Efficiency and Innovation Fund

Shared Services Evaluation Report:
The many faces of collaboration

Contents

For more information and guidance on AoC Shared Services see: www.aoc.co.uk/shared-services

Executive summary

The paradigm in which further education nestles is changing. New technologies are challenging established learning strategies as well as changing the outlook of new learners entering the system. The raising of the compulsory participation age, and the significant increase in the direct cost of higher education, will present the sector with challenges it is yet to fully articulate. Together with a significant reduction in Government funding this all means that few Colleges can afford to continue their provision unchanged.

The sector is, of course, fully aware of these issues, and the search for innovation and efficiencies has been spearheaded by a £15m investment by the Skills Funding Agency (SFA). Over two-thirds of this budget was allocated to Association of Colleges (AoC) and is focused on practical research into the sharing of services: £4.6m for 41 Efficiency and Innovation Fund (EIF) projects, and £6.4m, to help six ambitious ideas proceed to implementation under the banner of Collaboration and Shared Services Grant Funded Projects.

This report looks specifically at the experiences of the 41 EIF projects. Though intended to be a closure report at the end of the funding period, many projects are only now arriving at the beginning of their real journey into shared services. That said, there is much to share in this report: from the truly innovative, to the hard-won hindsight; from simple incremental ideas to multi-organisational and regional change.

Aims of the Efficiency and Innovation Fund (EIF)

Defining terms that are widely used both nationally and internationally is never straightforward, but our definition below serves well as a technical understanding for this report.

Shared Services   noun

- Two or more organisations give responsibility for a discrete element of their provision to a separate business entity which is wholly owned by themselves.

Were we to stick rigidly to this definition, however, we would deny ourselves the opportunity to write about an exciting range of collaborative endeavours, ranging from merger and mutualisation, through peer collaboration, up to regional federation and ambitious outsourcing strategies. All of these, and more, are discussed in detail in this report.

The aim of the EIF strategy was simply to:

- identify ways of improving the delivery of back-office functions and front-line services
- investigate where efficiencies could be made
- develop effective models for collaboration, and
- promote innovation.

We're sure you will agree that despite still being early days, all of these aims, and more, have been achieved. A starting point for this level of confidence is that, in purely financial terms, the anticipated return on the £4.6m invested will be anywhere between £30m and £40m within five years.

But whilst the need for savings has clearly been the blue touch paper for much of this work, the real energy for experimentation has arguably been to find innovative ways of improving the quality of provision for learners. All aspects of the supply chain have been scrutinised, resulting, in many instances, in the removal of the 'middle-man', the sharing of issues and good practice, and the reinvention of services.

For almost all project teams, a key concern when embarking on their journey was the loss of competitive advantage – often to their geographically close and long-standing 'rivals'. Whilst understandably tentative at the outset, most teams overcame this concern relatively quickly, establishing new friendships and trust as a precursor to unprecedented levels of sharing and honesty. In a rather ironic twist the very organisations who may lose competitive advantage are the ones who remain outside the sharing relationships. For many then, the competitive rivalries forced upon them by Incorporation in the mid 90s are at last being laid to rest.

Without this shared services initiative, would we have seen:

- the development of regional and national staffing agencies that provide coherent and sustainable career options for part-time staff – significantly increasing response times to staff cover issues, at a far lower cost?

- the sharing of specialist development skills across disparate organisations, resulting in the production of higher quality learning environments for all?

- the removal of burdensome back-office functions, which too often distract Colleges from their main mission of creating outstanding learning experiences?

- the co-ordinated aspiration management of a new generation of vocational learners for whom work-based learning may finally lose its second-class stigma?

Arguably at the root of the most successful projects is this formula:

$$A + B = C$$

Whilst this seems obvious, in the past far too much emphasis has been placed on sharing the good practice of College A, with the ailing College B; in other words:

$$A + B = A$$

Therefore the legacy of the EIF project could be summed up as 'C': innovation – the 'third way'. This is arguably only found through the honest, wholesale pooling of issues and ideas amongst determined, open-minded organisations.

This report could kick-start your own journey or influence how you move forward from here. We highly recommend that you read it in full.

1. Introduction

1.1 It's fair to say that anyone who invests over £4.6m in a new initiative wants to see a good return on their investment. The Department for Business, Innovation and Skills (BIS) can rest easy – it has.

1.2 Between 2010 and 2012, around 190 Colleges together with a handful of universities, training providers, charities, schools / academies and local authorities embarked on the biggest shared services experiment yet seen in further education (FE). Funded by the Efficiency and Innovation Fund (EIF) and managed by Association of Colleges (AoC), the sector was invited to think differently: is it feasible for competing organisations to collaborate effectively and share aspects of their services? It turns out it is.

1.3 In this end-of-project evaluation we will be looking at the big ideas, the small ideas, the great ideas, and those that didn't quite make it. We'll unravel the tangle of collaborative models, celebrate some truly innovative solutions to bottom-line solvency, and deliver £4.6m worth of insight.

1.4 We will also attempt to provide the sector with a common vocabulary (**Annex A**) for shared services. This will allow Colleges to consider the relative merits of collaborative models, pick their way through the many synonyms in common usage, and easily find the support they need in AoC's ever-growing case history.

1.5 So if you're interested in how to spend less on FE, but at the same time increase the quality of the services offered, then let's begin with the EIF project highlights and see if we can distil from these a general formula for success.

2. Project highlights

2.1 High aspirations have long been known as a key to outstanding educational experiences and, with this, the EIF projects share common ground. Those providers who set out to innovate and share services within the timeframe of the project often dived into their mission with zeal, achieving all of their aims and more. Whereas those who set out to simply 'test the water', often failed to gain the momentum to succeed.

2.2 While this report is to be a final evaluation of outcomes and impacts, most of these 'grand-design' projects are yet to be tested through implementation. At this stage then, the final overall savings figure can be no more than educated speculation. That said, it's very easy to be seduced into believing that the cumulative return on the £4.6m, and the countless hours invested by staff, will be anywhere between £30m and £40m by 2016. It's also important to note that most projects report efficiency figures as on-going annual rather than one-off savings. Arguably this could be the beginning of the biggest change in FE provision since Incorporation in 1994. More on that comparison later.

> The cumulative return on the £4.6m… will be anywhere between £30m and £40m.

2.3 So which project deserves the accolade of being the first to be celebrated in this report? To help us drive towards it, we must first colour in the backdrop to these projects. In 2010, ahead of the current round of funding reductions, John Landeryou, Director of FE at the Department for Business, Innovation and Skills (BIS), sobered a group of College Principals by saying that 'Whatever you're doing this year, you won't be able to afford next year'.

2.4 But along with that statement, came the velvet-glove investment that is the subject of this report. The result has been the production of a set of shared-service efficiency ideas ranging from: tinkering with exam procurement (to gain a few fringe benefits), to real innovation intended to remove wasteful duplication, and it's at this latter end that we will begin.

Plumpton College shortens the supply chain

2.5 When Plumpton College teamed up with its neighbours in FE Sussex to form their shared services group*, they had within their sights the staffing agencies for part-time staff. Their aim was to save £115 for each staff hour provided; equating to around £40,000 per year for an average-sized College. As was common to many of the most successful projects, there was also a strong, if not stronger, focus on improving the quality of the service under review. For instance, the Sussex group aimed to achieve:

- a 90% reduction in the time taken to source part-time staff
- more stability for staff by giving them easier access to work opportunities across the region, and
- the creation of a bank of staff with known availability across the partnership.

* Throughout this report, shared services projects are referred to by the lead College name only. See Annex B for the partners in each project.

2.6 We should not underestimate the importance of this focus on quality improvement. For those who have been in the sector long enough, the funding reductions in the wake of Incorporation are synonymous with redundancies; old demons reawakened for many by the current reductions and the drive for efficiencies through sharing services. But financial stability through systemic improvement is an easier message to sell, and an essential one if front-line staff are to lend their expertise to the development work.

2.7 The innovation that came out of the Sussex partnership was the ERICNational recruitment system. Not only did this go live within the funding timeframe, but the arc of its development could well be considered a blueprint for other shared service projects.

- It began with a determination to be innovative, and to make significant savings and significant improvements.

- It built on secure relationships.

- With a weather eye on the competition between neighbouring Colleges, the scope of the project was well contained at the outset – preventing mission drift.

- Project management was determined and effectively supported by senior managers.

- The project team did not allow itself to be derailed by the inevitable setbacks.

2.8 Far from plain sailing, however, the project team notes some fundamental home truths for all. Of the top five barriers they were asked to highlight, four were about 'culture':

- 'cultural – adverse to change'

- 'cultural – ensuring senior management back the concept and projected outputs'

- 'cultural – staff awareness and acceptance'

- 'cultural – staff being active on the system'

- 'technical – system development and intellectual property rights'.

2.9 Their key lessons learned, include ensuring:

- 'that all senior managers understand at the outset: the scope of the project, its benefits and the commitments required'

- 'that wider culture change needs a concerted, on-going communication plan'

- 'that ownership of intellectual property rights should be clear *before* development begins, and that'

- 'any legal necessities are clear and costed at the start'.

2.10 We could add one further point to their list.

- At the beginning of a project, or at the point at which potential outcomes, and benefit and consequence scenarios are first clearly articulated: governors and senior managers should be absolutely clear about their *likely intent to proceed*. More on this later.

2.11 The three Colleges are now safely through the pilot phase: the help desk/online support service is up and running, and the journey to recruiting 100 Colleges into the ERIC system begins in September 2012 when eight new partners go live. If just this one project achieves all of its aims, it will single-handedly have covered the initial stake by BIS. ERICNational can be found at: **www.staffcalendar.co.uk**

2.12 This project has explored just one element of the supply chain, but there are many others that have been scrutinised for efficiencies and improvements.

Supply chain efficiencies

2.13 Colleges are determined to ensure that the learner experience is protected as much as possible from the reductions in Government funding. So what other elements of the supply chain have been investigated by the EIF projects? The list includes:
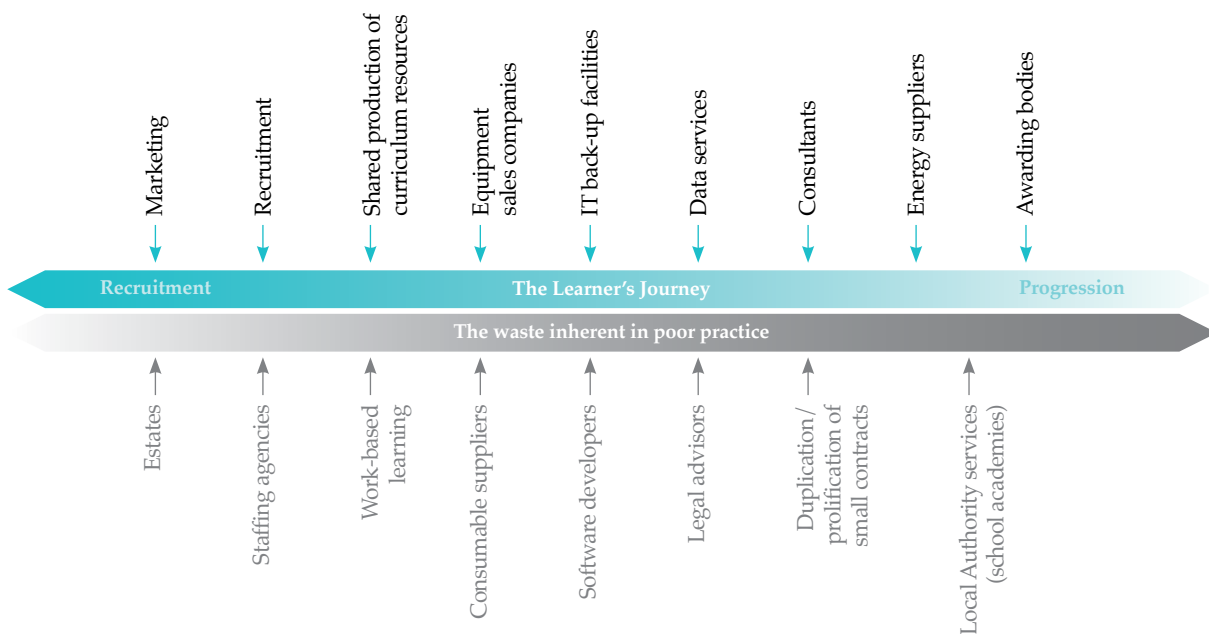
Governors and senior managers should be absolutely clear about their *likely intent to proceed*.

2.14 While most elements of the supply chain have been considered by one or more of the EIF projects, many Colleges did not set out with a clear, or indeed any, idea of where their investigations might take them. Many project leads also note their regret for the time "wasted" in the early stages of their work as they searched for a clear vision of the way forward. Section 5 uses the following general headings under which projects can be brought together for meaningful analysis:

- recruitment: learners and employers

- curriculum development

- financial management

- human resources

- management information, and

- procurement and IT.

2.15 Recommendation: A recommendation to all in the FE Sector, is the creation of a series of 'starter visions' – descriptions of shared service aspirations, across the supply chain. These could be used to help providers navigate the increasing number of case studies, films and resources generated by the EIF (and Grant Fund) projects and listed in **Section 10**. They would whet the appetite of governors and senior management teams, and help them to look efficiently at the options available and the opportunities to be innovative.

3. Why the EIF projects are different

3.1 When Colleges left local authority control following Incorporation in the early 90s they were faced with two significant challenges:

- they became accountable for the money they spent; and
- the money they received would be distributed equally across the sector, harmonising at a low average level of funding.

The result was that many Colleges became voracious competitors.

3.2 Whilst competition works well to drive up standards, the lasting effect on the sector was to create, in many regions, islands of secretive practice, underscored by the fear of losing competitive advantage.

3.3 Over the intervening years, this isolationist view softened through initiatives such as COVEs, Beacon Awards, and even the Adult Learning Inspectorate's (ALI) Excalibur Learning Network. But the element common to all of these could also be seen as a key issue – their focus was on the sharing of good practice. The EIF projects have been different, not necessarily because of their ambition but because of the scope and scale of what's been shared.

3.4 Rather than the hierarchical relationship of one College telling another what they do, what was common to all of the successful EIF projects was the blooming of productive trust through collective dialogue:

- Establish a relationship
- Develop and agree a vision
- Begin to trust
- Share the most sensitive of data, and *expose weaknesses*.

3.5 It's in the sharing of weaknesses that the EIF projects differ from those that have gone before. In the most successful, managers and front-line staff alike have been relieved to find that they're not the only ones wrestling with particular issues. Principals, Finance Directors, HR managers et al now have colleagues at the end of a phone with whom they can empathise, share issues, act as sounding boards, or ask for advice. Together, teams can share not just their best ideas but their keenest issues, working collectively to produce the best of systems, the best way forward, and ultimately the best outcomes for learners.

3.6 Some Colleges used the EIF grant simply to see if they could save money by working more closely with others. Most, however, understood that their role was to test new pathways on behalf of the whole sector; the 'lessons learned' logs of the latter group being by far the more informative.

3.7 So here lies the sector's cultural about-turn. Competition between neighbours is as keen as it ever was but now it could be argued that the sure-fire way to lose competitive *advantage* is to be outside the group doing the sharing.

4. What Shared Services means in FE

4.1 *Shared Services* is now a ubiquitous term for collaborative practice in much the same way that the word *Classical* is used to define a whole genre of music, rather than just the years from 1750-1820. Some projects, for instance, have simply continued, through EIF funding, the reciprocal quality assurance work typical of the old Learning and Skills Improvement Service (LSIS) Peer Review and Development initiative – arguably more of a '*swap*' than a share. At the other end of the continuum, some partnerships are giving up any sense of ownership of an element of their provision by *outsourcing* it to commercial organisations. The definitive 'shared service', however, lies somewhere between these extremes:

- two or more organisations give responsibility for a discrete element of their provision to a separate business entity which is wholly owned by themselves.

4.2 Even with such a crisp definition, in practice the picture is rarely clear cut. For instance, an example of the above could easily be:

- four Colleges create a separate, not-for-profit limited company, with Principals as directors
- the company carries out the human resource (HR) and payroll functions for the group
- each College pays the company an appropriate fee for the services it receives.

4.3 But does this mean that:

- the shared company has to be in a separate, neutral building?
- that all staff associated with these functions must be co-located?
- that Colleges can't retain an on-site presence for each shared function?
- that the manager with primary responsibility for the new company needs to be neutral and recruited from outside the group?

4.4 In practice, all possible permutations are available to ensure that a project stands the best chance of succeeding. Understanding what can be shared, the models for sharing, the legal structures required, and the seemingly infinite combination of variables is an early and significant challenge when considering shared services as an option.

4.5 In carrying out this evaluation, it was immediately apparent that the sector does not have a common vocabulary for discussing shared services, and therefore for making easy and meaningful comparisons. For instance, what is the difference between:

- joint committee
- joint initiative
- joint venture
- strategic partnership
- unincorporated association
- co-operative consortia
- informal collaboration, or
- a partnership agreement?

> The sector does not have a common vocabulary for discussing shared services.

4.6 Which terms are synonyms and which are discrete? More importantly, what are the implications of each?

4.7 The Shared Services Taxonomy in **Annex A** seeks to establish at least a first draft vocabulary showing the relationships between commonly-used terms. This has then been used to analyse the activity of the 41 research projects. It is split into three principal sections:

- the *vehicles* for collaboration
- the *legal structures* available, and
- the *services* with potential for sharing.

Pick-n-mix – Areas for Sharing?

4.8 Thanks must go to City College Norwich for their comprehensive list of discrete elements of provision suitable for sharing; though many other headings were sourced from across the EIF projects.

4.9 The overview below shows the 41 projects clustered firstly under 'front' and 'back' office headings, then further divided into significant sub areas. Close examination of the list reveals the pick-n-mix approach of many Colleges. For some, this was the result of a genuine desire to keep all options open during the exploratory phase. However, this was not always a productive strategy, as noted in the following 'lessons learned' logs:

'Scope and scale too general at the start and wasted a lot of time and money getting a snapshot of spend across the Colleges.'

'In retrospect, a slightly more focused and less ambitious plan would have been wiser.'

We could have 'Narrowed the focus of the project, so that we could travel a greater distance on a narrower array of services'.

Front office

Recruitment of learners*

Information, advice and guidance
  Nescot**

Marketing functions
  City College Norwich
  East Riding
  South Essex
  West Nottingham

Work-based learning
  Aylesbury
  Calderdale
  Stockport

Learner support

Student services
  City College Norwich
  Lancaster and Morecombe

Curriculum development

Integrated provision
  Capel Manor

Shared curriculum development
  Accrington & Rosendale
  Calderdale
  North Herts
  Portsmouth
  Yeovil

Virtual learning environment resources
  Portsmouth
  Worcester

Work-based learning
  Aylesbury

Back office

Employers

Employer partnerships
  City College Norwich

Work-based learning
  Calderdale

Financial management
  ACER
  Birmingham
  Bishop Burton
  Central Sussex
  City College Norwich
  City of Sunderland
  East Riding
  Easton
  Harrow
  Manchester
  Nescot
  Oxford & Cherwell Valley
  Portsmouth
  South Essex
  Thanet
  West Nottingham
  Yeovil

Health and safety
  ACER
  Bishop Burton
  City College Norwich
  Thanet
  Yeovil

Human resources
  Accrington and Rossendale
  ACER
  Birmingham
  Bishop Burton
  Brockenhurst
  City College Norwich
  City of Sunderland
  Easton

*   Areas investigated, but not necessarily followed through.
** Lead College names only. For the complete list of partners, please see Annex B.

Back office (continued)

Human resources (continued)
East Riding
Exeter
Lancaster & Morecombe
Oxford & Cherwell Valley
Portsmouth
South Essex
South Leicestershire
Warwick
West Cheshire
West Nottingham
Yeovil

Catering and security
Moulton

Sharing senior posts
Aylesbury
Nescot
Yeovil

Staff development
Burton & South Derbyshire
West Cheshire
Worcester

Staffing agency
Plumpton

Legal services
ACER
Aylesbury

Management information
Central Sussex
Burton & South Derbyshire
City College Norwich
City of Sunderland
Easton
Exeter
Harrow
Oxford & Cherwell Valley
Thanet
Yeovil

Management of resources

Animal-related expenditure
Moulton

Management of resources (continued)

Campus services
City College Norwich

Estates
Bishop Burton
Capel Manor
City College Norwich
South Leicestershire
South Nottingham

Exams
Calderdale
City of Sunderland
East Riding
Manchester
Moulton
Portsmouth
Harrow

IT
Easton

IT infrastructure and backup
Rotherham

Procurement
Accrington & Rosendale
ACER
Brockenhurst
Burton & South Derbyshire
City of Sunderland
East Riding
Exeter
Lancaster and Morecombe
Liverpool
Portsmouth
South Essex
South Worcestershire
Thanet
West Nottingham
Worcester
Yeovil

Waste management
Moulton

Quality improvement
Boston

How do you begin the sharing process?

4.10 In many projects, large groups of providers, and in some instances whole regional networks, set out with a mission to explore the full range of shared-service possibilities, only to withdraw when the implications became clear. For example, it was not uncommon for, say eight partners to begin a project, but only two to complete it.

4.11 It's worth restating that ahead of detailed and expensive feasibility studies, governors and senior managers should be clear about their 'goalposts', and their likely intent to proceed on the scenarios under investigation. These scenarios should also have a firm focus on outcomes.

> 'Never underestimate the ability of one partner to frustrate progress.'

> 'The project was very detailed on what was to be done, but not on what was to be achieved. Ensure all partners share the same goals and get clear agreement to an 'in principle' scoping document. Also, never underestimate the ability of one partner to frustrate progress.'

Despite a 'technically penetrative and comprehensive' analysis having been completed, a 'fuller provision and technical survey' was then asked for.

4.12 Recommendation: Whilst arguably *innovation* is not synonymous with *incremental* development, what is clear from the most successful projects is that to establish the creative seed-bed for innovation you first need to grow trust, and even friendship.

> 'Spend time to develop working relationships and trust between partners. Recognise that trust takes time to develop and that effective shared services solutions will not happen overnight.'

4.13 To see how easy it might be to establish the firm groundworks of trust and friendship, consider choosing, for example consortium from the *Vehicles* taxonomy in **Annex A** (a low-consequence model for collaboration). Then choose a quick-win element of provision from the *Services* taxonomy such as disaster recovery (as the Rotherham project did). By using this starter-idea approach to enter into a shared service collaboration with another provider, fundamental relationships can be developed and/or tested before embarking on expensive grand ideas.

4.14 It will be no surprise then, that some of the top challenges listed by project leads were:

Partnership commitment
> 'Have really clear objectives – don't let ambiguity mask different/irreconcilable agendas. Ask clear, unambiguous questions that you can answer with clear evidence produced by the shared services project.'

Culture

'Development of trust between Colleges. The project is already beginning to change the culture of Colleges from protecting their own systems, to one of sharing services between Colleges.'

Time

'The initial project plan was with hindsight rather too aspirational.'

4.15 But these comments are all made in the shadow of hindsight. It was obviously correct to allow projects to be ambitious and to seek out new ways to collaborate so that they could share their invaluable learning. In the post-EIF world, however, Colleges will need to create far more detailed visions of their way forward to help avoid pitfalls and guarantee success. Here's a final word from the Essex project:

'The development of the light-touch/soft-bureaucratic approach could be attractive … as it removes the 'spectre' of Shared Services as a pre-cursor or pre-requisite to political shifts.'

4.16 Recommendation: Use the **taxonomies** as an agenda for early discussions on shared-service possibilities. Follow on through the **Case Studies**[1] to help define your vision and methodology. Then watch the **Shared Services films**[2] to understand the personal impact of large-scale change to help inform your own onward journey. See **Section 10**, 'Beginning the journey: *further information*', for more details.

> Watch the Shared Services films to understand the personal impact of large-scale change.

1. **www.aoc.co.uk/shared-services/materials**
2. **www.aoc.co.uk/shared-services/materials**

5. Outcomes and impacts

5.1 At AoC's Shared Services Conference in February 2012, delegates asked us, through this report, to:

- 'Show how to avoid redundancies as a consequence of sharing services.'

- 'Write about the 'wow' factor – enthuse readers about innovation.'

- 'Sell the *ideas* – help readers to learn.'

- 'Be honest about the *pain*, but sell the benefits.'

- 'Help readers consider the range of options available.'

- 'Tell people that they shouldn't wait for development money – just get on and do it.'

5.2 In this section, we will attempt to address all of these points and more, but we'll begin by looking at the barrier to shared services most commonly noted in the project closure reports – the so-called 'project killer': VAT. By the time this report is published, this will, of course, be old news, but it's worth taking a moment to celebrate the hard work of the project teams who took part in the consultation with HMRC on the cost-sharing exemption (more in **Section 8**). The decision to allow non-VATable organisations to work in a non-VATable relationship with their peers means far more than just keeping the £8m of the anticipated £40m savings. Without this decision, many Colleges would simply not entertain the idea of using shared services to generate efficiencies, so there wouldn't be a £40m figure on which to charge VAT. This is a major legacy of the EIF project.

5.3 In this section of the report, we'll look at the following key elements of the supply chain that were investigated by the projects:

- recruitment: learners and employers

- curriculum development

- financial management

- human resources

- management information, and

- procurement and IT.

5.4 Within each of these areas, we'll look at initiatives that could be used as 'starter ideas' (described in 4.13 above) followed by the bigger initiatives with the bigger rewards. We will also look at the key challenges providers faced and the hindsight they're now able to share.

Recruitment: learners and employers

5.5 Eight projects included a focus, to a greater or lesser extent, on recruitment and marketing in their search for services to share. Ideas ranged from self-service online information, advice and guidance (IAG) to an attempt to revolutionise the aspirations of a new generation of learners.

Main ideas

5.6 Many partnerships made improvements to their provision simply by benchmarking their processes and staff costs against one another. As a fundamental approach taken by all of the EIF projects, irrespective of their focus, this gives some level of objective understanding of the potential for improvements and efficiencies. However, whether due to reduced ambition, an increased focus elsewhere, or the results of feasibility studies, few projects went on to share this aspect of provision.

> Few projects went on to share recruitment services.

Starter ideas

5.7 Starter ideas could include:

- the peer review and benchmarking of aspects of recruitment and/or marketing activities (see the Services taxonomy in **Annex A**)
  [as did: **Aylesbury***, **City College Norwich**, **Nescot** and **Stockport**.]

- creating a joint website 'shop window' of the provision available to employers
  [as did: **Aylesbury**, **Calderdale** and **Stockport**], or

- joining forces with other providers to bid for larger contracts from the Skills Funding Agency (SFA). [as did: **Stockport**]

Big ideas

5.8 Arguably, the biggest idea under this heading was led by Aylesbury College. Featured in one of AoC's good practice films, the College is collaborating with Buckinghamshire New University to change learners' relative perceptions of academic and work-related learning. Perhaps tapping into the entrepreneurial zeitgeist created by popular television programmes such as Dragon's Den and The Apprentice, the project's Skills Escalator sets out the aspiration that apprentices can progress from entry level to an honours degree and beyond.

The Skills Escalator

Or looked at another way, from the shop floor to managing director or company owner.

* Lead College names only. For the complete list of partners, please see Annex B.

5.9   This major project in aspiration management, however, could not succeed through perception change alone. The grand vision includes the building of a new University Technical College (UTC) around the premise that today's new learning technologies can be used to enhance both the access to and quality of learning for those in work. Curriculum teams, including construction, information technology, and the creative arts, have pooled expertise to create a new suite of qualifications and progression routes which dovetail perfectly.

5.10   Marketing too, has been reinvented so that, from the outset, learners are sold a career rather than a *qualification*. The team aims is to change the mind-set of young apprentices and it seems to be working. When Shawn Nicol, featured in AoC's film, was starting out on an apprenticeship some years ago, he confessed his motivation was: 'Earning money; I didn't really mind about my career, I just wanted money and I just wanted to party'. New recruit Dean Hudson, however, has a long-term vision of his career and his sights set on higher degrees: 'I'm interested in trying to make a future for myself. I want to be a fully-qualified electrician and learn how to do new (green) technology…and go on to run my own company.'

> Learners are sold a career rather than a *qualification*.

5.11   Supporting this collaborative development are several integral shared-service initiatives. These include aligning the two virtual learning environments (VLEs) and the sharing of senior staff, such as the HR director, marketing manager and a curriculum manager. The UTC will launch in 2013.

Links and resources available for sharing

Aylesbury College

- Good practice film: **www.aoc.co.uk/shared-services/materials**

City College Norwich

- Shared services business plan: **www.aoc.co.uk/shared-services/materials**

- Implementation lesson learned (available from December 2012): **www.aoc.co.uk/shared-services/materials**

Curriculum development

5.12   In the strict sense of the definition, projects centred on curriculum development were not 'sharing services' but sharing ideas, expertise and, in some cases, the burden of development. This is by no means a criticism but serves merely to differentiate it from other collaborative approaches. Nine teams had curriculum as a key focus of their project.

Main ideas

5.13   What bound all of these projects together was the fundamental business need for high-quality learning provision. As the demand on staff's time ever increases, so the time available for curriculum development is squeezed. Sharing this burden with others not only saves valuable time, but also widens the pool of expertise on which to draw. Each project had a unique approach to this particular challenge.

5.14 All of these projects could be treated as 'starter ideas' or scaled into 'big ideas' for more ambitious collaboration.

5.15 In the **Accrington and Rossendale** project, the partners:

- searched all of their qualifications to identify syllabus overlaps, (for instance, anatomy and physiology was found to be common to five discrete areas of learning)

- developed specific e-learning resources to meet these common needs, and

- aligned the partners' VLEs to provide equal access for all to the new resources.

5.16 The **Solent** project, led by Portsmouth College, also focused on a common VLE with its ambition to create a Virtual Science Department. As the subject of a second AoC film, we see how the six Sixth Form Colleges (SFCs) plan to converge on the same awarding body to facilitate sharing and collaboration. Now instead of one or two teachers writing a complete set of new resources, there will be between six and 12 staff writing for each of the science areas; focusing their contributions on their individual fields of expertise. Project partners will also be able to:

- share teaching staff

- share low-use, high-value equipment

- organise joint projects for students across the partnership, and

- pool resources to bring in key visiting speakers.

5.17 In short, they will create a critical mass of learners that will allow possibilities only available to larger departments, and their approach is arguably scalable to any subject area.

5.18 The three Colleges in the **North Herts** partnership began by identifying one particular curriculum strength unique to each College. Then in their chosen expert areas (hospitality & catering, security, and product design) each partner worked with an awarding body to develop a new course which would be available to the other partners – very proactive way of spreading good practice between institutions.

5.19 The **Worcester** group's aims were greater still, centring on the reinvention of many aspects of the curriculum in light of the availability of new learning technologies. To minimise the significant development costs each of the six Colleges contributed five new blended-learning courses to a joint web portal, giving the partners access to 30 new courses for their students, 25 of which were 'free'. Worcester's case study can be found **here**[3].

Hindsight

5.20 Common to each of these projects, and that of **Aylesbury** described earlier, was the development of trust and a common vision. Whilst not all projects fully achieved their aims within the given timeframe, they did establish the groundworks needed to move on. For the nine partners in the **Capel Manor** group, however, the process was anything but straightforward. They attribute the issues with their original plans to:

3. **www.aoc.co.uk/shared-services/materials**

- 'a failure to gain consensus to an 'in principle' scoping document at the outset' **www.aoc.co.uk/shared-services/materials**

- 'too much focus on what was to be done, at the expense of what was to be achieved', and

- 'a failure in the alignment of aspirations'.

5.21 Valuable lessons for anyone considering sharing services.

Links and resources available for sharing

Portsmouth College

- Example of a shared services memorandum of understanding: **www.aoc.co.uk/shared-services/materials**

- Good practice film: **www.aoc.co.uk/shared-services/materials**

Financial management

5.22 Project leads responsible for the curriculum development initiatives described above gave much detail in their project closure reports about their plans, aspirations and achievements to date – quite different to those leading on sharing aspects of financial management. Whilst finance was on the radar of many of the projects, it had a strong focus for at least eight of the teams; though any detail was often lost in the grander scheme of sharing under consideration.

Main ideas

5.23 Whilst details of actual activity and achievements were fairly sparse, it does appear to have been a 'hard core' service to attempt to share. Two of the projects are now working towards formal shared service arrangements; those led by: the **North East Shared Services Pathfinder** team (**City of Sunderland College**) and **City College Norwich**. These will most likely progress using a federated structure with a separate, but wholly owned, company limited by guarantee at their core. For four further projects, however, *full merger*, rather than sharing services, has become the 'logical outcome' of their explorations.

Starter ideas

5.24 Whilst the **ACER** project began with financial management as one of its three areas for exploration, it is only taking forward the payroll aspect, along with procurement and legal services. It has, however, produced a 'feasibility toolkit' for use by any College wishing to explore shared services in the areas of finance, HR and procurement. This can be used to help Colleges benchmark themselves against others and assess key performance and value-for-money indicators as part of any scoping for sharing.

Big ideas

5.25 Many of the EIF projects, including the one managed by **South Essex**, found it difficult to retain all of the original partners for the duration of the funding period. However, undaunted and with support from the regional FEDEC network, the project team (outsourced to a consultancy) is forging ahead. They recognise the difficulty for Colleges to commit in principle to sharing key services before real benefits and consequences are clarified. Building on their

> 'Too much focus on what was to be done, at the expense of what was to be achieved.'

early benchmarking work across the areas of finance and payroll, HR, IT systems, marketing, and procurement, they are set to develop a 'mixed-economy' model in which all of the previous unknowns will be clear. Rather than committing to a full shared service relationship, then, Colleges will be able to pick-n-mix from a menu of elements, choosing only those appropriate to their current context.

5.26 The **City College Norwich** project is not dissimilar, but arguably far grander in its ambition. The phase 1 element of the project, funded through the EIF, enabled the College to produce a feasibility study and a business case for a multi-institution federation across Norwich's education landscape. This takes in higher education institutions, general FE and SFCs, school academies and, if approved, a UTC. The project team set out to analyse every aspect of provision that could be shared, resulting in a 'service catalogue' of over 150 elements. This list has been used as the basis of the Services taxonomy in **Annex A**.

5.27 The College's ideas began to crystallise in 2009 when it agreed to be the lead sponsor for City Academy Norwich, formerly Earlham High School. Released from local authority control, the new academy was free to choose from whom it bought its back-room services – and chose its sponsor. Recognising the scalability of this initiative, the College went on to produce its service catalogue and grand plan for a regional federation.

> Is the FE sector poised to take over many of the roles for which the local authorities are currently responsible?

5.28 With many Colleges developing a strong business culture centred on providing high-quality services to others, is the FE sector poised to take over many of the roles for which local authorities are currently responsible?

Links and resources available for sharing

ACER

A *finance, human resource and procurement* toolkit to help with early shared service investigations and process mapping: **www.aoc.co.uk/shared-services/materials**

Human resources

5.29 As can be seen from Section 4, 'What shared services means in the FE sector', many of the EIF projects attempted to focus some of their shared service explorations on aspects of HR. These included ideas ranging from sharing a few staff-development sessions with partner Colleges to the creation of district- and nation-wide recruitment services.

Main ideas

5.30 At the heart of five of the projects was a determination to benchmark individual College systems through the detailed process mapping of established practice. Many areas were included, such as: recruitment, sickness, policies, legal services, etc. (For a comprehensive list see **Annex A**: the Services taxonomy). The benchmarking exercise was initially seen as a fundamental step towards sharing services, but became a significantly beneficial end in itself.

5.31 The projects attributed a good deal of their savings potential to the production of these best practice models, which were arrived at through debates between their front-line managers and staff. In one instance at least, the efficiencies gained through process re-engineering helped each partner reduce their HR teams by one. Careful management of natural annual staff turnover enabled the partners to reduce staffing levels without the need for compulsory redundancies.

Starter ideas

5.32 Starter ideas could include:

- benchmarking and process mapping an aspect of HR work (see the Services taxonomy in **Annex A**) [as did: **ACER**, **City College Norwich, Easton**, **Plumpton**, **South Essex**, **West Cheshire** and **Yeovil**]

- scoping the sharing possibilities by using **Oxford and Cherwell's** online HR diagnostic tool

- sharing an HR director between a group of providers [as did: **Aylesbury**]

- putting reciprocal links on staff recruitment pages to help build a common pool of part-time staff [as did: **West Cheshire**]

Big ideas

5.33 The big HR ideas came from **Plumpton** (discussed earlier) and the **West Cheshire** project, both of which had a strong focus on recruitment.

5.34 At the time of writing, six of the eight Colleges in the **West Cheshire** project are in the process of setting up a separate company limited by guarantee, centred on e-recruitment. The partners have also established a network of HR supervisors to continue valuable peer-to-peer sharing, and partners now also collaborate on staff training across the partnership, either sharing the cost of external trainers, or by using experts from within the partnership.

Links and resources available for sharing

ACER

- A *human resources* toolkit to help with early shared service investigations and process mapping: **www.aoc.co.uk/shared-services/materials**

Oxford and Cherwell

- Online HR diagnostic tool: **www.aoc.co.uk/shared-services/materials**

West Cheshire

- Shared services benchmarking methodology, including data-collection and peer-review forms: **www.aoc.co.uk/shared-services/materials**

Yeovil

- Example of a shared service memorandum and articles, blueprints and service level agreements: **www.aoc.co.uk/shared-services/materials**

Management information

5.35 Whilst nine Colleges set out to investigate the sharing of management information, it has only remained on the active agenda of five. As with *financial management*, Colleges that continue to explore sharing this aspect of provision are generally tightening the drawstrings of collaboration: three projects are investigating merger and one, a federation. All four projects are also intending to share financial services.

Starter ideas

5.36 Again, as with finance, the sharing of sensitive management information requires a considerable amount of mutual trust. This was a keen issue for the partners in the **Yeovil** project, and the now common theme of shared service groundworks – detailed discussions on process and practice – worked its magic again. This created a 'strong and consistent sponsorship' from the Principals, and 'an appetite to explore bold and creative ways of embracing collaborative working'.

Big ideas

5.37 The City of Sunderland led **North East Shared Services Pathfinder** project **(NESSP)** has had a long association with the idea of sharing services. As can be seen in **AoC's film**[4], many of the team's experiences could serve as blue prints for the rest of the sector:

- the building of personal relationships, through
- detailed and comprehensive process mapping, leading to
- unwavering trust between partners.

5.38 But it is the way in which they have articulated their future shared service work that is particularly worthy of highlighting here. As with all projects, NESSP intends to save money and improve the quality of the service it provides, but these stalwart objectives are also imbued with a subtle but significant cultural change. The project leads want to replace the ingrained lowly notion of 'support staff' with the elevated kudos of providing high-quality, high-class professional business services. A planning assumption that arguably should be written into all shared service projects, and, as one of the key projects to secure additional grant funding, the results of this pathfinder team's work should prove beneficial to all in the sector.

> Replace the notion of 'support staff' with the elevated kudos of providing high-quality professional business services.

5.39 For the **Easton** project and their partners at **Otley College**, the collaborative momentum gained through the investigation of shared services rolled them ever closer towards a so called type-A merger (the merging of two equals, rather than the takeover of the weak by the strong) which took effect on 1 August, 2012. As a vehicle for merger, shared service groundworks should not be underestimated.

5.40 Arguably, mergers are at their least effective when a dominant culture attempts to absorb and dictate to a 'minor'. In some instances, the over-riding emotion of staff in the incoming organisation is of 'loss' – of sovereignty, of status, of practice and culture. Some merger architects recognise this as a potential issue, and seek to identify and share the best

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4. **www.aoc.co.uk/shared-services/materials**

aspects of provision, irrespective of which organisation it comes from. They then transport this best practice to the 'weaker' team – so merging the best of both partners. However, this can have the bruising effect of overtly or inadvertently labelling one team as 'weak'; resulting not in mutual trust and respect, but potentially non-cooperation and resentment.

5.41 As we've seen throughout this report, however, when established practice *and* known issues are pooled through process re-engineering, the result can often be friendship and trust – fertile ground for a successful merger. This works best, as with **Easton** and **Otley** Colleges, when the intention is not to decide which practice is dominant, A or B, but to fuse experiences and resolve issues through the creation of a joint third way – a new 'C'.

> Fuse experiences and resolve issues through the creation of a joint third way.

Links and resources available for sharing

City of Sunderland

- Shared Services Implementation Toolkit:
  www.aoc.co.uk/shared-services/materials
  (available within the next 12 months from date of publication)

Procurement and IT

5.42 Following on from the supply chain discussions in 2.13 above, it will come as no surprise that one of the most popular aspects of provision to explore for shared service collaboration was procurement: the buying of goods and/or services. This has proved to be one of the most resilient areas for exploration with the majority of the 16 projects still pursuing it as a central aim. Arguably, this is because any of the vehicles for collaboration (**Annex A**) can be used to make savings in this area; from low-risk informal arrangements, through lead buyers, or the shared ownership of procurement companies, to outsourcing and, in some instances, merger. Add to this structural flexibility a pick-n-mix of services from which to choose and it's easy to see why this is an ideal 'starter area' for any organisation considering sharing services.

Main ideas

5.43 Flexibility notwithstanding, recent case law is helping the sector to understand the vehicles with the most potential for reward, as well as the key issues that need to be avoided. Imagine your consortium deciding to form a separate limited company to provide a service such as cleaning, or to make a group purchase such as insurance. Are you legally entitled to buy that service or product from your own company – ignoring the public tender requirements of European legislation? In some instances you are not. The 'Teckal Test' for exemption from this legal ruling requires that:

- the shared service provider (the vehicle for collaboration) carries out its principal activities with the Colleges ('authorities') who own it

- the Colleges that award the service contract must have *structural control* over their service provider, and that

- there is no private sector ownership of the service provider, nor any intention that there should or will be.

5.44 Where these conditions are met, the service contract will be deemed to be an in-house administrative arrangement. However, early case law from 2008 provides some useful advice for Colleges today. David Gollancz, partner at Field Fisher Waterhouse LLP, notes on *Risk Management Partners v LB Brent* that 'Because **a private company had been appointed** to run the day-to-day activities of the service provider on behalf of the local authorities… it was 'indicative that the authorities did not exercise a sufficient level of control over the company for the Teckal requirements to be satisfied. Local authorities will need to be aware, therefore, that they will not simply be able to rely on ownership, to fall within the requirements of Teckal. They will also need to review the proposed management arrangements of the service provider prior to awarding it a contract and ensure that the requisite (that is complete!) control is retained.'[5]

Starter ideas

5.45 Starter ideas include the shared services 'swap shop' approach investigated by the **Thanet**-led team. Using a 'lead College' model, each partner would contribute one service/specialism on behalf of the others. A step on from this is the **Moulton** team's approach. As with many projects, they set out to explore a variety of vehicles for collaboration, concluding that the group could save over £1.6m annually if they were to centralise their procurement in a separate, wholly-owned company. But whilst the business case was strong, they opted for the lower-risk route of informal collaboration as a first step, to test if the Colleges could work together well. Again, here we see this central theme of *trust* acting as the real tiller on the progress in sharing services. For full details, read the Moulton College report here: **www.aoc.co.uk/shared-services/materials**

> Colleges 'will not simply be able to rely on ownership, to fall within the requirements of Teckal'.

5.46 The **South Essex** and the **St Helens** teams, however, both decided that their first milestones should be the establishment of separate procurement entities: The Essex FE Procurement Consortium and the Procurement Efficiency Group, respectively. Not dissimilar to **Thanet's** approach, the nine Colleges in the **St Helens** project will operate a lead-buying model in which individual Colleges take ownership of specific categories of expenditure, supported by an external consultant to manage the tender process. Cleaning, security, waste management, multi-functional devices and communication equipment are key elements of their pick-n-mix model. The intention, for the first two years at least, is to manage the process through the Merseyside Colleges Association procurement portal (**www.mca.ac.uk/**). Considerable time has been invested in creating common specifications for the agreed initial collaborative procurement categories.

5.47 The **St Helens** team have also investigated the possibility of collaborative energy procurement. Whilst initially proving too complicated, it did provide a useful audit of existing invoicing arrangements. Their Sustainability Group is continuing to explore these possibilities.

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5. Legal Update: **http://publicsector.practicallaw.com/6-381-9636** PLC Public Sector web service.

Big ideas

5.48 In many ways, **the Rotherham** project is a very big idea indeed, yet very simple in its scope. Again, the team wanted to cut out the middleman – the target this time being external web-hosting and disaster recovery services.

5.49 They set out to identify how to:

- share procurement licences and hardware across multiple organisations
- how to save on support and maintenance costs, and
- create an effective disaster recovery and backup service; all in-house.

5.50 The team achieved this by building a private 'cloud' – installing new hardware in each College and pooling their JANET contributions to create a regional network infrastructure. Data is replicated between sites, thus removing any external hosting costs. The new hardware is also being used for production services in the lead College, thereby increasing its productivity and reducing relative costs.

Whilst this project set out with a very clear focus on creating a shared backup system, establishing a secure and efficient shared IT infrastructure suddenly opened new doors. With this now in place, the Colleges have the capacity to host shared applications – and so a whole new phase of sharing is now possible.

> Every college considering shared services should have a close look at this Rotherham-led project.

5.51 **Recommendation:** Having a common IT platform is emerging as fundamental groundwork for a variety of sharing, including: recruitment, curriculum development, finance and management information. Every College considering shared services should have a close look at this Rotherham-led project.

A number of Colleges have also been awarded monies through the Grant Fund for Cloud Computing projects. If you are interested in this area specifically please go to the following link for more information: **www.aoc.co.uk/shared-services/cloud-computing**

5.52 The second ambitious idea chosen to be highlighted in this category is that of the **Calderdale** team. The largest of the EIF projects, it has the eight members of the West Yorkshire Consortium of Colleges at its core, with seven other FE Colleges covering the wider Leeds City Region. Further augmented to include members of the Leeds City Region Provider Network, it includes higher education and private training providers, as well as representatives from the voluntary and community sectors. Agreements have been signed to work in partnership with Leeds City Region and the Local Enterprise Partnership. These will enable the project team to influence strategic priorities, stimulate growth and maximise collaborative opportunities. The team also work together on procurement and have created a Local Exams Officers' Network. This will enable them to explore procurement initiatives, benchmark practice and costs, establish a baseline for negotiations with awarding bodies, and create a platform for attracting sponsorship. A second strand is for the partnership to work with Crescent Purchasing to develop a 'national examination and awarding body services framework' to take forward more ambitious service improvements and cost reductions in the future.

ACER

- A *finance, human resource* and *procurement* toolkit to help with early shared service investigations and process mapping: **www.aoc.co.uk/shared-services/materials**

Burton and South Derbyshire College

- An *exams procurement model* for groups of Colleges negotiating with awarding bodies. This includes a memorandum of understanding and model contract: **www.aoc.co.uk/shared-services/materials**

Calderdale

- A model for collaborating with a Local Employer Partnership through the creation of a '*Skills Network*': **www.aoc.co.uk/shared-services/materials**

AoC's specific support for procurement initiatives can be found here: **www.aoc.co.uk/procurement-team**

Recommendation: From these selected highlights, we have distilled the following characteristics of a successful project. Use them at the start and throughout your own initiative to help guarantee a successful outcome.

Characteristics of successful projects

- A **clear vision** and a **determination to succeed** in creating something new.

- **High aspirations** and a **strong idea**.

- A willingness to allow a feasibility study to look at a wide range of services, but with the understanding that only a **select few options will be chosen** from those available (at least for phase 1 of any sharing project).

- A shared desire to **cut out the middleman**.

- A strong focus on **monitoring emerging impact**, rather than simply 'jobs done'.

- The development of **mutual trust** and **friendship** through smaller 'starter' projects or build on previous good relations before embarking on significant organisational change with others.

- A strong focus on **improving the quality of the service** under review.

- A determination to be **innovative**.

- A determination to become more **efficient**.

- **Clearly scoped project aims** to prevent mission drift and avoid creating unnecessary staff anxiety.

- Full and **clear support** from senior managers and governors.

- Enthusiastic **engagement** by operational staff.

- Clarity about the **information needed** to proceed.

- Clarity about the **conditions needed** to proceed.

- A clear statement at the outset of **commitment to proceed** if the stated conditions are met.
- A commitment to share **sensitive data** and **issues**.
- A determination to uncover any **irreconcilable differences** early in the project.
- A strong emphasis on **mapping the detail** of the services to be shared and benchmarking partners' practices.
- An ambition to work together to **create a 'third' way**, rather than simply adopting the established practice of one partner.
- Aligning software, virtual learning environments and/or management information systems.
- A full understanding of the implications of the change project and any unintended consequences for all aspects of provision, with **the integration of risk-mitigation into a coherent plan**.
- A clear **business need**.
- A commitment to share the **burden of development**.
- Contingency plans to take advantage of natural staff turnover, to reduce or **eliminate the need for compulsory redundancies**.
- **Use consultants** well to avoid over burdening key staff.
- **Elevate the kudos of support staff** to the providers of high-quality, professional business services.

Characteristics of less than successful projects

Many of the key issues faced by project teams were the opposite of those listed above, however, the following list adds a little extra colour.

- Abdicating **creative thinking** to external consultants.
- Having clarity on what was to be done, but not on **what was to be achieved**.
- **Failing to gain consensus** to an 'in principle' scoping document at the outset.
- Failing to **align aspirations**.
- Failing to show **real benefits** and **consequences**, and so failing to gain commitment.

6. Challenges and lessons learned

6.1 Investigating the idea of sharing services is not an emotionally flat experience. Whether with anxiety or entrepreneurial zeal, the journey naturally begins with the 'who, what and why' series of questions. In addition, however, will be the change-management questions: what are the key challenges, drivers and resistors, as well as the unseen hurdles lying in wait?

6.2 In this section, you will find the collective learning of all of the project teams – the challenges they faced and the hindsight they earned. The comments are set out under three headings:

- Initial considerations
- Taking the first steps
- Mid-project reflections.

6.3 Some comments are direct quotes from individual projects; others aggregate similar comments from several sources.

Initial considerations

- Vision and the commitment of partners
- Trust and competition
- Data protection
- Time

> Agree the likely evidence needed to make a judgement and the **likelihood of proceeding** on that evidence.

6.4 Vision and the commitment of partners

- It is impossible to give 'in principle' agreement to a completely open-ended investigation of shared service possibilities. Begin by **focusing on a specific aspect** of provision for which likely outcomes can be established. For each outcome scenario, agree the likely evidence needed to make a judgement and the likelihood of proceeding based on that evidence. Do all of this *before* work begins.

- Very early on establish and sign up to an **'in principle' scoping and commitment document** – a list of essentials and desirables – or leave the project. Aim to identify any irreconcilable differences as early as possible – don't ignore them as they will surface later in the project.

- Ensure **ownership** by senior management teams, not just Principals. Also, ensure that managers understand the long-term commitment to the project – front-line staffing volatility was an issue for some projects.

- Balance the argument for economies of scale and large numbers of partners with the difficulty of **aligning disparate needs and expectations**.

- The greater the number of partners in the project the more extensive the research and analysis needed to understand/define each of the differing service levels, and the processes and procedures of each partner. Agree at the outset the level of **information detail** needed for the analysis of services. In particular, assess the likely impact that increased granularity will have (or not have) on the outcome.

- It is impossible to cost a project effectively if there are **too many unknowns**.

- We could have travelled a **greater distance** on a narrower set of services.

- Spend time developing **working relationships and trust** between partners. Recognise that trust takes time to develop and that effective shared service solutions will not happen overnight.

- Be aware that some governors may perceive a **loss of control**.

- The project board and governors need to be convinced of any '**invest to save**' arguments.

- Be clear about the **intended impact**, not just the list of jobs to be done.

- Ensure any **consultants** work to your agenda rather than rolling out off-the-shelf products and services.

- **Agree a lexicon** and common language for the project. (See the taxonomies in **Annex A**.)

- Whilst it's easier to start with a smaller number of providers, **keep the door open** to new players. The more the team uncovers the detail and colour of the project, the easier it is for a newcomer to sign up to the commitments.

- Partners may have been more committed to the project outcomes if they had invested some of **their own money** in the fact-finding stage.

- Agree an **exit strategy** as part of the memorandum of understanding and/or service level agreement.

- Avoid creeping **mission drift**.

- Never underestimate the ability of one partner to **frustrate progress**.

- Radical change is not for the **faint hearted**.

- **Lack of money** just helps you really focus on business problems – and find the solutions..

6.5 Trust and competition

- **Trust** takes time to develop.

- Many successful projects had **pre-existing collaborative arrangements**, such as peer review, on which to build the trust needed for shared services.

- People may state at the time of a proposal that they trust one another, but this is not the same as meaning it. **Trust has to be earned**. The lead partner has to be seen to make real concessions that carry financial penalties.

- Overcome **concerns** with clear objectives and project scope. Build trust through transparency.

- One team put the failure of its project down to **competition** between the local partners. However, it might be argued that it was not competition itself that caused the problem but lack of trust, inappropriate choice of starter ideas and/or a poorly defined scope. Further, if the emphasis is on both partners increasing their effectiveness and sustainability, then neither should be seen to gain competitive advantage at the expense of the other. Potentially, the Colleges who will lose competitive advantage are those who remain outside a collaborative partnership. Comments from many of the projects support this hypothesis.

- **Shared services is about people**; it's the management of change and the management of people, and that has to be done very carefully.

6.6 Data protection

- Be aware of any potential widening of access to sensitive staff and student data. Carry out a **privacy impact assessment** and associated action plan.

6.7 Time

- Where change needs full corporation agreement, ensure the timetable for the production of initial documentation takes appropriate account of the **corporate meeting schedules**.

> It's easier to plan the amount of time available for these types of projects when the **scope is limited and well defined**.

- When both partners are small with **no spare capacity**, it's hard to release valuable members of staff to work on this sort of project.

- It's easier to plan the amount of time available for these types of projects when the **scope is limited and well defined**.

- Don't underestimate the amount of time it takes to agree on the most appropriate **legal framework**.

- However long you believe it will take, **it will take three times longer**.

- Fundamental and far reaching changes to processes, procedures and delivery take time; **resist short-term fixes**.

- Build '**slippage**' time into your project plan.

- Delays can lead to **disengagement**.

- Scope and scale were too general at the start. **Wasted a lot of time** and money getting a snapshot of spend across the Colleges. This information becomes outdated very quickly.

Taking the First steps

- Communication
- Culture
- Legal structure
- Software and IT infrastructure
- Staff skills
- Systems and processors

6.8 Communication

- Translation of strategy into operational activity is impeded if the operational staff do not share the vision. Introduce a **cultural awareness programme** as early as possible into the project activity cycle.

- **Identify 'blockers'** as early as possible before they become entrenched and influential within their peer group. Understanding and respecting their concerns may well reveal the strategies needed to positively influence their way forward.

- Ensure **governors** are involved as early as possible and provide them with the information they need to support you with confidence.

- When new systems go live, ensure **full compliance**.

- Programme the series of **cross-organisation meetings** needed as soon as possible to prevent diary clashes and ensure full attendance.

- Consider **cloud-based communication** strategies, such as Dropbox, Jiscmail and video conferencing, but ensure personal relationships are well-formed first.

- Be aware that a typical reaction to the idea of shared services is **concern for job security**. However, if handled correctly the message could easily be that greater job security and progression opportunities will come from service improvement and growth through collaboration with others.

- Bear in mind that the use of an **external project manager** can restrict the interaction between partners.

- Produce a comprehensive communication plan, and **don't set hares running** until you have something to say.

- Create a **separate website** specifically for the project, together with bi-monthly shared services newsletters.

- We should have been much **more ambitious and creative** around the extent and nature of the communications and engagement needed to support the project.

- Be clearer with partners at the outset, that the project may include positive '**unintended outcomes**'.

6.9 Culture

- **Enthusiasm** is paramount. Senior managers must be committed. Meetings should be frank and objectives ambitious.

- Many of the successful projects built on established cultures of **collaboration and trust**.

- Early on, establish a culture of meeting milestones – small at first – so that project leads can **identify any wavering commitment** or misunderstanding of the project aims.

- Build the culture with joint **strategic away days** for all senior managers.

- From the outset, focus change on improving the quality of services. Involve/communicate with stakeholders as soon as possible to **avoid rumours and conspiracy theories**.

- Once trust is established through clear scoping and collaborative working, cultures will begin to change **from protectionism to sharing**.

6.10 Legal structure

- Understand the **legal and statutory constraints**, and opportunities of the available vehicles for collaboration.

- **TUPE** may be a deal-breaking issue. It's vital to understand the implications of the different vehicles for collaboration.

- Be aware of the need for **legal disclaimers** on websites that form part of a service to others – before they go live.

- Project funding from multiple bodies has clouded the **ownership of the intellectual property** in the ideas. A strategy to mitigate this needs to be developed at the scoping stage of the project.

- Search at the outset for any **'hidden' covenants** that may restrict aspirations.

6.11 Software and IT infrastructure

- **Aligned VLEs** make it easier to share elements of curriculum development.

- The sharing of many back-office functions is significantly easier if all institutions use the **same software**.

> **Co-ordinate** all IT and **software investment** to avoid ruling out shared service opportunities in the future.

- A significant challenge is the **integration** of different back-end software systems and front-end user interfaces.

- Co-ordinate all IT and **software investment** to avoid ruling out shared service opportunities in the future.

- Seek **specialist technical advice** before proceeding with IT developments.

- When investing in new IT hardware, use the supplier's support team to help **bridge any skills gap**.

- When developing software, debugging and evaluation needs tight policing. Agree a firm schedule with developers including incentive performance payments. Ensure the major part of the **payment is given after the handover** and final testing of the project.

- Carry out development work outside core hours and ensure **backups** are in place before beginning.

- **Resolve all technical issues** before rolling a new system out to staff.

- When **planning the implementation** of the operational system, take account of specific times when usage rates are high and data transfer intensive.

- With hindsight, we should have employed **specialists to install the new hardware** and provide training to staff during the process.

6.12 Staff skills

- An early **audit of staff skills** revealed a shortfall in project and change management capability. A comprehensive skills development programme was then commissioned.

- Provide **shared services training** for your team at the beginning of the project.

6.13 Systems and processors

- Process mapping and process re-engineering are **essential groundworks** for sharing services. Aim to create a 'third way'. Take the best of each partner and use the opportunity to identify and resolve all issues. Embrace the new possibilities afforded by technology.

> **If it isn't possible to standardise, then shared services may not be possible.**

- Map business processes and optimise by standardising and automating wherever possible. **If it isn't possible to standardise, then shared services may not be possible.**

- The conversation between peers from different Colleges can, alone, **revolutionise provision**.

- In some instances, early benchmarking between partners revealed that systems were already lean, and **few savings could be made** through the sharing of services.

- Not all Colleges post overheads to the **same ledger codes** making like-for-like comparison difficult. This was resolved through manual intervention and adjustment of ledger totals – a slow and labour-intensive process. Ensure all Colleges use standard leger codes *before* conducting analysis of expenditure and overheads.

Mid-project reflections

- Accessing learning across the partnership
- Neutrality of the project manager
- Project management
- Quality
- Sharing estates
- Software compatibility and development

6.14 Accessing learning across the partnership

- Develop a range of e-learning materials to provide a **blended** model of curriculum delivery.

6.15 Neutrality of the project manager

- **Second a senior manager** into the neutral project management role. Use an external consultant to lead the business process reengineering workshops.

6.16 Project management

- One project team felt with hindsight that they should have appointed a **dedicated project manager**. However, another felt the opposite – that they would have integrated better and worked together more if they'd managed the project themselves.

> Explicitly **guard against introducing bureaucracy**: work done for no *perceived* gain.

- Wherever possible, **take into account any restructuring** when planning the project.

- Explicitly **guard against introducing bureaucracy**: work done for no *perceived* gain.

- Quickly establish the extent and nature of the potential benefits in order to encourage key **staff to invest their valuable time** in supporting the project.

- **Establish a draft development trajectory** for each partner including the indicators by which progress will be measured. Monitor milestones regularly to help measure both progress and cultural change. Don't hesitate to share learning, both the positives and the issues.

- Co-ordinate the achievement of milestones across the partners to **share and maximise the learning** from experience.

- Ensure the project plan is dynamic and can respond to **unforeseen challenges.**

- Without the **external support, challenge and funding of AoC** this project would not have made the significant progress it has.

- Ensure all milestones define a level of impact rather than simply 'work done'.

6.17 Quality

- Ensure all deadlines are met and that the work produced is of a very high standard.

6.18 Savings

- Don't expect **in-year savings**, as the cost of development can be high. Measure impact in terms of time saved, improvements to the learning experience and growth, as well as reductions in the bottom line.

- **Huge savings** may not be possible if the Colleges are already lean and the development ideas are only incremental.

6.19 Sharing estates

- The link between property rationalisation and curriculum rationalisation is practically impossible to separate.

7. Vehicles for collaboration

7.1 Which vehicle should you use for your shared service collaboration?

7.2 This is a key question asked by many providers as they begin to discuss closer associations with their partners. Some are keen at the outset to rule out any activity that might take them towards merger or takeover, whilst others have been happy to allow the feasibility study to deliver a range of options from which they can choose.

7.3 We were never going to have firm data to analyse in this area as, for many projects, the EIF grant was used to carry out: a feasibility study, produce a business case and then, in some instances, an implementation plan. Whilst some projects have indeed gone on to establish their vehicle for collaboration and to implement their ideas, many have yet to decide if and how to take that major step.

7.4 Of the 41 EIF projects, three were follow-ons, giving a total of 38 discrete teams. Of those, nine either did not progress or are not in a position to say which model or legal structure they may choose. Of the remaining 29 projects, some were tightly-focused and identified a single collaborative vehicle, whereas other multifaceted projects sited the need for up to three separate vehicles. With those caveats in mind, the data still makes very interesting reading:

Outsourcing*	6%
Federal	12%
Strategic partnership	9%
Commissioning	18%
Joint initiative	26%
Lead	18%
Merger	6%
Unitary / mutual	5%

Continuum of collaboration

*   See **Annex A** for a full description of each heading.

7.5 This Continuum of Collaboration and Control used to analyse the data was taken from Dr Kathy Bland's Shared Services Further Education Centric[6] report. At one extreme is the 'Unitary' model: a single organisation centralising its business services, affording great control with little risk. At the other is 'Outsourcing': giving full responsibility for the managing and operation of services to a third-party organisation – with significantly less control and consequently more risk. Given that our literal definition for shared services is the same as for Joint Initiative, it's no surprise that we see a 'bell-like' distribution curve with a quarter of the projects at the apex:

6. **www.aoc.co.uk/shared-services/materials**

- two or more organisations give responsibility for a discrete element of their provision to a separate business entity which is wholly owned by themselves.

7.6 Arguably, what binds together the 18% of projects under the 'Lead' heading is a strong or even dominant College that is determined to fully investigate the possibilities of shared services to gain clarity on the implications, risks and benefits of sharing. With that established, it will be easier to 'sell' the idea of shared services to other potential partners. It is easy to imagine, then, that with firm relationships established, many of these projects could move from the 'Lead' heading to 'Joint Initiative'.

7.7 The Colleges under the 'Commissioning' heading are all focused on shared procurement. As stated earlier in this report, this area was by far the most popular to begin a sharing relationship due to its low risk and potential for high return. Any of the collaborative vehicles can and are being used to share procurement, so it will be interesting to see during the longitudinal phase of our research if projects currently under the 'Commissioning' heading find their real future under one of the others.

7.8 At the 'Unitary' end of the continuum is the **Birmingham Metropolitan College** project, for whom the term 'efficiency and innovation' was far more important than 'sharing services'. Its aim was to produce a feasibility study for the transformation of the College into a *mutual* organisation; typically meaning that the College would be owned by its staff and stakeholders. Taking building societies, primary care providers and retailers, such as John Lewis, as its inspiration the project team has produced a comprehensive report on the many perceived benefits to the College – the staff, students, employers and wider local community – and is making the study publicly available through AoC's website. A micro summary of a very detailed argument would be that an organisation owned by its members would exhibit a significantly greater 'can do' culture than one that simply employed staff to do a job.

7.9 The project lead, Jamie Smith, was keen to point out that their research shows: 'There is a spectrum in moving from mutual principles to mutualisation, and depending on the mission, values and objectives of a particular organisation, it may not be necessary to become a formal 'mutual' to achieve those objectives, but rather by adopting 'mutual principles' it may be that those objectives can also be realised'.

7.10 If successful, the stable, high-performing College could then go on to share its services with others. The Rotherham College and Stockport College-led projects are also exploring mutualisation as a possible way forward. To consider the detailed argument for yourself, click here: '**From Mutual Principles to Mutualisation**'[7].

7.11 What is certain from the research carried out for this report is that in order to choose the right vehicle for collaboration, shared-service teams needed to carry out thorough feasibility studies to inform their choice/s, testing not only the logistics of their ideas, but also their level of mutual trust. What is also clear from this study, and adding to the complexity or flexibility of this subject (depending on your standpoint), is that the vehicle for collaboration does not determine the legal entity needed to operate it – the subject of the following section.

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7. **www.aoc.co.uk/shared-services/materials**

8. Legal structures and VAT

8.1 As with 'Vehicles for collaboration' above, it's too early to say with any certainty what the final legal structures will be of the EIF projects, but 23 of the 38 discrete projects have told us the route they are taking or will probably take.

Limited company by guarantee	**23%**	
Limited company with charitable status	**15%**	**46%**
Limited company by shares	**8%**	
Memorandum of agreement		**27%**
Merger		**8%**
Mutualisation		**12%**
No change in legal status		**7%**

8.2 Unsurprisingly, the main choice of legal structure was to set up a separate limited company: our literal definition of shared services again:

- two or more organisations give responsibility for a discrete element of their provision to *a separate business entity which is wholly owned by themselves*.

8.3 The only consistent pattern to be seen in the data on legal structures is that those projects who are, or intend, to form a joint company are doing so using the Limited company model – the choice of liability limitation being dictated by the type of work and partners they have chosen.

8.4 The memorandum of agreement is a popular choice, particularly at this early stage in the projects' development, as its purpose is to confirm in writing the objectives that have been agreed. Arguably this, or the memorandum of understanding, has to be completed for overt commitment to be given to a project. For some, it may be all that is needed, but for others it may be a stepping stone to a tighter legal structure (such as a limited company) further down the line.

8.5 As can be seen from **Birmingham Metropolitan College's** statement on 'Mutualisation' (7.8 above), whilst this is a formal legal structure, the journey towards its ideals and aspirations may well stop short of any formal change of legal status.

8.6 Finally, for the 8% of projects actively pursuing 'Outsourcing', no change in legal status is required.

VAT

8.7 As mentioned earlier, for many projects HMRC's decision on VAT and the cost-sharing exemption was also the decision on whether or not to proceed with further shared-service investigations. Happily, through the 2011 consultation HMRC listened to the views of many of the EIF project respondents which have influenced the drafting of the 2012 Finance Act. These new arrangements now support shared service initiatives, though it is too early to say how these will be used by the sector.

9. Set-up costs

9.1 Analysing the cost of setting up a shared service was never going to be possible in any truly meaningful way as the key variables are, of course, significant: number of partners involved, the service/s to be shared, the vehicle/s for collaboration, etc. Add to this the degree of 'interpretation' used when assigning costs to budget headings and you might argue that there is little merit in this section of the report. However, whilst the table below undoubtedly has some 'grey' areas, it is nevertheless surprisingly informative.

Budget heading		No. who used this budget heading	Average spend	Maximum spend	Minimum spend	% of total
Staff time	Analysis	9	£12,909	£25,000	£395	3%
	Process mapping	11	£24,213	£54,000	£4,800	7%
	Feasibility study	15	£20,490	£53,940	£4,800	8%
	Project management	26	£34,983	£100,759	£5,000	25%
	Development	12	£27,215	£88,440	£4,800	9%
	Not specified	16	£39,728	£110,722	£3,746	18%
Training		9	£16,908	£39,600	£3,258	4%
Software		6	£25,589	£42,792	£1,000	4%
IT		4	£19,768	£42,792	£918	2%
Marketing & dissemination		8	£7,493	£28,080	£320	2%
Expenses and overheads		16	£6,688	£38,722	£106	3%
Legal fees		14	£13,223	£65,000	£414	5%
Consultancy advice & support		8	£40,638	£108,000	£9,000	9%

9.2 No project entered figures under every budget heading, so it would be inappropriate to simply total the 'average spend' column to calculate the cost of setting up a shared service. Indeed the average spend reported was pretty much the same as the average EIF grant of £100,000, though the maximum spend reported was a little over £270,000 and the minimum just over £31,000.

9.3 However you choose to interpret these figures, the advice of Sara Mogel, Principal of West Cheshire College, is worth bearing in mind: 'It didn't take a lot of money. If we could look back on it, we might have been able to do it earlier (without the EIF grant) and taken the risk.' So whilst for many projects the EIF process kick-started a new level of collaboration and innovation, it's certainly not a prerequisite for change.

10. Beginning the journey: *further information*

10.1 Beginning any transformational journey takes energy and determination, particularly if there are many unknowns. The aim of this report is to illuminate the shared services journeys and experiments to date, and to begin to answer some of the many questions you may have. But as can be seen from the chart below, this is just one of the many AoC dissemination strategies to help the sector find its way forward in this complex area.

Advice

10.2 Guide to Developing Shared Services in FE

The Guide is a key publication for AoC's Shared Services team. Published in February 2012, it provides answers to many of the questions you may have, both at the start of your shared services explorations and when you're underway. Download it here:
www.aoc.co.uk/shared-services/materials

10.3 Legal advice

Every shared service project will generate a number of key legal questions. Whilst this is an ever-evolving subject and will often require bespoke advice from legal professionals, the Shared Services Team have made available some fundamental research in this area, as well as the VAT implications of sharing services with others. For more information click here: **www.aoc.co.uk/shared-services/materials**

10.4 On-going lessons from the front line

Direct quotes from some of the EIF projects on how their work developed and their successes can be viewed here: **www.aoc.co.uk/shared-services/materials**

Quotes from providers on the barriers they faced and the lessons they have learned can be viewed here: **www.aoc.co.uk/shared-services/materials**

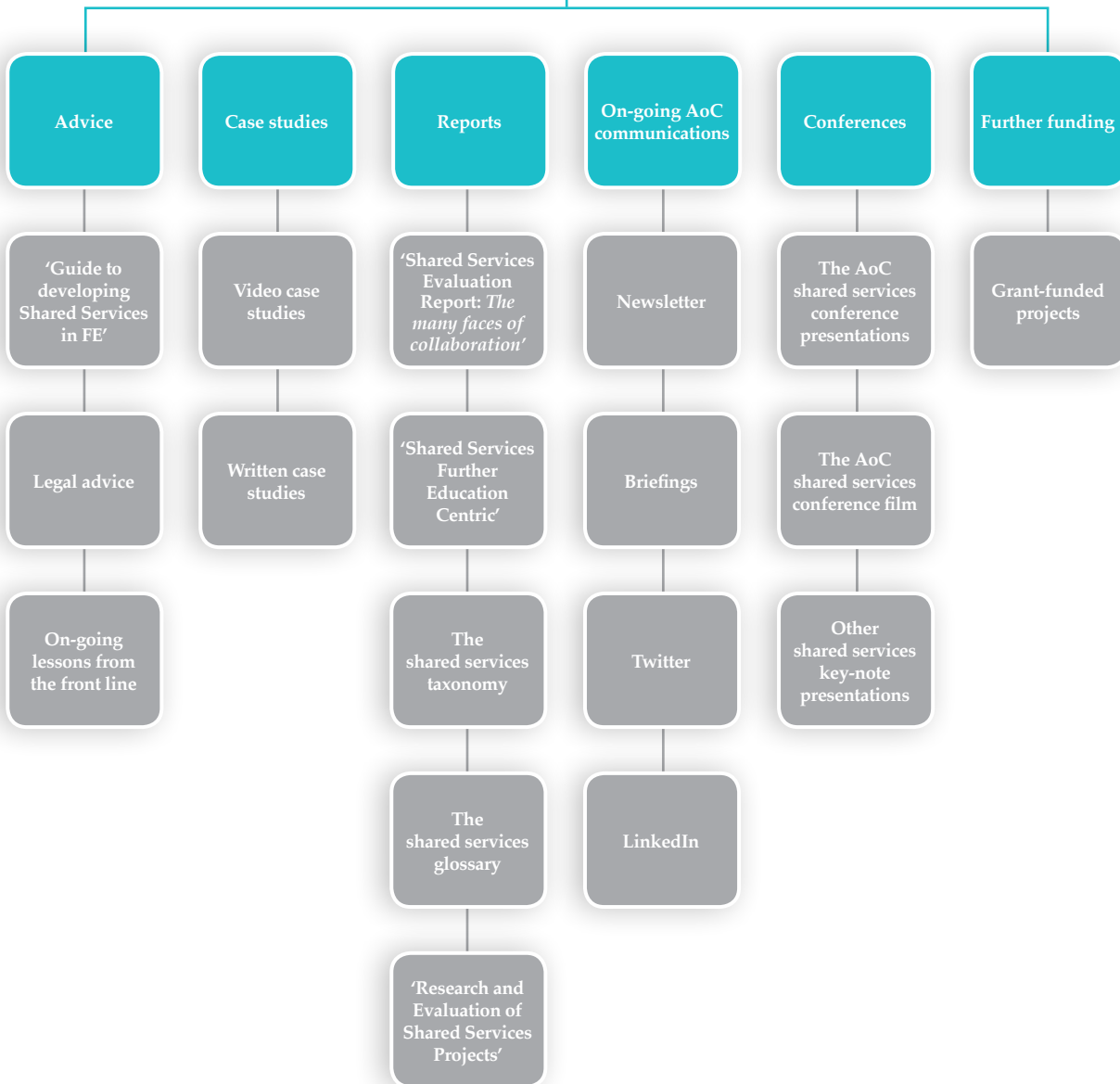## Case studies

10.5 Video case studies

Understanding the human dynamics of organisational change is key to achieving a successful transformational experience. The following short programmes produced by Moving World Films bring four of the EIF projects' exciting ideas to life – invaluable hindsight from some of the sector's trailblazers.

Shared Services in the FE sector: finance and MIS

The race is on for FE Colleges to save money in the shadow of reducing funding. But for three GFE Colleges and one SFC, the challenge seems to be more about improving quality than cutting back. Can four autonomous institutions really share their engine rooms of finance and management information, or is this really just merger by the back door?

The Colleges: City of Sunderland, Tyne Metropolitan, South Tyneside, Hartlepool Sixth Form College

Beginning the journey: *further information*

Advice
- 'Guide to developing Shared Services in FE'
- Legal advice
- On-going lessons from the front line

Case studies
- Video case studies
- Written case studies

Reports
- 'Shared Services Evaluation Report: *The many faces of collaboration*'
- 'Shared Services Further Education Centric'
- The shared services taxonomy
- The shared services glossary
- 'Research and Evaluation of Shared Services Projects'

On-going AoC communications
- Newsletter
- Briefings
- Twitter
- LinkedIn

Conferences
- The AoC shared services conference presentations
- The AoC shared services conference film
- Other shared services key-note presentations

Further funding
- Grant-funded projects

Shared Services in the FE sector: work-based learning

Aylesbury College and Buckinghamshire New University have joined forces to turn Cinderella work-based learning provision into a valued and essential career path for the 21st Century. What could you learn from their unique approach?

The Colleges: Aylesbury, Buckinghamshire New University

Shared Services in the FE Sector: curriculum innovation – science

Creating unmissable learning experiences takes time and energy. So if you're the only member of staff in your department, you've almost certainly got your work cut out providing consistently outstanding teaching and learning. Or have you? The Solent Colleges, a group of six SFCs led by

Portsmouth College, think they've found the answer. Not only will teachers spend their time planning the areas of the course they're best at, but collectively they'll be able to afford some of the country's top visiting speakers and to buy expensive low-use equipment that would otherwise be out of their reach. Plus they all get to work less too...

The Sixth Form Colleges: Itchen, Havant, St. Vincent, Portsmouth, Taunton's, Totton

Shared services in the FE sector: human resources

Once you know what the issues are, you just have to find the solution. For eight Colleges in Cheshire and Warrington, some of the key issues were attracting high calibre applicants to their vacancies, cutting down on the need for outside expertise, building better career ladders and succession planning, and trying to find inventive ways to reduce their collective £2m spend on HR management. Has their shared services mission been an easy journey so far? No. Are they on the right road? Yes. But if you're thinking about a similar journey, why not benefit from their hindsight...

The Colleges: West Cheshire, Mid Cheshire, South Cheshire, Warrington Collegiate, Priestley, Macclesfield, Reaseheath, Sir John Deane's

All films can be viewed here: **www.aoc.co.uk/shared-services/materials**

10.6 Written case studies

To complement the above short films, Centrifuge Consulting produced a further 16 written case studies to illustrate the range of areas and functions being investigated, the key enablers, the interim outcomes and the lessons learned.

ACER	*Developing soft federation services*
Aylesbury College	*Parity of esteem for vocational education*
Calderdale College	*Joint exam procurement and the development of a regional strategy*
Central Sussex College	*Sharing key aspects of finance and HR across a region*
City of Sunderland College	*North-East Shared Services Pathfinder – sharing finance and MIS*
Easton College	*Synergy Project – shared services leading to merger*
North Herts College	*Sharing expertise and the development of new qualifications*
Nescot College	*Setting up a shared customer contact centre*
Plumpton College	*ERICNational – efficient recruitment of part-time staff*
Portsmouth College	*Solent Colleges Innovation Partnership – creating a virtual science department*
Rotherham College	*Disaster recovery and creating an enabling South Yorkshire network*
Stockport College	*Sharing the planning and delivery of work-based learning*
West Cheshire College	*Joining up HR services for Cheshire and Warrington Colleges*
South Essex College	*Developing a shared service methodology for a region*
Worcester College of Technology	*Investigating the sharing of virtual learning environments, staff development and procurement*
Yeovil College	*The Wessex Colleges – testing the federation model*

The case studies can be read here: **www.aoc.co.uk/shared-services/materials**

Reports

10.7 'Shared Services Evaluation Report: *The many faces of collaboration'*

For the first time it is possible to see across the landscape of shared service experiments in FE – from collaborations on disaster recovery to cutting out the HR middlemen. Which models worked best? What were the key challenges? And what legal structure and collaborative vehicle would be most appropriate for your project? For help with all of these and more, read this report in full.

10.8 'Shared Services Further Education Centric'

Dr Kathy Bland's report identifies the support required by the FE sector to take forward the shared services agenda. Download the report here: **www.aoc.co.uk/shared-services/materials**

10.9 'Shared Services Business Models'

As part of their own research into sharing services, Barnet College produced a report detailing some of the collaborative vehicles available to the FE sector. They have shared their report with the whole sector here: **www.aoc.co.uk/shared-services/materials**

10.10 The shared services taxonomy

A key issue when trying to assess good practice or lessons learned in the area of shared services is the inconsistent use of terminology. The three taxonomies included in the annexes of this report are first drafts of what is hoped will become the benchmarked terms for the sector. Click **here** (Annex A) to see the taxonomies in this report, and below for the 'live' versions on AoC's website: **www.aoc.co.uk/shared-services/materials**

1. Vehicles for collaboration: **www.aoc.co.uk/shared-services/materials**

2. Legal structures: **www.aoc.co.uk/shared-services/materials**

3. Services to share: **www.aoc.co.uk/shared-services/materials**

10.11 The shared services glossary

To support the first two taxonomies above, the developing glossary aims to provide a basic definition for each of the terms in common usage. Click **here** to see the glossary in this report (Annex A), and the following link for the 'live' version on the AoC website: **www.aoc.co.uk/shared-services/materials**

10.12 'Research & Evaluation of Shared Services Projects'

A report by Centrifuge Consulting that pulled together the early challenges and lessons being learned midway through the first two phases of the EIF project period. The report also contains case studies and detailed analysis of different leadership strategies. It can be downloaded here: **www.aoc.co.uk/shared-services/materials**

On-going AoC communications

10.13 Keep Updated

Stay up to date with the latest AoC news here:
www.aoc.co.uk/shared-services/whats-new

10.14 Briefings

See the Shared Services Team's EIF updates for AoC members here: (Login required.)
www.aoc.co.uk/shared-services-briefings

10.15 Twitter

Follow the Shared Services Team's tweets on www.twitter.com@aoc_info

10.16 LinkedIn

Join the shared services debate on the AoC's LinkedIn page. See what others are up to,
or ask that tricky question here: www.linkedin.com/groups/AoC-Shared-Services-4274309

Conferences

10.17 Shared Services Conference

In February 2012, the AoC celebrated the work of many of the EIF projects with a conference
dedicated to this area of work. The day focused on the dissemination of project findings and
experience, and included inspiring workshop presentations and lessons learned. To view the
presentations and delegate insights from the day click here:
www.aoc.co.uk/shared-services/materials

10.18 AoC Conference film – 'Shared services in the FE sector: *perceptions and realities'*

To experience the turbulence of recent FE funding changes is to understand the importance
of the shared services agenda. But is the only way of stabilising your organisation to 'cut'
and focus on efficiencies, or would a collective focus on growth and improvement bring the
prospect of real culture change a step closer? Hear what the sector has to say: those leading
the charge, and those charged with winning the battles. The film can be viewed here:
www.aoc.co.uk/shared-services/materials

The Colleges: Seevic, Trafford, Bury, Kidderminster, Bromley, Sheffield, Cambridge Regional

10.19 Other shared services key-note presentations

AoC's Shared Services team regularly present at conferences on the progress of the EIF
projects, including the Learning and Skills Improvement Service conference, the Finance
Directors conference and AoC's Annual Conference. The presentations can be viewed here:
www.aoc.co.uk/shared-services/materials

Grant Fund & 157 Group Projects

10.20 Eleven projects received further funding through the Shared Services Grant Fund or
157 Group to take their ideas forward and further explore efficiency and innovation ideas
that could benefit the whole sector. These Collaboration and Shared Services Grant Fund
projects, supported by the SFA, are managed either by AoC or the 157 Group. For more
information on the projects click here: Annex C.

11. Next steps

11.1 Though this evaluation report comes at the end of the Efficiency and Innovation Funding period, it is by no means a closure report. AoC will continue to monitor the Grant Fund projects into 2013, evaluating their on-going progress and long-term impact, as well as searching for ways to disseminate the good practice and learning experiences they have generated. This will include:

- online briefings and legal updates
  www.aoc.co.uk/shared-services/materials

- written Case Studies:
  www.aoc.co.uk/shared-services/materials

- filmed Case Studies:
  www.aoc.co.uk/shared-services/materials

- dissemination events:
  www.aoc.co.uk/shared-services/materials

11.2 Monitoring of projects progress will be continued through reporting as they uncover more of the fundamental challenges and learning needed to follow in their footsteps. More information on the Grant Fund projects can be found here: **Annex C**.

12. Conclusion

12.1 The EIF project has seen almost 230 separate organisations embark on a new journey of discovery. Could they find a way of working differently, better, cheaper, together? We hope you agree that this report shows that indeed they can.

12.2 What binds the most successful projects together was the clarity of their vision and their determination to overcome the challenges and barriers to success. They had a keen focus on the impact they intended to have, rather than on the list of jobs they had to do. They engaged key stakeholders, such as front-line staff, in the change process, and in so doing developed not just trust, but new friendships between peers in the partner organisations.

12.3 Of the EIF project's unique selling points, its ability to overcome previously entrenched isolationist views was perhaps its greatest: providers seeing the distinct benefits of sharing practice, ideas and issues rather than going it alone. Solutions were most often born out of a search for a third way, rather than simply taking on the perceived or accepted good practice of one particular partner – innovation in action.

12.4 Of those projects that found shared services overly challenging, there was perhaps too much reliance on the creative thinking of external consultants rather than themselves, and a lack of clarity on what was to be achieved – being overwhelmed by keeping all options open for too long. Having too many partners was also a common issue, as was failing to realise that trust and friendship need to be built on low-consequence projects before embarking on inter-organisational change.

12.5 For some, the route to sharing services has led to tighter structural bonds and even merger, but for many the final choice of collaborative vehicle and suitable legal structure will not fully emerge until the detail is realised through preparations for implementation.

12.6 With £30m to £40m of potential savings at stake, we hope that the EIF and Grant Funded project teams will use this report, and the many resources that are being developed in their wake, to maintain momentum and fully realise their ambitions. But we also hope that the many organisations yet to explore the idea of greater sharing and collaboration will be inspired to think differently.
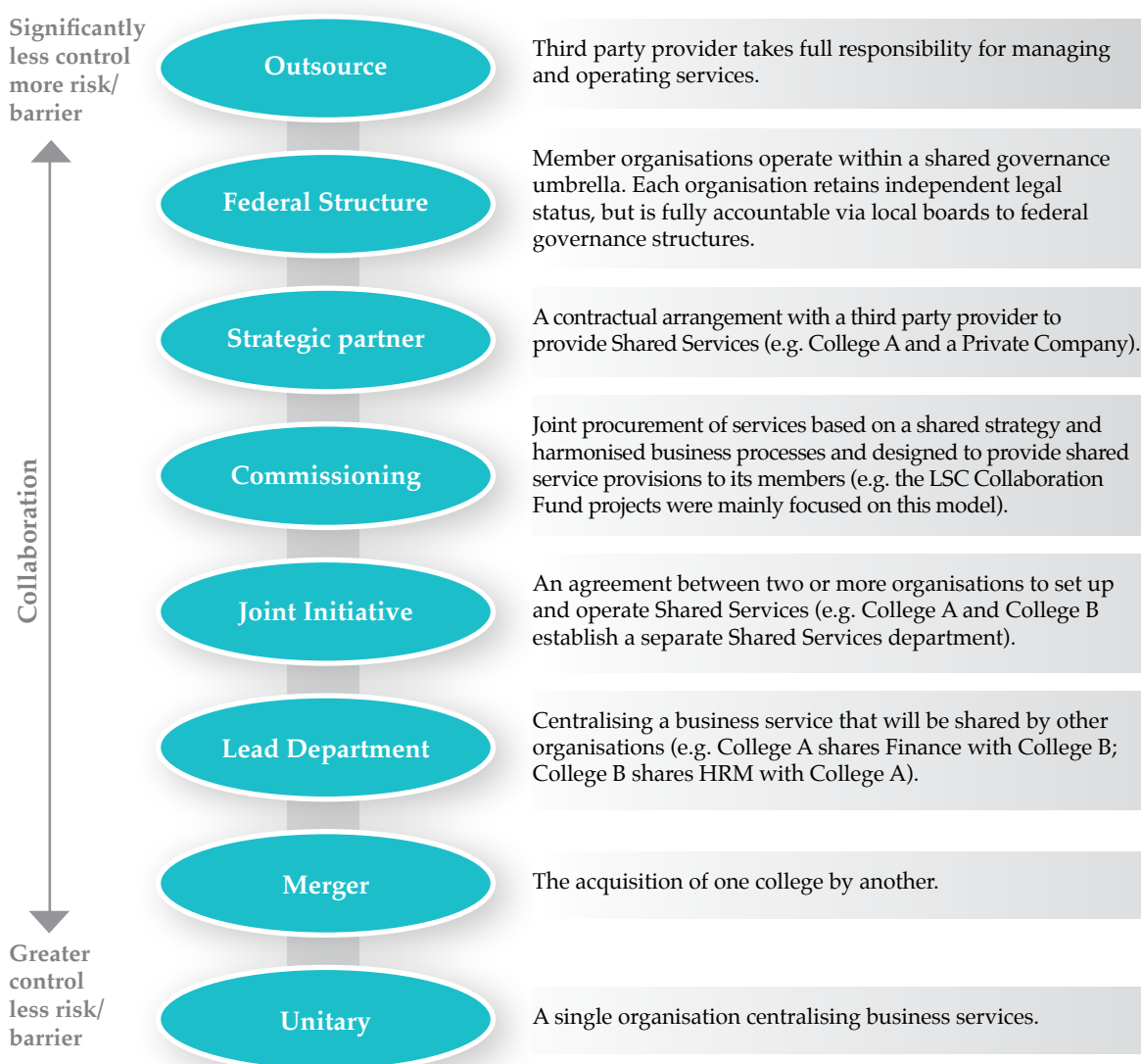
Annex A – Shared Services Taxonomy

1. Vehicles for collaboration
2. Legal structures
3. Services
4. Glossary

Vehicles for collaboration

This taxonomy is based on Dr Kathy Bland's Continuum of Collaboration and Control, as published in *Shared Services Further Education Centric*, 2010. (**www.aoc.co.uk/shared-services/materials**).

FE Collaboration Structures

Outsource	Third party provider takes full responsibility for managing and operating services.
Federal Structure	Member organisations operate within a shared governance umbrella. Each organisation retains independent legal status, but is fully accountable via local boards to federal governance structures.
Strategic partner	A contractual arrangement with a third party provider to provide Shared Services (e.g. College A and a Private Company).
Commissioning	Joint procurement of services based on a shared strategy and harmonised business processes and designed to provide shared service provisions to its members (e.g. the LSC Collaboration Fund projects were mainly focused on this model).
Joint Initiative	An agreement between two or more organisations to set up and operate Shared Services (e.g. College A and College B establish a separate Shared Services department).
Lead Department	Centralising a business service that will be shared by other organisations (e.g. College A shares Finance with College B; College B shares HRM with College A).
Merger	The acquisition of one college by another.
Unitary	A single organisation centralising business services.

Significantly less control more risk/ barrier

Greater control less risk/ barrier

Collaboration

Additional colour has been added under each heading. However, due to the complexities of this area and the use and misuse of terms and their synonyms, this taxonomy and the glossary to which it is linked is very much a work in progress. AoC's intention is that this taxonomy will gain increasing clarity and authority as the sector uses and refines it. The continuum ranges from 'unitary' to 'outsourcing'.

Outsource

Third party provider takes full responsibility for managing and operating services.

- **Outsourcing**

Federal

Member organisations operate within a shared governance umbrella. Each organisation retains independent legal status, but is fully accountable via local boards to federal governance structures.

- **Confederation**
- **Federation**
- **Trust**

Strategic partner

A contractual arrangement with a third-party provider to provide shared services (e.g. College A and a private company).

- **Joint committee**
- **Strategic partnership**

Commissioning

Joint procurement of services based on a shared strategy and harmonised business processes, and designed to provide shared service provisions to its members (e.g. the LSC Collaboration Fund projects were mainly focused on this model).

- **Joint procurement**

Joint initiative/joint venture company

An agreement between two or more organisations to set up and operate shared services (e.g. College A and College B establish a separate shared services business entity).

- **Bidding consortium**
- **Consortium**
- **Consortium – corporate vehicle**
- **Distributed centre**
- **Functional centre**
- **Industrial provident societies**
- **Joint company (subscription model)**
- **Joint company (trading model)**
- **Single centre**

Lead

Centralising a business service that will be shared by other organisations
(e.g. College A shares finance with College B; College B shares HR with College A).

- **Consortium – unincorporated association**
- **Joint employment**
- **Lead body**
- **Letter of agreement**
- **Matrix centre**
- **Memorandum of understanding**
- **Subsidiary**

Merger

Two or more Colleges join to create one organisation.

- **Merger**
- **Takeover**

Unitary

A single organisation centralising its business services.

- **Unitary**

Legal/Governance structures

- **Charitable incorporated organisation**
- **Community benefit society**
- **Community Interest Company**
- **Company limited by guarantee**
- **Company limited by guarantee *with* charitable status**
- **Company limited by shares**
- **Co-operative societies**
- **Limited liability partnership**
- **Members' subscription company**
- **Memorandum of agreement**
- **Mutualisation**

Services

Business continuity

- Account managers
- Demand management
- Disaster recovery
- Electronic document archiving for enhanced business continuity and security
- Service management

Curriculum

Synonym/s: Curriculum development
Narrow Term: Course; Learning programmes

- Course planning
- Course planning files reports
- Course website updates to third-party sites with numerous providers and processes
- Curriculum enrichment
- Curriculum support

Customer journey

- Contact centre
- Employer partnerships
- Employer responsive administration

Estates

Syn: Campus Services

- Contracts management
- Developing systems for building management
- Environment
- Green agenda
- Property maintenance
  - Caretaking
  - Cleaning
  - Energy and utilities management
  - Grounds maintenance
  - Room utilisation and optimisation
  - Security
  - Space utilisation
  - Waste recycling
- Statutory regulation compliance
- Strategic asset management

Finance

Accounting

- Credit control
- Debt control
- General ledger

Payment processing

- Accounts payable
- Accounts receivable
- Cashiers
- Processing bursaries
- Processing withdrawals and transfer
- Rent, rates, service charges
- Running HE returns for HESES and HESA
- Running ILR returns for learner and employer responsive
- Sales invoicing

Reporting

- Accounting and financial reporting
- Funding reports
- Management reporting
- Transaction recording
- Transaction reporting

Statutory

- Secretarial duties (company secretary)
- Statutory duties (company secretary)
- Statutory accounts preparation
- Statutory returns
- Tax

Strategy
- Asset management (fixed assets)
- Finance business partners
- Financial development
- Financial planning
- Internal audit
- Invigilation
- Treasury management

Others
- Stock control
- Travel management
- Vehicle fleet management

Health and safety
- Employer workplace assessments
- Health and safety audit
- Health and safety competent person
- Health and safety policy
- Health and safety procedures
- Health and safety workplace assessments

Human resources
HR
- Absence management
- Administration
- Advice
- CPD administration
- Disciplinary
  - Representation on Disciplinary panels
- Employee relations
- Employment policy documentation
- Equality and diversity
- Grievance
- Health and safety
- HR projects
- Maternity / paternity
- Mediation

- Pensions
- Policy and procedure design
- Professional HR advice
- Project support
- Sickness procedures
- Staff database
- Staff development
- Staff MIS
- Support on panels
- Systems management and reporting
- Termination of employment
- Training in HR practice

Occupation Health
- Wellbeing
- Wellbeing initiatives (including occupational health)
- Workforce data returns

Payroll
- Payroll and benefits
- Payroll services including pension advice
- Payroll terms and conditions

Recruitment
- Advertising
- CRB checks
- Recruitment administration
- Recruitment and selection
- Recruitment Interviews
- Temp Solutions – agency for temporary staff

Staff development
- Management training
- Staff training

Information, advice and guidance

Information technology

Development support
- e-Services
- IT solutions development
- IT systems design consultancy
- Software application development

First line support
- Application support
- Curriculum ICT hardware support
- Desktop support
- Helpdesk / call centre

Management
- IT account provision
- IT management services
- Project management

Other support
- Data archiving *Syn:* External backup / storage
- Data control reports and update queries
- Disaster recovery
- Intranet
- IT hosted virtual learning environments (VLE)
- IT licensing
- IT network and security services
- IT remote back-up
- Managed learning environment
- Server support
- User support

Others
- Telephone

Legal services
- Insurance

Management information
- CRM database
- Customer satisfaction surveys
- Data control reports and update queries
- Data protection
- Data reviews
- Filing
- Reporting
- Student
- Unique learner number (ULN) management

Marketing, new media and communications
- Communications support
- European project work
- Market penetration reviews
- Marketing
- Multimedia services
- Public relations
- Printing and reprographics
- Sales and marketing
- Website development

Procurement
- Common procurement system
- e-Procurement
- Efficiency measurement model monitoring
- Exams
- Insurance
- Legal contracts
- Preferred supplier list
- Tendering framework documents
- Use of Government procurement cards

Reviews

Events
- Event management
- Events (HE graduation)

Exams
- Achievement processing
- Examination entries and registrations
- Examinations management system
- FE success rate reports and Proachieve
- Secure exam accommodation

Recruitment
- Applications – administration
- Applications management system
- Enrolment and fees
- FE application reports
- FE enrolment reports

Other
- Advice and guidance
- Apprentice vacancies on line
- Apprenticeship training association
- Careers/information, advice and guidance
- Careers resources and staff training
- Coaching and neuro-linguistic programming
- Enrichment
- FE survey (Framework for Excellence)
- First point
- Holistic services
- Library and information services
- Weekly leaver reports
- Work placements

Work-based learning
- Pastoral care 14-16

Glossary	
Preferred term:	**Bidding consortium**
Definition:	The participating Colleges establish a joint company which would have a limited remit, e.g. to bid for projects. The Colleges do not transfer any of their functions to the company and can choose whether or not to participate in particular projects.[8]
Synonym/s:	Bid vehicle
Related term/s:	Bid writing
	Joint procurement
Preferred term:	**Charitable incorporated organisations**
Definition:	CIOs are a new corporate structure designed for charities. Provisions to create CIOs were introduced in the Charities Act 2006.[9]
Preferred term:	**Collective agreement**
Definition:	An agreement entered into between an employer, or group of employers, and a trade union that is negotiating on behalf of all the employees represented by the union.[14]
Preferred term:	**Community benefit societies**
Definition:	Public bodies require statutory authority to set up CBSs and to become members. Members hold shares in the CBS, each member has one vote.[9]
Preferred term:	**Community interest company**
Definition:	Community interest requirements may limit what the company can do.[6]
	Established for the greater good of the community. They are aimed at social enterprises that do not have charity status. The benefit of a CIC is that the company does not have any financial or growth restraints, as with a charity, and maintains trust within the community which might be lost by trading as a private company. CICs can be a:
	• private company limited by guarantee (not for profit)
	• private company limited by shares
	• public company
Source:	**www.hanovercompanyservices.com/prices/community_interest_companies.asp**
Preferred term:	**Company limited by guarantee**
Definition:	'Most likely model' for shared service.[13]
	A type of organisation normally formed for non-profit purposes, in which each member of the company agrees to be liable for a specific sum (often just £1) in the event of liquidation.
Source:	**www.qfinance.com/dictionary/company-limited-by-guarantee**
Synonym/s:	Company limited by guarantee *not for profit*
Preferred term:	**Company limited by guarantee** *with charitable status*
Definition:	Being a charity is a matter of status, not of organisational structure. It is possible to secure for a number of different structures. The issue is essentially whether the objectives of the organisation are accepted as charitable by the Charity Commissioners, and it has an appropriate constitution. Because of its not-for-profit nature, a company limited by guarantee with charitable objectives can apply for charitable status.
Source:	**www.formacompany.com/en/ukimport/limited-by-guarantee/guarantee-charitable-status**

*Note: Main sources of definitions can be found at the end of this glossary.

Glossary	
Preferred term:	**Company limited by shares**
Definition:	Almost every company formed as a vehicle for a business venture with a view to profit is registered as a company limited by shares. A company 'limited by shares' is a company formed on the principle of having the liability of its members (otherwise known as its shareholders or owners) limited to the balance amount (if any) which remains unpaid on the shares held by its members – section 1(2)(a) of the Companies Act 1985.
Source:	**www.ukcorporator.co.uk/guidance/G62c.php** The company would have all of the advantages of a company limited by guarantee but the drawback is the need for equity investment.[11]
Preferred term:	**Confederation**
Definition:	In this option the Colleges form a joint company with a board comprising governors from each College. This company would be an advisory body only. It would have a strategic/planning role. It would not do anything operational but could have one or more operational subsidiary companies to which the Colleges would transfer various back/front office/non-core functions.[8]
Case studies:	Moulton College
Preferred term:	**Consortium**
Definition:	A group of independent organisations that join forces to achieve a particular goal, for example to bid for a project or to conduct co-operative purchasing. A consortium goes on to complete the project if its bid is successful and is often dissolved on completion. This form of temporary alliance allows diverse skills, capabilities, and knowledge to be brought together.
Source:	**www.qfinance.com/dictionary/consortium**
Synonym/s:	Co-operative consortia; Informal arrangements; Informal clustering; Informal collaboration; Loose association
Case studies:	Accrington & Rosendale; Aylesbury College; North Herts College; Rotherham College;
Preferred term:	**Consortium – Corporate vehicle**
Definition:	The Consortium model allows for a number of Colleges to become members of a limited company (most probably a company limited by guarantee). The company will be governed by its constitutional documents, namely its memorandum and articles of association, and will be operated on a day-to-day basis by an appointed Board of Directors.[12]
Related term/s:	Co-operative consortia; Consortium
Preferred term:	**Consortium – Unincorporated association**
Definition:	Unincorporated associations are not corporate bodies and do not normally employ staff. If used as a vehicle for executive partnership, the activities are normally performed on their behalf by one of the members who is then responsible for the activity.[9] A loose grouping of partners working to own agreed rules (memorandum of understanding) providing communication, dissemination, facilitation and implementation.
Synonym/s:	Unincorporated association
Case studies:	Nescot College; Portsmouth College
Preferred term:	**Contract of employment**
Definition:	Defined in Reg. 2(1) of the Transfer of Undertakings (Protection of Employment) Regulations 2006 as 'any agreement between an employee and his/her employer determining the terms and conditions of employment'.[14]

Glossary	
Preferred term:	**Continuity of employment**
Definition:	A continuous period of employment which will result in eligibility for various statutory employment rights.[14]
Synonym/s:	**Co-operative consortia**
Preferred term:	Consortium
Preferred term:	**Co-operative societies**
Definition:	Public bodies need statutory authority to set up co-operatives. A society must have at least seven members. Co-operative societies tend to relate to retail, wholesale, agricultural, buy-outs, etc.[9]
Preferred term:	**Distributed centre**
Definition:	Governed in the same manner as functional centres. A shared services team would be located in each of the Colleges and would perform the full range of the agreed shared service functions. The shared service staff would be part of a separate corporate structure. *Exeter*
Preferred term:	**Due diligence**
Definition:	The process by which formal investigations are carried out in relation to the company or undertaking that is subject to the TUPE transfer prior to its transfer. The essential purpose is for the transferee to obtain as much information as possible about the target business.[14]
Preferred term:	**Economic entity**
Definition:	An organised grouping of resources which has the objective of pursuing an economic activity.[14]
Preferred term:	**Employee**
Definition:	Defined for the purposes of Reg. 2(1) as 'any individual who works for another person, whether under a contract of service, apprenticeship or otherwise, but does not include anyone who provides services under a contract for services'.[14]
Preferred term:	**ETO reason**
Definition:	To make a change to terms and conditions after a transfer there must be an 'economic, technical or organisational' reason entailing changes to the workforce for the change(s) to be valid.[14]
Preferred term:	**Federation (group structure)**
Definition:	A holding company co-ordinating all member Colleges, whilst allowing them considerable independence. This option provides for an overarching company to exercise a degree of control over each of the participating Colleges.[8]
	Partners would have to be found for a new federation, or an existing federation would have to be joined. This would offer the opportunity to share out the work to be done across Colleges or other potential partners. It would not need a new organisation but rather Colleges would agree to work together in a federal system.
	There would of necessity be no changes to College organisation, and therefore no new structure to drive cultural change. The federal arrangements would have to take into account that some partners would be co-operating within, whilst competing outside, the federal structure if sharing with other Colleges.[10]
Related term/s:	Trust
Case studies:	City College Norwich

Glossary

Preferred term:	**Federation** (soft)
Definition:	Less formal but still structured partnerships. For instance, the soft federation model could apply where two or more schools want to share key staff, including the perceived benefits of a non-teaching head teacher, but to keep everything else separate, especially governance, whilst still joining together for mutually beneficial activities when appropriate.
Source:	http://schoolgoverning.blogspot.co.uk/2011/02/soft-federations.html
Related term/s:	Joint employment
Case studies:	Burton and South Derbyshire College; Worcester College of Technology

Preferred term:	**Functional centre**
Definition:	The outline structure for this model consists of a shared service organisation, which is governed by a shared service board including representation from each of the three partner Colleges. A delivery team with responsibility for each identified shared service will be established. This team will have the responsibility for delivering the service across all three Colleges. Smaller 'front line' teams for each service will be based in each of the Colleges to act as 'on the ground' contacts and liaison. It is envisaged that each College would play host to at least one of the main delivery teams.
	Each College would nominate a 'client side' representative to manage the contract with the shared service provider and to ensure that conditions outlined in a service level agreement are being adhered to.

Preferred term:	**Industrial provident society**
Definition:	These give a wide membership an equal stake in the organisation and an equal say in management and other affairs.[11] Members have an equal stake and equal say in management.[13]

Synonym/s:	**Informal arrangements**
Preferred term:	Consortium

Synonym/s:	**Informal clustering**
Preferred term:	Consortium

Synonym/s:	**Informal collaboration**
Preferred term:	Consortium

Preferred term:	**Joint committee**
Definition:	Each College appoints a joint committee as a sub-committee of its Governing Body. The joint committee could be an advisory body only and/or could have formally delegated powers as agreed between the Colleges. The joint committee does not do anything operational, but has only a strategic/planning role.[8]
Related term/s:	Memorandum of understanding

Glossary	
Preferred term:	**Joint company** (subscription model)
Definition:	This is the same as Joint company (trading model) except that the services provided by the shared company are not 'paid for' by the recipient Colleges. The shared company is funded by subscriptions from the participating Colleges and those subscriptions entitle each of the Colleges to receive the relevant services without any additional payment. The Colleges form a joint company(ies) which carries out a range of operational functions. These could include back/front office services but probably not any non-core delivery. Each College could decide whether or not to transfer some of its functions to the joint company(ies).[8]
Synonym/s:	Jointly owned service organisation
Case studies:	Yeovil College
Preferred term:	**Joint company** (trading model)
Definition:	The Colleges form a joint company(ies) which carries out a range of operational functions. These could include back/front office services and some non-core delivery. Each College could decide whether or not to transfer some of its functions to the joint company(ies).[8]
Synonym/s:	Joint initiative
	Jointly owned service organisation or partnership
	Joint venture company
Case studies:	City of Sunderland College; Plumpton College; South Essex College; West Cheshire College
Preferred term:	**Joint employment**
Definition:	Two or more organisations sharing the same staff.
Related term/s:	Federation (soft)
Synonym/s:	**Joint initiative**
Preferred term:	Joint company (trading model)
Synonym/s:	**Jointly owned service organisation or partnership**
Preferred term:	Joint company (trading model)
Preferred term:	**Joint procurement**
Definition:	A narrow service range focussing on procurement. As with a federal structure there would be no need for a new organisation. Cultural change would therefore not be driven by new organisational arrangements. There would be a VAT liability to consider.[10]
Synonym/s:	Centralised procurement; Shared procurement
Related term/s:	Bidding Consortium
Case studies:	ACER; Burton and South Derbyshire College; Brockenhurst College; East Riding College; Liverpool Community College; West Nottingham College
Synonym/s:	**Lead authority**
Preferred term:	Lead body

Glossary	
Preferred term:	**Lead body**
Definition:	Delegating to a lead authority has been widely used for partnership between local authorities. Debatable whether this is a shared service or a delegation of responsibility. There may be VAT implications for Colleges.[9]
Synonym/s:	Lead authority; Lead department
Related term/s:	Memorandum of agreement; Letter of agreement
Case studies:	Exeter College; West Nottingham College
Synonym/s:	**Lead department**
Preferred term:	Lead body
Preferred term:	**Letter of agreement**
Synonym/s:	Memorandum of agreement
Preferred term:	**Limited liability partnership**
Definition:	May be attractive to specific shared service activity. Partners have limited liability for partnership debts.[9]
	The LLP may hold property and limit its liability, but the main problem is that every member is an agent and has authority to bind the LLP. It should also be noted that there are potential limitations on the use of partnership structures in the public sector.[11]
Synonym/s:	Partnership
Synonym/s:	**Loose association**
Preferred term:	Consortium
Preferred term:	**Matrix centre**
Definition:	A *matrix* model would be governed and managed in the same way as the *distributed model*. This model would provide for a shared service centre for each of the agreed services with a local presence at each of the Colleges.
Preferred term:	**Members' subscription company**
Definition:	'We consider that from a VAT angle this route is subject to significant technical challenge.'[12]
Preferred term:	**Memorandum of understanding**
Definition:	A memorandum of understanding is a legal document describing a bilateral agreement between parties. It expresses a convergence of will between the parties, indicating an intended common line of action, rather than a legal commitment. It is a more formal alternative to a 'gentlemen's agreement', but generally lacks the binding power of a contract.
Source:	**www.englishforums.com/English/DifferenceBetweenPartnershipAgreement-Contract/hxxpj/post.htm**

Glossary	
Preferred term:	**Memorandum of agreement**
Definition:	A memorandum of agreement (MOA) or co-operative agreement is a document written between parties to co-operatively work together on an agreed project or meet an agreed objective. The purpose of an MOA is to have a written understanding of the agreement between parties. The MOA can be a legal document that is binding and hold the parties responsible to their commitment or just a partnership agreement.
Source:	**www.englishforums.com/English/DifferenceBetweenPartnershipAgreement-Contract/hxxpj/ post.htm**
Synonym/s:	Letter of agreement; Partnership agreement
Case studies:	East Riding College
Preferred term:	**Merger**
Definition:	Two or more 'equal' Colleges join to create one organisation.
Synonym/s:	Type-A merger
Related term/s:	Takeover; Subsidiary
Case studies:	Easton College; East Riding College
Preferred term:	**Mutualisation**
Definition:	To set up or reorganise (a corporation) so that the majority of common stock is owned by customers or employees.
Source:	**www.thefreedictionary.com/mutualised**
Synonym/s:	Compliant mutualisation
Case studies:	Birmingham Metropolitan College
Preferred term:	**Organised grouping of employees**
Definition:	An organised grouping of employees indicates a number of employees that are less than the entire workforce and who are deliberately organised for the principal purpose of carrying out activities required by the particular client.[14]
Preferred term:	**Outsourcing**
Definition:	Obtain goods or a service by contract from an outside supplier.
Source:	**http://oxforddictionaries.com/definition/outsource**
Synonym/s:	Externally managed service; Managed Contracts; Outsourced services; Outsourced management contracts
Related term/s:	Selective outsourcing; Total outsourcing
Case studies:	Brockenhurst College; Westminster Kingsway College
Preferred term:	**Relevant transfer**
Definition:	The standard definition of a relevant transfer, contained in Reg.3(1)(a) of the Transfer of Undertakings (Protection of Employment) Regulations 2006, is where there is a transfer of an economic entity that retains its identity.

Glossary	
Preferred term:	**Service provision change**
Definition:	The Reg 3(1)(b) defines three types of service provision change: i. activities cease to be carried out by a person ('a client') on his/her own behalf and are carried out instead by another person on the client's behalf ('a contractor') ii. activities cease to be carried out by a contractor on a client's behalf (whether or not those activities had previously been carried out by the client on his/her own behalf) and are carried out instead by another person ('a subsequent contractor') on the client's behalf iii. activities cease to be carried out by a contractor or a subsequent contractor on a client's behalf (whether or not those activities had previously been carried out by the client on his/her own behalf) and are carried out instead by the client on his/her own behalf.[14]
Preferred term:	**Single centre**
Definition:	This would involve having all of the agreed shared services located in a central shared service centre, providing the full range of services to all of the Colleges. *Exeter*
Preferred term:	**Strategic partnership**
Definition:	A strategic partnership is a formal alliance between two commercial enterprises, usually formalised by one or more business contracts, but falls short of forming a legal partnership, agency, or corporate affiliate relationship. Typically, two companies form a strategic partnership when each possesses one or more business assets that will help the other, but that each respective other does not wish to develop internally.
Source:	http://en.wikipedia.org/wiki/Strategic_partnership
Case studies:	Calderdale College; Capel Manor College; Nescot College
Preferred term:	**Subsidiary**
Definition:	A subsidiary corporation or company is one in which another, generally larger, corporation, known as the parent corporation, owns all or at least a majority of the shares. As the owner of the subsidiary, the parent corporation may control the activities of the subsidiary. This arrangement differs from a merger, in which a corporation purchases another company and dissolves the purchased company's organisational structure and identity.
Source:	http://legal-dictionary.thefreedictionary.com/subsidiary+company
Related term/s:	Merger, Takeover
Case studies:	Oxford and Cherwell Valley College
Preferred term:	**Takeover**
Definition:	One College subsumes another organisation, typically retaining the main College's corporate structure and branding.
Synonym/s:	Type-B merger
Related term/s:	Merger, Subsidiary
Preferred term:	**Transferee**
Definition:	The person/organisation who carries out the activities as a result of the service provision change.[14]

Glossary	
Preferred term:	**Transferor**
Definition:	The person/organisation who carried out the activities prior to the service provision change.[14]
Preferred term:	**Trust**
Definition:	Trusts comprise one or more bodies or people who agree to take over, without payment, the care, custody and management of assets from founders. Trusts may be used to transfer any responsibilities from local authorities to other partners or to share control with them.[9]
Related term/s:	Federation (group structure)
Case studies:	City College Norwich; Stockport College
Preferred term:	**TUPE**
Definition:	TUPE is the acronym for the Transfer of Undertakings (Protection of Employment) Regulations 2006. TUPE protects employees' terms and conditions of employment when a business is transferred from one owner to another. [14]
Synonym/s:	**Unincorporated association**
Preferred term:	Consortium - Unincorporated association
Preferred term:	**Unitary**
Definition:	A single organisation centralising its business services. (Bland)
Case studies:	Bishop Burton College

8. Barnet College
9. Portsmouth College
10. AoC SS guide **www.aoc.co.uk/shared-services/materials**
11. Mills and Reeves Legal information (link below)
12. Eversheds Legal Report (link below)
13. Legalities of shared services (AoC) (link below)
14. AoC glossary of TUPE terms

AoC legal information page:
www.aoc.co.uk/shared-services/materials

Annex B – Participating Colleges*

Sharing IT services
- Accrington and Rossendale College
- CLARUS Computing Company Limited
- Hopwood Hall College
- Lancaster and Morecambe College
- Nelson & Colne College

Shared curriculum design and delivery
- Hopwood Hall College
- Tenon Education Training and Skills Ltd

Developing soft federation services
- ACER
- Chelmsford College
- Epping Forest College
- Huntingdonshire College
- New College Stamford
- Oaklands College

Parity of esteem for vocational education
- Aylesbury College
- Buckinghamshire New University

Delivering shared services across London
- Barnet College
- City and Islington College
- College of Haringey, Enfield and North East London
- Hackney Community College
- Southgate College
- Waltham Forest College
- Westminster Kingsway College

Efficiency through Mutualisation – a new Model for FE
- Birmingham Metropolitan College

Efficiencies, service improvement and organisational resilience
- Bishop Burton College

The Windsor Group Shared Services Federation
- Brockenhurst College
- Eastleigh College

Central Education Partnership
- Burton and South Derbyshire College
- Brooksby Melton College
- Burton College
- Grantham College
- Henley College, Coventry
- Nescot College
- Newcastle-under-Lyme College
- Stafford College

Joint exam procurement and the development of a regional strategy
- Calderdale College
- Bradford College
- Joseph Priestley College
- Kirklees College
- Leeds City College
- Leeds City Region LEP
- Leeds College of Art
- Leeds College of Building
- Shipley College
- Wakefield College
- WCL

* At least at the outset of the projects.

HEART* of Thameside (* Horticulture, Environment and Related Training)

- Capel Manor College
- Barking & Dagenham College
- Birkbeck, University of London
- Corporation of London
- Leaside Regeneration
- London Borough of Tower Hamlets
- Newham College
- Tower Hamlets College

Sharing key aspects of finance and HR across a region

- Central Sussex College
- Northbrook College
- Plumpton College
- Sussex Coast College
- Sussex Downs College
- Worthing College

CCN Federation – Establishing a Shared Services Company

- City College Norwich
- City Academy Norwich
- Norfolk University Technical College
- Wayland Community College

North-East Shared Services Pathfinder

- City of Sunderland College
- Gateshead College
- Hartlepool Sixth Form College
- Learning Curve (Private Training Company)
- Northumberland College
- South Tyneside College
- Tyne Metropolitan College

Combined Strength – shared services to merger

- East Riding College
- DEFLOG VQ Trust Ltd

Synergy Project – shared services leading to merger

- Easton College
- Otley College

The South-West regional backbone for shared services

- Exeter College
- Bicton College
- City College Plymouth
- Somerset College

Delivering more efficient and effective employer responsiveness

- Filton College
- City of Bath College
- Stroud College

Building and achieving a vision for shared services and recourses

- Harrow College
- Stanmore College

The Building On project

- Lancaster and Morecombe College
- Accrington and Rossendale College
- Blackburn College
- Blackpool and The Fylde College
- Blackpool Sixth Form College
- Burnley College
- Cardinal Newman College
- Lancaster and Morecambe College
- Myerscough College
- Nelson and Colne College
- Preston College
- Runshaw College
- St. Mary's College

Saving through sharing

- Liverpool Community College
- Birkenhead Sixth Form College
- Carmel College
- Hugh Baird College
- King George V College
- Knowsley Community College
- Riverside College
- Southport College
- St Helens College
- Wirral College

Collaborative partnerships project

- The Manchester College
- Manchester City Council
- Manchester project primary and secondary schools
- The Manchester Built Environment Academy
- The Manchester Creative & Media Academy
- The Manchester Enterprise Academy
- The Manchester Health Academy
- The Together Trust

Land-based Colleges shared services initiative

- Moulton College
- Bishop Burton College
- Hartpury College
- Myerscough College
- Sparsholt College

Setting up a shared customer contact centre

- Nescot College
- Bexley College
- Greenwich Community College

College Qualifications – producing a qualifications offer for vocational learning

- North Hertfordshire College
- City College Norwich
- Westminster Kingsway College

Shared services association development, delivery and long-term savings

- Oxford & Cherwell Valley College
- Abingdon and Witney College
- Ealing, Hammersmith and West London College
- LSN
- Reading College Ltd
- South and West Kent College
- South Essex College

ERICNational – efficient recruitment of part-time staff

- Plumpton College
- Central Sussex College
- FE Sussex
- GfE South
- Guildford College

Solent Colleges Innovation Partnership – virtual science department

- Portsmouth College
- Havant College
- Itchen College
- St. Vincent College
- Taunton's College
- Totton College

Disaster recovery and an enabling South Yorkshire network

- Rotherham College
- Barnsley College
- Dearne Valley College
- Doncaster College
- Longley Park College
- The Sheffield College
- Thomas Rotherham College

Developing a shared service methodology for a region

- South Essex College
- Chelmsford College
- Colchester Institute
- Colchester Sixth Form College
- Epping Forest College
- Harlow College
- Palmer's College
- Seevic College
- Writtle College

Innovative local partnerships with the community and employers

- South Leicestershire College
- Brooksby Melton College
- Etone College
- George Eliot School
- Guthlaxton College
- Maestro Ltd
- North Warwickshire and Hinckley College
- Nuneaton Academy
- Samworth Academy

Exploring the potential of shared estates

- South Nottingham College
- Castle College Nottingham
- New College Nottingham

Shire Shared Services – overcoming inertia

- South Worcestershire College
- Hereford College
- Kidderminster College
- Worcester College of Technology
- Worcester Sixth Form College

Sharing the planning and delivery of work-based learning

- Stockport College
- Cheadleand Marple Sixth Form College
- Damar Limited
- LITE Limited
- Stockport Engineering Training Association Ltd

The Kent Tri-College Exchange Consortia

- Thanet College
- Mid Kent College
- South and West Kent College (K College)

Improving key service delivery

- Warwickshire College
- City College Coventry
- Henley College
- Stratford-upon-Avon College

Joining up services for Cheshire and Warrington Colleges

- West Cheshire College
- Macclesfield College
- Mid Cheshire College
- Priestley College
- Reaseheath College
- Sir John Deane's College
- South Cheshire College
- Warrington Collegiate

Professional business support services

- West Nottingham College
- Lincoln College
- Protocol National

Project Houdini – Unlocking the benefits of back-office shared services

- Westminster Kingsway College
- Barnet College
- City and Islington College
- College of North West London
- Croydon College
- Ealing, Hammersmith and West London College
- College of Haringey, Enfield and North East London
- Lambeth College
- Lewisham College
- Newham College
- South Thames College
- Tower Hamlets College
- Uxbridge College

Investigating the sharing of virtual learning environments, staff development and procurement

- Worcester College of Technology
- Hereford College of Technology
- Kidderminster College
- North East Worcester College
- Worcester Sixth Form College

Wessex Colleges Federation – testing the federation model

- Yeovil College
- Bournemouth & Poole College
- Brockenhurst College
- Kingston Maurward College
- Weymouth College

Annex C – Collaboration and Shared Services Grant Fund projects

Projects managed by AoC

The Enterprise Agenda for Adults

The creation of an Adult Enterprise Curriculum, supported by a new model for efficient delivery.

- City of Bath College
- Community Links
- HOLEX (partner)
- Morley College
- Open College Network London
- Paypal (partner)
- Richmond Adult Community College
- Tower Hamlets College
- WCL

The Federation Development and Shared Services Programme

The development of an innovative organisational infrastructure for delivering higher education, A-levels and vocational further education.

- City Academy Norwich
- City College Norwich
- Wayland Community High School

The Federation of Strategic Services Project (FeSSP)

The development of a federation model for the delivery of non-core strategic services.

- Bishop Auckland College
- City of Sunderland College
- Tyne Metropolitan College

Project Daedalus

The establishment of a platform for outsourcing central College services.

- Barnet College
- City and Islington College
- College of Haringey, Enfield and North East London
- College of North West London
- Ealing, Hammersmith and West London College
- Lambeth College
- Lewisham College
- Newham College
- South Thames College
- Tower Hamlets College
- Uxbridge College
- West Thames College
- Westminster Kingsway College

The Wessex Federation

The creation of a central shared service centre to implement a series of efficiency and improvement initiatives.

- Bournemouth and Poole College
- Brockenhurst College
- Kingston Maurward College
- Weymouth College
- Yeovil College

West Midlands SFC Exam Efficiency Consortium

Using a scalable group-purchasing consortium to secure discounts from major awarding bodies.

- Cadbury Sixth Form College
- City of Stoke-on-Trent Sixth Form College.
- King Edward VI College, Nuneaton
- Shrewsbury Sixth Form College
- Worcester Sixth Form College

Projects funded from AoC and the 157 Group allocation, and managed by the 157 Group

The Third Sector National Learning Alliance

The development of collaboration and shared services across third-sector providers.

Projects managed by the 157 Group

North East Shared Services Project Limited (NESSP)

The establishment of a joint venture company model for shared services and collaboration.

- City of Sunderland College
- Hartlepool Sixth Form College
- South Tyneside College
- Sunderland College
- Tyne Metropolitan College

Services in Sussex and Surrey Colleges

The development and promotion of a model for, and range of, 'share-ready' services for Sussex and Surrey Colleges.

- Brooklands College
- Central Sussex College
- Chichester College
- City College Brighton
- Guildford College
- Northbrook College Sussex
- Sussex Coast College Hastings
- Sussex Downs College

Next generation learning and skills delivery

The development and sharing of new learning resources.

- Any 157 Group College
- Four non-157 Group Colleges
- Highbury College

Oaklands College

One-Stop-Shop – an online shared hub for learner-employment and temporary-staff.

- ACER
- Barnfield College
- Bedford College
- Monster (.co.uk)
- New College Stamford
- Oaklands College

Contact us

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