

Foreword

In one sense, the Public Services Network or PSN is very much what it says it is – a network dedicated exclusively to public services. After all, it's not a complicated concept, so why should it need a complicated name? And its intended purpose is also widely understood: to enable shared services and collaboration in order to increase public sector efficiencies and reduce costs. That much is very clear.

But the more you understand about PSN, the more you realise that it, in itself, is simply a doorway. The name 'Public Services Network' begins to seem unjustly limiting, when it could so easily translate as 'Possibilities Start Now'. And this white paper uncovers just a few of those possibilities, focusing on the outlook for shared services in the public sector and the opportunities that such collaboration could bring.

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The promotion of shared services is, of course, hardly a recent development; it’s been a government priority for some years, if only to assist in the reduction of spending in the public sector. But while this may have been the catalyst for the creation of PSN, the sharing of essential organisational operations has since been recognised as a real opportunity to redraw the public services map, and in turn to reshape, fundamentally, how the public sector works together to serve citizens.

Since the inception of state-run social initiatives, the public services map has always been dominated by locality. Not only were services obviously easier to implement on a regional basis, but also proximity allowed for deeper understanding of specific local requirements. In the 21st century, however, initiatives like PSN are transforming infrastructures and enabling an unfettered flow of information, thus removing those barriers. These changes have clearly been identified in this paper, with one of the key findings showing how common processes are becoming more important than geographic location in the success of shared services, and the resulting benefits to the nation.

Critically it also notes the need to build a culture of change within the public sector, so that organisations are prepared to look beyond the local, to the regional and national. And it is by doing this that public sector can start to make real savings and a real difference to the lives of its citizens.

At BT we share this view. We know that simply tinkering with the processes of service delivery at the edges of PSN will result in only incremental improvement. We know that the drive to embrace shared services needs to come from government and the public sector organisations

themselves, who know best what needs to change. And we know that there needs to be a genuinely fundamental shift in ways of working. BT can help with that transformation by shaping the solutions you need to operate better today and to deliver services better tomorrow.

In the shorter term we could provide PSN services to connect service organisations, unify citizen contact and improve data management to better understand customers and resolve queries faster, enable people to work more flexibly with access to the information they need, and use conferencing to cut the time spent in meetings and travelling.

And in the longer term, we could help organisations like UK police forces to manage the demands of the environment they operate in, instead of having to react to them, and help health trusts monitor patients remotely 24/7 to diagnose conditions before any complications set in, saving valuable time and money.

All these things are possible over time and, more crucially, within budget. And we believe that the time is now right to think beyond ICT cost-savings and start transforming the nation’s operations. This is a timely opportunity to bridge the gaps between organisations and provide the person on the street with services that are designed for their life. This is our chance to help reshape public services for good by connecting people and organisations for a better future. And the possibilities start now.



Neil Rogers

President, Global Government, BT Global Services





Shared services in the PSN era

Casting a wider net

November 2012



Introduction

This paper considers the outlook for shared services in the public sector in the light of the opportunities emerging with the implementation of the Public Services Network (PSN). It has been sponsored by BT, but researched and written by Kable, and its findings reflect the independent view of the latter.

There has been significant activity in the field of shared services since the mid-2000s, but most of that activity has been focused at a local level. Central government has generally worked within rather than across departments; in local government most services are based on local partnerships; and little headway has been made by police authorities. Healthcare is the one area with established national shared services in the form of the N3 broadband network, Choose and Book, and NHS Shared Business Services (SBS).

Because of the local focus, the public sector as a whole has not yet come close to realising the full potential of shared services, but there is the opportunity to make progress with the roll out of the PSN, the 'network of networks' for the public sector that provides nationwide connectivity between organisations' wide area networks. This promises a more secure and reliable framework to provide a foundation for more collaborative working and sharing of services between organisations in different parts of the country.

This paper is based on established Kable research and the results from a new Kable survey focused on current attitudes to shared services. Kable has published two reports on the subject: *A problem shared?* and *Momentum to share*. In August 2012, Kable surveyed its public sector customer panel, asking questions about their organisations' plans for shared services, the relative importance of geographical proximity and common processes, and how it all relates to connectivity to wide area networks. The quotes come from respondents who were asked what factors should be considered in planning shared services. This paper also draws on BT's PSNsus survey on attitudes of public servants towards the PSN, carried out in January 2012.

Kable's evaluation yields one crucial insight: shared services that get off the ground and deliver serious savings are those that reach deep into organisational processes, sharing functions that are vital to the business. Shared services for organisations that have a common structure and mission are far more likely to succeed than those for organisations that have disparate structures where the only common factor is location.

One of the key findings of the new research is that over 70% of respondents agree that common processes are more important than geographic factors in the success of shared services, and that it is possible to run successful services that are shared across the country. This indicates an opportunity for the PSN to stimulate the use of national shared services with the potential to realise more benefits. But, to achieve those benefits there must be a concerted effort to look beyond regional initiatives and suppliers, and to build a culture within the public sector that embraces change, is willing to look hard at its business processes and be honest about the degree of customisation that is really needed. They also have to overcome reluctance to cede control. That will enable public sector organisations to cast the net more widely in seeking partners across the country for shared services based on common process to deliver real savings.

Of course, to facilitate national shared services, there must also be a focus on ensuring networks are PSN-compliant. In addition, suppliers need to play their part in providing strong service level agreements on connectivity across a broad geographical area.

The growth of shared services

The promotion of shared services has been high on the government agenda since 2004, when Sir Peter Gershon's Efficiency Review emphasised their potential to provide significant savings. It has combined with the financial pressures on the public sector to prompt many organisations to use shared services in an effort to reduce their operating costs, give themselves more scope to focus on core objectives, and increase operational efficiency through improved benchmarking.

At its heart is the idea that organisations can turn over the more uniform processes to a shared operation. The most common have been for managing internal operations, such as HR, finance, payroll, procurement and ICT services; but there have also been some initiatives for public-facing services, including the processing of housing and council tax benefits, and the administration of free school meals.

Shared services are still high on the public sector agenda. In July 2011 the coalition government published a Strategic Vision document, highlighting some of the benefits realised – including annual savings of tens of millions of pounds in Whitehall departments – and outlining its own strategy. This strategy includes the creation of independent shared service centres (ISSCs), using standardised processes, and publishing performance data against established benchmarks, along with a new governance structure. If the large departments wish to continue providing their own back office services they will have to show they can perform better than the ISSCs.

A number of shared service models have emerged, as identified in the Kable *Momentum to share* report. By far the most common, accounting for more than half of the operations identified in 2011–12, is for shared back office operations, in which public authorities share software and/or services. In central government this has taken the form of departments setting up hubs, such as the Department for Work and Pensions' (DWP) shared service centre, initially for their own agencies but which others can use. In local government it has tended to take the form of a partnership between two or more authorities, such as between Cambridgeshire and Northamptonshire as Local Government Shared Services, with the option of inviting others to take part.

The next most important model, accounting for just below 20% of the total, is for shared procurement, in which organisations join forces to obtain savings from aggregated buying. There are a number of organisations that carry out this function, such as the Welland Procurement Unit for a group of East Midlands councils, and the North West Collaborative Procurement Hub for NHS bodies in the region.

Other categories include shared front office operations, as with the Kent Gateway offices and the Worcester Hub for telephone and online contact, and internal shared services, in which organisations are sharing management and support functions. An example of the latter is the tri-borough arrangement between Hammersmith & Fulham, Kensington and Chelsea, and Westminster. There are also cases of shared outsourcing, examples being Fujitsu's management of telecommunications for a number of Scottish councils, and Capita's ICT management for a number of Essex councils.

An alternative is the delivery partnership model, a joint venture with a private sector supplier that takes on back office functions and can sell them to other bodies. The prime example of this is NHS Shared Business Services, a venture between the Department of Health and Steria that provides back office and family health services to about 40% of NHS organisations. Another is BT's venture with Liverpool City Council, Liverpool Direct Ltd, which provides back and front office services, and has customers in the public and private sectors.

Two major patterns have emerged over the past few years. The first is that in central government shared services has largely taken the shape of departments pulling together the corporate services for the agencies within their families. There have been initiatives at the DWP, Ministry of Justice, Department for Environment, Food and Rural Affairs (Defra), and others to ensure that back office operations are shared by the bodies under their umbrellas.

Few of these, however, have been extended to other departments or agencies. There are some examples – the Department for Education and Cabinet Office use the DWP's shared services division, and the Department of Energy and Climate Change takes HR services from Defra – but they are few, and the overall picture falls well short of the Cabinet Office Strategic Vision.

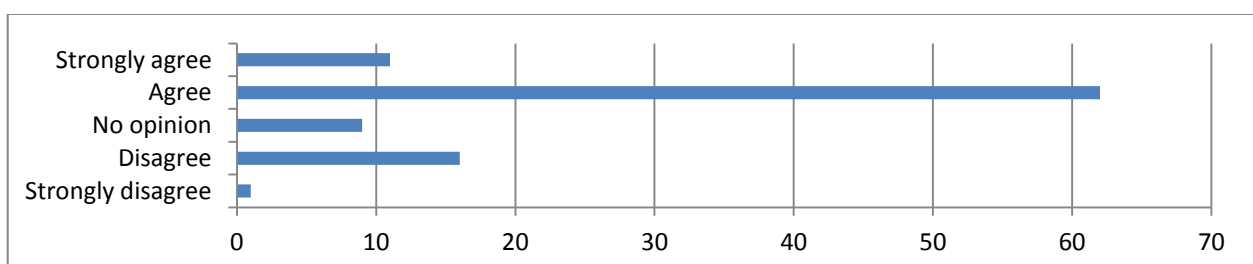
The second pattern has been that most initiatives in local government, and many in healthcare, have worked on a local basis. Authorities have been more inclined to team up with a neighbour than with an organisation in a different region or take up any nationwide offering. The only major exception has been the NHS SBS, although services such as Liverpool Direct Ltd have found customers from outside the host region.

Public authorities are now looking beyond these patterns, as the pressure from spending cuts is leading them to find new savings through shared services. This becomes clear in the results of the Kable customer panel survey, in which 78% of the respondents either agree or agree strongly that they are looking at establishing or extending shared services with other organisations. It is worth noting that among the 22% who did not agree, the most common reason, cited by more than a third, was that they already have all the shared services they need.

There are mixed views on what form this could take, with most ready to consider more than one approach. The most commonly cited are as the provider of a shared services hub, the consumer of services from another organisation's hub, and sharing procurement, back office services and resources.

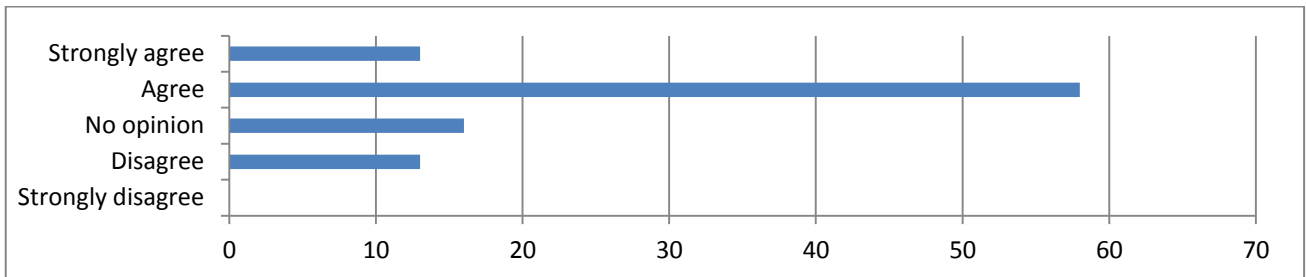
Perhaps more significant is what they consider to be the biggest factor in the way shared services are shaped. Again the majority, 73%, agreed or strongly agreed that common processes and functions are likely to be bigger factors than geographical proximity in the success of a shared service. Only 18% disagreed, with another 9% staying neutral.

Figure 1: Do you agree or disagree that common processes are likely to be stronger than geographical proximity in the success of shared services? (% of respondents)



There was also widespread agreement that it is possible to run successful shared services between organisations in different parts of the country: 71% either agreed or strongly agreed, while just 13% disagreed to some extent, and 16% had no opinion.

Figure 2: Do you agree or disagree that it is possible to run shared services successfully between organisations in different parts of the country? (Numbers in percentages)



This provides support for the contention that common processes are going to be a much stronger factor than geographical proximity in taking shared services to the next level. It provides a foundation for more ambitious projects, in which existing hubs can attract customers from around the country, and there is potential for more centres offering genuinely nationwide services.

“In the age of remote access working, location becomes less of a factor, but the employee’s willingness to think outside boxes becomes critical.” – Divisional director of a local authority

“It actually depends on the type of service. For example, a back office function could more easily be completed if geographically distant, whereas other parts of the same service (e.g. local taxation recovery house visits) would only work in a geographically close area.” – Project manager at a district council

Kable’s evaluation of every existing and proposed shared service yields one crucial insight: those that get off the ground and deliver serious savings are those that reach deep into organisational processes, sharing functions vital to the business. Because of this, shared services where the organisations have a common structure and mission (for example between district councils or between police forces) are far more likely to succeed and to yield savings than those where the organisations have disparate structures and the only common factor is location. When shared services touch only on peripheral issues such as shared commodity services, they are contestable, and may easily be superseded by other procurement vehicles.

Nevertheless, there are some significant barriers to the progress. One of these, highlighted by the National Audit Office (NAO) in its March 2012 report on shared services in central government, is that the enterprise resource planning software in the centres has been too complex and failed to deliver efficiencies. This is related to the concern that many potential customers insist that systems are customised to match their processes, rather than make the changes to a more standardised approach that would provide savings for everyone.

A notable feature of the Kable public sector panel survey was that, among the minority not interested in shared services, several cited the lack of commonality in their processes, or that it would all be too complicated to deliver

worthwhile benefits. It highlights the view that some organisations still see themselves as doing things their own way, even for the routine corporate services, rather than doing much the same as others in their field.

Kable believes that it is imperative that public sector organisations take a long, hard look at the opportunities to standardise business processes that are commonly used by comparable entities. Some organisations may exaggerate the unique features of their operations as an excuse to stand back; others may have genuine differences that could be changed to match a common template. These issues are not insurmountable obstacles. There is a lot of commonality in internal operations such as finance and payroll, and in those operations that are public-facing such as managing benefits and licensing. There is a need to change perceptions so that commonality becomes more important than preserving local variations.

Cultural issues have also provided barriers. Some organisations are reluctant to cede control of any of their processes to another. In some instances there have been fears that this could undermine shared services' whole viability; and in local government there are worries about the effect of moving jobs outside an authority's boundaries. These factors can be reinforced by political differences – control by different parties can stand in the way of working together – and the rhetoric that makes a virtue of local control. But there is some light at the end of the tunnel: in this survey the issue of losing control was raised by only a handful of respondents to the Kable survey, suggesting that it is receding over time.

“Often the failure to adequately re-engineer processes and systems to a best fit with an appropriate shared services delivery model at the outset of projects has adversely impacted on the potential benefits to be gained.”
– Director of corporate services, higher education college

“The current view is that we would not want to combine services with the mad and bad, so we need to look at KPIs for a possible candidate for shared services before joining up.”
– Desktop services manager, borough council

Some doubt the financial benefits. The NAO says in its report that the services have not yet delivered value for money to Whitehall, and a few respondents to the Kable survey expressed doubts that they would be cost-effective. It is also the case that, even in the ventures that have apparently satisfied the partners, little data has been put out to demonstrate the benefits. This suggests a need for clearer evidence that shared services can deliver value for money. The Cabinet Office has recognised this in its Strategic Vision, responding with a plan to publish performance data for the ISSCs serving Whitehall. Similar steps could be taken for other parts of the public sector.

In addition, there are the inevitable concerns over the security and reliability of connections to services provided through an outside organisation. This is one of the issues that prompted the development of the PSN.

These are significant issues, but against the financial pressures on the public sector some will shrink in importance and there will be more resolve to overcome the others. As the survey shows, there is a strong interest in sharing common processes around the country, and while senior officials have struggled to envisage how it could be achieved with their existing communications infrastructure, the implementation of the PSN now strengthens the potential to realise the benefits.



“It is more about a question of governance and strategy than anything else. The key is to get one or more organisations to align properly and efficiently.” – IT manager, local authority

*“Shared services can only succeed if they are driven properly from the top of the organisation, and all of the partners feel that they have an equally important contribution to make. In addition, success depends upon the robustness of the feasibility study and business case which must presage their implementation.”
– IT procurement manager, police authority*

Public Services Network

The PSN has been in the pipeline since the mid-2000s, but it has really taken shape over the past year and is on the verge of becoming a major feature of the UK's public sector infrastructure.

It has been described as a 'network of networks' for the public sector, providing a framework for connectivity and services that will enable organisations to connect their networks to others. Since the beginning of 2011 tests have been completed, a number of companies have signed deeds of undertaking for places on its core Government Conveyance Network, various services have been certified, and the first procurement frameworks have been set up. In March 2012 the Cabinet Office announced the connectivity framework, following up in June with one for services such as secure gateways, mobile communications and video conferencing.

There have also been early adopters among the counties that have made their wide area networks PSN-compliant, such as Hampshire, Kent and Norfolk. Also, the Cabinet Office has published transition plans for central and non-central government. It envisages that the first central government departments will use the PSN this year, and that all their networks will be compliant by 2015. For local government it expects increasing compliance from 2013, but this will be dependent on the renewal of organisations' WAN contracts.

The biggest selling point of the PSN is the provision of secure connectivity around the public sector, enabling organisations to communicate and share data as if they are on the same wide area network. This promises to provide a major boost for collaborative working and to support the growth of shared services across the country.

Research by BT shows attitudes to the PSN are generally positive. Of the public servants questioned for its PSNsurvey, 69% considered themselves to be well informed about the programme, and thought it would be important or very important to their organisation's efficiency programme. They identified a number of expected benefits, the most important being the secure exchange of data, followed by a fast and reliable network, economies of scale, and the ability to strengthen ICT systems against attack and data loss.

They pointed to obstacles to PSN adoption, the most common being system inflexibility in responding to specific circumstances and requirements. They also indicated a need for capital investment, concerns about a degree of risk in national contracts going to inexperienced suppliers, and a caution about adoption until they could see other organisations taking it up. But overall the outlook was optimistic, with 80% saying that PSN connectivity would be valuable to their organisation.

Parts of the Kable survey focused on the potential for the network to facilitate more geographically dispersed shared services, and the results provide a guide to the priorities in dealing with suppliers. A key finding was that 90% of respondents agree or strongly agree that accountability for service level agreements on connectivity is among the requirements for a successful shared service. This implies that suppliers need to be able to provide that accountability across broad geographical areas if the potential from national shared services is to be fully realised.

As for the importance of various factors in selecting a wide area network platform for shared services, 85% said reliability was important or very important, 81% said the same for security, and just 32% highlighted cost. It suggests that public sector ICT professionals will not be willing to sacrifice strong service level agreements on connectivity to reduce the bill, although the intense pressure on their finances will ensure that they keep an eye on the price tag.



Going forward

Shared services are going to remain high on the public sector agenda. Ongoing financial pressures will demand that organisations will continue to look for savings, sharing common processes is one of the prime options for cutting costs, and implementation of the PSN is a big step towards allaying concerns about reliability and security.

The 'network of networks' also provides an opportunity to take shared services to a new level, in which common processes among organisations are more important than geographic proximity and departmental families. But to harness the opportunity, Kable recommends that public authorities take action on several fronts:

- Make PSN connectivity a necessity in developing their own wide area networks. If contracts are due for renewal over the next two years, they should ensure that PSN compliance is a prime requirement in the procurements. For those with contracts due to expire further in the future, they need to look at how they can introduce PSN connectivity to existing arrangements.
- Look hard at business processes to identify those that can be transferred to a shared service, regardless of where it is based.
- Be honest about the degree of customisation and whether it is necessary. Standardising with other organisations can be difficult, but it makes a shared service a stronger option and lays the ground for long-term savings that will outweigh the costs of the transition.
- Become familiar with shared service offerings from any part of the country, and identify those that provide viable options for their organisations.
- Investigate the potential for more partnerships, between themselves and with the private or third sector, to set up independent shared service centres, with their management detached from any individual body. With strong governance frameworks and service level agreements, these could encourage potential customers to see them as an asset rather than a threat to their control, and promote the growth of shared services with a wide geographical reach.

In addition, shared service operations should be alert to the opportunity to provide more information on costs, performance and savings to highlight the benefits realised and as a benchmarking tool for potential customers. The government is aiming to push Whitehall in this direction with the plan to create ISSCs to provide such information. Similar moves could be made for local government, police forces and other parts of the public sector, preferably on the initiative of organisations in the sectors rather than under central direction. This could create an environment in which organisations would have to prove the case for standing apart rather than joining a shared service.

Suppliers can also promote the trend and share the opportunity with a willingness to provide clear and robust service level agreements on connectivity to the PSN across a broad geographic area.

Such measures would come with some big challenges, but they would lay the ground for long-term benefits, and the infrastructure is now in place to make it possible. The PSN can be used to harness the potential in common processes and take shared services to a new level for the UK public sector.



Shared services in central government

Shared services have been on the Whitehall agenda since the mid-2000s, with programmes within several departments to consolidate functions such as ICT and the range of back office services. But most have been concentrated within the parent departments, using the shared service moniker in reference to the agencies within their families, and few have been extended to other parts of central government and beyond.

There are some examples of departments bucking this trend: the Cabinet Office and the Department for Education obtain finance, procurement, HR and payroll services from the Department for Work and Pensions' Shared Services division; the Met Office and a number of smaller bodies use the Ministry of Defence's shared service centre; and the MoD Defence Business Services has been appointed as the agency responsible for all security vetting for central government.

But these are relatively few given the scale of Whitehall. Even with the Treasury and then the Cabinet Office trumpeting the virtues of the approach, cultural obstacles have stood in the way. Departments are traditionally keen to assert their independence, and much keener to provide a service than take another's offering. The recent NAO report pointed out that even within departments the adoption of a service has usually been voluntary and thereby undermined take-up.

It also concluded that, while departments have invested in shared service programmes, they have not realised all of the expected benefits. Services have been heavily customised for clients rather than standardised. This has fitted awkwardly with the enterprise resource and planning software used in the centres, and there has been a lack of reliable cost and performance benchmarks to measure success and promote best practice.

Geographic factors have not been a serious impediment to take-up as most departments have had their own national networks in place, but the PSN could provide some fresh momentum. It provides a channel for secure connectivity across departments, and it can make shared service centres more responsive to increases in demand, providing new users with simpler and less expensive access to the services. This could also be important if the government's Big Society idea gathers steam and mutual organisations begin to provide services for government, as they would have cheaper access to widespread connectivity. This is feasible as the PSN programme includes an obligation to service the third sector.

Central government's migration to the PSN will be determined largely by the expiry of existing network contracts over the next two or three years. The migration plan, managed by the Cabinet Office, shows that some bodies should be on the PSN by the middle of 2013 and all should be connected by the end of 2015.

Concerted action will be needed to drive central government further down the shared service route. The NAO has said the Cabinet Office should provide guidance to departments on how to overcome the cultural barriers, and publish a measurement system for cost and performance benchmarks. This is reflected in the Cabinet Office Strategic Vision, which includes the creation of independent shared service centres (ISSCs) and the publication of data on their performance. Over time, departments would have to surpass the savings an ISSC could provide to justify keeping their own centres.

Shared services in local government

Local authorities have been at the forefront of moves towards shared services, especially for back office processes, but so far most of the initiatives have been on a regional basis, usually confined to two or three neighbouring councils or authorities within a county.

There are plenty of examples: Cambridgeshire and Northamptonshire have been sharing a number of services under the Local Government Shared Services initiative since 2010, and are looking for others to join; Staffordshire Moorlands and Lichfield have shared an ICT outsourcing deal since 2003; and recent deals have included a number of authorities across Oxfordshire and Gloucestershire signing up to share finance, procurement, HR and payroll services. There is a lot of common ground in the processes run by councils from across the country, but there are political and cultural barriers – a fear of losing control, the pressure to keep operations and jobs within an authority's borders, and sometimes a reluctance to work with a council that is run by a different political party. It is easier to overcome these when there is a sense of the authorities sharing some regional characteristics, and when senior officials and members of the authorities know each other.

There have also been examples of councils turning their backs on shared services. West Dunbartonshire provided an example in 2011 when it voted against joining the Clyde Valley Partnership, and earlier this year Hambleton and Richmondshire councils broke up their three-year-old arrangement when the former removed their joint chief executive. Also, councils have set up services they are ready to share but found no takers. It shows that there is still a significant degree of scepticism working against the trend.

However, there are signs of the PSN laying the ground for change. Some counties, notably Hampshire and Kent, already have networks used by most of the local public services and which are connecting to the PSN; deals have been signed in areas such as the East Midlands; procurements have begun and contracts are being awarded (including a recent win for BT in Surrey); and there are plans in Sunderland and others to extend local networks to neighbours. As more networks become PSN-compliant, it will amount to the setting up of an infrastructure that will provide better connectivity for councils and strengthen the business case for shared services.

Combined with the continued pressure to find savings, this is likely to promote further growth; and the promise of larger economies of scale – and further savings – would be a big selling point for services that could draw customers from around the country. The common processes would provide the basis for these, both in the back office and for front line services such as managing free school meals and licensing procedures. But any efforts will have to allay the fears around ceding control to another council.

A service with multiple customers would need an independent identity, a management structure that is accountable to all of the councils taking the service, and strong service level agreements. It may be possible for a national body, such as the Local Government Association, to work with a supplier on a joint venture that follows the model of the NHS Shared Business Service. As more councils connect to the PSN it will provide the infrastructure for the exchange of data.

It would take time to develop this model, but the PSN makes it a viable option for local government.



Shared services in the NHS

Shared services have already become an important feature of the NHS. There are examples of widely used nationwide services including the N3 broadband network (managed by BT), Choose and Book (on The Spine) for referrals to secondary care, the McKesson NHS Electronic Staff Record, and the NHS Shared Business Service for back office processes and family health services.

There are also examples of regional shared services that are beginning to branch out. One of the strongest is the North East Patches Shared System Group for finance and procurement services, which is run by Northumbria Healthcare but has members beyond the north-east (including Aintree University Hospitals NHS Foundation Trust, Taunton and Somerset NHS Foundation Trust, and Heatherwood and Wexham Park NHS Hospitals Foundation Trust). Another is ELFS Shared Services, run by Calderstones Partnership NHS Foundation Trust, which provides payroll and accounts payable services. It is based in Lancashire but has clients from Norfolk & Suffolk NHS Foundation Trust, London Ambulance Service, and Coventry & Warwickshire Partnership NHS.

The reason for this is that the management of the large healthcare trusts, even those that have foundation status, acknowledge the commonality in their processes. Staff at all levels tend to think of themselves as working for the NHS rather than a specific trust, and the resistance to shared services is not as strong as elsewhere in the public sector. More organisations have proved ready to pass on routine processes to obtain the savings and allow management to concentrate on more complex and sensitive issues around patient care.

The N3 network has provided the infrastructure around this, and although there have been some concerns about the security of sensitive patient data, N3 has done the job effectively and it benefits from aggregated purchasing and advantageous pricing – one of the primary aims of the PSN. It is clear that the N3 network will have a crucial role to play in the evolution of the PSN, although there are continuing discussions on how best to achieve this, including the idea of replacing N3 with N4, which will be compliant with the PSN.

In turn, this could encourage more NHS bodies to share networks and services with local authorities. There are a handful of examples: Herefordshire Hospital Trust was connected to the county council's network in 2011, and the two have shared an ICT contract for an ERP system; four NHS trusts in Cornwall have joined the county council in a procurement for IT and document management services; and Eastern & Coast Kent NHS PCT is on the Kent PSN.

This is more likely to promote collaborative working between the two sides – the sharing of information between health and social services is particularly important – but it could encourage a small scale move towards sharing between the NHS and local government.

Shared services in the police

The Police Service would appear to be one of the prime candidates for the adoption of shared services, with a range of common processes that could be managed by a common provider. In addition to the regular back office functions such as HR, payroll and finance, legal requirements dictate that police forces follow specific procedures in areas such as custody management, preparing files for court and issuing firearms licences.

In addition, police authorities have to cope with a 20% cut in their grants from Whitehall, and with about 80% of their budgets going on salaries and pensions they must look closely at organisational savings. But the progress so far has been patchy, and the police are some way from embracing the shared service concept.

There are examples of where it has been put into practice. Five forces in the south-west – Avon & Somerset, Devon & Cornwall, Dorset, Gloucestershire, and Wiltshire – are using a shared system to manage all authorisations for surveillance under the Regulation of Investigatory Powers Act. Thames Valley Police has launched a procurement for a shared network for south-east police forces that will connect to the PSN. Also, Lincolnshire Police is setting up a major outsourcing deal for ICT, back office, and command and control services with an eye on providing a shared service for other forces.

But other proposals have hit obstacles. A plan for Bedfordshire, Cambridgeshire and Hertfordshire forces to use the Lincolnshire service has been placed on hold due to concerns over the outsourcer's ability to deliver. Also, a procurement by Surrey and West Midlands forces for the shared provision of services including CCTV and command and control has been suspended after candidates for the Police and Crime Commissioner (PCC) in Surrey campaigned against the measure. With elections for PCCs to take place around the country in November 2012, there are concerns that some could come into office with a sceptical attitude to such projects.

It is likely to take some time, probably until the PCCs have been in place for a few months, before most police forces are ready to take a fresh look at shared services. But the pressure for savings, and the move towards more standardisation of ICT services, is likely to provide a fresh momentum towards sharing.

The PSN's role as a facilitator is still open to question. Police forces have been involved in some projects with local authorities aimed at using localised PSNs for communications, but there have been few signs of regional police networks to support shared services. Security is a significant concern to some police authorities – they are more sensitive about even routine back office data than other public sector bodies – and they will want to be convinced that higher security levels can be applied before they seriously consider its adoption.