HBS Health Business Services

connecting, supporting, delivering

Strategy 2014-2016

Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

A satisfied customer is the best business strategy of all

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Health Business Services (HBS)

Mission

What is HBS's role?

- · To provide high quality business services to the Irish health system

Vision

What is our aspiration for the future?

- To be a customer focused provider of leading practice business services

Strategy

What are our strategic goals?

- Health Service Reform-Support the implementation of the vision outlined in Future Health
- Enabling Environment - Address key enablers for a successful innovative HBS environment
- Service Culture - Fully understand and deliver the service expectations of our customers
- Operational Excellence - Deliver a quality set of well-defined services to a high standard
- Effective Resource Usage - Deliver services that represent value

Values

How will we support achievement of our vision?

- Fostering a service culture
- Enabling our people to excel
- Delivering on our promises
- Building trust, confidence and respect

Contents

Foreword

This strategy sets out the journey to develop a shared services organisation to serve the emerging health environment. It has been approved by the Directorate of the HSE following detailed deliberation by both the HSE Leadership Team and a steering group established to support the strategy development process. Following the approval of the Directorate of the HSE on 18th February 2014, it is now time to move to implement the key actions contained within the strategy. There was an extensive engagement as part of the strategy preparation process including dialogue with staff of the HSE and the voluntary sector, the Department of Health, Department of Public Expenditure and Reform as well as the unions.

The creation of a shared service entity is a key support and enabler to the wider health reform. The reforms identified below can be facilitated by a single supporting shared services infrastructure. The successful implementation of a shared services model will also avoid the risk of investment in duplicated support services across the country in the emergent organisational structures.

Health Service Context (National Service Plan 2014)
The health service faces a severe financial challenge because of multi year reductions to its funding base resulting in a need for significant savings. Budget 2014 means that the health service will have an overall gross Vote reduction in 2014 of €272m and a savings target of €619m. This challenge comes at a time when the demand for and costs of health and personal social services are increasing every year as a result of:

- An 8% increase in population since 2006 with a 14% increase in the number of people over 65 years of age
- 1.8 million people (40% of the population) qualifying for medical cards, an increase of 590,000 or 46% since January 2008
- The increasing burden of chronic disease management
- Advances in the development of medical technologies that, whilst welcome, are highly cost-intensive

The core frontline health services have been impacted in recent years by a diminishing administrative resource (2000 WTEs) at a time of higher than ever need for attention to administrative functions and a paucity of ICT investment.

The health service is developing an integrated portfolio of reform programmes to ensure that its core objectives to deliver for safe and effective health and social care services for patients, services users, carers and families in multiple settings are met.

This will be driven by the following reform areas:

- A sustained emphasis on quality and patient safety
- Integration of Health and Wellbeing and prevention to service delivery models and reform programmes
- Design and development of integrated models of care within and across all divisions of the health service, supported by a new governance and organisational model for National Clinical Programmes.
- Establishment of Hospital Groups as a transition to Hospital Trusts
- Integrated Service Area (ISA) Review
- Performance Assurance Model
- Money Follows the Patient
- Transitioning to a commissioning model on an incremental basis
- Strategic Human Resource Management
- Leadership and Management Development Programme, aligned with organisational design and development
- Strategic communications
- Information and Communication Technology (ICT) Strategy and Informatics.
- Finance Operating Model Reform
- Shared Services Reform

The shared services entity will serve all elements of the health system including the voluntary sector and will be driven by a strong awareness of client needs and the challenges facing the wider health environment. Successful delivery of this plan is dependent upon investment in people, systems and processes. The implementation of a national financial and procurement solution is a key priority along with the need to invest in pensions management, recruitment and CRM systems. The success of the shared service entity will be determined by its governing body, measuring both service performance and customer satisfaction. Third party benchmarks will be used to assess relative value over time. The changes being proposed in how we approach and resource the provision of shared services will be designed having due regard to the current health service context as outlined above.

The name “Health Business Services” has been chosen to ensure a strong association with the health services and also to emphasise the connection with the provision of business services to the health environment. There is now a strong evidence base in literature internationally that identifies the movement from transaction processing entities to key business service and support with titles such as Global Business Services.[1]

An implementation plan will outline the prioritised next steps to develop these key business supports.

[1] From internal service provider to strategic partner, (Bloch and Lempres)

Part 1

Health Business Services strategy

1. Executive Summary

This strategy is a reference framework for all employees of Health Business Services (HBS), our customers and stakeholders. It outlines the portfolio of strategic and operational issues, for the period of 2014-2016, to support the strategic agenda of delivering business support services as part of overall health service reform. The strategy, which has been adopted by the Directorate of the HSE, will be used in a dynamic way to guide and challenge the delivery of a range of business support services at a time of significant reform. To that end, the strategy will be subject to continual review and adjustment to ensure that it meets the emerging needs of our customers and stakeholders in support of key health reforms. It will be dependent on the implementation timelines for systems investment. The strategy is informed by the needs of those who rely on our health and social care and this is reflected in the planning approach adopted and will be reflected in implementation.

This document outlines the key strategic drivers which will be at the centre of HBS namely:

- Supporting the vision outlined in Future Health
- Addressing key enablers for a successful HBS environment
- Fully understanding and meeting the expectations of our customers
- Implementing a standard set of well-defined services to a high quality
- Delivering services that represent value

Fully delivering on these objectives will be challenging but they are critical in terms of ensuring that HBS implements the mandate given to it and delivers for its customers.

The introduction of a shared business services component in the health sector is as a result of a government led initiative to organise and supply internal support services more efficiently and effectively whilst freeing up organisational capacity to concentrate on core, frontline and other health and social care functions i.e. the delivery of safe health services. It is also a direct response to the need to support the emerging entities in the health services as they are put in place and avoid duplication of administrative costs. Given the current realties of health and social care provision following sustained resource reductions over the last five years it is important to stress that while this strategy will realise cost savings and efficiencies it is not intended to yield net cost reductions. Savings generated will be needed to better resource front line services, supplement additional investment in implementing the strategy and to close gaps in HBS capacity to fully meet current and future demand. This strategy outlines a number of critical success factors for the successful implementation of a shared service business model in the health system and includes:

- Mandate – the mandate for shared services is very clear and comes directly from Government policy as reflected in the Programme for Government and Future Health. Therefore individual health and social services in the health system do not have an ability to opt out and must use the core service provision of Health Business Services. This includes all services currently provided on a national basis across ICT, Estates, Procurement, Finance and Human Resources. We will not, by necessity, directly provide all services but a key element of the strategy for Health Business Services is to source services for the health system based on the needs of our customers and deliver value through a single national approach where this is supported by a business case. The services of HBS will be externally benchmarked and reviewed to ensure value. The dynamic tension that will exist between the autonomy of emerging trusts and the sense of nationally delivered solutions will be arbitrated through the emerging governance structure of shared services which will be strongly representative of its health services clients. HBS will work to ensure that its strong mandate is balanced by it being closely governed by its customers to ensure that it is accountable, remains relevant and, competitively performs and delivers.
- Scope – By international comparison, the scope of services currently under the remit of Health Business Services is narrow. This strategy assumes that all areas that would normally be construed as deliverable through a shared service platform will be within scope over time. This means that some current elements of

Finance and HR may migrate to a shared environment subject to agreement and within the parameters of the new Finance and HR operating models as they emerge. In the short term, there is a requirement for absolute clarity on ownership of key business processes where the end to end process is shared between HBS and the retained organisation. Additionally, certain specialist services may be provided more effectively and economically from a shared environment and should be considered for HBS.

- Value Proposition – Research across both the public and private sector confirms the potential for organisations to realise substantial gains in efficiency through the adoption of a shared service approach predominantly through wider adoption of new technology, leveraging the benefits of scale, process redesign and harmonisation and the adoption of a shared service approach which prevents further fragmentation. However the extent of achievable savings is directly related to the individual context of the shared service environment. To realise savings, it will be necessary for many constraints which currently exist in the health system to be addressed. These constraints include the absence of common business platforms and related infrastructure, lack of flexibility under existing labour agreements and difficulties in partnering with external parties where necessary and appropriate. At a functional level, it will be necessary to complete detailed baselining and establish a robust benefits management process to identify, track and drive realisation of benefits throughout the shared services transformation journey. There are many capacity issues in the newly formed HBS. What is clear from international research is that shared services strategies deliver real savings when funded to deliver successfully however the exact level of savings can only be determined as HBS implements this strategy.

- Systems – A common reason for the failure of shared service organisations internationally has been the lack of adequate investment in systems. The proliferation of local solutions (for what may initially appear to be lower cost) drives total costs upwards. A prerequisite within Health Business Services is investment in systems to drive the required efficiency savings and staff reductions. These must be developed as part of the overall government investment in shared services systems to ensure maximum integration across the greater public sector and subject to appropriate business cases. The key system investments that are required include a single financial and procurement system and a single HR system. Smaller systems investment is required to support pensions, recruitment and CRM- customer relationship management. The investment in IT enterprise systems will be set out in business cases in conjunction with the corporate functions of finance and HR. A key benefit of single systems will be the improvement in governance and control which they will afford. The costs associated with these systems will depend on the implementation plan for each and will be mapped out in each business case. Governance of each systems project will be tightly managed in line with best practice.

- Funding for services – The quantity and quality of services currently supplied is determined by the historical funding level of the composite HBS functions. Whilst some process efficiencies can be made as a result of renewed management focus, the type and level of service provided is directly related to the funding available. An early key action will be to better understand the cost of provision of services so that customers can be appropriately informed when discussing service levels and funding options with HBS. Ultimately agreement on scope and capacity expansions will be subject to the availability of additional funding to grow capacity where this is required by the customer.

- People and skills –The functions which are now part of HBS have experienced the same unstructured downsizing as the rest of the health sector including significant staff loss at experienced levels under the various voluntary retirement and redundancy schemes. In parallel they have faced an increased demand for services which cannot always be met to the satisfaction of either HBS or our customers. To render HBS fit for purpose, there is a need for selective recruitment and targeted development of staff. As systems are introduced and efficiencies accrue, there will be opportunities for redeployment of surplus administrative staff to key frontline services as determined by the governing entity. Key areas of staffing levels and competency deficiencies include IT specialists, Estates professionals, various levels of Finance and Payroll staff (ahead of the implementation of single national systems) as well as Pensions and recruitment specialists and a shared services central resource. In Estates, there is an urgent need to invest further in professional and change management skills to support the strategic intent of the health reform programme. Some additional resource to meet expanding and specialist requirements of the health system can be contracted

externally but will require additional funding. There is also a need to build a central programme office to support the extensive range of projects involved in successfully delivering a revised business model. Staff training and development will be a key focus in all areas. Future planning in HBS will have regard to the overall staff needs of the health system and be guided by the HSE Directorate or Board of the HCA.

- Freedom to invest within a control environment – For HBS to be successful speed of movement is vital. The key flexibility required to operate a successful entity include: capacity to hire or contract staff and engage with 3rd parties when appropriate and within an overall financial plan; a significantly enhanced freedom relating to ICT expenditure; and up-front investment in building fit for purpose shared services infrastructure, specifically including investment in CRM and programme management capacity as well as finance and HR capacity.

- Innovation – HBS will need a focus on innovation within its current services provision to drive efficiencies and meet client needs. Additionally there is an opportunity to develop a wider innovation agenda working with industry and academia through programmes such as the Innovation Hub, Horizon 2020 and the creation of a permanent innovation space for services which could be hosted by HBS on behalf of the health system. We will engage with industry to further drive innovation in support of delivering excellence. HBS will seek to develop connections with similar organisations internationally through twining arrangements.

- Customer service – HBS will only be successful if it meets the needs of its customers. The shift in culture from that currently existing within the HSE to a service oriented culture is a major challenge. Key actions in this area will focus upon the need for an extensive training programme for staff, strong leadership and proactive customer engagement. HBS will need to develop strong relationship management processes and skills with a focus on service and performance management with processes which has the customer at the centre. A key success factor seen in the research is the extent to which respective behaviours of the newly formed shared service entity and that of those in the retained organisation – both at corporate and operational level – are harmonised.

- Governance – The implementation of HBS will be challenging and will require a strong governance arrangement both in terms of implementing new ways of working but more importantly to ensure that we are delivering what our customers want. HBS is delivering services on behalf of our customers and must be held to account. Equally customers must be clear about what they require and understand the costs associated with their decisions and behaviours. Individual service levels agreements will be developed. A governance process will be established to ensure that there is a clear line of sight from the high level programmatic strategic objectives contained in this strategy right through to implementation at business operational level.

- Reform – The health system is undertaking fundamental reform. HBS can actively assist in fulfilling the objectives of the government reform programme in health. It can support the creation of new legal entities through the provision of finance and HR solutions and also provide ICT, Estates and Procurement support to the new entities in the health environment including hospital and community groups, the commissioning agency, the Patient Safety Agency, the pricing agency and the health care funding agency. HBS is already supporting the transitional and ongoing needs of the new Child and Family Agency. HBS will be uniquely placed to drive both efficiency and clarity of information for transparent reporting across the health landscape. Many of the clinically driven reforms will require the support of HBS such as ICT, Procurement and Estates.

- Links to voluntary sector and other organisations – The preparation of this strategy has involved extensive consultation with the voluntary sector. This dialogue was facilitated by the representative groups for both hospitals and disability bodies. The positive nature of the engagement assisted in the formation of the strategy. The key conclusion of this interaction is that there is wide acceptance that the health system will need to implement a single strategy for shared services making optimum use of all of its resources and within an appropriate governance framework. This was reflected in the clear preference for integrated financial and HR processing as well as a common approach to ICT and Procurement. Considerable work is already underway with the Office for Government Procurement (OGP) and the Department of Public Expenditure and Reform as part of the overall Government shared services agenda.

2. Introduction

The Public Service Reform Plan, published in November 2011 and further updated in January 2014, includes the implementation of shared service models within each sector as one of fourteen public service reform initiatives. The adoption of shared service models for support function delivery and some specialist services has a strong Government mandate and remains a key aspect of reform policy across the Public Service.

The Strategic Framework for Reform of the Health Service 2012-2015 ("Future Health") requires that the creation of new administrative structures in the health sector will not result in duplication of administrative functions across care groups or increases in administrative costs. It indicates that the new health structures will require use of shared services, particularly in relation to procurement, payroll, ICT and financial processing and management. In a time of significant change for the health sector in Ireland, the achievement of the 'Future Health' vision will require delivery of support services at a high quality and in a cost efficient manner.

2.1 What is Shared Services?

A shared service is the consolidation of business operations that are used by multiple parts of the same organisation and is an approach (operating model) used by companies around the globe to organise and supply internal support services more efficiently and effectively. This is delivered by the streamlining of processes, elimination of duplication, improving the quality and consistency of services provided and delivery of economies of scale whilst freeing up the remaining organisation to concentrate on their own core business. The funding and resourcing of the service is shared and the providing department effectively becomes an internal service provider within the business with the objective of delivering services to the internal customers at a cost, quality and efficiency that is competitive with external alternatives. The quantity and quality of services to be supplied is determined by the funding level provided by the internal customers. The services in scope are generally those that can be shared among the various business units of a company, typically back office functions but can also be applied to some middle or front office functions too.

Characteristics of a full shared services model typically include:

- Established as separate entity
- Governed by a well-defined service management framework - service catalogue, service levels and KPIs
- Cultural shift towards service - supported by day-to-day client relationship management processes
- Variety of delivery options, including in-house (captive), joint ventures or external service delivery

The case for change

The business case for shared services is compelling. In a tight fiscal environment where government finances continue to be under enormous pressure, costs are increasing and public expectations are at an all-time high, there is increasing pressure to focus on improving productivity. Given the scale, diversity and geographical distribution of existing and potential shared services functions within the health sector, good practice points to the need for a centralised management unit to oversee, manage and guide the complex change agenda involved. To be known as 'Health Business Services (HBS)', it will deliver critical benefits in terms of:

- Resource efficiency (people / money)
- Providing higher quality service
- Driving centralised standardised and consistent processes which are cost efficient and compliant with policy/legislation.
- Access to new skills and capabilities
- Freeing capacity to support front-line clinical activity
- Ensuring compliance with legislation and policy
- Delivering economies of scale

The HSE has interacted very positively with many elements of both the statutory and the voluntary sectors as part of the development of this strategy. The dialogue has led to

agreement that the entire health system will pursue a single strategy and a single integrated implementation including those agencies currently funded directly by the Department of Health. The voluntary sector, both hospitals and the disability representative bodies, were strongly supportive of a common approach and a sharing of resource to deliver value.

While cost savings, quality and reliability remain key objectives, it is important to recognise that significant other benefits will accrue. In addition to those outlined above, Health Business Services will also offer more structured career development opportunities for its staff, enable greater cross-skilling and talent sharing, and provide a critical mass to introduce greater innovation into the delivery of support services.

Increased value through a cross-functional approach

The current international trend towards cross-functional shared services is taking place under the premise that a cross-functional approach achieves "more than the sum of its parts". By bringing previously separate support services together under one governance roof, the expertise and know-how in each silo is leveraged and shared. The repetition of certain tasks and processes can be eliminated, while standalone expertise can be maintained where necessary and optimised. Centralisation increases the visibility of resources, enabling management to increase or decrease capacity as required. (Appendix A)

Common business platforms

As a key enabler for the emerging Health landscape, the adoption of a shared services model will also drive the establishment of common business platforms in line with the Future Health Strategy. The Single Finance Operating model will be the primary enabler, investment in future shared service technology enablers will be subject to the completion of standardised business cases in line with the process required by the Department of Public Expenditure and Reform and will be reviewed by their capital Central Expenditure Evaluation Unit (Appendix B). Synergies with other public sector bodies will be sought. It is therefore impossible at this stage to be specific about the level of investment needed but each project will be governed in line with best practice.

Changing customer base

Central to the reform of the health system, is the dynamic and changing nature of the customer. Each of the new National Directors for care groups along with the emerging hospital and community service delivery systems will be our key customers as well as voluntary organisations inside and outside of the HSE family. The new Child and Family Agency will access their key business services from HBS. While this strategy is being developed ahead of the completion of the structural redesign , HBS is nonetheless being developed with sufficient flexibility to be agnostic with respect to the structure of our customer entities and can easily be adapted to different delivery models for clinical services and wider government initiatives.

Non progression of Shared Services

The failure to adopt a unified and structured shared services model in the health sector would lead to a significantly increased risk that multiple fragmented models for support service delivery will proliferate – leading to duplication of effort and resources, multiple & varied processes, an absence of standards and varying work practices. Such a scenario would lead to greater costs across the sector, reduced capability in service functions and will ultimately militate against the achievement of the improved patient outcomes envisaged under the Future Health strategy.

2.2 Current delivery model for business support services and potential functional scope

A national shared services model for the delivery of support services has not previously been implemented in the HSE or the wider health sector. However, the concept of shared services in the HSE is not new – a number of previous initiatives have progressed, been centralised with regional delivery models for certain support services have been rolled out. In some cases, service level agreements and performance management frameworks have also been implemented. Examples of functions with shared services characteristics include:

- HR Shared Services – incorporating National Recruitment Services, pension and personnel records management services
- Finance Shared Services – focussed primarily on Payroll and Accounts Payable which is moving towards a fully national delivery model, and implementation of a national Capital processing model
- Introduction of national structures for ICT, Estates and Procurement
- Production support for SAP HR and Payroll system via a national help desk

While significant progress has been made to improve the delivery of certain support functions, responsibility for service delivery has until recently remained with the respective functional unit and any progress was made in the most part despite the lack of sufficient investment. It is now time to build on the progress made to date to have an integrated shared services delivery model. A baseline of the state of readiness to develop into a shared service model is needed for each functional area The HBS division currently includes six functional teams with approximately 1,700 WTEs and a revenue budget of €131m. This resource, which accounts for approximately 1% of the financial resource and 1.7% of the staff resource (Appendix C), provides a wide range of business services to the health system.

The breakdown along functional lines is:

Function	WTE	€m
Finance	223	12
Procurement	572	31
HR	164	8
ICT	279	29
Estates	405	40
ERP	74	10
TOTAL	1717	131

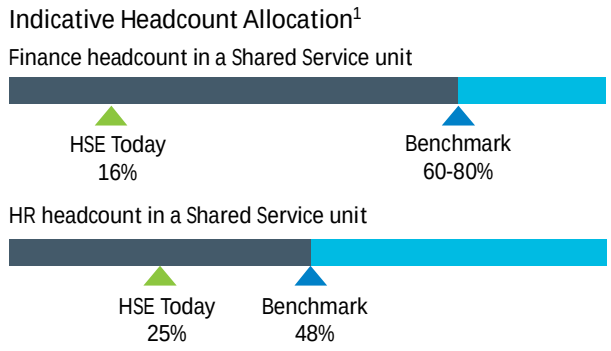
Health Business Services Division Scope

The Health Business Services Division was created in March 2013 and inherited a set of existing support functions which provide support services to varying degrees across the Health sector. The current structure has not resulted from a deliberate strategy and provides no more than partial coverage of the relevant processes across the network. Services are generally managed as discrete activities rather than as part of an end-to-end design.

While no complete baseline exists of people involved in potential 'shared services' activities across the network, available information indicates that significant functional activity is still carried out in teams outside the Division across the health network e.g. procurement and maintenance are carried out in some areas by staff not under the remit of HBS. It is important that the current ambiguity on the range of the HBS scope is clarified, plans are advanced to bring into scope those areas currently not managed by HBS, a service catalogue should be developed and a robust governance structure for the delivery of shared services is put in place. This is particularly important in areas such as finance and HR where ownership of the end to end processes will be shared between more than one division. (Appendix D)

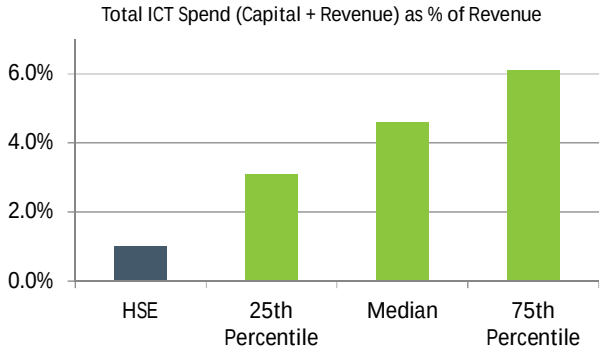
A benchmarking exercise has highlighted opportunities to consider extending the current scope in time. Typical finance shared services headcount in top benchmark account for 60-80% of finance activity. Today the HSE finance shared services are in the lower percentile. Once agreement is reached with Corporate Finance on process scope, full alignment has been achieved and implementation of national IT solutions for Finance and Procurement have been implemented, the headcount % could move closer to the 60-80% benchmark. In relation to HR Shared Services the HSE is considerably lower (25%) than the indicative benchmark (48%) illustrated below in Figure 2.1.

Figure 2.1: Indicative Headcount Allocation



[1] EY Shared Service benchmarks (cross-industry)

Figure 2.2: Total ICT Spend



Source: Computer Economics IT benchmarks (Hospitals and Integrated Health systems)

In the event of HBS taking on work to ease the burden of administration on the services, it will seek to do so with an appropriate staff number and also seek to leave a "staff dividend" with the services consistent with achieving the task at hand. It is recognised that there may be a need to invest in technology and personnel to support such changes which will benefit the health services environment.

The current scope does not include the Primary Care Reimbursement Service (PCRS) which is the single biggest transactional area not currently within HBS. In 2011, PCRS processed almost 78 million transactions for primary care services at a total cost of €2.5bn.

Limitations of the "as is" state

The current functional teams are fully utilised in delivery of existing services to the existing customer base and in some cases, have a backlog of work requests and activities to complete.

This capacity constraint can, at times, impede the team in being able to meet customer expectations in terms of service quality or turnaround time. Growth in demand for services has been experienced year on year in many areas for example, in 2013 there have been over 600 procurement support requests (PSRs) compared with just 188 in 2008. Growing customer expectations and demands are driving increased need for compliance and cost efficiencies.

The current capacity constraints in some cases also indicate historical underinvestment in certain services. The example below in Figure 2.2 uses an industry benchmark to demonstrate relative spending on ICT delivery.

Once a baseline exercise is complete on capacity utilisation, future capacity decisions will be made in conjunction with the customers at the time of negotiating annual budgets for HBS services. Our consultation process has shown us that some of our customers are asking us to facilitate the purchasing of additional services if they offer HBS additional budget. Any decisions about extending the scope of HBS will need to be taken within the context of the annual financial and staff resource.

Location

In line with the evolution of the Health Business Services division, personnel are distributed across many towns and cities across the country. For certain activities (e.g. local point-of-use stock management), local presence is required to meet customer requirements. However most locations are driven by historical considerations and the dispersed nature of the team mitigates the ability to effectively manage and control service delivery and improvement.

Customers

Senior stakeholders from current and prospective customer groups are all familiar with and supportive of the concept of shared services as a delivery model in the health sector. It is clear from engagement undertaken that both current and prospective customers view service quality, continuity of supply and meeting customer requirements as equally, or in some cases more, important than cost-driven benefits alone. (Appendix E)

2.3 Value proposition

The pressure to deliver efficiencies within the Health sector has never been greater. There is a fiscal imperative for organisations within the sector to transform the way they work to deliver efficiency.

Evidence from the private sector and international comparisons shows that adopting shared services can deliver both significant cost savings and service improvement. The challenge for Health Business Services will be to reduce the cost of the support functions on a sustainable basis, without a reduction in the quality of the service delivered and deal with the ever increasing demand for its services. Through wider adoption of new technology, leveraging the benefits of scale, process redesign and the adoption of a shared service approach, savings can be realised. However the extent of achievable savings is directly related to the individual context of the shared service environment. The table below identifies the level of typical savings generally attributable to shared services transformation in the private sector under a number of different headings, some of which have limited applicability within the current health system environment whilst others require upfront investment. Calculations for HBS would need to be assessed and baselined.

Figure 2.3: Shared Services savings potential

Savings type	Description	Range[1]	Applicability to HBS
Labour arbitrage	Delivery of service at lower labour rates, lower grade staff or reduction in indirect benefits or other terms and conditions	• Typically 20-30% labour cost reduction	• Very limited due to PSA. This will be reviewed over time.
Consolidation benefits	Economies of scale and scope, including flatter organisation structure , simplified internal governance and reduced overhead cost	• 7-10 % Productivity Improvement in the first 2 years	• Limited as considerable centralisation has already happened
Operational excellence	Reduction in resource effort required to deliver service by implementing performance management, better resource planning and utilisation, process improvement and increased automation	• 10 - 15 % productivity Improvement driven over 3-4 years • Further 10 – 15% driven by the system change	• Area of most opportunity due to need for systems but does require upfront investment and lead in time before savings will accrue
Non-headcount related benefits	Increased capability leading to enablement of broader benefits, for example from better analytics, working capital improvements, increased compliance / cost avoidance, higher service levels and more flexible business support cost	• Varies significantly – but typically represents real source of value	• Potential but only after significant investment in systems

[1] *EY analysis*

Despite these challenges, research across both the public and private sector confirms the potential for organisations to realise substantial gains in efficiency through the adoption of process standardisation and automation, a reduction in low value-added transactions and collaboration in the provision of shared service operations. The latter is particularly relevant in order to maximise the cost avoidance of potential further fragmentation with the establishment of hospitals groups.

The application of a savings estimate in this way provides an indication of the unconstrained savings potential that exists. In order for this level of saving to be achieved and as much resource as possible directed towards frontline services, it will be necessary for the many constraints which currently exist to be addressed. Addressing these in the HBS public sector healthcare context will be challenging.

These constraints currently include:

- The absence of common business platforms and related infrastructure
- Investment in the development of customer focussed services and skills.
- Lack of flexibility under existing labour agreements and difficulties in partnering with external parties where necessary and appropriate.
- The need for the health system to abide by the mandate for HBS including the voluntary sector
- The need for appropriate type and numbers of staff

At a functional level, it will be necessary to complete detailed base lining and establish a robust benefits management process to identify, track and drive realisation of benefits throughout the shared services transformation journey.

The use of any resources freed up through the actions of HBS will be a matter for the Directorate / HCA to utilse as it sees fit.

2.4 A three year strategy for Health Business Services

Against this backdrop, Health Business Services has been established to inherit the existing support service functions and develop a single integrated shared services model. This document sets out the strategy for Health Business Services to develop as a provider of business services to the health sector over a 3 year period to 2016. During this period, very significant "Business as Usual" processes will need to continue in parallel to the transformation in line with the strategy.

3. Health Business Services Strategy

This document sets out a strategy to deliver on its vision which over the next three years will place Health Business Services as a key enabler for the successful reform of the health service.

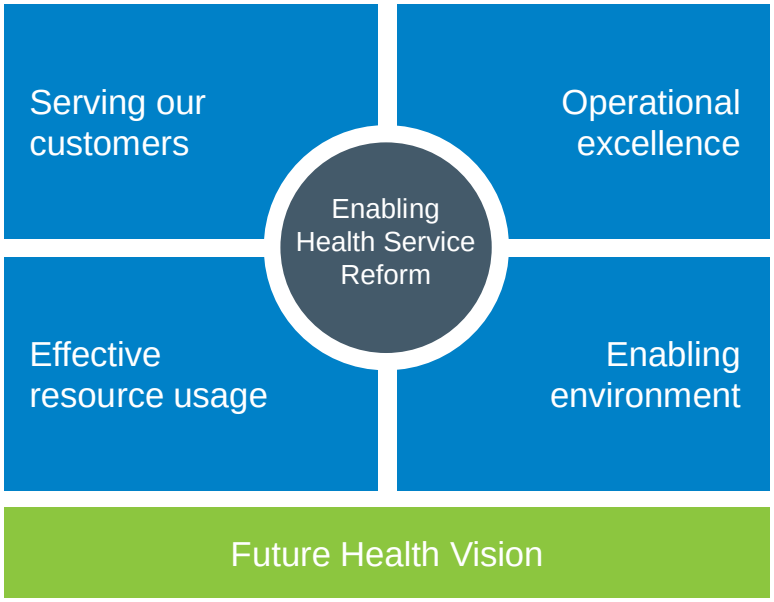
3.1 Vision

The following vision has been set for the future of business services in the Irish health sector:

To be a customer focused provider of leading practice business services to the health system

The future operating model represents a significant change from how we operate today and will require capital investment, dynamic leadership, partnership approach and a cultural change to be delivered. While the existing functional teams have individually been built on sound foundations, achieving this aspiration will only happen by a radical shift to a customer centric approach with a focus on service delivery. In particular, there are five strategic objectives that are key components of the change that we must address to achieve the vision outlined by Future Health as outlined in the framework below:

Figure 3.1: Health Business Services – Strategic Objectives



3.2 Strategic Objectives

To deliver this vision, the following five strategic objectives will be our key focus.

Figure 3.2: Strategic Objectives and Key Actions

	Strategic objectives	Key actions
Enabling Health Service Reform	Support the delivery of the Health Reform Programme	• New Finance Operating Model • New model for Enterprise Resource Planning-HR to support emerging structures • National Logistics Implementation • Payroll Transformation • Electronic HR document and record management system • Extend scope to wider health system including agencies funded by the Department of Health • Support Patient Safety Agency, commissioning agency and other emerging health entities • Provision of services to the new Child And Family Agency • Work with Office for Government Procurement
Enabling Environment	Address key enablers for a successful HBS environment	• Communicate the mandate for HBS • Garner a core of customer support for the future Health Business Services organisation • Establish a governance structure and new corporate form • Implement critical enabling technologies to support common business platforms • Develop a people plan to maximise the synergies and scale of HBS with a particular focus on a training and development plan • Develop a communication plan. • Develop a change management transition plan
Serving our customers	Fully understand and meet the service expectations of our customers	• Develop and implement a Customer Relationship Management (CRM) Strategy • Establish a formal customer oversight process • Facilitate a collaborative approach to planning, service management and Service Level Agreements with our customers • Develop a Complaints Procedure • Develop KPIs through which our performance will be managed • Implement a CRM technology solution • Establish a customer dispute resolution mechanism • Evolve to a service orientated culture based on a customer charter
Operational Excellence	Deliver a quality set of well-defined services to a high standard	• Develop a single integrated operating model based on a service catalogue • Define the market for HBS services • Develop functional strategies to meet client needs • Develop a geographic strategy for HBS • Establish structures to drive continuous improvement across each functional area. • Encourage innovation in all areas
Effective Resource Usage	Deliver services that represent value	• Achieve cost efficiencies through centralisation, increased economies of scale and automation and improved business processes. • Avoid cost and risk by achieving greater compliance with policy and regulation • Deliver specialist services by building clusters of expertise • Enable the engagement of third parties • Understand our cost-to-serve to meet customer needs and benchmark costs externally

3.3 Strategic Objective 1: Enabling Health Service Reform

Support the delivery of the health reform programme

Key Actions
• New Finance Operating Model
• New model for Enterprise Resource Planning-HR to support emerging structures
• National Logistics Implementation
• Payroll Transformation
• Electronic HR document and record management system
• Extend scope to wider health system including agencies funded by the Department of Health
• Support new Patient Safety Agency, commissioning agency and other emerging health entities
• Provision of services to the new Child And Family Agency
• Work with Office for Government Procurement

The health system is currently undergoing very significant reform in line with the Programme for Government. Health Business Services will be at the centre of this reform process offering practical business solutions to support both the emerging health entities and the wider government agenda.

1. New Finance Operating Model

HBS will work closely with Corporate Finance to ensure that it adopts all elements of the new Finance Operating model

2. New model for Enterprise Resource Planning – HR to support emerging structures

A complete review of the current ERP-HR model is required in order to reflect the new structures and ensure that they can function as independent organisations with access to a full range of financial and HR information solutions.

3. National Logistics Implementation

The completion of the implementation of the national logistics strategy is a key reform component ensuring that the delivery of goods to frontline services is in line with best international practice offering both value and quality.

4. Payroll Transformation

HBS will pursue its objective of a single payroll function supported by a single payroll system. The business case for this has been discussed with DPER.

5. Electronic HR document and record management system

This project when complete will mean that all personal records are available electronically which is a key enabler to the establishment of separate entities from the HSE.

6. Extend scope to wider health system including the voluntary sector and agencies funded directly by the Department of Health

HBS has and will continue to develop close links with the voluntary sector across all of its business functions to ensure that the whole system benefits from the scale, efficiencies and expertise of HBS

7. Support new Patient Safety Agency, Healthcare Commissioning Agency and other emerging health entities

A full range of health business support services will be needed for the range of new entities which are now planned. In addition to the need to ensure the ongoing provision through HBS of these services, considerable preparatory work is needed to facilitate these structures.

8. Provision of services to the new Child and Family Agency

The Child and Family agency was established on 1st January 2014. HBS is responsible for the provision of its range of business services to this new organisation. The preparatory work and the model of service delivery will influence the approach to be taken to the other emerging entities which will be within the scope of HBS either now or in the future.

9. Work with Office for Government Procurement

HBS has and will continue to work with the Office for Government Procurement and any such other initiatives in the future.

3.4 Strategic Objective 2: Enabling Environment

Address key enablers for a successful HBS environment

Key Actions
• Communicate the mandate for HBS
• Garner a core of customer support for the future Health Business Services organisation
• Establish a governance structure and new corporate form
• Implement critical enabling technologies to support common business platforms
• Develop a people plan to maximise the synergies and scale of HBS with a particular focus on a training and development plan
• Develop a communication plan
• Develop a change management transition plan

There are a number of key enablers which must be in place to ensure an optimal environment to drive the future success of HBS. These include human, organisational and ICT capacity including skills, training, culture, mandate, leadership and systems.

1. Communicate the mandate for HBS

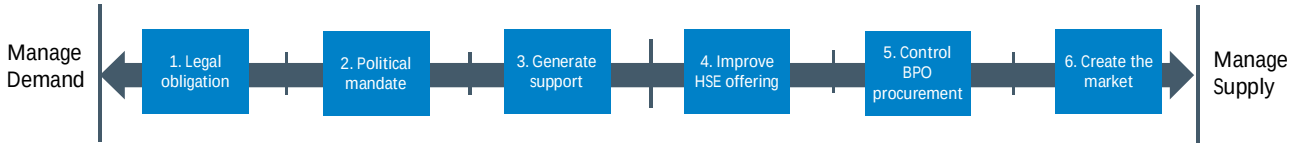
With the implementation of the health services reform programme, hospitals and community services will have greater accountability for managing their business. HBS has been given a political mandate to provide the business support services to assist and meet the needs of frontline services. This mandate needs to be clarified and communicated to define the specific services that must be sourced from HBS as outsourcers may be enticed to move to offer commercial incentives locally that will be compelling to the newly devolved hospital/community groups. This can result in:

- Cherry-picking of the easy to deliver lower cost services, leaving the complex, high cost services to be delivered by HBS with the value being leaked to the private sector suppliers.
- A proliferation of standards leading to difficulties in maintaining control over what and how services are delivered
- Risk of significant off shoring which may be politically unacceptable

Within a publicly driven HBS framework, there are benefits to accessing the services of 3rd party providers including:

- An injection of investment, capacity and capability
- Commercial rigour in service delivery and customer management
- A reduction in unit price for certain services

Figure 3.3: Supply-Demand Dynamic for Business Services



2. Garner a core of customer support for the future Health Business Services organisation

To realise the benefits of HBS, the HSE should influence both the demand and the supply side of the new market place

Controlling demand ensures all health service organisations source their business services from the future HBS organisation thereby mitigating risk considerably however the risks associated with a monopoly service provider will rise and needs to be militated against by a strong accountability and performance framework. The HBS organisation must become a 'sales force' through which it generates confidence in its service offering, making it more professional, customer centric and efficient so that customers will be happy that their demand is fulfilled by a health sector owned organisation with leading practice supply of business services. It must counterbalance its strong mandate by offering relevant and cost efficient services to its clients who in turn hold HBS to account through a robust customer centric governance process

The use of multiple external contractors, as has happened in other larger shared services environments, is not considered a viable option given the size of the potential market. Therefore, to gain control of the emerging market place and drive certainty into the sector the focus should be on the managing demand rather than the supply side.

3. Establish a formal governance structure and corporate form

Governance arrangements

A fundamental enabler of a successful HBS will be the governance framework within which it will operate. Currently, HBS is part of the HSE and its governance arrangements will sit within this framework. In this context, HBS will establish a governance model that will enable effective strategic planning, delivery, review and assessment of service performance as well as implementation of service improvements. The governance arrangements will provide support from national to local levels for the development and use of shared services. At each level, governance activities will take place in a collaborative manner with our stakeholders and customers with a joint commitment to growth and improvement in delivery of our services. External review and benchmarking will be used to assure customers of the efficiency of HBS.

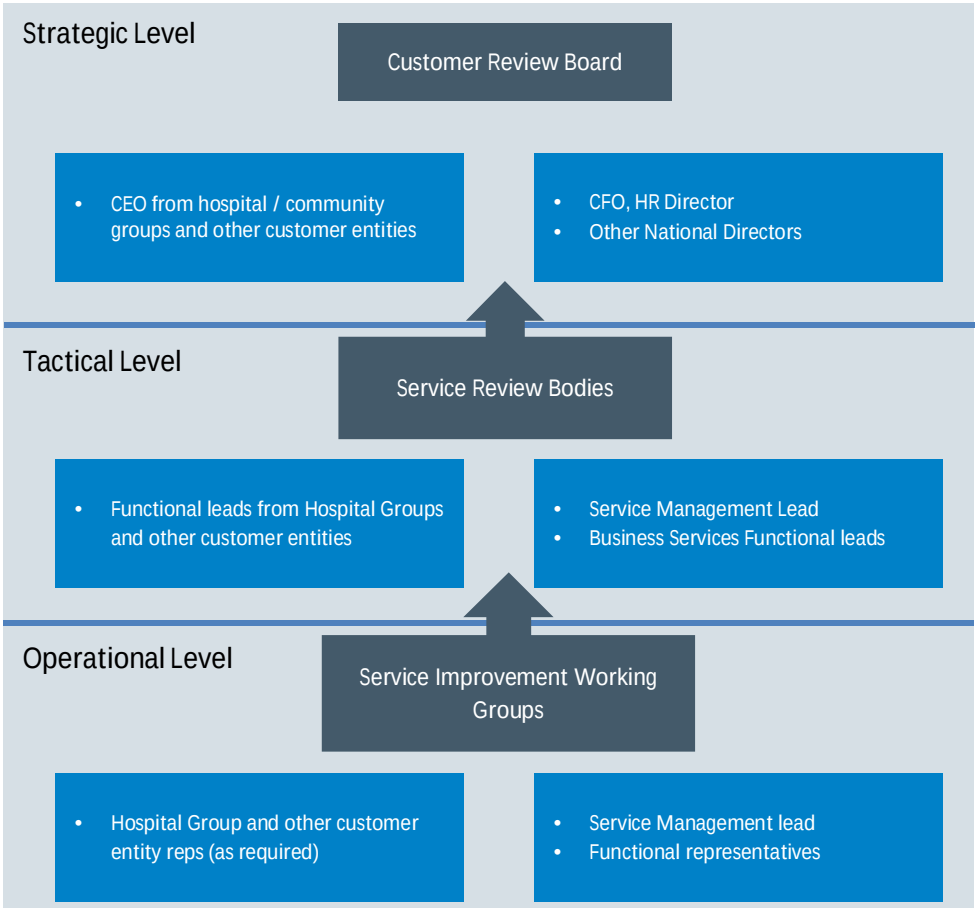
Key stakeholders

There are a number of key stakeholders all of whom need to be represented within the governance framework. These include a number of sponsors as well as staff and customers of HBS - DoH, HSE Directorate, and the Leadership Team, Hospital Group's Boards and CEOs, Community Services Groups, HBS teams. All business cases for new investment will be overseen by DPER.

Governance model

Figure 3.9 outlines the model to be developed with governance ranging from strategic to tactical and operational levels. This will ensure that there is a clear line of sight from the high level programmatic strategic objectives contained in this strategy right through to implementation at business operational level.

Figure 3.4 Health Business Services governance model



Organisational structure

Health Business Services will be as one of the key support divisions within the overall HSE architecture reporting directly to the Director General. The organisation structure of the HSE and the indicative model for HBS are shown below. The HSE has both an Audit Committee and a Risk committee as components of its governance environment. These committees fulfil an oversight role on behalf of the Directorate.

Figure 3.5: HSE organisation structure

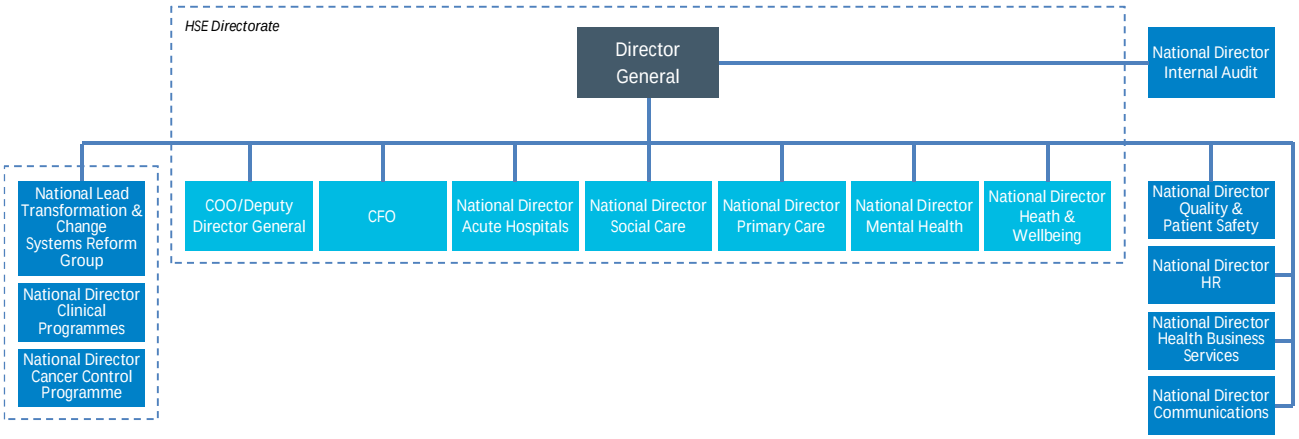
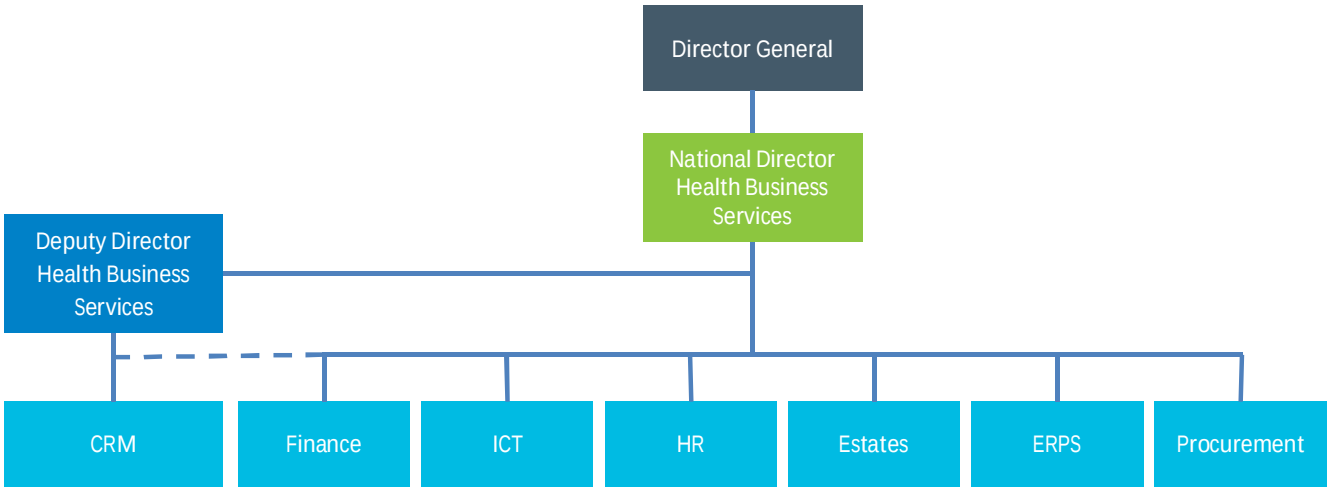


Figure 3.6: Indicative 2014 organisation model for Health Business Services



A number of common work streams such as CRM and business support will be developed to complement and support the development of the current functional areas. The initial implication of this approach will be to create an additional Business Management team that will develop and deliver a number of cross-functional capabilities – including service management, business intelligence and transitional change management.

Move to the right corporate form that underpins the strategic objectives

Following the planned dissolution of the HSE, there will be a need for a different corporate form to support the core requirements of a customer driven supplier of business services. Various options have been considered however the impact and speed at which change can be delivered is critical. Other factors to consider are:

- Ability to raise funding through the adopted structure
- Access to innovation and technology capabilities to deliver innovative solutions
- Ability to optimise the existing staff resource pool
- Taxation issues related to use of 3rd party contractors.

As is currently in place, a hybrid model is proposed to give the flexibility to adopt the best solution at a functional level while retaining the benefit of centrally driven governance and policy. This model provides access to external capital and technology where required while retaining central governance over service delivery for the sector overall. It can run as a profit centre, gaining cost recovery from customer entities and enabling surpluses to be delivered for reinvesting and sharing with staff. (Appendix F)

4. Implement critical enabling technologies to support common business platforms

The Future Health document sets out a strategic objective to establish common business platforms for the health sector. HBS will fully leverage these platforms in delivery of its services. As well as generating efficiency savings through the automation of current processes, the smarter application of new technologies can also revolutionise working practices. It will be critical that common business platforms are implemented as part of a broader business change programme, with appropriate consideration of organisational capability and business process improvement in addition to technology alone. Investment in enabling technology will enable HBS to:

- Align effectively with corporate operating models in Finance and HR
- Facilitate web enablement of manual processes
- Build a technology-enabled service management capability
- Deploy well-deployed, fit-for-purpose and national ERP systems
- Expand usage of intranet, online solutions and other knowledge management technologies

Priority system investment needs have been identified as below. Each of these will require the completion of a full business case in line with DPER guidelines. This includes inclusion of a full benchmarking exercise and implementation plans:

- National Finance and Procurement system
- National HR and Payroll system
- Recruitment system
- Pension management system
- National Distribution Centre System
- CRM system

The above technology requirements are focussed on implementing technology to support delivery of services by the Health Business Services teams. In addition to this, there will be an opportunity for HBS to position ICT as a key enabler for reform of the sector overall.

5. Develop a people plan to maximise the synergies and scale of HBS with a particular focus on a training and development plan

The HSE seeks to build upon the services already provided by our staff and support the development of key areas of specialism. The HSE is committed to developing shared services in health with the support of the staff in the system, both statutory and voluntary. Our commitment is to develop our people to provide excellence in service delivery and be a model of public sector provision of value based services.

A people plan to ensure a sustainable workforce, develop a service culture and a sense of working for HBS will be developed. HBS will become an attractive place to work and will work pro-actively to provide its employees with structured career paths and suitable development opportunities. In particular, we will focus on:

- Developing the skill sets and behaviours required to support our new model including specific CRM training to engender a core culture of customer care.
- Providing clear roles, accountabilities and job descriptions for all employees and identify staff by these roles rather than a generic clerical/admin grade.
- Establishing a competency framework and development plans for all employees
- Building out integrating mechanisms across teams, to provide opportunities for joint working and development of additional 'cross' skills where appropriate
- Developing a sustainability people plan
- For Finance and HR, the relevant functional leads should also retain connectivity to their peers on the national Finance and HR management teams and attend regular meetings but as a service provider as opposed to a member of the management team.

All organisation changes that are required will be addressed through the mechanisms established under the Haddington Road Agreement in May 2013.

6. Develop a Communication Plan

There will be a requirement for a communication strategy supported by communication plans for each customer group and functional area to ensure we communicate effectively with ourselves and our customers. It is critical that all relevant information on the services provided through HBS is available in real time to the customer base to assist informing them on operational activity with HBS.

7. Develop a Change Management Transition Plan

The challenge underlying the implementation of the objectives laid out in this plan is significant. This is further discussed in section 5. A tightly managed transition plan and programme management office will be required to ensure maximum progress is made.

3.5 Strategic Objective 3: Serving our Customers

We must fully understand the service expectations of our customers

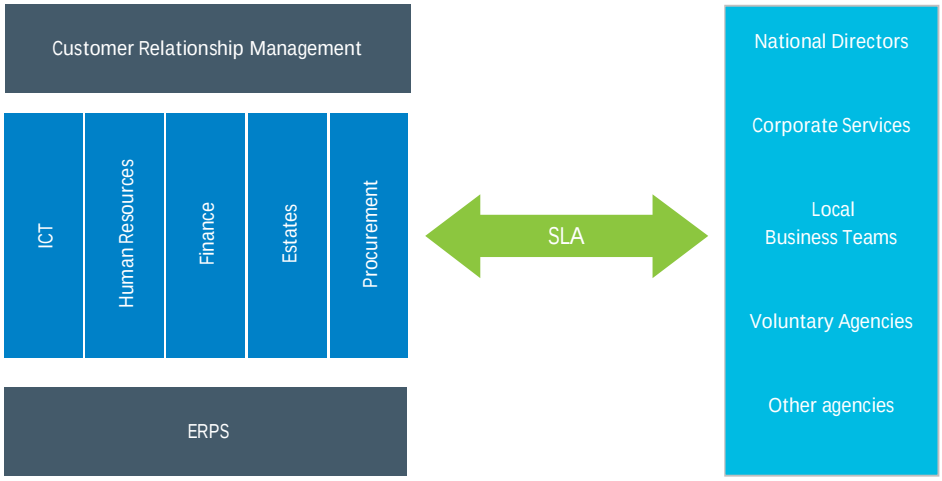
Key Actions
• Develop and implement a Customer Relationship Management (CRM) strategy
• Establish a formal customer oversight process with the authority and capacity to suport HBS and ensure it meets agreed expectations
• Facilitate a collaborative approach to planning and service management including Service Level Agreements with our customers
• Develop KPIs through which our performance will be measured and managed
• Implement a CRM technology solution
• Establish a customer dispute resolution mechanism
• Evolve to a service orientated culture based on a Customer Charter

Health Business Services will succeed by placing our customers at the centre of everything that we do. One of the key strategic objectives of HBS will be the migration to a service culture where services will be delivered to meet customer requirements and underpinned by a formal service management framework. The key actions contained in the service management framework for HBS as set out below:

1. Develop and implement a Customer Relationship Management Strategy

A CRM strategy will be developed in conjunction with our customers and implemented. This will outline the guiding principles to ensure that the customers, both internal and external, will be the focal point of our service delivery. HBS will identify shared activities and, where appropriate, organise our team across functions to benefit from synergies and scale. HBS will be constructed in a manner to ensure that its operations can adapt and flexibly deliver services to any future health sectoral model without major reconfiguration. There will be a number of key enablers required to support the roll out of a CRM Model.

Figure 3.7: Health Business Services customer engagement model



2. Establish a formal customer oversight process

In line with the robust governance structures (detailed under strategic objective 4), customers will play a central role in the oversight process for the services they receive from HBS. A customer review board will be established as well as service review and improvement groups. Our customers will also need to be appropriately resourced to ensure that the relationship is one of equals with key information available to all.

3. Facilitate a collaborative approach to planning, service management and Service Level Agreements with our customers

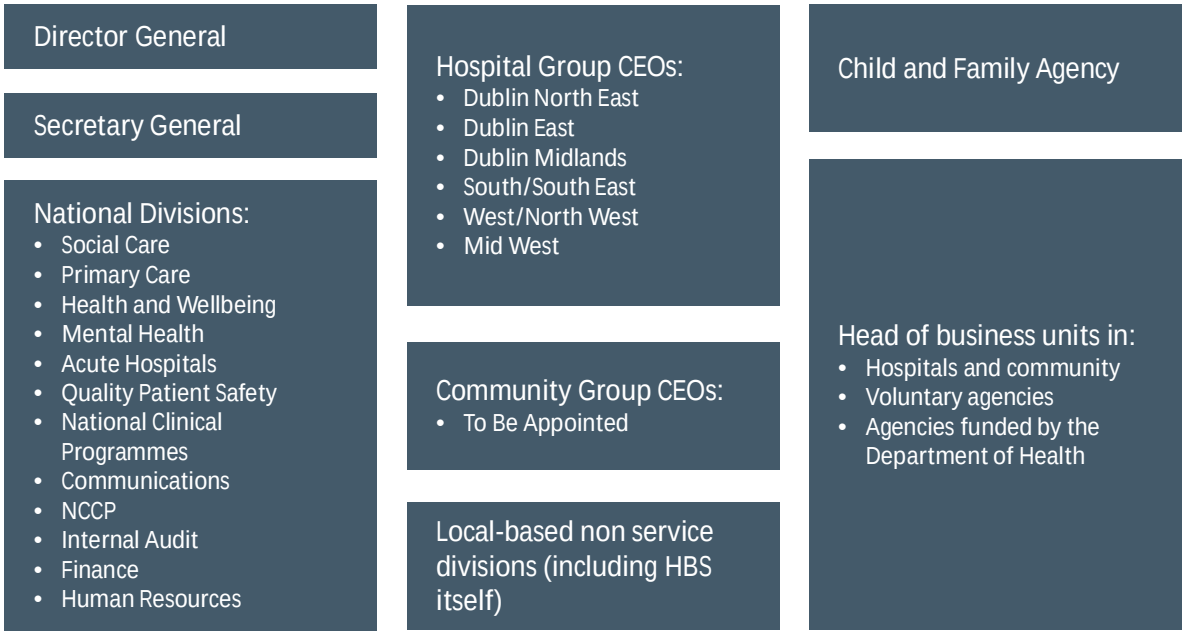
SLAs will be documented between Health Business Services and the individual hospital/community groups that set out the services that will be provided and the obligations and responsibilities of both parties. Health Business Services will be heavily dependent on all parties involved in end-to-end processes playing their part – so clarity is required around who is responsible for what, the quality of the output and the timescales within which key tasks will be performed. Used correctly, SLAs will drive process improvement through co-operation and will benefit all parties.

4. Deliver KPIs through which our performance will be managed

The assessment of performance and compliance with SLAs will be achieved through a performance management framework that will set out Key Performance Indicators. KPIs will be defined to measure end-to-end process performance as well as performance of individual functions or teams. KPIs will be reported at regular, agreed intervals in the format of monthly performance reports or balanced scorecards.

The diagram below outlines the key client groups.

Figure 3.8: Health Business Services customers



5. Implement a CRM technical solution

This will include the implementation of a CRM technological solution to support the management of customer relationships, case management and issue escalations. A self-service component will be used to allow customers to obtain direct access to the status of a given query or activity as required. The CRM solution may also be adopted by different helpdesk and first level support teams across different functions in Business Services.

6. Establish a customer dispute resolution mechanism

A critical success factor for CRM is the ability to resolve CRM issues in a fair expedient and effective manner. It is essential that this is supported at the correct level to ensure that SLA, KPI's can be met in parallel with driving efficiencies and best practice business processes. In line with HBS values it will also strengthen our relationship with our customers and build a level of confidence, trust and respect to deliver a positive outcome for HBS.

7. Evolve to a service oriented culture based on a customer charter

There is a need to focus the mindsets and behaviours of all stakeholders. Considerable time will have to be invested in relationship management and customers will be supported to become challenging consumers of HBS and HBS staff will be up skilled to deliver in this changed environment.

A key focus in evolving to a service orientated culture is to communicate effectively with the customer base. In this context there will be a requirement for a communication strategy supported by communication plans for each customer group to ensure we communicate effectively and that relevant information on the services provided through HBS is available in real time to the customer base to assist informing them on operational activity with HBS.

The development of a service culture will require that we work to a set of values including:

Fostering a service culture	We will be passionate about delivering to the expectations of our customers across the health sector. We succeed by encouraging and generating new ideas. We trust our people to deliver. We embrace change, the taking of measured risks and encourage creative thinking.
Enabling our people to excel	Our success comes from our commitment to go the extra mile. We are responsible to each other and can expect support when we need it most. We expect our people to achieve more by recognising and harnessing the power of individuals. We value people for their knowledge, ideas and potential to contribute.
Delivering on our promises	We do what we say we will do to meet expectations. We only promise what we can deliver. If we make mistakes we put them right. We are clear about what we need to achieve
Building trust, confidence and respect	We build respect by operating in a safe, socially responsible, consistent and honest manner. We never compromise on safety. We listen. In doing so, we treat others as we would wish to be treated ourselves.

3.6 Strategic Objective 4: Operational Excellence

Deliver a quality set of well-defined services to a high standard

Key Actions
• Develop a single integrated operating model based on a service catalogue
• Define the market for HBS services
• Develop functional strategies to meet client needs
• Develop a geographic strategy for HBS
• Establish structures to drive continuous improvement across each functional area
• Establish innovation in all areas

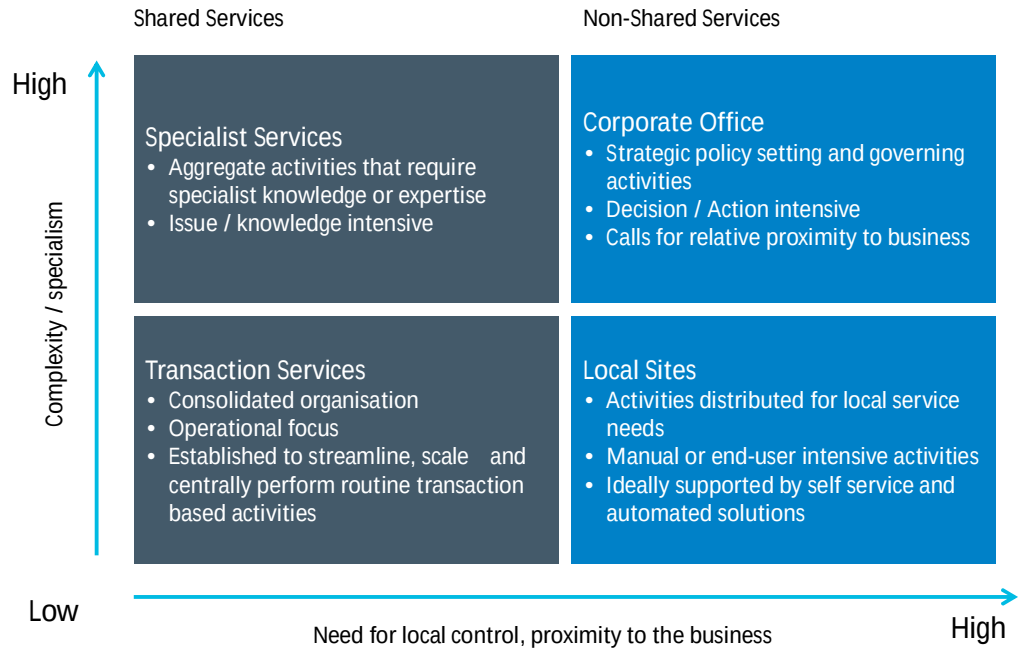
All customers will require assurance that the HBS management is clear on the fundamentals of its business. Health Business Services will only succeed if it is clear about the type, scope and costs of the services it will provide and if these are organised so as to deliver to a high standard. The key actions required to meet this strategic objective are discussed below:

1. Develop a single integrated operating model based on a service catalogue

It is important that a single integrated operating model is developed for HBS based on a need to clearly define the services we deliver. The scope of the services provided must be articulated in a service catalogue with the context of boundaries between HBS, corporate functions and front-line organisations outlined. What is out of scope and who is responsible for delivering these items must also be defined.

There are different models of shared services from the delivery of basic transactional functions to more specialised services as outlined in the figure below. It is envisaged that Health Business Services will deliver both transactional and specialised services to the sector.

Figure 3.9 Differentiated types of support service



Scope of services and organisational boundaries

The detailed operating model design for each function will define which activities should be retained locally, which should sit at a corporate level and which will be suitable to be delivered by HBS. Based on the analysis completed to date, a starting hypothesis has been developed for each function and these will be confirmed with the relevant stakeholders. The strategy for shared services will align with existing finance and HR strategies. The Corporate Finance Report entitled "Defining Financial Management" is a key input.

Transactional services and specialist services

Shared service operations have sometimes focussed solely on the transactional activities of an organisation, where processes can be repeated and automated. They also have an opportunity to deliver more than one-off cost savings and contribute to the wider capability and control objectives by taking responsibility for some specialist services. Examples within the current shared services division include the management of capital projects (Estates team), Portfolio and Category management (Procurement) and pension management (HR).

2. Define the market for HBS services

The current and future market for Health Business Services must be clearly articulated. All state and voluntary hospitals and other health entities should be mapped to the existing and future catalogue.

3. Develop functional strategies to meet client needs

A range of functionally based strategies will be developed to drive change in all areas of HBS and improve the customer experience. These will include the setting out of clear timelines and milestones, achievable goals, investment requirements, savings targets as well as value and benefits.

4. Develop a geographic strategy for HBS

Existing functions are fragmented and have historically evolved – in some cases, this is operationally required due to the nature of the role; in other cases it has evolved due to historical team locations and/or individual preferences. Current fragmentation works against development of integrated business services, building team identity/culture and effective team management. A detailed geographic strategy for HBS will be developed. Principles underpinning the future model will include:

- Central teams co-located in single location
- Satellite locations/clusters may be maintained where a certain mass of activity already exists and based on a standard set of operational processes.
- Only exceptions to the above will be to meet service delivery needs e.g. to provide local logistics management capability

5. Establish structures to drive continuous improvement across each functional area

HBS will seek to realise efficiencies in the following ways:

- Adoption of common business platforms
- Drive compliance with standard business processes
- Consolidation of teams, in as far as possible, into a single location – which would enable flexible sharing and allocation of work tasks and facilitate more effective team management
- Greater cross-skilling and flexibility to allocate of staff according to peaks and troughs in individual functional demand
- Transfer of certain activities to corporate function rather than a shared service team

6. Establish innovation in all areas

Best practice would suggest that an organisation cannot achieve excellence through improvement in existing practices alone but will require a range of different ways of doing things to contribute ultimately to improvements in quality, the creation of new market/product ranges as well as reductions in labour, energy and materials costs. In addition to encouraging improvement in existing processes, HBS will also actively support innovative practices in all areas through the establishment of an organisational innovation hub which will be tightly linked to the strategic objectives outlined in this strategy.

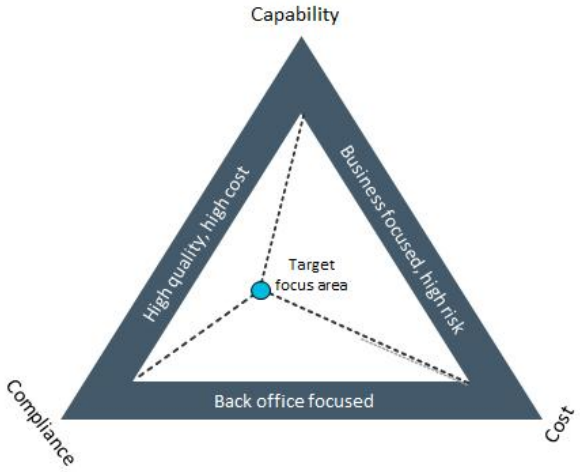
3.7 Strategic Objective 5: Effective Resource Usage

Deliver services that represent value

Key Actions
• Achieve cost efficiencies through centralisation, increased economies of scale, automation and improved business processes
• Avoid cost and risk by achieving greater compliance with policy and regulation
• Deliver specialist services more effectively by building clusters of expertise
• Enable the engagement of third parties
• Understand our cost-to-serve to meet customer needs and benchmark costs externally

The creation of a Business Services model will address objectives for the health sector's future state operating model by impacting on cost, compliance and capability in a number of ways.

Figure 3.10: Benefits of shared service delivery



1. Achieve cost efficiencies through centralisation, increased economies of scale, automation and improved business processes.

Cost savings and benefits realisation from service integration are typically achieved through a combination of restructuring, standardisation and optimisation. Benefits are cumulative only when starting from a comprehensive and integrated strategy that addresses all three areas. Benefits also typically require a reduction in the number of physical locations, more efficient execution of standardised processes and increased/better use of technology.

Cost savings are most pronounced when a shared service model is applied to high volume, transactional activities as has been demonstrated by some of the existing services that have already been centralised. For example, the implementation of National Recruitment Services has led to a reduction in WTEs working on recruitment across the health network from over 200 to 57.

For the Health sector, a detailed business case at functional level has not been completed. The worked example below for Finance provides an indication of potential benefits.

Worked example

Estimated number of people engaged in Finance activities across the sector today: 2,000

Typical allocation of Finance activities to shared service centres in industry: 60-80% (note 1)

Assuming the more conservative 60%, this implies the Health sector has potential to build on the current finance shared services model.

Industry benchmarks indicate an efficiency saving of at least 30% (note 2) from moving to a shared services model.

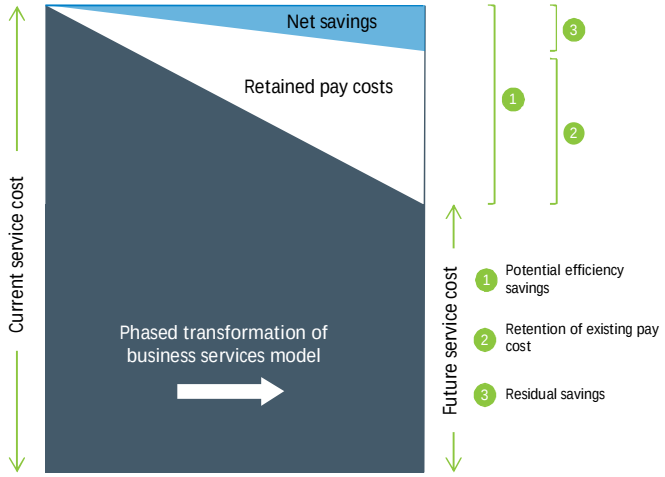
Note 1 – EY industry research
Note 2 – APQC shared service benchmarks

The introduction of a Business Services model has the potential to realise significant efficiency savings across the sector as existing support function capacity is released during the transformation process. The approach adopted must be underpinned by a full understanding of our current cost-to-serve and recognition across the sector that support services are not a 'free good'. The related costs may be reduced in a number of ways:

- Redundancy / early retirement
- Transfer of undertaking to a third party
- Acquisition of staff by services at below current cost

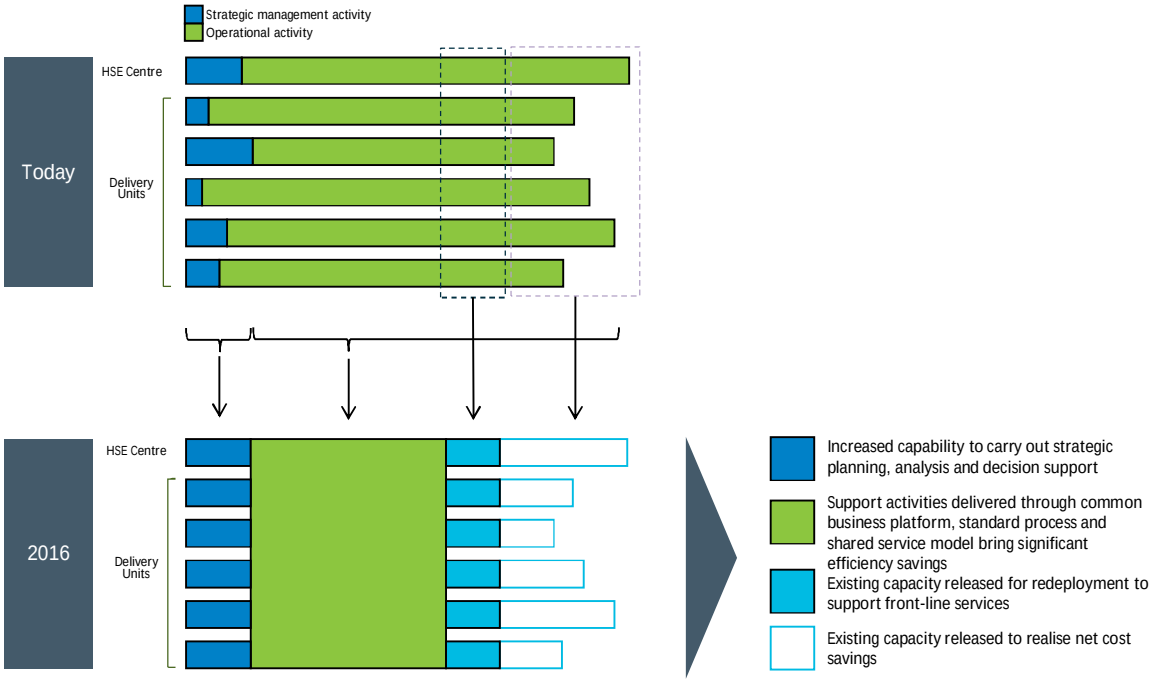
If the related pay cost is retained, this will impact on benefits realisation and reduce the overall value proposition as indicated in Figure 3.11. The behaviour of the retained business and joint accountability for benefits realisation will be a critical factor in the successful transition to a new business services model. There is a case for relaxing the current moratorium on recruitment rules during the transition phase to meet service demands.

Figure 3.11: Realising savings from reduction in service costs



The efficiency benefits from this model may also create opportunities to reinvest surplus staff in the core health services. A future scenario whereby efficiency gains are shared in this way across different stakeholders is demonstrated in Figure 3.12 below

Figure 3.12: Sharing of future benefits from a Business Services model



2. Avoid cost and risk by achieving greater compliance with policy and regulation

Health Business Services will facilitate improved compliance and transparency by bringing:

- A simplified control environment
- Reduced number of locations and in-house functions; simplifying the organisation
- Facilitated end-to-end control governance
- Improved data visibility and cross-sector comparability

A centralised model also supports increased vigilance over activities that could potentially expose the organisation to significant commercial or operational risk. These activities require specialist skills to "keep the organisation safe" and the delivery of these services via a shared services model, supported by common business platforms, will strongly support increased control. These include:

- Compliance with public procurement directives and legislation
- Completion of commercial contract arrangements
- Compliance with national financial regulations and UK GAAP standards
- Operation of recruitment activities in line with employment and equality legislation

3. Deliver specialist services more effectively by building clusters of expertise

Through the concentration of specialist skills and expertise, if invested in, a shared service model will increase effectiveness and service quality. It will also facilitate the introduction of common business platforms in line with the Future Health strategy. More specifically, increased capability will be delivered through:

- Improved decision support by leveraging specialist skills
- Enhanced management focus on value added business analysis and decision support activities
- Improved organisational flexibility to meet demand variances and integrate new customer entities
- Enhanced focus on service levels and continuous improvement

In some areas, the capability dividend from centralised teams can already be seen – the delivery of capital projects by the Estates team and national capital processes in Finance, specialist category knowledge in Procurement and detailed Pensions expertise within the HR Shared Services team.

There are number of other areas that would equally benefit from the concentration of knowledge and skills that are currently fragmented across the sector. These include Business Intelligence which forms a specific part of the future strategy.

4. Enable the engagement of third parties

A key component of the shared services agenda is easy access to 3rd party suppliers as required in order to provide additional capacity to meet surges in demand or the provision of skills and capabilities not available internally as part of an overall VFM approach to the efficient provision of business services. This concept will be considered as part of the development of each functional strategy which must also focus on sourcing strategy.

5. Understand our cost-to-serve to meet customer needs and benchmark costs externally

The existing and targeted cost to serve must be calculated. The current total and unit cost to deliver all services must be known and benchmarked. By determining the scope and cost to deliver existing and future services to the current and future market, the full scale of the opportunity will be identified. These must then be benchmarked against external competitors on an ongoing basis. This will then enable the Health Business Services organisation to start negotiations with customers and 3rd party suppliers from a strong foundation.

4. Risks to Implementation

During the implementation of this strategy, Health Business Services will assess and actively manage risks to the achievement of the strategy. An overall risk register will be developed as well as individual risk registers for each component functional area. This will also be linked to the HSE Corporate Risk Register. A RAG (Red Amber Green) approach will be taken to assess key threats and mitigating actions will be followed where appropriate.

Key risks that have been identified to date include:

Maintaining stakeholder buy-in and commitment

- The absence of senior stakeholder engagement could result in a solution that is not supported
- Expectation of stakeholders in relation to cost savings may be unrealistic given the increasing and complex service needs of the emerging health landscape and the upfront investment required to deliver change
- Danger that services offered will be uncompetitive (or perceived to be)
- Danger of delays resulting from need to synchronise with other government sectoral needs

Staffing and employee engagement

- Changes to roles or responsibilities may be resisted. The requirement to address organisational changes through labour agreements may lead to project delays or preclude the adoption of new operating models
- Communications may be insufficient to achieve awareness and readiness for change
- The moratorium on recruitment may prevent Health Business Services from building capacity or gaining skills required to achieve its strategy

Capacity/capability to delivery transformational change

- A lack of capability and capacity in Health Business Services may mean that transformational activities are delayed or not implemented
- Current staff may be deflected from transformational activity by having to cover business-as-usual activity
- The ability to deliver change proposed may be impacted by any other reform programmes e.g. the organisational priority afforded to the Finance operating model
- The additional burden of project responsibilities and degree of change could impact staff morale and lead to reduced service performance or attrition of key staff and associated corporate knowledge
- Lack of capacity within our front line services to engage effectively with HBS as well informed equals in the various governance models

Customer engagement and support

- Customer buy-in and support may not be present across the sector
- Customer expectations with regard to service quality and service levels may not be achievable with the available funding and infrastructure
- The emerging landscape of devolved health service providers may lead to a proliferation of different solutions and create a fragmented marketplace
- Variation in processes and standards across the customer base, leading to the difficulties in maintaining control over what and how services are delivered

Adequate investment to deliver the strategy

- Adequate funding and appropriate project management and technical skill sets may not be available throughout the design, implementation and delivery of the strategy and its enabling technologies.
- The potential cost savings may be impacted should HSE staff from other areas transition to Health Business Services at existing cost
- Decreasing relevance of HBS over time due to lack of investment or innovation.
- Lack of flexibility in sourcing strategy or sourcing management.

Actions to mitigate these risks

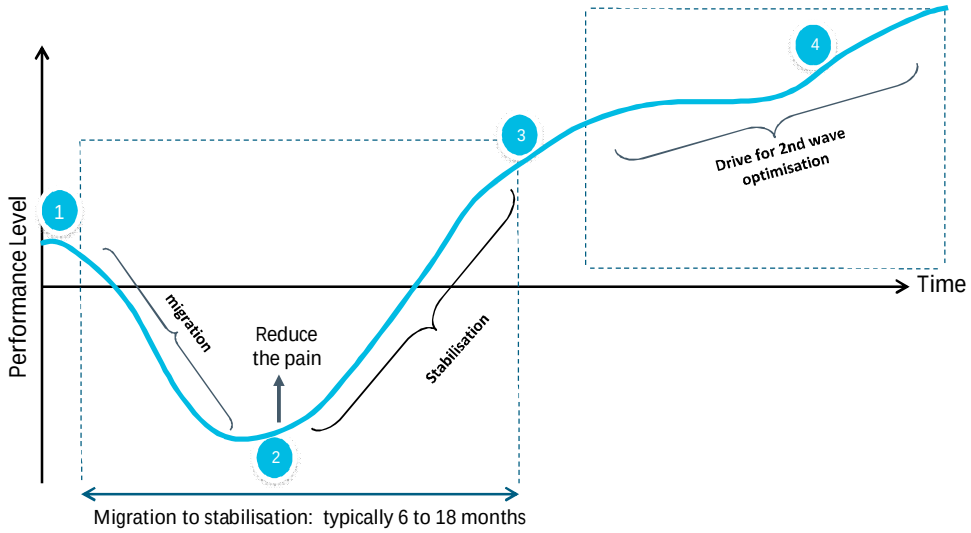
This strategy has been developed with these potential risks in mind. All of the identified actions and priorities outlined for HBS would, if implemented help to reduce or alleviate the identified risks. Managing these and new emerging risks on an ongoing basis will be part of the operational model for HBS.

5. Driving the change (implementation roadmap)

The experience of other organisations indicates that most of shared service implementation follows broadly the same path. A short term performance dip is common as the new operating model is implemented. The challenge is to manage the exit out of this "performance valley" and make sure the case for change is strong enough to justify the real investment and effort required to drive through to the end of the journey.

5.1 Navigating the shared service journey

Figure 5.1: Indicative Shared Services Journey



Key factors in successfully navigating this journey are:

1. Define accurately the scope for each functional activity to be baseline
2. Adopt a zero policy tolerance to scope creep
3. Clearly communicate transition plans and performance expectations to customers
4. Clearly define the future state for systems, processes and teams
5. Plan for a separate optimisation effort as a second wave project, post stabilisation

The implementation of change of this magnitude is never 'easy', the principles detailed below outline a set of successful best practices from other transformation programmes that will increase the likelihood of success. These key themes are as follows:

Align top leadership and cascade down. Each member of the Health Business Services leadership team should be given responsibility for some aspect of the change programme. These responsibilities should be overlapping. Success demands mutual cooperation and support across work streams and functions.

Establish work streams to sensibly organise the change into manageable chunks, each with an outcome based roadmap so senior stakeholders across the health sector will be clear what will be accomplished and by when. Move quickly to engage customers– by prioritising service management and CRM initiatives.

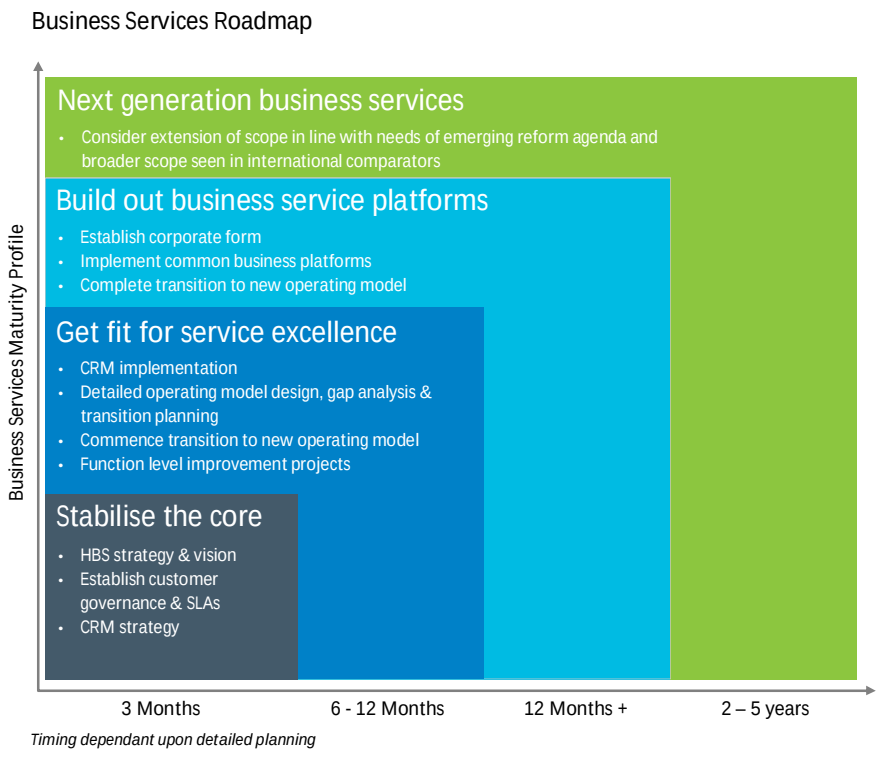
Join the programme up with all other relevant initiatives, such as the Finance operating model implementation and other initiatives that could impact or be impacted by this programme.

5.2 Programme timelines

Health Business Services will break down the implementation of the strategy into stages, with a set of target outcomes at the end of each stage. This will assist in the communication of the change with both internal and external audiences. It will also create an appropriate degree of pressure and pace to drive the required change.

The diagram below sets out an initial view of the major programme stages.

Figure 5.2: Business Services Roadmap



Timing dependant upon detailed planning

5.3 Transition strategy

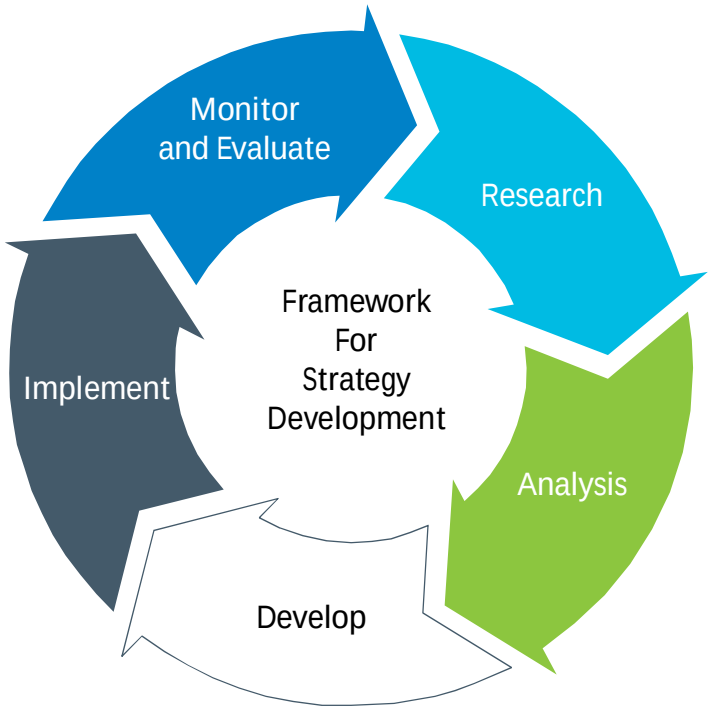
A number of alternative approaches (e.g. 'Fix then Shift', 'Lift & Shift' etc.) can be followed to migrate support functions into a shared services model – these seek to balance timing of benefit against transition risk.

Assessment work to date indicates that, in some circumstances, a 'Lift & Shift' approach will be required. The implications of this are that organisational changes may be introduced ahead of technology and process build out. This will enable early realisation of benefits from organisational restructuring and centralisation – but can increase transition complexity and risk. Given the sectoral change already underway, any failure to act at speed in the development of Health Business Services will create a risk that multiple support functions will proliferate across the devolved service entities within a short period of time. Implementation impact assessment, including impact on frontline services, will form part of the transition strategy.

5.4 Strategy and Performance Monitoring Framework

This strategy which is aligned to Government strategic agendas as outlined in Future Health and the Public Sector Reform Plan sets out the agenda for HBS. It will be supported by an implementation plan, an annual Operational Plan and individual functional area plans. Regular progress reports will be compiled as well as updates on key performance metrics as they are developed. The diagram below summarises the HBS approach to planning and performance monitoring.

Figure 5.3: Framework for Strategy Development



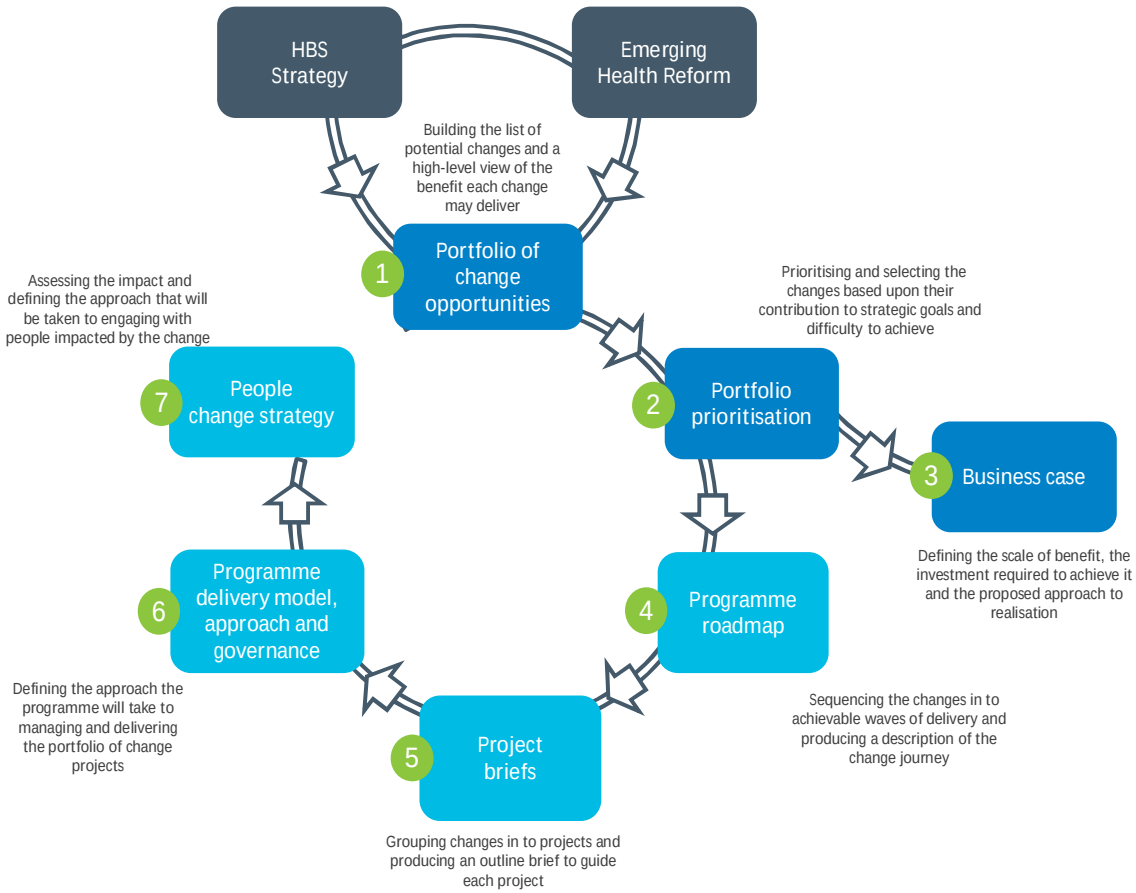
5.5 How will the change be organised?

The realisation of the Health Business Service strategy will be achieved through a collection of projects managed in a coordinated way to support this strategy and to deliver benefits in line with the strategic objectives.

The structured approach shown in Figure 5.4 below will be followed to organise the changes such that:

- All changes are prioritised in line with HBS strategic objectives
- The extent of change underway is realistically achievable with available resources, capabilities and/or funding
- Interdependencies both within HBS and across the wider Health Reform Programme are recognised and managed (Emerging Health Reform). The HSE has established an overarching health reform steering group of which the HBS change programme is a subset.
- A consistent approach to project management and progress reporting is followed throughout.

Figure 5.4: Structured approach to managing HBS change portfolio



The workstreams and high level delivery outcomes for each strategic objective are outlined below. The dates identified are the commencement dates. Further project milestones and delivery times are outlined separately.

Figure 5.5: Detailed Implementation Actions

Enabling Health Service Reform		
1	New Finance Operating Model	Q1 2014- Q4 2016
2	New model for ERP-HR to support emerging health system	Q2 2014/ongoing
3	National Logistics Implementation	Q4 2015
4	Payroll Transformation	Q1 2014- Q4 2016
5	Electronic HR document and record manage system	Q4 2014
6	Extend scope to wider health system including agencies funded by the Department of Health	Q1 2014- ongoing
7	Support new Patient Safety Agency, commissioning agency and other emerging health entities	Q2 2014- ongoing
8	Support new Child And Family Agency	Q1 2014 - ongoing
9	Work with Office for Government Procurement	Q 1 2014- ongoing
Enabling Environment		
10	Communicate the mandate for HBS	Q1 2014
11	Garner a core of customer support for the future Health Business Services	Ongoing
12	Establish a formal governance structure and corporate form	Q1 2014
13	Implement critical enabling technologies to support common business platforms – finance, payroll, procurement, invoice capture recruitment, health insurance and pensions as below:	Ongoing
13.1	Single Finance System	Q1 2014- Q4 2017
13.2	National Recruitment System	Q2 2014
13.3	National Pensions Systems	Q32014
13.4	National Procurement System and National Distribution Centre System	Q1 2014- Q4 2016
13.5	Health Insurance Private Insurance Management System	Q4 2014
13.6	Invoice capture project	Q1 2014- Q4 2014
13.7	Payroll system	Q4 2015
14	Develop a people plan to maximise the synergies and scale of HBS	Q4 2014
15	Develop a communication plan	Q2 2014
16	Develop a change management transition plan	Q2 2014
17	ICT Infrastructure	ongoing
18	Integrated Services Framework	Q4 2015

Service Culture		
19	Develop and implement a CRM strategy	Q4 2015
20	Establish a customer oversight process	Q2 2015
21	Facilitate a collaborative approach to planning, service management and Service Level Agreements with our customers	Q1 2014-Q4 2015
22	Develop KPIs through which our performance will be managed	Q4 2014
23	Implement a CRM technology solution (pilot initially)	Q3 2014
24	Establish a dispute resolution mechanism	Q3 2014
25	Evolve to a service orientated culture based on a customer charter	Q4 2014
Operational Excellence		
26	Develop a single integrated operating model for HBS/ service catalogue for its functional components	Q3 2014
27	Define the market for HBS services	Q4 2013
28	Develop functional strategies to meet client needs	Q4 2014
29	Develop a geographic strategy for HBS	Q4 2014
30	Establish structures to drive continuous improvement across each functional area.	Q4 2014
31	Encourage innovation in all areas	Q4 2014
Deliver services that represent value		
32	Understand our cost-to-serve to meet customer needs and benchmark costs	Q4 2014
33	Achieve cost efficiencies through centralisation, economies of scale and automation	Ongoing
34	Complete implementation of Kanban	Q4 2016
35	Develop sustainability office	Q2 2014
36	Deliver specialist services by building clusters of expertise/centres of excellence	Q4 2015
37	Identify and coordinate equipping requirements	Q42014
38	Review of Pensions Service	Q3 2014
39	Avoid cost and risk by achieving greater compliance with policy and regulation	Ongoing
40	Review of National Recruitment Service	Q2 2014
41	Undertake assessment of HSE estate	Q42014
42	Enable the engagement of third parties	Ongoing
43	Develop a sourcing strategy	Q4 2014

Part 2

Functional priorities of our service teams

6. Functional Priorities

6.1 Finance

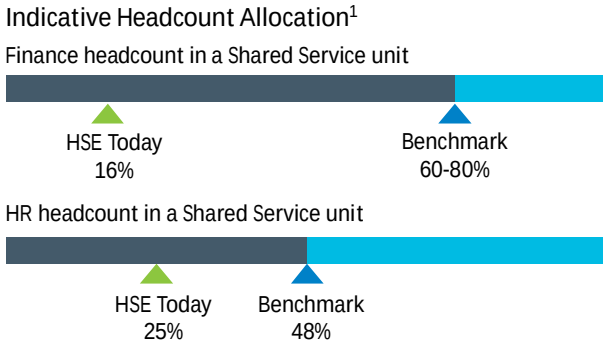
Summary of current situation

- Operationally strong with potential to expand service scope beyond current reach. Low proportion of Finance activity within Shared Services team relative to benchmarks. This is due to re-alignment process with Corporate Finance (re-aligning AP & Payroll teams nationally to shared services structure)
- Main services nationally are A/P and Payroll (process approximately 2 million vendor invoices per annum) and the national capital processing unit. Key focus areas in Eastern Region include broader finance activity (Financial accounting , Management accounting , Payroll and Systems Accounting)
- Re-alignment and transition of key processes into finance shared services structure continues
- Finance use multiple different legacy systems in different regions aligned to former health board areas. SAP BW corporate reporting solution used for national consolidation.
- Staff geographically dispersed across multiple locations. Resourcing issues due to moratorium.
- Limited expansion to make significant savings due to reliance on current system landscape and boundaries.
- Current customer base grown largely from statutory sector.
- Use of SLA & KPI reporting in place, Progress made in business intelligence in finance shared services functions
- Strong dependency on end users in wider business for process effectiveness

Opportunities to grow and collaborate

- Significant potential to transform finance and payroll processing with implementation of national technology and standardised processes.
- Low proportion of Finance activity within Shared Services team relative to benchmarks
- Continuous improvement initiatives – e.g. elimination of low value invoices, reduce paper invoices through e-invoicing, automation through first time 3 way match, reduce duplication of effort, drive towards best practice, online payslips, increased automation of processes etc.
- Transformation of management reporting and analysis in line with Business Intelligence initiatives
- Opportunities in centralised cash receipting, bookings, invoicing, billing, debt collection and payments.
- Formal CRM model to be developed to allow easier access to standard processing and contact points (Suppliers, employees, etc.)

Figure 6.1: Indicative Headcount Allocation



[1] EY Shared Service benchmarks (cross-industry)

Scope

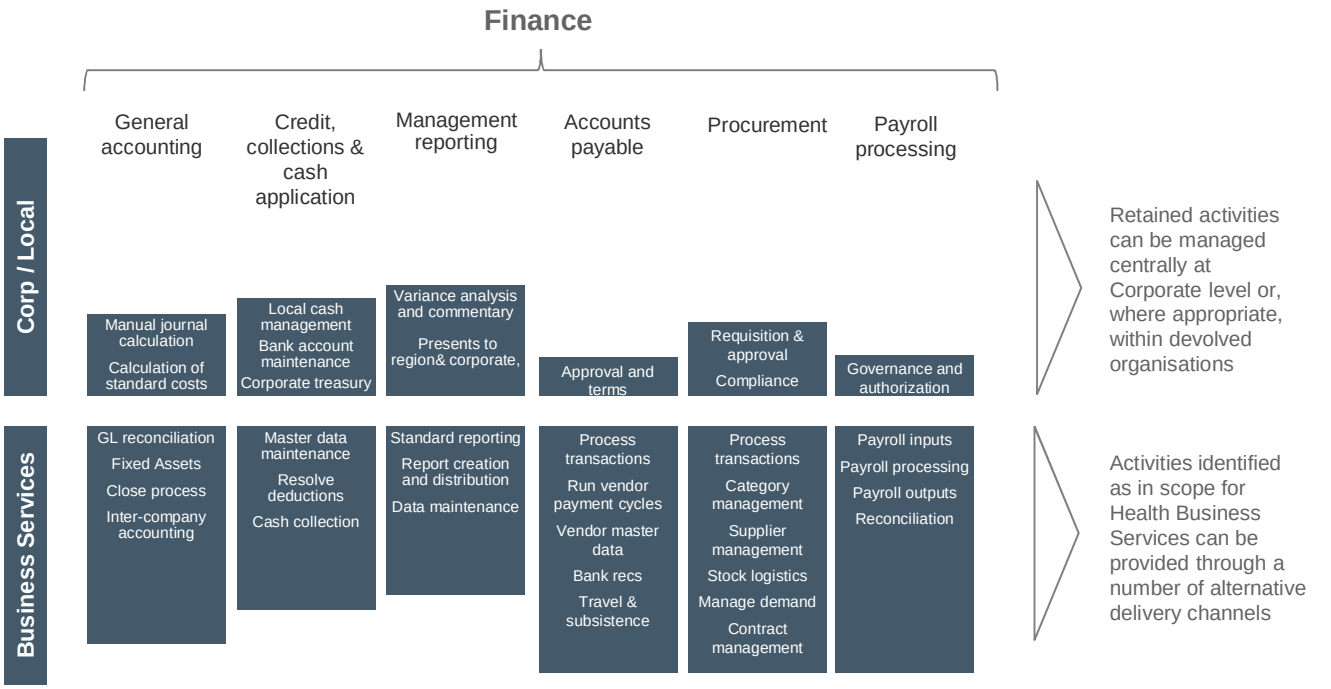
Typical finance shared services headcount in top benchmark account for 60-80% of finance activity. Today the HSE finance shared services are in the lower percentile at 16%. There is potential to gradually increase this depending on business needs within the context of the evolving HBS business model and agreement on the Corporate Finance scope and phasing. Any increase in scope must take cognisance of the new finance operating model and health service reform needs. There is plenty of evidence to support any proposed future expansion of scope as quoted below and outlined in the following diagram:

".....increasing numbers of companies are moving higher-value finance processes, such as performance reporting and business analysis, into shared services organizations."

"Moving activities performed in shared services further up the value chain is a core element of the emerging finance delivery model"

**2007 BOOK OF NUMBERS™ Research Series: Performance Metrics and Practices of World-Class Finance Organizations, The Hackett Group

Figure 6.2: Starting hypothesis for Finance function boundaries. Will need agreement with Corporate Finance on actual process split.



Future delivery model

The initial focus will be to stabilise and expand existing responsibilities across the full system. It is proposed that any expansion of scope would take place on a phased basis

Figure 6.3: Future delivery model

<table>
<tr><th>Business Services</th><th>Corporate *</th></tr>
<tr><td>
General Accounting

general ledger & systems accounting
payroll & Asset accounting
accounts receivable

Financial Reporting

management accounting
management reporting

Payment Services

accounts payable
payments

Payroll processing Gross to Nett

national payroll processing

Business intelligence & continuous improvement projects

1st phase of future opportunities:
Centralised –

cash receipting,
bookings,
invoicing,
billing,
debt collection and
payments across the health sector

</td><td>

Vote Accounting and reporting
Budgeting
Cash management
Corporate reporting
Finance business partner & reporting
Capital
Finance Approval & sign-off
Annual Financial Statements
Policies and regulations
Finance strategy & reform

*Further phased expansion of the finance shared service role is possible subject to needs of the organisation

Local (Retained) Activities

Input – payroll time & returns
Line manager responsibilities re: authorisation and approval
Day to day operations and related activities

</td></tr>
</table>

Key Strategic Initiatives

Figure 6.4: Key Strategic Initiatives

Strategic Objective		Description	Timelines
Enabling Health Service Reform Enabling Environment Serving Our Customers Operational Excellence Effective Resource Usage	New Finance Operating Model	Implementation of new Finance Operating Model in line with "Defining Financial Management" (HSE Corporate Finance) report with objectives to: • Develop a Shared Services finance strategy which is aligned to and supporting the needs of Finance, setting out clear demarcation between finance shared services and corporate finance & procurement functions • Implementation of standardised finance processes based on agreed shared services model • Deliver business as usual services • Determine cost-to-serve underlying all finance delivery including external benchmarking • Implementation of service management framework covering governance, service catalogue, SLA development and performance reporting • Provide clear reference to service ownership, accountability, roles and/or responsibilities across end-to-end processes • Actively participate in development and implementation of CRM strategy • Drive maximum benefit from existing skilled and dispersed resources • Develop and maintain risk register	2014 – 2016
	Payroll Transformation	• Standardise existing payroll processes and systems to remove inefficiencies and adopt opportunities for automation • Payroll transformation – secure investment and implement standardised payroll technology	2014 – 2016
	National Finance System	• Work with Corporate Finance to implement single fit-for-purpose national finance & procurement system when approved. • Transform finance operating model in line with new system	2014 – 2016
	Private Insurance Management System	• Continued roll-out of the electronic Health Private Insurance Management System (Claimsure) across all hospitals	Q4 2014
	Invoice capture project	• Implementation of Invoice capture project to eliminate all paper invoices and manual processing across accounts payable	2014 – 2016
	Child and Family Agency	• Transition Child and Family Agency payroll and AP processes to HBS • Provide services to the new Child and Family Agency	Q4 2014

6.2 Procurement

Summary of current situation

- Integrated service made up of 3 teams – Logistics & Inventory Management (L&IM), Portfolio & Category Management (P&CM) and the Business Management Unit (BMU)
- National footprint with L&IM personnel 'on the ground' in most areas; decentralised P&CM organisation which is not sufficiently aligned with the emerging customer base.
- Priorities include continuity of supply, compliance with legal requirements and commercial / contractual risk management i.e. "keeping the customer safe" in addition to achieving value for money and cost savings.
- Logistics and Inventory Management review completed and National L&IM strategy being implemented; NDC system approved by CMOD and implementation commenced, NDC Voice Recognition project completed, point of use Kanban systems supporting clinical customers at their local 'point-of-use' 40% completed nationally (270 customer centres)
- Current customer base is predominately statutory hospitals, primary care and community based care services although HSE National Framework Agreements (NFA) and HSE Contracts are available for use and are used by many Section 38 and Section 39 Voluntary Agencies.
- Alignment with newly established Office of Government Procurement (OGP) is well advanced including agreement to use HSE Procurement Project Management System, HSE staff training module and governance models consistent with HSE Procurement.
- Increasing service demand for strategic sourcing advice and support including the determination of options and the execution of appropriate procurement procedures to secure optimal solutions.
- No standard 'procure-to-pay' or operational purchasing process/systems in place
- No structured resource / coordinated approach to update of legacy systems with contract and commercial arrangement schedules
- Systems and data deficit - weak management information and control assurance regarding contract compliance / maverick buying in many areas as a result
- Achieved savings to date of €74m in 2011, €50m in 2012, €47m in 2013 (€171m total). Aggressive Savings Targets will continue to be a feature of the annual Service Planning process.

Opportunities to grow and collaborate

- Better demand management at source, driving compliance and contract management to enable maximisation of financial capabilities.
- Create efficiencies through Cross-functional collaboration with Accounts Payable, Estates, ICT.
- Deploy CRM initiatives to additional customers and with wider functional remit.
- Immediate opportunity to collaborate with Voluntary Hospitals incorporating the HPSG to remove duplication from the respective Procurement Plans for 2014 and to optimally leverage the public health service economies of scale to achieve improved value for money and savings.
- Support Office of Government Procurement (OGP) mobilisation to increase capacity to deliver solutions to customers and improved value for money and savings.
- The development of 'One Voice' for Procurement at national level for common categories and at sector level for sector specific categories directly supporting the 'Health Innovation Hub' by giving companies access to the health service in order to test products in a real-life environment.

Future delivery model

Figure 6.5: Future delivery model

Business Services	Local (Retained) Activities
Logistics and Inventory Management Services: • Logistics will be managed through a combination of a National Distribution Centre (NDC) and (9) Consolidation Centres which will be geographically placed. • Inventory will be delivered via the most appropriate supply channel to the customer using Kanban and/or other inventory management techniques. • Core responsibilities will include: – Plan & manage inbound material flow – Operate warehousing – Operate outbound deliveries – Manage returns and product issues – Optimise day to day operations – Develop operational Procurement systems – Develop demand management strategies – Achieve performance and savings targets – Manage demand for products and services P&CM (Strategic Sourcing and Contracting Service) : • P&CM will operate on a health sector wide basis ('one voice') and will directly procure and establish compliant contracts for the health sector specific expenditure categories. • P&CM will work directly and manage relationships with the OGP in establishing compliant contracts for common expenditure categories across the public sector • P&CM will support Customers at Strategic, Tactical and Operational level for all sourcing services for non-core products providing advice and guidance in determining need and executing the appropriate compliant procurement procedure to secure optimal value. • P&CM core responsibilities include; – Procure Legislatively compliant contracts – Achieve performance targets – Advise Customers regarding EU Directives – Advise Customers regarding sourcing options – Develop sustainable / secure supply markets – Develop SRM strategies – Track benefits realisation from sourcing activities. – Provide source and price information to Customers. – Provide Management Reports on sourcing activities – Provide Savings Reports – Provide EU Statistical Reports as required – Manage E-tenders website access	• Manage demand for products and services • Order materials and services (stock items and draw-downs from contract) • Local customer service teams to be developed in line with CRM policy

Key Strategic Initiatives

Figure 6.6: Key Strategic Initiatives

Strategic Objective		Description	Timeline
Enabling Health Service Reform Enabling Environment Serving Our Customers Operational Excellence Effective Resource Usage	National Procurement System	• Define and Implement a standard Procurement Operating Model which is aligned with and fully supports the customer base. • Consolidation and replacement of multiple legacy Finance and Procurement systems in line with National Finance System • Support better management and control of procurement master data (data warehouse) .Provide end user and suppliers with self-service access to relevant procurement information and, potentially, transactions • Address current deficit in provision of reporting and management Information as part of wider Business Intelligence strategy	2014 2016 Ongoing Ongoing
	National Logistics Implementation	• Complete implementation and achieve targeted savings from roll out of National Logistics Strategy and NDC in Tullamore	2015
	Complete implementation of Kanban	• Complete implementation of Kanban releasing clinicians from point of use stock management	2016
	Work with OGP	• Work with the Office of Government Procurement (0GP)	Ongoing
	Develop closer links with voluntary system	• Set out relationships with the voluntary sector and HPSG • Implementation of service management framework covering governance, service catalogue, SLA development and performance reporting	2014 Q1 2014-2015
	Ongoing business and delivery of 2014 procurement savings programme	• Deliver business as usual services • Support transition to and ongoing needs of Child and Family Services procurement processes • Determine cost-to-serve underlying all procurement delivery including external benchmarking • Provide clear reference to service ownership, accountability, roles and/or responsibilities across end-to-end processes • Actively participate in development and implementation of CRM strategy • Meet customer requirements through local sourcing teams • Drive maximum benefit from existing skilled and dispersed resources • Develop and maintain risk register	Ongoing Ongoing 2014 2014 Ongoing 2014 Ongoing Ongoing

6.3 Human Resources

Summary of current situation

- There is a low proportion of HR activity within HBS relative to benchmarks.
- Current focus includes 3 main areas – Pensions, National Recruitment Service and National Personnel Records Management.
- Also provide agency contract management (nationally), employee assistance programmes and Health and Safety for the former Eastern Health Board (historic function)
- Systems and capacity deficit in number of areas and dependent on Access/Excel solutions in many areas
- Pensions capability is under significant pressure with volume backlogs and resource pressures, increasing complexity of the legislative environment, a high volume of payments, variety of schemes and continuing voluntary redundancy scheme are a challenge to manage
- Some usage of third parties to address capacity issues (currently seasonally in place in the NRS)
- Roll out of national electronic document and record management system underway (EDRMS)
- Strong dependency on end users in wider business for process effectiveness. Clarity of end-to-end process and compliance with process are challenges today and create downstream process issues.

Opportunities to grow and collaborate

- Stabilisation of current portfolio a prerequisite with investment required in people and systems prior to any expansion of role
- Extension of pensions remit to full health sector
- Potential to take on role in administration of training needs
- Opportunity to consider management of HR business information as part of overall BI Strategy for HBS

Future delivery model

Figure 6.7: Future delivery model

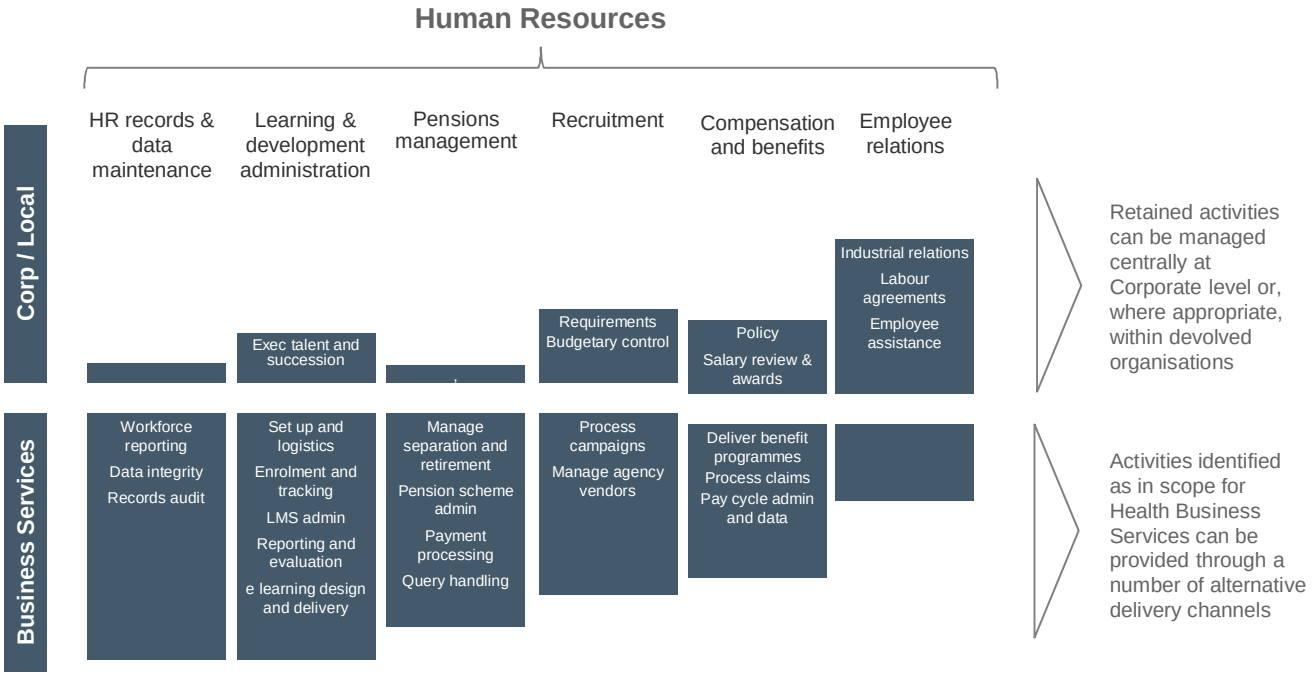
Business Services	Corporate
• Recruit and source employees • Manage employee information • Manage leavers, retirement and pensions Future opportunities: • Develop and train employees (administrative support)	• Develop human resources strategy and policies • Manage employee relations • Develop and manage compensation and benefits • Manage agency vendors • Develop strategic and workforce planning • Manage reporting processes as part of overall BI Strategy
	Local (Retained) Activities
	• Manage employee performance • Develop and train employees • Local component of recruitment and pension processes

Key Strategic Initiatives

Figure 6.7: Key Strategic Initiatives

Strategic Objective		Description	Timelines
Enabling Health Service Reform Enabling Environment Serving Our Customers Operational Excellence Effective Resource Usage	Operating model	Define and Implement a standard HR Shared Services Operating Model with objectives to: • Provide clear reference to service ownership, accountability, roles and/or responsibilities across end-to-end processes • Deliver business as usual services in the areas of recruitment, pensions and personal administration records. • Determine cost-to-serve underlying all HR delivery including external benchmarking • Implementation of service management framework covering governance, service catalogue, SLA development and performance reporting • Actively participate in development and implementation of CRM strategy • Ensure that key staff undergo specific CRM training • Develop and maintain risk register	Q2 2014 Ongoing Q1 2014 Q1 2014/ ongoing Q2 2014 Q4 2014 Ongoing
	National Recruitment Services and System	• Seek approval and commence implementation of a single recruitment system	Q2 2014
	National Pensions Operating Model and System	• Seek approval and commence implementation of a single pensions system	Q3 2014
	EDRMS	• Continue the roll out of the personal administration system	Q4 2014
	Child and Family Agency	• Deliver services to Child and Family agency	Q1 2014

Figure 6.8: Initial hypothesis for HR function boundaries



6.4 ICT

Summary of current situation

- The National Information and Communication Technology (ICT) Directorate has responsibility for the development and implementation of ICT strategy and for the delivery of value-adding ICT services, projects and support across the HSE.
- The ICT directorate is a support function that works in partnership with all divisions within the HSE to ensure that the services and projects pursued are directly aligned with service needs
- ICT is a support function with the Health Service. As such, it provides systems and services across the entire health system. With the emergence of the HBS, ICT has specific responsibilities to provide systems suitable for use by other pillars within HBS. Such systems will enable these pillars to provide services more efficiently and effectively in a shared service environment. Examples of such systems are referred to throughout the HBS strategy. Whilst these systems are significant, they are nonetheless only a subsection of the total list of systems and technical infrastructure that is provided and supported by ICT across the health service. An outline of new ICT developments may be found in the HSE Annual Service Plan and associated HSE Capital Plans.
- There has been long term core underfunding of resources and capital which has resulted in low business usage of ICT systems in core areas. The HSE spend less that 1% of its budget on ICT which is very low when compared to other health sectors internationally. ICT within the HSE accounts for 0.085% of total expenditure. In 2013, total projected ICT expenditure is €150 million (Revenue €90m, Salaries 22.50m and Capital €40.00m)
- Measured against any other sector, ICT in the HSE has a very low staff to business staff ratio 1:240. Staffing 280 (+120 in the Voluntary Sector) .
- These resources support:
  - 95,000 Staff, 45,000 devices, 1750+ Systems
  - 444 Capital projects/initiatives items (93 Major Projects, 341 Minor Projects)
  - ICT deal with over 150,000+ help desk queries annually
- ICT has a strong planning and delivery model for projects however the timeframe to deliver an ICT project from conception is long (over 2 years min).
- ICT is not seen as a strategically important business partner within the organisation.
- There should be no ICT projects in the HSE, there should be business lead ICT enabled projects. The organisation struggles to find business staff to support ICT enabled projects
- There is a footprint of national systems, however most systems are regional or local

Opportunities to grow and collaborate

- ICT strategy and policy activities and the day to day operations must be under a single leadership to provide clearer direction for the future development of ICT and to ensure that strategic developments are managed and delivered in line with organisational requirements.
- All ICT staff within the Health Service should report to the ICT Directorate
- Publication of an a agreed ICT strategy and implementation plan
- A business relationship model with the customers' needs to be developed

Future delivery model

Figure 6.9: Future delivery model

Business Services	Local (Retained) Activities
• Policy Development for ICT specific subject areas such as ICT Security, Data Protection Guidelines etc.. • ICT Capital Sanction Process • Software Licensing • ICT Project Delivery - Support business in delivering ICT elements of projects • Frameworks for common ICT Infrastructure Components • Infrastructure projects: National Health Network' (NHN), Printer Rationalisation • ICT Service Desk • Voice Services, Mobile Phone Services • System Integration • Establishment and maintenance Contract and Systems Integration • Integrated Systems Framework (ISF), Data Standards • Project Planning & Business Case Development • Interface Development	• Business lead for all ICT enabled projects • Provide budgets for ICT investments where necessary

Key Strategic Initiatives

Ensure that the right strategic building blocks are in place to lead to an optimal shared service environment.

Figure 6.10: Key Strategic Initiatives

Strategic Objective		Description	Timelines
Enabling Health Service Reform Enabling Environment Serving Our Customers Operational Excellence Effective Resource Usage	Standard ICT Operating Model	• Define and Implement an updated standard ICT Operating Model • Deliver business as usual services • Determine cost-to-serve underlying all ICT delivery including external benchmarking • Review & implement ICT strategy (currently with DoH) • Implementation of service management framework covering governance, service catalogue, SLA development and performance reporting • Actively participate in development and implementation of CRM strategy • Drive maximum benefit from existing skilled and dispersed resources • Identify current resourcing deficit and provide model for access to specialist skills where necessary • Develop and maintain risk register	Q3 2014 Ongoing Q4 2014 Q1 2014 Q3 2014 Q4 2014 Q4 2014 Q2 2015 Ongoing
	ICT Infrastructure projects	• Further development of national Infrastructure Projects (Servers, SANs, Telephony, Network, PC's)	Ongoing
	Integrated Services Framework	• Improve communications, collaboration, consistency of data and access to systems by implementing the ICT infrastructure and Operations Strategy and the Integrated Services Framework	Ongoing
	Corporate business projects Client/Patient projects	• Support business in delivery of a wide range of ICT enabled projects including: – National Laboratory System – Maternal & Newborn Clinical Management System – Core HIS Replacement (South East Hospitals, Mid West Regional Group, Midland) – IPMS National Order Comms (iCM) Phase 1 – Radiology QA Programme – SAT for Older Persons – St. Vincent's iCM – Endoscopy Decontamination Tracing System – National Ambulance Service CAD System – Electronic Blood Tracking System (EBTS) Project – Ph. 2 – National Child Care Information System (NCCIS) Project – Renal (Nephrology) System Phase 2 – ICU System for MWRH Limerick – National Mental Health System • Further development of enabling corporate ICT projects including SAP East Upgrade, Health Insurance Claims Management System, payroll system, recruitment system. Finance system, pensions system etc.	Ongoing to 2018

6.5 Estates

Summary of current situation

- Broad range of professional services delivered with a very limited resource
- Current estates priority is to enhance and improve existing roles and responsibilities in an environment of reduced personnel and capital resources -€10 billion capital infrastructure and €350m annual capital plan
- Services are strategic in nature
- Primary scope of services is as follows
  - Supporting major strategic service initiatives by the delivery of key projects and programmes of work
  - Advise on strategic and capital planning issues in support of proposed service developments
  - Provision of expert advice in relation to the briefing, design, planning, procurement, construction, equipping, commissioning and maintenance of healthcare facilities in support of better patient care
  - Promoting effective and efficient capital procurement processes and to provide guidance
  - Delivery of economic, social and environmental sustainable healthcare developments including the overall procurement and delivery of design and construction services
  - Provision of multi-disciplinary expert advice on the specification, procurement, management and governance of capital investment to HSE management, Hospital Groups, Community Healthcare Organisations and other health related agencies including the Department of Health.
  - Provision of expert advice on engineering, building, specialist fire, safety, equipping and environmental matters
  - Equipping
- Strong professional and technical capability, with skills specific to HSE environment
- Geographically dispersed team with good national footprint and relationships
- Service delivery is geographically dependent
- Estates team has a maintenance role in some areas but no standard model in place.
- Soft facilities management services not included

Opportunities to grow and collaborate

- Optimisation of systems that are currently in place – for example property management system
- Standardisation of approach to Maintenance Management
- Capital and maintenance expenditure to be approached interdependently across the life-cycle of a facility
- Formal CRM model to be developed

Future delivery model

Figure 6.11: Future delivery model

Business Services	Local (Retained) Activities
• Support major strategic service initiatives by the delivery of key projects and programmes of work • Manage and deliver capital programme • Manage and deliver equipping programme • Provide multi-disciplinary expert advice on the specification, procurement, management and governance of capital investment to HSE management and non-HSE agencies • Deliver economic, social and environmental sustainable healthcare developments • Provide property support services to assets and workspace • Act as interface with (or manage) local maintenance function • Manage health services sustainability office • Provide expert advice in relation to fire safety and manage fire safety programme	• Identify planned maintenance work • Manage facilities operations and workspaces • Maintain equipment in use

Key Strategic Initiatives

Figure 6.12: Key Strategic Initiatives

Strategic Objective		Description	Timeline
Enabling Health Service Reform Enabling Environment Serving Our Customers Operational Excellence Effective Resource Usage	Standard Estates Operating Model	Define and Implement a standard Estates Operating Model with objectives to: • Achieve greatest savings by considering lifecycle costing in all elements of decision making • Identify infrastructure deficiency and prepare plan to address same • Deliver key government priority projects including; – Children's Hospital Project; – Central Mental Hospital – National Maternity hospital to SVUH – NPRO projects – Primary Care Centres – CNU for Older People – Mental Health Programme – Childcare Secure and High Support Accommodation • Work proactively with Office for Government Procurement • Go to market with PPPs in primary care in conjunction with DOH and NDFA • Property Management System • Estates Information System (Project Management) • Provide support to the Child and Family agency • Implementation of service management framework covering governance, service catalogue, SLA development and performance reporting • Provide clear reference to service ownership, accountability, roles and/or responsibilities across end-to-end processes • Actively participate in development and implementation of CRM strategy • Ensure that key staff undergo specific CRM training • Develop and maintain risk register	Ongoing Ongoing Ongoing to 2018 Ongoing Q1 2014 Q1 2014 Q3 2014 Ongoing Q4 2014 Q4 2014 Ongoing Q4 2014 Ongoing
	Capital Plan	• Manage and deliver capital programme	Ongoing
	Undertake assessment of HSE estate	• Undertake assessment of HSE estate, map a geo code and engage with OPW • Fire Safety, maintain up to date compliance plan and approach, work with statutory authorities	Q4 2104 Q3 2014
	Sustainability office	• Develop sustainability office and bring strategy and actions to Directorate	Q2 2014
	Equipping requirements	• Identify equipping requirements and prepare plan to address same	Q4 2014/ongoing

6.6 Enterprise Resource Planning

Summary of current situation

- Current ERP team focused on support and development of SAP HR and Payroll systems
- ERP team distributed across multiple locations
- Fragmented landscape with multiple SAP instances across Finance, Logistics, and with one instance of HR/Payroll in addition to other business applications
- Current projects include migration of Crumlin Children's Hospital (currently in post "Go Live monitoring) onto St James SAP platform and transition of Child & Family Support Agency to separate company code and personnel records/payroll service
- Formal steering / governance structures have lapsed

Opportunities to grow and collaborate

- Develop ERP strategy to more clearly articulate business application landscape required to support future Shared Services strategy. This will need to be developed in the context of restrictions on certain options inherent in Haddington Road Agreement and other directives from Department of Health.
- Key enabler of future Shared Services strategy with ambition to establish national systems across a number of functional areas
- Consider organisation model to best leverage current ERP and business application skills spread across multiple teams
- Rebuild governance in line with broader Shared Services strategy, and incorporate clear ownership for data and business process design
- Strategic direction of ERP Services is dependent on the clarity on emerging Health structures and legal status associated entities.
- Demand increasing for structured HR/Payroll system and management information will stretch existing resources. Strategy needs to incorporate options for collaborative work with 3rd parties already showing interest in partnering with Shared Services.

Future delivery model

Figure 6.13: Future delivery model

<table>
<tr><th>Business Services</th><th>Corporate</th></tr>
<tr><td rowspan="2">Business Process Change across Shared Services Functions
Business Intelligence
SAP Development Projects
SAP Support & Maintenance
Project Management</td><td>Financial/Procurement Systems strategy
Responsible for decisions on policies, legislative changes</td></tr>
<tr><td>Local (Retained) Activities
Work with Corporate HR/Finance to confirm/test implementation of National policies and legislative changes</td></tr>
</table>

Key Strategic Initiatives

Figure 6.14: Key Strategic Initiatives

Strategic Objective		Description	Timelines
Enabling Health Service Reform Enabling Environment Serving Our Customers Operational Excellence Effective Resource Usage	New model for ERP to meet needs of the emerging health system	• Define the model for ERP to support Shared Services having regard to individual functional strategies and advancement of single systems • Complete strategy for what services can be provided in the future including the resource requirements. • Determine cost-to-serve underlying all ERP delivery including external benchmarking • Lead business end to end process design working with Shared Services functions and Business • Develop BI strategy for SAP BW that agrees priority reporting requirements, implements governance structure and drives business ownership of data • Define ERPS customers internal/external to Shared Services • Identify and create customer relationship with owners of the business data • Implement governance structure for ERPS in line with new structures. • Communications strategy to raise awareness of the reporting capabilities of SAP • Implementation of service management framework covering governance, service catalogue, SLA development and performance reporting • Provide clear reference to service ownership, accountability, roles and/or responsibilities across end-to-end processes • Actively participate in development and implementation of CRM strategy • Ensure that key staff undergo specific CRM training • Drive maximum benefit from existing skilled and dispersed resources • Address succession planning • Develop and maintain risk register	Q4 2014 Q2 2014 Q3 2014 Q3 2014-Q4 2016 Q3 2014 Q1 2014 Q2 2014-Q2 2015 Q1 2015 Q1 2014 Q3 2014-Q2 2015 Q4 2014-Q4 2015 Q1 2014 Q2 2014-Q4 2016 “ “ “
	Re-align Org structure on SAP HR	• Re-align Org Structure on SAP HR/Payroll to reflect emerging Health Service	Q2 2015
	Child and Family Agency	• Continue with Child and Family Agency engagement	Q2 2014

6.7 Business Management

In order to support the very significant agenda of HBS, It is proposed to create an additional Business Management Team which will support and deliver on a number of cross functional capabilities- including customer relationship management, change management as well as business intelligence.

Summary of current situation

Customer Relationship Management

There is a need for significant investment in customer service training and initiatives. To support HBS, A Customer Relationship Management team has been established. This team will develop a CRM operational model to support the functions within HBS. A number of customer service activities are already taking place within some teams.

Examples include:

- Procurement
- ICT Helpdesk
- Online payslips
- Recruitment- individual meetings with key customers

HBS senior team meetings with key customers

Business intelligence

Through its centralised model and stewardship of extensive operational data, Business Services will be uniquely placed to leverage data across functions and systems to better inform operational management and decision making. The current BI environment has evolved in an ad-hoc manner and has resulted in a proliferation of different approaches. The existing BI teams are being asked now more than ever, to fulfil demand that was never planned for, or imagined, when they were initially developed. The current approach is also fragmented with multiple teams, technology and coding systems at play. For much of the information required, there is no "single version of the truth". A number of Business Intelligence activities are already taking place, examples within the directorate include:

- Service metrics on areas such as volume for all non-acute and some acute services (ICT) attendance, headcount, performance reporting (ICT)
- Dashboards with Accounts Payable and Travel and Subsistence summary data (Finance)
- Population of corporate reporting system on SAP BW (Finance)
- Category spend reports (Procurement)
- Payroll and HR reports and inputs to Health sector census data (ERP)

Opportunities to grow and collaborate

Customer Relationship Management

A critical principle for all successful shared service organisations is the extent to which services can be reorganised to be customer orientated. In order to provide services as a de facto 3rd party provider, this is essential. An early objective will be the development and implementation of a CRM strategy supported by a CRM system.

Business intelligence

The structure of the current approach means that if nothing is done the following hold true:

- The duplication of BI functions and associated inefficiency will increase.
- Lead times associated with acquiring the information will increase
- The overall cost of BI solution will increase exponentially in line with the increased demands.
- The business will be distracted with pulling information together from various locations
- A lack of trusted information increases the risk of poor decision making and conflicting versions of the truth.

Change Management

A transition/change plan will be developed to support and drive the change agenda. This will be linked to the overall health services reform programme.

Key Strategic Initiatives

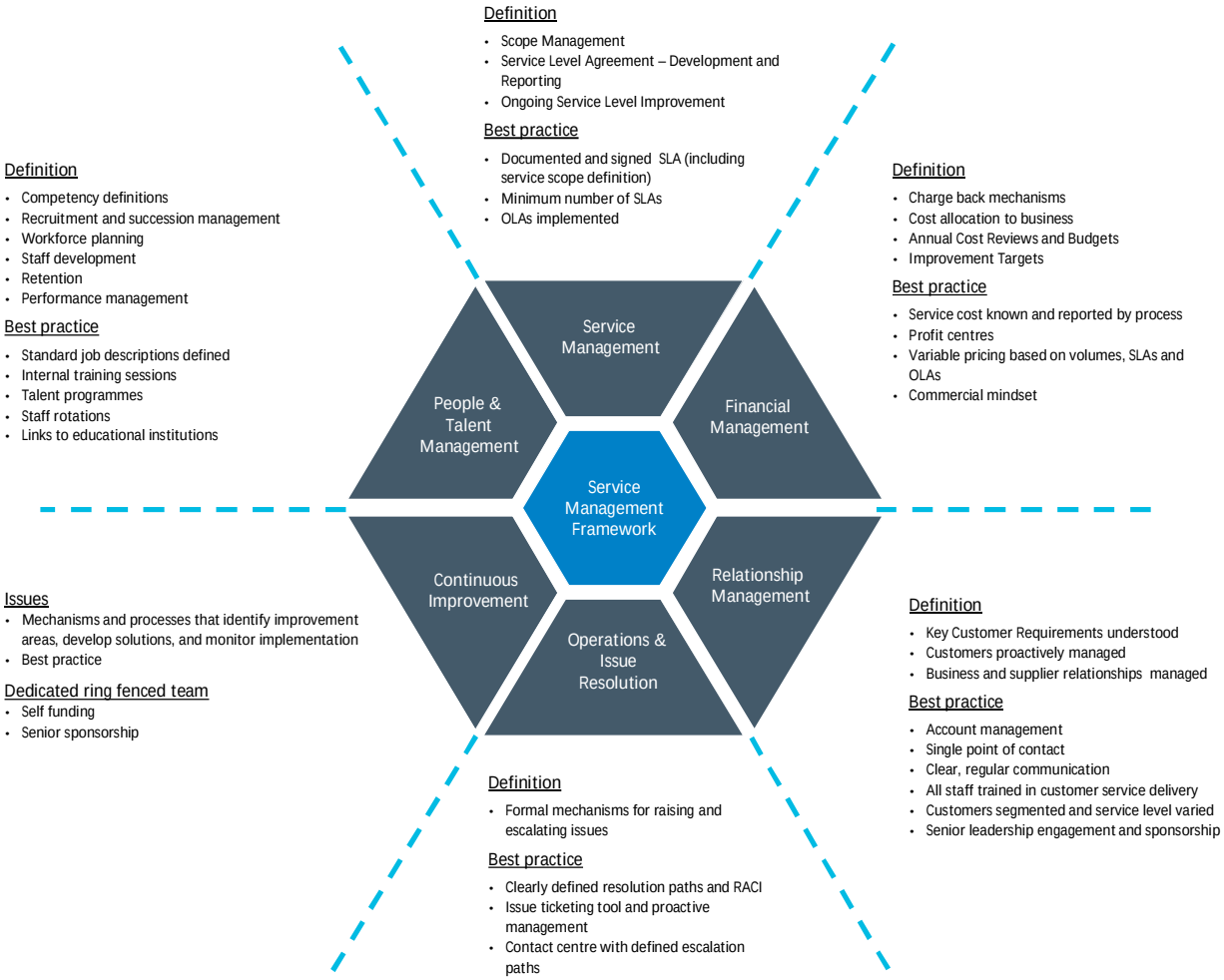
Figure 6.15: Key Strategic Initiatives

Strategic Objective		Description	Timelines
Enabling Health Service Reform Enabling Environment Serving Our Customers Operational Excellence Effective Resource Usage	CRM Strategy	Development of a Customer Relationship Management Strategy to include: • Customer Charter • Oversight process • Resolution mechanism • Technological solution • Service level agreements • Agreed KPIs • Staff training	 Q2 2014 Q4 2014 Q2 2014 Q4 2014 Q1 2014-Q4 2015 Q3 2014 Q4 2014
	BI Model	Re-organisation of existing Business Intelligence resources into a single team • Agreement of a standardised technology platform for consolidation and analytics • Focus on improved data management – including the completion of common coding tax anomalies and standard processes for data maintenance • Alignment with Integrated Serviced Framework • Ensure that BI requirements are built in up-front to new systems	 Q4 2014 Q4 2015 Q4 2014 Ongoing
	Transition Plan	Development of a Change Management plan to: • Undertake a joint exercise with Corporate Finance, Corporate HR and Operations to determine the services to be delivered respectively by Health Business Services and the retained organisation • Transition of HBS functions to a single finance and HR platform • Transition Child and Family Agency processes to HBS • Ensure that the HBS element of the recruitment processes is delivered in line with organisational and customers' needs. • Work with the Office for Government Procurement to ensure that end to end procurement processes are delivered in line with customers' requirements • Implement National Distribution Centre strategy. • Work with Corporate Finance and Procurement in the retained organisation to deliver on a systems solution in line with the Finance Reform Programme. • Develop Service Level Agreements with the customer and regular monitoring reports to demonstrate delivery. • Develop a customer relationship management function within HBS. • Manage the capital plan in line with health service priorities	 Q2 2014 Q4 2014 Q1 2014 Q2 2014 Q3 2014 Q1 2016 Q4 2016 Q4 2015 Q4 2014 Q4 2014

7. Appendices

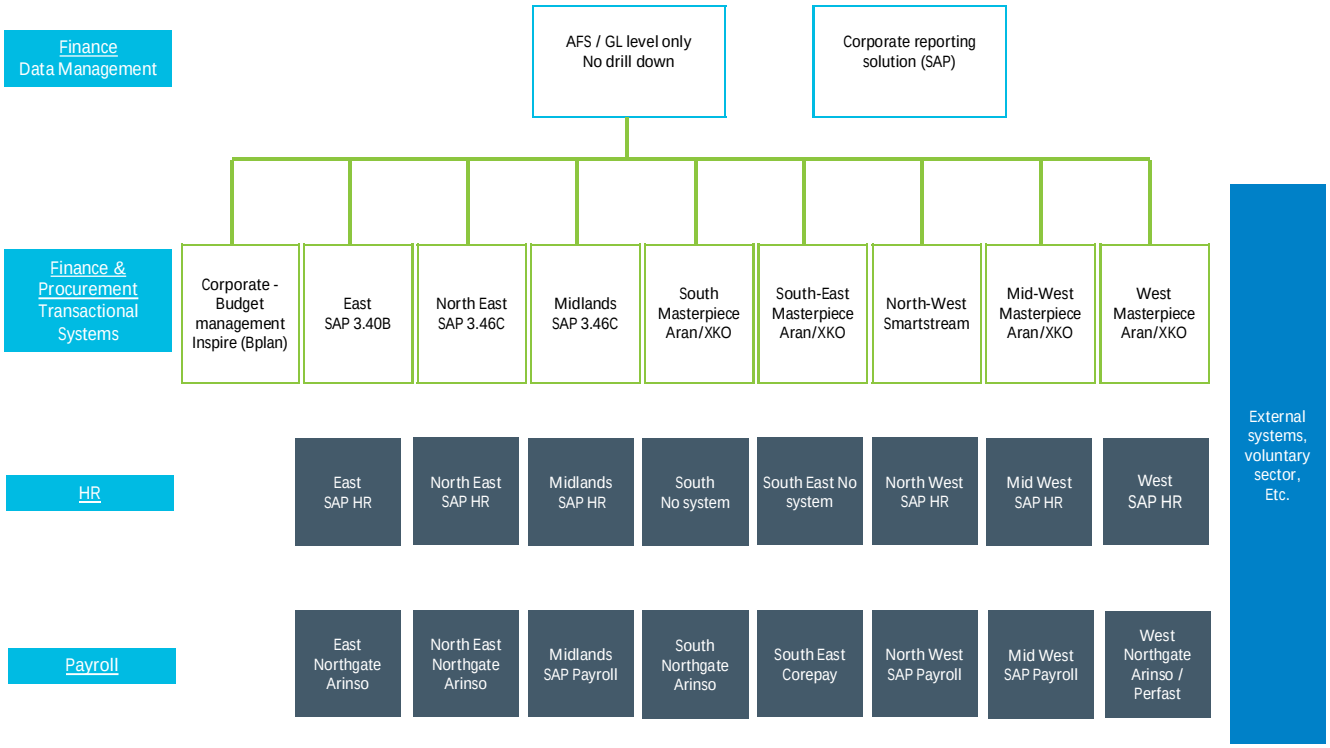
Appendix A: Service management framework

Figure A: Service management framework



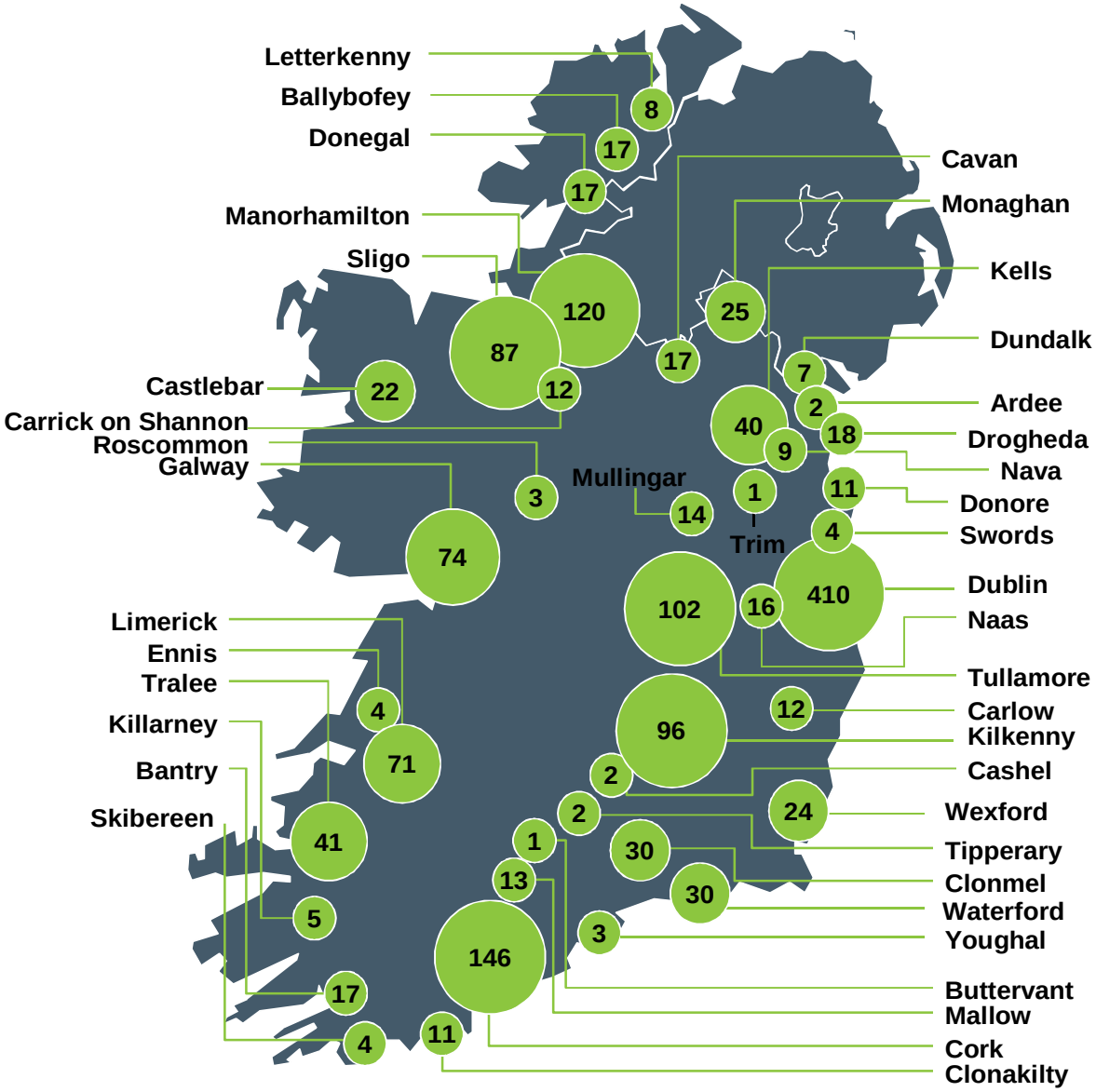
Appendix B: Existing business platforms across Finance, HR and payroll

Figure B: Existing business platforms across Finance, HR and payroll



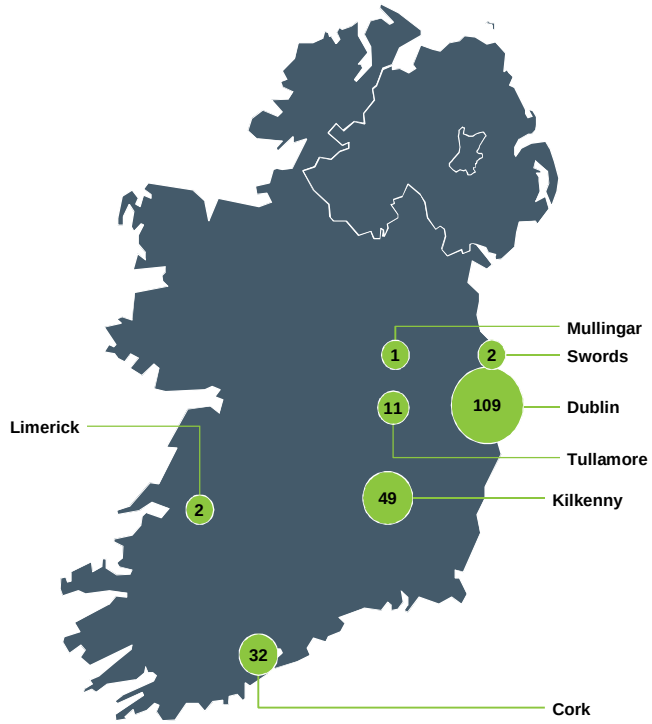
Appendix C: Current staff location analysis

Figure C.1: Current staff location analysis – all HBS functional teams as of July 2013



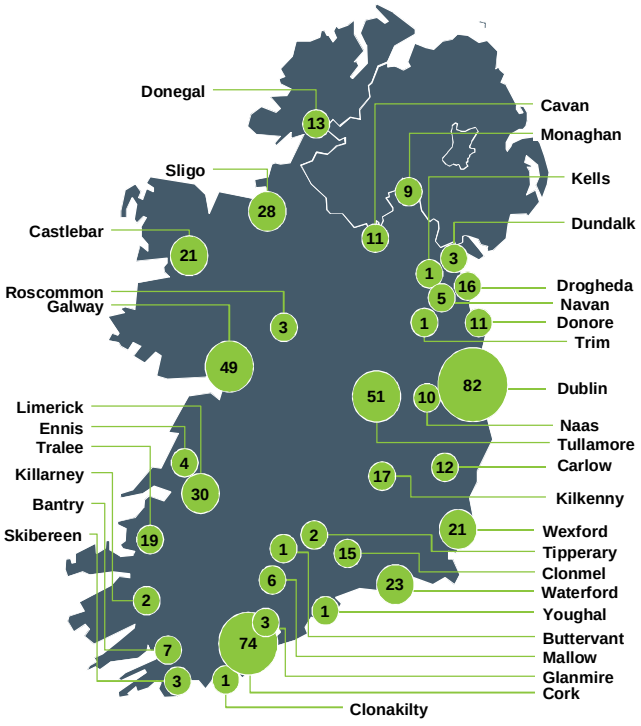
Staff location analysis – Finance

Figure C.2: Current staff location analysis – Finance



Staff location analysis – Procurement

Figure C.3: Current staff location analysis – Procurement

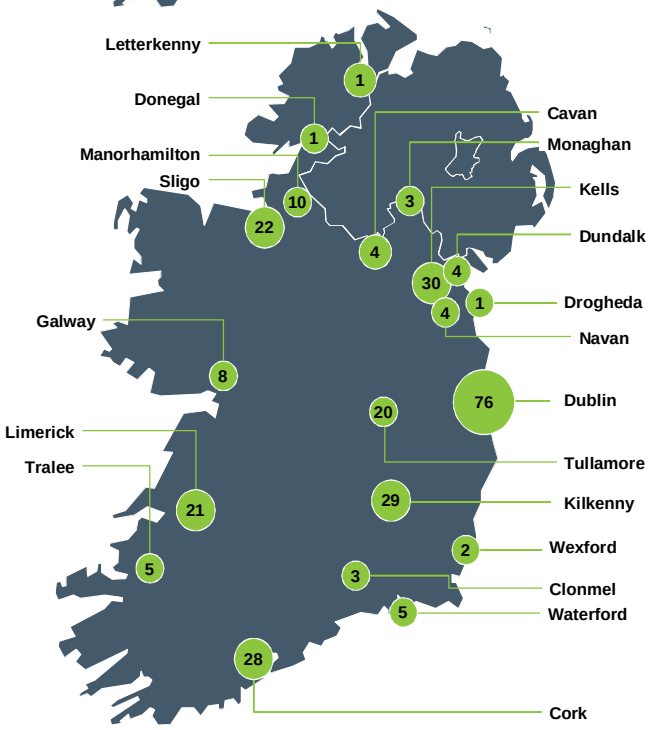


Staff location analysis – Human Resources

Figure C.4: Current staff location analysis – Human Resources

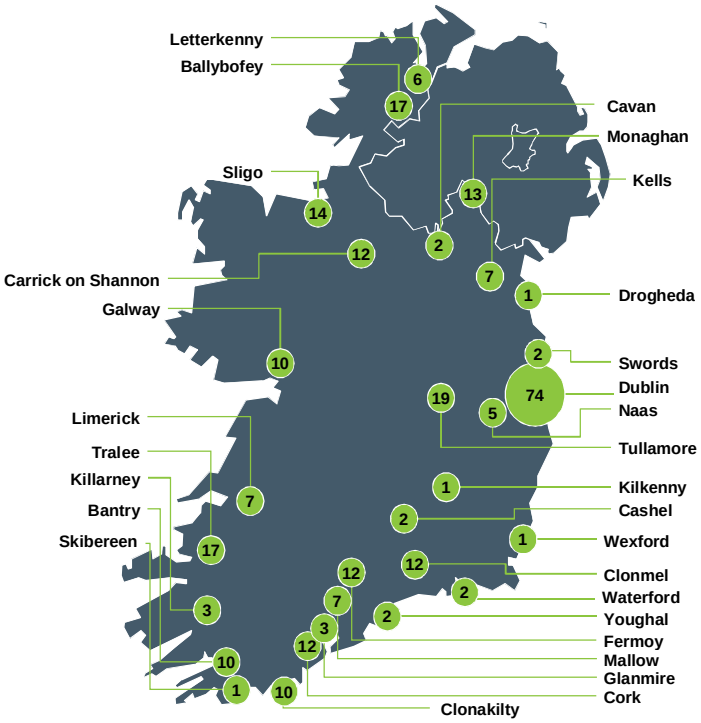
Staff location analysis – ICT

Figure C.5: Current staff location analysis – ICT



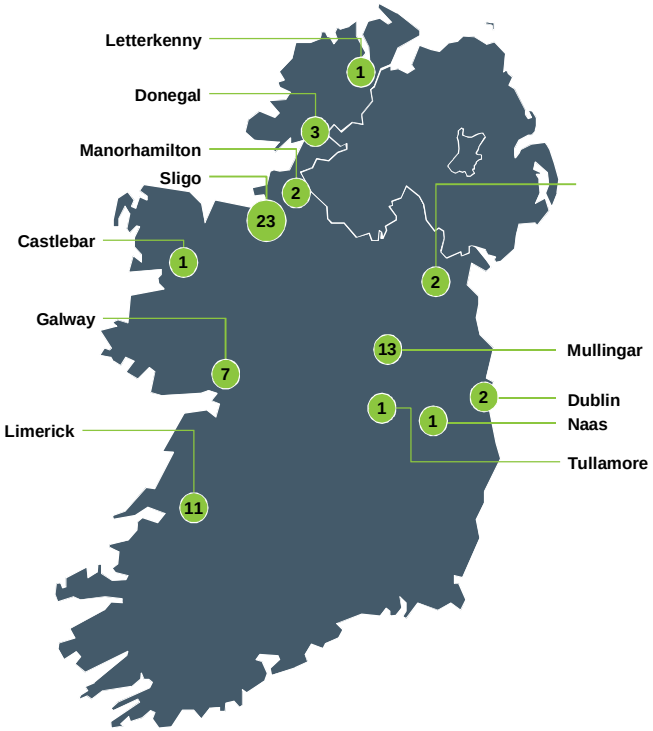
Staff location analysis – Estates

Figure C.6: Current staff location analysis – Estates



Staff location analysis – ERP

Figure C.7: Current staff location analysis – ERP



Appendix D: Existing scope of services and customer base and potential additional services

Existing scope of services and customer base

Services are provided along functional lines and do not provide a standard, consistent set of well-defined services across the Health network. Service Level Agreements are in place for certain discrete activities (stock item delivery times, payroll processing dates), but these are not consistently applied or reviewed on a regular schedule.

Figure D.1: Existing scope of services and customer base

Potential processes for inclusion in Shared Services model		Customer entities				
		Corporate	Hospitals (statutory)	Integrated services	Hospitals (voluntary)	Voluntary agencies
Finance[1]	General accounting	Moderate	Moderate	Moderate	Low or none	Low or none
	Accounts payable	High	High	High	Low or none	Low or none
	Reporting	Moderate	Moderate	Moderate	Low or none	Low or none
	Planning/budgeting	Low or none	Low or none	Low or none	Low or none	Low or none
	Treasury and cash management	Low or none	Low or none	Low or none	Low or none	Low or none
	Payroll	Moderate	Moderate	Moderate	Low or none	Low or none
HR[2]	Personnel administration	Moderate	Moderate	Moderate	Low or none	Low or none
	Recruitment	High	High	High	Low or none	Low or none
	Pension management	High	High	High	Moderate	Low or none
	Comp & benefits	Low or none	Low or none	Low or none	Low or none	Low or none
	Learning & development	Low or none	Low or none	Low or none	Low or none	Low or none
Procurement	Category management	High	High	High	Moderate	Moderate
	Operational purchasing	Moderate	Moderate	Low or none	Low or none	Low or none
	Logistics & delivery	Moderate	Moderate	Low or none	Low or none	Low or none
	Demand planning & compliance	Low or none	Low or none	Low or none	Low or none	Low or none
ICT	Strategy & architecture	Moderate	Moderate	Moderate	Low or none	Low or none
	Network infrastructure	High	High	High	Low or none	Low or none
	Solution development	High	High	High	Low or none	Low or none
	Service delivery	High	High	High	Low or none	Low or none
Estates	Strategy & planning	Moderate	Moderate	Moderate	Moderate	Moderate
	Capital projects	High	High	High	Moderate	Moderate
	Hard facilities management	Moderate	Moderate	Moderate	Low or none	Low or none
	Soft facilities management	Moderate	Moderate	Moderate	Low or none	Low or none

Level of involvement of current Shared Services team: High, Moderate, Low or none

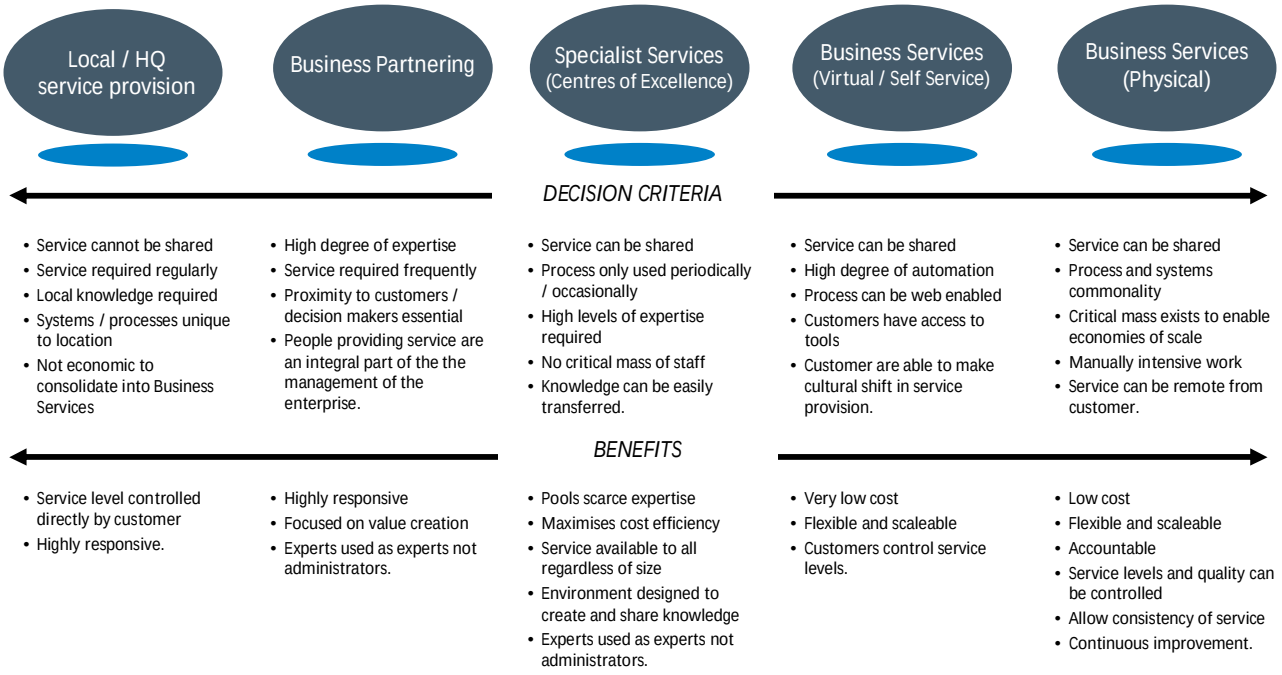
[1] Future process scope will be defined in line with "Defining Financial Management" report on Finance Operating Model
[2] Future process scope will be defined in line with corporate HR strategy

Additional services

It is envisage that additional services may be taken on and offered from Business Services over time. A structured, transparent approach will be taken to assess the suitability of a service for delivery from Business Services.

The assessment of potential services will follow a framework in line with the example shown below:

Figure D.2: Framework of assessment of potential services



Appendix E: Customer feedback

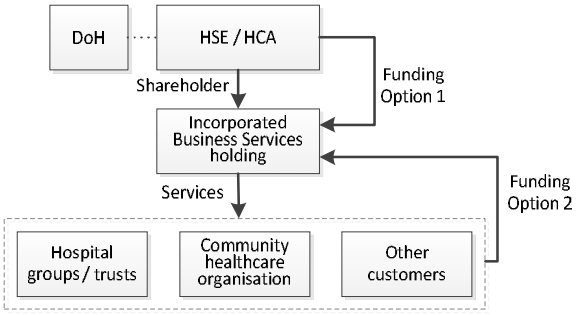
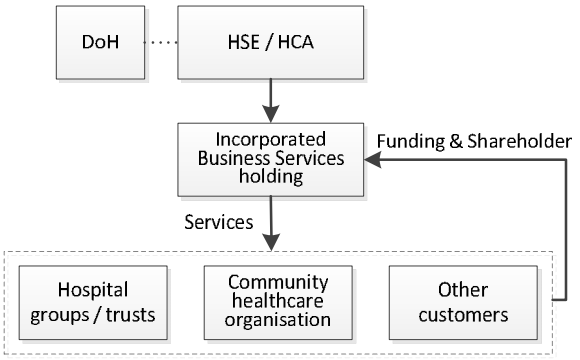
As part of the project, a number of senior customers were interviewed and this highlighted a number of common themes in relation to the current services. These include:

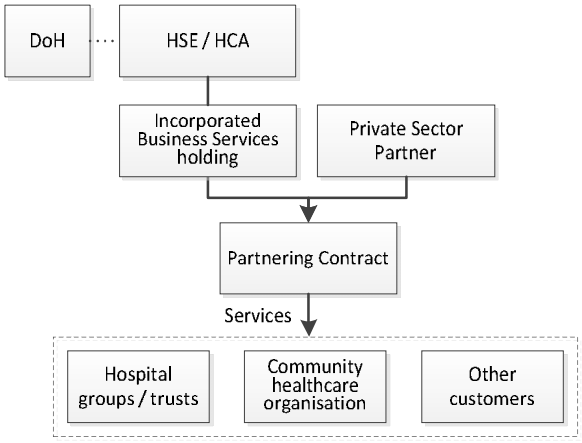
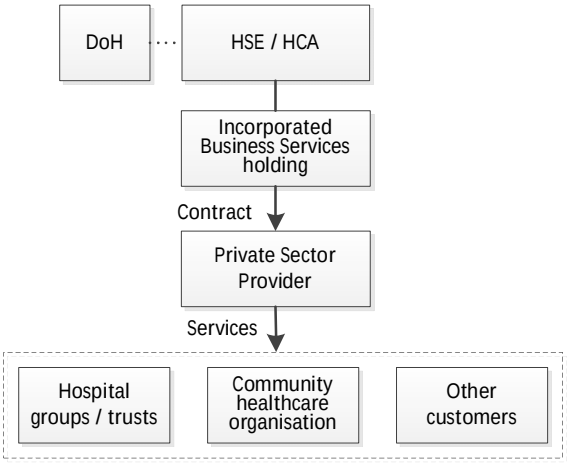
- Recent experiences of service quality have been mixed. A general feeling that services have moved further away from the customer in recent years
- The customer entities generally don't feel like customers and don't think they are treated as customers – although recent customer management initiatives between Procurement and HSE West and HSE Mid West were mentioned favourably
- Service quality, continuity of supply and meeting customer requirements seen as higher priority than cost-driven shared services alone
- Dissatisfaction with lead times required for recruitment and limited understanding of National Recruitment Services role in this
- Historical credibility/reputation issues need to be overcome in relation to nationally driven projects
- Recognition that IT systems deficit and absence of standard systems is impeding service delivery and quality of information available
- Unclear where nationally delivered services fit within the new devolved structure in an environment where, potentially, there is increased local control and decision-making authority
- Perception that some aspects of the services are significantly under-resourced (ICT in particular) and that this has mitigated against capability to deliver and led to increased risk to service quality
- Expectation that delivery of national services across the entire sector, to include all devolved entities and voluntary sector, will be "a hard sell"

Appendix F: Evaluation of alternative corporate forms

To support the core requirements to attract investment and invigorate staff, a different corporate form is required. This is further reinforced by the planned dissolution of HSE in 2 years requiring a new corporate form for the existing service delivery functions to continue beyond this point. Various options have been considered:

Figure F.1: Evaluation of alternative corporate forms

Structure	Description	Key Considerations	
In-house	• Services provided directly from central entity. • Deliver services via simple partnering arrangements – e.g. agreeing to implement consistent processes, systems and practices across the sector. • Relatively simple and low cost transition from existing practice.	• Low change impact from 'As-Is' situation • Will initially require strong centrally driven mandate and control • Potentially issues of capacity and resources to provide the services • May be less potential for radical change and entrepreneurial thinking	
Public sector consortium or joint venture	• Collaboration between multiple service entities (hospital groups / trusts / Community Healthcare Org.) to jointly own and run the shared services operation • Could adopt a 'lead entity' model for certain services where high performing entity provides services to additional entities • Can be set up under a number of different legal structures	• Should achieve economies of scale and added value in pooling 'know how' and experience • Parent groups have direct participation in the provision of services and a vested interest in the success of the venture • Governance arrangements increase in complexity as number of parent groups increase. Risk of excessive bureaucracy and adverse consequences of disagreements between groups.	

Structure	Description	Key Considerations	
Partnering contract with external party	• Contract entered into with a private sector partner which envisages a collaborative role in delivery of support services • Can be set up under a number of different legal structures • Seen as much less adversarial and more collaborative approach	• Greater access to external assets, capacity and expertise • Greater flexibility to redefine services, deliverables and costs as circumstances change • May require staff transition to new entity	
Outsourcing	• Directly contracting with a private sector provider for certain services to meet defined standards and targets • Can be subject to 'gain share' arrangements or a variable service fee which is dependent on service performance	• May provide a practical and good value approach for some activities • May provide accelerated access to additional capacity and standard technology platforms • Benefits of trading will fall to the private sector and risk to experience & knowledge held within the sector • Can be confrontational depending on nature of vendor relationship	

Evaluation of options

In addition to the key factors listed above (attracts 3rd party funding and invigorates staff) there are other considerations necessary when evaluation the options:

Figure F.2: Evaluation of options

#	Option	Description	Access to capital and funding	Ease of governance	Potential VAT implications	Drives innovation & technology	Degree of change	Reduced admin. staffing
A	In-house	Services provided directly from central entity (HSE/HCA) with single shareholder	◔	◕	●	◔	●	◔
B	Public sector consortium / joint venture	Collaboration between multiple service entities (hospital groups / trusts) to jointly own and run the shared services operation	◔	◔	●	◔	◑	◔
C	Partnering contract with external party	Contract entered into with a private sector partner which envisages a collaborative role in delivery of support services	◕	◑	◑	●	◑	◕
D	Outsourcing	Directly contracting with a private sector provider for certain services to meet defined standards and targets	●	◑	◔	●	◔	●

◔ → ● Least favourable → Most favourable

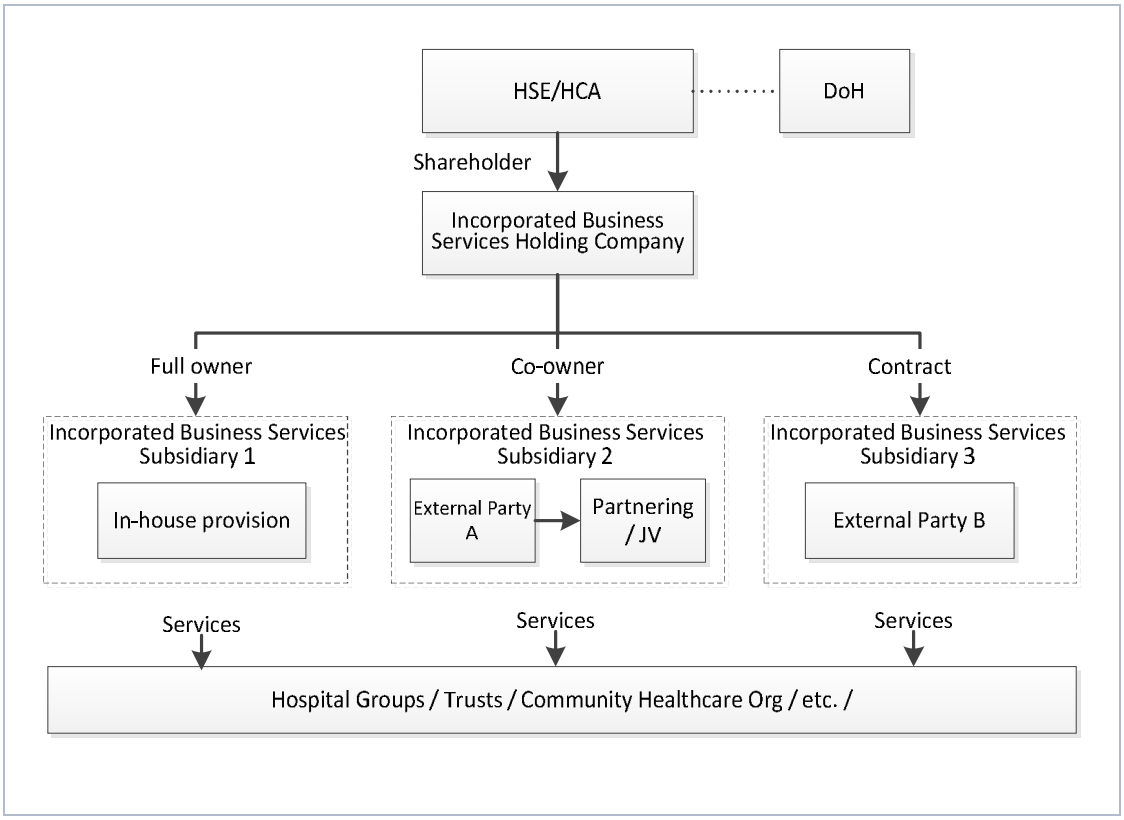
Proposed corporate form

At this point, our view is that a hybrid model will provide flexibility to adopt the best solution at a functional level while retaining the benefit of centrally driven governance and policy.

This model incorporates:

- Central incorporated holding company fully owned by the HSE/HCA – a separate legal status will facilitate easier engagement with the private sector
- A number of subsidiaries which may adopt in-house, partnering or full external delivery models as appropriate for different functions
- Provides access to external capital and technology where required while retaining central governance over service delivery for the sector overall
- Cost recovery from customer entities

Figure F.3: Proposed corporate form



The essence of strategy is choosing what not to do

Michael Porter