



Shared services in the NHS





The role of shared services



As a way of delivering **efficiencies, cost savings** and **increased productivity**, the idea of deploying shared services arrangements across the NHS's back office functions is nothing new.

However,

the emergence of provider networks and Integrated Care Systems (ICS), with their remit for collaboration and improving patient outcomes across multiple provider organisations, has provided a fresh catalyst for revisiting the benefits that shared services can create.

Those benefits can be extensive.





The concept of shared services first emerged in the

1980s

primarily within the manufacturing sector.



Initially, it took hold in the finance function and was focused on standardising transactional tasks. Over time, it spread into other support functions and saw the emergence of various delivery models, including:

In-house



Outsourced



Offshore



Near-shore



The last decade has seen a noticeable shift towards multi-functional shared services, focused on value creation as well as



Cost reduction

Despite this evolution, there hasn't been a review or fundamental rethink of how to maximise the value that NHS back office functions can deliver for some time now. This is despite the fact that every pound and every hour of staff time that can be saved through improvements here can be redirected elsewhere; the benefit of which will eventually trickle through to the frontline of patient care. In addition, such transformational efforts can result in significant improvements to both the customer and end-user experience.

A successful shared services arrangement could realise back office savings of between 25% and 29% (based on our experience but dependent on the scale and strategy applied), unlocking substantial amount of money and staff time. With the financial strain that the NHS finds itself under, alongside the pressure to improve patient outcomes and care quality, these are valuable resources it can ill afford to miss out on. The scale of the savings could be even greater if shared services were implemented at scale, across the NHS. This would mirror central government's current plans to implement shared services across several departments, in pursuit of the significant efficiencies and benefits this would inevitably bring.



An efficient arrangement

If we take the example of recruiting clinical staff, every day spent on recruitment is another day where agency staff have to be employed.

An efficient shared services arrangement, with slick, scalable HR processes, can reduce that time substantially,

Turning what can be a **100-day** Undertaking → Into something more like **50 or even 30 days**



Bearing in mind quite how much the NHS spends on temporary agency staff, the net saving created by reducing the time to hire to this extent is

Over £1bn



While improved performance within the NHS's back office corporate services can directly deliver significant cash-releasing savings, there are other, less tangible benefits to be had as well. Staying with the previous example, in a competitive labour market, there's less chance of missing out on the candidates you most want. With a smoother, more efficient recruitment process, candidate withdrawal rates (which can be as high as 25% and are often attributed to delays in the process) tend to reduce.

Your managers spend less time on recruiting and more time on their care-giving day jobs. The candidates' experience of the recruitment process is a more pleasant one, boosting the NHS's reputation as an employer of choice. And of course, you get the people you want into your organisation and straight on to treating patients far quicker, mitigating any concerns that may have existed around access to care and the quality of that care.

That's why, with all shared services projects, it pays to look beyond the obvious cost savings and to consider the broader performance improvements that can be delivered across the organisation.



The secret to SUCCESS

We believe that the secret to successful shared services is three-fold. From the outset, it requires ambition, vision and strategic alignment across organisations or systems. Making it happen then requires being able to draw upon a vast library of standardised processes and templates, best practice guidance, technology partnerships and specialist implementation expertise.

But, arguably most of all, it requires an unflinching focus on change management. It needs senior leaders and stakeholders to be comfortable with the changes being implemented. And it needs end-users to understand what the back office changes mean for them and how this can make their lives easier and their work more productive. 'Taking people on the journey with you' can be an over-used business phrase nowadays but this really is where successful shared services projects will stand or fall.

Why us?

At KPMG, we have an extensive track record of successful shared services projects, across multiple industry sectors.

We've worked in this area with major private sector organisations from banks and supermarkets through to telecommunication providers and food and drink manufacturers. We are also currently working at the heart of the UK Government's Shared Services strategy, so we know what success can look like for the public sector.



Our years of experience in the field have resulted in the development of our optimised shared services target operating model. This covers what we believe to be all the vital aspects of a high performing shared services function, such as:

- Governance
- Technology
- People
- Performance insight

It's backed up by articulations of all the processes, advice, and guidance that we've accumulated and finessed over those years; all of which can be reused as appropriate and tailored to an individual client's circumstances. And it's further supported by the strong relationships we have with all the major technology solution providers in this space, including Oracle, Microsoft, ServiceNow, SAP and WorkDay.

Although all of this combines to deliver standardised, value-adding processes, we acknowledge that a one-size-fits-all approach to shared services can never succeed. Instead, we know that several organisation-specific factors must be considered within our work – including their vision, scale, scope, technology alignment and existing processes.



However, more than anything else, what brings our shared services offer to life is our people.

Our team has all the consultancy and change management experience that you might expect. There's also a wealth of subject matter expertise in each of the back office functions and knowledge of their typical processes and systems.

That's all backed up by our global shared services business, allowing us to call on even more specialist resource if needed.

Our team also has a significant amount of direct NHS experience, both from consultants who have worked almost exclusively with healthcare clients and with others who have previously worked within the NHS itself. All of these team members bring a wealth of highly relevant experience and an in-depth understanding of NHS organisations, their culture and how they operate.

More than that though, they share the same passion for delivering improved patient outcomes that their NHS counterparts exhibit on a daily basis.

The challenge and the opportunity

The NHS currently comprises over 200 provider organisations.

That means more than 200 different versions of all the typical back office functions; some outsourced, some operating independently and some already working within a shared service model – all doing broadly the same thing but with varying levels of success.

Provider networks and ICSs were created to deliver greater collaboration and more connected care, improving health outcomes by developing shared plans and joined-up services across a group of provider organisations. This was always going to demand a heavy focus on the provision of frontline care yet attention also now needs to be paid to what could be achieved in the collective back office of each of the 42 ICSs.

The challenge many will face

There will likely be incredibly different levels of maturity within their different providers' back office functions.

It's not simply about trying to bring those functions together into a single shared services centre. It's about figuring out how to set them all up to be more successful. That could mean a single shared services centre – but it could just as easily require some activities to be outsourced (either to the existing NHS outsource providers or elsewhere) or some to be retained at an individual provider level. **As said before:**

“
There's simply no such thing as a one-size-fits-all solution.”

The size of the opportunity here is significant though. Inefficient operating models that haven't been looked at for 15 or 20 years; data sets that are too fragmented to be of any real use; outdated and ineffective legacy technology platforms; an excessive amount of manual processes; and no strategic plan for digitisation or incorporating AI – fixing problems like this could represent huge wins for the NHS. Plus, if the expected benefits can be delivered at a provider network or ICS level, imagine what could be achieved at even greater scale, at a regional level.



With that in mind, the future of the back office is a topic that should be rapidly moving to the top of every provider's or system's executive agenda.



What do we do?

Our shared services offer helps organisations to be more efficient in terms of how their back office functions perform.






Traditionally, that means working in areas such as finance, HR, procurement and IT. However, interestingly, we believe that opportunities are now emerging for deploying a shared services model in areas like clinical support services or medicines management.



How do we do it?

Whatever the individual function might be, we help organisations to think about the possibilities for standardisation (in terms of the processes they follow in their day-to-day work) and convergence (making sure work isn't being unnecessarily duplicated). We'll explore the skills and performance expectations of the people who work there; the data required to inform robust decision-making; the reporting, accountability and hierarchies required within a new service delivery model; and the technology solutions that could deliver the greatest impact.

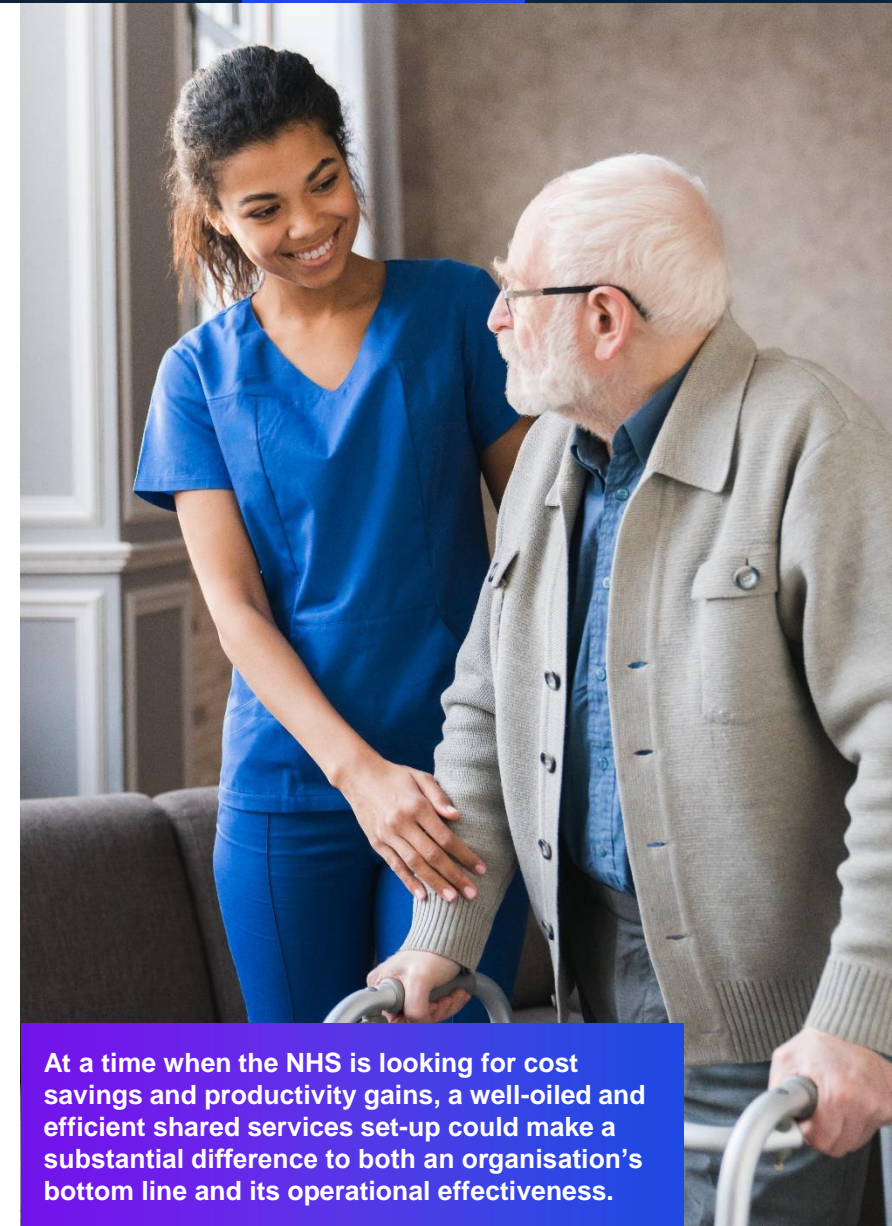
The ambition here is to improve the quality of the service that these functions provide to their end-users. As well as improved customer satisfaction, we're looking to deliver:

-  efficiencies;
-  organisational agility;
-  productivity gains;
-  cost savings and;
-  greater collaboration (between equivalent functions in an ICS or similar network, for example).

Whatever we do will have been extensively debated with an organisation's leadership beforehand as part of defining their shared services vision, strategy and business case. This will lay the groundwork for shaping their preferred target operating model. The steps for delivering that model will then be captured as part of a comprehensive shared services implementation roadmap.

With work underway, we'll draw heavily on our extensive library of shared services assets to give the organisation what it needs. That could mean providing finance teams with a leading practice process for how to project manage a new capital investment, for example. Or it could mean providing guidance on the HR processes and technology solutions for handling joiners, movers and leavers across an ICS; helping reduce the time to hire a new recruit or delivering a smoother, more cost-effective exit process, free from payroll overpayment errors.

All of this process work can be handled in a technology agnostic way, i.e. thinking solely about the process, rather than any technology product or platform that might underpin it. However, thanks to our well-established relationships with all the major providers, we can also provide shared services assets that are already pre-configured to those providers' most popular technology solutions.



At a time when the NHS is looking for cost savings and productivity gains, a well-oiled and efficient shared services set-up could make a substantial difference to both an organisation's bottom line and its operational effectiveness.

To find out more about how we can help, get in touch with our experts:



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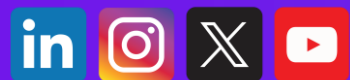
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