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Shared services in the higher education sector

Report to HEFCE by KPMG

Table of contents

1. Executive summary	2
2. Introduction	3
3. Existing shared services in the HE sector	5
4. Existing shared services in other sectors	16
5. Delivering effective shared services	20
6. Stimulating demand in the HE sector	27
Appendix A – National, sector-wide organisations	28
Appendix B – National associations	34
Appendix C – Procurement	38
List of abbreviations	

1. Executive summary

- 1.1 Universities and other higher education institutions (HEIs) are already co-operating in a wide range and number of areas to achieve significant savings and improvements in performance. Collaboration ranges from national organisations providing a particular service/services, through local examples of collaboration either on particular issues or a range of services, to collaboration on procurement (see Section 3).
- 1.2 This report by KPMG, commissioned by the Higher Education Funding Council for England (HEFCE), found that there is potential for HEIs to secure sustainable efficiencies (including both economic benefits and service improvements) where they are not in direct competition. This is not just through sharing support functions, but through considering the wider range of areas where there is collaboration. Although there is limited information available on cost savings to date (as many of the existing arrangements have operated for many years), Section 5 includes some estimates which suggest that further savings are achievable. This could be through taking advantage of existing shared service arrangements within higher education and other sectors and extending other forms of collaborations, as well as considering dedicated shared services centres.
- 1.3 However, the fact that VAT is irrecoverable on outsourced shared services is a major barrier to realising this potential.
- 1.4 In order to realise the potential for shared services (assuming the VAT issue is resolved), the impetus for moving towards sharing additional services must come from the institutions themselves. HEFCE has a key role to help facilitate this process, specifically to:
 - Explore with existing national providers whether they see opportunities to create additional shared services and to better quantify existing benefits (see 3.4).
 - Establish whether “bottom-up” solutions can be further promoted, for example the Liverpool or Bloomsbury Consortium models (see 3.17 onwards).
 - Explore whether the higher education sector could use existing shared service providers, for example the Department of Health/Xansa joint venture for the NHS (see 4.1).
 - Identify whether any new shared services approaches could be implemented in the sector.

2. Introduction

The efficiency review and shared services

- 2.1 Following the publication of the Gershon Review in July 2004, the Department for Education and Skills (DfES) agreed a target of realising annual efficiency gains of at least £4.3 billion by 2007-08 through, for example, reducing the number of civil servants in the central department, improving procurement of goods, services and new school buildings, increasing productivity in schools, colleges and higher education institutions and reducing regulation. At least half of these savings are to be recyclable.
- 2.2 The Government launched its Transformational Government strategy in November 2005. The Government says that achieving the vision in this strategy – of better using technology to deliver public services and policy outcomes that have a positive impact on citizens’ daily lives – will require three key transformations¹:
- Services enabled by IT must be designed around the citizen or business, not the provider, and provided through modern, co-ordinated delivery channels.
 - Government must move to a shared services culture.
 - There must be a broadening and deepening of Government’s professionalism in terms of the planning, delivery, management, skills and governance of IT enabled change.
- 2.3 It has been estimated that universities spend around £700 million on Human Resources and Finance each year, and considerably more on other support services. There is a presumption in current thinking that sharing such services with other organisations will release efficiencies by standardisation, simplification and sharing, deliver better value for money and therefore enable more to be spent on “front-line” services. The extent to which this is valid in higher education will need to be tested.
- 2.4 This report therefore takes stock of the existing use of shared services in the higher education (HE) sector and the various options for a move to a wide-ranging shared services culture.

What do we mean by shared services?

- 2.5 Definitions of shared services vary. Typically they describe a model of providing services (not just so-called “back-office” services) in a combined or collaborative function, sharing processes and technology. In the private sector this is usually within the same group of companies, but in the public sector it will most often be between separate entities. The most sophisticated models involve establishing a completely new organisation, run and managed as an autonomous business.
- 2.6 For the purposes of this report, we have adopted the widest possible definition of shared services, focusing not so much on the structure or governance arrangements, but rather on all areas where higher education institutions (HEIs) co-operate in the delivery of services and in sharing information and skills.

Contents

- 2.7 The first part of this report considers the existing shared service activities in the HE sector.
- 2.8 The second part summarises some examples of shared services in the National Health Service, local government and central government.
- 2.9 The third part briefly considers the following issues:

¹ *Transformational Government: Enabled by Technology* (Cabinet Office, November 2005)

- which services can be shared
- which organisations they might be shared with
- the possible organisational structures for shared service functions
- benefits from implementing shared services
- challenges to implementing shared services
- how to deliver shared services.

2.10 The final part of the report considers how the Higher Education Funding Council for England (HEFCE) might stimulate demand and interest in realising shared service opportunities in the HE sector.

3. Existing shared services in the HE sector

3.1 Higher education has a long history of successful collaboration between institutions, but the many parts of the sector remain decentralised and institutions rightly value their autonomy and independence. Indeed, many of the larger universities operate to an internally devolved model with, for example, decentralised administrative functions.

3.2 Examples of collaboration and shared services fall into four categories:

- i. National, sector-wide organisations providing services to many or all HEIs.
- ii. National associations providing networking opportunities and disseminating best practice.
- iii. Local examples of co-operation on an ad hoc basis.
- iv. National and regional procurement arrangements.

3.3 Each of these is considered in more detail below.

i) National, sector-wide organisations

3.4 In several areas, the HE sector has developed national organisations which provide a service to all or many HEIs, not just in England, but also in Wales, Scotland and Northern Ireland.

3.5 Some of the bodies that fall into this category include:

- The Joint Information Systems Committee (JISC), which provides networking and specialist information services in both HE and further education (FE) sectors.
- The Universities and Colleges Admission Service (UCAS) which processes applications for full-time undergraduate courses at UK universities and colleges.
- Higher Education Statistics Agency (HESA), the official agency for the collection, analysis and dissemination of quantitative information about higher education in the UK.
- The Quality Assurance Agency (QAA), which reviews qualifications standards and quality.
- The Student Loans Company (SLC), which organises the payment, maintenance and collection of government student loans and university and college bursaries.
- U. M. Association Limited (UMAL), a mutual assurance company providing insurance to more than 50 HEIs.
- Higher Education and Research Opportunities (HERO), a central gateway for students, academics, businesses and the general public.
- The Higher Education Academy and the Leadership Foundation, supporting staff training and development.
- The Equality Challenge Unit (ECU), established to contribute to the advancement of equal opportunities in the HE sector.
- The Universities Superannuation Scheme (USS), the principal pension scheme for academic and senior administrative staff in UK HEIs and research institutions.
- The Arts and Humanities Data Service (AHDS), a UK national service to collect, preserve and promote the electronic resources which result from research and teaching in the arts and humanities.

3.6 More detail on the role and structure of each of these bodies is at Appendix A.

- 3.7 Most of these organisations are not-for-profit and therefore return any savings to the sector in terms of reduced prices. There is little quantifiable information on savings achieved, but most of these organisations provide services cheaper than they could be purchased off the shelf by individual institutions through specialisation, economies of scale and more effective negotiation on contracts. The standardisation of certain services across the sector is also of benefit, for example in reducing policy and system development costs and ensuring information can be readily shared amongst institutions.
- 3.8 In the most successful examples, often the impetus has come from the institutions themselves, rather than being imposed by the Funding Councils or other government requirements.

Joint Information Systems Committee (JISC)

JISC was established by the Funding Councils for England, Scotland and Wales, to deal with networking and specialist information services and now works in both further and higher education sectors. JISC is not a legal entity, but rather a Committee of the funding councils, with a Board made up of representatives from the sector. Although established by the Funding Councils, its collegiate structure means JISC's strategy is driven by the institutions, who therefore buy into and support its activities (which are not mandatory), but are unable to contract with suppliers or employees separately. Much of JISC's work is undertaken in the institutions themselves, where the expertise resides.

With funding from the UK further and higher education Funding Councils, JISC provides a centralised and co-ordinated direction for the development of the infrastructure and activities. JISC provides:

- New environments for learning, teaching and research.
- Access to electronic resources.
- A national IT network for HE and FE – “JANET”.
- Guidance on institutional change.
- Advisory and consultancy services.
- Regional support for FE colleges through Regional Support Centres.

No formal exercise has been undertaken to quantify savings from JISC's work, but savings are considerable, for example through purchasing on-line content at a better price than individual institutions could achieve. Other benefits would be difficult to quantify, but no less important. For example, JANET gives all institutions access to a world-class network which they would not be able to purchase off-shelf, and continuing work to implement a single authentication system to ensure consistent and secure systems access should help to raise standards of security.

Source: Joint Information Systems Committee

- 3.9 The “bottom-up” nature of many of the organisations listed at paragraph 3.5 has ensured that HEIs are committed to their work, willing to pay subscriptions and confident that their independence is not impaired. If the work of bodies such as JISC was to be expanded, for example in areas such as shared IT service contracts, it would be necessary to ensure buy-in from institutions from the start, rather than seeking to impose solutions from the “top-down”.

ii) National and regional associations

- 3.10 The HE sector has a wide range of associations representing the sector and covering different activities, where institutions come together to share and disseminate best practice.

- 3.11 Universities UK and the Standing Conference of Principals are representative bodies, aiming to influence policy and planning at a national level. Some associations represent functional areas such as Finance (the British Universities Finance Directors Group) and Human Resources (Universities Personnel Association), and others represent subject areas, for example the University Council of Modern Languages, the Association of Business Schools, and University and College Sport (which also represents FE colleges). Most of these organisations are funded by subscriptions from members, conference income and/or training activities.
- 3.12 As well as influencing the development of government policy, sharing experience and disseminating good practice, many of these associations also work to maintain and promote professional competence and ethical standards and promote opportunities for development and training for the benefit of members and their respective staff and therefore contribute towards significant, though unquantifiable savings for the sector.

British Universities Finance Directors Group (BUFDG)

BUFDG is the representative body for finance staff in the higher education sector in the UK. Members of the Group are formally the Finance Director or equivalent at each institution.

BUFDG is funded primarily from the proceeds of its annual Conference and training activities, but is also supported by the voluntary efforts of its officers and members of Working Groups.

BUFDG aims to be the pre-eminent source for information, advice and comment on matters of financial strategy and management in higher education in the UK.

In pursuit of this mission, the Group has the following objectives:

- To be the recognised channel for the provision, dissemination and analysis of information and comment to external agencies and all members concerning best practice in financial management and related topics in higher education.
- To promote high standards and best practice in accounting, audit and financial management in higher education.
- To provide appropriate opportunities for training and development of finance directors and their staff.
- To work in partnership with related organisations to provide forums for discussion, consultation and exchange, both national and regionally.

Source: British Universities Finance Directors Group

- 3.13 There are also regional associations of universities, one in every English region, funded largely by member subscriptions, though they also receive some support from HEFCE.

Universities for the North East (UNE)

UNE is an association of the region's five universities (Durham, Newcastle, Northumbria, Sunderland, and Teesside) and the Open University in the North. The Board of Universities for the North East meets quarterly and is supported by a secretariat located within RTC North Ltd.

UNE helps the universities to collaborate in a wide range of areas, including:

- Helping companies access the facilities and expertise within the universities.
- Developing a collective approach in attempting to improve the participation of under-represented groups entering higher education.

- Developing music activities in and across the higher education institutions via a project working closely with The Sage, Gateshead.
- Enhancing the regional impact of university reach-out activities through the identification, development and piloting of good management practices in staff development through the Central (university) Purchasing Information Database (CuPID) project.
- Developing an online resource for the utilisation, retention and inward migration of higher level skills for the region via the Graduates North East website.

Source: Universities for the North East

3.14 Further brief details of the activities of some of the key representative bodies in the sector are at Appendix B.

iii) Local examples of co-operation

- 3.15 There are a large number of examples of ad hoc co-operation in the sector, sometimes part funded by HEFCE or other funding bodies. Partners typically may include other HE institutions (usually those in close geographical proximity), FE colleges, local authorities, NHS bodies or in some cases, private companies.
- 3.16 To date there are few examples of sharing significant back-office functions such as HR, Finance and IT. Some institutions have explored the possibility of sharing such functions, either with other HEIs or with private sector partners, but have found that implementing shared services on a significant scale requires the twin obstacles of VAT on shared services and institutional concerns about independence to be overcome. These are discussed in more detail in Section 5. In addition higher education has traditionally had a different attitude to managing staff transfers than the private sector.
- 3.17 The case studies included in this section therefore provide examples of small groups of institutions sharing a range of services, larger groups of institutions sharing one service, local bodies sharing certain facilities, and a series of examples of academic/research collaboration. These kinds of arrangements are difficult to categorise any further because of the ad hoc nature of the arrangements – what works in one locality or for one service may not work in another geographical area or for another service.

Sharing more than one service

- 3.18 Liverpool University and Liverpool John Moores University have conducted a feasibility study to look at the possibility of sharing certain services between the two institutions. The outcome of this exercise is that the two universities are exploring a number of opportunities for closer working, including printing services, and other services such as estates management, travel planning, security, student health and accommodation booking will be considered for the future.
- 3.19 Members of the Bloomsbury Consortium (BC) are collaborating together on a variety of administrative and academic matters and although these arrangements are slightly more formalised than those in Liverpool, both provide good examples of how institutions can co-operate on matters of mutual interest whilst retaining their integrity and independence. In the case of BC, it was agreed at the outset that it should not adopt a rigid framework for collaborative activities but allow colleges to opt in and out of activities as appropriate. Whilst the original list of collaborations was prioritised by the heads of the institutions, based on a report by consultants, others have since arisen through initiatives by those working in the areas. Collaboration has also progressed at different speeds, as appropriate.
- 3.20 The kind of voluntary collaboration framework that is operating in Liverpool and in Bloomsbury may provide a useful model for other institutions wishing to share services.

The Bloomsbury Consortium (BC)

The Bloomsbury Consortium of specialist colleges of the London University consists of Birkbeck, the Institute of Education, the London School of Hygiene and Tropical Medicine, the Royal Veterinary College, the School of Oriental and African Studies and the School of Pharmacy. The aim of the consortium is to collaborate together in administrative and academic matters so as to avoid unnecessary duplication of effort and gain the benefits of critical mass whilst maintaining the independence to pursue individual specialist missions. Collaboration should also enhance the capacity of the institutions to provide support, deliver services and create opportunities of professional advancement for the support and service staff in the six institutions. The physical proximity of the colleges is a key factor in facilitating contact and enabling shared facilities where relevant.

The Consortium engaged the Southern Universities Management Consortium to examine the opportunities for collaborating, in a piece of work funded by HEFCE. A group of activities which could be taken forward quickly were identified, working groups established and individual colleges assigned the lead. Some of these will involve the development of new activities or letting of new, joint contracts – for example in catering, occupational health, international student recruitment, nursery provision and student accommodation. Others are more about managing existing provision, negotiating with providers and sharing best practice, for example in the areas of security, health and safety, and European grants.

The six colleges were collaborating in academic areas before the creation of BC, but the consortium has identified scope for expanding co-operation in both teaching and research, for example in framing rules for the allocation of PhD studentships in the Consortium Research Studentship Pool, and using these studentships to encourage genuine collaborative research.

BC does not have a formal legal structure. The six heads of the institutions meet on a monthly basis, as do the heads of the colleges' administrations, to plan strategies and monitor implementation, and a single project manager, employed by one of the colleges, co-ordinates the Working Groups and facilitates their work.

No attempt has yet been made to quantify savings or benefits arising from collaboration on procurement of contracts and other efficiencies, but as co-operation increases in a variety of areas, and particularly if a single student accommodation block was acquired, BC anticipates significant savings in the future.

Source: Bloomsbury Consortium

Sharing individual services

3.21 As well as small groups of institutions collaborating on a range of services, other, larger groups have collaborated on more specific areas of activity, for example, in respect of libraries and internal audit. And in addition to the national Universities Superannuation Scheme, the University of London operates a defined benefit pension scheme known as the "Superannuation Arrangements of the University of London" (SAUL), for non-academic staff in the colleges of the University of London and associated institutions.

M25 consortium of academic libraries

The M25 Consortium was formed in 1993 with the aim of fostering co-operation amongst its London-based, higher education member libraries in order to improve services to users. The Consortium now has 52 member institutions and over 150 member libraries.

Users have access to information about member libraries and their collections (both by subject and geographic location), opening hours and access arrangements and are able to simultaneously search member libraries' catalogues using standardised protocols, as well as a wide range of other services. A national reciprocal access scheme gives researchers physical access to libraries within the Consortium and allows staff and researchers of member libraries to borrow material.

The Consortium is also involved in a range of other activities including staff development and training, disaster planning, and developing and disseminating special needs and disabilities good practice.

Source: M25 consortium

Internal audit consortia

UNIAC

UNIAC provides internal audit and related services to 15 higher education institutions in the North of England from Keele in Staffordshire to the universities of Northumbria and Sunderland in the North East. UNIAC is an unincorporated association owned jointly and separately by each of its constituent member universities who have signed up to its memorandum. Each institution underwrites the “not-for-profit” budget with surpluses protected under a deed of covenant back to the member institutions.

Source: UNIAC

Internal audit consortium for HEIs in London and the South East

HEFCE provided initial start-up funding for this project to establish an internal audit consortium, similar to UNIAC, for HEIs in London and the South East, from August 2005. The consortium is a “one stop shop” for participating members’ needs for internal audit, risk management and corporate governance services, and a range of other related specialist areas for advice and guidance. Kingston University is the lead HEI and representative body of this new consortium, which will also be a not for profit organisation.

Source: HEFCE

Sharing facilities

3.22 Many institutions share facilities and property with other bodies, often with local FE or Sixth Form colleges, with teaching hospitals, or with local businesses. In many such cases, institutions do not share individual buildings and therefore do not share maintenance and energy costs, for example, partly because of the VAT issue, but often do collaborate on security. Other examples of joint working in this area include a joint tender for a framework contract to provide property consultants to six institutions in the East Midlands, and the sharing of research facilities with Research Council field centres. In respect of new-build facilities, sharing with partners is becoming increasingly common.

Stoke University Quarter

The Stoke University Quarter is a partnership between Staffordshire University, Stoke-on-Trent College and Stoke Sixth Form College to provide new educational facilities and an increasingly shared curriculum and service provision, as part of the regeneration of an area of Stoke-on-Trent.

Collaboration between the three educational partners, joined in specific initiatives by the Local Education Authority, the Learning and Skills Council, and by other local and sub-regional educational partners, will focus on three areas:

- Shared facilities.
- Shared services.
- Shared curriculum.

Specific proposals for the University Quarter include:

- The Knowledge Hub – a new state of the art landmark building that will be used by all the educational partners and the general public.
- A centre for Creative Industries, Design and Media.

Source: Staffordshire University

University Hospitals of Leicester NHS Trust

University Hospitals of Leicester (UHL) NHS Trust is developing on a £761 million, five year plan to extensively reconfigure and develop the three hospitals in Leicester.

“Pathway” will enhance Leicester’s health education, training and research facilities in partnership with the University of Leicester and De Montfort University. The proposed centre will provide shared teaching, clinical skills centres, library and necessary office facilities which will be used by the Trust, De Montfort University and the University of Leicester Medical School to assist in the educational objectives of the NHS Plan.

Source: University Hospitals of Leicester NHS Trust

Academic/research collaboration

- 3.23 Academic co-operation is usually on a course by course basis, often in science/medicine, for example in the combined St. Andrews/Manchester medical programme (a good example of co-operation where geographical proximity has not been seen as an insurmountable difficulty) but also in many other areas.

London Consortium

The London Consortium is a collaboration between the Architectural Association, Birkbeck College (University of London), the Institute of Contemporary Arts and TATE to offer multi-disciplinary postgraduate programmes from the University of London in the humanities and cultural studies.

Students are encouraged to make use of the resources of the collaborative institutions, developing ideas for projects through which the Consortium and its institutions can together produce events and work that satisfies the Consortium’s multi-disciplinary, cutting-edge, and challenging ambitions.

Source: London Consortium

Universities Transport Partnership (UTP)

The UTP is a group of eight UK universities from across the country which provides Masters level education in transport, in the form of full Masters courses as well as short, Continuing Professional Development courses.

Each UTP member determines the content of, teaches and arranges accreditation for its own courses, independently. However, they work together in the development of course content and methods of course delivery, as well as with employers to ensure that the courses meet the evolving needs of the market, and with the profession to enhance transport as a career.

Source: Universities Transport Partnership

- 3.24 The Open University (OU) markets course materials to other providers and also works with other institutions to complement their existing courses, either by licensing OU courses to other HEIs or through direct teaching in partnership with other institutions.
- 3.25 Many HEIs also operate a cost sharing “knock for knock” arrangement with NHS bodies, usually where there have been medical schools in place – for example where a professor is employed and paid by the University, but is also a clinician and works for part of the time in the hospital.
- 3.26 Collaboration on research can take many forms. The Great Western Research project in the South West of England is an example of one of the more extensive collaborative programmes.

Great Western Research (GWR)

GWR is a five-year, £14 million initiative which began in 2005 and aims to improve research collaboration between South West HEIs in five research themes: Materials, Applied Mathematics, Sustainability (Social Science Perspectives), Psychology and Creative Arts. The overall aim is to strengthen the regional economy of the South West.

The project is led by and will be run through Exeter University on behalf of its lead partners, Bristol and Bath universities, and the other 10 South West higher education institutions. Funding for the project comes from the South West Regional Development Agency (RDA), HEFCE, local businesses and the universities themselves. The universities and businesses will provide around £3 million of funding each for the five-year project, with HEFCE and the South West RDA contributing approximately £4 million each.

The principal components of GWR are:

- The appointment of a total of 20 three-year Postdoctoral Fellowships in the five research themes for collaborative research across the principal researching HEIs.
- The provision of 130 Postgraduate Research Studentships in the collaborative research themes. Studentships will be designed to meet business needs and will be jointly funded by industry and South West RDA and can be held in any South West HEI.
- The establishment of a South West Postgraduate Training Network to provide collaborative, discipline-specific research training and new training space for future research professionals. This is likely to include a physical centre for skills training.

Source: Great Western Research

3.27 There is a series of Lifelong Learning Networks (LLNs) across the English regions, supported by HEFCE, the Learning and Skills Council and the DfES to encourage progression into and through higher education for vocational learners.

3.28 Each LLN will involve a number of FE colleges and HEIs (including at least one research-intensive institution) and will provide appropriate information, advice, guidance and support for learners on vocational pathways. LLNs will also work to develop the curriculum as appropriate to facilitate progression and provide opportunities for vocational learners to build on earlier learning and to re-engage with learning throughout their lifetime.

Maximised Opportunity through Vocational Education: East of England Lifelong Learning Network (MOVE)

MOVE is a co-operative venture initiated through the Association of Universities in the East of England and supported by the East of England Development Agency and the Association of Colleges in the Eastern region, with the University of Hertfordshire as the lead institution. HEFCE has provided £3.8 million funding for the period 2006 to 2008.

The main objectives of the LLN are to:

- Provide guaranteed higher education progression opportunities for individuals with vocational qualifications and/or experience from further education or work, at any age, within the East of England region.
- Increase progression rates from further education to higher education by full-time or part-time mode at sub-degree and undergraduate levels.
- Increase progression rates from work to higher education by full-time or part-time mode at sub-degree, undergraduate, and postgraduate levels.
- Enhance student choice of learning opportunities.
- Improve students' employment and career prospects.

MOVE is to focus its work on progressing students from further education into higher education in two major curriculum areas, Creative and Cultural Industries and Health. If funding allows, it will also focus on Land-Based Industries.

Source: HEFCE, East Mentoring Forum

- 3.29 In several parts of the country HEIs and FE colleges are sharing facilities and courses to increase the range and capacity of HE provision. The Combined Universities in Cornwall partnership, the UHI Millennium Institute in the Highlands and Islands of Scotland, and the Universities at Medway initiative involving the University of Kent and the University of Greenwich are all providing university level courses in areas with only limited HE provision in the past. The mechanisms for doing so vary – in Cornwall a new campus has been constructed in addition to the work of existing colleges, in Scotland delivery remains with individual colleges and research institutions, and the Universities at Medway campus is based on and around Greenwich’s existing Pembroke Campus at Medway.
- 3.30 A similar arrangement is planned in Cumbria to raise the level of participation in HE, with a new University of Cumbria to be centred in Carlisle, with campuses in other parts of the county such as West Cumbria.
- 3.31 Although there are few other areas without significant HE provision, the model of co-operation between HE and FE institutions is one that could be replicated in other parts of the UK.

Peninsula Medical School (PMS)

The universities of Exeter and Plymouth, together with the NHS in Devon and Cornwall, have established the Peninsula Medical School which took its first students in September 2002. In addition to undergraduate teaching the School’s mission includes a commitment to the delivery of Postgraduate Education including a new Masters programme which commenced in 2002. The School’s teaching is underpinned by a strong research base, taking advantage of the different facilities available at Exeter and Plymouth.

The School is not a legal entity and staff are employed either by the University of Exeter or the University of Plymouth, depending on where they are located. Governance is shared between the two universities with a joint board meeting on a regular basis.

Combined Universities in Cornwall (CUC)

CUC is a partnership between Cornwall’s HE and FE providers intended to increase opportunities for study, research and economic development in Cornwall. By 2010, it is intended that CUC will have created an additional 4,000 HE student places, producing 1,300 graduates a year. The main aim of CUC is to encourage the growth of higher education in Cornwall, to plan that provision, and to promote Cornwall as a good location for higher education.

The eight partners involved in the project are the universities of Exeter and Plymouth, University College Falmouth (known as Falmouth College of Arts until 1st March 2005), the Open University in the South West, the College of St Mark & St John, and the FE providers in Cornwall, namely Cornwall College, Truro College and Penwith College.

CUC is built around a ‘hub and rim’ concept:

The Tremough Campus is the hub. This campus has been occupied and developed since 1999 by University College Falmouth and the University of Exeter moved its existing provision in Cornwall to a new purpose-built centre there in October 2004. Both institutions are expanding the range of programmes they offer. The investment in academic facilities at the campus totals £50 million with government and European funding, and in addition Exeter and Falmouth have invested £17.4 million in student residences, with 500 places. This was financed privately by the two institutions.

Services at Tremough are delivered through Tremough Campus Services Limited, a joint company limited by guarantee, established by the University of Exeter and University College Falmouth. Tremough Development Vehicle Limited procures non residential building developments on the campus for the two partners.

A further £15 million is being invested in new HE facilities at FE college sites across Cornwall (the rim), offering students a wide range of quality courses at a variety of locations.

Source: Exeter University, CUC and PMS

iv) Procurement

3.32 The institutions which make up the higher education and research communities within the United Kingdom spend in excess of £5 billion annually on goods and services. Most institutions operate through systems of devolved financial management and the authority to purchase goods and services frequently rests with colleges, schools or departments and, in many instances, with a number of staff and/or cost centres at a further level of devolution.

3.33 The HE sector has seen a series of improvements in purchasing policies and practices in recent years and institutions have seen significant benefits from operating collaborative arrangements, which now cover 15-20% of institutional spend. Mechanisms include:

- Six regional purchasing consortia (four in England and one each in Wales and Scotland), which are voluntary membership bodies which have been in place for many years, and whose membership covers almost all UK HEIs. The four English consortia also collaborate in the English National Purchasing Consortium.
- National working groups (for example in catering).
- Affinity groups of individual institutions with specific interests work together to gain the best possible advantage in the provision of goods and services, for example the Research Equipment Affinity Group, whose membership consists of research-intensive institutions.
- Proc-HE, the body responsible for developing and implementing the procurement strategy for UK higher education.
- Procureweb, a website which includes information on good practice in procurement.

Southern Universities Purchasing Consortium (SUPC)

SUPC covers the majority of the Southern and central region (and some HEIs in the East) of England with 46 member universities and 28 FE colleges. In its 2004-05 annual report, SUPC reported a return of £48 for every £1 spent on membership subscriptions, giving a saving of over £13 million (more than 10%).

Source: Southern Universities Purchasing Consortium

3.34 There is still more to be done on procurement. Although some contracting will always be best managed locally, more purchasing could be brought within the regional or national contracts, and greater use made of e-procurement and electronic marketplaces, which should become important purchasing tools in the sector and will contribute to bringing the regional consortia more into a national framework. The regional nature of the procurement consortia and the way contracts are developed over time can lead to situations where one or two regions have contracts for a particular commodity but the others do not; or where all six consortia have separate yet very similar contracts – where they might be able to obtain a better price through negotiating a single, national contract.

- 3.35 Also in the procurement field, the Energy Consortium was established by the Association of University Directors of Estates to assist universities in procurement of energy contracts. The Energy Consortium (Education) is now an independent not-for-profit company, funded by member subscriptions and supplier commissions, which negotiates and arranges contracts for the supply of energy by third parties to member institutions.
- 3.36 Appendix C gives further details of how HEIs collaborate on procurement and some of the savings that have been calculated.

4. Existing shared services in other sectors

Shared services in the National Health Service

- 4.1 Many NHS organisations receive support services (e.g. payroll, procurement, internal audit) from other NHS bodies. For example, in Shropshire, the Princess Royal Hospital NHS Trust in Telford receives payroll services from the Royal Shrewsbury Hospital NHS Trust and Internal Audit services are provided by the West Midlands Internal Audit Consortium. One of the most effective and comprehensive of examples is the collaboration between the NHS and the consultants Xansa to provide finance and accounting functions for NHS organisations.

Department of Health/Xansa

The NHS Shared Financial Services initiative was launched in October 2001 with the aim of exploring opportunities to improve the quality and value for money of non-clinical financial services within the NHS. To facilitate this new approach, two purpose built centres were created in Leeds and Bristol in 2003 to manage the finance and accounting functions of an initial pilot group of NHS organisations.

In April 2005, NHS Shared Business Services (SBS) was officially launched as a 50:50 joint venture between the Department of Health and Xansa, an outsourcing and technology company.

Over 100 trusts have joined the service with immediate savings of at least 20% in operational costs with further savings of 2% per annum. Expectation and aim is that annual efficiency savings of £25 million will be achieved by 2007-08.

Both the number of NHS organisations joining the service and the range of services offered are likely to increase in the future. For example, SBS has recently added payroll to its menu of services.

Organisations agreeing to services provided by the joint venture have baselines established as part of the process to ensure the new system delivers savings. The quality of new services will be monitored through service level agreements for the new arrangements. Financial penalties for poor performance as part of the agreements should incentivise close scrutiny of performance and costs.

Source: NHS Shared Business Services

Shared services in local government

- 4.2 There is a wide range of examples of co-operation, collaboration and use of shared services in local government, both in this country and overseas. Collaboration may take the form of two or more authorities working together, or partnerships with the private sector. In Cumbria, a group of local authorities, as well as other invited public sector and not-for-profit organisations is working with a private sector partner to develop ICT services and network infrastructure.
- 4.3 Across different authorities in different parts of the country, co-operation has been achieved in areas such as IT services, revenue and benefits collection, and procurement.

Collaborative IT - Chester and Crewe & Nantwich Councils ICT Partnership

Chester City Council along with Crewe & Nantwich Borough Council created a formal ICT Partnership with the intention of merging the two ICT Services into a single ICT Business Unit, servicing both organisations. The Partnership model would focus on co-working, joint procurements, sharing of knowledge and experience and resource rationalisation between the two individual ICT services in the delivery of back office and front end facilities.

Achievements:

Reduced expenditure: In the (nearly) three years since its creation, the Partnership has saved some £200,000 worth of expenditure and a further £150,000 through a joint procurement with a third Council (Ellesmere Port & Neston) along with many hours of resource time being saved.

Data Connectivity: The partnership working with the County colleagues in enabling networks to be connected enabling single site hosting.

Jointly procured: Content Management System, Financial Suite of systems and server Hardware.

Customer Relationship Management (CRM): Jointly procured, enhanced and implemented the 'LA-CRM' solution in the space of two months.

The Councils have found that a number of other opportunities have arisen as the single business unit was put in place, for example replacing financial systems and data sharing.

Source: North West Centre of Excellence

Revenue and benefits shared services

The Anglia Revenues Partnership is a service delivery partnership between two neighbouring rural councils in East Anglia to deliver council tax, business rates and benefits services. The two participating councils are Breckland Council and Forest Heath District Council.

At present the partnership is operating with a joint committee between the two authorities. This arrangement may well change as the partnership develops but with two authorities it seemed to offer the simplest and most effective solution.

Savings for 2005-06 were approximately 6% on the 2002-03 figures, including a staff saving of around £170,000 and ICT savings achieved through a reduction in ongoing maintenance costs of £19,000 per annum. Additional savings have been seen as reduced software purchase costs have been negotiated when extra costs have arisen for legislation changes.

The third major stage of the partnership following the integration of IT and IT support was the complete joining up of the two services into the same accommodation, with an additional saving of approximately £75,000 over existing costs.

Source: Anglia Revenues Partnership

Shared services in central government

4.4 Currently, there are more than 70 separate initiatives in the UK public sector designed to bring together corporate services, such as IT and Finance, of various bodies into single service centres² but at present there are still only a small number of operational shared service centres in the central government sector and most of those that have been proposed are on a relatively small scale.

4.5 The Cabinet Office's Shared Services team is assisting departments to deliver improved efficiency, effectiveness and employee experience in corporate services (primarily within Finance and HR functions), and is working with selected departments on their respective corporate services projects to test elements of the shared services strategy and develop knowledge and principles in a "live" environment. For example, the Cabinet Office is working with both Her Majesty's Revenue and Customs and the Department for Transport on shared services for Finance and HR.

HM Prison Service

The Prison Service has identified the need to improve its finance, procurement and HR support services. A National Shared Service Centre has been designed to bring together and simplify processes within these areas as part of a project known as the Phoenix Programme.

² National Audit Office, *Progress in Improving Government Efficiency*

The Phoenix Programme is an initiative introducing new ways of working in Finance, procurement and HR, to reduce costs while providing consistent, high quality support to the organisation. A new IT system will be implemented across the Prison Service to help achieve this.

The National Shared Service Centre will be located in Newport, Wales and is due to open in 2006. It is expected to achieve annual efficiency savings of £42 million by 2007-08.

Source: HM Prison Service

- 4.6 In respect of payroll, LogicaCMG has a Framework Agreement with the Treasury under which it provides semi-managed payroll services to well over 100 government departments and agencies and over 200,000 employees. As well as basic payroll services, LogicaCMG also provides change management and training to end-users. By using a framework agreement, government departments benefit from economies of scale, since pricing and service contracts are pre-negotiated for all organisations under the agreement, and also significantly reduce the procurement process, saving time and legal costs. An internal audit payroll working group has also been established to adopt a common approach to auditing payroll services.
- 4.7 Overseas, the Government of Canada has recently introduced a whole-of-government approach to the shared services delivery and management of corporate administrative services. The intent of the shared services approach is to improve the delivery of internal administrative services, to increase operational efficiency, and to consider a range of transaction-based services that could be delivered to all or many departments/agencies by a common service provider. In a 2005 International Data Corporation (IDC) report³, it was noted that in Canada, 39% of those government agencies responding to the IDC survey had already implemented or were in the process of rolling out shared services across their organization.

Queensland Government Shared Service Initiative

The vision for the Shared Service Initiative is to provide high quality and cost effective corporate support services to multiple customers from centres of excellence. Under the shared services model, six shared service providers and CorpTech, a technology centre of skill, have been established across the Queensland Government. Approximately 5,000 corporate service professionals now work within these new shared service providers for service clusters of agencies.

The corporate services included in the scope for the Shared Service Initiative are:

- Finance.
- Procurement.
- Human resources, including payroll.
- Document and records management.
- Property and facilities management.

The Queensland Shared Service Initiative is a whole of government approach, providing consistency across all agencies and improved whole of government reporting. Agencies are grouped into five clusters, each with its own dedicated shared service provider. Within each cluster will be one agency that will act as a “host” to the shared service provider. The host provides mechanisms for employment, funding and accountability.

³ *Customer Needs and Strategies: The Impact of Shared Services on the Canadian Government Sector's IT Consumption* March 2005, IDC #CA400GOV.

Once it is fully implemented, the Initiative is expected to result in savings of up to A\$100 million per year.

Source: Queensland Government Shared Services Initiative

- 4.8 In the central government sector, the UK Treasury and Cabinet Office have more authority to mandate departments to share certain services than HEFCE has in the HE sector, and governance and accountability arrangements are simpler, but nevertheless, there may be useful lessons to be learnt from how the sector has implemented certain shared services.

5. Delivering effective shared services

5.1 The ad hoc, localised arrangements described in Section 3 above do not necessarily require any formal structure. Collaboration is often on a project by project basis. An institution or group of institutions which are contemplating a more formal shared services centre will have to address a series of questions along the way, including:

- Which services to share?
- Who to share services with?
- How to structure a shared service function and the appropriate governance and risk management arrangements?

5.2 Institutions must also consider the potential benefits from shared services and the challenges to making them work.

Which services should be shared?

5.3 A wide range of services could potentially be shared between institutions, where standard systems and processes should contribute to achieving efficiency gains. They will usually be services that are not strategically critical to the business or do not need local knowledge.

5.4 The services most often moved into shared service centres are Finance, payroll, HR and IT, but there are many other areas that could be considered for some form of shared services or collaboration between institutions, some of which have been highlighted in the examples in Sections 2 and 3 above.

5.5 An illustrative (though still not exhaustive) list, together with some of the considerations to be made in implementing and some existing examples, would include:

Service	Geographical proximity required	Possible delivery vehicles (see 5.9)	Set up costs?	Likely savings from (assuming VAT recoverable)?
		<i>Existing examples</i>		
Finance	No for transaction processing services Yes for other services, e.g. cash office and management accounts function	Outsourced contract /strategic partnership or joint initiative between institutions. <i>Department of Health/Xansa</i>	Dependent on delivery vehicle but should be limited unless new processing centre is to be built and staffed.	Low contract price (if outsourced) due to economies of scale), or reduced processing costs from standardisation of processes, reduced staff costs
Payroll	No	Outsourced contract /strategic partnership or joint initiative between institutions. <i>LogicaCMG</i>	Dependent on delivery vehicle but should be limited unless new processing centre is to be built and staffed.	Low contract price (if outsourced) due to economies of scale), or reduced processing costs and staff costs
Human resources and staff development and training	No for majority of functions Yes for certain services, e.g. induction, counselling, grievances	Outsourced contract or joint initiative for processing; strategic partnership for staff development and training <i>Higher Education Academy</i>	Dependent on delivery vehicle but should be limited unless new processing centre is to be built and staffed.	Reduced processing costs, staff costs

Service	Geographical proximity required	Possible delivery vehicles (see 5.9) <i>Existing examples</i>	Set up costs?	Likely savings from (assuming VAT recoverable)?
IT, including network management, helpdesk, security and development	No for some services (e.g. helpdesk, product development) Yes for others, e.g. security	Outsourced contract or joint initiative between institutions. Lead department for product development. <i>Shared IT in local government</i> <i>Phoenix Programme in Prison Service</i>	Purchase of warehousing space for data storage/security.	Increased market power and economies of scale, lower development costs, lower staff costs, lower development costs.
Travel and expenses	No	Outsourced contract	No	Improved commercial bargaining power, reduced processing costs
Property, including estates management, security, health and safety, waste disposal and recycling	Yes for maintenance and security, waste disposal and recycling No for consultancy and compliance services	Joint initiative or outsourced (framework agreement) for e.g. maintenance, security, property consultancy, health and safety training and compliance	No	Improved commercial bargaining power, reduced staff costs, reduced management time
Catering	Yes for delivery of services No for procurement	Outsourced <i>Bloomsbury Consortium</i>	No, unless new facilities to be constructed – e.g. in town/city where institutions sharing facilities.	Economies of scale in procurement, reduced management time, reduced staff costs
Hospitality and events	Yes for delivery of services No for procurement and organisation of events	Outsourced (framework agreement) or joint initiative	Dependent on delivery vehicle but should be limited.	Economies of scale in procurement, better use of facilities, reduced management time
Records management and storage	Yes if immediate access to archive required	Outsourced contract or joint initiative between institutions.	New systems and construction/rent of storage space	Economies of scale in procurement
Library	Yes for traditional library, usually in same area of town or city No for electronic resources	Joint initiative <i>M25 consortium</i>	Capital costs of any new construction. Subscription costs for e-library and purchase of content.	Economies of scale in procuring books and e-content More productive use of facilities, rationalisation of accommodation
Teaching space	Yes, usually in same area of town or city	Lead department/joint initiative <i>Combined Universities in Cornwall</i>	Capital costs of any new construction	Rationalisation of accommodation, more efficient use of space – occupation rates etc

Service	Geographical proximity required	Possible delivery vehicles (see 5.9) <i>Existing examples</i>	Set up costs?	Likely savings from (assuming VAT recoverable)?
Media services/PR	No, although a regional base may be preferable	Joint initiative or strategic partnership to provide range of media services under single contract <i>UMAL model</i>	No	Economies of scale in procurement, reduced management time, reduced staff costs
Legal advice	No, although a regional base may be preferable	Joint initiative or strategic partnership to provide range of legal services under single contract	No	Economies of scale in procurement, reduced management time, reduced staff costs
Internal audit	No, although a regional base may be preferable	Joint initiative or strategic partnership <i>UNIAC consortium</i>	No	Economies of scale in procurement, reduced management time, reduced staff costs
Pensions	<i>Already in place nationally – Universities Superannuation Scheme</i>			
Student services, including counselling, disability, financial advice	Yes, usually in same town or city	Joint initiative <i>Bloomsbury Consortium</i> <i>Universities of Manchester (prior to consolidation)</i>	Limited	Reduced management time, staff costs, shared training, reduced systems development costs
Student accommodation	Yes, usually in same town or city	Joint initiative or outsourced <i>Bloomsbury Consortium</i>	Capital costs of any new construction (if joint initiative)	More effective use of space, improved commercial bargaining power.
Staff and student nursery provision	Yes, usually in same area of town or city	Lead department, joint initiative or joint venture <i>Bloomsbury Consortium</i>	Capital costs of any new construction	Improved commercial bargaining power, reduced staff costs, more efficient use of space
International student recruitment	No	Joint initiative <i>Bloomsbury Consortium</i>	No	Reduced staff costs

Who should share services?

- 5.6 In the private sector, shared services have most often been implemented within a single group of companies, and have rarely crossed company boundaries, but most HE institutions are not large enough to implement significant stand-alone shared service functions. The Cabinet Office have estimated that 20,000 employees is the minimum size of organisation that can implement the shared services model on its own – with optimum operation requiring over 50,000.
- 5.7 Some services require geographical proximity to share, obviously where facilities are to be shared, but also for example for certain student services. In such cases whilst it may be possible for two universities in the same town to share facilities, it is perhaps more likely that HE institutions will share services with FE colleges, local authorities, other educational providers or private business.
- 5.8 Many other services do not require geographical proximity and could be shared with other, similar HE institutions regionally or nationally.

How should a shared service centre be organised?

- 5.9 There are a range of structures used for shared services, all of which might be applicable to the HE sector. The choice of which structure to use will depend on the service being shared and the degree of control institutions wish to retain.
- 5.10 The Shared Services Advisory Group, consisting of representatives from some shared service providers, and supporting the Shared Services Forum of early adopters of shared services in government, has identified six basic structures that can be applied to shared service operations in the public sector⁴:
- Unitary – a single organisation consolidating and centralising a business service.
 - Lead department – an organisation consolidating and centralising a business service that will be shared by other organisations.
 - Joint initiatives (internal) – an agreement between two or more organisations to set up and operate shared services.
 - Strategic partnership (external) – contractual arrangement with a third party provider for a range of services which may include shared services.
 - Joint venture – joint venture legal entity between “Authority” and third party provider.
 - Outsourcing – third party provider takes full responsibility for managing and operating the service.
- 5.11 All of these might be used in HE, although given the wish amongst institutions to retain their independence and to keep relatively tight control of services, the joint initiative and joint venture models may be most likely to be implemented.
- 5.12 In either of these models, whichever the formal legal structure, the shared service business would have its own budget and account to its “parent/partner” organisations (and potentially a private sector partner) for its use and report on the performance achieved from the use of that budget.
- 5.13 It is also worth noting that an organisation may start with one structure and migrate through to other structures as the shared service matures and a better understanding of governance and roles and responsibilities is gained. In the case of NHS finance the shared service centre was set up as an in-house operation which was then migrated to a joint venture (NHS Shared Business Services) with an external supplier (Xansa).

What benefits can be obtained from implementing shared services?

- 5.14 Claims for cost savings for shared service schemes vary, but it is argued that successful shared services implementations can generate up to 30-50% cost reduction in the private sector and 20-30% in the public sector, where making savings from staff reductions is for example more difficult. However, the existing shared services detailed in this report already taken within higher education will have reduced this scope.
- 5.15 Depending on the service, savings may result from:
- Lower capital costs.
 - Lower development costs.
 - Reduced software maintenance costs and system support costs.
 - Rationalisation of accommodation, leading to sale of surplus assets.
 - Improved commercial bargaining power for procurement.

⁴ *Shared services in the public sector: A compendium of best practice*, Shared Services Advisory Group

- The avoidance of duplication.
- Increased efficiency from standardised processes and technologies (including common ICT and shared platforms).
- Lower personnel costs.

5.16 In addition to pure cost savings, other benefits include:

- Improved service, leading to improved customer experience, as a result of greater focus and skills in the shared service centre, and the opportunity to reorganise services around the customer.
- Improved morale amongst staff providing the shared services.
- Senior management focusing their attention on adding value, rather than transaction processing activities.
- Greater resilience from a wider base and more staff with key skills for the specific services.
- Shared training and development opportunities for staff.
- A foundation for trading or expansion to other bodies.

Challenges to delivering effective shared services

5.17 Significant challenges exist to implementing additional shared services in the HE sector, and in particular to adopting full scale shared service centres. Many of these are common to all sectors and have been successfully overcome in the past. The two most important for HE are (i) the need for HEIs to maintain their independence (and be seen to be doing so), in competition with one another; and (ii) the additional costs of shared services as a result of irrecoverable VAT.

5.18 Universities have a need to remain independent and autonomous, and therefore an aversion to sharing too much with their competitors. Most shared service schemes in the private sector have been implemented internally in a disparate, decentralised company. In the public sector, shared services tend to operate between entities that are not in direct competition (e.g. NHS trusts, central government departments sharing finance processing). There are very few examples of shared services between organisations that are in competition with each other. In an increasingly market-driven higher education sector competition between institutions is likely to increase, thus impacting on the potential for shared services.

5.19 Persuading HEIs that they can share support functions without threatening academic or operational independence, or sharing student services without compromising a competitive advantage, is therefore a key issue. However, the examples listed above show that this is not an insurmountable barrier as HEIs already co-operate very effectively in a large number of areas. Geography is not usually an issue, as institutions in the same location often have different histories and mixes of activities. Where there is competition it will be with comparable institutions located across the country.

5.20 The major barrier to implementation of shared services in the education sector is VAT, which is charged on bought-in services and which is likely to be irrecoverable. There are potentially a number of different arrangements and structures that could reduce the cost of irrecoverable VAT. However, any solution will require legislation.

5.21 Other significant challenges include:

- People – should staff be seconded or transferred under the Transfer of Undertakings (Protection of Employment) Regulations 1981 and 2006 (TUPE) regulations into any new entity established? How should organisations deal with laws, regulations and cultural issues? Institutions implementing shared services

need to plan carefully for these issues and engage staff at an early stage. Strong leadership and good communications are vital from the very beginning.

- Technology – different systems with different operating practices and skill sets. Maintaining information integrity whilst integrating systems is important. Use of common systems is not a prerequisite for shared services, although it will most likely have a significant impact on long-term efficiencies. Institutions also need to bear in mind the Data Protection Act.
- Processes – how can commonality be provided for a group of potentially diverse organisations whilst providing the necessary flexibility for genuine differences?
- Accommodation – shared services suggest the physical co-location of resources in one facility to carry out common processes for several clients. Relocation to new premises means disruption, additional cost, and some negative economic impact on local businesses. However, considerable efficiency gains are still possible from implementing a virtual shared services solution that does not require physical relocation but uses ICT to pool resources in common systems and applications.
- Governance and accountability – these are vital in publicly funded organisations such as HEIs and accountability mechanisms need to be appropriate. The use of different models (joint venture companies, joint committees, limited liability partnerships) brings different legal challenges.
- Affordability – redundancy or severance costs, one-off capital investments in premises or new systems and the need for consultancy support means that paybacks are rarely achieved in less than three years (unless they are written into contracts with a third party provider as with the NHS/Xansa agreement).
- Stakeholders – potential impact on students, local businesses, funding bodies. Any downturn in performance, even in the short term, could have a significant impact.

5.22 One final challenge is the need to ensure real commitment to a shared service arrangement by all participants. If participants, including funders, were able to leave such an arrangement or cut back their contribution at short notice this could have an adverse effect on the service provided to others (a recent example is the decision by the Learning and Skills Council to reduce its funding to JISC, which has impacted on the services that JISC can now deliver in ways which go beyond the simple proportionate reduction in the service but that is having an impact across the whole service because of the integrated nature of services). It is therefore important to ensure agreements cover the orderly withdrawal of participants.

How to deliver a successful shared services programme?

5.23 There are a variety of planning models available for achieving effective shared services. All of them have a number of stages which any institution wishing to implement a shared service programme will have to go through:

- i. Establish a clear and realistic vision – setting out the role of the shared services operation, the role of existing functions which remain local, the balance between cost reduction and service improvements.
- ii. Prepare a business case – which should detail customer requirements, identify the appropriate structure, identify likely efficiencies, taking into account short-term increases in costs, set a realistic timeframe, and agree how benefits are to be allocated between customer/provider.
- iii. Communicate to staff and stakeholders, gaining buy-in before proceeding.

- iv. Establish clear targets (on e.g. time, cost and quality) and reporting arrangements, including penalties for non-performance.
- v. Establish sound governance arrangements which all stakeholders are comfortable with.

6. Stimulating demand in the HE sector

How can HEFCE make it work?

- 6.1 As noted above, HE institutions rightly value their independence and autonomy and any move towards greater use of shared services will require their buy-in. All the most successful collaborative initiatives in the sector have come from the institutions themselves. Therefore HEFCE cannot impose a solution and any increased use of shared services will almost certainly have to remain optional.
- 6.2 HEFCE could however usefully encourage further implementation of shared services in the HE sector and the consequent cost reductions and re-investment in students through:
 - Exploring with existing national providers whether they see opportunities to create additional shared services and to better quantify existing benefits.
 - Promoting possible solutions to shared services, for example through funding start-up costs or studies on possible projects.
 - Exploring whether the HE sector could use existing shared service providers, for example the Department of Health/Xansa joint venture for the NHS.
 - Providing technical assistance; developing a body of material on preparing business plans, appropriate structures for shared services, and how to implement and manage shared services; and identifying suppliers and helping negotiate contracts with them.
 - Benchmarking common activities – comparing the performance of functions such as procurement, Finance and Human Resources within the HE sector and against external organisations and attempting to understand any differences.
 - Working on eliminating practical barriers to implementation, for example on VAT.

Appendix A - National, sector-wide organisations

This Appendix summarises the function, structure and membership of the following bodies which have a national presence in the sector and delivery a service or services to many or all HEIs:

- 1 Joint Information Systems Committee
- 2 Universities and Colleges Admission Service
- 3 Higher Education Statistics Agency
- 4 Quality Assurance Agency
- 5 Higher Education and Research Opportunities
- 6 Higher Education Academy
- 7 The Leadership Foundation
- 8 Equality Challenge Unit
- 9 U.M. Association Limited
- 10 The Student Loans Company
- 11 Universities Superannuation Scheme
- 12 Arts and Humanities Data Service

1 Joint Information Systems Committee (JISC)

JISC was established by the higher education Funding Councils for England, Scotland and Wales to deal with networking and specialist information services and works with further and higher education by providing strategic guidance, advice and opportunities to use ICT to support teaching, learning, research and administration.

With funding from the UK further and higher education Funding Councils, JISC provides a centralised and co-ordinated direction for the development of the infrastructure and activities, in line with its five-year strategy. JISC provides:

- new environments for learning, teaching and research
- access to electronic resources
- a world-class network - JANET
- guidance on institutional change
- advisory and consultancy services
- regional support for FE colleges – RSCs.

JISC funds services including Bulletin Board for Libraries, the Combined Higher Education Software Team and the Arts and Humanities Data Service.

UKERNA/JANET

The United Kingdom Education and Research Networking Association (UKERNA) manages the operation and development of JANET on behalf of JISC for the UK further and higher education Funding Councils.

UKERNA is government funded, with the primary aim of providing and developing a network infrastructure that meets the needs of the education and research communities.

JANET is the network dedicated to the needs of education and research in the UK. It connects the UK's education and research organisations to each other, as well as to the rest of the world through links to internet. In addition, JANET includes a separate network that is available to the community for experimental activities in network development.

The JANET network connects UK universities, FE colleges, Research Councils, specialist colleges and adult and community learning providers. It also provides connections between the Regional Broadband Consortia to facilitate the DfES initiative for a national schools' network. Over 18 million end-users are currently served by the JANET network.

The range of activities facilitated by JANET allows individuals and organisations to push back the traditional boundaries of teaching, learning and research methods. For example, JANET's videoconferencing and video streaming capabilities are being used to deliver lectures to remote groups of students. For researchers, the high capacity of the JANET backbone allows the linking of large data storage and high performance computing facilities at a national and international level.

Opportunities for further expansion might be in the areas of IT service contracts, security, and joint system development.

2 Universities and Colleges Admission Service (UCAS)

UCAS is the central organisation that processes applications for full-time first degrees, Higher National Diplomas and university diplomas at UK universities and colleges, together with courses for graduate teacher training and nursing and midwifery. UCAS has also developed a completely new admissions system for the conservatoires of the UK which have come together to form the Conservatoires UK Admissions Service (CUKAS). Students will be admitted through CUKAS for entry in 2006 onwards.

The applications scheme for undergraduate admissions, supported by a computerised directory of the courses offered by all member institutions, was set up in the 1960s to provide a framework for the transmission of offers to and responses from applicants to higher education. Decisions are taken by the institutions and applicants; UCAS provides the infrastructure and information upon which these decisions are made and communicated.

UCAS is a company limited by guarantee and a registered charity, owned by its members, which consist of appointments by Universities UK, the Standing Conference of Principals and the Association of Colleges and elected representatives of the institutions it represents. It is funded by income from student applications and university memberships (each approximately one-third of total revenue). Other income is generated from trading operations including consultancy, publications, conferences and conventions.

The existence of a central organisation for processing applications for undergraduate courses means that investment in e.g. systems for on-line applications, is universal and more economic. A wholly electronic system will mean greater flexibility to request or supply more details relevant to specific educational courses. In addition, on-line facilities offer the opportunity to check the progress of an application at any time and enter amendments to data. UCAS is investing approximately £3.5 million in redeveloping its computer systems.

Opportunities for further expansion might be in administering applications to part-time and postgraduate courses, currently administered by individual institutions and potentially in the area of student registration, though this is an area that at present individual institutions consider a vital part of their business activities.

3 Higher Education Statistics Agency (HESA)

HESA is the official agency for the collection, analysis and dissemination of quantitative information about higher education in the UK. HESA is a central source for higher education statistics and has standardised and streamlined the data collection and publication process to become a respected point of reference.

HESA collects five main data sets electronically: Student; Destinations of Leavers from HE; Staff; Finance and the Non-credit-bearing Course Records.

HESA currently provides services to about 170 HEIs and 10 ‘Statutory Customers’. It also supplies data to the Learning and Skills Council on a basis that may well lead to the Council also becoming a Statutory Customer.

HESA is funded mainly by via subscription income from the 170 or so HEIs, and contracts with HEFCE, Department of Health, Training and Development Agency and Research Councils.

Opportunities for further expansion might arise from the identification of other data sets collected in the sector, for example by the DfES or the Office for National Statistics.

4 Quality Assurance Agency (QAA)

The QAA is an independent body funded by subscriptions from HEIs (subscribers) to whom they are also accountable, and through contracts with the main HE funding bodies.

Each university and college of higher education is responsible for ensuring that appropriate standards are being achieved and a good quality education is being offered. QAA’s primary responsibility is to safeguard the public interest in sound standards of higher education qualifications, and to encourage continuous improvement in the management of the quality of higher education. They achieve this by reviewing standards and quality, and providing reference points that help to define clear and explicit standards. They have also worked with the higher education sector on a number of initiatives including international quality assurance

In England, universities and colleges of higher education are reviewed through an institutional audit. Where a university or college of higher education has collaborative arrangements that are too large or complex to be included in institutional audit, they have a collaborative provision audit. Further education colleges that provide higher education programmes are reviewed through an academic review at subject level.

5 Higher Education and Research Opportunities (HERO)

HERO was set up as a central gateway for students, academics, businesses and the general public and is owned and funded by the UK’s higher education funding bodies and other sector bodies. HERO carries out the following activities:

- It is primarily an internet portal for academic research and higher education in the UK.
- It is an entry point for enquiries about higher education in the UK for the widest possible range of customers .
- It has a showcase for the diversity and quality of research and higher education in the UK.
- It provides information on studying (higher education courses/ careers/ institutions etc); research, business, inside HE for staff working in HE; culture and sport to employees, academics and students; and universities and colleges (a profile of all HE providers).

6 Higher Education Academy (HEA)

Founded in May 2004 from a merger of the Institute for Learning and Teaching in Higher Education, the Learning and Teaching Support Network, and the Teaching Quality Enhancement Fund National Co-ordination Team, the HEA is an independent organisation funded by grants from the four UK funding bodies, subscriptions from higher education institutions, and grant and contract income for specific initiatives. They are owned by the higher education sector (Universities UK and the Standing Conference of Principals) and are therefore responsive to the sectors needs.

The HEA provides the following services for the HE sector:

- **Institutional support** - supporting institutions in their strategies and leading the development of research and evaluation to improve the quality of the student learning experience.
- **Subject and staff development** - leading, supporting and informing the professional development and recognition of staff in higher education. HEA promotes good practice and provide quality information, advice and resources.
- **National policy** - providing an authoritative and independent voice on policies that influence the student learning experience.

Subject centres

The Higher Education Academy aims to improve the student learning experience in higher education through the development and transfer of good teaching and learning practices in all subject disciplines. Discipline-based support is provided through its Subject Network of 24 Subject Centres. These are a mix of single-site and consortium-based centres located within relevant subject departments and hosted by higher education institutions.

7 The Leadership Foundation

The Leadership Foundation, which was established in 2004 by Universities UK and the Standing Conference of Principals, provides a dedicated service of support and advice on leadership, governance and management for all the UK's universities and higher education colleges.

The Foundation is a company limited by guarantee and a registered charity. Trustees are appointed through open competition and are representative of the higher education sector.

Whereas the Higher Education Academy was set up to support the quality enhancement in teaching and the student experience, the Leadership Foundation is committed to developing and improving the management and leadership skills of existing and future leaders of higher education.

The Leadership Foundation does not have a college or fixed training centre. It meets needs where they arise, through experienced staff and associates. It has a small head office in London.

The intention is that the Foundation recovers most of its costs from a combination of programme fees and membership income. In the first three-to-four years, its major programme of development is supported by £10 million from the four UK funding bodies.

8 Equality Challenge Unit (ECU)

The ECU, which is funded by the four UK funding bodies and the two institutional representative bodies (Universities UK and the Standing Conference of Principals), was established in 2000 to contribute to the advancement of equal opportunities in the HE sector.

The ECU works towards this aim through:

- working with individual higher education institutions on equality issues
- offering sector-wide advice
- representing the sector publicly
- advising organisations within the sector
- liaising with outside bodies on the sector's behalf
- initiating sector-wide conversations on equality issues.

9 U. M. Association Limited (UMAL)

UMAL was formed as a mutual company in 1992 to provide its member institutions – of which there are currently 55, all higher education institutions - with an alternative to

traditional insurance needs. It is owned by its members who control and determine its governance arrangements; bringing benefits of reduced costs and improved cover for members.

UMAL provides cover which is tailored to the special needs of the higher education sector. Alongside the provision of effective and appropriate risk cover, UMAL and its staff are able to provide expertise and up-to-date advice to members in the very complex insurance market. The Company is able to return funds to members through discounted prices.

U M Association (Special Risks) Ltd ('Special Risks') formerly ('UMALT') was formed in mid-1993 in response to the British insurance industry withdrawal from terrorism insurance on property and business interruption risks.

10 The Student Loans Company (SLC)

The SLC is a non-departmental public body charged with organising the payment, maintenance and collection of government student loans which are designed to help students meet their living costs while at university or college.

The SLC administers a range of products on behalf of the English, Northern Irish, Scottish and Welsh education authorities. For most products, the student applies to their award authority for assessment then SLC takes over and handles the payment and account maintenance. In the case of loans, they also administer the collection of repayments.

Since the start of the student loan schemes, the SLC have worked in close partnership with UK universities and colleges which provide higher education and currently they disburse the tuition fee payments to universities and colleges for all eligible students from England, Wales and Northern Ireland.

Following the introduction of variable tuition fees in the Higher Education Act 2004, from 2006-07 most colleges and universities will pay students their bursaries and scholarships through the Higher Education Bursary and Scholarship Scheme which will be administered by SLC. Students applying for student support via their Local Education Authority will be automatically assessed for mandatory financial support and other discretionary support from the college or university of their choice. Payment of financial support will be made by the SLC direct to the student by BACS on behalf of the college or university.

11 Universities Superannuation Scheme (USS)

Universities Superannuation Scheme Limited is the corporate trustee of the USS, founded in 1974 to administer the principal pension scheme for academic and senior administrative staff in UK universities and other higher education and research institutions.

There are around 389 institutions that participate in USS. These are made up of universities, colleges within universities, subsidiary companies and some non-university institutions. The number of scheme members continues to grow and is now over 200,000.

12 Arts and Humanities Data Service (AHDS)

The AHDS is a UK national service funded by JISC and the Arts and Humanities Research Council to collect, preserve and promote the electronic resources which result from research and teaching in the arts and humanities. The AHDS encourages research and educational use of its collections and makes information about them available through on-line catalogues.

There are five areas covered by the service:

- archaeology
- history
- visual arts
- literature, languages and linguistics

- performing arts.

Appendix B – National associations

This Appendix summarises the function of the following national representative bodies. It is by no means an exhaustive list of all such associations:

- 1 Universities UK
- 2 Standing Conference of Principals
- 3 British Universities Finance Directors Group
- 4 Academic Registrars Council
- 5 Association of University Directors of Estates
- 6 Universities Personnel Association
- 7 The Association of Heads of University Administration
- 8 Association of University Purchasing Officers
- 9 The Europe Unit
- 10 Association of UK Higher Education European Officers
- 11 Association of Graduate Careers Advisory Services
- 12 The Association of Managers of Student Services in Higher Education

1 Universities UK (UUK)

Universities UK carries out a variety of activities on behalf of its members, the executive heads of each HEI. UUK:

- campaigns on behalf of UK universities and supports universities in their own local campaigning activity on national higher education issues
- provides information on the UK university system
- undertakes research and analysis, develops policy and provides advice on a wide range of policy and technical issues affecting higher education
- fosters links with key stakeholders
- manages the work of Strategy Groups, the Longer Term Strategy Group and other groups examining specific policy issues
- works closely with the Universities UK External Relations and Communications Group to help ensure that lobbying and influencing work is evidence based.

Over 120 HEIs (including all the UK university institutions) are members of UUK, which is funded by membership subscriptions.

CVCP Properties Ltd

UUK is based at Woburn House, an office and conference centre facility in Bloomsbury, London, trading under the name of CVCP Properties Limited and operated by CVCP Properties Ltd, on behalf of its shareholders - Universities UK and all UK universities in membership of Universities UK.

2 Standing Conference of Principals (SCOP)

SCOP is the representative body for higher education colleges in England and Northern Ireland. The roles and functions of the Association are:

- To promote the colleges within the totality of British higher education and to make the case for continuing diversity in the HE sector.
- To highlight the interests and strengths of the higher education colleges to government, national and international agencies, employers, potential students and the wider community.

- To make an impact on national planning and debate concerning higher education from the college perspective.
- To provide a forum for the executive heads of its member institutions to take action on matters of common concern.
- To disseminate good practice across a range of policy areas.

SCOP's key objective is to reinforce the common ideals of its members to provide enriching education and training for their students as well as encourage wider access and more flexible systems of learning.

3 British Universities Finance Directors Group (BUFDG)

BUFDG is the representative body for finance staff in the higher education sector in the United Kingdom. Members of the Group are formally the Finance Director or equivalent at each institution.

BUFDG is funded primarily from the proceeds of its annual Conference and training activities, but is also supported by the voluntary efforts of its officers and members of Working Groups.

BUFDG aims to be the pre-eminent source for information, advice and comment on matters of financial strategy and management in higher education in the United Kingdom.

In pursuit of this mission, the Group has the following objectives:

- To be the recognised channel for the provision, dissemination and analysis of information and comment to external agencies and all members concerning best practice in financial management and related topics in higher education.
- To promote high standards and best practice in accounting, audit and financial management in higher education.
- To provide appropriate opportunities for training and development of finance directors and their staff.
- To work in partnership with related organisations to provide forums for discussion, consultation and exchange, both national and regionally.

4 Academic Registrars Council (ARC)

ARC is a membership organisation made up of the Academic Registrars, or equivalent, of the UK's HEIs. Its purpose is to provide an information and support network for its membership, promote and share best practice in the academic administration of the UK higher education sector, to provide a source of operational knowledge and experience which HE stakeholders within the UK may tap into, and to seek to influence national debate and policy on matters related to academic administration through engaging in debate with sector agencies, participating in consultative exercises and ARC membership on working groups and committees.

To assist the development of policy and practice in specialized areas of student administration ARC operates Practitioner Groups covering the areas of:

- admissions
- administrative systems and processes
- assessment
- postgraduate
- quality assurance
- student records

- subjects allied to medicine.

Additionally, a professional development group is in place to lead on and facilitate staff development for members and their staff.

5 Association of University Directors of Estates (AUDE)

AUDE is the professional organisation for University Estates and Facilities practitioners in UK, and exists to promote excellence in the strategic planning and management, administration, operation and development of the University Estate and Facilities and to optimise solutions to common problems and concerns. AUDE is funded via subscriptions from member universities – of which there are approximately 120.

6 Universities Personnel Association (UPA)

The UPA is the professional organisation for Personnel and Human Resources practitioners in the United Kingdom and Eire Universities and is funded via subscriptions from member universities.

The association is divided into geographical regions, members of which meet several times a year to exchange news and disseminate best practice. The association considers the impact on the sector of topical issues such as employment law.

7 The Association of Heads of University Administration (AHUA)

AHUA brings together in a national grouping the individual in each British university immediately below the level of Vice-Chancellor who has managerial and legal responsibility across a wide span of the affairs of the institution. He or she will also normally be the Secretary to the governing body of the institution.

The main purposes of AHUA are:

- To provide a forum for development of effective management in universities.
- To share experience and encourage best practice.
- To consider and seek to influence matters of national policy in respect of higher education in so far as they affect the management in universities.
- To support UUK in the development of policy on and the implementation of issues relating to university management (for example on pensions or governance).
- To support and encourage appropriate training for managerial and administrative staff.

8 Association of University Purchasing Officers

The Association of University Purchasing Officers (AUPO) was founded more than 20 years ago to provide a forum for university purchasing officers to discuss strategic purchasing issues.

The Aims and Objectives of AUPO are:

- To raise the status and profile of the profession by promoting and implementing best purchasing practice.
- To facilitate the networking of purchasing expertise amongst the membership nationally.
- To provide a regional and national forum to discuss strategic purchasing issues.
- To become the recognised voice for the profession within the sector.
- To support best practice initiatives such as those emanating from Proc-HE Teams, Workshops and Working Parties.

9 The Europe Unit

The Europe Unit is a sector-wide body which aims to raise awareness of the European issues affecting UK higher education and to coordinate the UK's involvement in European initiatives and debates. It is jointly funded by Universities UK and the three higher education Funding Councils of England, Wales and Scotland. The Standing Conference of Principals and the QAA have also contributed funding to the Unit. The policy positioning of the Unit is informed by a High Level Policy Forum and an officer-led European Coordinating Group, both comprising representatives from key sector organisations.

10 Association of UK Higher Education European Officers (HEURO)

The mission of HEURO is to provide a platform for all professionals, academic and administrative, who are involved in European issues in the context of UK higher education with a view to discussing and promoting matters of common interest and disseminating good practice.

11 Association of Graduate Careers Advisory Services (AGCAS)

AGCAS is the professional association of careers professionals in higher education. It numbers among its 130 plus institutional members the careers services of all the universities and most of the major degree-awarding colleges in the UK and Ireland.

AGCAS:

- supports members in their work with HE students and graduates
- manages the production of high quality careers information
- encourages professional development and high standards
- seeks to enhance and monitor graduate employability
- supports research and innovation
- liaises with external organisations and facilitates communication between members.

12 The Association of Managers of Student Services in Higher Education (AMOSSHE)

AMOSSHE brings together those who have responsibility for the management or co-ordination of a range of learner support and guidance services for students.

AMOSSHE serves as a forum in which members can discuss matters relevant to the provision, quality and effective management of support guidance services, and it provides the opportunity to share ideas and discuss issues of common interest.

Appendix C – Procurement

1 Introduction

The institutions which make up the higher education and research communities within the United Kingdom spend in excess of £5 billion annually on goods and services. The buying and selling interfaces between the HE community and the many thousands of suppliers are varied and complex. Just as there are many thousands of suppliers to the sector, there are as many thousands of buyers within the sector. Most institutions operate through systems of devolved financial management and the authority to purchase goods and services frequently rests with colleges, schools or departments and, in many instances, with a number of staff and/or cost centres at a further level of devolution.

Over the years it has become apparent that fragmented and uncoordinated buying dilutes institutional purchasing power and that there is considerable advantage to both buyer and seller if expenditure on supplies is professionally and efficiently managed.

The DfES has been set a target of making £4.35 billion of efficiency savings by 2007-08, and procurement efficiency savings in higher education are anticipated to be £100 million in 2007-08. These efficiencies will be available for reinvestment in front line activities.

The HE sector has seen a series of improvements in purchasing policies and practices in recent years and institutions have seen significant benefits from operating collaborative arrangements. Regional purchasing consortia, national working groups and affinity groups of individual institutions with specific interests work together to gain the best possible advantage not just in the provision of goods and services, but in harnessing the expertise and innovation to be gained by working closely with the best suppliers.

In the sections below, we consider the key elements in this framework of procurement collaboration:

- Proc-HE
- Procureweb
- e-Procurement and on-line purchasing
- regional purchasing consortia and the English National Purchasing Consortium.

2 Proc-HE

Proc-HE is the body responsible for developing and implementing the procurement strategy for the UK higher education sector. Many of the sector professionals actively participate in Proc-HE working groups, to achieve an integrated network to secure and sustain effective procurement and one single voice for the procurements profession in HE, by adopting a pragmatic and holistic approach to facilitating change, with the support of UK HEIs and UK Funding Councils.

The Proc-HE Vision is “working together to develop and promote efficient and effective procurement practices and procedures throughout higher education taking into account social, ethical and environmental issues”.

Proc-HE recognises that the integrated procurement network approach will only be successful if there is buy-in from universities and colleges at the highest levels. To achieve this involves increasing the level of understanding of the procurement process as a whole (rather than just as a function) and then integrating it into planning and decision making processes within universities and colleges. Proc-HE plans a set of proposals for how procurement in HE could be developed to secure a significant increase in the contribution procurement makes to the delivery of institutions’ aims and objectives.

3 Procureweb

Procureweb is an initiative of the higher education sector in the UK, primarily for the benefit of the sector, including the Research Councils. Its main focus is firmly on supporting its

customers (including the regional consortia, national working groups, and Proc-HE) throughout the whole of the procurement cycle and to provide procurement professionals with purchasing-related information, for example via the Central (university) Purchasing Information Database (CuPID).

Procureweb sees itself establishing, directly or indirectly via appropriate partnerships:

- A one stop shop for procurement information generated by regional and national working groups in the sector.
- Improved communications between institutional and inter-institutional sites.
- Provision of a direct secure link or *portal* accessible only to authorised customers and procurement staff - providing the link to the suppliers' confidential agreements with HE.
- Provision of a standard access to electronic catalogues.
- Provision for full secure and robust e-procurement capabilities between institutions and approved HE suppliers.
- Provision of a national high-level procurement management information system capable of exchanging information with client systems.

4 e-Procurement and on-line purchasing

e-Procurement

In its simplest sense, e-procurement means putting purchasing decisions on-line through the internet. In the HE sector, this definition has been extended to include the linking of universities and their suppliers via a purchasing network to both control and facilitate the procurement process. As electronic transaction processing becomes the norm, resources will be released for spending on front-line services.

In a previous survey of the UK HE sector carried out by the Joint Procurement Policy and Strategy Group (JPPSG), 75% of respondents indicated that they had or were considering developing an e-procurement strategy, but in many cases there is still much to be done before this is a reality.

HEeP was the first e-procurement marketplace solution for the UK HE sector and its suppliers. The initiative, partially funded by HEFCE, was a collaborative development involving a number of universities (operating from the University of Salford) and drawing on support from regional purchasing consortia and the JPPSG.

The development of an e-procurement marketplace has provided significant benefits by establishing a secure trading environment to enable universities and their suppliers to trade electronically and in doing so, streamlines buying and transaction processing and ensures full compliance with the framework of national, regional and local contracts. The development is based on the concept of sector partnership, and operates on a not-for-profit basis with marketplace access provided free of charge to participating universities and with low cost supplier buy-in for those suppliers actively trading in the sector and with an existing web presence.

The HEeP e-Marketplace was relaunched as the Unity Marketplace in June 2005, a fully electronic and partially automated procurement process from the initial creation of a requisition, to the receipt of a supplier invoice following fulfilment of the order.

The marketplace is fully integrated with individual HEIs' finance systems and makes use of workflow functionality and procurement controls that already exist, enabling the HEI to retain full control over the process.

Unity has since announced a joint venture with the IDeA:marketplace in use in local government. The IDeA:marketplace will provide Unity with access to many suppliers already available to the IDeA:marketplace together with a strong pool of technical support staff.

5 Regional purchasing consortia

Six regional consortia, covering virtually all English, Scottish, Northern Irish and Welsh HEIs, work together to improve efficiency in procurement.

North Western Universities Purchasing Consortium Ltd (NWUPC)

NWUPC covers the North West region of England, with a total of 26 colleges and universities (and one RDA) participating in the procurement savings marketplace. Overall NWUPC achieves an average of 10% savings on the new and renewed contracts it lets. With approximately £50 million being spent via the Consortium's collaborative arrangements, this equates to savings in the region of £5 million a year.

North Eastern Universities Purchasing Group Ltd (NEUPG)

The 22 NEUPG members account for more than £800 million of the £5 billion expenditure in the HE sector. Of that the collaborative arrangements of the NEUPG contribute to approximately £63 million on both a regional and national level. NEUPG estimates that NEUPG agreements contribute to between 7% and 12% of the total spend on goods and services. NEUPG does not publish figures on cost savings.

London Universities Purchasing Consortium Ltd (LUPC)

LUPC provides procurement services to 58 London colleges and universities. Actual savings in 2004-05 totalled almost £13.5 million, approximately 7% of influenced expenditure of almost £200 million in 2005. LUPC has collaborated with the Southern Universities Purchasing Consortium (SUPC) to increase its portfolio further.

Southern Universities Purchasing Consortium (SUPC)

SUPC covers the majority of the Southern and central region (and some HEIs in the East) of England with 46 member universities and 28 FE colleges. In its 2004-05 annual report, SUPC reported a return of £48 for every £1 spent on membership subscriptions, giving a saving of over £13 million (more than 10%).

Neither the Procurement Consortium for Scotland and Northern Ireland, nor the Higher Education Purchasing Consortium Wales publish figures for collaborative spend or savings.

List of abbreviations

BUFDG	British Universities Finance Directors Group
DfES	Department for Education and Skills
FE	Further education
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HESA	Higher Education Statistics Agency
JISC	Joint Information Systems Committee
QAA	Quality Assurance Agency
RDA	Regional Development Agency
SLC	Student Loans Company
UCAS	Universities and Colleges Admissions Service
UMAL	U.M. Association Ltd