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# Federation of Strategic Services Project

“ Colleges will always be highly competitive, but where they see an advantage in working together then they will act in a collaborative and partnership way.



## Dr Kathy Bland

Project Director  
Federation of Strategic Services Project (FeSSP)  
North East Shared Services Pathfinder (NESSP)  
project

## Introduction

When Kathy Bland agreed to carry out research on shared services for the Learning and Skills Council (LSC) back in 2010, it would be interesting to know if she fully understood the journey she was embarking on. The subsequent NESSP and FeSSP projects she now directs continue to push at the regulatory comfort zone of HMRC, and are undoubtedly blazing a trail for other groups of Colleges. But is FeSSP, a new Federation separate from the original NESSP group of Colleges, a step too far?



## The journey and the achievements

**With funding from the Department for Business, Innovation and Skills (BIS) Efficiency and Innovation Fund (EIF), the NESSP project began to take shape in 2010. Originally a group of six Colleges and a private training organisation, the aim was to test the regulatory environment needed to allow education providers to collaborate, and ultimately save Government a considerable amount of money.**

Undaunted by the continued stream of challenges, the NESSP group began adding considerable weight to the emerging national debate produced in the wake of the EIF funding, and on almost every front, helped create the current fertile conditions for shared services projects to take root across the sector. But the journey was not without its casualties; the final, 'manageable', number of NESSP Colleges reduced to four, and the training provider fell foul of competitions law and the so-called Teckal test.

The EIF funding, managed by Association of Colleges (AoC), enabled the NESSP group to produce: a business case, an implementation plan, a new, though inactive, shared services private limited company. The group also carried out an extensive program of re-engineering of its partners' finance and management information systems (MIS). This ambitious change-management programme, and its effect on managers and back-office staff, was captured on film and can be seen at the shared services section of the AoC website: ([www.aoc.co.uk/shared-services/videos](http://www.aoc.co.uk/shared-services/videos))

At the end of the EIF funding period, and with new Collaboration and Shared Services Grant funding managed by either AoC or the 157 Group, the original NESSP team carried on to a wider, more ambitious implementation of *operational* shared services, under the auspices of the 157 Group. This now included not just the original finance and MIS services, but also human resources, IT and quality. By this time, Kathy Bland's long history of researching shared

services produced a grander vision for intimate collaboration; a tier higher than the 'operational'.

With funding provided through the Collaboration and Shared Services Grant Fund, and managed by AoC, a new project was started with a group of Colleges who began to work on the business case for FeSSP: the Federation of Strategic Services Project. This would take in not just the five services covered by NESSP, but all non-core *strategic* services, adding: curriculum, performance management, estates, marketing and business development. The determination was to "free up the very senior curriculum management to truly focus on the delivery of high-quality teaching and learning", says Kathy Bland. (An in-depth interview with Kathy Bland about the challenges of the new project can be found on the shared services section on the AoC website: ([www.aoc.co.uk/shared-services/materials/gf-videos](http://www.aoc.co.uk/shared-services/materials/gf-videos)))

Early research into the strategic practices of the new group – Sunderland, Tyne Metropolitan and Bishop Auckland Colleges – showed that many senior managers were responsible for portfolios of work that included elements in which they had little, or no, expertise; a common problem across the sector, particularly for smaller Colleges. So the FeSSP vision is to create a single set of senior, expert posts that will be shared by the three Colleges – the Federation. Each partner will retain a Principal and possibly a deputy, but the expert team will be employed by a separate private limited company. To satisfy HMRC regulations, in particular the VAT cost-sharing exemption, this separate company will be wholly owned by the member Colleges, each Principal being a member of its Board of Directors.

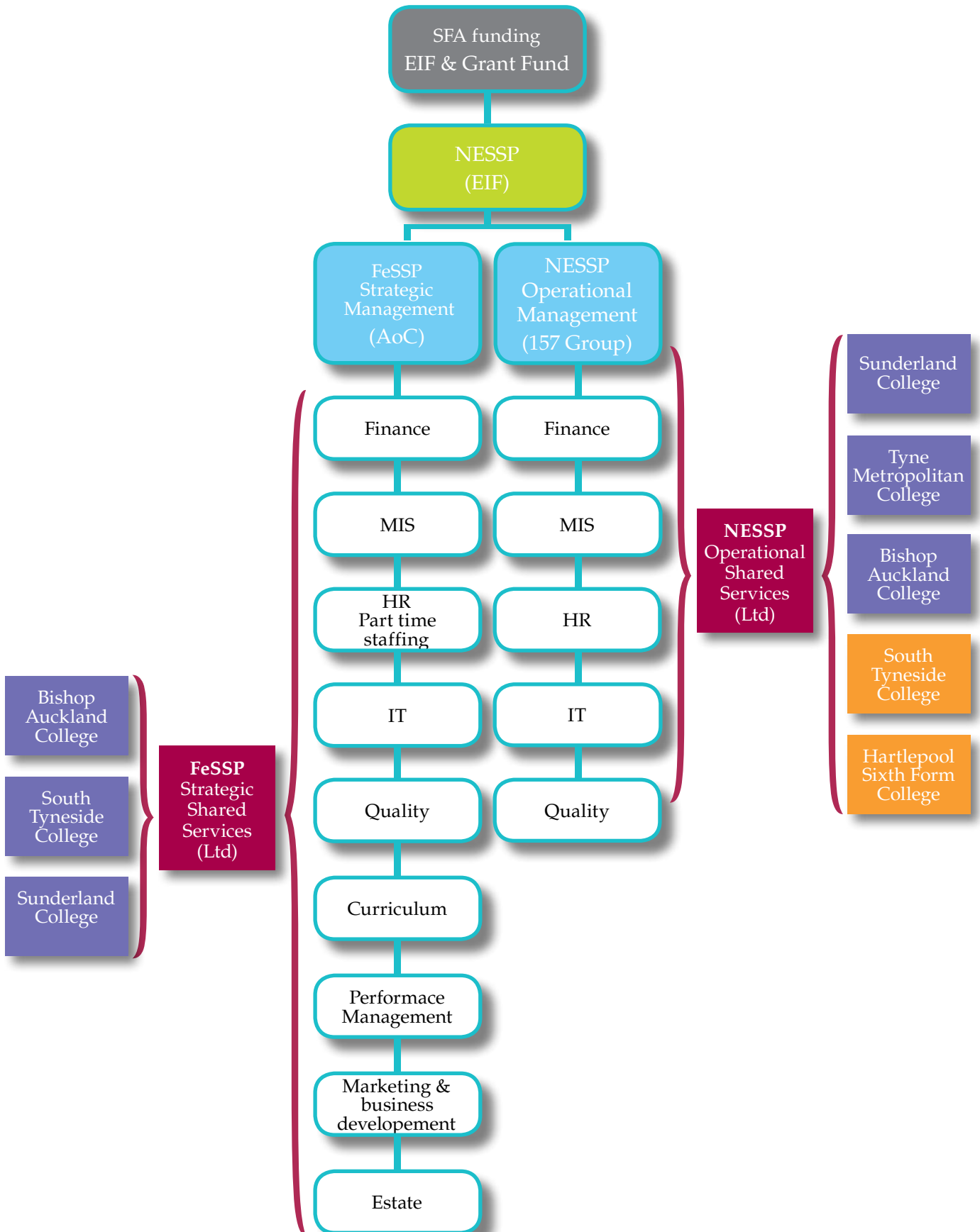
To illustrate what will change in practice, imagine the scenario of a curriculum expert, say an IT teacher, who rises through the ranks of a College to become a senior manager. Following the many typical twists, turns and restructures, this manager is given responsibility for IT resources, estates and performance management. In the FeSSP model, the manager will now become responsible for only the element of provision in which s/he is expert – IT – but now on behalf of the Federation, rather than just one College.

Kathy Blands team is convinced that with experts in charge of the strategic development of each service, not only will the group save considerably on staffing costs, but it will also create the right environment for reinvention and innovation, to become yet more efficient while providing higher quality service to its customers.

"The partners wanted to be architects of their futures", says Kathy Bland, "rather than victims of circumstance."

“Free up the very senior curriculum management to truly focus on the delivery of high-quality teaching and learning.”

# Illustration of intended working relationships





## Shared Services model and legal structure

“The essential ingredients that we looked for in recruiting potential partners were clearly those of trust, commitment and shared vision”, says Kathy Bland. When asked, staff in the target Colleges were all concerned about sovereignty, but were far less concerned about independence; recognising the need for change to survive.

The project began in earnest with desktop research and a series of interviews to establish the feasibility of the vision, and the baseline from which they could measure efficiencies and savings. It soon became clear that the model was not only sound, but that it was also scalable. The savings forecast begin at £0.5 million in year 1, for just the three core partners, rising to over £7 million in year five if the project grows to 12 partners.

|                                   | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------------------|--------|--------|--------|--------|--------|
| No. of partners in the Federation | 3      | 6      | 8      | 10     | 12     |
| Annual saving (£'000)             | £498   | £1,162 | £1,492 | £1,825 | £2,158 |
| Cumulative saving (£'000)         |        | £1,660 | £3,152 | £4,978 | £7,136 |

At the end of this first year of research and business modelling, the team has a clearly-articulated business case and is in the process of setting up its separate, but wholly owned, private limited company by guarantee. The team’s first step will be to test their assumptions and methodology on a ‘starter’ project. Setting up a staffing agency for “part-time staffing”, says Kathy Bland, “whilst complex, it is perhaps the simplest area of work to implement and a foundation on which to build and begin bringing other strategic services into the Federation model.”

At first glance, part-time staffing may seem like an operational service, “but the strategic element is essential”, says Kathy Bland. “It involves carrying out workforce planning across partner Colleges and adapting the service to meet member need.” Arguably, for the watching sector, it is this balance between the work of the ‘expert strategists’ in FeSSP’s limited company, and that of the ‘operational managers’ in NESSP’s equivalent, that is most intriguing. The following diagram illustrates the intended working relationships.

- The FeSSP strategists, working on behalf of Sunderland, Tyne Metropolitan and Bishop Auckland Colleges (and ultimately the wider Federation), use their skills to develop the most effective services to meet not only their own needs, but also those of any future partners.
- The NESSP operational team then puts these strategies into practice for the benefit of any College that wishes to contract for its services.

“ The project involves carrying out workforce planning across partner Colleges and adapting the service to meet member need.

## Next steps

**The FeSSP team still has much to do, not least resolving the competing regulations of the various pension agencies. But what is clear from this grand vision, is that the team feels, given the changing funding environment in which they operate, the need to implement its Federation approach is irresistible.**

For more written case studies on Shared Services, visit the shared services section on the AoC website:  
([www.aoc.co.uk/shared-services/case-studies](http://www.aoc.co.uk/shared-services/case-studies))



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