BT Shared Services for the Public Sector

Strategic ways to save and transform
These are tough economic times...
We’ve all seen the headlines: spending slashed! Budgets reduced! Jobs under threat!

As Central Government is driving decentralisation, localism and community–based budgeting, there is a renewed focus on improving outcomes. In fact, the current economic crisis has unleashed a wave of strategic re–thinking for the public sector. From Local Authorities to Police to Health and Education, from the back office to the front line, new ways of thinking – and working – are making a positive difference.

Britain is braced for the biggest wave of outsourcing public sector contracts since the 1980s as pressure to cut costs rises and procurement procedures are shortened by the Cabinet Office.

Financial Times, June 2012

No council should contemplate cutting services before they have considered joining forces with neighbours to share back–office services, procure better, slash in–house management and cut overhead costs.

Potentially £2bn of tax payers’ money could be saved if other councils were to copy such sensible savings.

Eric Pickles, Secretary of State for Communities and Local Government, commenting on the work done by London councils in Westminster, Hammersmith & Fulham and Kensington & Chelsea, June 2012
The challenge of change

Current challenges facing Local Government

Increasing demand for council services combined with on-going budget reductions make for a very challenging future for Local Government.

New approaches are required to address these challenges and ensure citizen services are sustained. Studies have estimated that up to 40% of all demand for services could have been avoided if preventative action had been taken, and that productivity is adversely impacted by Local Government’s silo approach (Source: SOLACE).

UK demographics are driving increasing demand for council services as the number of over 65s will increase more than 50% and the number of over 85s will increase by more than 100% by 2030. More elderly citizens means a natural growth in demand for Adult Social Services, the cost of which is increasing by 20%+ per annum (Source: SOLACE).

What’s more, the recent baby boom and population increase across the UK mean increased demand projections for State Education.

The way forward

Service optimisation and redesign are essential first steps in reducing the cost of provision and meeting budget challenges. The focus must be on flexibility and improving productivity in service delivery. Many councils have started projects in these areas and are already achieving benefits.

Sharing services, where a number of different partners utilise services from a central supplier, can deliver much-needed economies of scale. Typically, sharing evolves in a granular fashion, shifting from fixed costs to flexible costs through a utility payment model, so partners pay only when the service is used.

Local authorities have been at the forefront of moves towards shared services, especially for back-office processes, but so far most of the initiatives have been on a regional basis, usually confined to two or three neighbouring councils or authorities within a county.

There is a lot of common ground in the processes run by councils from across the country, but there are political and cultural barriers – a fear of losing control, the pressure to keep operations and jobs within an authority’s borders, and sometimes a reluctance to work with a council that is run by a different political party. It can be easier to overcome these issues when there is a sense of authorities sharing some regional characteristics, and when senior officials and members of the authorities know each other; geography need not be a barrier.

Sharing also leads naturally to a community collaboration approach. Collaborative service redesign and subsequent delivery can result in reduced demand for services, e.g. Health and Social Care service integration, building on previous optimisation and sharing. Decentralisation means that a combination of public, private, voluntary, e.g. Social Enterprises and Mutuals, will deliver services to communities in the future using a collaborative approach.

Shared services are going to remain high on the public sector agenda. Continuing financial pressures will demand that organisations continue to look for savings. Sharing common processes is one of the prime options for cutting costs, and implementation of the Public Service Network (PSN) is a big step towards allaying concerns about reliability and security. The ‘network of networks’ also provides an opportunity to take shared services to a new level, in which common processes among organisations are more important than geographic proximity and departmental families.
PSN is laying the ground for change. Some counties, notably Hampshire and Kent, already have networks used by most of the local public services and which connect to PSN; contracts have been signed in areas such as the East Midlands; procurements have begun for counties including Surrey; and there are plans in Sunderland and elsewhere to extend local networks to neighbours. As more networks become PSN-compliant, a new infrastructure will provide better connectivity for councils, and strengthen the business case for shared services.

Combined with the continuing pressure to find savings, this is likely to promote further growth. The promise of larger economies of scale – with further savings – would be a big selling point for services that could draw customers from around the country. The common processes would provide the basis for these, both in the back office and for frontline services such as managing free school meals and licensing procedures.

Shared services

Private Sector involvement in Transformational Change in Local Government has been characterised by large scale Business Process Outsourcing (BPO) over the last decade. BPO delivers efficient and effective processes to enable councils to meet citizen needs.

Shared services in Local Government have been debated for years. There are many models of sharing: public to public sector, public and private sector collaboration, and private sector supplier among others. Also, many back office and front office services and staff can be shared to maximise benefits for all partners.

Recently, in order to accelerate the transformational benefits available, a new approach, Business Process as a Service (BPS), has emerged, delivering transformation of a single or group of services through a shared service. Typical BPS areas are back office functions including HR & Payroll, Finance & Accounting, Procurement, ICT, plus front office functions like Contact Centres and Citizen Access.

The savings in staff and budgets through BPS transformation can be redirected to frontline services to help meet the increasing demand for council services.

Another recent development is the merging of Local Government and Health organisations, either through management, with the establishment of a number of Joint Chief Executive posts, or through solution provision, as demonstrated by the Shared Enterprise Resource Platform (ERP) Service delivered as a joint initiative between Herefordshire County Council, Herefordshire Health Trust and Herefordshire Primary Care Trust using Unit 4’s Agresso ERP platform. The Central Government Procurement Service has also played a clear role in shared services with many ‘framework’ or shared service type contracts coming out in the sector over the past year – showing the trend for these types of services is increasing.

“One specific area where efficiencies are already being made, and performance improved by opening up the market, is in shared services.”

Matthew Fell, CBI Director for Competitive Markets

Necessity is driving innovation. And that’s where BT can help.
BT BPS for back office transformation

Our goal is to build partnerships for mutual benefit by delivering outstanding services using industrial strength processes to integrate our customers’ back office services.

Our offer is a utility priced model based on four key building blocks:

Professional services
We provide an experienced team of over 300 professionals working across all traditional back office functions in six key strategic partnerships, delivering HR & Payroll services. Their expertise is significant and varied, and all have a deep understanding of public sector service provision as the majority have come from that background.

Enterprise Resource Planning (ERP) software application
BT assessed the global supplier base for world-class HR & Payroll, Finance & Accounting, Procurement and Relationship Management software. We selected Unit 4 Agresso Enterprise Resource Planning software as the foundation of our BPS solution. Unit 4 Agresso ERP has pre-integrated modules, an easy-to-use menu-driven interface, self-service dashboards for ‘live’ management and employee information and an established installed base across Local Government, Health and Education. Unit 4 already has a wealth of experience within the public sector and a proven track record meeting the special requirements of the sector.

What makes BT’s solution unique is that it provides a platform which enables organisations to quickly, easily and cost-effectively adapt their systems and processes, as business changes demand. There are several hundred deployments of the Agresso platform across the UK public sector, but our approach is fundamentally different to other suppliers, where costly consulting support is frequently required to enable the system to evolve and meet changing business requirements.

Infrastructure
BT’s own data centres will provide security, resilience and business continuity. Hosting the ERP software in this infrastructure helps ensure that the service is uninterrupted.

ICT service support
We offer a proven, scalable service that already provides support for some of our key Local Government partnerships. For BPS, this would include service desk and applications management. Within our partnership with The City of Edinburgh Council for example, BT supports over 20,000 devices, 15,000 staff and 50,000 school pupil end users, over 300 applications and around 46,000 email accounts across all the Council’s services and departments.

Critical to this delivery strategy is integration – we can fully integrate these ICT services across a single delivery platform, reducing operating costs, improving productivity and providing reduced pricing for customers on a volume discount basis.

BT and shared services

A shared service undertaking can be a daunting task for any organisation, involving and impacting key stakeholders such as citizens, staff, unions and elected members.

Based on our considerable transformation experience in the public sector, BT suggests a three-stage approach:

1. Stakeholder consultation to set vision and strategy
2. A full benefits realisation assessment leading to progression
3. Selection of governance model to deliver identified benefits and additional local community value

BT’s early engagement with public sector clients has shown that rapid benefits can be secured by delivering traditional back office functions through the BPS model.
“The partnership has met or exceeded all service delivery and outcome focussed targets and significant savings are being delivered as promised.

As an excellent Council our standards were high and BT has shown that our services and staff are in safe hands and that they can be relied upon to deliver what they promise.”

Patrick Melia, Executive Director South Tyneside Council

Here are just a few successful examples of our integrated service provision:

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Service Description</th>
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<tbody>
<tr>
<td>South Tyneside Metropolitan Borough Council</td>
<td>A fully managed HR &amp; Payroll service for 6,500 staff</td>
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<tr>
<td>Tyne and Wear Pension Fund</td>
<td>A fully managed payroll service for 35,000 pensioners</td>
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<tr>
<td>Liverpool City Council</td>
<td>A fully managed HR and payroll and service for 20,000 staff including the Security Industry Authority (SIA)</td>
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<tr>
<td>South Tyneside Homes</td>
<td>A fully managed Payroll and bureau HR service for 650 staff</td>
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<tr>
<td>South Tyneside Schools</td>
<td>A fully managed HR &amp; Payroll service for 67 schools and 3,000 teachers and school support staff, including pension provision</td>
</tr>
<tr>
<td>Suffolk County Council</td>
<td>A fully managed HR &amp; Payroll service for 30,000 employees and multiple schools and colleges in the region, including pension provision</td>
</tr>
<tr>
<td>Transform Sandwell</td>
<td>A fully managed HR &amp; Payroll for around 16,000 staff across the Council core service teams and Sandwell Schools and other associates of the Council (homes, leisure trust and fire)</td>
</tr>
<tr>
<td>Lancashire County Council</td>
<td>A fully managed HR &amp; Payroll service for 30,000 employees</td>
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Success through sharing

With many operational services to share, and many innovative ways to share them, it can be difficult to choose the right solution. There are three basic approaches:

- **DIY shared services**, where Local Authorities and public sector agencies collaborate among themselves with no external suppliers
- **Business Process as a Service (BPS)**, where a third party takes complete operational and management control of service or, for example, in payroll services, a semi-managed option (known as bureau) where the customer keeps its payroll team but outsources the back end and hosting of the system (often including BACS, reconciliation and year end processing) – de-risking their payroll effectively. This offers varying degrees of operational and management control
- **Partnership**, where two or more organisations work together to establish and deliver a shared service with third parties.

BT can give you and your staff the guidance and support you need. We go beyond cost saving and improving performance: we place high focus on quality and collaboration to deliver enhanced services for citizens.

Here are a few case studies.

**HR & Payroll**

All BT local government partnerships include the delivery of (HR & Payroll) services.

Liverpool Direct Ltd (LDL) provides a full range of HR, payroll and pensions services for a diverse range of clients in both the private and public sectors.

- functions include all salaries, allowances, casual payments and amendments to employee contracts
- more than 250,000 amendment requests per year are processed with over 230,000 BACS transactions.

“The objective of the partnership was to provide common systems and processes across the authority to provide the council with efficient and effective back office systems. This has been achieved allowing council staff to focus on delivering enhanced levels of frontline services.”

Jeremy Pembroke, former Leader, Suffolk County Council
Recruitment
LDL also undertakes all aspects of recruitment services, including preparation of advertisements and job descriptions, design and delivery of assessment centres, psychometric testing and/or interviews, and arranging contracts.
This contract was extended until 2017. This extension, plus additional investments from BT, will save the region’s taxpayers a further £48m bringing the total savings to almost £150m.

Procurement
One Connect Ltd. is a BT joint venture with Lancashire County Council.
• Lancashire Centre of Excellence Procurement Service, created by One Connect Ltd., launched an online portal branded Connect2Buy in October 2011
• It allows access to a comprehensive range of suppliers, products and services via a simple online catalogue, benefiting from economies of scale through Lancashire County Council’s buying power.

Contact management
This is a core competency of BT, both large and smaller scale.
DWP: BT manages the DWP contact centre with 30,000 agents, serving job centres across the country, providing solutions to virtually every town and city.
Customer Service Direct: Customer Relationship Management/Computer Technology Interface Integration enables CSD to manage all public access points, joining up the County and District services, bringing together all the Council’s customer-facing staff into a single organisation delivering services through electronic and face-to-face channels:
• A virtual call centre network delivering pooled services
• Three walk-in centres
• A website for citizens to access Council information and transact online
• “Customer First”: a single point of contact for adults and children requiring access to social care services, linking with back office systems.

At CSD online payments have risen from 14% to 35% and 80% of adult social care assessments are now made online instead of face-to-face. For internal services too, there are now HR and ICT helpdesks and enhanced online services. This strategic focus on customer access pooled some 120 public access staff into a single front office, supported by new contact centre and workflow technology achieving a joined up approach to delivery and strategic targets for more cost effective services via the cheaper channels. This has demonstrated an increase in web service delivery to 35%.

Fleet management
Taunton Deane Borough Council:
• Leveraged power of BT Fleet suppliers generated significant cost efficiencies
• Increased garage resources deliver quicker vehicle turnaround and reduced downtime
• Comprehensive managed fleet offering means staff can concentrate on their core activities
• Full management of vehicle documentation – safeguarding Duty of Care responsibilities and fleet compliance
• One-stop shop, including vehicle asset list, meaning services are scheduled on time, every time
• Online portal system for 24/7 access to detailed management reporting.
Why work with BT?

For more than a century, BT has worked closely with the public sector on all levels, from smaller scale undertakings, such as improvements to Local Authority departments, to extremely complex projects such as Ministry of Defence global secure networks, and of course the London 2012 Olympic Games where BT was the fulcrum for all forms of communications and logistical support.

The eyes of the world were on the Games, and BT had a critical role to play in their success – alongside our technology partners, every image from the Games, every sports report, every visit to the London 2012 website and millions of calls, emails and texts were delivered over BT networks.

As a former publicly owned company ourselves, we also have first-hand experience of many of the issues and financial pressures faced by the public sector. We know that sacrificing service is not an acceptable way to cut costs and our focus is therefore on enhancing service outcomes.

What’s more, we combine our extensive public sector capabilities with in-depth business knowledge and skilled staff. We are also at the cutting edge of innovation – our world-class R&D facility is dedicated to investigating and developing technologies that deliver real benefits to people’s lives.

These credentials come together in our work spanning Central Government, Local Government and Health. We constantly draw from our experience, including a positive record of delivery in partnership with Local Authorities and strategic Health Trusts. We are now one of the foremost providers of technology, business process, and transformational services to the public sector.

We have over 1,500 customers across Scotland, England, Wales and Northern Ireland, including councils, housing associations, Police, PCTs, universities and colleges. Our Local Government business includes award-winning large scale Joint Ventures, strategic partnerships and smaller contracts with a number of Local Authorities, agencies and not-for-profit organisations.

Our activities range from partnerships contracted by Strategic Partnership Agreements like South Tyneside to Joint Ventures across public/private sectors, such as Liverpool Direct Limited. Both these partnerships were established with objectives that include trading and job creation. Some partnerships use a TUPE+ model, while others adopt a secondment model where staff remains employed by their respective organisations. We have proven abilities in bringing together different organisational cultures within a framework of a shared vision, values and behaviours, improving technology, business processes and customer-facing operations while driving down cost.

BT is a market leader in delivering Business Process Outsourcing Services in Local Government with over 20 years’ experience. Overall, we provide a wide range of back office services, including HR & Payroll, to over 83,000 Local Government employees through our partnerships.
"This is a great platform for doing things differently and growing. It is possible to transform an organisation to reduce operating costs and at the same time improve quality. In BT, we have taken £3bn out of our cost base and at the same time customer complaints have halved. We are very proud of the work that we do with the public sector across the UK in helping them make similar changes to their way of working. BT is keen to be your partner for Shared Services and is one of my key priorities, and you have my personal commitment.

Paul Ringham, Vice President, Local & Devolved Government, BT"
Don’t just take our word for it…

Faced with unprecedented change, less spending power and more demands for services, many public sector organisations have opted to utilise BT Shared Services solutions. Here’s what a few of them have to say about the experience:
“We were looking for a partner to help drive the long term strategic priorities of South Tyneside. With a proven track record, we chose BT to help improve economic prosperity, generate significantly more jobs and locate BT’s Local Government operations in the borough, kick-starting our major regeneration of the South Shields riverside.”

Martin Swales, CEO, South Tyneside Council

“BT made a huge effort to welcome us into the family... It was very apparent that BT had done a lot of background work to make the transition a success. What impressed me most was that BT was very open with us and nothing was cloaked in secrecy.”

Nicola Moore, formerly Pay and Reward Manager at South Tyneside Council, now UK HR Delivery Partner, BT

“What impressed me particularly about BT – they were the one organisation that wanted to do something in true partnership. The others gave me the feeling that actually they probably would like to take it over.”

Jeremy Pembroke, former Leader, Suffolk County Council

“In South Tyneside I saw the great relationship they have with BT. I want to encourage more of this kind of thing. It leaves me in no doubt that local communities have the talent and initiative, to harness the new powers coming their way.”

Eric Pickles, Secretary of State for Communities and Local Government, June 2011
BT: a number of advantages

Here is a quick look at the scale of our public sector commitment:

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<tr>
<th>We supply services to all 433 Local Authorities in the UK</th>
<th>We generate savings of hundreds of millions of pounds with six Local Authority Partnerships</th>
<th>We deliver over £1.5bn of payroll value into the public sector</th>
<th>We undertake 783,000 transactions per annum</th>
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<tr>
<td>We process over 225,000 applications each year for the Security Industry Authority</td>
<td>We generate 142,000 fraud referrals a week for the DWP across 50 data sources, from 26m records</td>
<td>We make some 1m criminal record checks a year for Disclosure Scotland</td>
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<td>We collect some £580m in tax revenues each year for our Local Authority partners</td>
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<td>Around 170,000 NHS staff in London and the South East rely on applications and services we deliver for 24/7 healthcare. Some are accessed by 14,000 users at the same time</td>
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<td>We manage the DWP contact centre, one of the world’s largest, with 30,000 agents</td>
<td>We provide secure directory services for 260,000 military and civilian defence staff</td>
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<td>170,000</td>
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From people to processes, strategies to solutions, we welcome the opportunity to discuss how we can help. To find out more, visit www.bt.com/localgovernment

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