



Outsourcing and shared services

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In recent years, shared services and outsourced services have tended to morph into a single area as housing providers seek to optimise budgets. The original objective was to collaborate within the sector, to effectively share the provision of a service by one part of an organisation or group, but this only took into account the best practices of the interested parties, rather than necessarily the best practices across all sectors for the services involved.

A simple example within housing is the delivery of leaseholder service charges. They are something that all housing providers need to comply with, as part of a regulated framework for the type of information to be provided and the timescales. However, despite this being a relatively simple obligation, the back-office processes needed to capture and deliver the data can be complex, particularly they usually need to draw data from many different sources. And once the data has been verified, the processes to communicate that information to tenants generates a whole new set of challenges across various stakeholders within the housing provider.

This was highlighted in a presentation from Notting Hill Genesis at the National Leasehold Group annual conference last year, where service charges involved 40 people to calculate, process and deliver information to tenants. In effect, this is the same type of information communication (other than tenant- and property-specific data) that all other housing providers have to do, yet it's not commonly considered today as a shared service due to the insight required.

The use of shared services has a number of benefits. The number-one benefit is financial – the bottom-line benefit comes from changes in processes, value from consolidating services, improving customer experience, addressing digital transformation with multi-channel delivery, reducing debt recovery, and savings in materials and postage.

Secondly, it provides better audit and compliance control by using a centralised system which can trace work end-to-end and provide reporting from receipt of data through to delivery to the mail carrier. The opportunity also exists to build in a number of data-validation steps to act as a control mechanism which can help mitigate human errors arising from spreadsheets.

Shared services for IT shouldn't necessarily have any impact with the IT supplier if the decision to move in this direction is a strategic one. Typically, the IT supplier is known to the parties entering into the shared-service agreement, which might equally be seen as an outsourcing arrangement by multiple parties. In today's digital world, shared IT services are more likely to be cloud-based so any issues around technology platforms are reduced.

Bringing two or more housing providers together in order to take advantage of shared services can be a challenge because, among other things, the consolidation has the potential for job losses. This is where shared managed services can have a strong advantage, in that the core activity, such as calculating service charges and their allocation to properties, remains with the in-house skill set, while process improvements and delivery to the customer is undertaken by experts with a wider knowledge of today's digital communication technologies.

Monitoring shared services is simply agreeing the KPIs and SLAs from the outset, just as you would for any commercial arrangement. There needs

to be a formal governance structure supported by all the stakeholders and a commercial agreement in the form of a framework with the vendor who needs to deliver against KPIs and SLAs. The housing providers would continue to have responsibilities for certain upstream activities related to the accuracy and delivery of data along with downstream testing.

Longer-term shared services could be complicated, especially if one organisation is developing faster than the others, resulting in challenges regarding who is funding improvements. In the world of shared managed services, it is for the vendor to ensure that it retains its position as the 'centre of excellence' across technologies as well as the business interests of the housing providers.

There is still an opportunity to optimise costs by utilising shared services but having shared managed services is less disruptive to the housing association and can deliver a much more fulfilling experience to the customer by drawing on the wider knowledge, insight and skills available from a commercial organisation.

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