

# Minutes

of a meeting of the

## Scrutiny Committee

held on Monday, 9 July 2018 at 7.00 pm

at the Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB



**Open to the public, including the press**

### **Present:**

Members: Councillors Debby Hallett (Chairman), Chris Palmer (Vice-Chairman), Mike Badcock, Matthew Barber, Robert Hall, Vicky Jenkins, Sandy Lovatt, Ben Mabbett and Judy Roberts

### **Officers:**

Andrew Down, Ron Schrieber, Mark Stone and David Wilde

### **Also present:**

Councillor Roger Cox. Clare Dorey and Jo Leith, Capita

### **Sc.10      Apologies for absence**

None.

### **Sc.11      Declarations of interest**

None.

### **Sc.12      Urgent business and chairman's announcements**

The chairman reminded the committee that the reports before them related to the performance of the five councils' partnership contracts and that governance issues were not within this committee's remit.

She reported that, following the publication of the report, correspondence had been received from Capita and UNISON and their comments had been tabled.

The chairman asked those committee members who had not already done so, to complete and return their self-assessment questionnaires as soon as possible.

## Sc.13 Public participation

The following members of the public and councillors had registered to address the committee.

Paul Mayhew-Archer asked a number of questions:

- a) How many public scrutiny meetings had Capita attended since being awarded the Five Council's Partnership contract?

In response, the head of partnership and insight reported that this was the first time that a Capita performance report had been submitted to the scrutiny committee but that such reports had been considered by the Five Councils' Partnership scrutiny committee.

- b) Why, in view of Capita's unsatisfactory performance, had the council not cancelled the IT contract and why were the five councils paying Capita compensation?

In response, the chief executive reported that officers did not believe that Capita's level of performance, which had improved in recent months, required the council to take back control of the IT contracts. The council was not paying Capita compensation. Renegotiation of the contract had resulted in increased costs to the council which would be set out in the accounts

- c) He asked about the level of financial benefit to the council from the contract, what future contract problems had been identified and what safeguards had been put in place to ensure that these problems were neutralised?

In response, the chief executive reported that the savings to the council were set out in the committee report. Capita would be working with the council to make further improvements to the contract.

- d) Who had authority to scrutinise the partnership?

In response, the head of partnership and insight reported that a performance report had gone to Five Councils' Partnership joint scrutiny committee in May 2017, and that the committee had subsequently been disbanded as it had no executive function and it was felt that local scrutiny was the appropriate forum for discussion of local issues. The council's scrutiny committee and/or the South and Vale joint scrutiny committee, had the authority to scrutinise contractor performance at any time as part of its planned programme.

- e) Was there was a culture of secrecy in the council?

In response, the chief executive reported that there was no culture of secrecy and that Capita's performance had been monitored and would continue to be monitored at meetings of scrutiny and joint audit and governance committee which were open to the public.

Jim Halliday asked if there were contractual penalty clauses that could be invoked by the council to obtain compensation from Capita and how much longer would the council put up with a sub-standard service?

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In response, the head of partnership and insight reported that there were three stages of contractual remedy 1) an agreed rectification plan, 2) the appointment of an independent remedial adviser, and 3) step-in. Stage 2) had been reached and the council was working with Capita to avoid further escalation.

The chief executive added that Capita had made significant improvements to the IT service in recent months.

Councillor Emily Smith asked who should be held accountable for the outsourcing of services and who was now responsible for trying to recoup costs and bringing services back in house?

In response, the chief executive reported that officers were responsible for the operational performance and he bore ultimate responsibility.

Councillor Bob Johnston asked a number of questions:

- a) Were officers aware of the council's poor performance in supplying information to the Oxfordshire Local Pension Board?

In response, the chief executive reported that he was aware of particular issues and that not all of them were Capita's responsibility.

- b) Were officers aware of how chaotic the expenses system was and was this due to a lack of resources?

In response, the chief executive reported that payroll performance had not been acceptable but was now improving. He undertook to look into particular problems experienced by Councillor Johnston.

- c) Was there any possibility of taking the IT contract back in house?

In response, the chief executive reiterated previous comments about Capita's improved performance and the renegotiation of the contract.

## **Sc.14 Capita performance: HR, payroll and IT**

The committee considered the report of the head of partnership and insight and head of corporate services on the performance of the council's contractor, Capita, in the delivery of HR, payroll and IT services.

Andrew Down, head of partnership and insight, introduced the report. Also present to answer questions were Councillor Roger Cox, Cabinet member for partnership and insight, Mark Stone, chief executive, David Wilde, IT consultant, and Clare Dorey and Jo Leith, Capita.

The report detailed the milestone dates assigned to the key points in transforming each service from the model in operation at service commencement date to the new way of working agreed by the councils for each service and, where applicable, the key performance indicators (KPIs). As the new way of working (the target operating model) had not yet been achieved for the IT service, the performance indicators were not currently

enforceable, so limiting the council's ability to influence performance improvements at this time.

However, the committee was advised that, although the provision of the HR and payroll service was still not meeting required performance standards, the service was improving. With regard to IT, officers believed that Capita was now more positively engaged in resolving the current problems and the council had a structured plan to move the service forward, which included engaging the support of a leading IT consultant.

In addition, correspondence from Capita to the chief executive had been tabled. This stated that Capita were pulling together a high level options appraisal addressing areas of the contract identified as requiring change and proposing a further committee meeting in six to eight weeks' time in order to present proposed changes.

In response to members' questions, the chief executive reported that there were no problems with some of the services contracted out to Capita and that the HR, payroll and IT services were improving.

Following further discussion, it was

**RESOLVED:** Scrutiny recognises that some areas of internal performance delivered through the five councils' contract fall below the excellent standards the council expects. It notes that the excellent work by staff has ensured that there has been no significant impact on public services.

Scrutiny welcomes the work by Cabinet and senior officers to ensure improved performance and requests a detailed update on remedial actions being put in place to be presented to Scrutiny, covering the areas minuted, at the earliest opportunity.

## **Sc.15 Five councils' partnership - finance update**

The committee considered the report of the head of partnership and insight on the financial position of the Five Councils' Partnership contracts.

Andrew Down, head of partnership and insight introduced the report. Also present to answer questions were Councillor Roger Cox, Cabinet member for partnership and insight and Mark Stone, chief executive.

The committee was informed that the financial benefit originally expected from the contracts had been considerably reduced by events since the contracts went live. The chief executive confirmed that he and his team now believed the Five Councils' contract would break even at best.

In response to members' questions, the chief executive reported that:

- The original estimates of savings were overly ambitious.
- It was not possible to disaggregate the contract costs.
- Officers were liaising with the council's external auditors to discuss the means by which more detailed financial information regarding the contracts might be presented.

**RESOLVED:** to note the report.

## **Sc.16      Budget Task Group update**

Chris Palmer, chairman of the Budget Task Group gave a brief update on its work to date.

## **Sc.17      Work schedule and dates for all South and Vale scrutiny meetings**

The committee noted its work programme.

The meeting closed at 9.10 pm