

***PART A**

Report to: Outsourced Services Scrutiny Panel

Date of meeting: 12 Feb 2015

Report of: ICT Client Section Head

Title: ICT Outsourced Contract

1.0 SUMMARY

- 1.1 The internal ICT service outsourced all ICT service provision in May 2013 to Capita. There are currently significant issues with Capita core contract delivery identified by the client team and accepted by Capita. These were reported to the Outsourced Scrutiny Committee in October 2014.
- 1.2 This report outlines the current position in relation to Capita bringing the Watford and Three Rivers (W3R) ICT service level back to the agreed position.

2.0 RECOMMENDATIONS

- 2.1 Panel to note the content of this report.

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3.0 Background information

3.1 In October 2014 a report was submitted to the Outsourced Scrutiny panel outlining the following:

- Why, the decision was taken to outsource the IT Service
- How the contract is “normally” monitored and how it is currently being monitored within the recovery state
- Service Level Agreements, including financial penalties within the contract
- Current Capita resources and structure
- Issues directly affecting Councillors
- Contract finances.

3.1.1 Watford as the lead provider, under the lead authority model, escalated IT core contract performance issues formally in March 2014. This poor service provision was and continues to impact a number of areas of delivery including day to day operational services, the IT improvement programme - Modernise IT, outstanding audit recommendations etc.

3.1.2 The reasons reported for Capita’s poor performance include:

a) Capita did not complete all transition activity successfully;

b) Capita under-estimated the scale of legacy under performance of systems and TUPE’d staff and did not act on due diligence finding sufficiently thoroughly;

c) Capita were slow to restructure the inherited staff and is only now putting in place a new permanent team;

d) The account management and service delivery management had not been good enough and both areas have seen changes made as a result;

e) Capita have not provided sufficient business applications support needed for the W3R account e.g. Academy.

3.1.3 Capita anticipated and reported to Outsourced Scrutiny Committee that a significant level of recovery of the contracted Service was to be expected by the end of December 2014 and that substantial progress on delivery of infrastructure improvements could be expected by 31 March 2015.

3.2 Account Recovery: Current Position

3.2.1 An Executive level Recovery review meeting was scheduled for 19 December 2014, however, as Capita only submitted the required recovery progress report on 18 December, the review meeting was rescheduled to January 7 2015.

3.2.2 The Councils Client Section Head, Emma Tiernan responded to the Capita report with a full commentary. The Council believes that progress in the report had been overstated in a number of areas within the report.

3.2.3 Within this meeting Capita agreed that the substantial progress against account recovery they had anticipated had not been delivered and that this was due to the following reasons:

- There was a delay in bringing additional recovery resources onto the W3R account
- Recovery works impacted by the number of day to day incidents

Capita did state that the four months of recovery work had resulted in them having an improved understanding of the gravity of the recovery work required and the focus that was needed to address it.

3.2.4 The Council continues to recognise that Capita have committed additional resources to the W3R account to recover the position. Some recovery work has been completed but the IT service performance from Capita continues to operate at an unsatisfactory level. Therefore on January 30 2015, Manny Lewis, issued a letter outlining the Councils legal position to Nick Sawbridge, Public Sector Director, Capita. The letter stated that Capita has failed to meet the recovery plan activities agreed, as well as failing to meet contractual Key Performance Indicators and their related service thresholds.

3.2.5 Progress against the outstanding recovery activities will be reviewed at the end of February 2015, with a further Executive level meeting. A decision by the Councils in relation to next steps will follow. The Councils priority remains to work with Capita to recover this position.

In respect of the modernise IT programme, Capita is behind schedule on delivery which is now anticipated in June/July this year. However the project management team allocated by Capita for this workstream is making progress.

On a positive note, the Leadership Team reviewed last month the delivery and effectiveness of the Managed Print Service which was a one off Capita project. This project has been successful and has improved the Council's administrative efficiency.

3.2.6 Capita's performance at a high level continues to be monitored through strategic account meetings held every six weeks between Manny Lewis and Spencer Clarkson, Capita's Managing Director (CSIS). The Cabinet Portfolio holder for Resources is kept briefed.

4.0 **IMPLICATIONS.**

4.1 **Financial**

4.1.1 There are no financial implications within this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 There are no legal implications within this report.

Appendices