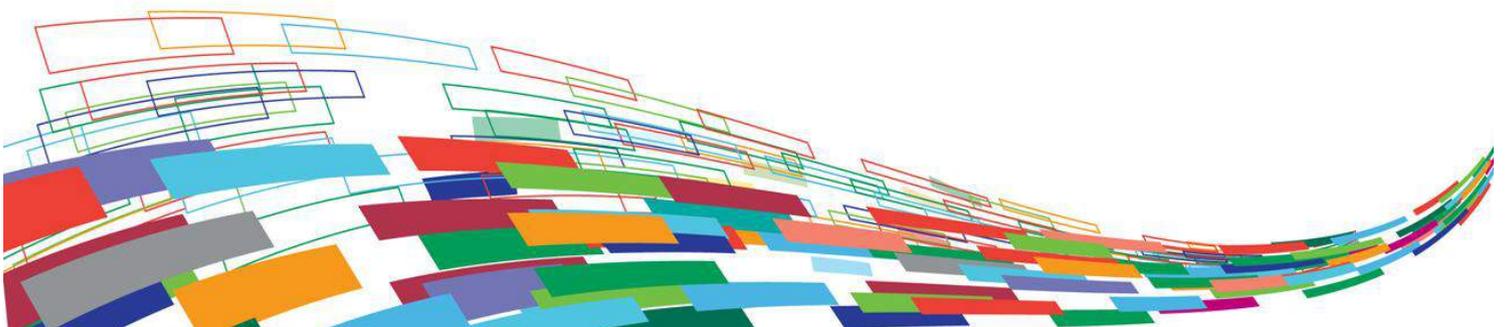
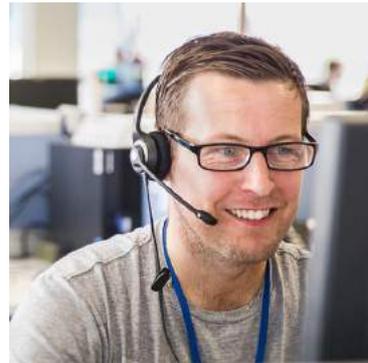


Strategy 2014-19



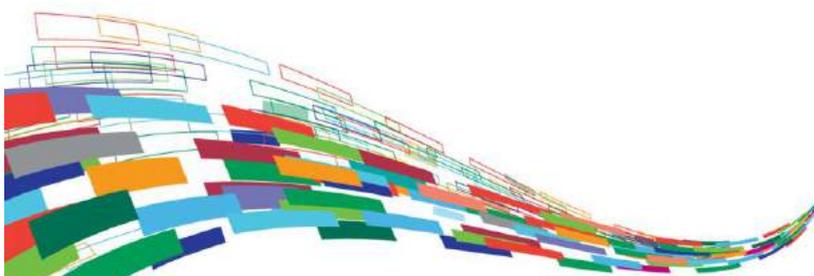
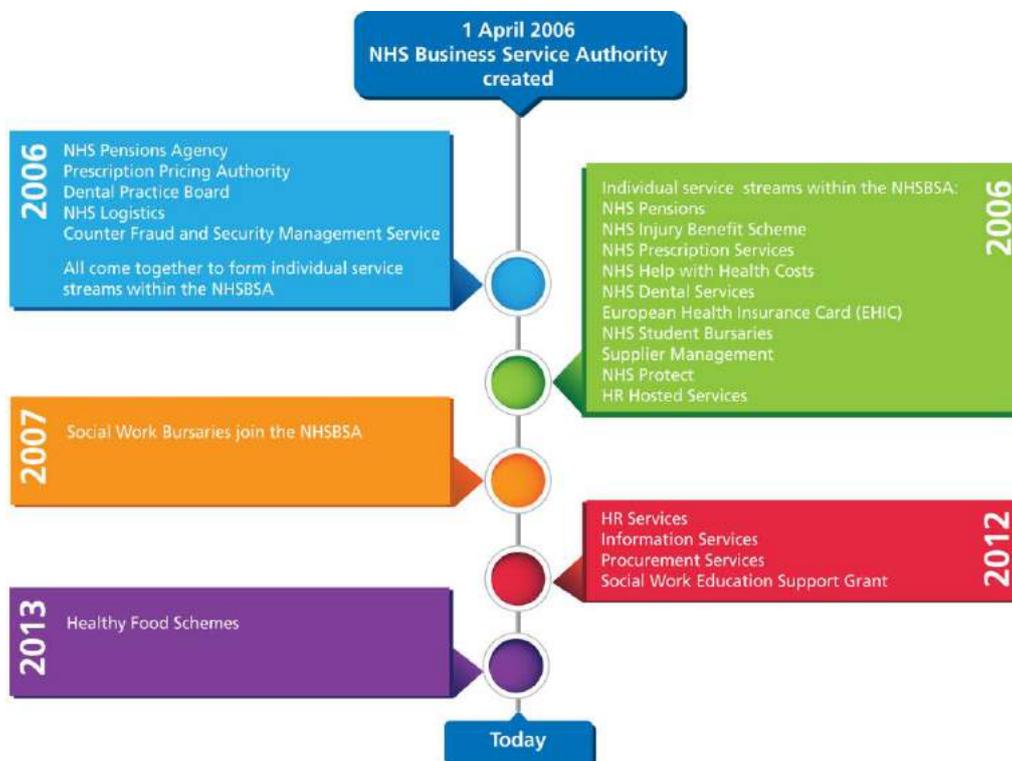
Introduction and purpose of this document

In January 2014, the Chancellor announced plans to steadily reduce public spending by £25bn after the next general election in 2015; this is in order to reduce the Deficit by 2019. In a period of major change for the UK, the healthcare system faces a number of significant challenges. This strategy summarises the key trends and issues over the 2014-19 period, our vision for the NHS Business Services Authority (NHSBSA) in this context, and how we will deliver it. This document is designed to be read alongside the NHSBSA Business Plan 2014-15.

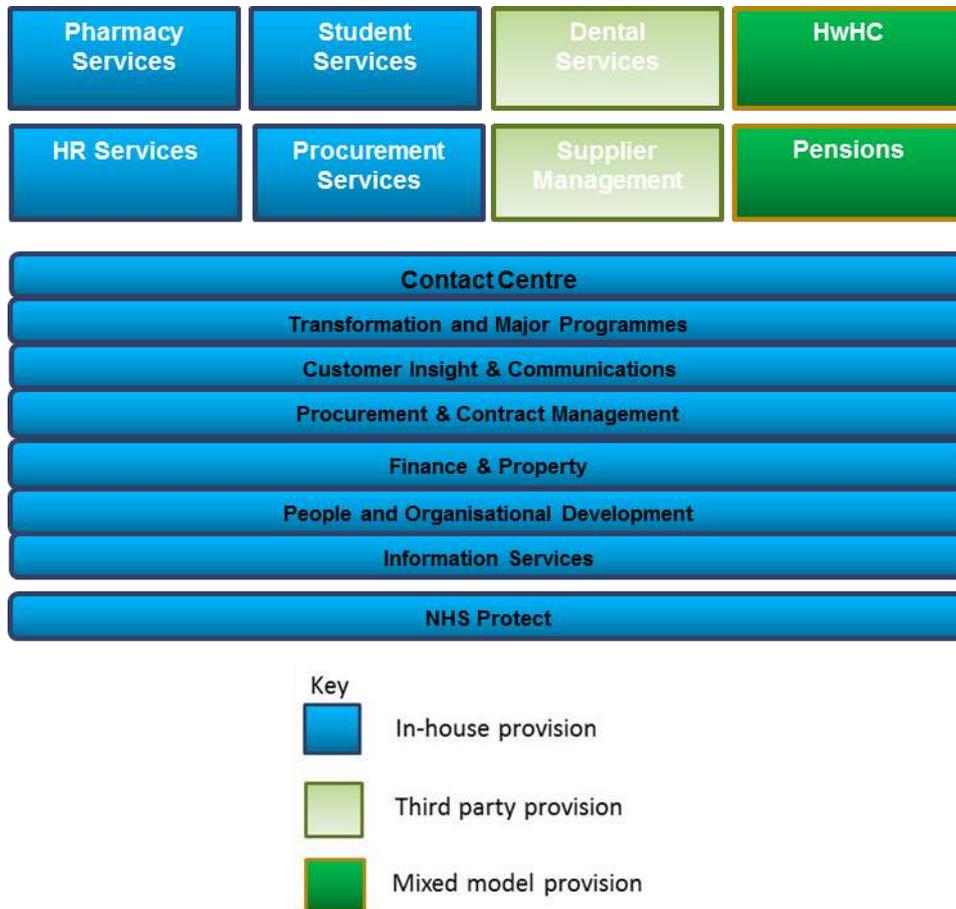
1) Background

As an Arms Length body of the Department of Health, the NHSBSA was formed in 2006 as a Special Health Authority. A number of previously disparate NHS organisations came together into one business: the NHSBSA. This change was implemented in order to provide a single leadership focus for the new entity and to deliver operating efficiencies through synergies and economies of scale. Since 2006, the NHSBSA has delivered a 46% efficiency improvement in these services by: delivering on-going operational improvements, implementing new technology and taking on new business which exploits existing infrastructure. As a result, the NHSBSA has been able to return in excess of £300m for re-investment in care. This has been achieved while consistently delivering against agreed key performance indicators and absorbing volume growth and normal inflation drivers.

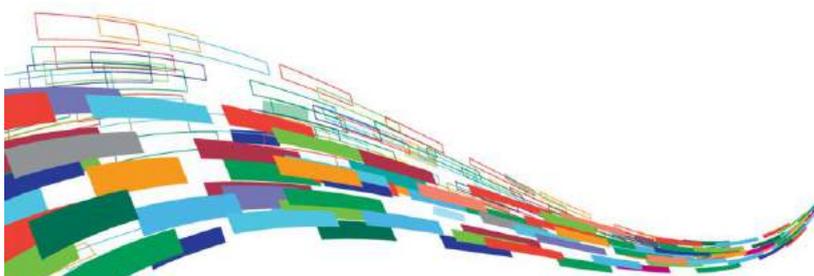
The 2006 core range of business services has been maintained by the NHSBSA and new services have been added as a function of stakeholder need. A summary is shown below.



Across all services, day to day delivery is closely coordinated with the implementation of government policy change. Associated business redesign can be complex as the NHSBSA operates a mixed model where in-house provision is integrated with or supplemented by services from third party suppliers. The diagram below shows the current extent of this mixed model.



NHSBSA operating expenditure is c£100m. It is the subject of continuous scrutiny and should be viewed alongside the £32 billion which is directly or indirectly transacted through the NHSBSA across the service portfolio. Historical focus has been primarily on the operating expenditure with colleagues in other parts of the healthcare system focusing on the transacted cost. However, this is changing and the NHSBSA is increasingly working in partnership with other bodies to develop improvements and initiatives which will eliminate waste and create new value from the larger £32bn figure.



2) Strategic context

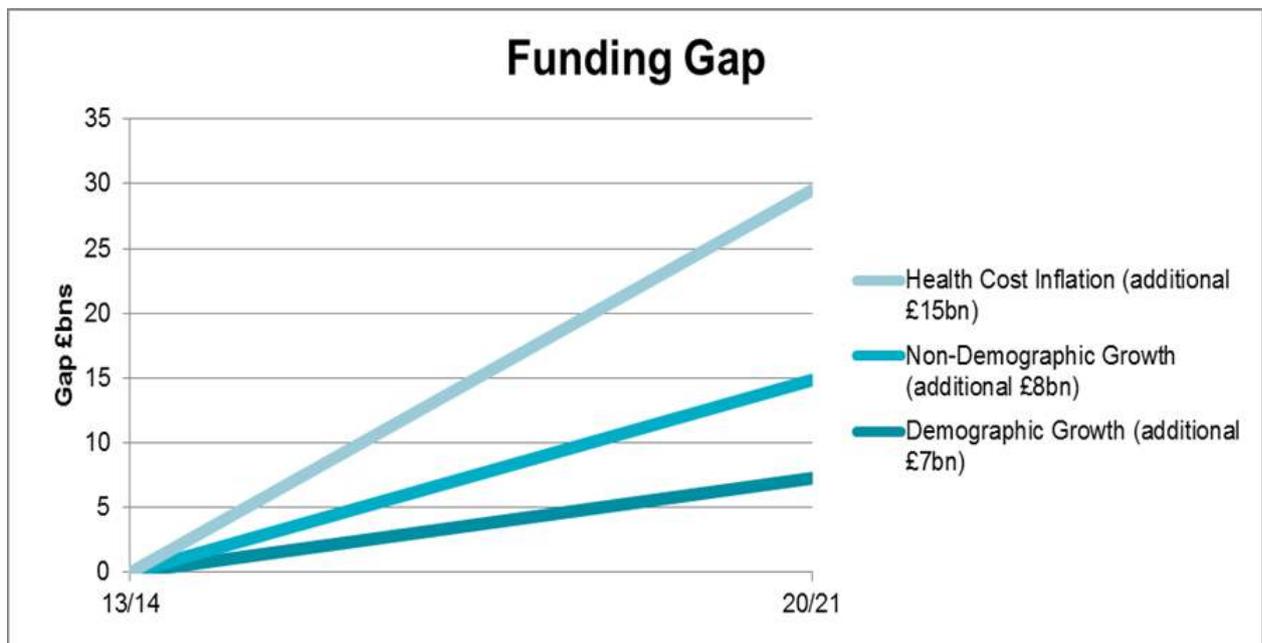
Before considering what the NHSBSA's vision should be, we need to understand the strategic context in which the NHSBSA operates. There are a number of important factors and trends which give form to the strategic context in which the NHSBSA must operate effectively. These are summarised in the sections below.

Macro-Economic Factors

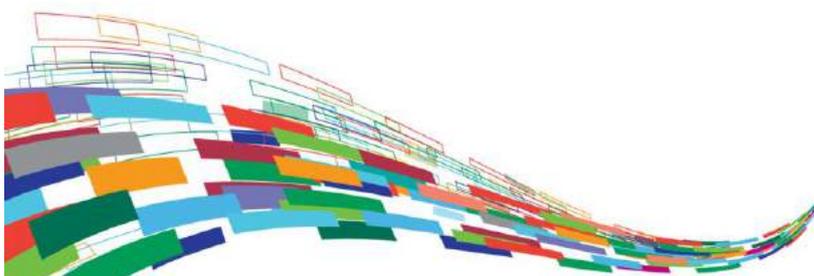
To fulfil its constitution, the NHS must continue to provide a comprehensive, excellent service, available to all. But trends in funding and demand will create a sizeable funding gap.

Recent projections from the Nuffield Trust and NHS England project this gap could grow to £30billion per year by 2021. The gap could be smaller if the economy expands faster than expected, but commissioners and providers cannot rely on this happening.

The feasibility of closing this gap has been assessed by Monitor. Its report '*Closing the NHS Funding Gap: How to get better value health care for patients*', October 2013, states that by improving the efficiency of existing service provision in acute, primary, community and mental health services, the NHS could save £6.5bn to £12.1bn. The current pay restraint operating in the system would deliver up to £5bn in additional savings by 2020/21. This still leaves a significant financial gap meaning the NHS needs to look at delivering care in a radically different way. The funding gap is shown in the graph below.

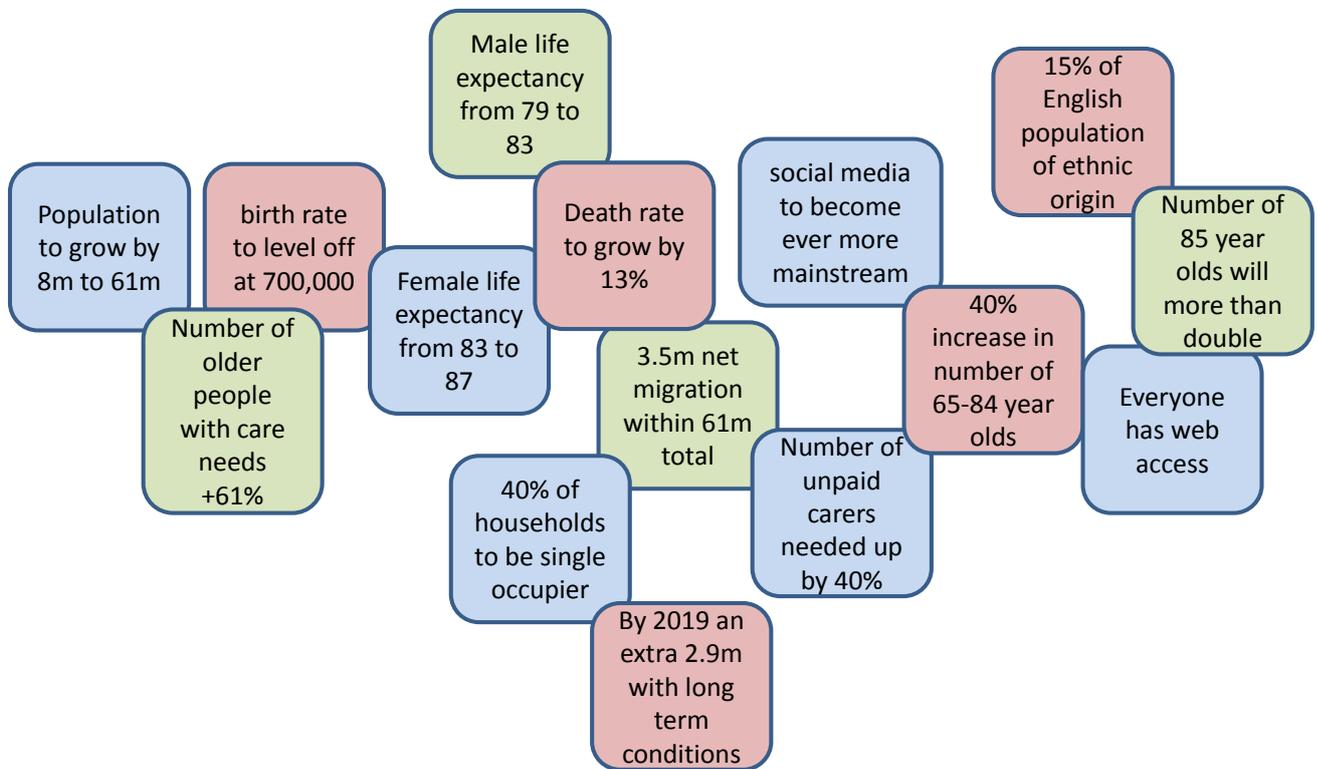


The financial challenge facing the ALBs is outlined in the Spending Review 2013, June 2013. The document requires the DH to secure a 10% real terms reduction in administration costs by 2015/16 across the ALB sector.

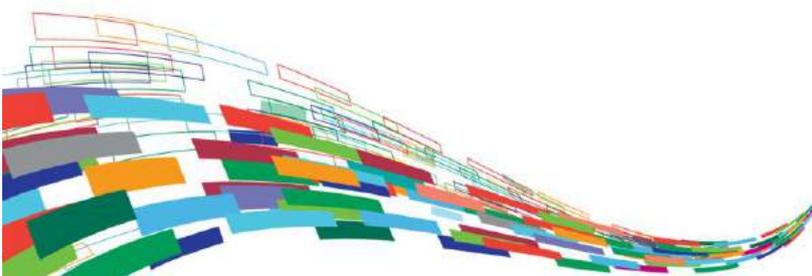


Socio-demographic trends to 2031/2

Each of the changes highlighted below will have an impact directly on the NHSBSA or on the wider healthcare system. We are also aware of the global trends affecting all businesses. All of these changes are therefore relevant to our thinking as we plan ahead.



Source: Kings Fund 'Think Differently – Future Trends' <http://www.kingsfund.org.uk/time-to-think-differently>



System priorities

Our organisation is an integral part of the NHS. This requires us to be familiar with priorities which relate directly to the health of patients and to understand our role in delivering these improvements. A number of key priorities are shown below.

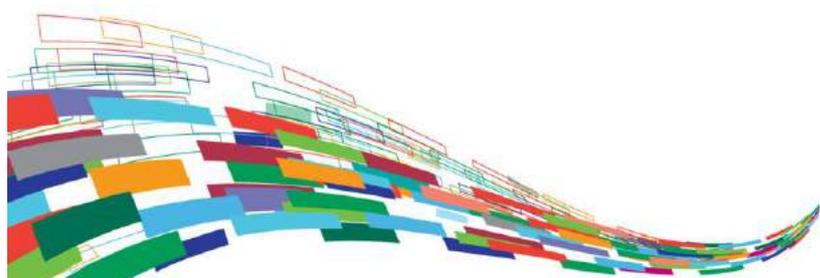
improving the standard of care	involving patients in system-wide decision making
improving productivity and sustainability, ensuring value for money for the taxpayer	implementing social care reform
using better information to drive better care	building effective partnerships to deliver better outcomes
improving treatment and care of people with dementia	contributing to economic growth
developing the resilience of DH and the wider health and care system	improving clinical quality through clinically led commissioning
bringing the technology revolution to the NHS to help people manage their health and care	preventing people from dying prematurely
progress towards achieving true 'parity of esteem' between mental and physical health	improving care for vulnerable older people, focusing on the role of primary care in providing integrated out of hospital care, and improving urgent and emergency care

Source: DH Business Planning Guidance 2014-15 and NHS England 'our work'

'System' reconfiguration

The Health and Social Care Act 2012 became operational on 1 April 2013. It was described as the most extensive reorganisation of the structure of the NHS in England to date. Among other changes, the National Commissioning Board (now NHS England), Clinical Commissioning Groups and Commissioning Support Units were created. Strategic Health Authorities and Primary Care Trusts were abolished. NHS England Area Teams (27) became responsible for effective operation of the NHS healthcare system across England. This reconfiguration continues to have an impact on the NHSBSA in terms of:

- service configuration where on-going change is needed
- new service development, such as HR Services and Procurement Services which were designed and implemented to support changes in the wider healthcare system



- key relationships across an increasingly complex stakeholder landscape
- areas of priority to support system-wide initiatives, and
- funding.

DH Review of the NHSBSA's role

This 'Commercial Review' of the NHSBSA was undertaken jointly by the DH and the NHSBSA management team. It sought to explore how the NHSBSA could maximise the value it added to the wider healthcare system and it was concluded in June 2012.

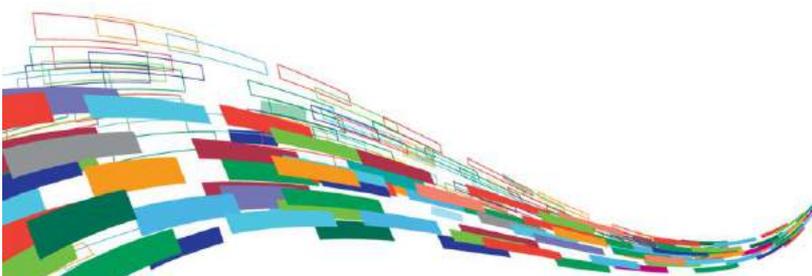
Key recommendations from the review were that the NHSBSA should remain as a Special Health Authority, that it should act in partnership with the Department of Health, and that it should transform its services and elements of the wider system in which it operates, exploiting private sector capabilities as needed. The NHSBSA team fully supported these recommendations and a number of programmes are now underway as a direct result.

Summary of Strategic Context

Each element of this 'strategic context' either impacts the NHSBSA now or will do so through the life of this strategy. A number of strategic themes emerge; they highlight the need for us to organise our efforts in a different way in order to deliver more in a system which requires fundamental change.

The key themes are summarised below:

- Ever increasing demand for health resources from a range of demographic factors and an increased prevalence of long term conditions
- £30bn health funding gap
- Potentially significant increase in NHSBSA direct and indirect customer numbers and volumes of activity as the structure of our population changes – e.g. more pensioners, increased prescribing volumes, increased complexity of prescribing, different health, support and accessibility needs as ethnic diversity increases throughout the population
- Determined focus on health system improvement from senior levels in government
- More complex client base, NHS England and others, where relationships need to be developed which are centred on patients and care
- On-going need for robust financial planning and control in challenging context
- Delivery of recommendations from Commercial Review, complementing existing NHSBSA skills and capabilities by partnering with private sector partners under a number of potential sourcing options.



3) The NHSBSA vision

The NHSBSA vision has been created in the context of the strategic themes above. Our purpose remains unchanged, our goals are more ambitious, recognising the need for innovation and solutions at-scale, and our values are constant, uniting us as one team. We will transform not only what we deliver, but also how we deliver it, creating a new kind of collaboration across the system which is a pre-requisite for success. Our vision is encapsulated in the graphic below.

Our Vision

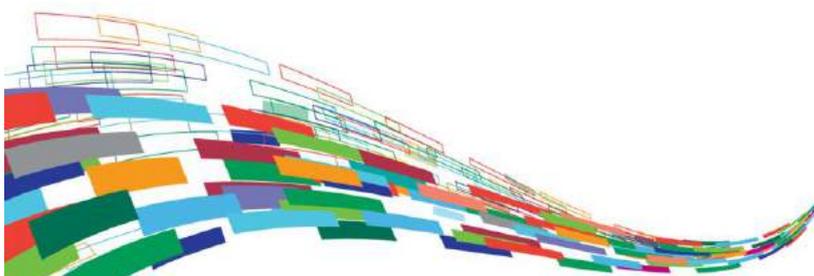
Our Purpose:
We deliver business solutions which enable colleagues in the wider NHS to focus on patient care

Our Goals:

- 1 We will create up to £1bn of value for the NHS through waste elimination
- 2 For every service we 'touch', we will deliver significant improvements for patients and customers
- 3 Our customers will enjoy service which is consistently upper quartile
- 4 We will use analytics to provide insight which drives change
- 5 Our people will focus on service, health and care with expertise and passion
- 6 Our unit operating costs will reduce by up to 50%
- 7 We will digitise: up to 80% of transactions will be e-enabled

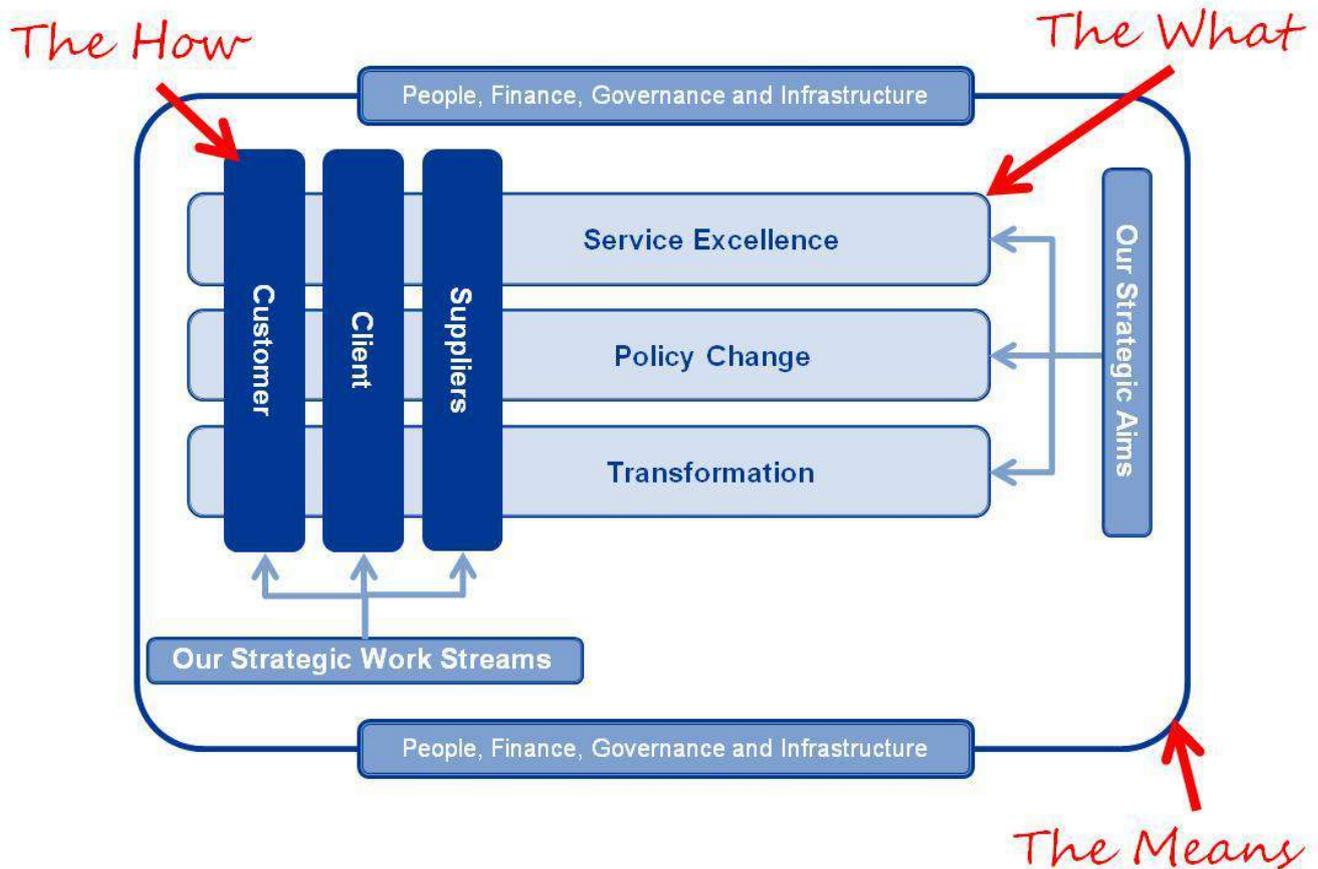
Our Values:
Integrity | Innovation | Respect | Teamwork | Quality | Accountability

Through the outputs of our work, we will continue to build our reputation as '**Trusted to Deliver**'.



4) Delivering the Vision

Our strategic framework is shown below: what we do, how we do it and the means by which we achieve our goals.



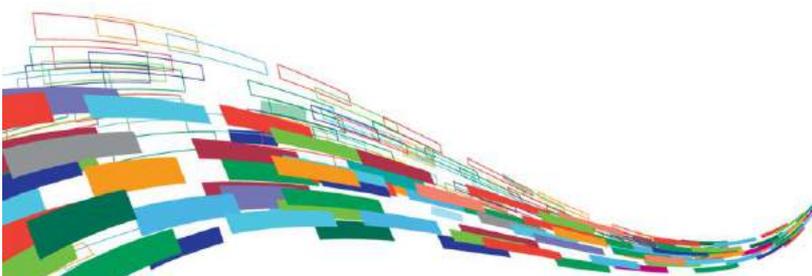
Our strategic framework allows us to focus our efforts and to make important connections between on-going activities and new programmes of work. We will continue to use this framework through the period of this strategy. In the following paragraphs, we summarise our main on-going improvement activities and programmes of work. Further details are available in our Business Plan. Taken together, these improvement activities and programmes will enable us to deliver our vision.

The What

We acknowledge that there are dependencies on effective collaboration with colleagues, approvals, investment, technology exploitation and strong partnerships to deliver our aspirations. We have set ourselves stretching, yet achievable goals in this context.

Delivering Service Excellence and Policy Change

All of our service delivery areas, shown in section 1.0 of this document, are underpinned by detailed operational and output reporting, with KPIs which are agreed with our clients.



Policy change which requires changes to our services is delivered using a structured project management approach. It is designed to ensure that objectives are achieved while protecting 'business as usual' during any transition period.

Pensions Programme

This programme is underway and is targeting the delivery of changes to the scheme which support the 'Hutton Pension Reforms' which will become live in 2015. This element of the programme requires agreement of a contract extension with the current supplier.

In addition to the above, this programme incorporates a re-procurement of the pensions service which currently operates under a 'mixed model' where NHSBSA colleagues work alongside colleagues from a third party supplier. The re-procurement will be against a new service specification which takes account of lessons learnt from current arrangements as well as future requirements.

NHS Supply Chain (DHL)

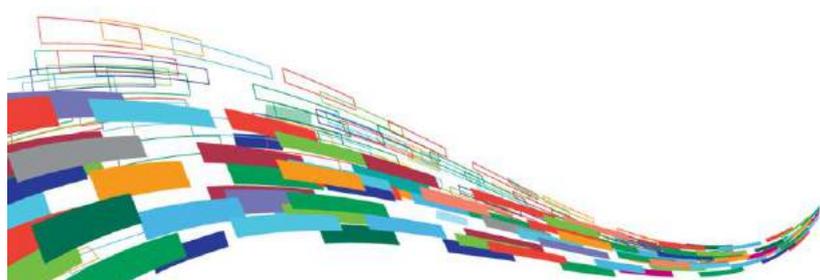
Through our management of this arrangement for the wider NHS, we are targeting significant improvements in customer experience and delivered value. We are collaborating with colleagues from the Department of Health, The Cabinet Office and Trusts from across the NHS. An agreed savings target of £150m net like-for-like cost reduction is central to this work which links to the overall 'Better Procurement, Better Value, Better Care' strategy which is being led by the DH

The current contract with DHL for this service expires at the end of September 2016. We have been commissioned by the DH to undertake an options appraisal in relation to this. We expect this to complete and to formally make our recommendation to the DH in the next 3 months.

Pacific Programme

This programme is targeting improvements in patient and customer experience and the delivery of up to £1bn through the elimination of waste by March 2016. The focus is not only NHSBSA services, but also the wider healthcare system in which these services operate. The in scope areas are: Pharmacy, Dental, Student Services, Help with Health Costs and EHIC.

The programme commenced in August 2013 and initial areas of opportunity have been identified with recommended actions agreed; this is known as Wave 1. Through Wave 1, we aim to deliver up to £250m in collaboration with colleagues from across the system. Future waves are currently being planned to deliver the balance of our aspiration from this programme. Radical thinking on a number of the in-scope areas will be needed both within the NHSBSA's operations and in the wider healthcare system. It is likely that through this programme, opportunities will be identified for the NHSBSA to grow its influence and ability to deliver value as activities are reconfigured and potentially expanded in terms of scope: provider management would be an example.



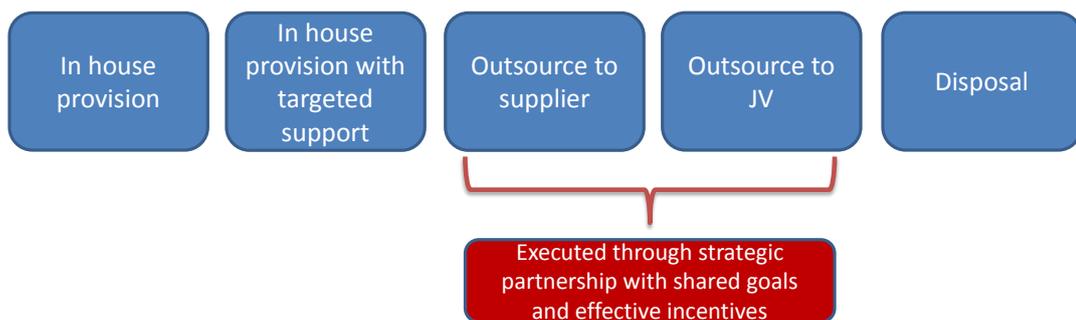
Future Operating Model

A future operating model/business architecture project is currently underway. It will take into account the need to deliver all of our strategic goals.

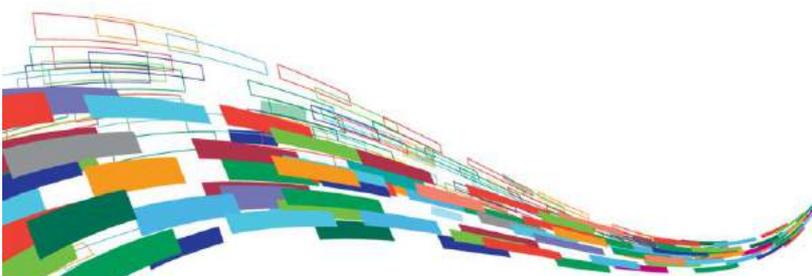
Using a proven methodology, we are mapping current and future demand for the services we provide, considering the following perspectives: taxpayer value, customer and patient requirements and experience, delivery channels, product/service design, business processes, information flows, technology requirements, organisation design, people, and facilities. This will generate a set of business output requirements. A structured options appraisal of alternative delivery models and sourcing options will then be concluded against these requirements and a recommended future operating model will be agreed and implemented.

The NHSBSA will remain a Special Health Authority and it will be smaller, acting as a Retained Organisation managing its own service delivery as well as service provision from a range of partners. There are a number of sourcing options under which service may operate (see below).

Sourcing Options



In addition to managing service delivery from a number of different parties, the NHSBSA will provide an effective ALB interface to the DH and will take on new services as needed.



The How

Customer Strategy

Our customer strategy is centred upon the need to create and use pertinent customer insight to improve accessibility to and experience of our services, create value and reduce costs. Alongside this, a communications refresh is being implemented which touches all media including internet, social media, email, letters, service brochures, telephone interaction. This in turn dovetails with our internal communications and engagement activity.

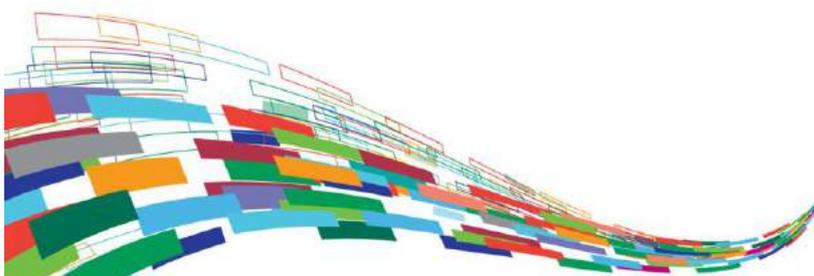
Client Strategy

In order to ensure we build and nurture the working relationships we need across the changed healthcare landscape, we have a centrally coordinated client strategy. It helps us to stay in touch with a complex network of colleagues on a wide range of issues, demonstrate that we are delivering on our promises through formal accountability reviews, and share knowledge effectively across the organisation. Our people development programmes are designed with input from our client strategy so that we can be sure to equip our teams with the skills needed for our envisioned future.

Supplier Strategy

In our 2013 strategy, we highlighted our plans to implement a standard and robust strategic sourcing methodology across our business. This was to ensure that we optimised our sourcing process and decisions, as well as making further improvements to our governance on major procurement. This is now in implementation and is built into programme plans for major sourcing and re-procurement such as the pensions programme and our technology services options appraisal. Use of the chosen methodology will ramp up during the strategic period and will be deployed on all major sourcing which is precipitated through our Pacific programme as well as other more routine procurement work.

In addition, we are standardising our contract management approach and methodology across all of our supplier relationships. This will underpin delivery of our unit operating cost and service improvement goals.



The Means

People Strategy

We recognise the importance of ‘taking our people with us’ as we deliver this strategy. Effective engagement at all levels, listening, eliciting views on major issues, and involving our managers in creating strategy is how we do business. Our Leadership Group (Leadership Team and all Senior Managers) meets on a bi-monthly basis; this provides an opportunity to share knowledge and tackle business challenges as a single team. Our ‘Leadership Means’ Programme is helping our managers to understand key motivators and drivers with a focus on delivering improved business performance. We will continue to work in this way.

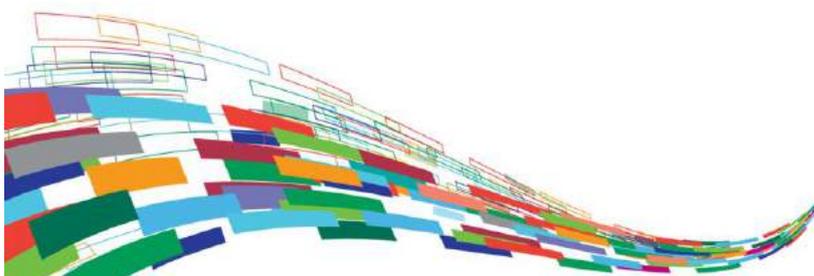
We will continue to provide HR, Learning and Organisational Design Services to our partner organisation and our own and at the same time build a best practice approach across internal and external delivery providing a value for money service across the sector.

Finance, governance and infrastructure

A number of improvement initiatives will be delivered in these areas during the strategic period. Details are available in our Business Plan.

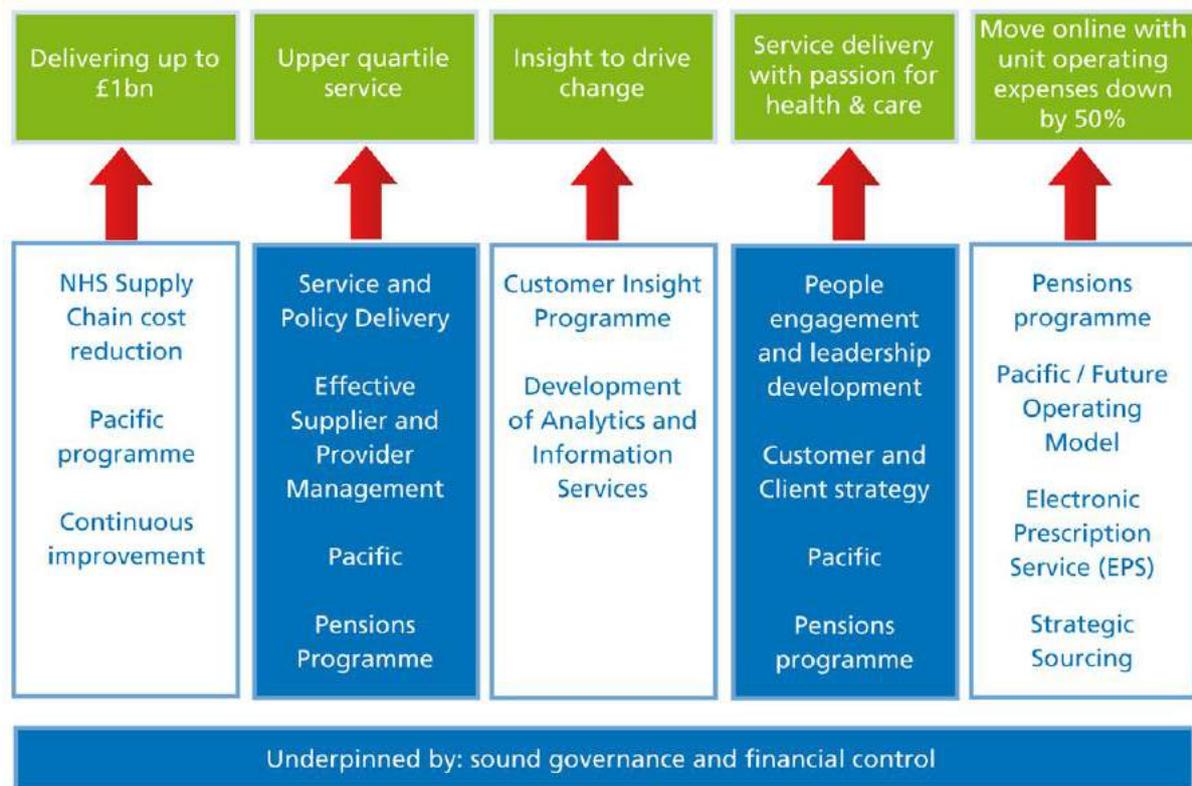
Some examples are summarised below:

- We will implement and conclude a full review of the cost architecture across the organisation to ensure that related cost items are effectively linked, and that management information enables optimum decision making
- Our ambitions in the area of governance are to ensure that we remain equipped to provide the relevant assurances while simplifying associated process to the fullest extent possible
- Our systems and premises infrastructure will be reviewed and changed as necessary with a range of key drivers from contract expiry to the definition of new requirements from our major programmes such as Pensions and Pacific.



Bringing it all together

The following graphic shows how the core activities and improvement programmes described in this section of the document will drive delivery of our strategic goals.



5) Conclusion

The healthcare system, of which we are an integral part, is facing dramatic and far reaching challenges. In this context we have set ourselves stretching goals and we have created a compelling vision. We have in place robust plans to deliver this vision and a number of programmes are already underway.

With colleagues from across the system, we will make a major impact on customer and patient experience and on financial stability. We will provide insight to support decision-making and we will be known for creating value by eliminating waste, driving powerful analytics, and consistently complex services. As we deliver more, our profile will grow and this will enable us to spot further opportunities to make our vision a reality.

Silla Maizey, Chair

Nick Scholte, CEO

Supported by

The Leadership Team and The Leadership Group

