

Eastern Shared Services - Case Study

Background

Green & Kassab was commissioned, by the Chief Executives of the six NHS Primary Care Trusts that were stakeholders in Eastern Shared Services (ESS), to undertake a strategic review of the ESS operations. This review required identification of the areas where cost savings could be made in the future service delivery, to support the financial recovery plans of the six PCTs.

Past experience of shared services, has shown Green & Kassab that while shared services may present opportunities for economies of scale, the increased separation of provider and customer can result in the following undesirable outcomes:

- the individual services offered may no longer be appropriate for the needs of each stakeholder; the unresponsiveness of the 'one size fits all' approach may lead some stakeholders to look elsewhere for some of the centrally-offered services. This fragmentation then reduces the economies of scale achievable for the remaining participants
- the contractual arrangements can isolate the shared services from the realities of the market - resulting in services becoming increasingly inefficient, uncompetitive and unresponsive
- there may be a lack of transparency in the cost of providing each service – leading to claims of cross-subsidy and potential disagreement between stakeholders.

Approach / methodology

Green & Kassab undertook a review of the principal operations of ESS such as Buildings and Estates Management, Catering, Cleaning, Finance (including Payroll & Accounts), Information & Communication Technology and Procurement. Following the review, Green & Kassab carried out a benchmarking exercise, which identified the services that appeared to be overpriced. This enabled an action plan to be developed that set priorities for implementing improvements.

Outcome

A number of potential areas for savings were identified such as:

- co-ordinating catering purchasing and management across sites
- replacing the inherited local kitchens with centrally sourced cook/chill operations
- consolidating estates operations with neighbouring Trusts to drive up economies of scale
- further consolidation of the Payroll and Accounts functions, either by winning work from other clients or outsourcing the operation
- improving the alignment of the Information and Communication Technology functions with the needs and expectations of the stakeholders.

The strategic future of ESS was also addressed, considering various scenarios such as:

- sustainability of the structural status-quo
- effect of driving for efficiencies within the existing structures, including collaborative working with other local public sector bodies
- impact and feasibility of breaking up the organisation into individual services.

Comments from the client

"Green & Kassab produced a professional and credible financial review of the PCT's support services which has provided an agenda for achieving significant savings since the review was completed."

Mark Taylor, Director of Provider Services, Norfolk PCT



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