**Case Study:** Hertfordshire, Bedfordshire and Luton Information Technology (HBL ICT) Partnership in IT shares how it set up and operates its information technology (ICT) shared service to provide expertise across six partner organisations

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**What was the situation?**

In 2014 after the closure of a local commissioning support unit (CSU), HBL ICT set up a shared service to deliver not-for-profit ICT services for Bedfordshire Clinical Commissioning Group (CCG), East and North Hertfordshire CCG, Herts Valleys CCG, Luton CCG, Hertfordshire Community NHS Trust and Hertfordshire Partnership University NHS Foundation Trust. Hosted by East and North Hertfordshire CCG, it has been operating successfully for 4 years - with over 9,500 customers, across 122 sites.

**How did they do this?**

The senior management team including the ICT Director within HBL ICT led the work and decided to become a legal entity under East and North Hertfordshire CCG.

The partnership is founded on the four key organisational principles:

1. Shared organisation
2. Shared operating costs
3. Shared risk
4. Shared benefits and outcome.

The success of the ICT shared services is derived from partnership working, mutual trust and executive commitment to the key organisational principles – shared; organisation, costs, risk & benefits”

*Phil Turnock, ICT Director*

The partnership which consists of 6 partnering NHS organisations is then underpinned by the following three documents:

1. **Shared service agreement** – this was drafted with legal support and defines the equality across the partnership in terms of the shared cost, ownership and risk on being a partner within HBL ICT. There is also an outline of the administration charges made by the host organisation, including line management, accommodation and financial accounting.

2. **Service level agreement** - defines the relationship between the partners and HBL ICT in terms of providing a service to them. This document is used both with partners and non-partners with some variation to what services are supplied.

3. **Service definition** - defines the services delivered to an individual partner by HBL ICT; a service portfolio. (Service definition is a document also known as a service portfolio in information technology infrastructure library, ITIL terms.) This document is used both with partners and non-partners with some variation to what services are supplied.
The documents have improved the services as the documents provide clarity of the services being delivered (the specifics listed within the service level agreement) and enables clear negotiations on current and future services.

Creating a shared purpose (vision)
The key to the partnership’s success was to develop a shared purpose underpinned by agreed strategic principles:

Vision: ‘To become the ICT provider of choice, by delivering without boundaries, cost effective and innovative services and solutions to improve patient outcomes’

Underpinning strategic principles:
‘IT just works’

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<th>No.</th>
<th>Principle</th>
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<td>1.</td>
<td>Place patient outcomes at the centre of all strategic technology decisions.</td>
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<td>2.</td>
<td>Promote a consumer like experience, creating an environment where technology works effectively, securely and without the need for users to understand what makes the technology work.</td>
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<td>3.</td>
<td>Promote equality throughout the partnership ensuring all partners are central to our strategies.</td>
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<td>4.</td>
<td>Create an environment that encourages innovation through active listening and proactively seeking better ways of working in support of the most efficient and effective use of technology.</td>
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<td>5.</td>
<td>Be socially aware and mindful of the positive and negative impact that technology can have on our environment.</td>
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<td>6.</td>
<td>Provide an environment that ensures information and data is readily available and easily accessible to meet the demands of healthcare provision.</td>
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Key challenge - service charging
One of the key challenges for the partnership was to develop a mutually agreeable methodology for apportioning costs to each partner. This was achieved by:

2. Development of agreed cost drivers – quantifiable measures (QMs).
3. Activity Based Costing - apportionment of operating costs to service activities.
4. Partnership agreed volumes of service activities on an annual basis, which then defines changes per annum.

Any surplus made by HBL ICT can be shared out (and has been over the last four years) or redirected equally according to the QMs to the partners or redirected back into the shared service to fund projects, new technologies or build surplus for future strategies. A new Tier 3 Data Centre and outsourced Load Balanced Tier 6 Data Recovery Centre were funded from the surplus as a partnership initiative and went live in 2017.
Running the shared ICT service

- HBL ICT is governed by two partnership boards, consisting of the six partners' chief finance officers and HBL ICT’s director of IT. It took 6 months to TUPE’ over the staff from the CSU to the shared service and the service has undergone two reorganisations since then to streamline and provide more cost-effective services, across the 2 restructures the shared service has reduced its annual operating costs by £900k, (£700k from 2015 & £200k from 2018).

- At business as usual level, the partners have a business relationship manager allocated to them which maintains the quality of service based on the service level agreement and service definitions.

Benefits of shared service

- **Autonomy**: the partnership has its own autonomy to undergo organisational transformation to deliver greater efficiencies and value for money back to the partnership. Savings made from the organisational change have been reinvested back into technology for the partnership.

- **Increased purchasing power**: due to the number of members of the partnership HBL ICT was able to develop a significantly sized tender group. The aggregation of the membership’s demand has enabled negotiation of better contract prices. This has become even more powerful by incorporating demand from other CCGs and acute trusts from outside of the partnership.

- **Transforming patient pathways and improving outcomes**: by breaking down organisational barriers within sustainability and transformation partnership (STP) boundaries and encouraging more pathway working.

- **Operational charges avoided**: additional operational charges and overheads were avoided through the partnership model, than if the service had been TUPE’d to another CSU.

- **Investment in core infrastructure**: the partnership was able to deliver a complete redesign of its core infrastructure resulting in an enterprise ‘private cloud’ for the partnership.

- **Common direction**: enables the development of a single digital strategy across the partnership.

- **Increased investment in cyber-security**: partnership investment in cyber-security defences means that together the partnership is better protected against cyber-crime due its collective capital and revenue investment programmes.
What were the learning points?

- Lower costs: having more partners drives costs down for all partners, due to scale.
- This shared service sees the 3 foundation documents (formal documentation and legal agreements) as part of the key contributing factors that have maintained the partnership and support significant IT improvements for the partners.
- HBL ICT works under the terms of a service level agreement - this is seen in most commercial contracts but not always seen in internal ICT delivery.
- Limitations - the partnership cannot enter into some commercial frameworks and therefore building new business can be challenging. The ideal option for growth is to build the partnership of the shared service.
- Expanding the partnership by bringing another partner into the partnership would require all current partners of the board to approve the new member.
- To the partners HBL ICT is seen as an internal service/department, and not a supplier.

Issues creating ICT shared service

- If HBL ICT has a negative operating balance at the end of the year, all partners need to cover the cost.
- There are no defined steps if partners do not give a unanimous decision on a voting process.
- There is a risk that the individual strategies of the Chief Information Officer / Chief Finance Officer of the partners might not be aligned or congruent with the partnership and therefore could place the stability of the partnership at risk.

Find out more

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To see the other case studies in this series: visit NHS Improvement’s website at: https://improvement.nhs.uk/resources/corporate-services-productivity-toolkit/