

MEETING:	CABINET
DATE:	30 JULY 2009
TITLE OF REPORT:	SHARED SERVICES REVIEW
PORTFOLIO AREA:	CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To update Cabinet on the progress of the Shared Services Review, being undertaken by Herefordshire Council, NHS Herefordshire and Herefordshire Hospitals NHS Trust.

Key Decision

This is not a Key Decision.

Recommendation

THAT progress to date be noted.

Key Points Summary

- A joint Programme Board (HC, PCT and HHT) was formed in May 2008 to review potential approaches to and opportunities for the greater sharing of common support services.
- The Programme Board recommended an approach for the development of a shared services strategy for the wider partnership of Herefordshire Council, NHS Herefordshire and Herefordshire Hospitals NHS Trust; and that a specialist independent advisor be secured to support this work.
- PA Consulting were selected through a West Midland Improvement & Efficiency Partnership (WMIEP) recommended framework procurement process in April 2009. WMIEP have also provided financial support for the review.
- The work commenced in May 2009 and is scheduled for completion over the next three months, with the key outputs of an option assessment and business case.

Further information on the subject of this report is available from Annie Faulder, Interim Deputy Chief Executive on Tel: (01432) 260037

Alternative Options

- 1 The purpose of the review is to identify options.

Reasons for Recommendations

- 2 To ensure Cabinet is informed of progress.

Introduction and Background

- 3 The scope of this work is the production of a shared services strategy for these public service partners. This will include a full assessment of the delivery options for shared services together with an accompanying benefits assessment and a programme plan for the next stages of the work.

Key Considerations

Context

- 4 A number of key public service drivers underpin the review, these include:
 - i. Making local public services more joined up, customer focused and responsive, so that they are easier to understand and access
 - ii. Maintaining a strong sense of place for Herefordshire
 - iii. Consideration of the likely outcomes of the Public Sector Finance settlement and need to secure efficiencies and provide value for money
 - iv. Increasing the quality of service against a background of increasing demand for many front line services.
- 5 Governance of the shared services is through a programme board with senior representation across the partnership.

Background

- 6 A Shared Services Programme Board with representation from Herefordshire Council, NHS Herefordshire (PCT) and Hereford Hospitals NHS Trust (HHT) was established in May 2008. A working paper was produced that described a proposed approach for developing a shared services strategy. The paper went on to detail the work carried out to date across the partnership, identifying service areas that have potential for sharing and outlined a road map for the remainder of the programme.
- 7 It was agreed that an independent advisor with expertise in shared services be identified to complete the development of the Shared Services Strategy. It was essential that the supplier had a breadth of expertise across Local Government, Health and the Private Sector, together with a track record of delivering benefits. The evaluation panel, made-up of senior officers from the partnership, determined that the best quality proposal came from the PA Consulting Group. It is an independent, employee-owned global group of 3,000 people with a strong track record in delivering shared services in the public sector.
- 8 This work commenced in May 2009 and is scheduled for completion over the next three

months, with the key outputs of an option assessment and business case for Cabinet consideration late September/early October. The work is being led by PA Consulting with a strong supporting team drawn from across the partnership. The outline timetable is illustrated below:

Three month study - key deliverables

Month 1	Month 2	Month 3
<ul style="list-style-type: none"> • Integrated programme team • Baseline data collated/verified • Performance benchmarks • As-is baseline 	<ul style="list-style-type: none"> • Service analysis • Developing shared service models • Change assessment 	<ul style="list-style-type: none"> • Agreed business case • Programme implementation plan • Procurement plan (dependent on option)

Current Position

- 9 The work is progressing well with progress to date including:
- i. Completion of data gathering, data validation and establishing the 'as is' baseline on service scope, costs, staffing levels (full time equivalent's) and performance benchmarks.
 - ii. Completion of the detailed service analysis, options appraisal and market analysis of shared services models.
 - iii. Commencement of the business case, associated programme implementation plan and consideration of procurement approaches.
- 10 The innovative nature of Herefordshire's approach has been recognised in the region with funding support of £175,000 being provided by the WMIEP; WMIEP is also represented on the Programme Board and is playing an active role as 'critical friend'.
- 11 A stakeholder and communications management plan has been developed. This process began with a workshop on Shared Services held during November 2008 involving Cabinet and NHS Herefordshire Non-Executive Directors. This activity has been stepped-up across all key stakeholder groups and includes:
- i. *Staff* – regular staff briefings, updates in Team Talk and First Press and a full website. The website, accessible to staff in all three organisations,

explains the principles behind the shared services programme, as well as the timescales, news updates, frequently asked questions and provides an opportunity for staff to raise ideas or comments or even check any rumours they may have heard, with the programme team. The interim deputy chief executive has commenced a number of lunchtime sessions to promote dialogue with Council and NHS Herefordshire staff, with HHT undertaking their own arrangements.

- ii. *Trade Unions* – In conjunction with updates through the Joint Consultative Forum (JCF) and Staff Partnership Board, scheduled briefings have already been held (first session held 1st June, 2009), with further briefings scheduled for July, August and September.
- iii. *Members, Non-Executive Directors* – Updates through members' newsletter, political group briefings and Service Updates.

- 12 There are a number of key dependencies for the Shared Services programme, including; Herefordshire Connects, the Accommodation and Asset Management Strategy, World Class Commissioning and the Comprehensive Area Assessment.

Community Impact

- 13 N/A.

Financial Implications

- 14 WMIEP have allocated £175,000 to Herefordshire Council for this work. A further £25,000 is being funded from Council and NHS Herefordshire budgets. Staff costs are being met from existing staff budgets.

Legal Implications

- 15 These will be assessed as part of the options appraisal. The procurement plan in particular will need to be formulated with regard to the law on procurement and contracts, as well as any applicable legal provision relating to the governance of local authorities and NHS bodies

Risk Management

- 16 A full risk analysis has been undertaken and is subject to regular review. Current risks and mitigations include:
- a. *Ineffective Programme Governance* - Strong leadership and sponsorship from the JMT, Herefordshire Hospitals Trust and the Programme Board will ensure that there is effective governance for the programme.
 - b. *Lack of alignment between this work and other major initiatives* - Whilst there may be some different strategic drivers for each other programmes of work such as the Accommodation Strategy and Herefordshire Connects, the shared services strategy will clearly set out individual purpose statements as well as where there are overlaps with other initiatives.

- c. *Risk of the review having a negative impact on staff morale* - This will be mitigated by a comprehensive communication strategy recognising the needs of staff and Trade Unions.
- d. *Return on Investment (risk that the business case does not justify the investment)* - This will be mitigated by the regular review of the business case to regularly test that it is viable.

Consultees

- 17 Consultations have commenced and will continue to take place during the Shared Service Review with members, directors, heads of service, service managers, staff, non-executive directors (Health) and partners. An action plan, which is updated monthly, outlines how each stakeholder group will be informed and engaged in the process.

Appendices

None.

Background Papers

- None identified.