PUBLIC SECTOR

Share services like you mean it

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Austerity culture is expected for the next 30 years or more. Austere is the new normal. Lean is the default setting – for today, tomorrow, forever.

Sharing works, done the right way – from the top

Public service leaders face the biggest budgetary cuts since the days of the Iron Lady, and there are oft-voiced concerns about front-line service quality dipping intolerably. Consumerism, with its attendant abundance of choice – from where to eat, what to drive, how to dress, who to listen to or watch – has heightened everyone's expectations. We are all customers, all the time, and we want best-class service consistently, or we'll simply shop elsewhere. This consumer-centric mindset seeps into our attitude towards the public sector. We know we're taxpayers, we know we're paying for it, and we demand customer satisfaction.

We want it good, and the government wants it on the cheap. There is much speculation about the economies of scale, and expected cost savings, that shared services can bring. On the other side of the debate, there is voluminous criticism, and the oft-begged question: where is the evidence that shared services will save money?

Certainly, finding a like-minded local authority to band together with and increasing the deal's value to the provider, should maximise service quality and achieve economies of scale. Sharing should prove, long term, to be the most cost effective way to roll out money-saving outsourced technology solutions.

But sharing services in the captive sense – i.e. finding other government agencies to D.I.Y with – is so loaded with people, power and politics that it is difficult to make work. Structural upheaval and the necessary changes culturally "we don't want you do it that way, we do it this way." What is required is a focused team of individuals dedicated to finding the way.

Shared services needs an injection of best practice, starting at the very top

Staffordshire Moorlands District and High Peak Borough share a Chief Executive, and senior management team. This saves local taxpayers over half a million pounds a year. Public sector redundancies are inevitable. Why not take headcount out of the highly paid upper echelons of management, who arguably, add the least value per capita? It could be also argued, that public sector senior management sometimes actually detract from taxpayer value, due to political infighting and ego-centric resistance to change.

NOA chairman Martyn Hart, speaking in the Guardian about the work of the All Party Group on Outsourcing & Shared Services said: "At the moment, there is far too much 'what's in it for me (and my department)?' and all too little 'what's in it for us, the group?'

"This attitude is counter-productive to achieving the best deal for the UK taxpayer. There is an urgent need to rid the process of any competitive edge, so parties are actually working together towards the same end: outcomes that do not favour one party, with benefits, and of course, the workload, divided equally."

Shared service management teams could be a vital step, to a broader range of services being delivered more cost effectively. Business-as-usual-services like council tax collection and parking fines, sharing those sorts of activities is probably more upheaval than it is worth, considering the initial investment and the government's desire for savings within the first year.

Yet analysis conducted by the Local Government Association in March, identified 200 shared services agreements already in operation, and with predicted savings of 100s of millions of pounds, that number is set to swell in 2012. Especially as councils are now looking to take sharing beyond the back office. As well as the usual suspects, IT and finance, a whole host of front line services: housing, fostering & adoption, services, joint legal teams, special needs education and schools improvement are all deals being prepared for launch. Almost anything can be shared… in the East Midlands, there are even police forces sharing a murder squad!

In December 2011, there was an announcement that some of the most innovative councils in the UK are to pool budgets. Budget sharing is the next step in shared services, and could provide the jumpstart that it needs. As Communities Secretary Eric Pickles says: "We need a gear change that makes 'silo control' obsolete and starts a local service revolution that puts people at the heart of spending decisions and saves the money needed to pay of the deficit."

Cheshire and Cheshire West will share around 150 services, creating a budget in the region of £4bn. This, says Pickles "can bring about truly local services that knock out bureaucratic processes everywhere."

Council Leader Mike Jones, Chairman of the West Cheshire Together Partnership, "The focus is on outcomes, not organisations – to boost the quality of life for all our residents." This is a refreshing shift from the norm in the public sector, the usual shared services situation, where one Chief Executive wants to procure a bespoke service for his department, then sell it on to the bloke down the road for a tidy profit.

Doing it the Cheshire Together way engenders genuine sharing. But there is a way to be even more effective.

Another set of first councils to pool budgets are the London Boroughs of Westminster, Hammersmith & Fulham and Kensington & Chelsea. Their sharing will focus on youth support – improving opportunities and skills training while tackling youth violence and anti-social behavior.

The optimal way to share

Hammersmith & Fulham and Kensington & Chelsea already share a chief executive, and many senior management positions. It's a logical progressive step to share budgets. It enables cost cutting, and frees up room to manoeuvre in creating new services and rolling them out to the taxpayer.

And here lies the most compelling evidence that shared services work: Hammersmith & Fulham, a most prolific sharer of services, will lower council tax in 2012 by 3.75%. According to Paul Harwood of the Tax Payers Alliance – Britain's independent grassroots campaign for lower taxes – the saving is due to "cost cutting measures including combining services with Westminster and Kensington & Chelsea councils in order to cut management and overhead costs by half," and "will be realised without resorting to the kind of 'bleeding stump' approach of shutting libraries and cutting services that some councils have taken."

According to an official statement by Hammersmith & Fulham: "While planning to cut [council] tax, H&F is intending to freeze parking charges, keep all its libraries open, maintain weekly or even twice-weekly refuse collection and plough £1.3m into extra town centre police. It is also one of just two councils in London offering homecare to people in the 'greater moderate' as well as 'substantial' or 'critical' banding. H&F boasts some of the cleanest streets in London, six of its parks have received the prestigious 'Green Flag' award for their quality and its schools have posted the best ever GCSE results. The borough, which recently saw three new schools open, has more pupils going to top universities than any other place in Britain."

So there you have it – evidence that shared services works. If done the right way, from the very top, in a balanced, even-handed way, with everyone pulling in one direction for the good of the taxpayer/consumer, sharing can indeed give the customer a bit more, for a bit less.