

## CHESHIRE HR SERVICE

DEVELOPING AN HR  
SHARED SERVICE  
ORGANISATION IN THE NHS

## SUMMARY

Cheshire HR Service provides a blueprint for NHS HR shared services. It was founded in 2006 by the joining together of HR services from three NHS organisations across Cheshire with the intention of improving efficiency and providing a better HR service to its partners. The service, hosted by East Cheshire NHS Trust, is made up of HR, Learning and Development and HR Administrative professionals and specialists with extensive experience in delivering HR services. It provides the full range of HR services through a Service Level Agreement (SLA) Partnership Arrangement, to East Cheshire NHS Trust, Central and Eastern Cheshire PCT and NHS Western Cheshire and is currently looking to extend its coverage and build a broader customer base under the leadership of Sally Campbell, Director of the shared service organisation.

In an article in Personnel Today, Peter Reilly, Director of HR research at the Institute of Employment Studies (IES) made the following statement

*“There is evidence that says more effective people management delivers benefits for patients. In being more explicit about what the HR service was, offering a common service across Trusts and having better customer understanding, HR services in Cheshire are more commercial and cost aware”.*

He believes that there are not many examples of successful shared HR services

in the NHS and that this development in Cheshire could be used as a benchmark for the NHS.

## KEY OUTCOMES

- Costs reduced through economies of scale
- Business focus and professionalism of stand alone HR organisation
- Duplication of effort across Trusts reduced
- Skills and resources pooled for the benefit of all parties

## For Customer Organisations:

- Focused dedicated Strategic Business Partner support for organisations employed by the shared service.
- Focused Learning & Development Business Partner support for organisations
- Tailored coaching support and development for organisations to increase confidence and competence of line managers in people management issues
- Access to a professional highly skilled HR Consultancy team
- Reduced cost to customer organisations through economies of scale
- Consistent delivery of HR Advice and support utilising a newly introduced web based self service system for line managers

## For Cheshire HR Service and staff:

- Improved sustainability with a significantly larger HR resource than individual organisations could achieve This removes the risk for organisations of being dependant on a small number of HR staff and creates opportunities for new ways of working and improved skill mix.
- Improved career progression opportunities in a larger HR Team
- More effective line management arrangements
- Continuity of cover for annual leave and sickness
- Increased job satisfaction identified through the staff survey





# GOOD PRACTICE CASE STUDY



North West

## BACKGROUND

The statutory regulations for NHS Trusts did not support the establishment of a separate legal entity for the shared service organisation. Cheshire HR Service has been operating for over 5 years and is founded on the basis of a 'Service Level Agreement Partnership'. This is a collaborative, contractual arrangement between three Statutory NHS Organisations, and two 'arms length' organisations that sit within them, who have agreed to join together in the delivery of HR Services.

Cheshire HR Service covers Western, Central and Eastern Cheshire as shown in the map below.



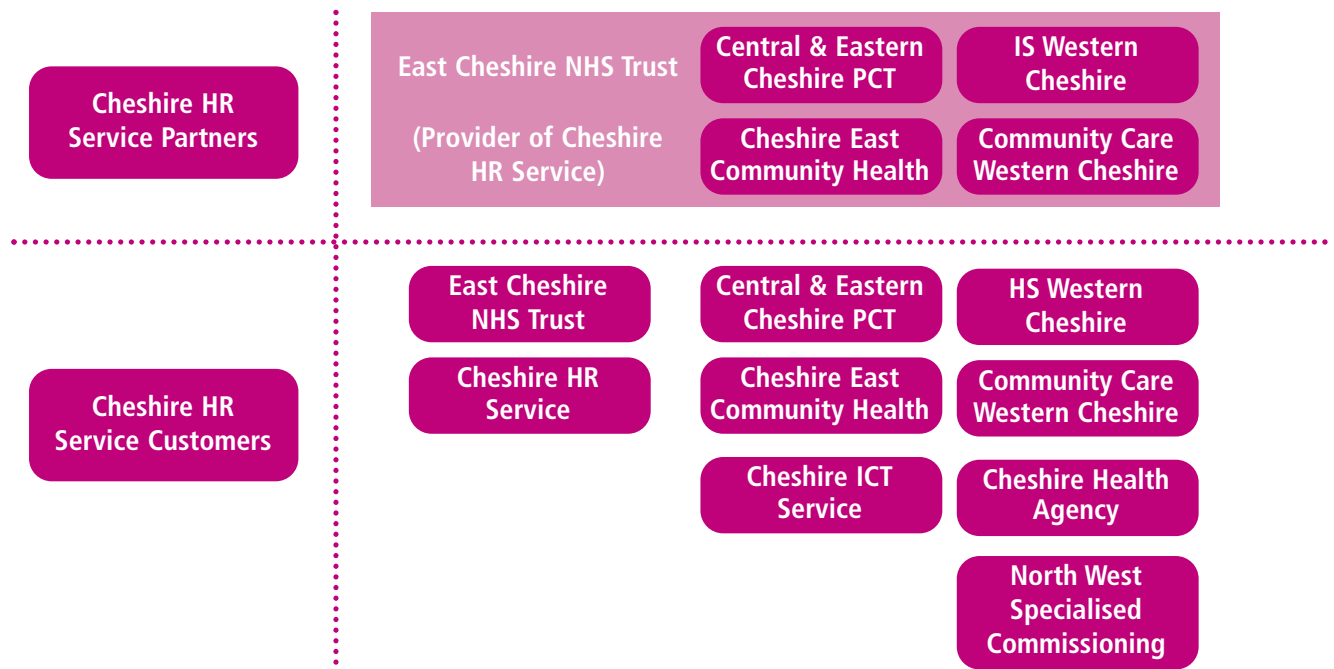
The vision of public sector bodies becoming more efficient by sharing back office departments, such as HR, was first outlined in the 2004 Gershon Review. Although there is no obligation on Trusts to go down the shared service route there is a need to ensure value for money and the economies of scale that a shared service brings.

In October 2006, the HR Teams from East Cheshire NHS Trust, Central and Eastern Cheshire Primary Care Trust, and NHS Western Cheshire came together under the leadership of a joint Director of Human Resources. The challenge of bringing these teams together was increased by the

implementation of the 'Commissioning a Patient-Led NHS' programme which led to the reorganisation of Primary Care Trusts at the same time.

After an initial attempt at bringing together leadership from the three Trusts into a common body, it was decided that the principal governance would be with East Cheshire NHS Trust where the service is hosted. The HR Governance Board consists of the Chief Executive, Director of Finance, 2 Non-Executives, the Director of Cheshire HR and the Associate Director of Cheshire HR Service who meet on a regular basis to provide an overview of performance on behalf of the three Trusts.

This virtual organisation with over 120 staff and a budget of £4.3 million has staff based in various locations across Cheshire. No professional HR staff have been retained by the Trusts although business partner teams employed within the shared service are located in each organisation, working alongside managers and close to service delivery.





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## PURPOSE

The three Trusts set out to establish and develop a more cost effective professional HR service in the form of a shared service.

Mission of Cheshire HR Service

**‘Supporting your organisation to deliver excellence in people management’**

Cheshire HR Service’s aim is to deliver a fit-for-purpose high quality HR Service that meets customer requirements. The mission is to provide a range of high-quality and cost effective workforce-related services to enable Customers to meet their overall objectives of improving health across Cheshire. It is Cheshire HR Service’s mission to provide services that are good value, are tailored to Customer requirements and to support Customers in being high-performing organisations.

## KEY STAGES OF SET-UP

### BUILDING THE FOUNDATIONS – YEAR 1 OCT 06 – OCT 07

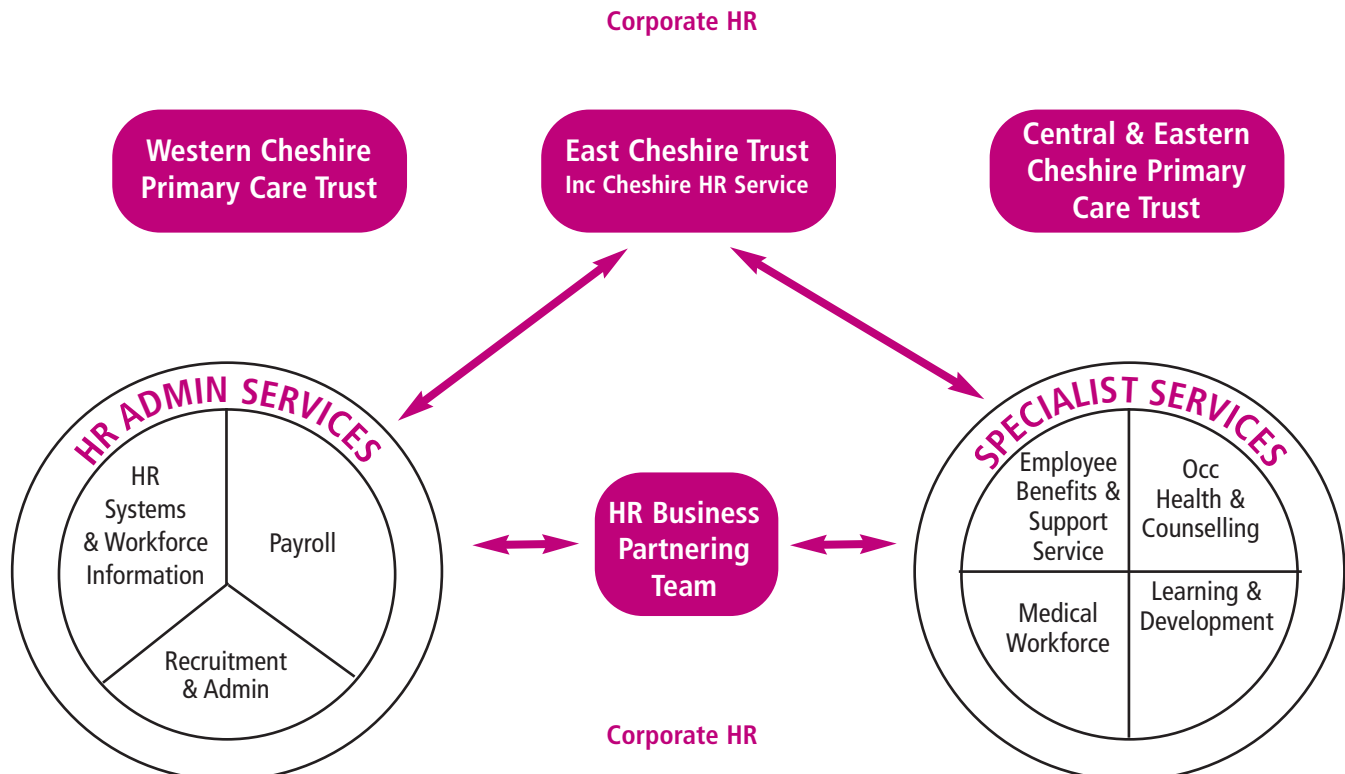
At the point of establishment an initial assessment was made of the service provision at that time. Different models of service delivery for payroll, recruitment, workforce information and learning and development existed across all three organisations. There was also a different model for Employee relations who were seen as an administration function, which required more focused leadership and additional resource. The diagram below is a pictorial representation of the service model in Phase 1 of development.

Key work streams at this time included:

- Centralisation of HR Administration teams – recruitment /ESR to the Town Hall, Macclesfield

- Bedding in new structures and managing staff turnover, whilst maintaining a level of service provision to all Trusts
- HR Admin service were working to 3 different systems and adhering to different policies within the Trusts. Working towards standardising processes to ensure efficiency, effectiveness and best practice as well as meeting specific requirements of the individual organisations
- Development of the Finance Model to oversee the financial management (staff pay) for the Trusts and provide a baseline for establishment control
- Implemented ESR Phase 1
- Outsourcing payroll function for all 3 organisations to Shared Business Services

## SERVICE MODEL YEAR 1





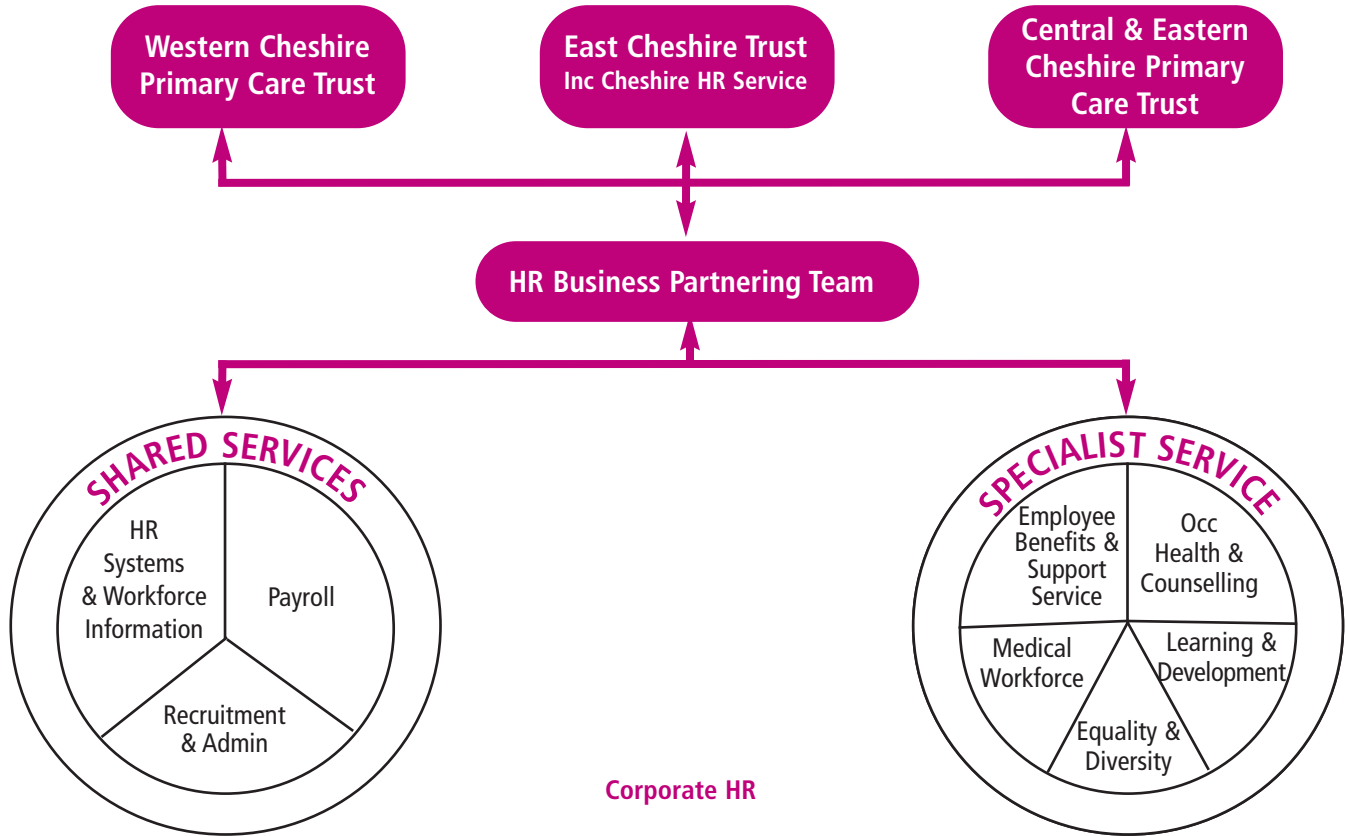
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## SERVICE MODEL YEAR 2

Corporate HR



### EMBEDDING AND CONSOLIDATING SERVICES – YEAR 2 OCT 07 - OCT 08

Key work streams at this time included:

- Refinement of the Finance Model and development of Non-pay arrangements
- Management of the payroll contract with SBS which was heavily time dependant for key members of staff within Cheshire HR Service to maintain and manage processes/issues
- Development of the corporate identity for Cheshire HR Service as part of HR's internal organisational development and working through occasional tensions between corporate HR and Trust commitments
- Reviewing capacity and structures within teams to meet increased demand from the Trusts eg: increased recruitment activity, reorganisation
- Formation of HR ICT group to develop internet, intranet and extranet capabilities
- Sourcing additional accommodation for service growth/skill mix and co-location of departments eg: ECT business partner team, HR Admin team, Corporate and Wellbeing co-location
- Development of Service Level Agreements and service specification for each organisation
- HR Performance Monitoring arrangements established and quarterly reports produced against specified service specified key performance indicators
- Developed Skills for People Management and Development course for line managers
- Employee relations and employment law services including fostering strong relationships with staff representatives
- Supporting the delivery of excellent people management and model employer principles
- Learning and Development Administration Team moved to HR Admin team management, based at the Town Hall, Macclesfield
- Managed work structure changes within each organisation
- Participated in successful recruitment campaigns
- Task analysis was undertaken to determine correct skill mix for future service delivery, ensuring that administrative, operational and strategic tasks are performed at the appropriate level
- OD Plan developed for Cheshire HR Service
- Approved business cases to secure investment in the HR Service from the PCT ie: workforce information, HR Business Partners, Learning and Development



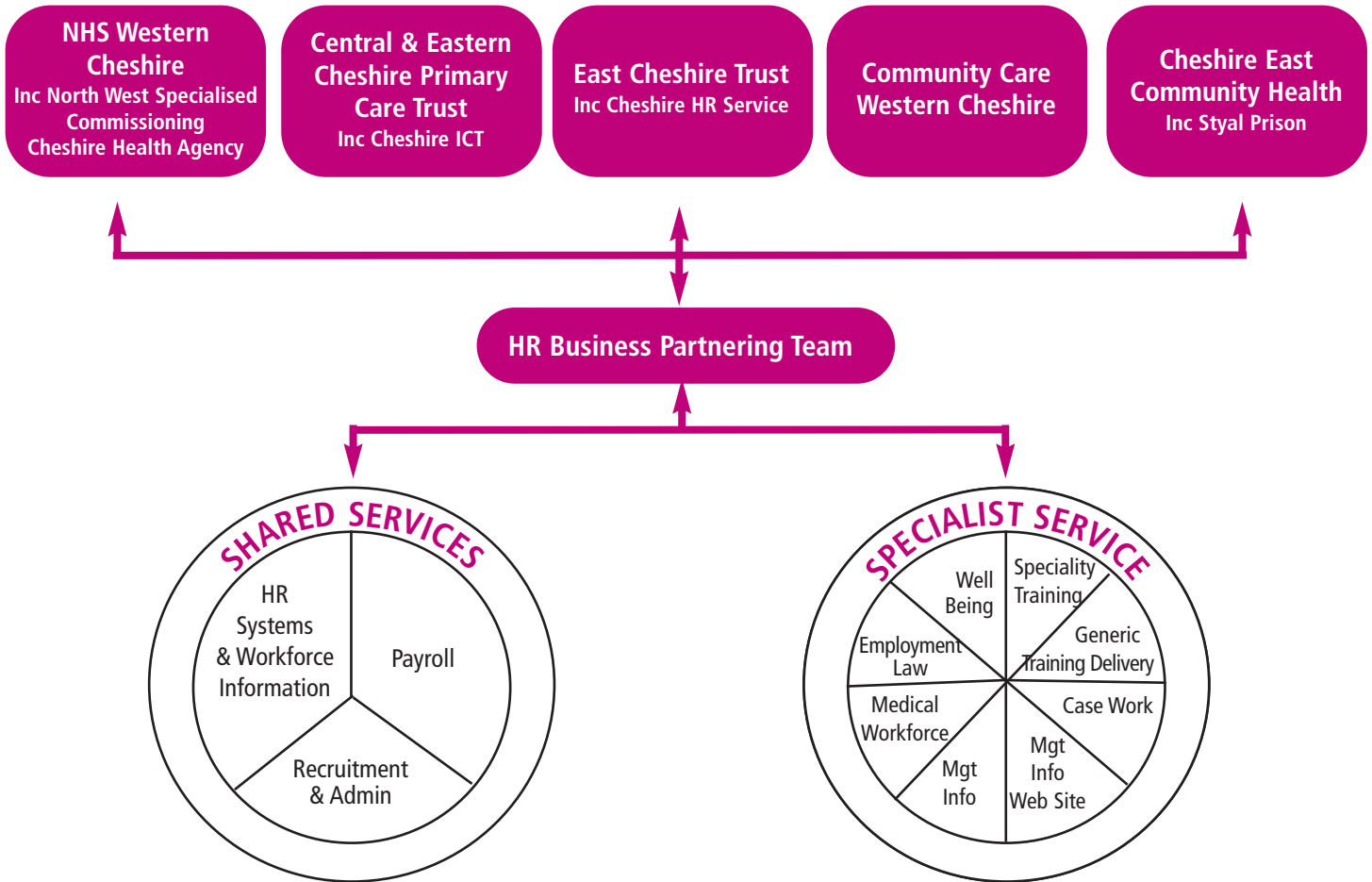
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## SERVICE MODEL YEAR 3

## Corporate HR



## Corporate HR

### DEVELOPING THE HR FUNCTION – YEAR 3 OCT 08 – OCT 09

Key work streams include:

- Completion of Service Level Agreements
- Development of Business Plan
- Development of Marketing strategy
- Transfer of staff employed by Central and Eastern Cheshire Primary Care Trust and NHS Western Cheshire to East Cheshire NHS Trust 1st April 09
- Medical Workforce Review – implementation of recommendations
- Additional leadership and support available for wellbeing agenda for each organisation
- ESR RA5 assessment successful for all 3 organisations and development of ESR roll out plan for Phase 2
- Supporting organisational development including talent management and leadership development
- Development and implementation of Wellbeing strategy for each organisation
- Development of policies utilising shared resource for research purposes, prior to adaptation to meet individual organisational needs
- Stakeholder feedback exercise completed in conjunction with the NHS Northwest and Institute of Employment studies. This feedback provided the foundation for future development of services.
- Formalising contract management arrangements of Occupational Health Services
- HR Admin restructure and pathway redesign to achieve increased productivity and efficiency and customer satisfaction
- Phase 1 of E-HR project ie: web-based HR information



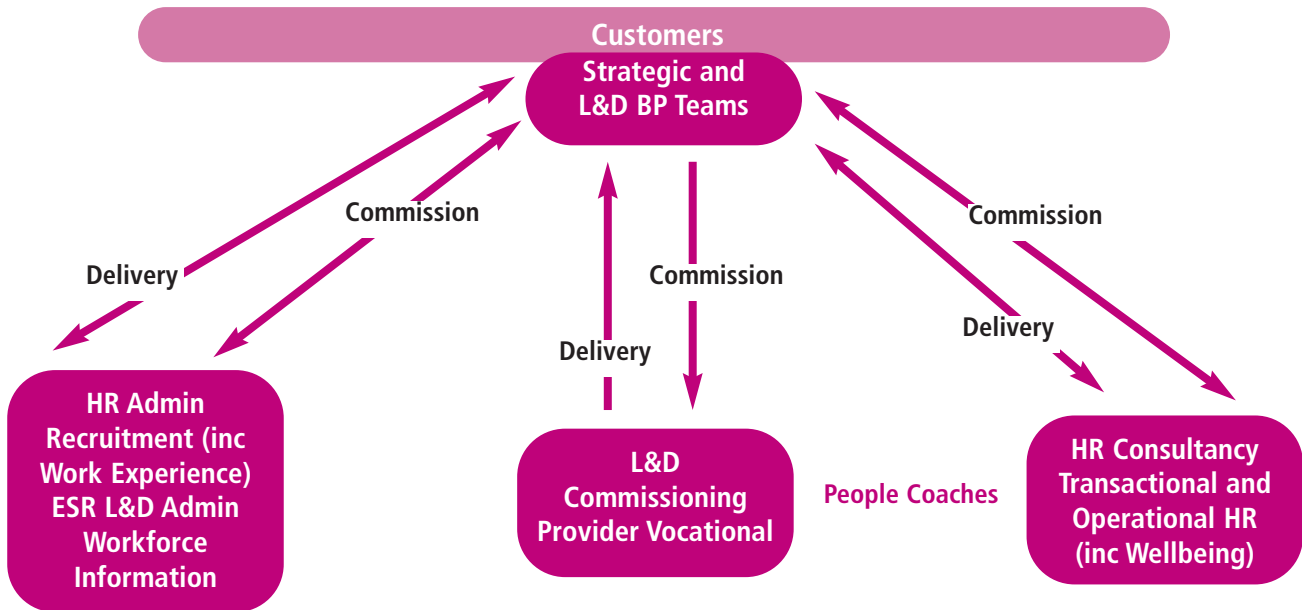


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Corporate Business Management Team Director of HR, Business Management, Governance (Assurance)



## YEAR 4 OCT 09 – TO DATE

Key work streams include:

- Development of Strategic HR and L&D Business Partner roles and teams
- Development of Employee Relations HR Consultancy service
- Development of HR IT Strategy
- Introduction of an accessible HR information portal that allows managers and staff to a wide range of HR related topics through the organisational intranet
- Further refinement of SLA agreements and specifications
- Development of Cheshire HR website
- Provision of L&D Clinical Skills to external customers
- Introduction of L&D telephone Booking system

### RESOURCES

Service Level Agreements (SLAs) are in place with each Partner that sets out what Cheshire HR Service agrees to provide, in exchange for an agreed sum, and to an agreed quality standard.

Income from the SLAs must cover not only the salary costs and on-costs of staff but the full operating costs of this shared service organisation. This will include premises, technology, training etc in addition to research and development to improve the service.

### KEY CHALLENGES/ KEY LEARNING

#### PARTNER ORGANISATIONS

- Organisations need to create the right environment for the service to work effectively. Knowledge, skills and behaviour need to be consciously and overtly developed. There is a need for all partner organisations to understand and openly discuss the challenges involved and to take responsibility for the development of the service. The Accountability and Governance Framework has been developed which includes the Risk Sharing Agreement. The environment in which the shared service operates is critical and must be proactively managed if the service is to work effectively.

- Recognition that whilst trying to standardise where possible, the context of each local area is different, and that local services must be developed in light of local circumstances and priorities. Greater efficiencies are made by sharing knowledge, research and effort which reduces duplication and cost.

#### ICT DIFFICULTIES

The shared service was initially unable to develop 'sharepoint' software which would enable the development of internal systems and processes to share documents, agendas, files etc. This was delayed due to technical capability and capacity. This resulted in a delay to the progression of the model relating to first line enquires and prevented further efficiency savings being achieved.



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## ACCOMMODATION ISSUES

Accommodation proved problematic in securing space for Cheshire HR staff. This was time consuming and caused issues with staff morale particularly where they were working away from the main sites. An option to lease external office accommodation on a short term basis was secured to accommodate expansion of services.

## CULTURAL CHANGES/STAFF DEVELOPMENT

A key challenge was shifting staff ethos from their previous structures/roles to working within a shared service that operates through a service level agreement. The creation of a larger shared service can provide benefits to staff in terms of opportunities for professional and career development, greater peer support and professional guidance.

## FINANCIAL SUPPORT

Capacity issues presented initial problems in the development of the Finance model. The complexities of managing the financial processes and developing the financial model should not be underestimated and requires dedicated resource especially in the initial stage of development.

## HOST ORGANISATION

Working within a host organisation and conforming to their systems can constrain the shared service organisation. A request to recruit or purchase may be delayed by its non-standard nature and could be exacerbated should the Cheshire HR Service expand its customer base and hence create additional activity. An understanding of the role and benefits of the shared service, by all support departments in the host organisation is vital to expand the HR shared service.

Having been in operation for over 5 years, Cheshire HR Service has overcome the initial difficulties and complexities in setting up and establishing a shared service provision. This is now common practice for staff and customers. There is a confidence that the partnership will continue because of the benefits that customers have experienced. The organisation has established a delivery model that meets customer expectations and reduces duplication of effort. It provides customised business partner support alongside efficient transactional administration functions

and is now offering an innovative self serve system for managers backed up by an HR consultancy team. A flexible and responsive approach has seen developments from the service in the area of OD and coaching for managers and in the area of Wellbeing it facilitated the production of a shared strategy.

This year the focus is to implement ESR Self Service which will change the way transactional services are provided within the shared service.

## SUSTAINABILITY

Cheshire HR Service feels in a strong position to grow. Its Director, who was in a shared post as HR Director of East Cheshire NHS Trust/Director of Cheshire HR Service is moving to focus on developing the shared service as she is confident of its potential and its future. The business plan is to offer its services to other health organisations and to local government. This will expand its customer base, securing even further benefits for partners due to economies of scale and will support the continued rationalisation of back office functions in the public sector.

## FURTHER LINKS

[www.cheshirehr.nhs.uk](http://www.cheshirehr.nhs.uk)

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