



# Report on the Centralisation of Business Support Functions

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# Background

As part of ad hoc support provided to a council, the Business Analysis team at the Improvement Service conducted research to assist with a review of centralisation of business support functions, with particular emphasis on the model adopted for school administration.

A variety of councils across Scotland were contacted and research was conducted into the models employed. Data derived from the Local Government Benchmarking Framework (LGBF) and additional information related to LGBF data was also provided to provide greater background detail and further considerations.

Case studies were then brought together from various councils across the UK that have implemented a centralised business support model.

# Local Government Benchmarking Framework Considerations

The following are notes of key points highlighted at the 2017 LGBF Support Services event:

## Prioritise value-adding services

Prioritisation was an important theme in discussing support services, with many councils stating that a key aspect of reducing costs in delivering support services is to phase-out any services that do not add value and focus instead on those that do.

## Links to strategic priorities

Ensure that services are linked to the council's wider strategic priorities (e.g. Local Outcome Improvement Plan). To help decide on how best to transform services, plan to align services with strategic values and phase-out services that do not.

## Virtual centralisation

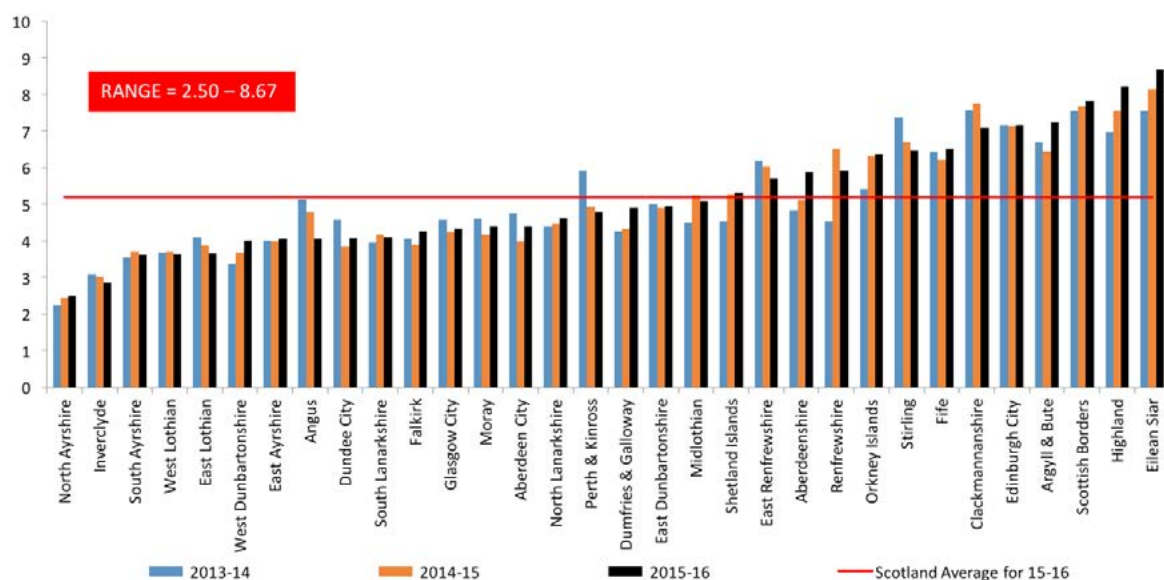
Increased centralisation was a clear theme, including 'virtual' centralisation whereby there are common staff and a common task pool, but teams can still sit within services.

## Customer-focussed service redesign

There is a move to away from transactional models to value add/customer-focussed systems.

In some areas, the redesign and restructure may lead to increased costs in the short term due to initial set up costs, but it is anticipated greater savings will be realised over the longer term (albeit these may be realised across other services).

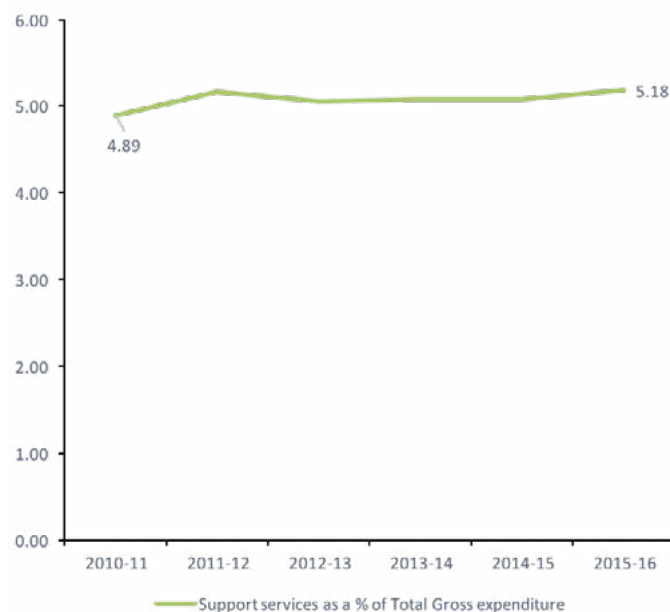
**Fig 1. Support Services as a Percentage of Total Gross Expenditure**



Reasons behind the differences in support services spending as a percentage of total gross expenditure across local authority areas:

- the way support services are structured;
- asset management: i.e. shared or reduced buildings and offices;
- level and type of staffing;
- level of automation and digitisation;
- level and type of data intelligence used: i.e. collecting and using data/business information to target efficiency savings or make improvements;
- political/strategic priorities; and
- what is included in support services costs.

**Fig 2. Support Services as a Percentage of Total General Fund**



In relation to the chart above, the overall support service spend is reducing at a slightly lower rate than total general fund, and there has been 0.1% increase in the last year. Support services spending consistently makes up around 5% of the total general fund.

# Case Study: Glasgow City Council

## Population of Local Authority

615,100 (mid-2016 estimate)

## Staff

700 HQ and school staff were moved as part of the model.

## Model

Business support was centralised in 2014 and all admin staff were transferred. Operating a locality model, they have three hubs with staff at each. All admin and clerical staff moved to Central Business Support management on the same day in 2014. Processes were moved on a phased basis to the centralised model, starting with regional pilots to gain confidence.

Centralisation lends itself to economies of scale but lower volume, more specialist work is delivered at local level.

Among other things, savings were realised through process improvement opportunities and new ways of working were seized through LEAN strategy. The project also saw a decrease in manual/paper processes and channel shift towards online forms.

## School Involvement

Including school administration in a centralised support model has been beneficial but the process is ever-evolving and consideration needs to be had to some services that are better delivered at a local, school level. In some circumstances, where processes had establishment understanding and an element of uniqueness, there was a need to move processes back to a locality cluster pool model.

Making sure you know local requirements is key to mitigate loss of on-the-ground knowledge of staff.

Online school payments considered at a corporate level, however, this is on hold pending the potential outcome of universal free school meals.

Consideration was had around staff contracts and leave, for example, education staff only worked term-time. This is a potentially complex task that should be considered in any centralisation of business support. All new staff in education are now recruited on a 52-week contract, which is future proofing the model.



No issues experienced with budget/recharge and accounting. When there was a requirement for additional hours, headteachers could buy extra hours. Now staff managed locally and so there has been a change in contractual hours.

Communication with headteachers in schools, holding sounding boards with them helped to gain buy-in and discuss which services to centralise. There was an element of risk management involved – knowing which services to centralise and which to keep in schools. These discussions were key in understanding this.

Processes/good practice in terms of centralisation has been:

- Pupil absence reporting line
- Events and meeting management – JSTs, Attendance Council, Early Years and Admission panels
- Enrolments and placing requests
- System admin support eg. password resets, SEEMIS support
- Absence management support – SAP Data Input for early years and MI
- SAP variable input – supply teacher
- SAP Data Input for all establishments
- Pilot for Primary Turnaround
- Electronic supply teacher timesheet
- Census preparation and data clean up
- Maintenance of staff records on click n go
- Annual data checks

In terms of the creation of a Pupil Absence Reporting Line, taking phone calls from parents/guardians and recording pupil absence:

- There was a need to liaise with school staff as appropriate to manage exceptions.
- Lines open at 8 am and over 20 FTE freed up within schools.
- First-time answer rate of 92%.
- Weekly call average of 7000.

### Savings/Benefits

- Reduction in errors and greater cohesion.

- Resilience and service continuity – no single point of failure.
- Increase in quality.
- High volume and high transaction work provides economies of scale.
- Centralisation allowed standard measures and targets to be introduced.
- Full project to deliver Tomorrow's Support Services recognised £5 million in savings.
- Improved customer experiences.

### Lessons Learned

Flexibility and understanding the organisation is key, rather than mirroring departmental siloes.

There may be costs associated with purchasing software licences for more staff, but this helps make a more resilient workforce and is key in providing a centralised model and realising savings overall.

Consideration must be had in how staff prioritise their workload – how do you prioritise important tasks across various departments all with conflicting deadlines?

Ensure you have a well-considered exceptions process, understand the organisation and know what needs to be dealt with at a local level. E.g. some services, such as social work minute taking, are more specialist and so an exception may be required. Exceptions also required to the standard process, such as flagging where a school absence has been reported X amount of times so the issue is dealt with at a local level.

Engaging with the trade unions can take time and needs to be factored in to the project plan.

The roll out was quick. Ideally, more time would have been taken but this was outwith control.



# Case Study: Fife Council

## Population of Local Authority

370,300 (mid-2016 estimate).

## Staff

In terms of staff structure sizes for Business Support, Fife have a current establishment of around 660 staff, 550 FTE.



## Model

Fife have implemented a centralised business support model. The model that Fife opted for was around functional areas under a programme called 3S (Shared Support Services). This resulted in all staff within Services becoming centralised within functions. These functions are Business Support, BTS (IT), HR and Finance.

Initially due to the economies of scale that bigger Business Support teams presented, savings were realised from good vacancy management, with some projects delivering some other smaller savings. However, Fife have several improvement projects in relation to improved processes, removal of duplication, and channel shift away from traditional forms of contact. There is also review of management support, note taking etc. taking place.

## School Involvement

Fife did not include school support staff in the centralisation programme. There was a review undertaken, and a decision taken not to complete that area of work as management costs would have been prohibitive.

## Savings/Benefits

Fife Council have already achieved savings of approximately £3.3 million, with an expectation of a further £2.7 million being delivered.

# Case Study: Highland Council

## Population of Local Authority

234,800 (mid-2016 estimate)

## Staff

750 FTE staff were within the scope of the project. Operated on a no-compulsory redundancy basis, with reduction in staff numbers due to natural staff turnover.



## Model

Managed as a Programme of work in accordance with Microsoft Project and Prince2, the Programme designed and delivered the creation of a single Business Support Organisation to provide consistent and responsive admin support across services for current operations and through periods of change.

Specifically, Highland Council Business Support deliver the following functions:

- Human Resources (HR) Administration - Managing recruitment, contracts, attendance and employee records.
- Purchasing and Financial Transactions - Ordering and payment, purchase card administration, raising debtor invoices and recharges.
- Travel Desk - Arranging all business travel (rail, air, bus, ferry and car hire) and accommodation for Council staff and elected Members.
- Electronic Processing - Scanning, indexing and handling a range of documents from applications to correspondence.
- Educational Maintenance Allowance - Assessing and determining claims and resolving any resulting enquiries.
- Management Support - Diary and meetings management, document and presentation support.
- Information Management - Record creation, retrieval, storage and disposal, website management.
- Facilities Management - Office management, meeting rooms management and maintenance.
- Finance Systems Administration - System administration responsibilities for all Finance Service systems.
- Training & Development - Capturing and managing training needs, arranging relevant

courses and also delivering in-house council tax and benefit courses.

- Civic Duties - Helping to provide civic support including assisting in the organisation of major events.
- Single Business Support Organisation was from service-specific admin teams, avoiding duplication (reduced numbers of staff), consistency in how work is carried out (standard processes) and increased resilience in covering workload.
- Includes the redesign of processes such as HR and Payroll related.

### School Involvement

School administration was outwith the scope of the project.

### Savings/Benefits

The main benefits of the project were:

- Cashable Savings Target = £2.3 million
- Business Support organisational and process change= £2.355 million delivered
- Avoiding duplication (reduced numbers of staff)
- Consistency in how work is carried out (standard processes)
- Increased resilience in covering workload
- Stopping advertising vacancies in press and other media, with all posts being advertised through myjobscotland = £0.154 million delivered
- Payroll Savings (staff, postage, printing costs) = £27k saving from printing. Work is continuing to quantify all cashable savings and benefits from avoidance of double keying and checking of data.
- HR/Payroll Self-Serve phased across services, reducing effort from duplicated data input and improving access to information for staff and managers (online payslips, absence information and expenses) – 97% of all staff access the self-serve system.

### Lessons Learned

Where reliant on ICT technical solutions, don't underestimate the development time and issues that can arise – ensure ICT provider(s) can respond timeously.

Breakdown the programme into manageable tranches and avoid too many dependencies on the “critical path”.

For process redesign, ensure greater emphasis on thinking ahead to making change in the business (i.e. see from user perspective. How will new ways of working work in practice?).

Account for work and effort required to turnaround existing poor and inconsistent practices and processes that have been in place for “years” - these may only be identified when redesign and testing automation and standardisation of previously uncontrolled processes.

# Case Study: Dundee City Council

## Population of Local Authority

148,210 (NRS 2015 mid-year population estimate)

## Staff

They have arounds 450 staff in their centralised business support model.

## Model

Centralised business support model is based around functions. They have a central team and locally-based centralised support.

Savings were delivered using a mix of process improvement, streamlining and no replacement of posts. No compulsory redundancies were made, model was built around staff leaving or retiring, which has shaped the model and streamlining is done around this.

## School Involvement

There is no plan to centralise school admins.

They have admin officers in schools that are centrally managed (but not centrally pooled) with the aim of having standardised processes, but all other administration is managed directly by the schools.

## Savings/Benefits

The council have a greater overview of other services, enabling them to do things differently. This has had a positive impact in a variety of ways (e.g. identifying other roles for staff, where there is a need to work more flexibly, for example).

£1.3 million savings achieved in over three years. The centralisation project is still evolving organically and it will take time to make all changes.

## Lessons Learned

Getting people on board is a slow process. Communication and working with people is key. Culture and people's perceptions are important and not to be underestimated. Tackling culture change and staff perception of the project (even if this is misinformed) are important. Briefing sessions with staff are key in the effective dialogue with staff.



# Case Study: City of Edinburgh Council

## Population of Local Authority

507,200 (mid-2016 estimate)



## Staff

1150 staff within project scope, 50% business support and 50% contact centre and transactional services such as income and benefits processing. Ratio in business support is 1 senior manager to 110 staff. Team leader ratio is 1 to 14 FTE average.

## Model

Centralised and city-wide business support to all areas except schools.

Business Support is one strand of the Customer division - Transactional and Front Facing Customer Services are the other strands in the division. Business support covers approximately 70 city-wide functions and is also transitioning with Services move to localities working. The same service level agreements where applicable across the system keep work standardised.

## School Involvement

School administration has not been centralised.

## Savings/Benefits

20% savings achieved in year 1, mainly due to reworking management spans of control, and 30% savings expected by April 2018 for the whole Customer division project due to improvement initiatives releasing savings from a Customer Projects Programme of works.

Cross-trained staff and standardised processes to make support to departments more resilient.

To help achieve benefits, we are looking at process automation and new ways of working, for example, eradicating paper documents and wet signature documents and moving to more structured digital forms

There has been a move to self-service (including a travel booking system, room booking system, payment kiosks and targeted text messaging linked to payment methods and also continuing to consider more self-service systems).

## Lessons Learned

The culture around business support needs to be considered – how are business support viewed and are changes to the culture required?

Consider any implications of other service reviews occurring concurrently and the pressures they face.

Need to consider any knock-on effect on other parts of the organisation when moving job roles and ensure that expectations of those involved are managed effectively and solutions agreed.

Buy-in and communication with all staff is key.

Focus on new ways of working as the old ways of working are not always sustainable and challenge the status quo

# Case Study: Kirklees Council

## Population of Local Authority

437,000 (mid-2016 estimate)



## Model

Innovation and Efficiency Programme, which comprised of the following three aspects:

1. Senior management review – council wide management restructuring to reduce the number of directors, assistant directors and service heads through voluntary redundancy and retirements;
2. Unifying support services – setting up a new central unit, to reduce the number of staff required while retaining some links to departments, and automating HR and payroll functions; and
3. Business support review – by introducing a common approach to back office functions across the council and giving each directorate a series of tools (e.g. for generic job descriptions) to enable more flexibility in the deployment of administrative and secretarial staff between departments with oversight from a small central team.

## School Involvement

Does not appear to have been included in scope of review.

## Savings/Benefits

Innovation and Efficiency Programme had £20 million of direct savings over 3 years together with an estimated £60 million of indirect savings resulting from a more strategic approach, more efficient systems and processes, and less duplication throughout the authority. Note that specific savings attributable to the unification of support services only is not available.

## Lessons Learned

Reduction in number of secretarial staff through the introduction of generic job descriptions and flexible deployment across departments was met with considerable resistance from secretarial staff, their managers and trade unions, delaying the project 1 year. To overcome this, revised proposals were produced with more clarity about the objectives of the exercise and a set of principles about how these would be achieved.

Business support review briefings were cascaded through managers. In hindsight, direct briefings would have been better, as shown by one briefing with all business support staff in the Town Hall, albeit it late in the process.



Emphasis on cultural and organisational change – as opposed to simply making cuts – helped to secure all-party approval, as well as motivating senior and middle managers and other staff affected by the changes.

Some of the savings, particularly in relation to the business support review took longer to realise than expected, mainly because of industrial relations and staff communication. The process improvements and ‘back-office’ savings represent around 50 per cent of the total required and enabled Kirklees to protect frontline services.

It’s key to show how making the savings and efficiencies required contributes to the bigger picture – e.g. by helping to drive transformational change (as in a ‘One Council’ approach) which in turn improves the quality and efficiency of public services for citizens and communities.

Ensure there is clear visible leadership for the initiative – from politicians and senior management – and that this senior leadership send out consistent messages.

Communicate with staff and trade unions from the outset in an open and transparent way – and allow time for the results of consultations to be used and proposals to be refined.

Build in skills development to ensure structural and process change is accompanied by behavioural change to make ‘new ways of working’ a reality.

Develop community engagement processes that are inclusive and credible and can influence priorities and how savings are made.

# Case Study: Dumfries and Galloway Council

## Population of Local Authority

149,500 (mid-2016 estimate)

## Staff

Original scope covered all admin and clerical support with total staff of 400. Staff costs account for 92% of all expenditure.



## Model

When considering the review, the review team engaged with staff through roadshows, focus groups, workshops, questionnaires. Their key aim is to streamline processes and procedures and to remove manual input as far as possible and support self-service.

The following is a diagram of the model:



## Council-wide

Bringing common transactional activities from various locations into 'business hubs' based on the six big business processes:

- Payroll administration;
- Absence administration;
- Invoicing – both purchase and sales;
- Purchasing of services and goods;
- General admin – letters, report writing, minute taking etc; and
- Data input – electronic records & system updates.

The main business processes will be completed in business hubs, for example payroll. Currently elements of payroll, mostly additions to pay – overtime, standby payments – are processed in directorates by business support staff and deductions and checks – tax, NI – are processed by Pay and Employment services. The aim is to bring together the payroll element into one team and co-locate if possible, meaning the process would be completed end-to-end by one team. The model could then be replicated for other business processes. The aim is for business hubs to be flexible in location and not centred in Nithsdale.

### **Directorate**

Where there is a specific requirement for more specialist support, this is hosted within the directorate/service.

There is a need to keep the connection between both staff groups to allow the end to end journey for customers and allow business support staff to develop the knowledge and understanding of the task in hand. The types of activities are: burial administration, child protection support, housing support and court elements – solicitor support. Through a single structure the model allows pooled resources of on-site teams to provide business support, allowing the sharing of knowledge through developing staff to gain experience in these tasks and increasing the number of staff with knowledge of the jobs required. Only a small number of staff had the knowledge of these activities meaning there was a single point of failure if staff leave or take sick leave.

### **Locality**

The aim is to provide professional business support to services at a local level through satellite offices or partnership centres.

The model will provide a single location in the council wards to provide business support to the council's services and partner organisations – NHS, third sector and local businesses. The support will be a business bureau type where the infrastructure services and businesses need through first point of contact for clients, management support, meeting room support, mail

handling support, private office facilities and a professional address all through a virtual office environment.

### Customer Contact

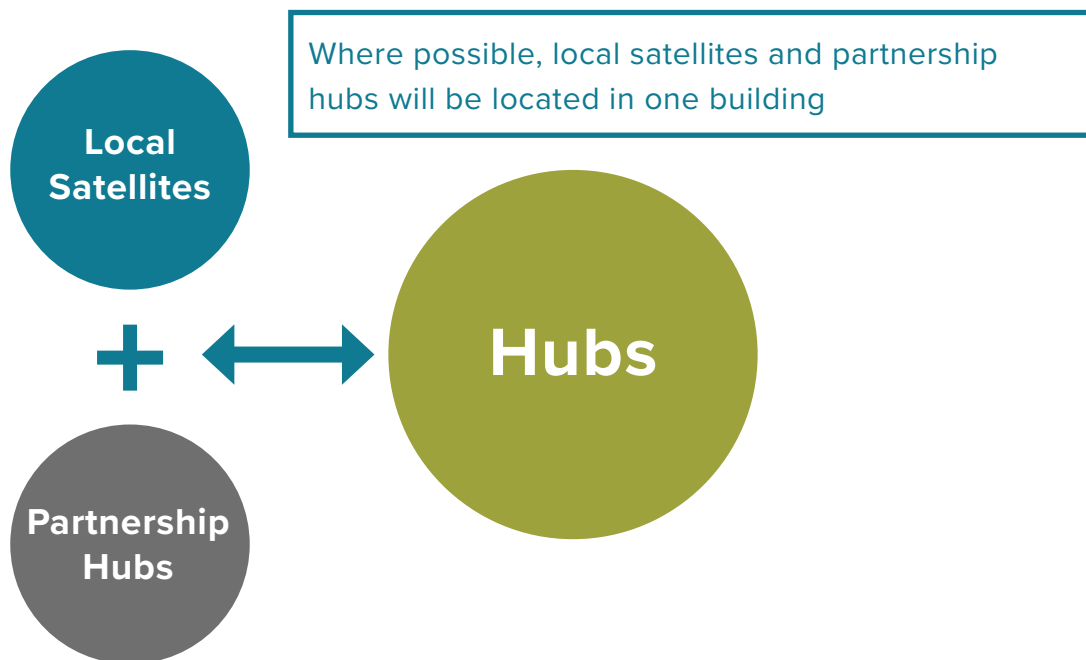
The provision of a single point of contact for customers.

Easily accessible one locality hubs co-located with all relevant council services - social work services staff, benefits staff, homeless staff planning staff and partners - citizen advice service and registered social landlords. Providing customers with a complete service.

### Hubs and Satellites Model

The business support design below illustrates business hubs providing business activities predominately from the council-wide pillars - payroll, absence management – these are multi-skilled resource teams delivering cross-council administration activities and co-located in a reduced number of buildings in conjunction with the Dumfries asset plan and future asset plans.

Business support satellites are local offices providing professional business support, predominately business activities from the directorate and locality pillar and where possible will be located in the same building as partnership hubs.



Key issues the review aimed to address:

- Enhance training needs to build capacity and minimise impact of management reductions

through new models of professional support.

- Remove overlap in all business support service to drive efficiencies.
- The impact of reduction in council services, activity and funding;
- Improved business processes using integrated IT systems to provide data for evidence based decisions.
- Further alignment of business process activities to provide a consistent approach and support to customers.

### School Involvement

This is not something that was included in the review.

### Savings/Benefits

Savings Option	Effect	2017-18 Proposed Saving	2018-19 Proposed Saving	2019-20 Proposed Saving
Option 3	Through bringing together transactional activities into teams based in hubs develops economies of scale so bringing capacity in the business support staff working week. This allows for the reduction of 40 posts through non-backfilling of vacant posts and releasing staff through EVRS			
	Savings from EVRS	£379,000	£379,000	£379,000
	Savings from Vacancy Management	£479,000	£479,000	£479,000
	<b>Total Savings</b>	<b>£858,000</b>	<b>£858,000</b>	<b>£858,000</b>

### Lessons Learned

- Sustainability and future proof business support through releasing capacity by removing

replication and identifying the right people to carry out activities in the right place.

- Technology - providing a single Customer Relationship Management (CRM) system that interfaces with the required core back office systems. All service area staff must become more self-sufficient through ICT improvements with existing systems and utilising mobile technology interfacing to back office systems.
- Initial efficiencies and quick win examples of where directorates overlapped in the main processes:
  - o Purchasing Administration – using PECOS previously undertaken by different people in directorates. Moved to a council-wide team purchasing goods and services.
  - o Absence Administration – previously over 10,000 transactions in absence and annual leave recording for EEI staff alone with similar numbers in the other three directorates, also pupil absence recorded by various staff in different school locations in CYPLL so move to a council wide team to administer absence and annual leave.
  - o Payroll Administration/Processing – over 40,000 payroll transactions previously completed by EEI, over 3000 completed in CYPLL. Moved to a council wide team to administer payroll.
- Through utilising better technology i.e. email, electronic information management, system improvements, managers have become more self-sufficient so reducing the need for the basic business support activities such as typing, filing, photocopying and updating systems.
- The new structure developing and implementing Team Planning, service standards and performance indicators to provide evidence to their customers of a quality service.
- Staff Development - introducing clear personal development standards to provide improved opportunities and upskilling of staff.
- Agile and Mobile Working - The new model will allow business support staff to work differently, including more flexible working patterns outwith the normal 9 to 5 and virtual teams including working from home allowing staff to have a better work life balance that meets the needs of both the service and the individual e.g. in EEI Business

# Councils Not Operating a Centralised Business Support Model

Looked into a centralised model six years ago but decided to not implement due to considerations over amount of savings achievable. We operate a cluster model and reviewed and streamlined the function.

A review is planned to look at centralisation but nothing currently in place. School support is based around clusters model and staff shared around as needed. Unlikely that this would be included in a review of centralised business support.

Currently operating a shared service centre and centralised functions for IT.

Something that may be considered but concept is still to be developed. Currently have education and social care admin integration.

# Summary

- Eleven out of thirteen councils responded to the request for information.
- 70% of councils queried have some sort of centralised business support model.
- 1 out of 11 councils queried have included school administration in their centralised business support model.
- Some councils that did not operate centralised business support suggested that they would consider it or are planning a review.
- However, a clear majority of councils with centralised support were not considering incorporating school administration. Reasons cited were:
  - o Too costly;
  - o The benefits foreseen are not great enough;
  - o Didn't think it would work practically; and
  - o Operate cluster models instead, where admins are pooled for use across several schools.
- Most councils queried operated their centralised business support model around functional areas.
- Automation, digitisation and a move to self-service have been highlighted as helping to realise savings.
- Cluster models, where admins are pooled across a number of schools, and/or standardisation of procedures across school administration have been rolled out by the majority of councils queried.
- Virtual centralisation / providing a more customer and value-driven service were two of the key themes discussed as being important in the future of support services.
- Key to successfully incorporating school administration into a centralised business support model is understanding the organisation and taking a flexible, agile approach.

The Business Analysis team is part of the Improvement Service, providing support to local government across Scotland. If you would like more information, contact the business analysis team on [ba@improvementservice.org.uk](mailto:ba@improvementservice.org.uk).



Improvement Service  
iHub  
Quarrywood Court  
Livingston EH54 6AX

T. 01506 282012  
E. [info@improvementservice.org.uk](mailto:info@improvementservice.org.uk)  
W. [www.improvementservice.org.uk](http://www.improvementservice.org.uk)