

NHS Jobs:

How servitised platforms can modernize our public services

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Summary

Public services are heading towards a cliff – staying the same isn't an option anymore. Part of the problem is massive duplication of corporate activity between public services, when new digital technology means this could often be consumed just once – like Netflix.

If private sector service providers operated in this way, we'd laugh: imagine if Tesco's operated its 2,797 UK stores independently from one another, each with its own CEO, board, corporate functions, etc: we can imagine how low the quality each of its stores would feel, and how high the cost. Each store would be spending lots of money on duplicating stuff like finance, HR, and marketing that don't directly matter to customers, instead on things that do matter, like low prices, quality and choice.

Our public services operate a bit like this fictional Tesco's. For example, our 418 councils¹, 1,600 social housing providers², 32,226 schools³, 7000 plus NHS organisations⁴, 160 universities⁵ and 45 police forces⁶ all duplicate functions that don't matter to citizens. This duplication wastes many £billions each year, prevents our services from working effectively together, and directly defunds the services that citizens *do* care about – things like high-quality council services, social housing, teachers, doctors and nurses, social care, and police on the street.

Yet centralising these things – the 'easy' solution - would be inappropriate for our public services, which aren't like the private sector; where this has been tried, it has proved largely unsuccessful and very costly. Whereas Tesco's, for example, is able to mandate adoption of common, standard services across all of its stores, public services cannot be instructed in the same way, for a range of reasons including politics, localism, and an often highly federated structure of service providers spanning public, private and not-for-profit sectors.

But there *is* a way for government to persuade public service organisations to adopt common ways of doing some things - not because they have to, but because they want to. This can be achieved by working with the private sector to rapidly co-design and then sell standard, attractive

1 Figure relates to principal local authorities in the UK as of January 2022, ChatGPT query

2 <https://www.statista.com/statistics/811096/social-housing-providers-united-kingdom-by-organisation/>

3 <https://www.besa.org.uk/key-uk-education-statistics/#:~:text=How%20many%20schools%20are%20there,32%2C163%20schools%20in%20the%20UK.>

4 <https://odsdatapoint.digital.nhs.uk/>

5 <https://www.studyin-uk.com/uk-study-info/university-rankings/>

6 [https://policesuccess.co.uk/forces.html#:~:text=In%20England%20and%20Wales%2C%20there,does%20Northern%20Ireland%20\(PSNI\).](https://policesuccess.co.uk/forces.html#:~:text=In%20England%20and%20Wales%2C%20there,does%20Northern%20Ireland%20(PSNI).)

digitally-enabled services that can be consumed a bit like Netflix, with the risk and reward of adoption shared between both parties. Crucially, evidence shows that when government fully subsidises these ‘servitised platforms’ by offering them to public service organisations at no cost, they will overcome their differences and adopt these services en masse. The resulting takeup will deliver many £billions in savings every year, whilst simultaneously improving the services themselves.

The evidence lies in the example of NHS Jobs,⁷ a servitised platform used voluntarily by all NHS Trusts across England and Wales for their staff recruitment– delivering hugely improved services and generating savings in excess of £1bn, at a cost of under £30m over 20 years. This document explains why NHS Jobs was so successful, and offers a few possible examples of the many situations to which this approach could be applied to generate significant savings quickly, whilst also delivering service improvements of the kind achieved by NHS Jobs.

The report is structured as follows:

- **NHS Jobs case study:** The story of how Department of Health promoted, and an external supplier managed to persuade, c700 separate organisations to adopt a single, common browser-based service, achieving 100% adoption, is unique in public services and offers powerful inspiration, as well as a valuable blueprint, for similarly modernising other public services. The OGC Gateway Review commented that "NHS Jobs has been regarded by the Gateway team as an ‘astounding success’”.

We look at why NHS Jobs was so successful, and explain how this ‘servitised platform’ differs from existing outsourcing, shared service, and common technology models already in use across the public sector. We also explain the ideal profile of the sort of opportunities to which the servitised platform approach might be applied.

- **Distilling out a set of assessment criteria from ‘what worked’:** We develop a list of key characteristics from our analysis of the success factors underlying NHS Jobs that can be used to help identify other candidates for platform servitisation across UK public services.
- **Opportunities to apply this approach to generate major savings and service improvements across public services:** Using this profile, we identify example opportunities to apply a servitised platform approach to ‘do it once’ across the local government and social housing sectors, detailing associated savings and benefits.
- **Suggested recommendations and next steps:** We suggest how government departments can assume a much-needed leadership role in identifying and sponsoring servitised

⁷ <https://www.jobs.nhs.uk/candidate>

platform-driven modernisation of public services to deliver the urgent savings and improvements needed across the public sector.

What are servitised platforms?

Servitised platforms are tech-enabled service models that use the internet to enable lots of people to consume standard products and services cheaply. Well-known examples include eBay, Uber, Skyscanner, and transaction processing systems like Banker's Automated Clearing Services (BACS), which processes electronic financial transactions in the UK. Digital *services* are different from just digital 'software platforms'.⁸

These models have transformed almost every industry they have touched, for example newspapers, travel, retail, financial services, and entertainment. In public services, a servitised platform approach could eliminate 1000s of duplicated corporate activities across health, social care, housing, local government, blue light, and education by enabling these sectors each to consume just one, standard servitised platform. This would improve public services, as well as generating £billions more each year to spend on the front line.

Servitised platforms are different from other types of shared services that have been tried within the public sector. They differ from mandated *national solutions*, such as the ultimately unsuccessful £12bn NHS Programme for IT,⁹ where complexity too often results from the need to try to accommodate all organisations' 'requirements'. They differ from *shared services*, such as those documented by the LGA,¹⁰ where public service providers work together on an ad hoc basis to pool existing resources to reduce cost; and they also differ from *digital platforms* such as those built and offered by Government Digital Service (GDS), which offer a limited range of reusable functions (e.g. notify, pay, etc) with which public organisations can build their own services.¹¹

Notwithstanding pockets of excellence, the continuingly siloed structure of the UK's public services attests to the failure of these shared service models, over many years, to standardise and consolidate corporate functions across UK public services. In contrast, we present a case study of NHS Jobs, a servitised platform that achieved close to an unprecedented 100% takeup across the health sector. As a servitised platform, NHS Jobs was not mandated (as in a national solution), it did not contract out existing bureaucracy on an isolated basis (as in a shared service), and it did not offer a functional technology component for local service-building (as in a GDS digital service).

8 <https://www.sciencedirect.com/science/article/pii/S0740624X21000642>

9 <https://publications.parliament.uk/pa/cm201012/cmselect/cmpublic/1070/1070.pdf>

10 <https://www.local.gov.uk/our-support/efficiency-and-productivity/shared-services/shared-services-map>

11 <https://gds.blog.gov.uk/category/digital-service-platforms/>

Case Study:

Using a servitised platform to revolutionise recruitment in the NHS

The Waste

Before NHS Jobs, NHS Trusts in England and Wales were spending large sums of money and time on recruitment. Further, despite attempts at regional coordination of recruitment, there was little visibility of where recruitment challenges and shortages lay at a national level and no effective mechanism for addressing these.

The recruitment experience for those applying to work in the NHS was patchy at best, because there was no national reach: advertising of jobs was limited to paper-based national, local and specialist publications, with some use made of generalist job boards. The result of this balkanised system was that a surgeon, nurse, or hospital cleaner looking for a job in Cambridgeshire might remain unaware of urgent demand for their services in neighbouring Hertfordshire, and so it would be their own responsibility to hunt down different regional sources of potential employment.

If public servants' experience of recruitment in the NHS was patchy and time-consuming, the service was also very expensive. The NHS' highly federal structure of 700 NHS organisations (at the time these were Health Authorities, Primary Care Trusts, NHS Trusts, and related organisations), meant that there were over 10,000 staff involved just in recruitment. Each organization focused on recruiting to meet their own needs, using whatever standards, processes and channels individuals undertaking recruitment thought best, an arrangement that resulted in huge external spend across the NHS without realizing the benefits of buying at scale.

Internally, CV reviewing, shortlisting of candidates, interview scheduling, job offers, reference checking and other processes were paper-based and differed across NHS Trusts, resulting in labour intensive, costly and slow recruitment that failed to showcase the NHS as a modern, model employer, Further, the inconsistent application of best practice and lack of audit trail for recruitment decisions left NHS organisations exposed to legal claims of discriminatory practice.

The Solution

The NHS online recruitment service, NHS Jobs was commissioned in 2003 and is a servitised platform supporting end to end online recruitment for the NHS.¹² For 20 years it has provided candidates with streamlined functionality, 24/7 access, and national visibility of vacancies, offered NHS employers end-to-end recruitment automation, enhanced management information, and national reach.

The NHS Jobs platform enables NHS organisations to advertise vacancies online, manage candidate applications and interact with candidates throughout the recruitment process. Once candidates submit an application, NHS users are able to view these in real time, enabling a more proactive recruitment process. They are also provided with application management, distributed short listing and other capabilities as part of the service.

To further inform recruitment planning, NHS organisations at local, regional and national levels can obtain detailed recruitment reporting and management information and the service is integrated with the NHS Electronic Staff Record (ESR) system to ensure a seamless transition from recruitment to employment.

In addition to the technology, this servitised platform includes the provision of targeted expert candidate marketing, best practice processes and guidance, promotions and education, in addition to the tradition dedicated service management and helpdesk support.

There was virtually 100% take-up of NHS Jobs, with c700 NHS Trusts adopting the common service in approximately 18 months across the whole of the NHS in England and latterly Wales. Delivering on a huge scale on average, it advertises c45,000 jobs across 350 types of roles and is used by more than 2m jobseekers per month to make c275,000 job applications. As a servitised platform, NHS Jobs replaced an expensive, balkanised and bureaucratic array of separate recruitment operations that was difficult and time-consuming for candidates to use, with a much cheaper, centralised, simplified service that was easy and quick to use.

How was this achieved?

NHS Jobs' unique achievement of almost 100% take-up means that the service can be considered an exceptional pathfinder for the use of servitised platforms to achieve similar functional and

economic benefits across other UK public services at a time of unprecedented resource constraint. Here we explain the critical factors behind how, using a ‘servitised’ approach, NHS Jobs service was created, piloted and comprehensively adopted by the NHS to a level, cost and speed that other common approaches (e.g. shared services, GDS platforms capabilities, common technology, leaving it to suppliers, etc.) on their own have failed to achieve.

Critical Factor One: Creating a service that organisations *wanted* to use, but did not have to use

Attempts to agree the ‘requirements of the NHS’ or other Public Services Sector for nationally mandated solutions have typically proven to be an expensive, long process, if achievable at all. They are typically too ambitious - both in attempting to reconcile the perceived ‘uniqueness’ of many organisations to the satisfaction of all, and/or too wide in scope to be deliverable. Even if a common set of requirements *is* agreed, the long timescales required to implement such complex solutions mean that such requirements are ever-changing during implementation due to the natural evolution of needs, legislation, innovation, etc. and the need to incorporate benefits that may arise long after the investment.

Crucially, when the Department of Health had the vision to procure a national NHS Jobs service, it also had the wisdom to agree not to mandate the service. If the service was to work nationally, Trusts would have to overcome their variously perceived ‘uniqueness’ – and *they would only do this for a service they could see already worked well*. This contrasts with more traditional approaches that fail at the design/implementation stage¹³, as, understandably perhaps, public bodies may be inclined to resist a common service that remains unproven, but which they will nonetheless be required to use.

This allowed an approach to designing a solution that more closely follows that undertaken in industry, where a supplier will engage with a selection of potential customers to help them design a service that is likely to prove attractive to the market.

For NHS Jobs, this meant undertaking a co-design exercise: a set number of timeboxed design sessions with a selection of staff across the NHS actively involved in recruitment. Those staff were empowered to make decisions in these sessions, with no senior overruling allowed.

13 E.g. the £12bn National Programme for IT in the early 2000s:
<https://pubmed.ncbi.nlm.nih.gov/28166675/#:~:text=The%20initiative%20was%20not%20trusted,officially%20dismantled%20in%20September%202011.>

Further, the Department understood that there was no public value in continuing to allow NHS Trusts to 're-invent the wheel' on recruitment, instead selecting a service where approximately 85% of the functionality of the technical solution was already proven on a large scale. This allowed investment to be targeted on customizing the remaining 15% to make it applicable and attractive to NHS organisations.

Applying proven approaches to the public sector was then supported during the implementation by empowering the supplier to push back on any attempts to re-design approaches to e-recruitment already embedded in the technology, and also to challenge widespread assumptions about 'the way recruitment is done' within the NHS where appropriate (such as closing dates for vacancies being necessary: they weren't).

Finally, the underlying technology allowed NHS Jobs to be designed to be entirely browser based, with no 'footprint' required on end user machines. This avoided the need for every individual NHS IT department to be involved, leaving only central engagement to test security, capacity and reliability.

This approach resulted in the design and development of the NHS Jobs servitised platform being completed within only four months, followed by a live pilot with 46 volunteer NHS organisations for a further four months.

Critical Factor Two: Central funding and support

Whereas, for example, Tesco might hope to capture a large market by launching an innovative new product on their own across, say, the retail sector, it is unrealistic to hope that an external supplier can achieve the same thing across a public services sector without significant sponsorship at the centre from the relevant department.

The Department of Health understood that fundamentally all NHS Trusts had the same recruitment challenges, and therefore that the scale of benefits achievable by widespread adoption of an electronic recruitment service were potentially very significant.

The Department also recognised that the benefits to themselves and the NHS as a whole from a successful NHS Jobs service would be greater than those to individual NHS organisations, including visibility of vacancy levels, improved workforce planning and reporting capability.

Understanding that a non-mandated NHS Jobs service would need to be as attractive as possible to NHS organisations, the *Department committed to full, central funding of the creation and on-going provision of the NHS Jobs service, whilst permitting NHS organisations to keep the resulting savings generated.* This was critical to successful level of up-take of the service achieved.

In addition to funding, the Department provided support that a supplier could not achieve on its own, namely:

- Credibility through allowing the use of the NHS Brand
- Strong sponsorship from the top, visible in ministerial statements and press releases
- Protection of the vision, through supporting the supplier to pushback on some employers' demands for customization along 'we're special' lines and their response to parliamentary/legal challenges from other suppliers in the health recruitment space.

Critical Factor Three: Supplier expertise in achieving service take-up momentum

Whilst the ability to provide the service to NHS organisations at no cost (due to central funding) undoubtedly made for an attractive proposition, adopting NHS Jobs still involved effort and a commitment from each organisation to work in a new way.

There are examples of significant investments having been made in creating public sector services which then fail to have the desired level of uptake. For instance, despite having launched in 2015 and to have been used by for all outpatients referrals from October 2018,¹⁴ only 50%¹⁵ of outpatient bookings are made through the NHS e-RS appointment booking service as of 2023 and only 27% of patients are aware they can book appointments online¹⁶.

The NHS Jobs supplier understood that NHS organisations would require persuading to sign up to the new service, especially in the face of widespread scepticism about 'another national NHS initiative' following projects like NHS Programme for IT for example: a £12bn, ultimately unsuccessful, attempt to join up healthcare providers across the UK in the late 1990s.

To achieve takeup of the service, the supplier mobilised its sales and marketing professionals, combined with others with NHS expertise, to persuade NHS organisations to sign up, via a sustained campaign involving knocking on NHS Organisations' doors 7 to 8 times a week to get individual face to face meetings, backed up by conference presentations, seminars, articles and press releases to raise overall awareness.

14 <https://healthcareleadernews.com/news/mandatory-electronic-patient-referrals-to-save-nhs-millions/>

15 <https://digital.nhs.uk/services/e-referral-service/reports-and-statistics/monthly-booking-reports>

16 <https://digital.nhs.uk/services/e-referral-service/helping-patients-manage-their-referral-online>

The supplier's financial success was aligned with the Department's aims, as a substantial percentage of their revenue was dependent on achieving a high level of service take-up by NHS Organisations.

Services which take a long time to be adopted typically get impacted by factors such as policy and legislative changes, changing financial environments and a general view that it cannot be that important if it is not being achieved quickly. This invites the opportunity for alternative approaches or justification for non-adoption to be formed by organisations, resulting in low overall adoption.

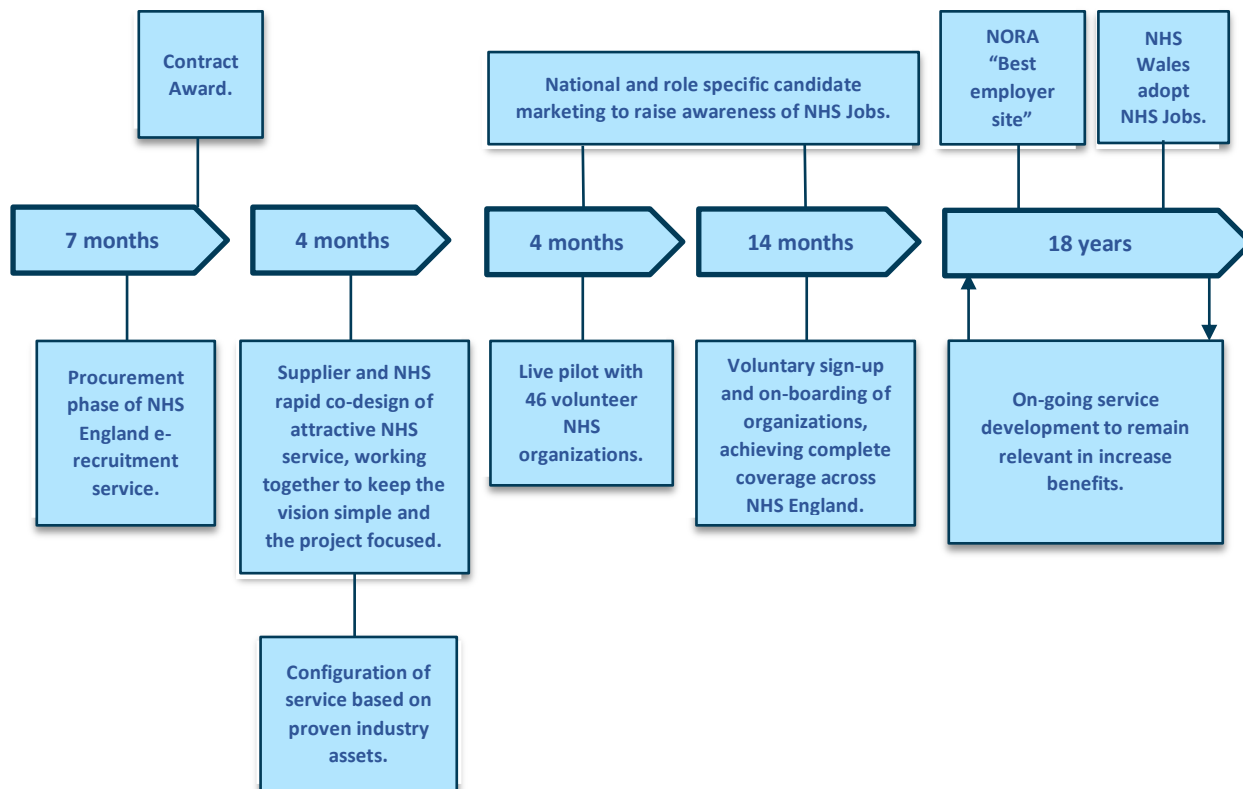
By using professional sales and marketing expertise and techniques on the NHS Jobs service, the level of momentum required for a service to be adopted by all was achieved. The take-up of this non-mandated service was rapid, with around 50% (350) of NHS organisations taking on and using the service within the first 9 months alone, exceeding the target of 40% within 12 months.

It continued to be taken on by many new organisations each month until it reached an 'inflection point', where NHS Jobs had become 'the' place to find roles in the NHS. At that point, even those resistant to adopting the service realised that they had to adopt the new service as the effectiveness of their existing ways of recruiting had become unviable.

To ensure organisations that adopted NHS Jobs understood their commitments and would remain customers for the long term, following their agreement to a code of conduct, they were provided with a comprehensive on-boarding service which included the training of some 7,000 NHS staff, [5] ensuring that the benefits of the service were fully understood – and that users were comfortable with the operational aspects of getting started and running on the platform.

NHS Jobs

NHS England and Wales national Servitised Platform designed and implemented within 2 years, delivering benefits over c20 years of over £1bn, at a cost of under £30m.



Critical Factor Four: A servitised platform, not an IT system

A focus on outcomes, not technology:

As a servitised platform, NHS Jobs was a commodity to be easily consumed from the cloud, focussed on achieving outcomes and available to all NHS organisations. The premise upon which NHS Jobs was built was that of self-service and as such, each NHS organisation was able to create roles, candidates would apply and organisations would then manage the recruitment process, including short listing, interviewing and reference checking.

As a servitised platform however, it went further than just an IT solution for all to use. Crucially, it provided those service elements best provided centrally, either because of economies of scale or because they required expertise unlikely to be available to individual organisations, or that they required a critical mass of data or transactions to be effective.

In NHS Jobs' case, those service elements included best practice processes and guidance, promotions and education, candidate marketing - both general and campaign management targeted at specific roles and or geographies. This drew on the expertise of the supplier who had many years of experience of undertaking these activities in the general job market, so again avoiding 'reinventing the wheel'.

These central service elements are critical to the success of a servitised platform, not just 'nice-to-haves'. If, for instance, effective candidate marketing had not been in place from the commencement of the pilot, insufficient roles would have been filled leading to loss of interest by those early adopters and ultimate failure of the service.

Ideally these central service elements draw on the capabilities of the market as a whole, which in turn makes servitised platforms best suited to back-end administrative activities where public sector undertakes fundamentally the same things as other sectors as opposed to specialist front end services, though it is relevant to both.

By combining the provision of a commodity self-service solution with expert-based service elements, the benefits delivered through achieving critical mass, consistency and data sharing were achieved, whilst ensuring that each individual organisation retains control over what are genuinely local differences, such as recruitment priorities, local role requirements, salary levels, etc.

The success of this approach was recognised externally with the service winning the NORA award for 'best employer website' within 18 months of launch.

Achieving long term success:

Establishing a successful service is not enough, however. As a non-mandated servitised platform, consumed from the cloud, the cost for an organisation to switch to another service is quite rightly low.

If a service does not remain relevant then it will no longer be used and yet traditionally, investment in new public sector solutions has focussed on implementation, with little thought to on-going investment past the funds that are required to maintain a solution technically. As a result, solutions tend quickly to become outdated and within a relatively short term another project is started to replace them, at great cost.

Compare this to successful platforms such as eBay, which have thrived over the long term by continuously evolving to respond to changing needs and offer more value.

To ensure NHS Jobs remained relevant, the platform was continuously invested in, based on input from the consumers of the service and joint work between the NHS and supplier to identify opportunities to deliver additional benefits. As it was based on proven technology, it also benefited from developments in the general electronic recruitment market.

As a result, the service maintained and increased its level of usage over a 20 year period, continuing to expand – the adoption by NHS Wales as an example, whilst maintaining high levels of user satisfaction.¹⁷

An astounding success

It is important to recognise that investment in new servitised platforms in the current economic climate required to deliver savings quickly and at scale. The design, development and implementation approach taken on NHS Jobs generated cashable savings after only four months and the rapid national take-up resulted in significant savings, sustained for 20 years. As such, the NHS Jobs model appears to have been uniquely successful when compared to other forms of shared service attempted in UK public sector.

Significant savings have been realized from consuming a single service

A benefits realisation survey for NHS Jobs amongst a third of registered employers in 2006 identified detailed savings in recruitment advertising spend, paper handling and administration

¹⁷ <https://media.nhsbsa.nhs.uk/blogs/nhs-jobs-candidate-satisfaction-survey-results>

costs, reporting costs on vacancy statistics and summaries, equal opportunities data, and generation of vacancy bulletins:

Responses indicated a total saving of £6.8 million was made by this subset of registered NHS Jobs users during the survey period. If similar savings were replicated across all registered Trusts, the NHS could save an estimated £40 million per year from the effective use NHS Jobs. If NHS Jobs was used for all vacancies across the whole NHS an estimated £80 million could be saved.¹⁸

Based on the above figures of £40 million per year, NHS Jobs is likely to have generated cashable savings of £912 million since 2004; based on £80 million per year, this number rises to over £1.8bn. Assuming some erosion of savings due to transition from a largely paper based service in 2004 to a cheaper digital first model we still safely expect a conservative estimate of likely cashable savings of over £1bn.

**Cashable savings of over £1bn approx. to date
Cost of NHS Jobs: £30m**

Additionally, significant internal, indirect and non-cashable savings have been generated for the NHS from use of the NHS Jobs service:

Increased quality of care at a lower cost through more permanent staff in post, faster:

“Able to recruit staff in posts, quickly thereby reducing locum and agency costs which means more money available to spend on patient care and equipment” (Barking Havering & Redbridge Hospitals Trust)

Wider pool of talent reached, increasing the quality of staff recruited:

“Since June 2004 we are attracting more applicants for our vacancies from all corners of the world” (Barking Havering & Redbridge Hospitals Trust)

Higher candidate job acceptance rates:

“Very positive feedback from candidates. Excellent speed of process for sourcing references for candidates at the touch of a button” (Barts & The London NHS Trust)

Supporting overall improvements in health care provided through effective workforce planning at local, regional and national levels:

“Able to use information to do workforce analysis to aid workforce planning and reporting” (West Midlands South SHA)

“It has underpinned our recruitment strategies as we continue to look to become more flexible and cost efficient” (United Bristol Healthcare Trust)

Reduced administrative costs:

“Administration time saved within the department” (Gloucestershire Ambulance Service)

“The biggest saving is probably in terms of time spent sending out application packs. By directing as many people as possible to apply on line, we are saving time” (Black Water Valley & Hart PCT)

“More cost efficient - admin time savings. Time directed to other HR projects” (West Yorkshire PCT)

“Less paper applications, less voice messages, less time spent on preparing packs and sending them out, less postage (Hillingdon Hospital).

Reduced duplication and errors through integration:

“The link has made had a big improvement on how we work in the department. This also coupled with changes and further links with ESR has minimised paper based working and reduced the number of hours spent in processing applications” (Newham University NHS Trust)

Note: Quotes from Trusts taken from the End Project Report¹⁹

NHS Jobs has stood the test of time. For 20 years the service has evolved to continue to meet the needs of NHS organisations.

As the continuing high levels of NHS usage of the service indicate, this unprecedented ‘next generation’ shared service has delivered greatly improved satisfaction levels amongst both NHS employers and candidates across the UK, creating a much more efficient process involving greater

¹⁹ End Project Report: NHS Electronic Recruitment Project, undated, draft

choice of roles in one location, and greater visibility of the status of both job roles and applications at any stage of the process. Recruitment across Europe's largest employer has become simpler, faster, and (much, much) cheaper, with reduced complaints and rapid resolution.

A useful comparative illustration of the financial benefits generated by the NHS Jobs approach is the £400 per new recruit²⁰ that is spent on advertising in the recruitment of teachers, for whom there is no NHS Jobs equivalent. NHS Jobs is responsible for filling around 200,000 vacancies each year; using the teacher benchmark, this is £80m per annum whereas NHS Jobs costs less than £2m per year to run. The similarity in this value to that calculated by the Turnaround National Office, above, despite being based on totally different sources is reassuring.

As a comparison, if we use an average number of joiners in the NHS of 370,000²¹ per year, with an assumption that 80% of these are recruited through NHS Jobs, at a cost of £30m over 20 years, giving a cost per new joiner of only £5. This is 80 times less than it is costing to recruit teachers.

20 <https://schoolsweek.co.uk/is-the-dfes-teaching-ad-spend-paying-off/#:~:text=The%20government%27s%20annual%20spend%20on,%20per%20new%20recruit.>

21 <https://digital.nhs.uk/supplementary-information/2023/turnover-from-organisation-by-staff-group-2009-to-2023>

Distilling out a set of assessment criteria from ‘what worked’

Objective

As a servitised platform, the profile of NHS Jobs presents a number of specific characteristics that made it a success, as summarised in the previous section. In this short section we distil these into a generic assessment criteria for servitised platforms that can be applied to assess the potential of applying servitised platform models more broadly across UK public services.

Methodology

We adopted a grounded-theory approach²² to the identification of ‘characteristics that made NHS Jobs a success’, working in small groups to iteratively identify, challenge, and shape an emerging consensus. Next, we used open coding²³ to develop a shortlist of specific characteristics of servitised platforms, continuing discussion until we reached saturation, defined as the moment when “new information produces little or no change to the codebook”²⁴ (Guest, Bunce, & Johnson, 2006, p. 65).

The resulting servitised platform characteristics were then developed into the following assessment criteria sheet, shown at Figure 1 over the page.

22 Flick, U. (Ed.). (2014). *The Sage handbook of qualitative data analysis*. Thousand Oaks, CA: Sage.

23 Strauss, A., & Corbin, J. (1998). *Basics of qualitative research*. Newbury Park, CA: Sage.

24 Guest, G., Bunce, A., & Johnson, L. (2006). ‘How many interviews are enough? An experiment with data saturation and variability’. *Field Methods*, 18(1), 59–82, quoted in Aguinis, H., & Solarino, A.M., (2017). ‘Transparency and replicability in qualitative research: The case of interviews with elite informants’. *Strategic Management Journal* 40:1291–1315, <https://doi.org/10.1002/smj.3015>

Figure 1: Assessment criteria sheet for identifying servitised platform opportunities across UK public services

Criteria Assessment mapped to Critical Factors

Must Have
Could Have

	Criteria	Explanation	Critical Factor	Meet (Y,N,?)	Explanation
1	Benefits Scale of benefits	Are benefits significant enough to make the readership sit up and take notice (Quantify?)?	Critical Factor Two: Central funding and support		
2	Importance of benefits	Is the problem this service solves seen as a big issue / something that gets 'air time'?	Critical Factor Two: Central funding and support		
3	Early benefits	Is adoption of this service achievable within a reasonable timescale (1 year timescale from commencement of contract to first tranche of adopters live and receiving benefits?) delivering early benefits to those adopting and directly using the new service?	Critical Factor Four: A servitised platform not an IT system		
4	Benefits kept by organisations	Are savings identifiable, measurable and to a significant extent, cashable, by those adopting a service?	Critical Factor Two: Central funding and support		
5	A funder who would benefit	Is there an obvious funder who will also benefit, through for instance greater visibility, ability to plan, report, etc, or alternatively, a means to self-fund the service (e.g. via 1advertising)?	Critical Factor Two: Central funding and support		
6	Technical / cultural feasibility Realistic chance of success	Does the service and area of impact have clear 'edges', avoiding services that would require wholesale transformation across many areas, legislative changes, etc.	Critical Factor Four: A servitised platform not an IT system		

	Criteria	Explanation	Critical Factor	Meet (Y,N,?)	Explanation
7	Local, central and Public cultural receptivity	Is there a realistic opportunity to overcome cultural inertia/resistance/'not-invented-here' responses?	Critical Factor Three: Supplier expertise and risk in service take-up		
8	Achievable in realistic timescale	Can the service be implemented and adopted by a critical mass of Public Sector entities within 1 year to prevent loss of momentum, technology changes, changing public sector policies, etc?	Critical Factor Three: Supplier expertise and risk in service take-up		
9	Strategic fit Back-end improvements and savings	Will the service achieve back-end improvement and savings rather than front-line service transformation, noting that it may provide a platform for front-line transformation as a further step?	Critical Factor Four: A servitised platform not an IT system		
10	Virgin territory	Does it avoid areas where 'national systems' already exist, usually implemented at great cost, e.g. NHS employee staff records?	Critical Factor Four: A servitised platform not an IT system		
11	Potential scale of uptake	Is there a large enough market for the service, avoiding services that are truly unique to an individual area?	Critical Factor Two: Central funding and support		
12	Benefits from mass usage	Do benefits accelerate as adoption increases and is there a realistic chance of achieving the level of take-up required to deliver these? This does not rule out the potential for more than one competing service / platform being procured.	Critical Factor Three: Supplier expertise and risk in service take-up		
13	Possibility of transactional-to-innovation platform	Is there a possibility that widespread adoption might eventually trigger further innovation & investment over the platform for complementary services?	Critical Factor Four: A servitised platform not an IT system		
14	Service Model Leverages existing investment and learning	Are there similar services or products proven in the private sector (or internationally), upon which a service could be based, such that the Capital cost is low enough to make approval relatively simple (Define acceptable cost up front)?	Critical Factor One: Creating a service NHS Organisations wanted to use, not had to use		

	Criteria	Explanation	Critical Factor	Meet (Y,N,?)	Explanation
15	Risk reward with private sector	Is it possible to provide this service in true partnership, where public sector and provider contribute and take risk of successful adoption, in a way that is likely to be attractive enough to potential providers?	Critical Factor Three: Supplier expertise and risk in service take-up		
16	A service, not an IT solution	Is this a true service enabled by technology, where the supplier provides elements of the service, even if the service is significantly 'self-service'? (NHS Jobs analogy – the service included the selling, transformation, on-going candidate marketing, etc. but trusts assessed, interviewed and appointed candidates themselves using the service.	Critical Factor Four: A servitised platform not an IT system		
17	Is it Digitizable?	The service should benefit from the economies of scale that come with digitisation: universal consumption, etc, rather than being physically located.	Critical Factor One: Creating a service NHS Organisations wanted to use, not had to use		
18	Technically easy to adopt	Is it capable of being consumed with no 'footprint', i.e. browser and cloud based, with minimal impact on IT departments?	Critical Factor One: Creating a service NHS Organisations wanted to use, not had to use		
19	Open standards	Can the technology underpinning a service adhere to open standards?	Critical Factor One: Creating a service NHS Organisations wanted to use, not had to use		

Approximating savings available to other areas of public services from applying servitised platforms

Objective

Although the non-cashable benefits of applying servitised platform models to public services appear compelling, we recognise the difficulty of arriving at robust predictions about the potential cashable savings between services, since no two contexts are alike. Further, there are clear limitations to the scope of this policy paper, where resources preclude a full costings exercise that would be most effectively performed by relevant policy departments. Instead, our objective is to categorise, name and explain a hitherto overlooked delivery model within public services, and illustrate, albeit at speculative level, the scale of potential cashable and non-cashable benefits to the point that it prompts further attention from a range of interested parties.

In the above we have demonstrated that compared to recruitment cost for teachers, NHS Jobs appears to be 80 times more cost effective.

We are very aware any approach is very heavy on assumptions, the data is very poor and confidence intervals in these estimates are very broad; however regardless of a precise number the potential financial impact is still very material. Especially with cashable savings, our objective is less to arrive at a robust number than to show the likelihood that major cashable savings are achievable, such that they demand further investigation.

Methodology

Notwithstanding these limitations, in order to try and estimate the potential financial impact of a servitised model in addition to the example above for teachers, we used a range of available data from local government to estimate the value of the one we know about, NHS Jobs, to develop a savings ratio, and then applied this to speculatively to other public sector areas.

Below we apply the ratio of 1:130, achievable by applying a servitised platform approach to recruitment, to a sample of activities undertaken by other public services in order to offer a sense of the scale of opportunity presented by this little-understood delivery model.

Applying servitised platform thinking to the Local Government Sector

The 'local government malaise'

The local government landscape is perhaps the clearest example of a way of doing business that cannot possibly survive the digital era. The citizen experience of local government in 2023 is one of widespread cuts to all front-line services totalling at least 21%,²⁹ to both environmental infrastructure (e.g. parks, roads, buildings) and services (e.g. social care, libraries, youth facilities). Yet, two-thirds of the 500+ services councils provide are statutory, and are thus essentially the same, but delivered in myriad different ways across the 318 principal (unitary, upper and second-tier) councils in England.

Although councils have, in many cases, recognised that efficiency gains might be realised by sharing their services, again and again a widespread tendency to "focus on the minor differences (such as local policy implementation) rather than the vast commonality between what all councils must deliver" turns an opportunity to leverage standard ways of working into an (other) expensive, bespoke silo that benefits no-one. Birmingham's inability to modernise its business processes to meet a standardised model of financial management, and resulting extensive customisation of a standard £20m IT system to something that cost £100m and contributed to its recent bankruptcy, is a case in point.

Tragically for those who rely on council services, such silo-ing extracts precious funding from front-line services (the only parts that citizens actually care about), whilst ensuring that such services remain unintelligent, bureaucratic, and inflexible, delivering suboptimal citizen experiences. This is the 'local government malaise': cuts to (continuingly old-fashioned) value-add activities, caused by duplication of non value-add activities.

Such duplication of non value-add (administrative, digitisable) services at the expense of value-add (public-facing) services could never survive in the commercial world: first, because customers wouldn't put up with it, and second, no commercial organisation could possibly maintain the enormous cost base of hundreds of entirely duplicated regional offices whilst cutting the actual services that justify these. Thus, council bankruptcies, as exemplified by Birmingham, the UK's

²⁹ <https://www.instituteforgovernment.org.uk/explainer/local-government-funding-england#:~:text=Though%20even%20including%20Covid%20grants,councils%2C%20were%20allowed%20to%20increased>

largest council, appear set to accelerate. With little chance of further central government bailouts in the future,³⁰ citizens can therefore expect large increases in Council Tax: perhaps of the order of 30-50%, and continuing cuts to their services. It is clear that as well as trying to plug holes in a broken structure (bailouts, commissioners to run bankrupt councils), government needs to start to think more creatively about how some of these services are actually run.

In sum, local government represents extremely fertile ground for delivering better, cheaper services by significant adoption of servitised platforms along NHS Jobs lines: standard, centrally-run, browser-based digital services that require no local administration (the Planning Portal, a joint venture between government and a commercial third party, is a good example of this model in local government). Centrally funded servitised platforms, whether provided by a commercial organisation (as in the 'Registrars' example below) or a central government department (as in the 'Council Tax' example) could potentially reverse the 'malaise' by using technology to consolidate, streamline, and commoditise those activities for which there is no justification for continued duplication, resulting in noticeably better (intelligence-driven, customer-centric and convenient) services for citizens, alongside huge cost savings, which could be ploughed back into more effective, as well as efficient, front-line services.

Below we include two examples of local government activities that would appear ripe for conversion to servitised platforms, using the assessment criteria developed at Figure 1. It is important to stress that these are offered on a speculative basis, but also that we expect there to be many other activities undertaken within local government that could also generate similar step-change service improvements and major cost reductions.

Example service 1: Registrars

There are two key reasons why Registrars are potentially an attractive candidate for a servitised platform: first, they are already centrally controlled, but localised in delivery; and second, all UK citizens interact with Registrars at some point, whether by birth, citizenship, naturalisation, marriage, or death (all are mandatory except marriage), with c1.5m³¹ birth, death and marriage registrations being undertaken a year in England and Wales.

³⁰ <https://www.newstatesman.com/spotlight/economic-growth/regional-development/2023/11/nottingham-city-council-bankruptcy-explained>

³¹

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/vitalstatistics/populationandhealthreferencetables>

The waste:

Registrations are already recorded on a central system called the Registrars Online Network (RON) and this is then stored by the General Register Office (GRO). Although RON is the single portal for all registrars to do their registration, all the certification processes are done independently by each LA.

Whilst accepting that Registrars have to have a physical presence at civil wedding and partnership ceremonies, this accounts for only c15% of the registrations made per year. The remaining 85% of events can also only be undertaken face to face currently. This means there are teams in each of the 170 local authorities³² undertaking exactly the same function, each incurring staff, office, ICT, and many other costs.

Further, these councils have a myriad of different on-line booking systems in place to book an appointment on-line or to register face to face. Despite this being a statutory service requiring the same execution across all councils, the information provided on-line regarding registering and the questions asked when making a booking differs across councils, whilst the booking process itself typically falls far below the expectation of the public, who are used to being able to easily select dates and times for appointments on-line in their everyday lives.

The solution:

The need for legitimate, accurate registration, safe from exploitation and fraud is essential and this has traditionally justified the use of face-to-face registration. However, other sectors faced with increasing legislative burden and scrutiny to ensure identities are verified and prevent wrongdoing, such as the banking and legal sectors' requirement to prevent money laundering, have turned to identity verification platform technology platforms and moved away from face to face to achieve a higher level of outcome.

These proven identity verification 'know-your-client' platforms could be repurposed and easily enhanced to deal with registration specific requirements. By combining this with a centralised phone-based service for exceptional cases, this will allow registration to move on-line (supported with a piece of legislation changing the currently legal requirement for citizens to present themselves face to face with a Registrar).

Such a platform would guide the citizen through a series of simple verification steps that can include proof of address, identification documents, and photographic (even biometric) ID, all

32 Estimate based on 21 county councils, 164 district, borough or city councils, 63 unitary councils, 33 London boroughs, and 36 metropolitan boroughs: although districts do not offer registrars, some boroughs and city councils do offer such services

using proven capabilities already in use in critical environments (the NHS app already makes use of such reusable functions, for example).

Using a similar approach to NHS Jobs, such a service could be designed and created far faster and more cost effectively than traditional centralised projects. Blockers such as the need for regulatory change can be addressed faster than in the past too, where there is a will to do so.

In addition to the significant benefits to councils (savings, capacity, resilience, improved checking) and the public (travel costs, loss of earnings, delays to registration), benefits associated with a platform-based servitisation of the Registrar function would include:

- A speeding up of the uptake of online identity verification within the local government sector, which in turn would be a critical component for 'digitally unlocking' the provision of many other online services, e.g. housing applications, school admissions, and electoral roll enquiries), for which lack of a common way of establishing and confirming and reusing identity is the main blocker. Currently, local authorities often struggle in this area: for example in many places when citizens apply for a parking permit, one of the forms of identity is their Council Tax bill, which was issued by the council initially – and which they often photocopy (duplicate) and file;
- Issuing licenses, copies/reprints of documents would become instantaneous, easier, and cheaper; for example, at present it is only possible to obtain a copy of a birth certificate if a citizen can remember at which office the document was originally issued.

As an approximation of cashable savings available from applying a servitised platform approach to the registrar service, available information shows a national direct spend of £152m³³ and an overhead spend of a further £68m, giving a total annual spend of £220m. Even if we were to say that as much of half of that spend was related to registering weddings and civil partnerships (15% of registrations), then by applying the ratio of 130 times value impact of the servitised model to the other half of the spend supporting the remaining 85% can be transformed indicates a potential reduction in spend from £110m to £110m/130 which is £0.85m, annually.

Example Service 2: Council Tax and non-domestic rates

Both Council Tax and non-domestic rates are also potentially attractive candidates for a servitised platform; in this example, we focus on Council Tax. Like registrars, Council Tax is used universally by a large segment of the population, but there is still no universal process for it.

³³ Revenue outturn central, protective and other services (RO6) 2021 to 2022

Further, although some savings have been made via outsourcing Council Tax in approx. half of councils, the technology is known to be suboptimal in both outsourced and in-house instances, and the service outdated and inflexible (for example, some councils currently require citizens to print out and complete a PDF form and post it to the council when they move house).

Centralising the collection of Council Tax is not as radical an idea as it might initially seem: for example, income tax used to be collected locally by local unpaid bodies of General Commissioners, but was then progressively centralised from 1849. Nor is the central collection of a locally-managed/used service a new idea: citizens pay their vehicle tax to DVLA, but the council maintains the roads; they receive components of Universal Credit from DWP, for some services, like Housing Benefits,³⁴ that councils used to perform; they apply to the Department for Transport for a Blue Badge parking permit,³⁵ which is managed/policed locally by the LA, and use universal parking apps to park locally on a daily basis. In fact, all major revenue collection is now centralised except Council Tax.

The waste:

This being the case, it is questionable whether there is any compelling reason for the present widespread duplication of effort by local authorities of the functions of issuing citizens with an amount payable, and collection of this amount. The present arrangement is labyrinthine: district councils initially collect Council Tax. They then divide it between the local police force, fire service, and the next tier-up local authority – which, in turn, determines what tax can be paid to the district council at the tier below. Since a key source of these disbursements (in addition to Council Tax) is the revenue grant from central government, were there to be centralised collection of Council Tax by central government, this could be combined with the revenue grant and paid directly to each authority, eliminating all this re-routing entirely.

The solution:

A simple streamlining of Council Tax would be possible, because the capabilities needed to collect taxation are common between central and local government: indeed, DWP & HMRC are already sharing an identity platform, and tax can be collected at household level. Even capabilities for handling non-payment are similar: arrears, debt collection agencies, courts, fining, deductions from Universal Credit, and bailiffs, are currently all managed by HMRC using a common platform.

34 <https://www.understandinguniversalcredit.gov.uk/new-to-universal-credit/housing/>

35 <https://www.gov.uk/government/publications/blue-badge-can-i-get-one/can-i-get-a-blue-badge>

Although there are of course a number of local policies and variables that apply with the collection of Council Tax, council tax collection requirements and the functionality needed to support these are well understood and consistent across all councils, and could be offered to councils as a non-mandated service.

Benefits associated with a platform-based servitisation of Council Tax would include:

- Elimination of present cost duplication of outsourcing Council Tax to system vendors
- Streamlined collection process would significantly improve experience for citizens
- Registration for Council Tax would become more efficient and deliver a significantly improved citizen experience (e.g. the procedure for moving house, verifying identity, etc)
- Online billing by default would generate significant internal team efficiencies (most councils maintain large revenues and benefits teams to process Council Tax and benefits claims)
- Non-payments (arrears reminders, bailiffs, courts etc) would be managed centrally by HMRC, opening the possibility of centralisation of debt management services
- Acceleration of councils' acceptance of direct debit payments would generate efficiencies and improve citizens' experience
- Existing capabilities (e.g. Gov Pay) could be re-used at no cost.
- Reduces duplication of function between different parts of public sector.

So similar are HMRC's existing tax collection capabilities, that in this case we believe that HMRC is perhaps best-positioned to perform the role of the platform service provider (the role played by Department of Health in NHS Jobs). HMRC could offer a service wrap around these capabilities (including debt management) with a centrally-funded online service offering that is so compelling that councils would have difficulty explaining to their citizens why they are not adopting it.

As an approximation of cashable savings available from applying a servitised platform approach to the collection of council tax, available information shows a national spend of £1.11bn³⁶. If the ratio of 130 times value impact of the servitised model is applied to this total this indicates a potential reduction in spend from £1.11bn to £1.11bn/130 which is £8.5m, annually.

Indeed, such is the potential for centrally-provided servitised digital platforms to transform the local government sector that it arguably adds up to a central policy challenge for the Department of Levelling Up, Housing and Communities, as shown in Figure 1:

³⁶ Revenue outturn central, protective and other services (RO6) 2021 to 2022

Localism in the Digital Economy Bill [HC]

A

BILL

To refine the Localism Act 2011 to restrict discretionary spend by local authorities and other local service providers (Public Authorities) to publicly valuable items and activities, and to confer powers upon the Minister of State for the Cabinet Office to ringfence non-publicly valuable items and activities and provide these centrally.

WHEREAS –

- (1) The principle of Localism, as defined in the Localism Act 2011, constituted an appropriate response to the desire for regional devolution and control. Localism enshrined the principle of Place, and recognised that local people are usually best placed to decide how their public services should be organised. Public Authorities would typically build and run, or commission, all services themselves, because no cheaper or more efficient alternative existed.
- (2) Since 2011, the acceleration, proliferation, and maturing of the digital economy means a plethora of powerful new administrative services can be consumed from the Cloud cheaply, and at scale. By consuming these services like utilities, Public Authorities can:
 - a. Centre services around citizens, rather than organisational silos
 - b. Shift significant resources to the front line, on serving the public
 - c. Share data, resulting in joined-up, predictive services
 - d. Upgrade services automatically as technology improves
 - e. Benefit from crowdsourced innovation across a diverse ecosystem.
- (3) These benefits are of such collective significance for Public Authorities that they warrant an important updating and redefinition of Localism to enable effective operation within the digital economy, as follows:
 - a. The principles of devolution, Place, and citizen-centric services are best served by shifting to collective consumption of Cloud-based administrative services along utility lines. Such a shift constitutes a significant, and systemic, challenge to the organising principle of devolution to date.
 - b. Building such services locally will no longer constitute an appropriate use of public funds.
 - c. The Government will assume progressive responsibility for defining, standardising, and co-ordinating the provision of common administrative services.
- (4) The Localism in the Digital Economy Act sets out the principles, and provisions, by which Government will assist Public Authorities to undertake the significant transition summarised above.

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Figure 1: An example of a piece of legislation that could be used to accelerate adoption of servitised platform models across local public services

Applying servitised platform thinking to the Social Housing Sector

The 'Social Housing Paradox'

Housing Associations (HAs) are not-for-profit 'landlords with a social conscience', and together with councils, they manage 17% of housing (4 million households) in the UK. With a cost of approximately £5,000 per property, the UK's 1,600 HAs handle around £20bn a year. HAs' core business is providing homes and support to the population through renting and maintaining properties. Collectively they also build around a quarter of England's new homes.

Whilst responsibility for the provision of social housing rests ultimately with central government, this has been progressively delegated, first to local housing departments, and now HAs. This historical trajectory has shaped the way the sector is currently structured, with 1,600 HAs each operating independently from each other.

Given that HAs build almost all new social and affordable homes and there are over 1.2 million households on the waiting list for social homes in England alone, it is critical that HAs are financially strong enough to fund increased house building through the combination of reinvestment of cash surpluses and access to external funding from Homes England and other funding bodies.

However, the sector is suffering from a 'perfect storm' of a major cost of living crisis (where its customers are amongst those most affected), significant inflation (11%) in the cost of repairs, continuing fallout from the reduction in rents during the 2015-2020 rent regime, ageing property portfolios, erosion of housing stock due to buy-to-let and a need for energy efficiency retrofits.

Combined with the need to respond to increasing regulation (e.g. the Renters Reform Bill, Social Housing Act, not to mention Awaab's Law) and an increasingly risky housebuilding environment, it is evident that HAs are having to run increasingly fast to stand still; for many HAs, this prevents the housebuilding needed to balance the books, just at the time when government needs more houses to counter the exiting of private landlords from the sector.

The sector's siloed structure, in which each HA develops its own policy and processes, procures and builds or acquires its own technology, interprets changing legislation in its own way, and runs its own 'special' back office, was always bound to have a high cost base. A reliable estimate is that HAs allocate around 60% of their staff to serving customers on the front line (customer services, maintenance and repairs, etc.), with the remaining 40% in the 'back office' (management, finance, technology, and related corporate functions). Since these 40% generally

enjoy higher salaries than those actually serving customers, the cost base is actually higher than 40%; industry standards are closer to 30% back office, with 70% serving the front line. And this situation is worsening, with increases in back-office headcount with every change in regulation, merger, new technology implementation, corporate reorganisation, etc.

Operating within a heavily regulated environment necessitating a real focus on finance and governance, the UK's social housing sector is unintentionally oriented towards duplicating, or 'reinventing', these corporate activities, often at the expense (measured both in terms of focus and resource) of front-line activities: their overheads are much too high for the social value these activities provide. Worse, these corporate activities are all generic, which means their continued duplication is little-to-no value to HA customers (a commercial example might be a national supermarket that runs each of its stores as an entirely separate, sub-scale business, passing on their higher, multiply-duplicated overheads directly to their customers).

The 'social housing paradox' is, of course, that conditions for HAs' customers have never been worse.

With deteriorating ability to deliver to the front line (looking after people, repairing property), customers experiencing significant financial distress, a deteriorating legacy, the need to keep up with growing legislation and regulation, and to adapt to fast-evolving technology, it is clear that 'business as usual' for HAs is no longer a realistic prospect. Perhaps the tragedy is that HA staff are caring individuals who often forego higher salaries to make a difference in their local communities; it is only when viewed collectively as a sector that many of their endeavours appear increasingly unsustainable.

The sector could attempt to address these challenges through consolidation, with larger organisations taking over those too small to cope with the challenges ahead, however mergers and acquisitions are expensive and prone to failure. Further, it is recognised that there is strength in the diversity of HAs and a local 'tone of voice' within communities.

As an alternative, centrally funded servitised platforms, implemented in a similar way to NHS Jobs, could deliver affordable ways to rapidly help all HAs, using technology to consolidate, streamline, and commoditise those activities for which there is no justification for continued duplication.

Below we briefly examine three standardisable capabilities in which HAs are likely to start major investments in the near future as they adapt to new technology: there is therefore an opportunity to develop these new capabilities just once, rather than bespokeing them 1,600 times, generating huge cost savings as well as many scale benefits for HAs and their customers. We stress that these are initial examples of what should be a wholesale consolidation of the back office across the sector: we address this at the end of this section.

Example Service 1: Complaints

As was the case with NHS recruitment, complaints in the social housing sector are a good example of a generic function that is run in myriad different ways across HAs with no sound business case for doing so. As with the NHS, there is a potential central sponsor for a single service: the Ombudsman, which is currently under pressure to drive better performance. There are two 'burning platforms' likely to drive significant sector-wide investment in complaints: the first is an influx of 'ambulance chaser' litigators chasing disrepairs complaints; the second is the need to respond to significant new technological innovation in the form of AI large language models (LLMs) that is likely to transform how this function is performed.

The waste:

Without central intervention, HAs are likely to start to build or acquire their own engines to ingest free-text complaints, respond to complainants with an acknowledgement, triage them using Large Language Model AI, route complaints to the appropriate staff, and chase their resolution. This will be costly and at worst, will result in the mishandling of complaints. Many sub-scale HAs are likely to lack the resources to incorporate this capability into their operating models at all.

The solution:

A single solution, comprising existing mature complaints handling technology with connectors to HAs' CRM modules and specialist legal and other complaints handling expertise, would accelerate responses to complainants, reduce litigation costs (most customers' principal motivation is not complaint but issue resolution), and build a collective picture of complaint patterns to assist prevention in the future (complaints are very similar across the sector). With HAs employing an average of 5 FTEs dealing with complaints, a reduction of say, 2 FTEs in this area per HA could save 3,000 back-office roles alone.

As an approximation of cashable savings available from applying a servitised platform approach to the provision of complaints services within social housing, our informed estimate from sector experts indicates a national spend of 1% of the operating budget of £20bn, so £200m is spent on complaints management. If the ratio of 130 times value impact of the servitised model is applied to this of £200m, this indicates a potential reduction in spend from £200m to £200m/130 which is £1.5m, annually.

Example Service 2: Payments & Arrears

As with complaints, there is no business reason why payments and arrears functions are duplicated across the social housing sector, since there is no significant variation in the way in which these operate. The majority of payments are for rents and service charges, many paid through Allpay, but also by direct debit, directly from DWP, and via ad hoc payments from customers. Payments are made to settle rent, service charge, and then arrears in the same order across all HAs. There are also central potential sponsors for such a service: the Treasury and DWP, which stand to benefit from a reduction in the multi-agency spend that accompanies a reduction in homelessness.

The waste:

Although a standard process, HAs have a significant staff complement managing payments and arrears (typically around 10 FTEs). Like complaints, the sector is likely to start initiatives in the near future to predict likely default using AI; there is thus a similar opportunity to pre-empt the likelihood of widespread, redundant duplication of the same function across the sector before HAs individually incur significant professional services costs tailoring solutions and incur large license fees through individual contracts with software vendors.

The solution:

Using the same approach to designing NHS Jobs as a common NHS service, an 'add-on' stand-alone payments and arrears service could work alongside HAs' existing infrastructures, incorporating locally configurable rules allowing HAs to decide when to trigger SMS reminders to their customers, but otherwise delivering a common process. A reduction from, say, 10 to 5 FTEs dedicated to this function across the sector could divert 7,500 FTEs to serving customers at the front line. However, there are significant non-cashable benefits to the sector-wide adoption of a servitised payments and arrears platform, stemming from the ability to pool expertise across the sector, using national-level data to spot patterns of likely non-payment in advance, invoke sector-wide preventive measures to keep people in houses, reducing homelessness, and the significant load of homelessness on other local services.

As an approximation of cashable savings available from applying a servitised platform approach to the provision of a payments and arrears service within social housing, our informed estimate from sector experts also indicates a national spend of 1% of the operating budget of £20bn, so £200m. If the ratio of 130 times value impact of the servitised model is applied to this of £200m, this indicates a potential reduction in spend from £200m to £200m/130 which is £1.5m, annually.

Example Service 3: Smarthomes Technology

Centrally funded servitised platforms can be just as effective at addressing new challenges in Social Housing than they will be transforming existing functions. An example of a potentially common capability that HAs are about to individually build and maintain across the sector is the use of sensors/digital twin/edge computing/power monitoring technology to advance a number of agendas, ranging from climate change to healthcare support to antisocial behaviour. Once again, the capability (smarthomes) is standard across HAs, and once again there are multi-agency benefits to be had from a central hub that offers analysis at a) organisation level; b) local economy level; and c) national level.

The waste:

Currently, smarthome (and other technological) innovation is supplier-led. Lacking independent access to the IP in this area, HAs are forced to spend significant time and resource with suppliers as they try to define the shape of a future smarthome, perform horizon scanning for suitable emerging technologies, etc. As with complaints, smaller HAs are likely to lack the scale required for this sort of investment at all.

The solution:

A central innovation unit for the social housing sector would remove the time HAs spend in speculative reinvention. A central service that all HAs, regardless of size, can turn to in order to get their smarthomes fitted, would be able to pool data pooling and start to build a sector-wide evidence base for evolving smarthome technology and best practice. Purchasing power would be consolidated across the sector, which could also expect to maintain pace with technology developments and associated standards, as well as evolving legislation, 'out of the box'. The availability of national-level data in this area would assist local authorities in developing and maintaining their Local Plans, improving co-ordination and creating more savings. Further, it would facilitate a multi-agency approach to monitoring for, as an example, those in HA accommodation in need of telehealth or telecare monitoring by NHS and Councils.

In this instance we believe that there is an opportunity to prevent a significant percentage of social housing providers from simultaneously 'reinventing the wheel' as they all design and commission digital services for smarthomes. If even 500 social housing providers were to pool resources of, say, a conservative estimate of £15m each, such consolidation and servitisation would yield savings of around £7billion, a small fraction of which could be set aside to provide a central service far superior to any that could be commissioned individually, as well as extending

such services within the reach of the long tail of smaller providers which lack the funds to undertake such modernisation altogether.

Wholesale Redesign of the Provision of Social Housing

The above three services each represent an example of a near-future capability that – if tackled individually 1,600 times, will cost the sector many millions in non value-add activity that continues to divert precious public funds, and mindshare, away from providing housing: yet more activity that focuses HAs on themselves instead of their customers. Worse, the constraints of local budgets and inability to share sector-wide data and best practice will deliver services that not only needlessly expensive, but which are a fraction as good as consuming a single, well-funded and maintained best-in-class service.

In turn, consideration, and discussion, of the significant benefits to HAs and their customers of consuming these, potentially common, capabilities has led to the identification of a number of additional capabilities that could likely also be ‘consumed once, rather than built many times’, along a servitised platform model:

- Antisocial behaviour
- Tenant satisfaction measures/surveys and complaints
- Legal services
- HR
- Dynamic scheduling function, capable of optimising repair journeys, etc across/between overlapping HAs, reducing journeys and cost
- Recruitment (see below)
- Rent reviews
- Customer insight using AI
- Contact centre – first-line support
- Regulatory reporting
- Collective purchasing (building materials, blocked drains, pest control, etc) to leverage collective buying power
- Service charges (this is an example of a module that generally doesn’t get built due to its complexity, and is therefore administered manually, and inefficiently – i.e. many service charges aren’t collected at all)
- Policy: an ‘expert layer’ interpretation of rolling legislation/regulatory requirements and best practice (HAs have 2-3 FTEs just maintaining pace with this).

Indeed, such is the genuinely transformational potential behind sector-wide consumption of standard back-office capability that we believe there is a significant business case behind the

commissioning of a Common Housing Service, perhaps provided by the National Housing Federation, with many of these capabilities embedded within it. As with the three services identified above, HAs are currently embarking on building their own housing platforms and analytics hubs, driven by the need to update legacy housing applications (handling lettings, empty homes, and finance) to take advantage of the considerable evolution in digital customer management services, particularly around CRM and AI.

As with the above services, there is no value-add whatsoever in HAs (and their suppliers) building 1500 suboptimal digital CRM layers, and there is considerable loss of pan-agency co-ordination and pooled intelligence, with associatedly worse social outcomes and cost. Again, smaller HAs with sub-scale budgets will not be able to offer their customers the benefits of such services at all. Perhaps equally significantly, we estimate that by undertaking this journey individually, HAs will waste hundreds of millions in a capability that might have been built once. Not only will they have wasted unconscionable public funds on themselves rather than their customers, but they will lock themselves into the continual waste of more funds as they undertake the mushrooming maintenance and updating of their individual functions – a further waste of public funds of similar or greater magnitude..

As with NHS Jobs, there are central sponsors for a Common Housing Service in the form of the Housing Minister and HM Treasury, since if the sector can reduce costs, then rents will come down, prompting a year-on-year reduction in the benefits bill (for example, social rents are about 60% benefits-funded). A Common Housing Service could be centrally funded and offered free or charge, or at heavy subsidy, to HAs; as with NHS Jobs, we believe that a voluntary adoption model would prove successful beyond the first few adoptions, as the sheer volume of cashable and non-cashable benefits start to become apparent. It is even possible that central government could leverage the (currently unleveraged) scale of the social housing sector to interest a major technology supplier to fund development of a common platform whilst, as with NHS Jobs, maintaining ownership (and branding) of the service itself.

Conclusion and recommendations

The UK's public services are reaching an inflection point where increased spending, accompanied by incremental improvements to existing delivery models, are no longer sufficient. For example, healthcare spending across the UK needs to increase from £154 billion in 2018–19 to £278 billion in 2033–34, and demographic pressures on social care budgets are projected to rise by around £18 billion by 2033–34, at an annual rate of 3.9%.³⁷ Over in local government, councils are running an annual deficit of £3.5bn³⁸, and 14 councils have issued Section 114 notices, 7 since 2018, most recently Birmingham³⁹ and Nottingham.⁴⁰ In social housing, Shelter calculated in 2019 that building the 3.1m council homes required to meet housing need would cost a gross £10.7bn a year.⁴¹

Commentators have highlighted similar pictures across education, flood and water management, public buildings, transport networks, etc.⁴² With the UK running a budget deficit that is far above the industrial world average,⁴³ it would seem that there is simply no money to sustain the noticeably outdated, wasteful duplication of corporate functions that characterises the UK's siloed public services. To do so, even were major investment to be possible, surely risks collapse of social institutions & infrastructure, political instability, and civil unrest, as post-war public services infrastructure that is way beyond its sell-by date continues to trail technological development⁴⁴ and lag further behind the UK's growing demographic needs.⁴⁵

In response, this document highlights an important and hitherto overlooked delivery model, the servitised platform which, we believe, has the potential to make a significant contribution to the urgent modernisation that is needed by enabling many services to be consumed just once, rather than built/configured/maintained many times, throughout the public domain. This delivery model differs significantly from other, previously tried ways of pooling resource such as shared services,

37 https://ifs.org.uk/sites/default/files/output_url_files/R143-Chapter3-new.pdf

38 <https://www.unison.org.uk/news/2023/09/councils-face-dire-cash-crisis-totalling-more-than-3-5bn/>

39 https://www.birmingham.gov.uk/downloads/file/27684/section_114_notice

40 <https://www.nottinghamcity.gov.uk/section-114-report-updates/>

41 https://england.shelter.org.uk/media/press_release/three_million_new_social_homes_key_to_solving_housing_crisis2

42 <https://www.theguardian.com/commentisfree/2023/nov/22/britain-money-bank-bailouts-state-failure>

43 <https://obr.uk/forecasts-in-depth/brief-guides-and-explainers/public-finance/#:~:text=When%20receipts%20are%20higher%20than,since%20the%20second%20world%20war.>

44 See <https://www.openaccessgovernment.org/public-sector-digital-transformation-legacy-it-funding/160879/#:~:text=Exacerbated%20by%20a%20lack%20of,lags%20behind%20its%20private%20counterpart.> Also: <https://www.weforum.org/agenda/2022/05/the-public-sector-must-accelerate-digital-transformation-or-risk-losing-sovereignty-and-trust/>

45 <https://lordslibrary.parliament.uk/fit-for-the-future-rethinking-the-public-services-workforce-public-services-committee-report/>

outsourcing, national projects, and GDS platforms and – measured by takeup (close to 100%), has the potential to be more successful than all of these alternatives.

Although the document offers an impression of the quantum of benefits and savings which are theoretically achievable across many areas of UK public services via adoption of servitised platforms, time and resource constraints have precluded the development of a detailed blueprint, and the building and testing of a robust financial model to support this. The document should therefore be received as a ‘think piece’ to stimulate further, detailed policy work within government, notably by HM Treasury, Cabinet Office, and Department of Housing, Communities and Local Government (MHCLG) concerning the potential for application of servitised platforms to drive rapid change, and associated benefits and savings.

We recommend the following next steps:

1. Cabinet Office and MHCLG to review the NHS Jobs case study, recognising servitised platforms as a powerful tool with which to rapidly accelerate the modernisation of UK public services, by ‘doing it once’ wherever feasible;
2. Consideration of legislative implications of removing local discretionary spend on areas of high duplication/waste in those areas that are well suited to a transition to platform-enabled corporate services. For example, such a transition would require change⁴⁶ to the localism agenda, which currently celebrates local discretion throughout the ‘vertical stack’ of each local organisation⁴⁷;
3. Development of an expert platform rollout team with direct Ministerial report, hosted within Cabinet Office and MHCLG, tasked with:
 - a. building a ranked, costed ‘hit list’ of the most suitable candidate functions for servitised platform-based modernisation across UK public services
 - b. developing a ‘rolling radar’ of upcoming candidates for platform servitisation based on an informed understanding of evolving technologies and service offerings in the global marketplace
 - c. growing a cluster of small, dedicated and centrally funded rollout teams to support local service providers’ transition to servitised platform models where appropriate.

⁴⁶ For a speculative example, please refer to Figure 1 in this document

⁴⁷ <https://www.local.gov.uk/introduction-localism-act>

4. Such a team would be new to government, comprising tech-informed business skills, rather than the more traditional DDAT skillset, and associated perspective,⁴⁸ within UK public sector;
5. Provision of technology-informed business briefing for senior policymakers at political and civil service levels concerning platform-enabled business models and the significance of their applicability to drive rapid modernisation of UK public services⁴⁹, enabling leadership of a 'public conversation' around the need for accelerated change to the business/operating model of public service delivery to make better use of technology via servitised platforms to 'do it once'. This can, for example, highlight a ringfencing of savings for 'front line' public servants, as well as early showcasing of innovations and service improvements enabled by these models as they roll out.

48 <https://ddat-capability-framework.service.gov.uk>

49 <https://committees.parliament.uk/work/1471/challenges-in-implementing-digital-change/publications/written-evidence/>

Appendix of Additional Source Documents not included in footnotes

Interview with Denis Shaughnessy, NHS Jobs Project Manager, 2 June 2022

Interview with Maureen Edwards, Senior User, NHS Jobs, 30 August 2022

Notes prepared by Mark Johnston, Senior Responsible Industry Executive, NHS Jobs, November 2022

Workshop with Ann-Marie Spencer, CIO Magenta Living, and Lynn Dove, social housing consultant, 3 October 2023

Freedom of Information Request 27647 regarding cost of recent redevelopment of NHS Jobs service, 12 September 2022

Brown, A., Fishenden, J. Thompson, M., and Venters, W. (2016). 'Appraising the impact and role of platform models and Government as a Platform (GaaP) in UK Government public service reform: Towards and Platform Assessment Framework (PAF). *Government Information Quarterly*, 24: 167-182.

Thompson, M., and Venters, W. (2021). 'Platform or technology project? A spectrum of six strategic 'plays' from UK government IT initiatives and their implications for policy'. *Government Information Quarterly* 38(4), Open Access:
<https://www.sciencedirect.com/science/article/pii/S0740624X21000642>

Brown, A., Fishenden, J., and Thompson, M. (2014). *Digitizing Government*. London: Palgrave MacMillan.

Thompson, M. (2014). 'Using platforms to transform recruitment across the English and Welsh National Health Service'. MBA Teaching Case prepared for Cambridge Judge Business School.

Regulator of Social Housing (2021-2022). 'Registered provider social housing in England - stock and rents'. Available at
https://assets.publishing.service.gov.uk/media/65312c2726b9b1000daf1bd9/2023_RP-briefing-note_FINAL_V1.0_.pdf

Provision of Electronic Web Site Recruitment Services to the National Health Service (NHS) - Invitation to Tender Documents, 5 March 2003

Department of Health (2005). End Project Report: NHS Electronic Recruitment Project.

Department of Health (2003). Description of the Setup Project.