



# Sheffield Council

**Capita in Local Authorities**

Local Authority	Performance Issues	Cost Issues	Contract Status
Sheffield Revs & Bens & IT			Brought back in-house

**September 2018 Briefing Number 1**  
**Part One**

## What happened in Sheffield Council?

On 20<sup>th</sup> June 2018, Sheffield Council Cabinet Committee met to discuss ending their IT partnership with Capita.

Below are a series of comments and extracts from their Cabinet Committee. Please note the use of **emphasis/underlining** is made by Barnet UNISON.

### 1. What did they decide?

On 20<sup>th</sup> June 2018 Sheffield Council agreed to the following:

*“**early termination** of the ICT and Partnership elements of the Programme Agreement with Capita Business Services Ltd (Capita); and there may be a transfer of staff from Capita into the Council that will require a formal consultation with staff affected and the Trade Unions.”*

### 2. I thought IT was one of Capita core services?

That is a common statement. Capita have previously sold their IT as one of their key parts of their business. However, in the Cabinet report there are some worrying comments made.

*“1.1.6 Having a modern ICT environment that enables staff to be productive, and enables the kind of customer experience that can meet these demands and expectations will be essential to helping the Council address our challenges into the future so we can deliver the best outcomes for the people of Sheffield. The current ICT environment **does not** meet these expectations and has **not kept pace with the needs of staff or the needs of our citizens.**”*

*“The Council has encountered service issues, most notably, a prolonged period in 2017 when none of the Council’s ICT services were available due to a **failure** of Capita’s West Malling Data Centre – this also affected other Capita customers;”*

*“Issues with achieving **value for money** on ICT changes through the partnership agreement remain **unresolved**.”*

*“The Council has **not** benefitted from the **innovation** that we would have expected from a company with the breadth of **Capita**.”*

*“In order to deliver the scale and pace of change we require, **we need** to be a **more nimble, agile and responsive** ICT-enabled organisation.”*

*“Through this process, it became increasingly clear that in order to deliver the Technology 2020 Strategy at the pace we require, the current model of **ICT delivery by Capita** was **no longer tenable**.”*

### **3. How did Sheffield originally come to this decision?**

Sheffield Council instructed officers to come up with options:

*“The following options were considered through a **SWOT analysis** to judge their viability and produce a shortlist of realistic change options.”*

*“The recommended option is to **take back direct control** of the ICT services.”*

### **4. But isn't there a risk of serious financial penalties if you terminate a contract early with Capita?**

This is another common and understandable question. See what Sheffield Council had to say about this risk.

*“The current partnership agreement has a break clause in 2020 which would enable the Council to end the contract then and avoid the full impact of the **termination costs** and some of the exist costs. We have considered this option and **discounted** it because it would*

*prevent us from making progress with our Technology 2020 Strategy in the required timescales. It would also mean that we would be continuing to pay for the ICT Service at the contractual rate for at least another year and we would miss the opportunity to take the savings earlier. Making a decision now would also impact the assessment of the remaining services (see paragraph 1.10).”*

## **5. How long does it take to bring back services in-house from Capita?**

Take a look at what Sheffield Council had to say about this question.

*“The plan is subject to refinement once we enter into formal discussions with Capita. Our current target is to have responsibility for all ICT services back under the Council’s control, as per this recommended option, **between December 2018 and March 2019.**”*

A decision went to the Council 20 June 2018. Councillors expect that they will have concluded negotiations with Capita and have brought the service back in-house nine months later in March 2019.

## **6. Comment**

Barnet UNISON has been unable to secure any information that on any serious issues about the relationship with Sheffield and Capita. There appears to have been no serious or significant issues that have caused any embarrassment to the Council and there appears to be no record of any fraudulent activity unlike here in Barnet. In which case, why does it appear that Barnet Council appears to be unable to find a way to exit the Capita

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