

A commercial approach that will save £33m over 10 years

Herefordshire is linking council services and local health trusts through a company that will cut costs and deliver. **Dean Taylor**, far right, and **Eric Bohl** explain



Shared services programmes are often seen as all talk, with months (and years) of debate and pre-variation and precious little to show at the end of the process. In our experience, a lot of talk is required – but the right kind of talk, enabling partners to make informed choices, to build the confidence needed to commit, and to develop and maintain a shared vision.

In Herefordshire, we have recently created the country's first joint venture company providing corporate and support services to a council and two health trusts. The company will, of course, help to deliver substantial savings. However, much more is expected of it: the company is charged not just with delivering more cost-effective corporate services, but also supporting strategic transformation within its three principal customers and offering services to other organisations in the area.

Putting residents first

The partnership is the latest in a line of groundbreaking innovations in Herefordshire designed to revitalise local public services, helping them become more efficient, joined up, customer-focused and responsive. The council and the primary care trust were the first in the country to appoint a joint chief executive, Chris Bull, in

2007. This year, the primary care trust and the council transferred their health and social care provider functions to Hereford Hospitals Trust to create the first integrated care organisation in the country, Wye Valley NHS Trust. In all of this we were focused on how we could achieve better outcomes for local residents by putting their interests above the interests of each organisation – our aim was not just to be a better partnership!

Informed choice

It was recognised that the joining-up of services to the public would depend on joined-up support services. The partners set up a joint shared services programme in 2009 with support from the West Midlands improvement and efficiency agency. Early initiatives included a shared ICT service in 2009 and some sharing of HR and payroll services, which demonstrated the ability of the partners to collaborate effectively. However, a more radical approach was needed to deliver the partners' vision, and so alternative service delivery models were carefully evaluated for each of the first wave of corporate services in scope. This analysis helped the partners to make an objective, informed choice from the options available.

For some services in the first wave, outsourc-

ing was found to offer the best solution. For example, the three partners have recently completed the joint procurement of their internal audit services from a strategic partner, KPMG. However, for the majority of corporate services in the first wave, the partners agreed in October 2010 that a new joint venture company was the best route to deliver their intended strategic outcomes and so Shared Services Partnership Limited was born.

Confidence to commit

The company (or partnership) opened for business on 1 April 2011, providing support services such as human resources, payroll, finance, ICT and revenues and benefits. The partnership is a joint venture company owned by Herefordshire Council, NHS Herefordshire, our primary care trust, and Wye Valley NHS Trust and provides services to its three owners and to a range of other customers, including academies and GP practices. The company has an initial turnover of £14m a year; 315 staff were transferred to the company on 1 April and another 144 are to transfer soon.

The creation of a more formal corporate vehicle underpinned by long-term contractual commitments was made possible by our experience of joint working. Our experiments in shared services were vital in building the confidence that was needed to commit to a more ambitious programme, based on a realistic understanding both of the barriers to and benefits of sharing. We have also realised that, in certain areas, one partner may gain more than the others, but overall, the partnership gains far more.

Part of that confidence flowed from our demonstrable track record. For example, the delivery of £1m of savings in the very first year of the programme provided reassurance that the projected programme savings (in which partners are expected to share net annual savings rising to £4.3m after the initial investment in systems and set-up costs) were on track and realistic. Overall, the shared services programme is expected to save £33m over 10 years, after investment costs of £8.4m.

Keeping our vision fresh

The shared services programme is underpinned by an investment in programme management and in getting the detail right, but the partners recognised that the basics wouldn't work unless careful attention was also paid to getting the vision right. The first of the five programme workstreams in our shared services programme focuses on strategic planning in which the partners have agreed a set of strategic outcomes for the programme, have developed a vision for partnership working, have established shared commissioning, and established pooled governance.

The three partners have invested time at the most senior level to develop a shared vision and to sponsor the shared services programme. This work has paid dividends in providing a clear strategic framework within which our shared services can develop and grow and has helped to ensure that the partners are able to resolve more quickly issues which have bedevilled shared services initiatives elsewhere in the country, such as charging arrangements. Shared services initiatives will always present problems, there must, however, be the partnership capital to draw on to solve them.

Our joint venture company, the Partnership, also benefits from leadership commitment with an experienced board of directors that includes board members from the two NHS trusts as well as the council's deputy leader. The board has worked to ensure that the new company develops the competencies to be an effective intelligent partner and embeds innovation and extensive employee engagement in its core operations. The partnership's first business plan sets out the short to medium term priorities in the context of our strategic vision and outlines how we will ensure customers are well served with our range of services, our employees are supported in delivering these services, and the impact on our medium term financial plans.

We recognise that, with the pace of change in public services - particularly in the NHS - we will need to ensure that our vision remains fresh, testing and updating it to make sure our

Joint venture company

programme stays relevant and that our new joint venture company is able to thrive and grow and find new partners. Equally, we are realistic enough to recognise that there will be tensions and challenges and new risks that we need to address and resolve.

Too often shared services programmes are "all talk and no action". In our experience, an investment in the softer side of partnership working is essential. After all, without talk, there will be no action.

Dean Taylor is deputy chief executive of Herefordshire Council and NHS Herefordshire. Eric Bohl is director of the public sector at Activist Group, which advises public bodies on providing services, and was transformation director for shared services for the Herefordshire partners