

This briefing paper is based on the findings of the first three of Duke & Jordan's reports from the *JISC Study of Shared Services in UK Further and Higher Education* published in April 2008.

What are shared services?

JISC's understanding of the term 'shared services' can be summarised as 'institutions cooperating in the development and delivery of services, so sharing skills and knowledge, perhaps with commercial participation'.

It is within this broad definition that consultants Duke & Jordan have recently worked, on JISC's behalf, to describe the current landscape and potential development of shared administrative services across UK further (FE) and higher education (HE). These typically include services such as student records, timetabling, finance, estates, human resources, library management, virtual learning environments (VLEs) and customer relations management.

What is currently driving shared service initiatives?

The English, Scottish and Welsh governments have all issued documents in which shared services feature in their strategic plans for public services. In Northern Ireland, the government has yet, for the moment, to follow suit. All the funding councils are nevertheless committed to supporting their sectors to seek cost savings and make service improvements through the specific use of shared services.

HEFCE believes there are real opportunities for the sector to benefit from adopting shared services, and is encouraging higher education institutions to engage positively with these developments and to 'explore the potential of services which can be shared between institutions to improve delivery and release resources to further support teaching and research'. To date the Learning and Skills Council (LSC) has not made a specific announcement about shared services, although it has established an advisory group which is reviewing and providing advice on the potential opportunities they present.

The Scottish Funding Council (SFC) has created a Guidance Framework for Shared Services. In Wales, a feature of the methodology is its collaborative approach encompassing the entire public sector.

The Northern Ireland FE sector, led by the Department for Employment and Learning, is now well into a period of major change and consolidation and has a major shared MIS services provision under the auspices of the Association of Northern Ireland Colleges (ANIC) consortium. The Northern Ireland HE sector is very small and is not yet overtly addressing this issue, however they are keeping a watching brief on developments in the rest of the UK.

Shared services already in place

The Duke & Jordan survey shows that between a quarter and a third of the responding institutions have at least one shared service in place, and nearly 10% are planning at least one such service. However, the amount of shared service provision actually in place is generally small, in non-critical service areas and predominantly regional in nature. That said, the sector already has a number of shared services including:

- Universities and Colleges Admissions Service (UCAS)
- Association of Northern Ireland Colleges (ANIC) consortium manages the supply of Corporate Information Services to the country's six large multi-site FE colleges
- The JANET network. Its success was recognised by winning the shared services category of the e-Government National Awards 2007
- M25 Consortium of Academic Libraries comprises sharing resources and services for the benefit of students and researchers
- University of the West of Scotland and South Lanarkshire Council shared data centre
- Research Councils UK (RCUK) Shared Services Centre Project – probably the largest shared service initiative in the sector – covering all seven Research Councils, HR, payroll, finance, procurement, IT, telecommunications and grants processing
- Bishop Burton College uses the University of Hull's student system for those students that are on Hull-validated programs

HEFCE has also funded a number of shared services feasibility studies.

What benefits do they bring?

At the same time as responding to political impetus, institutions are investigating the feasibility and benefits

of engaging in shared services for other specific reasons. These include ensuring due diligence in delivering value for money, their desire to provide the highest service standards at the lowest cost and to maximize resources to release back into the academic arena. When an institution has a strategic objective to improve services, create efficiencies, or introduce new services it will consider the opportunities and advantages offered by a shared service as part of its planning process. Those institutions with prior experience of collaboration are particularly likely to pursue this route.

The institutions surveyed by Duke & Jordan cited the following potential benefits driving the implementation of shared services:

- Continuity and resilience of service
- Raising quality and adding value to existing services
- Securing cost savings and sustainable efficiencies
- Releasing staff time for more customer facing activities
- Improving system scalability
- Ensuring improved and more up-to-date systems
- Gaining competitive advantage
- Ability to offer otherwise unsustainable services
- Levering transformation
- Collaborating with other institutions and improved cooperation

What inhibits future shared services expansion? What promotes their success?

While there are benefits to engaging in shared services, institutions do identify potential inhibitors that vary from institution to institution, and demand local solutions. The Duke & Jordan study identified the most important challenges as:

- Problems in establishing and maintaining satisfactory partnerships
- Reluctance to rely on a third party for service delivery and concern over loss of local control over critical services
- Problems of leaving the partnership later
- Problems incurred in running re-procurements
- Risk to competitive advantage
- Reluctance to have data stored elsewhere

VAT liability is also an issue because if a group of public sector education institutions establishes a joint venture

then the individual institutions cannot recover VAT on the provision of services through that joint venture. This means there is a 17.5% hurdle to leap before any return on shared service investment can be quantified in this sector. The funding bodies have made extensive representations to the Treasury about this matter.

The Duke & Jordan study identifies a number of factors that contribute to making shared services successful:

- A collaborative culture – such as embraced by institutions in Wales
- Institutions that have already changed significantly or employ people previously experienced in change (successful or otherwise)
- 'Buy-in' by Vice Chancellors and senior management to drive change through

First steps towards greater understanding

Shared services are not an end in themselves. They are one of a number of mechanisms that institutions can use singly or in combination to improve business performance and agility. Researching their potential and reaching decisions on implementation demands detailed analysis. This must involve exploring the local opportunities and business case for engaging in shared services in the context of an institution's own strategic plan. An important preparatory step, before options for improving performance and agility can be properly appraised, is to ensure that the existing costs of any services involved, as well as the processes by which the services are delivered, are fully understood. Business process management is one way of identifying this information.

A Shared Services infoKit has been developed to support managers considering a shared services approach to the delivery of key infrastructure systems and services.

The final report from the *Study of Shared Services in UK Further and Higher Education* will also soon be available.

This briefing paper was compiled and edited by Duke & Jordan with Mary Auckland.

Alternative formats of this briefing paper can be found at:
www.jisc.ac.uk/publications

Further Information and Resources

HM Government, Cabinet Office. Transformational Government: Enabled by Technology, Cm 6663, November 2005
www.cio.gov.uk/documents/pdf/transgov/transgov-strategy.pdf

The Guidance Framework for Shared Services
www.scotland.gov.uk/Publications/2007/12/SharedServicesGuidance

Shared services in the higher education sector. Report to HEFCE by KPMG, July 2006
www.hefce.ac.uk/pubs/rdreports/2006/rd15_06/

HEFCE Circular Letter 20/2006 Shared services: the benefits for higher education institutions
www.hefce.ac.uk/pubs/circlets/2006/cl20_06/

HEFCE Shared services feasibility studies
www.hefce.ac.uk/finance/shared/feasibility/

JISC Study of Shared Services in UK Further and Higher Education Reports 1, 2 and 3, April 2008
www.jisc.ac.uk/whatwedo/programmes/programme_jos/ssprev

JISC InfoNet Shared Services infoKit
www.jiscinfonet.ac.uk/infokits/shared-services