

Shared Services in the NHS

Winning hearts and minds - and keeping them won.

Glen Hickling



Is Shared Services the remedy to the NHS budgetary woes?

At a time when the NHS is straining to improve service levels whilst facing draconian budgetary pressures sharing services sounds, on paper, the sensible route to ensuring more funds are available for frontline care. Ramping up outsourcing is an option, but in the context of that most emotionally-charged of government agencies, the NHS, remains a heavily-politicalised hot potato. But shared services does not suffer the same ready associations with privatisation, therefore, is much less politically sensitive - yet take-up levels are still a trickle, not quite a trend.

The Challenge of NHS Shared Services: Compelling, yet Complicated

Mark Crichard of RPC explained: "The economic argument for sharing services is a strong one, but joint venture arrangements are enormously complex to set up, much more complex than outsourcing, and this presents one of the biggest challenges in making them work. But they remain attractive, for a number of reasons: firstly, you do get a lot of control. As a customer, you get a management stake in the supplier. It's a great way to ensure continuity - over time, strategies and ambitions of strategic partners can become unaligned. In a genuine joint venture that is NHS-branded, there is a long-term shared mission with a sense of permanence to it. Plus, if the deal is structured right, NHS Foundation Trusts can go beyond cost-saving and generate revenue."

Outsourcing Yearbook 2015 spoke to **David Morris**, CEO of NHS Shared Business Services, the biggest NHS joint venture so far, a 50/50 partnership between the Department of Health and Steria that has created a 'integrated single financial environment' (ISFE) that is used by 40% of NHS providers and 100% of commissioning groups, and **Mark Crichard** of RPC, a senior lawyer with vast experience of advising hospital trusts on joint ventures in both back office and front-line operations, working with the Royal Free, Guys and St Thomas', UCLH, Kings College, Middlesex University Hospital and Liverpool Women's Hospital.

David Morris is the CEO of the biggest NHS-branded joint venture of them all, NHS Shared Business Services, a back-office financial services platform that has saved the Department of Health £224million over the last 9 years, acing its 10 year target with a whole year to spare: "Drawing on the experience of implementing ISFE, a significant percentage of challenges faced are centred around change - introducing users to new systems and being sensitive to the fact that people are going through major changes in their working lives. Not only was NHS England a new organisation but so too were the 200+ clinical commissioning groups. The project centred on the replacement of a disparate range of legacy accounting systems with a single standardised shared service accounting platform. This involved a sizeable cultural change facing more than 6000 users, many of whom had no experience of shared services and who were all new to the system."

Charm Offensive: Winning Hearts and Minds in Practice.

David Morris, NHS SBS: “The ISFE programme’s success flowed from joint senior governance and holistic decision-making. Issues were addressed using a flexible approach relying on informed interaction rather than formal committees. Over 200 people worked together from NHS SBS, NHS England and the commissioning organisations, to design the processes, governance and training programmes, working together as a single team with few day-to-day hierarchical distinctions.”

Mark Crichard, RPC: “With so many people involved, you have to be careful not to let things get too drawn out. If the stakeholder meetings go on for too long, you risk losing peoples’ trust. When senior managers are defining strategy and conducting stakeholder engagement exercises, you need decent alignment between the NHS partner organisations, so they can present a single face to the private sector supplier. If the arrangement includes or impacts clinical processes, you have to get the senior consultants onside. That’s absolutely essential.”

Designing Joint Governance for Mutual Satisfaction

The challenge of shared services’ complexity is never more evident than in designing joint governance, as it is the robustness and quality of this aspect of the deal that will drive long term value, sustained success and positive perceptions.

David Morris: “Each party should have a programme director and they should work in tandem as equals, keeping the focus on accurate reporting on deliverables, with checkpoints at initiation and mid-stage deliverables and comprehensive exception reporting and management. Importantly, this approach should be continued into normal service delivery, with reports and measures covering service parameters and KPIs - we have 150+ reports and measures - as well as internal measures to support LEAN programmes.”

Mark Crichard: “There are two ways to look at governance in the context of shared service operations: from a ‘customer’ side - SLAs KPIs etc. - and from an ‘investor’ side. On the customer side, make the governance as robust as you would with a traditional “arms length” outsourcing, so if you fall out with your investment partner you still have the right tools and processes to keep the service working. There should be lines of communication for dealing with day-to-day issues & appropriate escalation groups, with clear rules on how and when to use them. It’s also worth noting that, organisations not motivated by profit typically have no interest in sanctions like small amounts of service credit. It’s much better to re-engineer the consequences of service failure. For example, put in place remedial plans that focus on the fix and bringing the quality back, then if they fail at that stage, providers should hit by much more material financial sanctions.”

“From an investor perspective, you structure the governance according to how much control you want. Typically there are two key levels of decision; the “big stuff”, for example, if you want to change strategic direction, these are decisions you want

unanimity on, and each partner has the right to insist on a complete veto. So as not to strangle the business, smaller decisions can be made by majority or delegating to the executive to have the final say. It is important to get the balance, between control and flexibility, right.”

The Challenges of Interoperability

For a shared service to be of huge benefit to the UK taxpayer, it must be able to be rolled out a succession of NHS organisations - this is the Holy Grail of saving public money.

Mark Crichard: “Perhaps surprisingly, in a number areas there is a lack of standardisation across NHS organisations. That lack of standardisation can hamper the ability to deploy across more than one NHS organisation. So, for instance in context of pathology there are always subtle but potentially major differences to surmount lots of hospitals do tests for GPs. Some give test tubes etc. for free, some charge. Some have paper-based record and reporting systems, some have electronic. Similarly, what an individual hospital defines as a certain test, e.g. the constituent parts, the sub-tests within a test, varies from one hospital to another and can have massive implications on costs if the differences are not understood.”

David Morris: “It’s essential to fully scope the project, have a clear understanding of the objectives, the vision, who the users will be, how they will use the system and the potential barriers that will present themselves at every level. An enduring engagement strategy as the service is developed and processes are defined and refined ensures that issues and challenges are addressed collaboratively and comprehensively.”

Mark Crichard: It’s vital, for a shared service to get the maximum benefit, that NHS leaders have a clear view of what they want to get out of it, clinically and financially speaking. The latter can be challenging to determine, particularly for organisations that are new to joint ventures and shared services (especially when compared to private sector organisations, who will have a clear view at the outset of what their financial objectives are).”

The Future

NHS Shared Business Services has realised over £220million’ of savings for the NHS, but there needs to be many more success stories for shared services to become truly fashionable. An upcoming collaboration between the Royal Free, University College London Hospital and North Middlesex Hospital NHS trusts is a £1billion contract that melds 8 parallel outsourcing deals into one epic shared services effort. It’s a ground breaking public-private partnership, the most complex ever attempted in the NHS - and if it delivers the expected benefits (confidentiality presents us from disclosing what they are at current stage of negotiations as we go to print) it will be the envy of NHS leaders the length and breadth of the country. Is this the kick-starter of an NHS shared services revolution? Only time will tell.