

Caja Case Study

King's College Hospital NHS Foundation Trust

HR Shared Service Value for Money Assessment

01. CHALLENGE

In 2013, King's College Hospital NHSFT entered into a ten-year contract with Capita plc for the provision of transactional HR, Payroll and Pensions services. In 2019, the Trust and Capita engaged Caja to undertake a value for money assessment, as defined by the terms of the contract.

The service had a history of poor performance prior to 2018, at which time, Capita restructured and transferred the functions to its shared service centre in Belfast. This resulted in significantly improved performance and relationships with the Trust. Despite the improvements, there was a legacy perception within the Trust that the service did not offer value for money. This was particularly apparent in Capita's annual user surveys.

The Trust and Capita both saw the exercise as a means to assess not only the value for money of the service when benchmarked with others, but also confidence in the service for the remainder of the contract term. It sought to address three questions:

- Has service performance improved over time?
- How do costs and performance compare with peers and with leading practice?
- Does the service demonstrate value for money when costs, performance and perceptions are taken into account?

02. SOLUTION

Caja used quantitative and qualitative techniques to review the performance of the service over the preceding six years, including:

- Analysis of charges in comparison with the Trust's initial expectations;
- Analysis of performance against contract KPIs;
- Comparison of performance on key metrics with other NHS Trusts (using Model Hospital data) and with other Shared HR and Payroll Services operating in the UK healthcare market (using the Shared Services Outsourcing Network);
- Interviews with Trust and Capita HR, Payroll and Pensions teams;
- A Voice of the Customer survey issued to all Trust staff.

The qualitative review considered five domains of value:

- To what extent does the scope of the service and its associated processes support the intentions of the Trust and its vision for HR services?
- How is the service organised? Do the number of people and their skills meet the requirement? What is the service culture?
- What technology is in use and to what extent does it support efficient / effective processes?
- To what extent does the governance process support control of cost and quality?
- To what extent do perceptions of the service match reported performance?

As part of the assessment, Caja drew on its experience of leading practice in shared services, to establish the extent to which the service could be considered as "fit for the future", given the Trust was starting to consider options for the long term future of the HR function.

For further information on this or any other case study, please contact us on:-

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03. OUTCOME

The assessment concluded that the service afforded value for money, in the context of current performance standards and comparators with other services, where these were valid. Caja identified a number of opportunities to improve the current service, enhancing end to end process value through investment in more effective use of technology, introduction of Manager Self Service, integration of systems, communications channel shift, improved data analytics and multi-channel, ongoing user engagement. Crucially, Caja was also able to provide insight and guidance on industry best practice, including trends in automation of transactional HR services and the implications for a transformed operating model for the future service. Capita and the Trust accepted the recommendations and are working together to implement the findings.

