

DECISION-MAKER:	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
SUBJECT:	BENCHMARKING RESULTS FOR THE STRATEGIC SERVICES PARTNERSHIP WITH CAPITA		
DATE OF DECISION:	14 APRIL 2011		
REPORT OF:	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE		
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STATEMENT OF CONFIDENTIALITY

N/A

SUMMARY

A report has recently been commissioned from an independent party (Customer Plus Ltd) in accordance with the benchmarking provisions of the contract with Capita Business Services Ltd (Capita).

At its meeting in October 2010 it was requested by this Committee that the results be reported back when the benchmarking exercise was concluded. Customer Plus's report is therefore attached as appendix 1 for the Committee's information and comment.

Customer Plus's conclusion is that, looking at the overall picture, the service delivery exceeds or matches peer organisations in almost all areas. An assessment of value for money is more difficult as cost comparisons are generally difficult to obtain, but they conclude that most services are delivering value for money with Customer Services and HR/Payroll performing particularly well. Services where performance is below the peer group average or where cost is higher include Benefits, HR, IT and Property.

RECOMMENDATIONS:

- (i) To note and comment on the report.

REASONS FOR REPORT RECOMMENDATIONS

1. To respond to a request from the Overview and Scrutiny Management Committee at its meeting in October 2010.

DETAIL

2. The contract with Capita contains provision for service and cost benchmarking exercises in contract years 3, 5 and 7 for service and years 4 and 7 for cost. The first of these exercises is now complete, with the year 3 service benchmarking being delayed so that it could be combined with the year 4 cost benchmarking. This approach was taken in the interests of efficiency and to give a rounded picture of the partnership's value for money.

3. The report attached as appendix 1 sets out the methodology for the exercise and the conclusions of Customer Plus, the company commissioned to undertake the exercise. Detailed results are contained in an appendix to the main report and copies of this have been placed in the Members' Rooms.
4. The report highlights that it is important to recognise the limitations of comparative data and that the results should be judged carefully. There are significant differences between peer organisations, measurement criteria and the date of measurement and all data is subject to the interpretation of the individuals involved in its preparation and submission.
5. It is also important not to draw conclusions about organisations based purely on the data. Different organisations will have different business models, quality of services, complexities, nature and size of business. However the data and information gathered will provide for evidence based discussion and decision making.
6. Having said this, Customer Plus's conclusion is that, looking at the overall picture, the service delivery exceeds or matches peer organisations in almost all areas. An assessment of value for money is more difficult as cost comparisons are generally difficult to obtain, but they conclude that most services are delivering value for money with Customer Services and HR/Payroll performing particularly well.
7. The areas where performance is below the peer group average or where cost is higher are:
 - Benefits cost per caseload is £164 compared to a mean of £137. However, the number of days to process claims or changes is significantly below the average.
 - Gross expenditure on HR Services and cost per staff are above the mean (Customer Plus recommend that care should be taken when interpreting this result as the CIPFA benchmarking report it is based on is currently draft). Interestingly the ratio of HR staff to all employees is smaller than the average which does indicate that these figures would benefit from being examined in more detail.
 - IT costs are high, particularly the support costs per workstation. These may, in part, be inflated as the IT investment is recovered over the life of the contract. This is another area for further exploration.
 - Performance in Property Services is poor and client satisfaction is lower than the mean (with the exception of Valuation). This is in keeping with the Council's own evaluation of the service. Cost data is difficult to interpret and compare with the peer group. Gross expenditure is greater, but cost per staff is lower.
8. Members have also asked for the current level of savings achieved through the Capita partnership. During the first 18 months transformation activity realised savings of £903,000 per annum – this represents a total of £3.5 million over the ten year contract life.
Procurement savings have been more substantial. Current year savings are

£3.7 million and life of contract savings are £25.5 million. This is based on the work done to date and should rise as further procurement savings opportunities are identified and contracts come up for renewal.

Customer Plus's report identifies the problems with comparing Procurement Services to peer organisations and recommends that the Council reviews efficiency and value for money based on savings made to date.

9. Customer Plus's final report was only received in the last week of March and the Partnership has not yet had the opportunity to review the outcomes and recommendations in governance meetings. This review will be undertaken by the Partnership Operations Group which will be agreeing appropriate actions and incorporating them into Service Improvement Plans over the next few months.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

10. N/A

Revenue

11. The cost of the benchmarking exercise was approximately £24,000. This was shared equally with Capita and the Council's share was met out of existing budgets.

Property

12. N/A

Other

13. N/A

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

14. N/A

Other Legal Implications:

15. None.

POLICY FRAMEWORK IMPLICATIONS

16. None.

SUPPORTING DOCUMENTATION

Appendices

1.	Report of Customer Plus – Benchmarking Services dated March 2011
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Documents In Members' Rooms

1.	Appendix to Benchmarking Services
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Background Documents None

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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Background documents available for inspection at: n/a

WARDS/COMMUNITIES AFFECTED:	n/a
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