and Central Government. Local Government is being driven by the need for citizen centric services which creates an emphasis on transforming front office services to support multi-channel delivery. For Central Government due to the volumes of transactional data the driver is process efficiency.

In the front line, technology is allowing customer contact management to become a “virtual shared service”. In future, the possibility arises where a member of the public can communicate through a single customer contact centre who could provide a range of services from Sport and Leisure bookings to requests for special refuse uplifts. The list is boundless and through time these services could move to on line web enabled access with the contact numbers available for support.

2. Are there opportunities for sharing in other functions and service areas that we have not identified?

A key challenge is assessing and prioritising the full scope of what services can be shared and between who as this has huge impact on which model is most appropriate.

Shared Services is a broad concept, rather than merely a mechanism for back office transformation, and it has a wide reaching scope. At the moment the bulk of the visible initiatives are in the area of Corporate Services. However, we believe that it is important to take a broad view of the opportunities for shared services, if these and the underpinning technology are going to be key enablers of the transformation of Public Services. The implication of this is consideration should be given to sharing of core services or even front office services.

Indeed, the Canadian Government has taken the bold step of transferring all citizen contact from Central Government departments into a new single Department, Service Canada. Although this appears a radical move it is consistent with trends in Private Sector service industries, such as Financial Services and Travel, where multi-product organisations are developing integrated networks for multi-channel customer interaction, to provide a single interface to the customer.

The challenge and opportunity for Government is thus to think broadly about how the concept of Shared Services can be applied, at Central and Local Government level if the full benefits from the opportunity are to be realised.

Other opportunities could be:

- **Internal to the organisation:**
 - Fleet Management
 - Travel
 - Internal Audit (if not included within Finance)
 - Asset Management

- **External Customer facing:**
 - Road Maintenance – Utilities management, Road issues help line e.g. Clarence
 - Cultural, Leisure and Sport management

3. What other examples are there of shared service good practice in Scotland?

The Financial Services business within Scotland employing in excess of 110,000 people and generates over £6 Billion (over 6% of Scotland's GDP). Scotland is recognised as a leader in this industry. Within this the Royal Bank of Scotland is viewed as a leader for Shared Services which covers both Corporate and Front line delivery. One example of this is the HR shared service in Edinburgh that delivers support to managers across the UK, including National Westminster, on employee disciplinary issues through their Shared Services in Edinburgh.

Established in 2000 the Human Resources Shared Services function embarked on a programme to consolidate all existing HR operation functions and migrate into one centralised model.

This model provides:

- **Customer Support Teams**
 - Learning Services
 - Resourcing Services
 - Policy and Advice Services
 - Pay and Benefits Services
 - Group Pension Services
 - International Delivery Services

- **Support Services**
 - Business Improvement
 - Business Support
 - Service Management

The Human Resources Shared Services function currently provides HR services to over 119,000 employees, 15,300 managers, 3,000 executives/senior managers and around 47,000 pensioners. This includes all the Group's branded businesses. Since 2000, HR Shared Services has turned off 12 legacy systems and achieved cost savings in excess of £50m.

4. Are there other options for sharing that we have not identified in Figure 1?

The model illustrated in Figure 1 in the paper is one option to progress the transformation to a Shared Service but it is only one of at least three, each one with different opportunities and challenges. All will result in arriving at the same strategic destination but the journey is different. One overriding theme throughout the alternatives is a clear push towards standardisation.

Figure 1 details how re-engineering and standardisation will occur prior to the movement to a shared service.

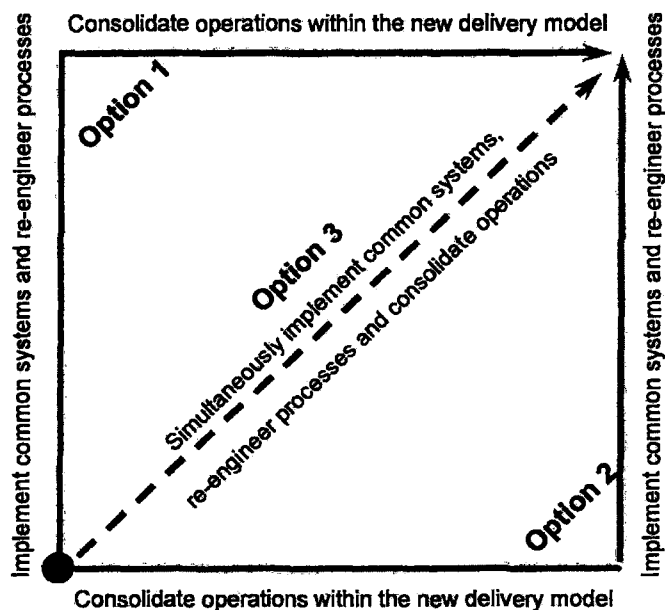
Other alternatives are:

- Consolidate services then standardise
- Consolidate and Standardise at the same time

The optimum strategy should aim to achieve the change objectives within an aggressive timescale to the extent that the project will manage the risks while maintaining acceptable performance levels.

A graphical representation of these alternatives is given below:

Strategic Options for Implementation



Source: Capgemini – Implementation Methodology

Each approach has varying degrees of risk and benefits associated with it:

- **Option 1 – Standardise before consolidation**

Standardisation takes place before consolidation – is best used if the process change can be supported by a suitably strong governance to ensure adherence to the target process description across many locations/ business units. The consequence of not having a strong governance is that in many distributed, federal organisations the reengineering is done with a degree of customisation from the standard design thus failing to deliver true standardised processes across the organisation. Clear process ownership is key to this.

- **Option 2 - Consolidate services then standardise**

Consolidation precedes standardisation - this approach gives the advantage of driving home the transformation by gaining ownership of the functions in scope. The corresponding challenge is to maintain diverse processes and systems within the shared service centre when consolidated and before the processes are standardised.

- **Option 3 - Consolidate and Standardise at the same time**

Consolidation and standardisation take place in parallel - is ideal for those organisations that have the capacity to manage complex change and have the resources and the experience to support the additional short-term risks associated with this challenging but potentially productive approach. High short term risk will be offset by accelerated benefits realisation. It is necessary that technology, Shared Services and process re-engineering projects are governed by one programme governance to ensure alignment of vision, objectives and timings.

Overlaid on the Consolidate/Standardise model is the complexity of the Public Sector landscape which is illustrated in the diagram below:

Government shared services market development

	Short term (2005 / 2007)	Mid term (2007 / 2010)	Long term (2010 -)
Government and Departments	<ul style="list-style-type: none"> Service Consolidation Reorganisation into SSC Develop structured services 	<ul style="list-style-type: none"> Create multi-client capability Benefit realisation Cross charging 	<ul style="list-style-type: none"> Real service consolidation Multi-client services Variable charging for value
Local Public Services	<ul style="list-style-type: none"> Process Standardisation Opportunistic Council clustering Already BPO driven 	<ul style="list-style-type: none"> Standards mandated Selective service consolidation Regionalisation 	<ul style="list-style-type: none"> Selective Shared Service delivery

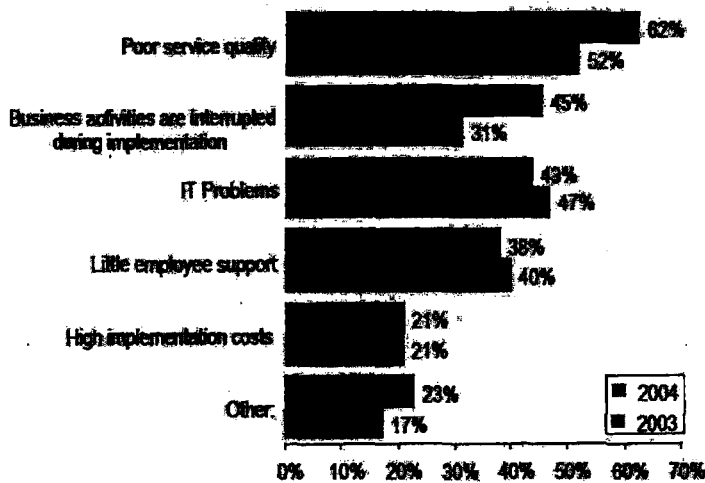
Source: Capgemini – Shared Services for the UK Public Sector

We are seeing a multitude of shared service initiatives from Central Government Departments, Regional Government and Local Government. These initiatives need to ensure that all the appropriate services are being acquired and the correct shared service model applied in order to drive efficiency gains.

5. What do you see as the major risks associated with shared services?

You have already identified the top five challenges which can and will impact the delivery of shared services. Unless these challenges are properly managed then they will increase the risk of not meeting the desired outcome. Additional risks are also identified in the chart below:

Key risk factors when implementing SSCs



Multiple answers possible

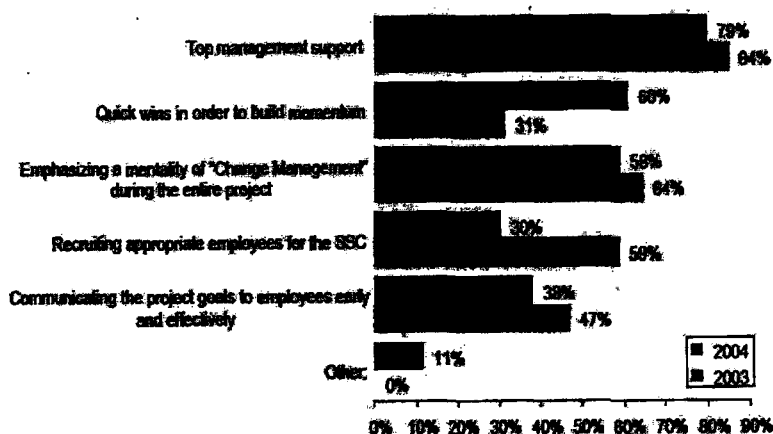
Source: Hackett – Financial Shared Services Organisation Study 2004

6. What can we do to overcome these risks?

- Poor Service quality – manage the customers expectations. Understand the previous service levels and set appropriate levels within any SLA. Poor service quality is often perceived rather than fact because the process has “changed”.
- Interruption of business activities – ensure a clear cutover strategy is in place and agreed with the business and sufficient resources are allocated to deal with early service issues as well as ‘business as usual’.
- IT Problems – Ensure any off-systems activity is properly understood and adequate training given, Too often people hide behind “it’s the new system” where in fact the it is off-system understanding that is lacking. Also do not go live with a solution just to meet a deadline if that solution has not been fully tested and signed off by the business.
- Employee support – Engage early with employees and ensure communication is high on the change management agenda. You cannot over communicate with impacted employees who, if disenfranchised, can seriously impact the implementation.
- High implementation costs – Ensure the benefits case is robust and constantly updated and reviewed.

The following chart also identifies five critical success factors that have been identified for Shared Services implementations:

Critical success factors for SSC Implementation



Multiple answers possible

Source: Hackett – Financial Shared Services Organisation Study 2004

7. How do we best provide the investment funding required to implement initiatives?

Which ever funding model or combination is chosen this must be included within any Business case:

- Internal - Quick wins re-invested. Initial projects become self-funding with minimal outlay. Efficiencies delivered through process re-engineering which do not consume high levels of resource.
- Joint Ventures/Partnering – risk is shared, as is the funding.
- Business Process Outsourcing – funding provided by the service deliverer.

8. How do we best respond to the concerns of staff over changes to jobs?

The efficient employment of people is key to the success of the transformation to Shared Services and the issues surrounding people cannot be underestimated. This must be acknowledged from the outset, communicated and managed as the most critical success factor. Early engagement with unions has already been identified but that is only part of the solution.

Direct communication with staff is imperative to inform them of:

- The opportunities that will exist on moving the vision forward.

- The chance of re-skilling in preparation for the challenge.
- New opportunities within the Shared Service organisation.
- The approach to the culture of re-engineering and change is continuous and not a one off.
- Commitment to staff policies where reductions will be managed through either natural wastage or agreed re-deployment to front line services.

Current employees and representatives are brought into the journey and see it as innovative rather than threatening. Innovation was and can be again what Scotland is good at. Continual process improvement should be embedded into the Public Sector culture. Too often Shared Services are viewed as the “call centre” mentality. True Shared Services have an efficiency agenda but must also have an effective and qualitative stream that appeals to staff.

CONSULTATION QUESTIONS 9 - 12

Questions on page 11 – relating to Part 1 of Document “An introduction to shared services”

9. Have we made an effective case for developing a national shared service strategy for the public sector?

The argument for the strategy is very effective. Ultimately the citizen will want to see :

- **Efficient (lowest cost) delivery of their local/national services expressed as a reduction in their local/national tax burden.**
- **Effective services e.g. Scottish Citizen Centric contact point which can deliver all services ranging from renewing a car park permit to paying their council tax or making a complaint about a noisy neighbour. They will want a tailored seamless service that responds to their needs. People are more and more comfortable when dealing with the Private Sector to use the telephone or web to interact rather than requiring the physical contact e.g. performing monthly bank transactions.**
- **The Shared Services agenda must also deliver on quality, as responsibility for the service will be with the provider. They will constantly review and respond to customer needs.**

10. What could we do to strengthen the case?

As stated above we believe that you have made an effective case for bringing the Shared Services strategy onto the agenda. To make the argument compelling it would be beneficial to show how this will positively impact every citizen/business within Scotland.

- **Efficiency** – reduced tax or more services available to the individual
- **Effectiveness** – I know where to go for that type of enquiry/action
- **Quality** – Less bureaucracy and red tape. My enquiry answered or action complete through one interaction

11. What can we do to maximise support for the strategy?

- **Firstly communicate the strategy to a wider audience and spell out the impacts to individuals and business:**
 - **Financial impacts.**

- Opportunities that could be available in making this difference to the delivery of Public services.
- Ensure there is no disconnect between policy development and the groups that implement these policies. Paying lip service and ticking the boxes will not deliver the strategy. Policy makers and service practitioners must work together and seek consensus over issues if the policy recommendations are to have a wider impact beyond the already converted few.
- Break down the imaginary barriers of Organisational boundaries which are either geographic or functional. This is easier said than done as one study from the Improvement and Development Agency (IDeA) highlighted that a typical unitary authority had 706 Functional areas which compares with 12 for a typical retail bank.

Question on page 13 – relating to Paragraphs 41 – 44 “A vision for Shared Services in Scotland”

12. What should the long term aspirations be for the shared service strategy?

The visioning exercise is ambitious but we agree that this is achievable within the 10 year period, especially considering changes in Technology that will occur. Long term aspirations should be:

- One coherent Shared Services Scotland umbrella body for both local and national public bodies encompassing public and private investment through strategic partnerships and business process outsourcing. This body may take the role of commissioner only or service aggregator.
- The Shared Service develops to be a supplier actively sought out by Central and Local Government as a means of improving service at a lower cost. No mandatory compliance will be required as the economic buyers will view them as a value adding partner of choice.
- Through delivery for Scotland, be positioned to take on service delivery for similar activity within public bodies outside Scotland. This may require changes to the Governance structure.

CONSULTATION QUESTIONS 13 - 16

Question on page 15 – relating to Paragraph 48 “Guiding Principles”

13. Have we got these guiding principles right?

From the list detailed it is clear that some rank higher in importance to others but as guiding principles they are comprehensive. In addition we would also include:

- Process standardisation will initially be the goal then further down the line standards will be mandated.
- We would also encourage caution around the ‘presumption against compulsory redundancy’. Best employment practice should certainly be used and this should include clear and realistic communication. Such policies have often been translated as ‘no compulsory redundancies’ which, given the scale and ambition of the agenda, may not be achievable.

Questions on Page 16 – relating to paragraphs 49 – 51 “The Service areas to focus on”

14. Are these the most appropriate areas for shared services?

Yes for the following reasons:

- Without doubt the returns associated with the sharing of corporate services i.e. Finance, Procurement and Human Resources, are quicker to materialise because they are less citizen centric, more inward looking and not always technology dependant (though technology must be compatible). These historically were back office activities but can now be extended through to the front office e.g. HR Policy shared service offering on giving advice to managers with regards to staff performance and disciplinary.
- Additional functions that could be included require looking outside the organisation and almost exclusively deal with the citizen. Again this reflects the goal of ‘one stop shop’ customer management.

15. Are there other areas we should be considering?

An open mind should always be maintained as both the business and customer needs continually change. With the focus on Scotland there is the potential to miss out leverage that could be gained by sharing with UK Government

departments that impact Scotland. Obvious choices are Department of Work and Pensions (DWP) and HM Revenue and Customs (HMRC). The Scottish citizen is a subset of customers within these organisations. Consideration should also be given to taking advantage of other UK government services located in Scotland such as The Student Loans Company.

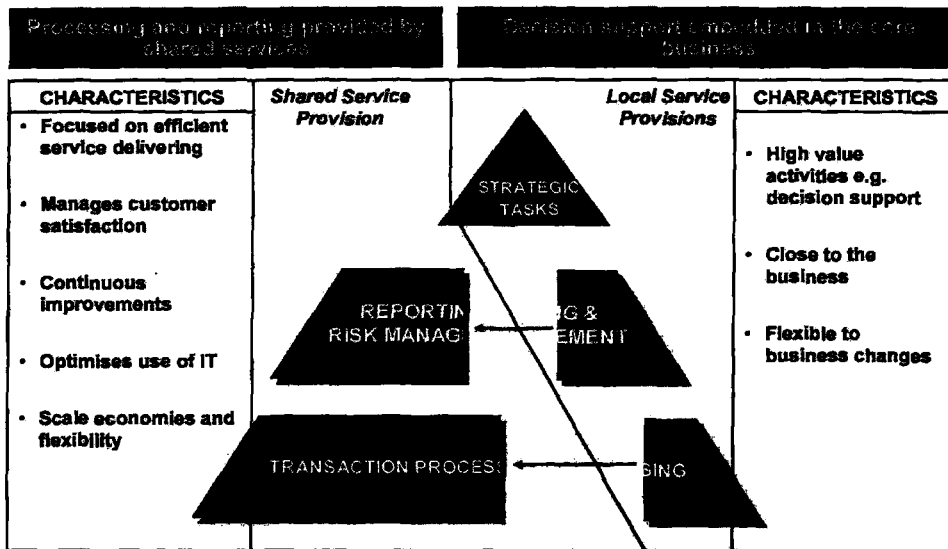
16. What methods could we use to help select and prioritise the potential areas for shared services?

The most common approach is to review the complexity of the task/process in relation to the relationship with the core business or customer. This is illustrated in the diagrams below.

- The higher the complexity but with lower the correlation with the core business or customer the more likely that the activity could be shared.
- This would typically result in identifying the common support services normally moved to Shared Services i.e. Finance, HR and Procurement processes



Shared Services Model



Once identified then it is a question of developing the business case for each process and prioritise based on the ROI.

CONSULTATION QUESTIONS 17 - 19

Questions on Page 17 – relating to paragraphs 52 to 54 “Communities of interest”

17. Are these the correct communities of interest to focus on?

At this stage the Groupings seem appropriate however other natural communities may emerge or could be encouraged if they are not contrary to the overall strategy.

18. Are there other more appropriate ways of grouping organisations?

As indicated above, other communities may emerge and may be more appropriate such as: ‘Blue Light’ - Police, Fire and Ambulance services could be grouped; Education within Local Authorities could join the Further Education grouping; and Social Care could join with Health.

Above all, care should be taken not to create limits at the outset by stopping at an existing boundary such as an existing organisation, function or geography.

19. Where should the voluntary sector and the mixed economy fit in?

The voluntary sector is a delivery vehicle for services and should be included in any review. Given the large amount of total public spending that is channelled this sector it must also be responsive to the citizens needs and demonstrate value for money.

CONSULTATION QUESTIONS 20 - 23

Questions on Page 18 – relating to paragraphs 56 – 57 “Public Sector ICT infrastructure”

20. What role does ICT have in promoting our public service reform objectives?

Technology is an important enabler to the delivery of Shared Services but not always a pre-requisite. Provided the Technologies interoperable, the setting up of Shared Services for the Corporate activity (Finance/HR/Procurement) can start because they are less citizen centric. Through time you can opportunistically move these services to standard platforms based on benefit delivered.

Other services which interact direct with customers (citizens) will require the enablement provided through a coherent ICT strategy with standard protocols to allow integrated solutions to be developed.

21. Would the creation of a national strategic body to consider public sector ICT in Scotland help in achieving a more joined up and efficient public services?

Yes, provided it does not become a bottleneck for the advancement of Shared Services across the Public Sector. Standards must be set and timeline agreed on when they will be delivered. The body must also have the ability to drive change or the risk of it becoming an additional overhead is high.

22. What should the role of such a body be?

The body should set policy guidelines that will drive compatibility of the ICT footprint and monitor progress in achieving this. This does not necessarily mean the same systems but that they are capable of talking/working together and can form of the overall solution.

23. Where should the membership of such a body be drawn from?

If every interested group was represented then the steering group would become unmanageable. As this is setting policy guidelines, look to set up a small “star chamber” pulled from the interested bodies with 1 representative, say, for the Non Departmental Public bodies.

CONSULTATION QUESTIONS 24 - 26

Question on Page 18 – relating to paragraph 58 “Procurement”

24. How can we best link in proposals from the McClelland Review with our shared services strategy?

McClelland made a number of recommendations covering standardisation, collaboration, governance and mandatory adoption of policies. As Procurement are one of the corporate services that can move to Shared Services faster than the customer facing activity, opportunities exist to implement the recommendations. The Shared Services agenda is an enabler for implementing the recommendations. By sharing information now and presenting one face to suppliers it is anticipated that by 2010 annual savings of £600M will be made. An enabler of this will be the ongoing and further deployment of e-Procurement Scotland (ePS) that will allow for the aggregation of spend with suppliers on centrally negotiated contracts. In short, actively roll-out e-PS across all Public Bodies.

The McClelland review has consulted widely over a period of time and proposes recommendations on clustering of bodies and tiers of activity when referring to Centres of Excellence and Commodity categories. There is an opportunity to build consistency between the Shared Services approach and McClelland with reference to ‘communities of interest’ and processes to be shared.

Within the report McClelland stresses a lack of leadership and conviction is stopping the implementation of his findings. As stated before for Shared Services to succeed there must be a significant mind set change within the public organisations.

Questions on Page 19 – relating to paragraphs 59 – 60 “Asset Management”

25. What more can be done to promote better asset management and the sharing of assets across the public sector?

Clearly the paper has identified assets, especially property, as a major source of potential sharing but this will only occur within areas of large population where multi agencies exist. Other areas could also be:

- IT hardware e.g. servers where spare capacity exists.
- Shared disaster recovery facilities, Local Authorities.
- Purchases of capital equipment e.g. road maintenance.
- Training facilities.

By sharing these assets they will be utilised more efficiently (sweating the assets). Encouragement to share will reduce the capital investment required thus freeing up cash but they could also be encouraged by gaining access to additional funding (reward) to invest in front line delivery.

Sharing should not stop at non-Operational assets.

26. Is this a subject that is best tackled at a local level or are there national aspects that need to be addressed?

There should be a twin strategy at both a national and local level. Local arrangements are covered in the paper, at a national level the same logic can be applied. As with the commodities for procurement the identification of which assets should be nationally managed and those retained locally is critical.

CONSULTATION QUESTIONS 27 - 29

Question on Page 19 – relating to paragraphs 56 – 63 “ National cross-sector initiatives”

27. Are there other important cross sector areas should be considered for shared service options?

Many areas will emerge as confidence, experience and external pressures grow. An example is the Glasgow Partnership. Though legislation has allowed the Community Partnerships to be established as legal entities we believe this is the first example of real commitment. Budgets and resources will be committed to the body ensuring that partners cannot unilaterally impact the effectiveness of the partnership when their own pressures and priorities change.

Questions on Page 24 – relating to paragraphs 64 – 70 “Sector based initiatives”

28. Are there other major shared services initiatives underway within any of the sector groupings above that we have not identified above?

n/a

29. Are there additional shared service initiatives that should be considered for these groupings?

As Shared Services matures then other opportunities will be identified. Many examples of Shared Service initiatives in one sector have yet to be developed in another. With reference to Q27, consideration should be given to replicating or expanding these examples across sectors.

CONSULTATION QUESTIONS 30 - 34

Questions on Page 25 – relating to paragraphs 71 – 74 “Co-ordination and governance arrangements”

30. What governance and programme/project management structures do we need to put in place to ensure effective implementation of the strategy?

The paper already identifies an appropriate Governance model. A critical success factor, regardless of the structure, is the clarity of roles and responsibilities. The critical role will be that of the ‘Design Authority’ and the level at which the role operates.

31. Who should be involved in these governance arrangements?

The paper contains this information (see above)

Questions on Page 26 – relating to paragraphs 75 – 76 “ Financial resources”

32. What are the options for raising the investment needed to deliver the strategy?

Additional options not covered in the paper could be:

- Efficiency savings build into the spending rounds imposed on organisations but released if they are for Shared Services projects.
- Joint ventures with the Private sector which would also share the risk.
- Business Process Outsourcing, where the investment will be made by the supplier and recovered over the life of the contract.

33. How should we prioritise the areas to invest in first?

This should be a combination of two things:

- What is the “size of the prize” – what are the efficiency gains that can be translated into the release of cash or the qualitative benefits that will deliver policy outcomes.
- Timeline – the prize may be large but the timeline to achieve them could be over extended over a number of years.

34. How can we ensure that we deliver the projected benefits from this investment?

Although a business case for Shared Services will include consideration of non financial measures such as quality of output and impact on staff, it will ultimately be judged on how the potential cost savings from efficiency.

This requires an early view of 'the size of the prize', based on an assessment of what is possible by comparing efficiencies of core business functions, both internally and against external benchmarks. This early 'top down' view will help provide focus where the greatest potential lies, ensuring that 'bottom up' analysis and solution design concentrate on areas where the benefit potential is greatest.

As with any business case, a critical success factor is ownership:

- by stakeholders of the objectives, scope, options, chosen approach and return on investment
- by the business of the benefits identified, the assumptions on which their calculations are based, and the actions and governance structure required to ensure successful realisation.

The business case and financial model must be 'living documents', updated throughout implementation to ensure targeted benefits are achieved and appropriate corrective action is taken where necessary.

CONSULTATION QUESTIONS 35 - 37

Questions on Page 26 – relating to paragraphs 77 – 79 “Change management and public sector capacity”

35. How can we best meet the change management challenge presented by the shared services?

Most large projects fail because they under-estimate the challenge and capacity of the change management stream. The solution is good, the technology is excellent but people are not prepared for the change.

You have already identified the need for change and how to up-skill current resources which will prepare for the challenge. However to ensure success you must:

- Establish a clear vision and strategy that is understood and shared.
- Ensure regular stakeholder and leadership engagement to ensure that they are perceived as “walking the talk”. They believe in what they are doing and are not paying lip service to it.
- Establish change champions across the Public Sector representing each effected body and they in turn will establish a change network within their organisation. Their primary goal is to:
 - Understand the impacts to people, process and technology.
 - Asses the gaps that need to be addresses through training and communication.
- Every project no matter the size should have a work stream for Change Management that will carry out the above activity at the individual project level in accordance with an overall strategy and policy.

36. What can be done to increase the change management skills and capacity within the public sector?

You have assessed that there is a skill gap within the Public Sector and established that you want to pull or redeploy resources from within. To achieve this we would recommend:

- Recruit a proportion of staff from the private sector who will have the knowledge and skills to deliver on change.
- Opportunistically engage with the Private sector to provide this resource to ensure project risk is minimised.

- Ensure that engagements with the private sector ensure the required elements of 'knowledge transfer' to develop 'internal' capacity.

Question on Page 27 – relating to paragraphs 80 – 81 “Staff engagement and communications”

37. What should we do to ensure we engage effectively with staff and keep them fully updated on progress and respond to their concerns?

As stated earlier, it is important not just to work through representatives but also to engage directly with staff. It is important that there is a consistent message being communicated which given the size of the Public Sector is challenging

- Communicate to ALL staff (not just the impacted ones) the vision and strategy of Shared Services within the Scottish Public Sector.
- Ensure all stakeholders are bought into this vision.
- Given the scale, introduce a Communications Governance that will set the strategy and review all communications. It is imperative that the communication is consistent.
- Utilise multiple tools and media e.g. e-mail, face to face, quarterly newsletter.
- Ensure communication is regular and not sporadic.
- Allow flexibility within organisations to utilise their normal communications channels but test to ensure effectiveness.
- Introduce a feedback loop - capture concerns and questions e.g. via the web.
- Normal channels with employee representatives can also be utilised but the messages must be consistent and should be tested for effectiveness.

CONSULTATION QUESTIONS 38 - 40

Question on Page 27 – relating to paragraphs 82 – 84 “Supplier engagement”

38. How can we engage effectively with suppliers to ensure that they are able and willing to supply the products and services needed to implement the strategy?

To support this transformation will require end-end capabilities from consultancy through to technology transformation and Outsourcing/BPO. The supplier base will also have to support the Local and Central Government organisations (two distinct levels). No one supplier will offer all this so there must be strong co-operation, collaboration and convergence amongst suppliers. To avoid complex and costly procurement and contract management this is likely to see the emergence of a small number of aggregators and strategic alliances. Those Organisations and alliances with the capability to act in those roles must be encouraged to support sustainable procurement principles, such as providing opportunities for the SME market to participate, in a manner which benefits the Scottish Public sector and the broader Scottish economy.

Question on Page 28 – relating to paragraphs 85 – 86 “Benchmark and Baseline measures”

39. What type of measurements should we be focussing our efforts on?

It is important to get these measures right as they will be the foundation of decision making. Also they should be simple and uncomplicated to collect and collate otherwise they become an industry in themselves. Concentrate on three areas. Efficiency, Effectiveness and, once the service is implemented, Quality. Ask the question “.by measuring this, will it improve the level of service through reduced cost or improve the customer experience”.

- **Efficiency** - This concentrates specifically on cost and throughput. These typically form the basis for benchmarking against other companies and industries. Examples of this are :
 - Throughput per FTE on a transaction processing activity.
 - HR costs as a % of Revenues or Funding available.
- **Effectiveness** - This measures for example the maximisation of the assets you are utilising to deliver the service.
 - How many systems are involved in delivering the service.
 - Technologies employed.

- Level of automation versus manual input.
- **Quality** - In short are you delivering on the agreed service levels with the customer of the shared service. As you start, this data may not be readily available but it is important to make sure that Service Level Agreements are in place before commencement of service.
 - Customer Satisfaction Service culture – focus on customers.
 - Scalability and flexibility of solution – changing customer needs.
 - Speed of response to change – new customers/customer inquiries.

Before embarking on benchmarking it is important to baseline the data to know:

- The starting position.
- Potential for improvement, basically the 'size of the prize'.
- Consistent Measures that track improvement.

Question on Page 28 – relating to paragraphs 87 – 88 “Shared services toolkit and other Cabinet Office activities”

40. What other support would be helpful in taking forward the shared services strategy?

There are a number of organisations that provide benchmark data over all service areas. By engaging with these organisations you not only gain access to the data but also understand what “best practice” is and what good looks like.

There are also shared service groups that can be accessed both nationally and internationally (see example below). This will give you access to the latest innovations and technologies that are available.

<http://www.iqpc.co.uk>

Within Scotland there are also excellent examples of Shared Services within the private sector (Financial services). Continue to engage with them.

Ensure that supplier engagement is continuous and complete through use of industry bodies.

CONSULTATION QUESTIONS 41

Question on Page 30 – relating to paragraph 89 “Timeline for initiatives”

41. Is this timescale realistic?

Firstly, reviewing the number of initiatives and timelines it is encouraging to see that three very important activities span the initial time frame:

- Engage with staff and trade unions
- Engage with suppliers
- Support change management and capacity building

Without these, it will be impossible to move the strategy forward

Regarding the timelines, without more detail it is hard to comment on all of the initiative timelines. However, in general they do look realistic. In relation to Procurement for Local Government this should be accelerated and pulled into line with the McClelland review which targets 2008 for completion.

As a general note it is important to learn and adapt through the cycle of this agenda. Accelerate where it makes sense and increase the timeframe where service delivery will be adversely affected. There are too many stories of large Government projects going live when the solution was not fit for purpose but timelines were seen as the end goal rather than service delivery. Effective Programme and Project management should stop this from occurring.

Please add below any other views on the content of the strategy or related topics in the space below

n/a

RESPONDENT INFORMATION FORM – CONSULTATION ON A STRATEGY FOR SHARED SUPPORT SERVICES IN THE SCOTTISH PUBLIC SECTOR

Please complete the details below and return it with your response. This will help ensure we handle your response appropriately. Thank you for your help.

Name: Stephen Uphill

Postal Address: 36 South Gyle Crescent, South Gyle, Edinburgh. EH12

1. Are you responding: (please tick one box)
- (a) as an individual go to Q2a/b and then Q4
- (b) on behalf of a group/organisation go to Q3 and then Q4

INDIVIDUALS

2a. Do you agree to your response being made available to the public (in Scottish Executive library and/or on the Scottish Executive website)?

- Yes (go to 2b below)
- No, not at all We will treat your response as confidential

2b. Where *confidentiality is not requested*, we will make your response available to the public on the following basis (please tick one of the following boxes)

- Yes, make my response, name and address all available
- Yes, make my response available, but not my name or address
- Yes, make my response and name available, but not my address

ON BEHALF OF GROUPS OR ORGANISATIONS:

3 The name and address of your organisation *will be* made available to the public (in the Scottish Executive library and/or on the Scottish Executive website). Are you also content for your response to be made available?

- Yes
- No We will treat your response as confidential

SHARING RESPONSES/FUTURE ENGAGEMENT

4 We will share your response internally with other Scottish Executive policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Executive to contact you again in the future in relation to this consultation response?

- Yes
- No

