

# Scrutiny Committee report



## 20 September 2012

Report of Head of Finance

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To: Scrutiny Committee

DATE: 20 September 2012

## Performance review of CAPITA for the period 1 April 2011 – 31 March 2012

### RECOMMENDATION

That the committee considers Capita's performance in delivering the six elements of the financial services contract for the period 1 April 2011 to 31 March 2012 and makes any recommendations to the Cabinet member for finance.

### PURPOSE OF REPORT

1. The purpose of this report is to review the performance of Capita in providing financial services during the review period of 1 April 2011 to 31 March 2012.

### STRATEGIC OBJECTIVES

2. **Strategic Objective - “effective management of resources”**: The financial services contract contains a number of key performance indicators and a payment and performance mechanism that details a system of bonuses and penalties relating to these indicators. The majority of services provided are also key front line services. The contract with Capita is therefore particularly significant in helping to achieve:
  - providing value for money services that meet the needs of our residents and service users; and,

- provide equality of access to our services.

## BACKGROUND

3. The financial services contract commenced on 31 July 2006 and is a joint contract between Vale of White Horse District Council (VWHDC), South Oxfordshire District Council (SODC), and Capita. It was a ground breaking contract that included the creation of a shared services model created by VWHDC and SODC to modernise and achieve economies of scale in the provision of financial services. The partnership has enabled processes and procedures to be harmonised and efficiency savings to be made as a consequence.
4. The contract duration was for an initial term of seven years (ending on 30 July 2013) but an option to extend it for a further three years to 30 July 2016 was taken up in April 2011.
5. The specification for the financial services contract comprises the following elements:

Service	SODC only	VWHDC only	Joint
Council tax and non-domestic rates collection			✓
Benefits administration			✓
Accounts receivable (debtors) administration			✓
Accounts payable (creditors) administration			✓
Payroll system and system administration *			✓
Integrated financial management information system and system administration (general ledger, accounts payable & receivable, payroll)			✓
Cashier services	✓		
Administration of assisted travel scheme **			✓ ( July 09)
Customer contact services	✓		

\* The payroll service was managed by South Oxfordshire District Council on behalf of the council during 2011-12 but is now managed by Capita

\*\* Assisted travel became a county council function from 1 April 2012

6. Although the contract is a joint one with SODC, this report only concentrates on performance in respect of VWHDC.

## PERFORMANCE REVIEW OF CAPITA

7. A system for the performance review of contractors has been devised which requires the following measures to be included in the evaluation:
  - measured performance against key performance targets (KPT's)
  - customer satisfaction with the total service experience, and
  - council satisfaction as client
8. For the purpose of this review the contract with Capita has been scored in five parts:

- revenues
- benefits
- exchequer (accounts payable, accounts receivable)
- financial management system
- concessionary fares (assisted travel)

9. The Cabinet member for Finance will make the assessments of Capita's performance after consideration by the committee. The detailed officer assessments (based on the measures of excellent; good; fair; weak; poor) are as follows:

## REVENUES

### Dimension 1 – Key performance targets (KPTs)

10. Performance against performance targets is given in **Appendix 1** with the indicators that are key performance targets for the contractual payment and performance mechanism in bold.

11. The main points to note when assessing performance for the review period include:

- Capita achieved an in-year collection rate of **98.71 per cent** (2010/2011 98.68 per cent) for council tax collection against a target of 98.6 per cent. This was the best in-year collection rate recorded and considering the ongoing economic downturn, it was a tremendous achievement. It should also be noted that arrears continue to be collected after the end of the financial year
- Capita achieved an in-year collection rate of **99.08 per cent** (2010/2011 99.07 per cent) for business rate collection against a target of 99.4 per cent (this target relates to the final year of Best Value Performance Indicators (BVPs) in 2007/08). Performance was once again affected by the economic downturn but it was still a considerable achievement to improve upon 2010/2011.

12. Based on this performance the head of service has made a judgement on KPT performance for revenues:

KPT judgement

**Excellent**

Previous KPT judgement for comparison

**Excellent**

### Dimension 2 – Customer satisfaction

13. Customer satisfaction with council services is of high importance. Though the council is ultimately responsible for delivering customer satisfaction, the operational duty of providing customer service is delegated to the contractor.

Taking customer satisfaction into account when evaluating performance ensures that Capita is focused on the outcome of performance for customers.

14. In accordance with the model for reviewing performance of contractors, measurement of customer satisfaction should be undertaken through:

- ongoing measurement by the contractor as part of the service
- independent surveys and gap analyses commissioned by the council as part of its consultation process.

15. To meet the council's requirements, satisfaction is measured on a scale of 1-5 which is convenient and replicates the Audit Commission's previous BVPI measurements:

- 5 – very satisfied
- 4 – satisfied
- 3 – neither satisfied nor dissatisfied
- 2 – dissatisfied
- 1 – very dissatisfied

16. Due to its significant impact upon our more vulnerable customers, it is the benefits service (evaluated below) that is heavily scrutinised as far as the financial services contract is concerned. The revenues collection function rarely gets compliments due to the nature of the service, and although the council demands high collection rates it requires processes to be efficient and perceived as fair by the customer. However, during 2011 the council and Capita undertook a business rates satisfaction survey. Unfortunately the number of respondents was very low. The survey produced the following results:

- Satisfaction with the service was 58 per cent and specifically in terms of accuracy of the bill 63 per cent; additional information that accompanied the bill 55 per cent; and, methods of payment available 67 per cent. Eight per cent said they encountered problems paying their bills and eight per cent of those who contacted the council claimed that their query was not resolved on first contact
- Respondents who contacted the service by telephone were generally positive about the way their calls were handled (88 per cent) i.e. calls were answered quickly (74 per cent); queries were dealt with swiftly (51 per cent). However, 80 per cent felt it was difficult trying to get to speak to the right member of staff
- Satisfaction with staff was 51 per cent, with staff being perceived as friendly; they treated respondents with respect; and, explained things in a way they could understand. However, 69 per cent did not always feel confident that what staff said was correct.

17. The council received 25 official revenues (council tax and business rates) complaints during 2011/12 (30 in 2010/11). The majority of these complaints were dealt with promptly and although two council tax complaints were justified, all but

one were resolved at stage one of the complaints procedure with the other being resolved at stage two.

18. The annual billing process was once again carried out efficiently and the continuation of paperless direct debits offers a convenient facility for taxpayers to set up direct debits over the phone. By the end of the year the council was at its all time highest direct debit take-up of in excess of 79 per cent. This is the highest achieved by Capita at any of its clients and is higher than most other councils. In addition, benefit notifications were posted in the same envelope as council tax bills.
19. Capita undertook an Equalities Impact Assessment (EIA) of the council tax service in 2011/12 following on from a successful assessment carried out in 2010/11. EIA assessments help to achieve racial, disability and gender equality. It reviewed recent improvements in the service during the 2011 financial year, including the introduction of e-billing, which allows wider choice and convenience about how residents receive their bills; visiting officers/Inspectors helping raise awareness about council tax discounts/reliefs; the improvement and redesign of various council tax discount application forms; and, the second direct debit date which was implemented during 2010 has continued to be heavily promoted during 2011 which has proved to be very successful.. In addition, all Capita staff have spent time reading and gaining a better understanding of the Human Rights Act. Capita also demonstrated its compliance with the Equality Act and the equality elements of the contract, through the completion of a quarterly monitoring form.
20. Quarterly meetings with the Citizens Advice Bureaux were once again well received and did not raise any concerns.
21. Capita handled **27,903** council tax telephone calls at its Coventry contact centre during the year (6,500 fewer than 2010/11). It managed to answer **86** per cent of these calls within 20 seconds (the target being 80 per cent). In the first full year of the remote cashier facility it also managed to take £370,000 of payments over the phone. Unfortunately the council does receive some complaints about the service from time to time (usually when there have been unavoidable bulk mailings), but generally the service is good during calmer periods. The council received no official complaints regarding the contact centre during 2011/2012.
22. Based on this performance, the head of service has made a judgement on customer satisfaction for revenues and the cash office as follows:

Customer satisfaction judgement	<b>Good</b>
Previous Customer satisfaction judgement for comparison	<b>Good</b>

### Dimension 3 – Council satisfaction

23. Whilst customer satisfaction is an important priority, a further important dimension is the satisfaction expressed by the council as the client on whether the contractor is meeting its needs and expectations. These needs and expectations have been

measured using the model for reviewing performance of contractors and are attached as **Appendix 2**.

24. This produced a score of **4.58** out of a maximum score of **5.0**. Based on this performance, the Head of Finance made the following judgement on Capita's delivery of council satisfaction.

Council satisfaction judgement	<b>Excellent</b>
Previous Council satisfaction judgement for comparison	<b>Excellent</b>

## Overall assessment – Revenues

25. Taking into account the performance of Capita against KPTs, customer satisfaction and council satisfaction, the head of service has made an overall judgement as follows.

Overall assessment	<b>Excellent</b>
Previous Overall assessment for comparison	<b>Excellent</b>

## Strengths and areas for improvement

26. **Appendix 2** records strengths and areas for improvement relating to the performance of Capita during the review period. Where performance is lower than that expected the contract manager will agree an improvement plan with Capita. This has not been required for this element of the contract

## Contractor's feedback

27. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment, including suggestions for improvements to the council processes. This is included in **Appendix 7**.

## BENEFITS

### Dimension 1 – Key performance targets (KPT's)

28. Performance against performance targets is given in **Appendix 1a** with the indicators that are key performance targets for the contractual payment and performance mechanism in bold.
29. The main points to note when assessing performance for the review period include:

- The figure for speed of processing new claims (the old BVPI 78a measure) came in at **17.71 days** (under the **19 day target**) compared to 20.28 days in 2010/2011. This was the best in-year performance since the inception of the contract. Changes in circumstances (the old BVPI 78b measure) came in at **8.57 days** against a very challenging target of **9.5 days**, compared to 11.53 days in 2010/2011. Again, this was the best in-year performance since the inception of the contract. **Ni 181** (combined new claims and changes processing) came in at an excellent **9.86 days** (and under the **13 day target**) compared to 12.6 days in 2010/2011
- Capita's focus on getting benefit assessments "right first time" continued during 2011/12. The financial accuracy performance rate for 2011/12 was an excellent **94.16 per cent** (based on the council's statutory checks), an impressive 2.00 per cent improvement upon the 92.14 per cent recorded in 2010/11. Although below the very challenging target of 95 per cent, it was the best performance since the inception of the contract (and compared favourably with our MKOB benchmarking group)
- During 2011/12 the Audit Commission qualified the council's 2010/11 benefit subsidy grant claim for some minor technicalities only, which were accepted, and confirmed that previous recommendations had been carried out. For the second year running the council did not breach the local authority financial error threshold levels and, as a consequence, was not financially penalised. This was reported to the Audit and Governance Committee meeting on 19 January 2012
- Recovery of overpaid benefit, which had in the past been subject to close scrutiny by the council, once again made great strides during 2011/12. During the year old debt reduced by **£385,000** whilst **65 per cent** of all debts raised during 2011/12 were collected, amounting to **£886,000**. Benefit debt, which is predominantly claimant error and fraudulent overpayments, is notoriously difficult to collect and prompt; firm action is required to keep on top of it. Of the year end arrears, which totalled £1.484m, 53 per cent of the debt (49 per cent of debtors) was subject to arrangements. 2011/12 was the best performance in terms of managing and collecting the debt since the inception of the contract.

30. Based on this performance the head of service has made a judgement on KPT performance for Benefits as follows:

KPT judgement	<b>Excellent</b>
Previous KPT judgement for comparison	<b>Good</b>

## Dimension 2 – Customer satisfaction

31. As explained above, due to its significant impact upon our more vulnerable customers, it is the benefits service that is heavily scrutinised as far as the financial services contract is concerned. Capita is contracted to gauge customer satisfaction by conducting surveys (which is important following the previous BVPI

surveys being abolished), and a survey carried out during 2011 produced the following results:

- Taking everything into account, 83 per cent in 2011 of customers were satisfied with the service they received from the benefits office compared to 89 per cent in 2010
- 75 per cent of customers were satisfied with the amount of time it took to tell them whether their claim was successful or not, compared to 85 per cent in 2010
- 15 per cent of customers surveyed felt their benefit had been calculated incorrectly during the year compared to 16 per cent in 2010
- 75 per cent of customers were satisfied with the ways in which they could contact the benefits office compared to 83 per cent in 2010
- 87 per cent (71 per cent 2010) of customers were satisfied with the telephone service, with 79 per cent (68 per cent 2010) feeling their query was dealt with quickly (21 per cent disagreed in 2011 and 17 per cent disagreed in 2010) and 69 per cent (67 per cent 2010) agreeing that their call was answered quickly (21 per cent disagreed in 2011 and 18 per cent disagreed in 2010). However, 50 per cent (31 per cent 2010) felt it was difficult getting through to the right person
- 85 per cent (69 per cent 2010) of customers were satisfied with the claim form, but 52 per cent (32 per cent 2010) felt letters sent about their claim were difficult to understand
- Generally, the main improvements customers would like to see would be (i) the time taken to tell them whether their claim was successful or not, and (ii) improvements to the claim form.

32. The financial services contract with Capita is heavily weighted towards achieving good performance and high levels of customer care and satisfaction. It also specifies building up good working relationships with stakeholders – both internal (e.g. the council's Housing Services Team who share approximately **200** mutual customers at any one time) and external (e.g. Registered Social Landlords – RSLs – who share approximately **3,880** mutual customers at any one time), to promote joint working where appropriate to improve the end customer experience. To this end Capita has:

- Conducted joint visits with both Housing and RSL staff where this has been requested and held surgeries at RSL offices
- Trained Housing and RSL staff to verify benefit applications (which avoids unnecessary duplication)
- Held meetings with Housing staff where required to address working practices to improve efficiency and effectiveness, end customer experience, and, service level agreements



- Held benefit surgeries around the district where there was demand for them. This increases customer access to the service and is an alternative to home visits.

33. Generally, positive feedback has been received from RSL's and the CABx via regular liaison meetings. This is always a good yardstick as these organisations predominantly represent the most vulnerable of our customers.

34. Capita handled **13,043** benefit telephone calls at its Coventry contact centre during the year (almost 5,000 less than in 2010/11). It managed to answer **85.3** per cent of these calls within 20 seconds (the target being 80 per cent). Unfortunately the council does receive some complaints about the service from time to time (usually when there have been unavoidable bulk mailings) and where there seems to be a lack of understanding with complex queries, but generally the service is good during calmer periods. Capita undertook an Equality Impact Assessment (EIA) of the benefits service in 2008/09 which was especially well received by the external disability panel. This assessment was reviewed in 2011/12 and new actions determined in order to continue to advance equal opportunities for people protected by the Equality Act. During 2011/2012 tasks included holding surgeries (as mentioned above); publicising legislative changes; and promoting benefits to minority groups. This should help improve customer satisfaction in certain areas. Capita also demonstrated its compliance with the Equality Act and the equality elements of the contract, through the completion of a quarterly monitoring form.

35. There were 24 official complaints, 7 of which were justified (compared to 43 and 24 in 2010/2012). All except three were dealt with at stage one of the complaints procedure with one progressing to stage three.

36. Based on this performance, the head of service has made a judgement on customer satisfaction for benefits as follows:

Customer satisfaction judgement

**Good**

Previous Customer satisfaction judgement for comparison

**Fair**

### Dimension 3 – Council satisfaction

37. Whilst customer satisfaction is an important priority, a further important dimension is the satisfaction expressed by the council as the client on whether the contractor is meeting its needs and expectations. These needs and expectations have been measured using the model for reviewing performance of contractors and are attached as **Appendix 3**.

38. This produced a score of **4.53** out of a maximum score of **5.0**. Based on this performance, the Head of Finance made the following judgement on Capita's delivery of council satisfaction.

Council satisfaction judgement

**Excellent**

Previous Council satisfaction judgement for comparison

**Good**

**Overall assessment – Benefits**

39. Taking into account the performance of Capita against KPT’s, customer satisfaction and council satisfaction, the head of service has made an overall judgement as follows.

Overall assessment 

<b>Excellent</b>
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Previous Overall assessment for comparison 

<b>Good</b>
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**Strengths and areas for improvement**

40. **Appendix 3** records strengths and areas for improvement relating to the performance of Capita during the review period. Where performance is lower than that expected the council will agree an improvement plan with Capita.

**Contractor’s feedback**

41. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment, including suggestions for improvements to the council processes. This is included in **Appendix 7**

# EXCHEQUER – ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE

## Dimension 1 – Key performance targets (KPTs)

- 42. **Accounts Receivable** – maximising sundry debts was a key theme of the financial services procurement and during 2011/12 the council (its legal representative and cost centre managers), assisted by Capita, finished the end of the year with its lowest ever recorded arrears levels over 30 days – to the sum of **£157k** compared to the previous year’s best ever of £186k and the debt of in excess of £1m at the commencement of the contract.
- 43. Capita’s performance in issuing (17,897) invoices within two working days of instructions from cost centres was 100 per cent. Capita also hit 100 per cent performance for the production of (8,687) reminders after 14 days and (740) final notices after 28 days. In addition, important aged debt reports (required for monitoring debt progress) and legal lists (required to determine recovery action) were issued promptly throughout the year and write-off’s of unrecoverable debts were processed promptly.
- 44. This service area continues to be closely monitored by the council and we are seeing excellent results with cost centre managers taking more responsibility in recovering the debts that they raise.
- 45. **Accounts Payable** - Capita continued 2011/12 where it left off at the end of 2010/2011. 100 per cent of (5,452) invoices received were scanned and distributed to service teams within 48 hours and 100 per cent of (19) urgent payment requests (within the same day) were met. In addition, 100 per cent of purchase order requests were met.
- 46. Payment of invoices within 30 days (the old BVPI8 measure) is not a contractual target upon Capita, but it is greatly influenced by the operation and understanding of the Agresso system and by Capita ensuring that invoices are scanned and distributed in a timely manner. Performance in 2011/2012 was an all time best of **98.15 per cent** compared to 97.31 per cent in 2010/2011.
- 47. Based on this performance the head of service has made a judgement on KPT performance for exchequer as follows:

KPT judgement	<b>Excellent</b>
Previous KPT judgement for comparison	<b>Excellent</b>

## Dimension 2 – Customer satisfaction

- 48. **Accounts payable** – Capita’s excellent performance in the accounts payable process was maintained in 2011/12. Capita worked closely with the on-site council staff (especially through the Agresso Superuser group during the year) to discuss any problems that arose and make service improvements.

- 49. Capita has processes in place to provide the council with weekly and monthly reports of invoices waiting to be paid or those that were paid late, which have contributed to the significant improvement in payment of invoice performance.
- 50. **Accounts receivable** – As explained above, due to its significant impact upon our more vulnerable customers, it is the benefits service that is heavily scrutinised as far as the financial services contract is concerned. However, complaints are monitored through the council’s complaints procedure and during the year no complaints were received.
- 51. Training and access issues for internal customers (cost centre managers) to enquire on the status of debts raised and income collected were good with Capita becoming more proactive generally. The exchequer manager continued to attend meetings with the legal representatives and the client manager and was generally more accessible for staff.
- 52. Based on this performance, the head of service has made a judgement on council satisfaction for exchequer as follows:

Customer satisfaction judgement	<b>Excellent</b>
Previous Customer satisfaction judgement for comparison	<b>Good</b>

**Dimension 3 – Council satisfaction**

- 53. Whilst customer satisfaction is an important priority, a further important dimension is the satisfaction expressed by the council as the client on whether the contractor is meeting its needs and expectations.
- 54. The council’s needs and expectations have been measured using the model for reviewing performance of contractors and are attached as **Appendix 4**.
- 55. This produced a score of **4.5** out of a maximum score of **5.0**. Based on this performance, the Head of Finance made the following judgement on Capita’s delivery of council satisfaction:

Council satisfaction judgement	<b>Excellent</b>
Previous Council satisfaction judgement for comparison	<b>Excellent</b>

**Overall assessment**

56. Taking into account the performance of Capita against KPT's, customer satisfaction and council satisfaction, the head of service has made an overall judgement as follows.

Overall assessment	<b>Excellent</b>
Previous Overall assessment for comparison	<b>Excellent</b>

**Strengths and areas for improvement**

57. **Appendix 4** records strengths and areas for improvement relating to the performance of Capita during the review period. Where performance is lower than that expected the contract manager will agree an improvement plan with Capita.

**Contractor's feedback**

58. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment, including suggestions for improvements to the council processes. This is included in **Appendix 7**.

# FINANCIAL MANAGEMENT SYSTEM (FMS)

## Dimension 1 – Key performance targets (KPTs)

- 59. System availability. The availability of the Agresso system has remained satisfactory throughout the period; there have been no major unannounced periods of system non-availability that have inconvenienced users. .
- 60. Systems administration. The service to upload to the system, setting up new codes and new users/removing users, has proved responsive and there are no issues with this part of the contractor’s performance. The contractor has continued to be of assistance in supporting the council’s internal transfer of responsibilities to the finance team.
- 61. Training for report writing. The training issues raised previously have not been resolved, but there is a management acceptance that this is no longer a contractor responsibility – this does not however help this part of the client’s area.
- 62. Upgrade of Agresso. The upgrade to Agresso version 5.5.3 has proved to be reliable with no noticeable teething troubles.
- 63. Although no KPTs are laid down for the FMS part of the contract, the estimated assessment of this dimension is “good”, and continues to build on the improvements made last year.

KPT judgement	<b>Good</b>
Previous KPT judgement for comparison	<b>Good</b>

## Dimension 2 – Customer satisfaction

- 64. The council is the customer for the financial management system. Service departments only use the web based version of Agresso. There has been no negative feedback from the service departments and they remain satisfied with the general service provided, system availability and response to queries.
- 65. Accountancy services are the principal users of the “back-office” live system. Routine use of the financial management system causes no issues. With the reconciliations, clarification over the timetables and reporting terminology has improved the statistics and there has been a marked improvement in the reconciliation response times.
- 66. Taking the whole year’s performance into account, the performance is “good”. Again, as with dimension one above, the direction of travel is one of continued improving performance.

Customer satisfaction judgement	<b>Good</b>
Previous Customer satisfaction judgement for comparison	<b>Good</b>

### Dimension 3 – Council satisfaction

67. Whilst customer satisfaction is an important priority, a further important dimension is the satisfaction expressed by the council as the client on whether the contractor is meeting its needs and expectations. These needs and expectations have been measured using the model for reviewing performance of contractors and are attached as **Appendix 5**.

68. This produced a score of **4.10** (last year was 3.90) out of a maximum score of **5.0**. This represents a continual improvement over the past few years – two years ago, the score was “poor” – they are now on the cusp of “excellent”.:

Council satisfaction judgement	<b>Good</b>
Previous Council satisfaction judgement for comparison	<b>Good</b>

### Overall assessment

69. Performance is continually improving. The contractor/client relationship is probably the best it has been for a long time and the willingness of the contractor to engage in finding solutions to issues is encouraging.

70. We are pleased to note that the efforts made last year around the upgrade have continued to reap benefits for both the client and the contractor.

71. As with last year’s report, the client accountancy team consider the staff and support from the contractor’s team in Mendip to be helpful, polite and efficient in dealing with issues, problems and queries raised by the client team. The client accountancy team would once again like to pass on their thanks to the contractor’s staff at Mendip.

72. Taking into account the performance of Capita against KPT’s, customer satisfaction and council satisfaction, the Head of Finance has made an overall judgement as follows.

Overall assessment	<b>Good</b>
Previous Overall assessment for comparison	<b>Good</b>

## **Strengths and areas for improvement**

73. **Appendix 5** records strengths and areas for improvement relating to the performance of Capita during the review period. Where performance is lower than that expected the contract manager will agree an improvement plan with Capita.

## **Contractor's feedback**

74. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment, including suggestions for improvements to the council processes. This is included in **Appendix 7**



# CONCESSIONARY FARES (ASSISTED TRAVEL)

## Dimension 1 – Key performance targets (KPTs)

- 75. Capita administers the national bus pass scheme on behalf of the council. It also administers the hospital appointments scheme. Generally, the national scheme is administered from the contact centre in Coventry, whilst the arrangements for lost bus passes and the hospital appointments scheme is administered in the council offices.
- 76. As far as the national bus pass scheme is concerned, Capita is required to (i) order new passes within three working days of a completed application being received; (ii) update the customer database records within three working days of changes being received; (iii) request replacement bus passes within three days of a request being made. In relation to the hospital appointments scheme, Capita is required to pass completed documentation to the council within five days of receipt to enable it to reimburse the user. Against all these KPT's Capita generally achieved full compliance during 2010/11.
- 77. Capita handled 2,961 telephone calls at its Coventry contact centre during the year. It managed to answer 88 per cent of these calls within 20 seconds (the target being 80 per cent).
- 78. Based on this performance the head of service has made a judgement on KPT performance for concessionary fares as follows:

KPT judgement	<b>Excellent</b>
Previous KPT judgement for comparison	<b>Excellent</b>

## Dimension 2 – Customer satisfaction

- 79. No customer satisfaction survey was undertaken during the year so it was not possible to gauge satisfaction levels on service administration.
- 80. However, no customer complaints were received in respect of the assisted travel service during the course of the year.
- 81. Based on this performance, the head of service has made a judgement on customer satisfaction for concessionary fares as follows:

Customer satisfaction judgement	<b>Excellent</b>
Previous Customer satisfaction judgement for comparison	<b>Good</b>

### Dimension 3 – Council satisfaction

82. Whilst customer satisfaction is an important priority, a further important dimension is the satisfaction expressed by the council as the client on whether the contractor is meeting its needs and expectations. These needs and expectations have been measured using the model for reviewing performance of contractors and are attached as **Appendix 6**.
83. This produced a score of **4.36** out of a maximum score of **5.0**. Based on this performance, the Head of Finance made the following judgement on Capita's delivery of council satisfaction:

Council satisfaction judgement	Excellent
Previous Council satisfaction judgement for comparison	Excellent

### Overall assessment

84. Taking into account the performance of Capita against KPT's, customer satisfaction and council satisfaction, the head of service has made an overall judgement as follows.

Overall assessment	Excellent
Previous Overall assessment for comparison	Excellent

### Strengths and areas for improvement

85. Capita generally provides a good concessionary fares service. The team leader keeps the client team well informed and always demonstrates a desire to offer a high quality service.

### Contractor's feedback

86. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment, including suggestions for improvements to the council processes. This is included in **Appendix 7**.

## FINANCIAL IMPLICATIONS

87. The contract with Capita incorporates a payment and performance mechanism. Issues around the exact application of the mechanism and the changes going forward are the responsibility of the Operational Board.

## LEGAL IMPLICATIONS

88. There are no legal implications arising from this report.

## CONCLUSION

89. The Head of Finance has assessed Capita's performance as follows for its delivery of the financial services contract:

- Revenues – **excellent** (10/11 – excellent)
- Benefits – **excellent** (10/11 – good)
- Exchequer (accounts payable, accounts receivable) – **excellent** (10/11 – excellent)
- Financial management system – **good** (10/11 good)
- Concessionary fares (assisted travel) – **excellent** (10/11 excellent)

90. There has once again been an improvement in the quality of the financial services provided by Capita during 2011/12 – it has definitely been the best year since the inception of the contract and Capita should be congratulated. Benefits especially saw a marked improvement with all speed of processing targets being met for the first time and financial accuracy improving once again, whilst collection of council taxes were the best ever. The governance process will continue to vigorously monitor the contract, and this, along with the commitment pledged by Capita management should help maintain and improve service provision in the future.

<b>Performance Targets</b>	<b>2010/11 Target</b>	<b>2010/11 Achieved</b>	<b>2011/2012 Target</b>	<b>2011/2012 Achieved</b>
<b>Percentage of Council Tax collected</b>	<b>98.60%</b>	<b>98.68%</b>	<b>98.60%</b>	<b>98.71%</b>
<b>Percentage of NNDR collected</b>	<b>99.40%</b>	<b>99.07%</b>	<b>99.40%</b>	<b>99.08%</b>
<b>Average time (days) for processing new benefit claims.</b>	<b>19</b>	<b>20.28</b>	<b>19</b>	<b>17.71</b>
<b>Average time (days) for processing benefit changes in circumstances</b>	<b>9.5</b>	<b>11.53</b>	<b>9.5</b>	<b>8.57</b>
NI181 Average time (days) for processing new claims and changes in circumstances	<b>13</b>	<b>12.6</b>	<b>13</b>	<b>9.86</b>
<b>Financial accuracy of benefit assessments</b>	<b>95%</b>	<b>92.14%</b>	<b>95%</b>	<b>94.16%</b>

## Council satisfaction – Revenues

This assessment allows the council (as a client) to record its own satisfaction with aspects of a contractor's performance which lie outside Key Performance Targets and customer satisfaction. Each officer with direct knowledge and who frequently interacts with the contractor should complete this form. Questions can be left blank if not relevant to a contract or contractor.

Contractor / supplier / partner name | Capita

From (date) | 1 April 2011 | To | 31 March 2012

### SERVICE DELIVERY

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
1 Understanding of the client's needs	✓				
2 Response time	✓				
3 Delivers to time		✓			
4 Delivers to budget	✓				
5 Efficiency of invoicing		✓			
6 Approach to health & safety	✓				
7 Supports the council's plans for joint working	✓				
8 *					

\* These spaces are deliberately left blank for the addition of any performance criteria which are specific to this particular contract / service.

### COMMUNICATIONS AND RELATIONS

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
9 Easy to deal with	✓				
10 Communications / keeping the client informed		✓			
11 Quality of written documentation	✓				
12 Compliance with Council's corporate identity		✓			

## Appendix 2

13	Listening	✓				
14	Quality of relationship	✓				

### IMPROVEMENT AND INNOVATION

Attribute		(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
15	Offers suggestions beyond the scope of work		✓			
16	Degree of innovation		✓			
17	Goes the extra mile		✓			
18	Supports the Council's sustainability objectives		✓			
19	Supports the Council's equality objectives	✓				
20	Degree of partnership working	✓				

### KEY DOCUMENTS

If required, has the contractor provided the Council with annual updates of the following documents?

- |  |                          |
|--|--------------------------|
| 1. Annual Corporate Governance Assurance Statement? (Yes / No) | <input type="checkbox"/> |
| 2. Updated risk register (Yes / No)                            | <input type="checkbox"/> |
| 3. Annual business plan (Yes / No)                             | <input type="checkbox"/> |
| 4. Updated business continuity plan (Yes / No)                 | <input type="checkbox"/> |

### STRENGTHS AND AREAS FOR IMPROVEMENT

Strengths	Revenues management and support to the manager
	Knowledge and commitment of staff

Areas for improvement	Responses to FOI requests

## COUNCIL SATISFACTION ASSESSMENT

	Very satisfied (5)	Satisfied (4)	Neither (3)	Dissatisfied (2)	Very dissatisfied (1)	Votes cast
	11	8	0	0	0	19

Rating	Range	Votes	Weighting	Total weighted
Very satisfied	<b>5.0</b>	11	X 5	55
Satisfied	<b>4.3</b>	8	X 4	32
Neither satisfied or dissatisfied	<b>3.9</b>	0	X 3	0
Dissatisfied	<b>3.4</b>	0	X 2	0
Very dissatisfied	<b>3.0</b>	0	X 1	0

Total		<b>19</b>		<b>87</b>
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**Calculation:  $87 \div 19 = 4.58$**

For reasons of consistency with previous assessments, and for fairness between contractors, the following is a rough guide to the assessment of contractors on customer satisfaction:

Score	<b>4.3 – 5.0</b>	3.9 – 4.3	3.4 – 3.9	3.0 – 3.4	<3.0
Classification	<b>Excellent</b>	Good	Fair	Weak	Poor

## Council satisfaction –Benefits

This assessment allows the council (as a client) to record its own satisfaction with aspects of a contractor's performance which lie outside Key Performance Targets and customer satisfaction. Each officer with direct knowledge and who frequently interacts with the contractor should complete this form. Questions can be left blank if not relevant to a contract or contractor.

Contractor / supplier / partner name | Capita

From (date) | 1 April 2011 | To | 31 March 2012

### SERVICE DELIVERY

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
1 Understanding of the client's needs	✓				
2 Response time		✓			
3 Delivers to time		✓			
4 Delivers to budget	✓				
5 Efficiency of invoicing	✓				
6 Approach to health & safety	✓				
7 Supports the council's plans for joint working	✓				
8 *					

\* These spaces are deliberately left blank for the addition of any performance criteria which are specific to this particular contract / service.

### COMMUNICATIONS AND RELATIONS

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
9 Easy to deal with	✓				
10 Communications / keeping the client informed		✓			
11 Quality of written documentation		✓			
12 Compliance with Council's corporate identity		✓			



## Appendix 3

13	Listening	✓				
14	Quality of relationship	✓				

### IMPROVEMENT AND INNOVATION

Attribute		(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
15	Offers suggestions beyond the scope of work		✓			
16	Degree of innovation		✓			
17	Goes the extra mile		✓			
18	Supports the Council's sustainability objectives		✓			
19	Supports the Council's equality objectives	✓				
20	Degree of partnership working	✓				

### KEY DOCUMENTS

If required, has the contractor provided the Council with annual updates of the following documents?

- |  |                          |
|--|--------------------------|
| 1. Annual Corporate Governance Assurance Statement? (Yes / No) | <input type="checkbox"/> |
| 2. Updated risk register (Yes / No)                            | <input type="checkbox"/> |
| 3. Annual business plan (Yes / No)                             | <input type="checkbox"/> |
| 4. Updated business continuity plan (Yes / No)                 | <input type="checkbox"/> |

### STRENGTHS AND AREAS FOR IMPROVEMENT

Strengths	Equality awareness
	Surgeries/home visiting
	Keeness of staff
	Liaison with housing
Areas for improvement	Keeping call centre up to date with benefits changes


## COUNCIL SATISFACTION ASSESSMENT

	Very satisfied (5)	Satisfied (4)	Neither (3)	Dissatisfied (2)	Very dissatisfied (1)	Votes cast
	10	9	0	0	0	19

Rating	Range	Votes	Weighting	Total weighted
Very satisfied	<b>5.0</b>	10	X 5	50
Satisfied	<b>4.3</b>	9	X 4	36
Neither satisfied or dissatisfied	<b>3.9</b>	0	X 3	0
Dissatisfied	<b>3.4</b>	0	X 2	0
Very dissatisfied	<b>3.0</b>	0	X 1	0

Total		<b>19</b>		<b>86</b>
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**Calculation:  $86 \div 19 = 4.53$**

For reasons of consistency with previous assessments, and for fairness between contractors, the following is a rough guide to the assessment of contractors on customer satisfaction:

Score	<b>4.3 – 5.0</b>	3.9 – 4.3	3.4 – 3.9	3.0 – 3.4	<3.0
Classification	<b>Excellent</b>	Good	Fair	Weak	Poor

# Council satisfaction – Exchequer

This assessment allows the Council (as a client) to record its own satisfaction with aspects of a contractor's performance which lie outside Key Performance Targets and customer satisfaction. Each officer with direct knowledge and who frequently interacts with the contractor should complete this form. Questions can be left blank if not relevant to a contract or contractor.

Contractor / supplier / partner name

From (date)  To

## SERVICE DELIVERY

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
1 Understanding of the client's needs	✓				
2 Response time		✓			
3 Delivers to time		✓			
4 Delivers to budget	✓				
5 Efficiency of invoicing	✓				
6 Approach to health & safety	✓				
7 Supports the Council's plans for joint working	✓				
8 Contingency plans		✓			

## COMMUNICATIONS AND RELATIONS

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
9 Easy to deal with	✓				
10 Communications / keeping the client informed		✓			
11 Quality of written documentation		✓			
12 Compliance with Council's corporate identity		✓			
13 Listening		✓			
14 Quality of relationship	✓				

**IMPROVEMENT AND INNOVATION**

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
15 Offers suggestions beyond the scope of work		✓			
16 Degree of innovation		✓			
17 Goes the extra mile		✓			
18 Supports the Council's sustainability objectives	✓				
19 Supports the Council's equality objectives	✓				
20 Degree of partnership working	✓				

**KEY DOCUMENTS**

If required, has the contractor provided the Council with annual updates of the following documents?

- 1. Annual Corporate Governance Assurance Statement? (Yes / No)
- 2. Updated risk register (Yes / No)
- 3. Annual business plan (Yes / No)
- 4. Updated business continuity plan (Yes / No)

**STRENGTHS AND AREAS FOR IMPROVEMENT**

Strengths

	Processing of standard basic functions for AP and AR
	Keeness of staff

Areas for improvement


**COUNCIL SATISFACTION ASSESSMENT**

	Very satisfied (5)	Satisfied (4)	Neither (3)	Dissatisfied (2)	Very dissatisfied (1)	Votes cast
	10	10	0	0	0	20

Rating	Range	Votes	Weighting	Total weighted
Very satisfied	<b>5.0</b>	10	X 5	50
Satisfied	<b>4.3</b>	10	X 4	40
Neither satisfied or dissatisfied	<b>3.9</b>	0	X 3	3
Dissatisfied	<b>3.4</b>	0	X 2	0
Very dissatisfied	<b>3.0</b>	0	X 1	0

Total		<b>20</b>		<b>90</b>
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**Calculation:  $90 \div 20 = 4.5$**

For reasons of consistency with previous assessments, and for fairness between contractors, the following is a rough guide to the assessment of contractors on customer satisfaction:

Score	<b>4.3 – 5.0</b>	3.9 – 4.3	3.4 – 3.9	3.0 – 3.4	<3.0
Classification	<b>Excellent</b>	Good	Fair	Weak	Poor

# Council satisfaction – FMS

This assessment allows the Council (as a client) to record its own satisfaction with aspects of a contractor's performance which lie outside Key Performance Targets and customer satisfaction. Each officer with direct knowledge and who frequently interacts with the contractor should complete this form. Questions can be left blank if not relevant to a contract or contractor.

Contractor / supplier / partner name

From (date)  To

## SERVICE DELIVERY

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
1 Understanding of the client's needs		√			
2 Response time		√			
3 Delivers to time		√			
4 Delivers to budget	√				
5 Efficiency of invoicing	√				
6 Approach to health & safety		√			
7 Supports the Council's plans for joint working		√			
8 *Contingency plans		√			

\* These spaces are deliberately left blank for the addition of any performance criteria which are specific to this particular contract / service.

## COMMUNICATIONS AND RELATIONS

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
9 Easy to deal with		√			
10 Communications / keeping the client informed		√			
11 Quality of written documentation		√			
12 Compliance with Council's corporate identity		√			
13 Listening		√			

## Appendix 5

14	Quality of relationship	√			
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### IMPROVEMENT AND INNOVATION

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
15 Offers suggestions beyond the scope of work		√			
16 Degree of innovation		√			
17 Goes the extra mile		√			
18 Supports the Council's sustainability objectives		√			
19 Supports the Council's equality objectives		√			
20 Degree of partnership working		√			

### KEY DOCUMENTS

If required, has the contractor provided the Council with annual updates of the following documents?

- |  |     |
|--|-----|
| 1. Annual Corporate Governance Assurance Statement? (Yes / No) |     |
| 2. Updated risk register (Yes / No)                            |     |
| 3. Annual business plan (Yes / No)                             |     |
| 4. Updated business continuity plan (Yes / No)                 | Yes |

### STRENGTHS AND AREAS FOR IMPROVEMENT

Strengths	<p>Good relationships with System Administration team at Mendip</p> <p>Generally helpful, pleasant staff – this is not to be underrated as a strength. The goodwill generated by the Capita staff, both locally at Vale and also at Mendip is often indispensable to the smooth running of the systems</p> <p>Upgrade to v.5.5.3 in May 2011 has produced improvements – especially for Web clients.</p>
Areas for improvement	<p>To continue to build on the improvement made in year, in terms of:</p> <ul style="list-style-type: none"> <li>working with the client and understanding the client's needs;</li> </ul>

## COUNCIL SATISFACTION ASSESSMENT

	Very satisfied (5)	Satisfied (4)	Neither (3)	Dissatisfied (2)	Very dissatisfied (1)	Votes cast
	2	18	0	0	0	20

Rating	Range	Votes	Weighting	Total weighted
Very satisfied	<b>5.0</b>	2	X 5	10
Satisfied	<b>4.3</b>	18	X 4	72
Neither satisfied or dissatisfied	<b>3.9</b>	0	X 3	0
Dissatisfied	<b>3.4</b>	0	X 2	0
Very dissatisfied	<b>3.0</b>	0	X 1	0
<b>Total</b>		<b>20</b>		<b>82</b>

**Calculation:**  $82 \div 20 = \underline{\underline{4.10}}$

For reasons of consistency with previous assessments, and for fairness between contractors, the following is a rough guide to the assessment of contractors on customer satisfaction:

Score	4.3 – 5.0	<b>3.9 – 4.3</b>	3.4 – 3.9	3.0 – 3.4	<3.0
Classification	Excellent	<b>Good</b>	Fair	Weak	Poor



# Review of Concessionary Fares (Assisted Travel)

## SERVICE DELIVERY

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
1 Understanding of the client's needs	✓				
2 Response time	✓				
3 Delivers to time	✓				
4 Delivers to budget	✓				
5 Efficiency of invoicing	✓				
6 Approach to health & safety	✓				
7 Supports the council's plans for joint working	✓				
8 *					

\* These spaces are deliberately left blank for the addition of any performance criteria which are specific to this particular contract / service.

## COMMUNICATIONS AND RELATIONS

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
9 Easy to deal with	✓				
10 Communications / keeping the client informed	✓				
11 Quality of written documentation		✓			
12 Compliance with Council's corporate identity	✓				
13 Listening			✓		
14 Quality of relationship	✓				

## IMPROVEMENT AND INNOVATION

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatsfd
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## Appendix 6

15	Offers suggestions beyond the scope of work			✓		
16	Degree of innovation			✓		
17	Goes the extra mile		✓			
18	Supports the Council's sustainability objectives		✓			
19	Supports the Council's equality objectives		✓			
20	Degree of partnership working			✓		

## COUNCIL SATISFACTION ASSESSMENT

	Very satisfied (5)	Satisfied (4)	Neither (3)	Dissatisfied (2)	Very dissatisfied (1)	Votes cast
	11	4	4	0	0	19

Rating	Range	Votes	Weighting	Total weighted
Very satisfied	<b>5.0</b>	11	X 5	55
Satisfied	<b>4.3</b>	4	X 4	16
Neither satisfied or dissatisfied	<b>3.9</b>	4	X 3	12
Dissatisfied	<b>3.4</b>	0	X 2	0
Very dissatisfied	<b>3.0</b>	0	X 1	0
<b>Total</b>		<b>19</b>		<b>83</b>

**Calculation:**  $83 \div 19 = 4.36$

For reasons of consistency with previous assessments, and for fairness between contractors, the following is a rough guide to the assessment of contractors on customer satisfaction:

Score	<b>4.3 – 5.0</b>	3.9 – 4.3	3.4 – 3.9	3.0 – 3.4	<3.0
Classification	<b>Excellent</b>	Good	Fair	Weak	Poor

## Contractor 360° feedback

### CONTRACTOR'S REACTION / FEEDBACK ON COUNCIL'S ASSESSMENT

Capita is pleased to be given the opportunity to feedback on the findings of this annual report. The contents whilst not always positive are a very valuable tool to:

- Enable key service areas to meet and reflect across a whole year
- Understand, in the context of an overall contract, the positives and negatives
- Identify learning points from both organisations' point of view, to enable the service to be developed and improved as time progresses
- Document, for councillors, a good picture of the overall contract.

Capita is fully committed to this process, and believes it can be one very important tool for improving service to customers.

The Revenues service has again delivered the best ever collection rates for the Council despite the continued financial pressures on residents and businesses. This is due to the excellent teamwork and dedication shown by the whole team. Towards the end of 11/12 Capita introduced some more e-media based service offerings which should benefit the customers who utilise those options, early feedback appears to be positive but the coming months will provide more robust evidence of the effects of these innovations. The comments regarding FOI requests were justified for 11/12 but I am happy to report that process changes have led to significant improvements in this area.

The Benefit service made significant progress during 11/12 and that trend has continued into 12/13 due to the many process changes introduced during the year. The hard work of all the staff has put us in a good position to be able to face the many challenges which government policy has laid before the Council.

It is good to note the much improved working relationship between the Council and the exchequer services team and whilst I accept that there is still room for improvement in some areas, I feel that it will be easier to move the service forward in this more positive environment.

Concessionary fares has had another very good year and continues to provide an excellent service to the residents of the area.

Overall Capita is very pleased with the report and we look forward to working closely with the Council to make further improvements in the coming 12 months.

