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## UNISON advice on shared services in schools, academies and colleges

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**Education  
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## What are shared services?

Shared services are when a number of organisations agree to share the costs and delivery of a service between them.

Procurement, Information and Communications Technology (ICT), human resources, utilities, catering and cleaning are the most usual shared services, but there is no real limit to scope.

Shared services might be across departments or employers and range from informal collaboration and networks to one employer forming a separate entity, like a company, to deliver particular services to other organisations.

They are hailed as a way of pooling scarce or expensive skills with economies of scale in staffing as well as engaging private sector “innovation”.

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## Why are they becoming a favoured option?

The Gershon 2004 public sector efficiency review aimed to save £21.5 billion of public funding by 2008; £4.3 billion of savings were to come from education. The recommendations included a drive to share a range of services across organisations. A Treasury report in 2008 recommended a continued push to reduce public spending in the face of global financial crisis. Subsequently, the coalition government which came to power in 2010 has implemented even more public funding cuts so the impetus for shared services is greater than ever.

The Welsh Assembly commissioned PriceWaterhouseCoopers in 2010 to advise the education minister on how to reduce costs using shared services like ICT clusters. Scotland is trialling a shared services centre project between Clackmannanshire, Stirling and Falkirk councils that hopes to save over £1 million a year.

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## Shared services in schools, academies and colleges

There have always been partnership arrangements and a tradition of sharing resources across education. There have also been policy initiatives over the last 20 years aimed at increasing voluntary and private sector involvement. The Public Finance Initiative and then Building Schools for the Future programme in England introduced a range of different local authority schemes which aimed to create academies with private sector sponsors and partnerships between schools and other organisations. These helped to spawn more than 160 schemes that involve joint procurement and service provision in schools. There are also education business partnerships that link schools, colleges and workplaces, usually for vocational learning with work placements.

Many schools, academies and colleges lack the economies of scale in services that they enjoyed as part of a local authority that provided central services. Attempting to reduce their overheads by sharing services has been one of the factors that has led to mergers, chains and clusters of institutions as well as partnership deals.

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## Push from employers

The Local Government Group is encouraging councils to consider shared services as a way to increase “efficiency” and cut costs. In March 2011 it issued a press release saying that councils could save millions through shared services over the next 10 years. Projects are proliferating and some are

in education. Westminster and Hammersmith and Fulham are merging education services: school admissions, governor support and education psychology. They have stated that “redundancies are inevitable”. There has been an East London shared services project since 2009 that covers free school meals and school nursing. In Cornwall a trading joint venture with a private company was set up to administer free school meals and Sutton, Kingston, Merton, Richmond and Croydon councils have signed a memorandum of co-operation for commissioning services.

The Association of Colleges (AoC) and 157 group (an organisation representing some larger colleges) are promoting shared services and were given a £15 million Efficiency and Innovation Fund to support their development across England. Two rounds of bidding by colleges has resulted in 41 shared service projects involving 200 colleges. These include provision of student services by Nescot, Greenwich and Bexley colleges and a six college consortium called the Solent Colleges innovation Partnership.

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## What is UNISON’s response?

Evidence suggests that shared services will become an increasing feature of education service delivery. It is vital that we understand the issues that may rise from them and how to respond. Our key priority must be to protect jobs, terms and conditions of employment and services to local communities.

UNISON has to be able to spot when a new cross-employer initiative is a shared services project that requires the following consideration.

Major areas of concern are:

### Jobs

- job losses and redundancies due to rationalisation and restructuring
- possible relocation of employment and longer and more costly travel
- staff transfers to private companies, driven by profit rather than public sector ethos.

### Terms and conditions

- changes to terms and conditions, despite TUPE protection
- pressure to harmonise downwards
- eligibility to the local government pension scheme
- change in duties without review.

### Industrial relations

- national bargaining and agreements undermined
- new employers seeking local or regional arrangements
- de-recognition or cherry picking recognition of unions
- works councils as an alternative to dealing with trade unions

- trade union facilities under threat
- employer roles between partners and HR responsibility may blur
- organising challenges
- consultation and negotiating from the proposal stage on:
  - avoidance of outsourcing and private company involvement
  - agreement on no job losses
  - secondments or TUPE with guarantees on pension rights, continuity of service and trade union recognition
  - equal terms and conditions for new staff to avoid a two-tier workforce attempts to introduce new unacceptable practice e.g. enforced flexible working
  - temporary/transitional arrangements like travel time and childcare
  - equality impact assessments
  - health and safety risk assessment of new premises/working arrangements
  - training for any new responsibilities and pay review.

### **Not as simple as it seems**

Schools, authorities and colleges may look to shared services with the best of intentions in times of resource squeeze and provider fragmentation. But solutions can turn into problems with the complexity of contracts and arrangements, hidden costs in procurement, friction from shared management and risk and lost autonomy. Promised benefits may not materialise because:

- shared services are not a 'quick fix' – it can take up to three years
- consultants' claims about potential savings are exaggerated
- set-up costs exceed expectations
- savings often depend on reducing labour costs leading to industrial strife
- possible redundancy and early retirement costs – who pays?
- there may be problems reintegrating seconded staff
- a joint venture between institutions may be liable for VAT; a 20% increase in costs before savings are made
- agreements need to be reached and decisions made across governing bodies and boards
- multi-centres or teleworking may be introduced to resolve location issues bringing their own management and communication complications.

UNISON's full branch guidance on shared services is at: <http://www.unison.org.uk/acrobat/17275.pdf> or can be ordered from the UNISON online catalogue (stock number 2676).

TUPE advice is available online at:  
[http://www.unison.org.uk/acrobat/PCU\\_Organising\\_guide.pdf](http://www.unison.org.uk/acrobat/PCU_Organising_guide.pdf)

Email UNISON's education and children's service at: [education@unison.co.uk](mailto:education@unison.co.uk)

More information about UNISON in education can be found at: [unison.org.uk/education](http://unison.org.uk/education)



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