

Shared Services: Costs, Quality, Risks, Incentives

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- London Higher update
- Levels of appetite
- Key findings one year on
- A new level of hunger?
- London Met: a case study



Why London?

- 8 million people
- 500K post-secondary students; 94K staff
- 100K international students
- 40+ publicly-funded HEIs, £5bn turnover, £12bn value.
- Government estimate of c. £500M possible services savings
- Growing private providers, and HE in FE
- 25-30% of national research



If anywhere can engage in shared services on a significant scale, it should be London

Key Findings: 2010

Grant Thornton study

HEIs in London sceptical of sharing services; specialist HEIs most interested. Not hungry?

Current Shared Services

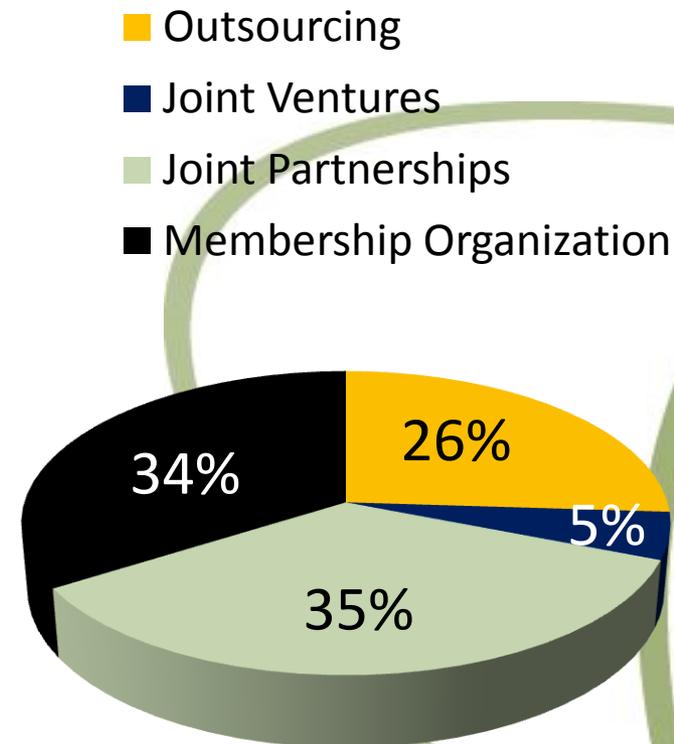
- Mainly front office
- Lack of understanding (cf. outsourcing)

Real Benefits

- Quality and resilience

Myths

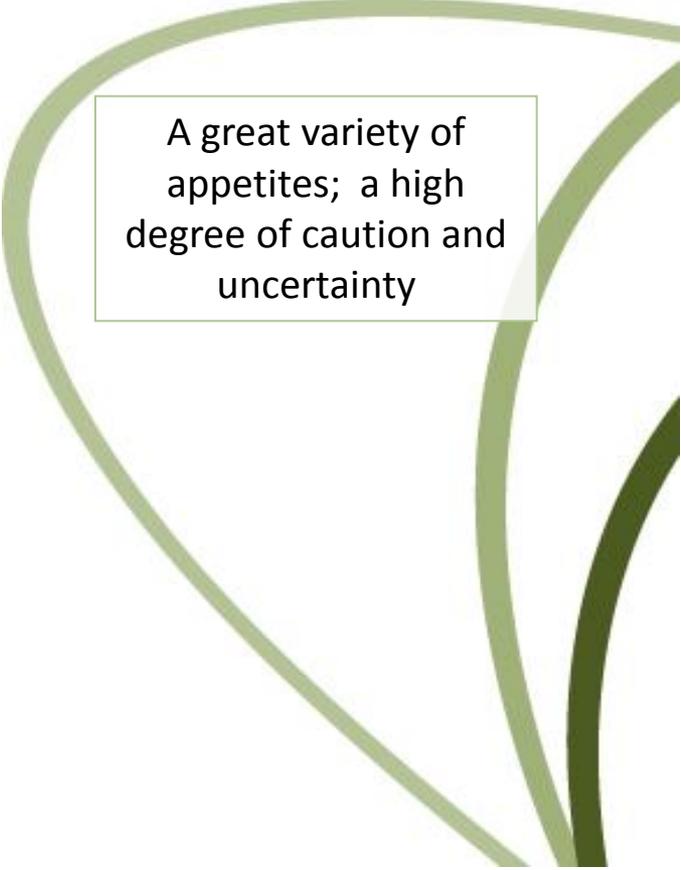
- It will solve all my £ worries
- It reduces my competitiveness
- VAT makes it not worthwhile?
- It has to be with another HEI



London Sharing – the Appetite: more

Higher appetite: HR and training, ICT, Procurement, Finance, Facilities management, Student administration, Research management and support

Medium appetite: Professional services (e.g. legal), Student support and experience, Library services, Student accommodation



A great variety of appetites; a high degree of caution and uncertainty

London Sharing – the Appetite: less

- **Lowish appetite:** Health and safety, Marketing, Audit and compliance, Academic estate
- **Low appetite:** Teaching and learning, Research (key distinguishing features)



(Source: Shared services feasibility study, London Higher, November 2010)

The art of the possible

What can and can't be done? (Nov. 2010)

Bringing HEIs together: London Higher

- HEIs must come together to discuss their objectives; this may require a neutral space

Working with the Private Sector

- It is inevitable, but the relationship needs to be stronger; this may require trusted intermediaries

Start small and take time

- It will not happen over-night; quick-wins versus long-term gains; this will require a long-standing process



Some key findings: One year on from study

- Hard consultation does work, but has few early winners
- Solutions already exist; HEIs are wary of using them more? E.g. mutuals
- At present, the longer view is difficult. Short-term decisions (e.g. purchasing solutions) can undermine larger cost-saving initiatives.
- Trust is essential.
- But, the times are changing.



There may still not be sufficient hunger for deeper-level solutions. Is the time coming, however?

Has the moment of hunger arrived?

- Publicly-funded institutions below £7.5K domestic undergraduate fees for 2012-13:
April: 3 July: 11 November: 35?
- Rapid growth in private providers and FE interest in HE
- Keen, growing range of private service providers – many here today!
- Likely reduced HE student nos. in 2012-13
- Growing HEI interest in “value for money”.

London Met: a case study

- Recognition that academic and support service investment *must* deliver much more value directly to the student
- Major redesign of undergraduate and postgraduate portfolios – lean, efficient
- Major analysis of support services – from craft-based to engineered
- Our greatest risk is not to reform
- Recommitment to social justice to our students: affordable quality education.

London Met: Affordable Quality Education



The bigger questions

- Does institutional autonomy need to mean services autonomy any longer?
- What percentage of efficiency improvements could be achieved through across-the-board redesign? While improving quality of service?
- Where might the back office end and the front office begin?
- Can HMRC deliver on VAT exemption to cost sharing groups? And how quickly?
- If so, rapidly growing interest in multi-universities shared services?

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