

OUTSOURCED SERVICES SCRUTINY PANEL

12 FEBRUARY 2015

Present: Councillor P Taylor (Chair)
Councillor K Hastrick (Vice-Chair)
Councillors S Counter (Minute Numbers 42 to 46), J Dhindsa,
R Martins, S Williams and K Collett

Also present: Councillor Mark Watkin
Spencer Clarkson, Capita Managing Director
Jane Blagg, Capita Programme Director
Mike Martin, Capita Recovery Project Manager

Officers: Shared Director of Finance
Partnerships and Performance Section Head
Head of Revenues and Benefits
ICT Client Section Head
Revenues Manager
Committee and Scrutiny Support Officer (AG)

39 APOLOGIES FOR ABSENCE/ COMMITTEE MEMBERSHIP

There were two changes of membership for this meeting: Councillor Collett replaced Councillor Greenslade and Councillor S Williams replaced Councillor Joynes.

40 DISCLOSURES OF INTEREST

There were no disclosures of interest.

41 MINUTES

The minutes of the meeting held on 7 January 2015 were submitted and signed.

42 COUNCIL TAX COLLECTION AND RECOVERY

The Panel received a presentation from the Head of Revenue and Benefits on Revenue and Benefits performance. At the conclusion, the Chair asked if there were any questions.

Councillor Collett asked what impact ICT had on Council Tax and, if ICT was working properly, how quickly benefits and council tax changes could be processed. The Head of Revenues and Benefits explained that ideally this should be between two to three weeks but this was currently work in progress and was difficult to sustain owing to the ICT situation. If work could be processed within these timeframes, it would allow for proactive work to be undertaken but it

was not possible to telephone clients at present. If ICT was effective, changes could be done between 9 – 10 days with a 14 day maximum. Some local authorities suggested they could process changes in five days but this related to the processing time and did not take into account the time of the receipt of all information.

Councillor Dhindsa commented that, during the previous year, Revenues and Benefits had been in dire straits and he congratulated the Head of Revenues and Benefits on the pull back. He asked, in respect of overpayments, how much money had been recovered - and of the 154 outstanding new Housing Benefit cases, how long it would take to get to single figures. The Head of Revenues and Benefits explained that there were 37 cases where staff were waiting for customers to respond to enquiries. By Friday of this week there would be around 100 outstanding cases which would represent about a week's work. A high percentage of cases related to people from abroad which were complex as these customers had to provide evidence of their work history in the UK; the emphasis was to get them to come in to the office to try and expedite these cases. With regard to the overpayments; the value of these was currently £700k less than the same time the previous year and would have been even better, but for new data matching with Her Majesty's Revenue and Customs which had been rolled out nationally. This exercise was to identify significant numbers of undeclared pensions and earnings. They were in the process of getting comparative data from the other local authorities in Hertfordshire. With regard to the processing of Housing Benefit new claims, in quarter 1 and 2, it appeared that Watford was the best performing authority in Hertfordshire.

Councillor Watkin commented that if, for example, the average time to deal with new housing benefit cases was nine days a significant proportion were dealt with in just two days. This was evidence of achieving critical change and of the organisation pulling together. He added that the software was now being used effectively and that Revenues and Benefits was an operation to be proud of with a good service provided to the people of Watford.

Councillor Williams asked how many weeks were lost in the year due to the ICT. The Head of Revenues and Benefits explained that four days had been lost because of the virus in August with approximately 10-12 days lost up to Christmas. The figures, however, were not exact.

Councillor Dhindsa asked why there had been problems in the past. The Director of Finance explained that these had occurred before the arrival of the present management. There had been a change in structure and management processes resulting in Revenues and Benefits doing what it should be doing.

The Panel then received a presentation from the Revenues Manager on the Council Tax recovery process. At the conclusion, the Chair asked if there were any questions.

Councillor Counter noted that three reminders were sent to the addresses registered and asked whether people were contacted by telephone. The

Revenues Manager explained that telephone numbers were taken and put on the Academy database and some outbound calling had started.

Councillor Martins commented that it was right that the Council received the money it was owed but that it also had to provide a service to residents. He made reference to the process flowchart and wondered why contact could not be made with customers earlier (before stage five) so their position was known and it would not be necessary to issue a summons. He urged that this be looked in to. The Head of Revenues and Benefits explained that when reminders were sent out it was explained on these that the customers were able to contact the Council if they had problems paying. If contact was made they would not be summonsed. He requested Members to encourage people to engage with the Council. Also, letters were now written in simpler language and in some cases people did not like to be telephoned at home. Councillor Martins commented that people with learning disabilities may not be able to read and considered that the Council had a moral obligation to assist. The Revenues Manager made reference to an ongoing case and explained how the procedures worked and that they would seek to review the summons cost.

Councillor Dhindsa commented that he was not proud as a Council that it had to use bailiffs. He discussed a case where a bailiff was apparently awkward. He concluded by saying that he would like more work done in this area to avoid the use of bailiffs. The Chair asked how bailiffs were chosen. The Head of Revenues and Benefits explained that there had been a formal selection process involving a framework agreement with three companies selected out of six. There was now a system where a number of debts were dealt with at the same time reducing costs; joint working with Parking Services had also been introduced.

Councillor Williams agreed that customers should be invited in in the first instance. He asked whether invitations could be made digitally as opposed to sending letters as delivery by post was not as reliable. He also asked what checks and balances there were for bailiffs and whether complaints of unfairness came to the Council. The Head of Revenue and Benefits explained that the Bailiff companies had to provide details of any complaints to the Council on a monthly basis and action could be taken in respect of their contract. He advised that it was in the interests of companies to act correctly as they were in competition with others and this helped drive up standards. He agreed that using digital technology was desirable and stated that there would be a re-launch in the new financial year when the self-service platform was stable. This would result in customers being able to opt in to e-billing. He was aware that there was an appetite for this approach. Furthermore, there would be a refresh of the Revenues and Benefits pages on the council website, including uploading forms for customers to download and the introduction of e-forms.

Councillor Collett congratulated Revenues and Benefits for the significant improvements made and commented that they were a real credit to the Council. She added that this had been a massive gain as compared to the rest of the County.

PERFORMANCE REPORT - QUARTER 3 2014/15

The Partnership and Performance Section Head introduced the Performance report to the Panel and invited questions.

The Chair asked whether there were any figures for January in relation to the Capita performance indicators at items IT1 to 5 in the report. The ICT Client Section Head explained that these had not been provided by Capita yet. There had been issues with the performance management information in the past, but this was definitely an area that had improved in recent months. With regard to the problems with Thin Client; she explained that Capita had inherited these issues from the internal ICT service. This was an aged operating system. Capita had been working through the problems.

The Chair asked why item IT6 in the report was not measured. The ICT Client Section Head explained this was due to issues with the staff survey from which data was obtained. There was a need for a minimum 20 percent response rate to the survey but users were not completing the survey. This was not something the ICT Client Section Head was going to push through with the current lack of confidence in the ICT systems and service. Reminders had been sent out for people to complete the surveys but confidence was the key issue.

With reference to item ES2 in the report, Councillor Martins raised an issue about the contamination of bins taken back. The Partnership and Performance Section Head explained that work was being undertaken in this regard and undertook to report back to the Panel.

ACTION – Partnership and Performance Section Head

Councillor Collett raised an issue about there being apparently no recycle bins at the Boundary Way Flats. The Partnership and Performance Section Head undertook to have the matter investigated and to report back to the Panel.

ACTION – Partnership and Performance Section Head

Councillor Dhindsa asked who reported on the cleanliness of the work of the village teams. The Partnership and Performance Section Head explained that Veolia conducted a survey to measure street cleanliness on litter, detritus (soil, mud, grit), graffiti and fly posting and that the Client Team also conducted surveys (sometimes with the Veolia team) to provide quality assurance. There would be further training in quarter four and the quality checks were ongoing.

With reference to item ES12 in the report, the Chair asked whether the suspect had been apprehended. The Partnership and Performance Section Head explained that the individual was in the process of being identified.

Councillor Counter commented that data around SLM complaints was extremely useful.

The Chair said that he had spoken to an individual recently and it appeared that SLM did not carry out work experience for those young people of secondary school age.

ACTION – Partnership and Performance Section Head to investigate this and report back to the Panel.

With reference to item LC13 in the report, Councillor Dhindsa asked whether there was any data on how the community hires were advertised and whether ethnic minority groups were targeted. He also asked whether he could meet an official to discuss wedding hires.

ACTION – Partnership and Performance Section Head to make inquiries and report back to the Panel.

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UPDATE ON ICT CONTRACT

The Panel received a report from ICT Client Section Head providing an update on the ICT contract. At the conclusion, the Chair asked if there were any questions.

Councillor Collett said that, on speaking to officers, their frustration was apparent and that this was not a way of working. She was concerned that there had been little progress by Christmas of the previous year and that the current situation adversely affected residents; such as in relation to housing and benefits. She considered that matters had gone too far and a strong message should be sent that this was not acceptable. Capita should make stronger commitments and stick to them.

The Capita Managing Director thanked Councillor Collett for her comments and said they were disappointed things had not improved by the end of the year; although some progress had been made. He confirmed that Capita were committed to improve matters; they were aware of what was going on. They had conducted much work with Revenues and Benefits and new staff were now in place. He appreciated that there was much work to do. He commented that it was an aging ICT estate and that the Modernising ICT programme would revolutionise the architecture. He concluded by saying that Capita was investing heavily and well above income.

The Capita Programme Director explained that staff were working very hard and that she was confident that they would meet the contract. She had started work on the project in December and was working closely with the Capita Recovery Project Manager. She reassured Members that Capita wanted to make it work and said that feedback was very important. They were now using people resources in a more effective manner.

Councillor Counter made reference to the assurances and said that she understood that Capita may have more grip. She asked what the differences would be. The Capita Programme Director explained that there were many

things to be done. They now had a better understanding of the impact on the end user. They had made assurances to the ICT Client Section Head and would deliver in the next two weeks. She commented that Capita staff wanted to provide an effective service.

The Chair asked whether anything tangible had improved. The Capita Recovery Project Manager said that looking at the client call record; there was a backlog of calls of 42 outstanding over 90 days and 60 at 10 days. This was now down to nine in three days.

Councillor Martins commented that he had little confidence at present. Capita had over promised and under delivered. He said that after 18 months with no progress he would not keep Capita on the contract and would at least expect penalties. He added that the current situation had had an impact on the whole of Watford and asked what the timescale for improvements was. The Capita Programme Director explained that there were commitments to the end of February and that there was a schedule of work to recover the account to stability. She was working with the ICT Client Section Head as to exact dates. The Capita Recovery Project Manager explained that matters would be much improved by the end of April by utilising the new resources.

The Director of Finance explained that a formal letter had been sent to Capita explaining that the Council was unhappy; this being part of the legal process. However, she reassured Members that relationships remained sound at all levels and that there was a will to work together. With regard to penalties; she explained that the Council would not apply these at this point but reserved the option to do so. These could be applied retrospectively in the future. She concluded that the Council had not paid for the additional work thus far but had simply paid for the core contract. However, payment for additional Modernise IT services was likely in the future.

Councillor Dhindsa explained that his Council laptop was ineffective and that implications for Council staff due to the poor ICT service were severe. He said that if this level of performance had been received in the private sector the company would have been sacked. He commented that Capita staff did not seem to know if their employment contract would be continued. He added that the Council should have exacted penalties; and there was continual pressure on constituents and Council staff. He said that he regretted that he had to make such comments.

The Capita Managing Director explained that time had been lost in the early period of the contract; he apologised for this. He said that recovery would not be a short term fix and that Capita had made a commitment to invest a six figure sum if the Council gave sufficient time. They had had open and frank discussions and had built a positive relationship with the Council. He agreed that there had been issues around the temporary staff but they were currently employing better full time personnel and using these resources to deliver. He confirmed that Capita had shown a level of commitment and that they were still on a journey to success. He said positive results would come in the end and

asked Members to have faith in his organisation. He outlined a range of issues that would be improved.

The Chair asked if there were any facts and figures for employees on long and short term contracts. The Capita Managing Director explained that some employees were on three month contracts but that contracts were now tailored to need. They no longer had a rolling few week style contracts; these were now more resource to demand led.

The Chair asked if the Panel could be supplied with the figures on one week contracts. The Capita Programme Director said that she was surprised some employees had said they did not know about their contract period. She explained that people were hired to deliver a piece of work; from within Capita and externally. She explained that she had a resource profile and would share this with the ICT Client Section Head if allowed to do so.

ACTION – ICT Client Section Head

The ICT Client Section Head explained that there had been personnel instability initially and confirmed that there were no longer one week rolling contracts.

Councillor Dhindsa asked what monitoring was in place and why improvements were taking so long. He also asked when penalties would be invoked. The Director of Finance explained that a lot of monitoring was taking place; including key performance indicators, service thresholds etc. within the Council. She outlined that the recovery programme was governed under weekly meetings and the holding of fortnightly board meetings. She reassured Members that proper monitoring was taking place and that the Council was aware of the issues and was working with the contractor. She explained about the penalty payment holidays that were common practice in such circumstances. She said that if the Council just withdrew from the contract it would then be in a difficult position as it would have to decide what it wished to do with the service and it would still have the same issues that it currently had; it was usually best to try and work with the contractor at this stage to resolve any issues. Termination of the contract should be a last resort. She commented that it should also be remembered that the Council had not invested sufficiently in ICT in the past. She concluded by saying that Capita now had a deadline of the end of the month when the Council would review and decide whether to continue working with them.

Councillor Dhindsa commented that the Council was now two years in to a five year contract but still with no penalties; he felt that some penalty should be invoked. The Director of Finance explained that there could potentially be retrospective penalties and that the Council had reserved the right to apply these in the future.

Councillor Hastrick explained that improvements had been suggested at the October meeting of the Panel and that there was still little progress. She asked why matters had taken so long when the issue was known to be a massive problem. The Capita Managing Director explained that much work had been carried out since October; but this would not be apparent until the outcomes

were seen in practice. Much work had been carried out with Revenues and Benefits; getting new employees in place had taken time. Extra resources had been brought in and progress had been made. He explained that personnel had been brought in gradually since October and not just in the last two weeks. He said that there was a lot of complexity to the project; pieces were glued together that needed unpicking within a roadmap structure. He explained that the problems with the virus event had taken a number of weeks to resolve. He said that in the next couple of months Members would see differences and that Capita was committed and would invest in excess of the contract.

Councillor Williams commented that he felt that Capita was just saying the same things to Members at the meeting. He was shocked that in 40 days there were 49 outstanding calls; this was not acceptable. He did not see that Capita had made any improvements. He asked what hardware infrastructure was needed; such as servers, printers and workstations. He did not consider that Capita was outlining the true picture. He felt that, in the private sector, the contract would have been torn up. He asked for more detail. The ICT Client Section Head explained that Councillor Williams was talking about two separate things. Firstly, the modernising IT core infrastructure; this had not been spoken about thus far at the meeting. Discussion had been around recovery of the contractual core service where Capita was now applying additional resources at no cost to the Councils. She explained that much work was being conducted on the modernising programme although this was behind schedule. However, there was a need to stabilise the core infrastructure in the first instance and she had confidence in the Capita Programme Director. She said that there was a new active directory and exchange design already in progress. She clarified that the Capita Managing Director had simply been talking about the core infrastructure. She undertook to provide more detail of the core recovery programme to the Panel.

ACTION – ICT Client Section Head

Councillor Hastrick commented that there now seemed inherent knowledge of the problems and that she would like to see a plan or scheme so that the Panel could monitor progress. She did not consider that the Panel was in the know about this. She said it would be helpful to know about the software and hardware requirements for example. She added that a table of events would assist and would provide knowledge to Councillors. The Director of Finance said that they had this and would provide it. The ICT Client Section Head commented that communications was a key outcome and confirmed that they had the information Councillor Hastrick requested. The Chair asked when this information would be available; the ICT Client Section Head confirmed that this would be accessible in the next couple of weeks and that Capita must show improvement by the end of February.

ACTION – ICT Client Section Head

Councillor Counter asked the ICT Client Section Head whether she felt more confident that Capita would now deliver. The ICT Client Section Head replied that the issues had proved extremely challenging for her personally. However,

with the new management in place and the productive talks that had been held, her confidence had grown.

Councillor Williams asked whether there were any SLA agreements in existence. The Director of Finance explained that these were the same as the key performance indicators that were already in place.

Councillor Watkin then summarised by saying much came down to people knowing what they were doing and that a sense of trust was then developed. He said that Capita's Managing Director must be embarrassed about the situation. He considered that the ICT Client Section Head had done an extraordinary job. There was now the potential for a positive relationship with Capita that did not exist previously. He was more confident that things were changing. The process had cost Capita a lot of money and they were now appreciating the issues; cancelling the contract would be highly problematical. He concluded by saying that confidence was needed that Capita would improve.

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CONCLUSIONS AND RECOMMENDATIONS

A discussion was held about the conclusions and recommendations from the ICT Contact update item and these were as follows:

- The ICT Client Section Head to obtain the resource profile for one week contracts from Capita and report to the Panel.
- The ICT Client Section Head to provide more detail of the core recovery programme to the Panel.
- The ICT Client Section Head to provide a table of events in relation to contract improvement progression and report to the Panel.
- The ICT Client Section Head to establish whether Capita employees on the contract were paid above the living wage and report to the Panel.
- The ICT Client Section Head to provide a written report to the Panel on the progress of the contract at the end of March outlining whether compliance has been achieved.
- The ICT Client Section Head to flag any matters that go badly wrong as they arise to the Panel.

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UPDATE ON ACTIONS

The Panel received a report of the Committee and Scrutiny Support Officer updating Members on outstanding actions from previous meetings. It was agreed that a number of the actions could be signed off.

With reference to item VE22 in the report, Councillor Collett explained that there was uncertainty regarding whether Sheriff Way and Nottingham Close were owned by WCHT and asked the Partnership and Performance Section Head to clarify the situation.

ACTION – Partnership and Performance Section Head

Chair

The Meeting started at 7.00 pm
and finished at 9.00 pm