

# **EXTRACT OF SCRUTINY COMMITTEE MINUTES**

## **16 SEPTEMBER 2011**

### **Sc.29 Financial Services Contract**

The committee considered the report of the head of finance on the performance of Capita in providing financial services during the review period of 1 April 2009 to 31 March 2010.

Mr Bishop (Strategic Director) introduced the report.

Mr Howden (Revenues and Benefits Client Manager), Mr Watson (Chief Accountant), Mr Bishop and Mr Keen (Capita Contract Manager) answered questions from the committee.

The report set out an evaluation of performance based on three measures, set out below, and also included Capita's feedback on these assessments.

- Measured performance against key performance targets (KPTs)
- Customer satisfaction with the total service experience, and
- Council satisfaction as client.

The contract is assessed on five areas of performance, scored separately and aggregated to an overall score. The committee discussed each area separately.

#### **Revenues**

The committee agreed with the officers' assessment of performance as **good**.

#### **Benefits**

A number of councillors expressed concern regarding the accuracy of benefit payments and the lack of progress in the recovery of overpaid benefit. Mr Keen acknowledged the continued poor performance during the period of the review and offered no excuses for this poor performance.

In response to questions the committee was advised that the current level of debt was £1.4 million covering a period of 14 years. There were approximately 1900 debtors with two frauds accounting for a £20,000 and £15,000 debt. Arrangements were in place with approximately fifty per cent of the debtors to repay the overpayments. The legal department was targeting the major debtors and good progress was being made in the recovery of debts over £5,000. However, due to system changes tracing some debtors had proven difficult.

Councillors also expressed concern that Capita had again failed to undertake the surveys it was contractually obliged to undertake to gauge customer satisfaction. The committee was advised that surveys were undertaken in April/May 2010 (outside the review period) and the results were favourable. The surveys would be undertaken annually and form part of the annual performance review.

Whilst acknowledging the concerns of councillors that the failure to undertake the surveys was a breach of contract, the committee was advised that Capita had concentrated its resources on seeking to address the processing and accuracy of benefits as these had a direct impact on their performance and contractual payment penalties.

The committee received an assurance from Mr Keen of ongoing improvements with current performance in the upper quartile.

The committee agreed with the officers' assessment of performance as **weak**.

#### **Exchequer (accounts payable, accounts receivable and excess charge collection)**

The committee noted that the officer rating for this area of the contract was lower than last year's assessment. The committee was advised that Capita's decision to move the majority of the Exchequer functions to its Mendip site, without adequate contingency plans and trained staff, had adversely affected its performance which was on track for a good rating prior to the move. Mr Keen assured the committee that Capita had learnt from the experience and now had the staff and systems in place to provide greater resilience.

The committee agreed with the officers' assessment of performance as **fair**.

#### **Financial management system**

The committee noted that areas of weakness identified in the previous assessment persisted. In response to questions the committee was advised that Capita would absorb the cost of upgrades to Agresso.

The committee was advised that Capita had treated improvements to this area of the contract as less of a priority and directed resources to those areas that had targets and penalties for under performance. However, performance was improving due to increased partnership working between officers and Capita.

The committee agreed with the officers' assessment of performance as **weak**.

#### **Concessionary fares (assisted travel)**

The committee agreed with the officers' assessment of performance as **good**.

A number of councillors expressed concern that those areas of the contract which did not have targets or financial penalties for poor performance received less attention and therefore had continued to perform badly. However, the committee was advised that non payment performance mechanism areas were covered at meetings of the Ridgeway Shared Services Partnership Strategic Board (RSSPB). These were public meetings at which councillors could attend.

Whilst noting areas of concern the committee welcomed Capita's performance in collecting national non-domestic rates (NNDR) and council tax and assurances provided by Mr Keen and councillors Richard Webber and Mary de Vere, both members of the RSSPB, that performance was improving during the current year.

The committee thanked Mr Keen for his attendance and constructive comments.