

	<p align="center"><b>Financial Performance and Contracts Committee</b></p> <p align="center"><b>23 November 2021</b></p>
<p><b>Title</b></p>	<p><b>Review of Capita Contracts – Public Engagement</b></p>
<p><b>Report of</b></p>	<p>Director, Commercial and Customer Services</p>
<p><b>Wards</b></p>	<p>All</p>
<p><b>Status</b></p>	<p>Public</p>
<p><b>Urgent</b></p>	<p>No</p>
<p><b>Key</b></p>	<p>No</p>
<p><b>Enclosures</b></p>	<p>APPENDIX A – ORS Report</p>
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<p><b>Summary</b></p>
<p>The purpose of this report is to provide an overview of the public engagement activity on the Capita Contracts Review and to set out the council's initial response to the comments received. The report also sets out proposals regarding the next phase of resident engagement.</p>

<p><b>Officer Recommendations</b></p>
<p><b>That the Financial Performance and Contracts Committee:</b></p> <ol style="list-style-type: none"> <li><b>1. Notes the content of this report and the ORS report attached at Appendix A;</b></li> <li><b>2. Records its appreciation for those residents that participated in the process; and;</b></li> <li><b>3. Agrees the revised approach to ongoing resident engagement, as set out in section 4 of this report.</b></li> </ol>

## **1 WHY THIS REPORT IS NEEDED**

- 1.1 At its meeting on 8<sup>th</sup> June 2021, the Financial Performance and Contracts Committee agreed a proposed approach to public consultation in respect of the Capita Contracts Review. The proposed approach recognised the extensive consultation that took place during the review of Capita contracts that took place during 2018 and 2019, as reported to Policy and Resources Committee on 17<sup>th</sup> June 2019.
- 1.2 The Committee agreed that further public engagement and best value consultations on the Review should consist of two rounds of focus groups. The first round would take place in early July, with the objective of seeking views on priorities, in order to inform the development of proposals for the future delivery of the services. The second round would take place later in the year, to seek views on the proposals that have been developed.
- 1.3 For both rounds, it was proposed that the approach that was taken for the Strategic Contract Review in 2018 be adopted, whereby one focus group would consist of residents that have previously engaged with the council on the services delivered by Capita and one group would bring together a random, representative sample of all residents.
- 1.4 The engagement exercise reported here was undertaken in July 2021 by Opinion Research Services (ORS) - a spin-out company from Swansea University with a UK-wide reputation for social research, who were appointed by the council to convene, facilitate and report on the two focus groups - one with 'frequent engagers' (members of the public who have previously commented or submitted questions on relevant Committee reports) and the other with randomly-selected members of the public. Five participants attended the former and nine attended the latter, and both lasted between 1.5 and two hours.
- 1.5 At the suggestion of the Chairman of the Financial Performance and Contracts Committee, a meeting between him, the council's Director of Commercial and Customer Services and Mr John Dix was held on 6<sup>th</sup> July 2021. Mr Dix is one of the most frequent engagers with the council on the subject of the Capita contracts and regularly makes useful and inciteful comments in respect of their construct and performance. The discussion was wide-ranging and open, with a high level of consensus on some of the key issues. This report contains a summary of the outcomes of the discussion, which has been agreed with Mr Dix and is published with his permission. Following the meeting, Mr Dix sent follow-up emails, the contents of which are also reflected in this report.

## 2 REASONS FOR RECOMMENDATIONS

### Outcome of Focus Groups

- 2.1 The report attached at Appendix A sets out more detail on the approach to recruiting and conducting the focus groups, together with an executive summary and detailed findings.
- 2.2 The contents of the executive summary are reproduced below, along with a commentary setting out the council's initial response (in italics) to the comments that have been made.
- 2.3 A copy of the report has been shared with Capita and we will ensure, as far as is practicable, that the comments that have been made are addressed through the extension proposals.

2.4 **Headline finding 1** – Good customer service is accessible, responsive, communicative, and offers speedy resolution to problems

- a. Participants were generally of the view that the first principle of good customer service is accessibility, followed by attempts at resolution by responsive, knowledgeable members of staff.
- b. Being kept informed of the progress of an issue/complaint was also considered essential: indeed, it was said that people understand that things take time and can accept delays if they receive regular status updates.

*Response – this is broadly consistent with comments made during the extensive public engagement exercise that informed the development of the Customer Transformation Programme and is being addressed in our ongoing work to improve customers' experience of engaging with the council.*

2.5 **Headline finding 2** – Not receiving good customer service has negative repercussions for individuals and organisations...

- a. Poor customer service typically leads to feelings of anger and frustration for those on the receiving end, as well as lasting negative perceptions of the organisation offering it.

*Response – the frustrations experienced as a result of poor customer service, from any organisation, are acknowledged.*

2.6 **Headline finding 3** – ...but residents are in a difficult position when they receive poor customer service from their local authority, as they cannot take their 'custom' elsewhere

- a. An underlying frustration for participants when receiving what they perceive as poor customer service from the council is that short of moving to another area, they feel there is little they can do about it. Essentially,

residents are at a disadvantage as they cannot take their 'custom' elsewhere as they would following poor service at, say, a retail establishment.

- b. Moreover, while elected members can (and in some areas do) try and ensure services run as they should, it was argued that this should not be necessary if services are responsive and efficient – and that good customer service should not be dependent on the proactivity of councillors.

*Response – the particular frustration that arises when you cannot take your custom elsewhere is also acknowledged and makes the focus on improving customers' experience all the more important. Furthermore, it is recognised that good customer service extends far beyond the first point of contact, whether that is by telephone, through the website or face to face, and is dependent upon good end to end processes and the right culture being embedded within each service delivered by or on behalf of the council. It is agreed that good customer service should be the norm and should not require the proactive involvement of councillors.*

**2.7** **Headline finding 4** – LBB's customer service is variable, but there was more negativity than praise

- a. Participants in both groups highlighted their frustrations with LBB's customer service in a broad sense, from their calls not being answered/transferred and having to deal with an automated answering service, to being treated disrespectfully by council staff or having to repeat their issue many times to different people.

*Response – it is acknowledged that, for some of our residents, the experience of engaging with the council has been unsatisfactory. Our analysis suggests that this is particularly the case where residents have more complex issues. We have been working hard over recent years, through our customer transformation programme, to address these concerns and improve our customers' experience of engaging with the council. However, we do acknowledge that there is further room for improvement. Over the last year, we have been working intensively to accelerate that improvement. In particular, we have established a joint working group to focus on the more complex council tax enquiries. As a result of their work, we have made various changes to the telephony system to simplify the route to speak to an advisor. We have also simplified processes within the service and made improvements to the website. As a result of these changes, we have recently seen a significant reduction in the number of complaints. We remain committed to continuing our programme of improvement to address residents' concerns regarding the ability to get through to a person, but this does need to be seen within the context that over 1,000 Barnet callers a day do speak to one of our contact centre advisors.*

*Comments regarding council staff treating residents disrespectfully are disappointing and such behaviour is not in accordance with the council's*

*values. We would always encourage residents to report such incidents, so that they can be addressed. We do have a set of customer service principles and are in the process of developing a training programme to support their rollout across the council.*

- b. In relation to the last issue, some participants suggested a better system for recording notes from calls with members of the public and enabling the provision of progress updates. This, it was said, would give customers confidence that their queries are being logged, addressed and not 'lost in the system'.

*Response – the council does have a Customer Relationship Management (CRM) system that is used to capture details of customers' enquiries. However, there are limits on the degree to which it can be integrated with service-specific systems to provide a full picture and the provision of progress updates. Despite those limits, there have been significant improvements on this front with the implementation of a new system in Streetscene, which did allow that integration. As a result of this, the number of calls about missed bins (including follow-up calls) has reduced by 36%. As part of our ongoing work to improve customer experience, we are looking at implementing a revised CRM system that is better able to be integrated with a broader range of service-specific systems.*

- c. In terms of specific services, highways was the one most complained about, most commonly in relation to potholes and poor maintenance of pavements. There were also significant concerns about a lack of planning enforcement, with accusations of constant (seven days a week) and/or poor-quality building work, and inadequate construction of infrastructure such as pavements – as well as about a lack of urgency and action on the part of environmental health in response to complaints.

*Response – some of the concerns regarding highways are recognised. It is proposed that highways will be brought back in-house, which should address a number of the issues raised. Budgetary constraints mean that it is inevitable that not all improvements on our highway network can be implemented within the timescale that residents would like.*

*Whilst residents' frustrations with the speed of planning enforcement are acknowledged, the service is nationally recognised as being one of the most active in the country and, although a number of services had to be suspended during Covid, the service is now fully back in action. It must, however, be noted that some aspects of planning enforcement take a considerable period of time to reach a conclusion, due to the processes that must be followed.*

*The concerns expressed about environmental health are recognised and will be considered further by the service.*

- d. This is not to say that LBB's customer service was universally considered to be poor: some services were praised, library services (in-house) and environmental health (Capita) in particular.

2.8 **Headline finding 5** – The COVID-19 pandemic has worsened council communications, but some good practice has been evident

- a. General public participants complained of worsening council communications during the COVID-19 pandemic, particularly around a lack or slowness of response, not being able to speak to an actual person, frustrations while using the automated answering system, and a lack of cross-department co-ordination.
- b. Some participants suggested that the council and councillors have used COVID-19 as an excuse for inactivity. While understandable at the outset of the pandemic when everyone was navigating the ‘new normal’ of working from home, it was no longer considered a valid reason for non-responsiveness, especially when other sectors have successfully implemented remote working practices.
- c. On a more positive note, participants again praised environmental health for its response during the pandemic, and another commended the council more generally for the way it administered the COVID-19 business grants. Communication relating specifically to the pandemic and assisting vulnerable people was also thought to be good, as was the action taken to provide for those having to shield.
- d. One of the frequent engagers conceded that Capita’s ability to offer a scalable response to grant distribution has been a benefit with respect to ensuring timely financial assistance to those requiring it. However, this was considered the only benefit served by the Capita contracts since their inception.

*Response – the positive feedback on the distribution of business grants and other support provided during the pandemic is welcomed. However, it is also acknowledged that some services were able to respond more quickly than others to the constraints that were experienced. The feedback will be considered as part of any future “lessons learned” review and in our future planning for such incidents. All services should now be operating as normal, albeit there are significant backlogs in some areas that are still being worked on.*

2.9 **Headline finding 6** – The frequent engagers were especially critical of Capita’s performance

- a. Participants - especially those in the frequent engagers group - were highly vocal in their criticisms of the Capita contracts, and indeed of Capita itself. They particularly alleged poor and impersonal customer service, a lack of openness and visibility around performance, and a serious loss of management control and accountability.

*Response – the ongoing programme to improve customers’ experience of interacting with our services is referenced above. In respect of visibility around performance, the council publishes quarterly performance reports*

*that cover all of the agreed key performance indicators across the contracts, together with a commentary on achievements and challenges during the quarter. The council's approach to managing the contracts has developed since the contracts were let in 2013 and there are regular contract management meetings for each service provided under the contracts.*

- b. The frequent engagers also suggested that the power balance within the council/Capita relationship has tipped too heavily in favour of the latter. In relation to this, a specific example was given whereby a provider 'walked away' from the provision of clinical services for children, and there was significant concern that Capita will do the same if it ceases to make a profit from its contracts with LBB.

*Response – Capita are keen to secure extensions on both contracts and there is no evidence to suggest that they would seek to “walk away” from them.*

- c. Moreover, there was suspicion (fuelled by a recent report by the independent accounting firm Grant Thornton) that the decision to outsource to Capita was, and remains, ideologically and politically driven and that the case for greater economies through outsourcing (as opposed to in-house service provision) is no longer necessarily as clear cut as it might have been.

*Response – as noted by the Financial Performance and Contracts Committee at its meeting on 8<sup>th</sup> June 2021, it is considered that the council's approach to the Review aligns with Grant Thornton's findings, in that it is based on a pragmatic, service by service review, with the focus being on “what is the right approach for that service to achieve the overarching priority of ensuring that Barnet residents receive the best possible services that we can afford and at a competitive price”.*

- d. Planning came in for particularly heavy criticism, especially in relation to the perceived over-development of the Borough, local asset reduction (the loss of community spaces was noted several times), a lack of transparency, and the alleged prioritisation of profit over the needs of the local area and its residents.

*Response – it is acknowledged that planning policy is a complex and contentious issue, but the planning service that is delivered by Capita is required to operate within a policy framework that is determined by the council within a broader legislative framework. The proposed direction of travel for the planning service includes consideration of returning some elements of the strategic planning service to the council, which may enable greater clarity about the split between policy-setting and service delivery.*

2.10 **Headline finding 7** – There was scepticism about the proposed direction of travel for certain services

- a. One frequent engager had read the document outlining the proposed direction of travel for the Capita-provided services and commented that those proposed to return to council control are typically non-revenue generating, whereas Capita would retain the most profit-making service, planning. The frequent engagers were generally concerned to see this as, in their view, planning is one of the services not suited to outsourcing given their belief that local knowledge is required to properly deliver it.

*Response – all revenue generated from the services delivered by Capita comes directly to the council. The income guarantee ensures that any shortfall between the revenue received by the council and the targets set out in the contract is made good by Capita. Any contract extension would require a re-baselining of the income guarantee to ensure that the council is not disadvantaged.*

*The planning service is delivered predominantly from within Barnet, but benefits from additional support capacity provided from Capita's Belfast office.*

- b. Moreover, it was argued that other services provisionally proposed to be retained by Capita - such as Accounts Payable - have not performed sufficiently well to justify this. Again, the feeling was that saving money is the key criterion, and that this overrides any consideration of performance.

*Response – where the direction of travel includes the intention to enter into a one-year extension (as is the case with accounts payable), this is on the basis that additional time is required to allow further review and decisions to be made about the longer-term future of services, where the case for returning, re-procuring or extending is unclear and a more detailed review is required to determine the best strategic option.*

- c. Capita's management of Barnet's cemetery at Hendon was also heavily criticised by a couple of frequent engagers, who alleged significant disrepair because of disinterest – which has, in their view, arisen as a result of the service not meeting Capita's initial (unrealistic) expectations for revenue raising.

*Response - issues regarding maintenance at the cemetery were primarily caused by the impact of Covid, which were exacerbated by unusual weather conditions. These have since been substantially addressed. It should be noted that Covid placed unprecedented pressures on the service, with the equivalent of six months of funerals supported in just a six-week period at the peak of the pandemic, with one team member being awarded the London Borough of Barnet Civic Award for Covid-19 Community Hero. Several new services have also been developed that*



*provide a range of services to meet the varying religious and cultural needs of residents, which also generate income for the council.*

**2.11 Headline finding 8** – Outsourcing remains a controversial option for the delivery of council services

- a. Some participants in the general public group highlighted the potential advantages of having a national organisation running services, arguing that for many services it matters not whether they are located locally or at a distance, especially with today's access to technology. They also supposed that an organisation like Capita would have a higher level of expertise than a local council to perform the functions required, as well as greater purchasing power to minimise costs.
- b. Moreover, it was suggested that the vast majority of residents know little about how the council provides its services, nor do they care as long as the relationship is a largely transactional one.
- c. On the other hand, a lack of local knowledge and accountability was considered by many participants in both groups to be a significant disadvantage of providing services through a third party like Capita – as was the potential for more emphasis to be placed on revenue generation than the needs of local residents (which the frequent engagers argued has happened as a result of the contracts).
- d. Furthermore, a particular concern was that important service provision is in the hands of people with no local knowledge of or vested interest in the area. This, it was said, could lead to poorer customer service as a result of 'outsiders' having less care for what happens locally in Barnet.

*Response – the contracts with Capita seek to strike the right balance between securing the economies of scale and other advantages of working with a national organisation that delivers technology-enabled services for a number of councils and ensuring the appropriate level of local knowledge and engagement. This is a factor that will be considered in respect of proposals to return services to the council, when the contract expires, as well as in the proposals for contract extensions.*

**2.12 Headline finding 9** – Some suggestions for improvement were made

- a. A couple of further specific suggestions were made for improving services and the customer response in Barnet. These included: re-visiting the terms of the Capita contract to enable the amalgamation of inter-related services (customer services and revenues and benefits for example); and LBB and Capita working to establish of a more personal (as opposed to wholly transactional) relationship between the latter and local residents.

*Response – the suggestion of amalgamating customer services and revenues and benefits is not supported, as customer services provides the "front door" to a much broader range of council services. However, the*

*need for closer working between customer services and the revenues and benefits service is accepted. As referenced above, a joint working group involving both services and including colleagues from both the council and Capita has been established and has been meeting over recent months to review and improve customers' journeys through some of the more complex situations that the service deals with.*

*The suggestion of establishing a more personal relationship with local residents is accepted and it is anticipated that the extension proposals will address this through revised partnership governance arrangements that will strengthen the relationship between the council and Capita.*

**2.13** **Headline finding 10** – The frequent engagers were cynical about the Review and the engagement/consultation process

- a. Finally, the frequent engagers felt that the Capita Contracts Review and associated engagement/consultation process are somewhat futile inasmuch as they are unlikely to influence the proposed directions of travel (which were described as a “*done deal*”). This viewpoint has been fuelled by a feeling that the council has refused to enter into dialogue with and listen to them and other residents over recent years – as well as a perception that the findings of consultation exercises (the 2019 Capita Contracts consultation for example) are often ignored if they yield the ‘wrong’ answers.

*Response – the level of cynicism from the frequent engagers is unfortunate and it is hoped that some of the responses set out above will go some way to assuring participants in the focus group that their concerns have been heard and are being addressed, albeit not necessarily with the outcome that they would ultimately like to see.*

- b. While most of the frequent engagers said there was nothing the council could do to change their views, one did suggest that if LBB were to show willing in entering into true two-way dialogue, this would go some way to persuading them that this engagement process, and the forthcoming formal consultation, are genuine attempts to inform future service provision. They did not consider this likely though.

*Response – we have sought to engage in two-way dialogue by meeting with Mr John Dix, who is one of the particularly frequent engagers with the council over the Capita contracts.*

- c. Finally, both the frequent engagers and the general public said that being as open and transparent as possible about Capita’s performance to date was essential in ensuring all parties can make an informed judgement about the merits or otherwise of any formal proposals.

*Response – Capita’s performance is reported to the Financial Performance and Contracts Committee on a quarterly basis. Performance*

*packs for those services that it is proposed to retain will be published as part of the supporting evidence for the extension proposals.*

**Outcome of meeting with Mr John Dix**

2.14 The following is an agreed summary of the points made during a meeting between the Chairman of the Financial Performance and Contracts Committee, the council's Director of Commercial and Customer Services and Mr John Dix, held on 6<sup>th</sup> July 2021, and is published with Mr Dix's permission. The council's response is set out below each point, in italics.

2.15 Mr Dix expressed concerns about the integration of different systems into Integra.

*Response – this is acknowledged and will be considered in our decision-making on the future of the council's core systems.*

2.16 Looking ahead to 2026 (our proposed extension period), we need to acknowledge that the shape of local authorities is changing and Covid has accelerated that.

*Response – this is also acknowledged and will inform our thinking about the future delivery of all services, not just those that are delivered through the Capita contracts.*

2.17 The council should consider appointing a chief information/technology officer, as its IT strategy is currently outsourced. Capita both provide the advice on IT and deliver IT, creating a potential conflict of interest. As such there is a need for an independent advisor on IT strategy separate from Capita to set a vision of what best meets the needs of LBB in the future.

*Response – whilst the suggestion has some merits, it is considered that the council benefits considerably from its broader access to Capita's strategic IT capabilities, the strength and depth of which goes beyond what one could expect from a single chief technology officer. It is considered that the current clienting arrangements mitigate against any potential conflict of interest, particularly as the council also uses organisations such as LOTI (London Office of Technology and Innovation) and SOCITM (Society for Innovation, Technology and Modernisation) to test its thinking. We recognise that there is merit in reviewing whether or not there is a need to strengthen the support that is available to the council's existing client lead in respect of this aspect of his role.*

2.18 Technology is at the heart of everything the council does and this is an opportunity to re-imagine how services such as call centres are delivered in the future.

*Response – agreed and it is anticipated that this will be addressed in Capita's proposals for contract extensions.*

- 2.19 The council stopped publishing data on call-wait times in 2018, which is inconsistent with claims of transparency and openness in respect of performance.

*Response – this occurred prior to the current director and client lead being in post, so we are unable to establish why this happened. The client lead is working with contact centre colleagues to re-establish a programme of regular reporting on key metrics.*

- 2.20 There was an extensive discussion about culture coming from within and where control sits.

*Response – it is considered that work on strengthening the client side and anticipated proposals regarding the partnership governance arrangements will be critical to this.*

- 2.21 In respect of highways, there were shared concerns that can be summarised in the phrase “never outsource a problem, but never insource one either”.

*Response – work on the proposal to bring highways back to the council upon expiry of the contract is being carried out in conjunction with the broader Highways Transformation Programme, which continues to drive ongoing improvements in the service, whilst also considering the future operating model for the service. To support this approach, Capita’s Highways Director has been seconded to the council and now reports directly to the Executive Director, Environment.*

- 2.22 Planning remains a big concern, particularly in terms of the high level of staff turnover leading to decisions being made by people who don’t understand the history of the area and loss of corporate memory.

*Response – following the meeting, we reviewed staff turnover levels in planning over the last year and they were not considered to be out of the ordinary. We have, however, done some work with the service on ensuring that cases are picked up more promptly when staff are off sick. As stated elsewhere in this report, the vast majority of the planning service is delivered from within Barnet.*

- 2.23 Planning revenue should stay with Barnet.

*Response – it is considered that there may be a misunderstanding in respect of how the income guarantee and revenue flows operate, as all revenue from the planning service does come directly to, and is retained by, the council in the first instance. This revenue/income is different from profit, in that in the event of overperformance against the income guarantee, RE is entitled to reclaim the additional costs of achieving the extra income. Any subsequent surplus would be shared 75% to the council and 25% to RE. Should this translate directly into profit for the Joint Venture, any subsequent dividends would return 49% of that profit to the council, with 51% to the Joint Venture, resulting in 87.25% of the additional revenue being retained by the council.*

*For any contract extension, it will be necessary to re-baseline the income guarantee to reflect the areas of over- and under-performance to date, as well as considering how any surplus revenue is shared.*

- 2.24 There were concerns around keeping accounts payable with Capita.

*Response – the concerns regarding accounts payable are acknowledged, but this service is in the “further review” category because the best future delivery model for the service is dependent upon decisions about the council’s future core systems. Any proposal to extend the contract for one year is designed to provide the time required to make those decisions.*

- 2.25 There was an acknowledgement from all participants in the meeting that any extensions would require chief executive sign-off from both sides, as well as political buy-in.

*Response – it has been confirmed that Capita’s internal governance process requires “main board” approval of the extension proposals.*

**Follow-up email from Mr John Dix**

- 2.26 Following on from the meeting, Mr Dix sent an email to the Chairman of the Financial Performance and Contracts Committee and the council’s Director of Commercial and Customer Services on 12<sup>th</sup> July 2021. This re-stated and expanded on some of the points made during the meeting. The key additional points raised in the email are summarised below, with the council’s response in italics.

- 2.27 Mr Dix expressed concerns that he does not see evidence of a clear vision for Barnet, not just in relation to the specific elements of the Capita contract, but how the Council organisation will operate as a whole in five years’ time with a rising population and taking into account the changes driven by Covid. He also made suggestions regarding a potential future grouping of services.

*Response – the subject of the broader vision and structure of the council fall outside the remit of this Review, so have been shared with the council’s Chief Executive for consideration in the ongoing development of the Barnet Plan.*

- 2.28 The email set out further commentary in respect of the council’s core systems and promoted consideration of a “proper ERP (enterprise resource planning) system”.

*Response – the council’s review of core systems will consider a range of options, including the implementation of an ERP solution. Independent advice on this review will be sought, as necessary.*

- 2.29 In respect of planning, it was suggested that a “value chain analysis” would aid understanding of how Capita add value to the planning process.

*Response – how Capita adds value to the service will need to be part of any business case for extending the contract.*

- 2.30 On the topic of organisational culture, Mr Dix suggested that having a common set of goals throughout the organisation, and instilling a common language that reflects and reinforces those goals, is critical to making sure any changes stick. He identified the risk that piecemeal changes of specific services, without that clear set of organisation goals and culture, will result in a failure to realise the benefits of any change.

*Response – it is anticipated that the extension proposals will set out how Capita will continue to contribute to the achievement of the council’s goals, which are set out in the Barnet Plan.*

- 2.31 In respect of the client side, Mr Dix acknowledged that additional resources have been put into managing the contractor, but posed the question of how much it costs to manage the contractor and at what point is it cheaper to simply self-operate the service.

*Response – whilst it is acknowledged that the cost of managing the contracts is a factor that requires consideration, it is also considered that, where additional resources have been brought into the client side over the years, this has added more value to the overall delivery of services than is suggested by the phrase “managing the contractor”.*

### **3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Not applicable, as this report sets out the outcome of resident engagement, rather than recommendations for decision.

### **4 POST DECISION IMPLEMENTATION**

- 4.1 The outcomes of resident engagement to date have been shared with Capita to inform the development of their proposals. They will also be taken into account in the development of business cases in respect of all services currently provided through the Capita contracts.
- 4.2 Having given due consideration to the detailed responses, particularly from those residents that engage frequently with the council on these issues, it has been concluded that the second stage of the consultation needs to focus on the current experience of residents that are interacting with the council and seek the views of as wide a group of those residents as possible, to help inform the future shape of the council’s approach to customer service, across the board. This will necessitate an ongoing dialogue with residents, rather than the one-off focus groups that were originally envisaged.

## **5 IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

5.1.1 The aims of this Review are consistent with the council's Corporate Plan, Barnet 2021-2025, in that it aims to ensure high quality, good value services.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 The cost of conducting the focus groups was approximately £8,000 and has been met from the resources allocated to conduct the Contracts Review.

### **5.3 Social Value**

5.3.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. The existing contracts include Social Value provisions and the opportunity to enhance these will be considered as part of the negotiations to extend the contracts and in any re-procurement activity.

5.3.2 There are no specific Social Value implications from this report.

### **5.4 Legal and Constitutional References**

5.4.1 Council Constitution, Article 7 (Committees, Forums, Working Groups and Partnerships) provides that Financial Performance and Contract Management Committee is responsible for the oversight and scrutiny of the council's major strategic contracts. It may 'at the request of the Policy & Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and make recommendations to the referring committee.' Policy and Resources Committee on 17<sup>th</sup> June 2019 agreed that terms of reference and progress on the Review should be reported to the Financial Performance and Contracts Committee. Any resulting recommendations would be made in a further report to the Policy and Resources Committee.

5.4.2 Legal advice will be sought as required, including on contractual, public procurement, consultation, and employment related matters, to ensure that the council acts lawfully at all times.

5.4.3 Best Value public consultations as required by Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007) will be carried out as appropriate in the context of the Review. Statutory Guidance requires the council to provide for organisations, businesses, service users, and the wider community to put forward options on how to reshape services, and to consider overall value, including economic, environment and social value when reviewing service provision.

5.4.4 Consultation with staff will be carried out as appropriate and the council will comply with its legal obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) (TUPE) in connection with the transfer of any affected staff.

## 5.5 Risk Management

5.5.1 Key risks associated with the Review include:

- Ongoing time and/or resource constraints lead to the Review not being carried out effectively, resulting in poor decision-making
- Relationship with Capita deteriorates during the Review, leading to poorer service delivery
- Lack of clarity on scope and deliverables from the Review results in disappointed and/or confused stakeholders
- Resource requirements and/or organisational focus on the Review leads to deterioration in service quality or seeking value for money.
- A further wave of the Covid-19 pandemic further delays work on the Review.

5.5.2 Risks will be monitored and mitigating actions have been put in place, including establishment of close partnership working with Capita, ensuring appropriate resourcing (please refer to 5.2.1) and through detailed planning.

## 5.6 Equalities and Diversity

5.6.1 Equality and diversity issues are a mandatory consideration in the council's decision-making process. Decision makers should have due regard to the public-sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that the Committee has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public-sector equality duty are found at section 149 of the Equality Act 2010.

5.6.2 A public authority must, in the exercise of its functions, have due regard to the need to:



- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 5.6.3 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 5.6.4 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 5.6.5 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) Tackle prejudice, and
  - (b) Promote understanding.
- 5.6.6 Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:
- Age
  - Disability
  - Gender reassignment
  - Pregnancy and maternity
  - Race,
  - Religion or belief
  - Sex
  - Sexual orientation
  - Marriage and Civil partnership
- 5.6.7 Equalities Impact Assessments will be undertaken on a service by service basis as more detailed proposals and business cases are developed.

## 5.7 Consultation and Engagement

### *Public consultation and Best Value consultation*

- 5.7.1 As previously reported to this Committee, extensive consultation has taken place through the review of Capita contracts as reported to Policy and Resources Committee on 17<sup>th</sup> June 2019. The Review is a continuation of the review of Capita contracts and will take into account the feedback already provided. The approach to further engagement through the use of focus groups was agreed by this Committee at its meeting on 8<sup>th</sup> June 2021 and the outcomes of that engagement are the subject of this report.

### *Staff consultation*

- 5.7.2 Any proposals that involve the transfer of services from one provider to another (including transfer in-house or to alternative providers) will entail a statutory requirement to provide information and consult with staff representatives under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). These requirements will be triggered once a decision to transfer services has taken place and prior to any transfer being effected.
- 5.7.3 However, it should be noted that it is good practice to engage with all staff from the point at which any potential for transfer of services becomes generally known, throughout the decision making and transition periods and for a period post transfer (if a transfer takes place). Early engagement with staff assists in managing the risks of staff becoming unsettled or distracted as outlined above. It also assists in preventing loss of key staff during the decision making and transition periods, as well as ensuring the council continues to attract high calibre individuals by maintaining its reputation as an employer of choice. Arrangements have been put in place to engage with and update staff, as the Review progresses.
- 5.7.4 Likewise, early engagement and ongoing dialogue with staff representatives is also good practice, with the aim of early identification and resolution of issues, reaching agreement on processes and approach to managing the workforce aspects of transfer and addressing any issues that may arise at the earliest opportunity so that statutory consultation and the transition itself can run smoothly for affected staff.

## 5.8 Insight

- 5.8.1 Multiple qualitative and quantitative data and information sources will be used to derive insight during the Review.

## 5.9 Corporate Parenting

- 5.9.1 Capita provide a small number of services to care leavers living in Barnet, most notably in relation to the revenues and benefits service. The continued

focus on high quality services through the Review process will ensure that these services continue to be provided.

## **6. BACKGROUND PAPERS**

- 6.1. Report to Financial Performance and Contracts Committee, 29<sup>th</sup> January 2020:  
<https://barnet.moderngov.co.uk/documents/s57531/Year%206%20and%20Y7%20review%20ToR.pdf>
  - 6.2. Report to Financial Performance and Contracts Committee, 18<sup>th</sup> March 2020:  
<https://barnet.moderngov.co.uk/documents/s58379/Year%2067%20Review%20of%20Capita%20Contracts.pdf>
  - 6.3. Report to Financial Performance and Contracts Committee, 15<sup>th</sup> June 2020:  
<https://barnet.moderngov.co.uk/documents/s58926/Yr%206-7%20Review%20FPC%20report.pdf>
  - 6.4. Report to Financial Performance and Contracts Committee, 27<sup>th</sup> October 2020:  
<https://barnet.moderngov.co.uk/documents/s60807/Year%206-7%20Review%20FPC%20report.pdf>
  - 6.5. Report to Financial Performance and Contracts Committee, 17<sup>th</sup> March 2021:  
<https://barnet.moderngov.co.uk/documents/s64235/Yr%206-7%20Review%20FPC%20report.pdf>
  - 6.6. Report to Financial Performance and Contracts Committee, 8<sup>th</sup> June 2021:  
<https://barnet.moderngov.co.uk/documents/s65146/FPC%20Contracts%20Review%20Report.pdf>
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