Barnet UNISON

"How bad must it get before Barnet Council terminate the two Capita contracts?"

Barnet UNISON
Barnet House
1255 High Road
Whetstone
N20 0EJ
Telephone: 020 8359 2088
Fax: 020 8446 5245
Email: contactus@barnetunison.org.uk
www.barnetunison.me.uk

2018

Introduction:

This report is a collection of published online articles in 2018 that relate to Capita failure and organisations taking services back in-house.

Barnet Council is currently conducting a review of both Capita contracts.

However, history of decision making in Barnet leaves Barnet UNISON with a feeling of dread.

Barnet Council likes to be different, to buck the trend hence the **easyCouncil** model was pushed through despite the best efforts of Barnet UNISON and community campaigners and Barnet Bloggers.

In 2018 Capita issued a Profit warning which saw their Share price drop over the cliff literally days after Carillion collapsed. We now know Government were still awarding contracts to Carillion even when it was clear their share price was going through the floor. Today 26 October 2018 Capita Share price is **£1.20**

“Can services be brought back in-house?”

Yes and it happens all of the time. However it is increasingly likely that with all that has gone wrong with the contracts Barnet Council will announce that very few services will be brought back in-house.

No doubt an action plan will be show cased as an evidence that they will correct past failures going forward.

Well, our own discussions with the workforce are that Barnet Council should #KickOutCapita

1. Barnet in TPR breach as Capita misses payments

By **Alex Janiaud** | October 22, 2018

The London Borough of Barnet Council has reported itself to the Pensions Regulator after failing to produce 447 pension benefit statements on time.

Minutes from a meeting of the council's Financial Performance and Contracts Committee earlier this month reveal that delays from employers asked to submit information have meant the local authority fund has breached the law.

The committee also said that outsourcer Capita, which carries out a variety of services for the council and is the pension scheme's own administrator, has failed to make requisite deficit contributions for the 2017-18 and 2018-19 periods of more than £2m.

The missed deadline for annual benefit statements, which must be produced by August 31 each year, is the latest problem in a string of administration headaches for the council.

In July 2017, the fund was notified by the regulator of a £1,000 fine over its failure to submit its 2016 employer return information in the required time.

If Capita are touting Barnet as an example of their successes, I dread to see what their failures look like

Arjun Mittra, Labour Party

There have also been delays in the production of the pension fund's accounts, which are linked to the quality and timeliness of membership data. An internal audit in January 2018 exposed problems with the quality of the scheme's data and the preparation of annual benefit statements.

The performance of the council's outsourcing contracts with Capita, including pensions issues, have elicited scrutiny from local Labour politicians and even shadow chancellor John McDonnell.

Data quality delayed the pension fund audit

Approximately 9,000 benefit statements were issued on time, with the exception of 447 "where queries are outstanding with employers (such as schools)", according to committee minutes.

"The failure to produce 447 statements constitutes a breach of law and a report is being prepared for the Pensions Regulator that will identify the relevant non-compliant employers," the minutes read.

“The local pensions board has also agreed to take a more robust approach - in line with the administration strategy - with employers who fail to comply with pensions regulations and the provision of employee information to the pensions team.”

Separate problems with data have delayed the production of the scheme’s accounts, which were due for completion by July 31. Auditor BDO issued its final report on October 12, according to a council spokesperson.

Barnet committee minutes read: “The quality of membership data has improved over the past period, but is still not at the required standard.”

The spokesperson said this was due to previously flagged concerns about the quality of data in relation to the fund’s 2016 triennial valuation and its 2018 liability valuation.

“A service improvement plan has been agreed with Capita, which is being scrutinised by Barnet’s local pensions board. The improvement plan has also been shared with the Pensions Regulator.

“Discussions are ongoing with the regulator to ensure that agreed improvements are being achieved.”

A spokesperson for the regulator confirmed that it was “in contact with those responsible for the governance and administration of the scheme”.

The spokesperson said: “We expect all those responsible for the governance and administration of a scheme to ensure appropriate internal controls are in place to ensure that non-compliant employers fulfil their responsibilities to that scheme.”

A Capita Employee Solutions spokesperson said: “We continue to work closely with Barnet Council to deliver against our agreed targets and have recently completed an improvement plan to further enhance the level of service we provide.”

Capita missed its own contributions

Minutes from a pension committee meeting on October 16 indicate that Capita’s regional enterprise and customer and support group outsourcing contracts, which are treated separately by the scheme, did not pay deficit contributions for the year 2017/2018. Pensions administration falls under the CSG contract.

In aggregate, deficit contributions of £1.179m were unpaid for the year to March 31 2018, while a further £1.208m is due for the year to March 31 2019.

“Capita were aware that the payments are due and had sought supporting information when the schedule of contributions was first issued (March 2017),” the minutes read.

"The lack of monitoring of contributions has resulted in the failure to pay not being identified until April 2018. Capita have indicated that payment will be made before the committee meeting."

Members getting clearer, quicker and tougher

While the vast majority of Barnet's benefit statements were prepared on time, not all appear to have been calculated correctly.

The partner of a Barnet member told Pensions Expert they contacted the administrator after their spouse received a benefit statement that misstated their pensionable salary. Neither wished to be identified.

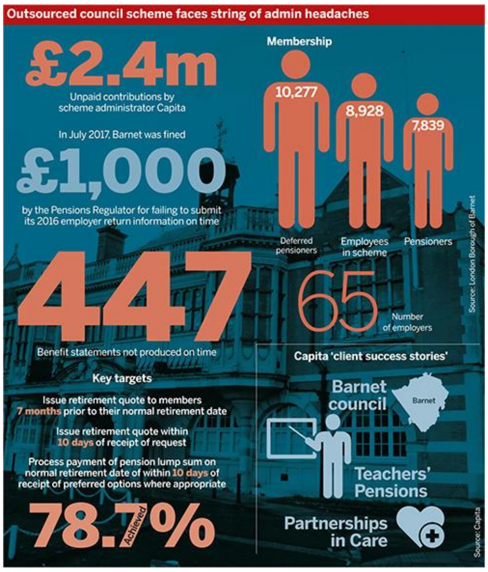
"We wrote to them… it probably took them about three months to get the thing sorted," they said, adding that the revised statement was difficult to understand and did not appear to be entirely accurate.

The couple asked for a response from the administrator within 14 days, but claimed that Capita did not acknowledge their request within this period and, after 22 days, told them that the requested window was insufficient.

Messages between parties apparently disappear from the outsourcer's messaging system, according to the member's spouse. They said Capita has been "very responsive" since the spouse raised the prospect of alerting the regulator.

Local blogger Theresa Musgrove has also alleged that administrators wrongly assured her on three occasions that she could cash in a small Barnet pension entitlement from her time working in libraries.

"I continued to query their assurances – and eventually was told this was incorrect, and I couldn't cash the lot in," she added.



Musgrove claimed that it took several phone calls to secure a stated value for her pension. She was initially only supplied with the formula for calculating the value.

"I still have no confidence that they have got it right," said Musgrove, who authors the 'Broken Barnet' blog. "Only when I mentioned I was making a formal complaint, that I knew Capita's pension administration had been criticised, and would be further publicising the awful service if I did not get the correct amount sent within 24 hours, did [a respondent on the phone] seem at all worried."

She has since complained to a member of the Barnet pensions committee, and is writing to the Barnet pensions board about her problems.

Phone contact essential

Greg Rice, member services manager at third-party administrator Trafalgar House, said knowing how to communicate with members is of vital importance to schemes and their administrators.

NHSE appoints PwC to review pensions admin

Pensions Expert understands that NHS England and Capita have appointed PwC to carry out a review of the outsourcer's administration of the NHS Pension Scheme.

The NHS scheme has encountered administrative difficulties under Capita's management. When a representative of the British Medical Association visited Capita's Blackburn office in September 2017, the administrator had allowed a backlog of 30,000 email enquiries to accumulate.

An NHS England spokesperson said: "Independent experts have been appointed to work with NHS England, Capita and the NHS Business Services Authority to carry out a complete review of all the data and identify any discrepancies."

"Many TPAs have invested heavily in written and online communications, but often members just want to pick up the phone and talk to someone," he said.

Customer-facing staff should have regular training, he said. "TPAs have limited chances to personally engage with members throughout their scheme membership, so just one bad experience can permanently colour their view of a TPA."

He added: "When members get in touch, administrators must do several key things: be accessible, set realistic expectations, do what they say and keep members informed. Above all, put yourself in the member's shoes."

Barnet's financial controls flagged as vulnerable

Barnet's pensions headaches tie in with wider problems with the council's two Capita outsourcing contracts.

"It is evident that both contracts have significant performance flaws and even the Barnet Council's recent reviews were not a ringing endorsement," wrote Labour heavyweight McDonnell in an April report by Unison into Barnet's outsourcing.

In September, a damning report by auditor Grant Thornton into Barnet's financial controls exposed management deficiencies on the part of the council and Capita after a former council staffer was jailed in August for five years for having made 62 fraudulent payments on compulsory purchase orders between July 2016 and December 2017.

A "lack of effective review controls in [both services] resulted in the individual being able to request 62 inappropriate payments to personal bank accounts", the report read. "Our recommendation is that the council takes appropriate contractual action."

A Barnet spokesperson said: "We have ensured that the money was recovered, with no loss to the public purse."

Capita will continue to administer pensions

In July, Barnet's policy and resources committee agreed to review the council's partnership with Capita.

A council spokesperson envisaged that "the finance team will return to the council's employment", but that pensions administration would remain outsourced.

The outsourcer describes its work with Barnet Council as one of its "client success stories" on its website.

Arjun Mittra, a Labour councillor who is a substitute member of the Barnet pensions committee, said: "If Capita are touting Barnet as an example of their successes, I dread to see what their failures look like... the whole contract has, in my view, been a disaster."

2. BMA rebukes NHSE and Capita over admin 'fiasco'

The British Medical Association – the trade union and professional association for doctors and medical students – has been lobbying for improvements to the administration of the NHS Pension Scheme after member complaints and a motion by GPs last year to address issues with third-party administrator Capita.

Read more

3. UK defence secretary ponders £50m hit to terminate Capita recruiting contract

Army short of 5,000 grunts, MPs warned

By Gareth Corfield 18 Oct 2018 at 10:17

69 SHARE ▼

The UK Ministry of Defence could terminate Capita's disastrous military IT contract following confirmation that the Recruiting Partnering Project (RPP) was 90 per cent below recruiting targets for calendar Q1.

During yesterday's Parliamentary session of the Defence Select Committee, Conservative former defence minister Mark Francois told defence secretary Gavin Williamson:

The Army is gradually disappearing before your eyes and it's doing so on your watch and you, forgive me, have got to do something about it. How much worse

does this have to get, how many more thousands do you have to be short, how much more does the Army have to shrink before you, to use an Army phrase, take your digit out, and do something about it?

Williamson replied: "If Capita isn't the right partner to go forward on this I have no qualms in making that decision and bringing that in house."

The RPP's core IT systems went live in November 2017 after years of backroom wrangling and delays. The notorious outsourcer's contract with the MoD (also known as DRS in military circles) was first signed in 2012, with MPs publicly wondering whether to cancel the deal within just two years.

Sources have previously described to *The Register* how the shambolic system kneecapped military recruiters' ability to process applicants.

Despite the £1.3bn deal supposedly driving greater efficiency in military recruiting through new custom-built IT systems and outsourcing of military jobs to the private sector, the Army was below its target strength by more than 5,000 people, MPs were told yesterday.

New Capita system has left British Army recruits unable to register online

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MPs have long been calling for Capita to be stripped of the contract. Four years ago the cost of terminating the contract was given as £50m.

A Capita spokeswoman told us: "Capita and the British Army have reset this strategic partnership, with a renewed focus on delivering a joint campaign to improve the number and quality of applicants to the British Army. Without affecting the high standards the British Army maintains, we have identified measures to remove barriers for joining to ensure we are not unnecessarily rejecting candidates.

"Regular soldier applications to join the British Army are at a five-year high and the number of overall eligible applications have increased by 71 per cent between the same period from 2013 to 2018. Since 2012, we have reduced the length of time it takes for regular soldiers to join the Army by 81 days. We are confident that the improvements and changes we are introducing to the Army recruitment process are delivering a faster service and better outcomes for candidates and the Army."

The Sun reported that out of 100,000 people wanting to join the Army in 2017, just 7,500 made it into uniform. While military recruiting necessarily weeds out a large number of people who are not suitable for Army life, a success rate of 7.5 per cent is nothing for Capita and its IT systems to cheer about. ®

4. Social work awards to conduct 'ethics audit' after Capita sponsorship boycott

Social Workers Without Borders criticises firm's ethics as 'antithetical to those of the social work profession', while judge pulls out of ceremony in support

by **Alex Turner** on October 15, 2018 in **Children**, **Workforce**

Children in the 'Jungle' refugee camp in Calais (Photo: Artur Widak/NurPhoto/REX Shutterstock)

The Social Worker of the Year Awards has pledged to carry out an "ethics audit" after it was embroiled in a row last week over outsourcing firm Capita's inclusion in its 2018 list of sponsors.

A social work charity set up in response to the safeguarding crisis faced by refugees in Calais pulled out of the awards within hours of being shortlisted due to Capita's involvement, which it said was at odds with social work values.

Since 2015, Social Workers Without Borders (SWWB) has supported young people and families around their applications to enter or remain in the UK, as well as undertaking campaigning and educational work. It was a finalist in the 'Championing Social Work Values' award category, sponsored by Essex council in partnership with Capita, which performs resourcing and recruitment functions, including around social workers, for the East of England authority.

- **Social Worker of the Year Awards 2018 shortlist**
- **Social Worker of the Year Awards 2017 winners**
- **India to Birmingham: The journey of the overall Social Worker of the Year 2017**

After SWWB made its decision public, one of the judging panel, Nick Berbiers, also announced on social media that he would not be attending the awards ceremony, in "solidarity". He said professional ethics demanded "ultra-scrupulousness as to who we associate with".

In response, a spokesperson for the Social Worker of the Year Awards said it would be reviewing sponsorship policy as part of a wider audit, in conjunction with British Association of Social Workers (BASW) and others, to which it would invite SWWB to particpitate.

Capita controversies

Capita, which has provided outsourced services to fulfil hundreds of public-sector contracts, has often attracted controversy relating to performance issues and the nature of its work.

Along with Atos and Maximus, it has carried out thousands of medical assessments for disability benefits on behalf of the government, described as "gruelling" and "frustrating" by a Parliamentary select committee, which also noted 60% of Capita's reports were deemed unacceptable.

This summer, as part of its investigation into the Windrush scandal, the Guardian reported that Capita's contract with the Home Office included performance bonuses relating to numbers of people removed from the UK.

Staff employed by a Capita subsidiary were also recently criticised after an HM Inspectorate of Prisons (HMIP) inspection found they had used "excessive" restraint on detainees flown out of the country.

'Instrumental in dismantling public services'

In a statement, SWWB said: "SWWB applied for the award to acknowledge the incredible work done by our network of social work volunteers who have, since 2015, given their time to complete social work assessments for migrant and asylum-seeking families across the UK and in Calais.

"This work is necessary due to the UK government's draconian immigration policies that force families into isolation, separation, detention and destitution," the statement added.

SWWB said that at the time of applying, it had been unaware Capita was a sponsor of the Social Worker of the Year Awards.

"Capita is instrumental in dismantling our public services and in creating a hostile environment for migrant and non-migrant individuals and families alike," its statement

said. “SWWB cannot accept an award that is funded by an organisation whose ethics are antithetical to and violently undermine those of the social work profession.”
A Capita spokesperson said that as part of its ongoing partnership with Essex council it had developed a “deep understanding of what’s important to people in social work”.
The spokesperson added: “We know social work is complex and demanding. We are very proud to be joint sponsors of one award category at the Social Worker of the Year Awards, honouring the hard work, dedication and huge achievements of social workers throughout the UK.”

‘Social work is our identity’

Berbiers, formerly head of young people’s services at the Become charity for children in care and care leavers, said in a Twitter post that he was “embarrassed” to have not read the sponsorship list more closely before becoming involved in this year’s awards.
He added that he had been in touch with the awards board in an effort to resolve the situation but was “not at all comfortable” with how things had been left.

Berbiers said he stood by judging panel decisions he had been involved in because not doing so would be unfair on nominees and cause chaos.

But, he said, “[Social work] is our identity, and we need to be very careful who we share it with. Whatever credibility I have was earned the hard way, from doing nearly 40 years of social work. I will not allow my good name to be linked with any sponsors I do not wish to be associated with.”

‘Our sole purpose is to promote great practice’

In a statement to Community Care responding to the row, a spokesperson for the Social Worker of the Year Awards said: “The board of trustees of the Social Worker of the Year Awards will be carrying out a values and ethics audit on the awards, including a clear policy on sponsorship, with the involvement of BASW and other stakeholders, and we have invited Social Workers Without Borders to be involved.

“Ultimately the awards exist to recognise and incentivise individuals and teams in the social work profession to achieve excellence. Our sole purpose is to promote great social work practice and we have to put that to the fore.

“The audit needs to be more than a public/private sector debate. England has a plural sector whereby social work takes place in a whole range of settings and the lines between settings are complex.
“The awards are a small charity and are funded within this complex context and the consultation will focus on agreeing clear sponsorship guidelines which will help the awards be sustainable and continue to achieve our objectives of promoting great social work.”

Contacted for an update, an SWWB spokesperson said: “We would like to thank the SWOTY panel for engaging with us after the statement and keeping us in the loop with the discussion being had around the choice of sponsorship.”

5. PM urged to sack Capita from army recruitment contract

Lucy Fisher, Defence Correspondent

October 17 2018, 9:00am, The Times

Mark Francois said Capita had failed to bring in 90 per cent of the recruits the army needs in the first quarter of this year

The prime minister has been urged to sack Capita from its army recruitment contract by a former defence minister.

Mark Francois, a Tory MP who sits on the Commons defence select committee, met Theresa May in her parliamentary office last Wednesday to discuss a report he had produced on the hiring crisis in the service.

His intervention came as the Ministry of Defence admitted last week that Capita had failed to bring in 90 per cent of the recruits the army needs in the first quarter of this year.

6. Labour blasts 'damning' £2m Capita fraud report

By Simon Allin @SimonAllin3Local Democracy Reporter, Barnet, Enfield and Haringey

Hendon Town Hall

The Labour group has called on the council leader to resign after the publication of a "damning" report into a £2 million fraud case.

Labour leader Councillor Barry Rawlings said the report revealed "incompetence of scandalous proportions" after five financial safety nets that could have prevented the fraud failed to do so.

Labour has called for the contracts with Capita to be scrapped and for the outsourced services to be brought back in house.

Former council contractor Trishul Shah **was jailed for five years at a hearing at Harrow Crown Court on July 31** after pleading guilty to two counts of fraud by abuse of position.

He admitted making 62 fraudulent payments into his own bank account while employed as a contractor with outsourcing firm Capita on the council's Regional Enterprise (Re) deal.

The report, published by accounting and consultancy group Grant Thornton, reveals the fraud only came to light when Mr Shah's own bank sounded the alarm.

Labour also called on deputy council leader Dan Thomas to step down.

Cllr Rawlings said: "The council are clearly not able to manage this kind of commercial relationship, and Capita have demonstrated they are not able to run key services to a basic standard.

"Cllrs Cornelius and Thomas must also take responsibility for what is ultimately a failure of their ideology-driven policy.

"Their misplaced faith in Capita has ensured that the council has insufficient financial oversight of outsourced services.

"And as they are responsible for the council's finances and regeneration schemes, this fraud happened directly under their noses."

Labour leader Cllr Barry Rawlings

The council has two outsourcing deals with Capita – Re and Customer Support Group (CSG) – worth around £500 million in total.

Among the failings identified by the report are “an insufficient oversight by the council to ensure that financial controls and budget management were sufficiently robust”.

The lack of controls meant Mr Shah was given inappropriate access to financial systems and was able to cover up the fraudulent transactions.

The report says the council was aware of weaknesses in the oversight of the Capita contracts but did not have time to address the issues before the fraud began.

Once Mr Shah’s bank alerted the council’s anti-fraud team, it began an immediate criminal investigation and Mr Shah was suspended by Capita within 24 hours.

The report states: “The council, CSG and Re acted promptly to mitigate the risk that had been identified and took appropriate action to understand and remedy the issues that had been raised as a result of the fraud.”

It adds that Mr Shah was “a longstanding and trusted former employee of the council and CSG…who had intimate knowledge of the financial processes and used this to perpetrate and conceal the fraud”.

Grant Thornton has drawn up an action plan aimed at shoring up the council’s fraud defences.

It said the council had already taken steps to improve its anti-fraud measures.

Cllr Richard Cornelius, leader of Barnet Council, said: “The most important thing to consider in all of this is that we have ensured that the money was recovered, with no loss to the public purse.

“Following an investigation by our fraud team, the individual responsible for this crime has been put in front of the courts and is now in prison, the correct place for him.

“Action was taken as soon as the issue was identified, we are holding our contractor to account and have made necessary changes.

“Back in July, the council initiated the review of the Capita contract, which anticipates the finance team will return to the council’s employment.”

A Capita spokesperson said: "Following the discovery of this fraud, Barnet Council and Capita have worked closely to review and improve financial controls.

"We accept the case highlighted the need for improvements in financial and governance controls across the Council, Re and CSG, however we believe the report presents a limited and highly caveated review."

7. SPPA asks Scottish government for £18.4m after Capita IT project cancelled

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- Victoria Tichá
-

@victoria_ticha

09 October 2018

The Scottish Public Pensions Agency (SPPA) has requested £18.4m from the Scottish government over the next five years in order to deliver a replacement IT project after a Capita project was cancelled.

A report published on 4 October by public body Audit Scotland - relating to the accounts of the SPPA - revealed the SPPA had spent approximately £6.3m on a doomed IT project that sought to deliver bespoke administration and payment systems.

The PS Pensions project, which was to be developed by Capita Employee Solutions, was expected to improve service quality for around 500,000 members, make financial savings, and improve business efficiency.

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The £5.6m contract was awarded by the SPPA in 2015, but was then cancelled in February 2018 when the project was over budget and 11 months behind schedule.

The SPPA has now said it will require additional revenue and capital budget allocations from the Scottish government over the next five years, while it has written off £1.6 million in capitalised assets that will no longer be used.

The pensions agency said significant budget gaps mean it requires an additional revenue budget of £9.8m between 2019/20 and 2022/23, while a total capital allocation of £18.4m from the Scottish government will be needed over the next five years to deliver a replacement project.

In a statement, the SPPA reassured members that there would be no change in the service provided.

"We would like to reassure our customers that our focus, as it was throughout this project, is to safeguard services to our customers," it said. "This will ensure that pensions continue to be paid on time and that we support scheme members appropriately.

"There is no change in the service that SPPA provide and we will continue to put the customers' needs at the heart of our service delivery and work on business solutions to enhance the customer experience."

Discussions are currently under way between Capita and the SPPA over legal responsibility for the failed contract and any potential financial penalty, while Scotland's auditor general said they will prepare a more detailed report in 2019 once any legal process has concluded.

Earlier this year, the SPPA **renewed a technology partnership with Aquila Heywood**. First launched in 2007, the partnership has now been extended to 2024 and will see the SPPA provided with an integrated IT software solution with workflows and data exchange automated.

8. Blackburn with Darwen Council scales down partnership with Capita

Blackburn town hall.

PROPERTY and highways services have been brought back in-house by Blackburn with Darwen Council.

The original 2001 15-year deal between the two was renegotiated and reduced when it ended in 2016.

Services taken back 'in house' then by the borough included accounts for debtors and creditors, revenues and benefits, parking, and design and print services.

The new five-year deal with Capita, worth £60million, covered highways, design, property, architectural and technical services.

Resources chief Cllr Andy Kay said: “We refreshed this partnership a couple of years ago. Both sides agreed it needed a review.

“There are better ways of operating and that’s where this change has come from.

“It’s to make sure whatever we do as a council is as efficient as possible.”

Capita are now one of the largest private sector employers in the borough with additional premises at India Mill in Darwen and a lease of the first floor of the offices at One Cathedral Square.

The cost of running the in-house services for highways and property will be covered by the current contract costs and it is expected that the council will achieve budget savings as a result of the transfer.

Earlier this year, following the appointment of a new Capita Chief Executive and the publication of the company’s 2017 end of year results, Capita set out a new strategic direction for the organisation.

The firm’s focus in future will be delivering technology-enabled services.

In a report approved by Blackburn with Darwen Council's executive board, Cllr Kay said: "The environment in which local government is operating has also changed since this contract was let.

"Whilst both parties envisaged the need to adapt to changing circumstances, the rapidly changing external environment has accentuated the need for the council to increase the level of direct control it exercises.

"Therefore it was agreed that a simplification and reset of the contract would be explored."

9. More cuts to Blackburn with Darwen's Capita contract proposed

By Bill Jacobs
Cllr Andy Kay

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A BOROUGH'S originally ground-breaking deal with private outsourcing company Capita is to be further slimmed down.

14 comments

Blackburn with Darwen Council's executive board will tonight be asked to bring back-in house property and highways services.

The original 2001 15-year deal between the two was renegotiated and reduced when it ended in 2016.

Services taken back 'in house' then by the borough included accounts for debtors and creditors, revenues and benefits, parking, and design and print services.

The new five-year deal with Capita, worth £60million, covered highways, design, property, architectural and technical services.

A report by council resources boss Cllr Andy Kay to be considered by tonight says: "Two years in to this new partnership, it became clear to both the council and Capita that the additional services in particular were not progressing as envisaged and there was a significant management overhead in respect of the small core service which is not effective or value for money

"The remaining core service delivery in respect of highways and property services will transfer back to the council along with those staff entitled to transfer.

"Capita will retain their presence in the borough and the Council will retain the ability to directly commission work to support growth."

The report adds: "It is expected that a number of staff will transfer back to the Council during the current financial year as a result of this contract change."

10. Council to bring revenues and benefits back in-house

Sheffield City Council has set out proposals to bring its Revenues and Benefits service back in house, from its contractor Capita, to help it meet the changing needs of the city's residents and businesses.

The work is part of a series of conversations with partners across the city to look at the future of welfare based services and the impact of Universal Credit on Sheffield residents.

The proposals, which are being considered at the Council's Cabinet meeting on Wednesday 17 October, state that the council plans to start operating this service itself in 2020, thereby ending its contract with Capita earlier than anticipated (it ends in 2022).

This proposal follows a decision taken by the Council in June this year to also end the IT part of its contract with Capita.

Capita currently operates the Revenues and Benefits service on behalf of the Council, the largest customer service area of any part of the council, which includes housing benefit and council tax support, council tax billing and collection and business rates billing and collection.

How the new in-house council service will operate is yet to be developed, but the council is proposing a system that will allow them to be more flexible in delivering services and be better able to respond to changes in welfare reform and the introduction of Universal Credit.

Councillor Olivia Blake, Deputy Leader and Cabinet Member for Finance at Sheffield City Council, said:

Bringing these services back in-house will give us greater control and allow us to adapt and respond as the city's priorities develop locally and as changes happen at a national level in welfare reform.

These services affect some of the most vulnerable people in Sheffield so it's essential that we are flexible enough to support people through the coming changes in the way they receive benefits and manage their finances.

Looking at this now, gives us the opportunity to develop a purpose built system that is responsive and planned with the needs of our residents and businesses in mind, while allowing more joined up work across council services and city wide partners, and presenting potential savings in service costs.

Further details are available in the Cabinet report which has been published online at http://democracy.sheffield.gov.uk/ieListDocuments.aspx?CId=123&MId=6988&Ver=4

Sheffield Council cancels deal with major contractor Deputy Council Leader Olivia Blake LUCY ASHTON Email Published: 20:13 Share this article Sign Up To Our Daily Newsletter Sign up Lessons Women Want You To Know About Growing Your Own Business Take your venture to the next level Read More Brought to you by NatWest 2 HAVE YOUR SAY Sheffield Council is pulling out of a deal with one of its largest contractors. The council will cancel its contact with Capita, which provides all the IT services for the authority, and instead bring some of the work in house and offer the rest to local, smaller firms. The council will pay an undisclosed penalty to be released four years early from the contract but says it will save £3 million per year over the next six years. ADVERTISING Council bosses say the move will boost the local economy as Sheffield companies will now be able to bid to do IT work for the council. Why are STEM A levels important? By their very nature STEM A level subjects help students to deveop transferable skills - find out what these skills are Promoted by Ministry of Defence Mark Gannon, the council director in charge of IT, said: “We have been evolving our IT strategy over the last six months to help us get in place the technology we need as an organisation to best serve the people of Sheffield. “As we looked at our current arrangements, it became clear that what will work better for us is a multi-vendor approach where we have different companies providing different aspects of our IT. “It drives greater competition, drives greater innovation, drives greater value for money and a big benefit is it gives smaller and local organisations the opportunity to bid for some work. “If all of our IT is delivered through a single large organisation who manages that supply chain, it’s much harder for those organisation to play a part in that. We are really keen to widen our supply chain.” Deputy Leader Coun Olivia Blake said the contract would give the council more flexibility. “The market has significantly moved on from when this contract was first signed. This gives us more flexibility that we haven’t previously been able to have. “We want to able to respond to issues, to make sure staff have access to the right equipment and right systems that aren’t going to be put at risk of being out of date.” Mr Gannon said the council would provide some services in house and some would be externally commissioned. “People should notice real improvements in the way they can engage with us. People use online and digital services when booking a holiday or buying insurance and they expect the same from the council. “We want to give them that ability when they access council services and having the IT to underpin that will be essential. We can make substantial savings and those will be reinvested into massively improving IT.” Pubs and Clubs Guide: Sheffield, Barnsley, Rotherham and Doncaster Between 40 to 60 members of staff will be affected but some will be transferred back to the council under TUPE deals. The Capita contract was signed in 2009 and wasn’t due to end until 2022. Capita also supplies the revenue and benefits service but that is not part of this contract. Council contracts The council has denied that scrapping the Capita contract has anything to do with the outcry surrounding Amey and the Streets Ahead deal.

Read more at: https://www.thestar.co.uk/our-towns-and-cities/sheffield/sheffield-council-cancels-deal-with-major-contractor-1-9203948

11. Capita books massive £513.1m loss and reveals cost cutting programme

Capita building, Hartshead, Sheffield

MARK CASCI

Email

Published: 08:49Monday 23 April 2018

Outsourcing giant Capita is to tap investors for £701 million and embark on a new strategy after booking a hefty annual loss.

The group said on Monday that pre-tax losses for 2017 came in at £513.1 million as the firm counted the cost of impairments and provisions linked to acquisitions.

The figure compares with an £89.8 million loss in 2016 and comes as Capita detailed £850.7 million of "specific non-underlying items" which dragged on its performance.

On an underlying basis, profit before tax rose 43% to £383 million.

Revenue fell 4% to £4.23 billion in the year to December 31 and the firm also announced a £701 million rights issues as part of a transformation strategy under new chief executive Jonathan Lewis.

The proceeds of the rights issue, part of a major overhaul, will be used to reduce Capita's debt and make investments.

Under the new strategy, the outsourcer is also targeting annualised cost savings of an initial £175 million by the end of 2020 and around £300 million from disposals in 2018.

The group was hammered on the stock market earlier this year after warning over profits, but shares rocketed over 12% in morning trade following the latest update.

Capita's woes come after construction group and outsourcing rival Carillion collapsed into liquidation in January, leaving the taxpayer on the hook for billions of pounds of projects and pension liabilities.

Mr Lewis told the Press Association that Capita will centralise its procurement, consolidate its UK footprint and exit leases on properties as the chief executive seeks to cut costs.

But he also dismissed comparisons with Carillion.

“I get frustrated with that comparison - we are a completely different business.

“We have £1 billion in liquidity, strong cash flow and a new strategy with investor support. We are not in PFI contracts and have nothing like the risk profile.”

The company restructure will see it focus on five activities - software, HR, customer management, Government services and IT.

Capita operates a raft of public sector contracts such as the London congestion charge, Jobseeker’s Allowance helpline, administers teachers’ pensions and provides an electronic tagging service for the Ministry of Justice.

Capita said 2018 profits would fall short of expectations, at between £270 million and £300 million, as cost actions taken so far would not be enough to offset lost contracts and wider problems in the business.

Mr Lewis added: “Today we have announced a new strategy to simplify and strengthen Capita.

“We need to simplify Capita by focusing on growth markets and to improve our cost competitiveness. We need to strengthen Capita and plan to invest up to £500 million in our infrastructure, technology and people over the next three years.

“There is a lot to do, but I am confident that the plan is clear and prudent. Capita will become more predictable, have stronger operational discipline and consistently delight its clients.”

12. British Coal members raise Capita admin concerns

By **Alex Warnakulasuriya** | February 5, 2018

The £9.4bn British Coal Staff Superannuation Scheme has had to calm member concerns at its 2017 annual meeting over its decision to appoint Capita as its administrator last year.

The outsourcing company is currently embroiled in a crisis over its financial performance. Capita issued a profit warning last week and suspended its dividend. Shares in the company dropped by more than 45 per cent.

The Work and Pensions Committee has subsequently launched an inquiry into the company and will investigate any potential consequences for its defined benefit scheme. Its pension deficit grew to £381m on an IAS19 basis in 2017 from £86m in 2011.

I'm sure Capita don't get everything right, but in our case I think they have started off well

Kate Barker, BCSSS

Capita, which has many pension fund clients, has come under scrutiny in the past over the quality of its pensions administration. Recent cases include complaints from members over its handling of teacher and GP pensions.

Despite criticism from some, Capita continues to pick up business. Last year, it beat three rival bids to a seven-and-a-half year contract with the Royal Mail Statutory Pension Scheme that started on September 30 2017.

The deal, worth £31m, sees the troubled company administer the sixth largest public pension sector scheme in the UK, comprising about 402,000 deferred members and pensioners.

The British Coal staff scheme appointed Capita on August 1 2017 following the expiration of its five-year contract with Aon Hewitt at the close of 2016.

The £11.4bn Mineworkers' Pension Scheme outsourced its administration to Capita in December 2017.

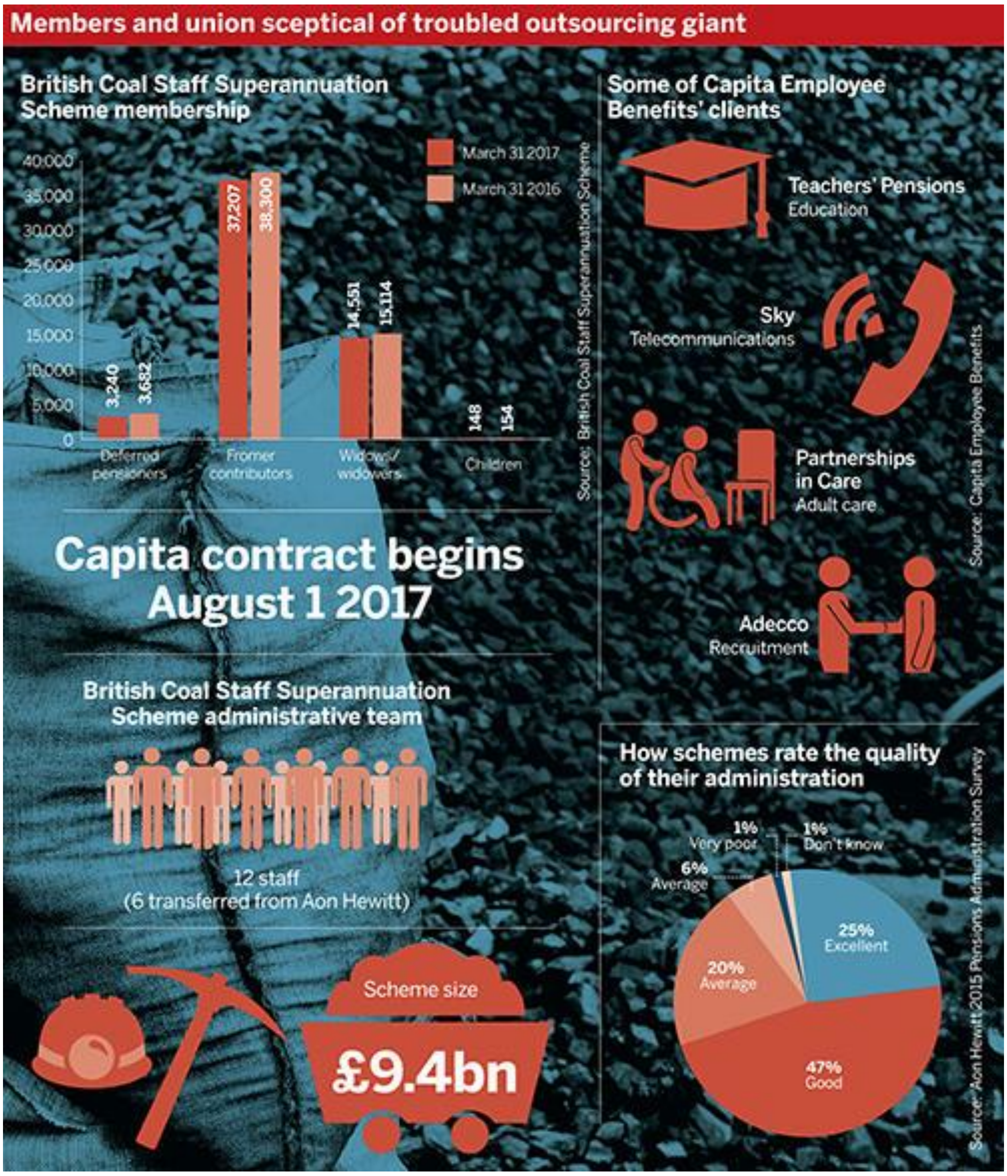
Member cites 'teething troubles'

Speaking at the staff scheme's AGM on October 5 2017, the chairman of the committee of management for the British Coal scheme, Dame Kate Barker, revealed the scheme has “received communications from a few members concerned about Capita’s ability to administer the scheme”.

She said Capita’s size, and the “high-profile” nature of its work, has meant “the wider group has sometimes been subject to press comment and external criticism”.

During the meeting’s open forum session, a member named Don Brown shared his own experience of difficulties with the administration provider, during his tenure as a board member of another company that had switched to Capita.

“We did have some teething troubles on payment of salaries and pensions and people not getting paid,” he said.



Barker responded that every pensioner had received their pension on time, barring a number of overseas pensioners who had to wait for normal bank checks.

She said: "I'm sure Capita don't get everything right, but in our case I think they have started off well – this has been due to a lot of hard work."

Barker added: "Staying with Aon [Hewitt], particularly with the move of more of the scheme's administration overseas, could have resulted in a deteriorated service."

Barker told members the trustees had held concerns over Aon's long-term commitment to the pension administration sector.

These worries were somewhat justified when the big three firm announced its decision to pull out of its 'administration only' offering in order to focus on its core consulting business.

A spokesperson from Aon said the company was "sorry that we could not retain the administration work with the British Coal scheme. Aon had enjoyed a long and successful relationship with the trustees of the BCSSS, during which we provided high levels of service to its members".

Capita switch to deliver lower costs

The BCSSS board was also looking to lower administration costs, although the up-front costs of switching meant administration expenses rose by "just under £1m" last year, according to Jon Heathfield, scheme secretary.

He attributed this rise to new rules that require schemes that have been contracted out of the state pension to reconcile their records against those of HM Revenue & Customs.

Barker disclosed that the proposal received by Capita during its tendering exercise "included significantly lower costs than Aon's", whose proposed charges were "significantly higher than [those of] other firms".

Get the union involved

Members weren't alone in their worries over the scheme's decision to appoint Capita. The National Union of Mineworkers, which represents BCSSS and MPS members, communicated its worries to the scheme.

NUM general secretary Chris Kitchen said: "We have got concerns about their choice to go with Capita." These included the company being "in quite a few pies", according to Kitchen.

"We're hoping that the trustees have done due diligence, and that cost savings have not been the primary motive to go to Capita," he said.

While respecting the need for the scheme to keep costs down, Kitchen argued that "there is a limit that you can cut to, where it does start to impact adversely on the service that members can expect".

There were no discussions between the NUM and the trustee board prior to the decision to choose Capita to administer the scheme.

While the union would not conventionally have formal involvement in the process, Kitchen said: “You would normally expect that they would inform us informally.”

Kitchen said he had been in touch with Andy Gibbons, head of trustee services for the MPS scheme, following the news over Capita’s financial performance.

He had sought assurances that “should Capita become the next Carillion, they have got robust systems in place to provide a back-up so that the members’ pension payments and administration queries will still be serviced”.

Capita under scrutiny

Capita will now come under the spotlight of the Work and Pensions Committee and its chair, Frank Field. The company is currently undertaking the triennial valuation of its scheme. Capita expects that “the actuarial deficit after this review will be significantly below the last disclosed IAS19 deficit of £381m at June 30 2017.” It has pledged £21m in addition to its annual contribution in 2018.

Capita has announced plans to close its defined benefit scheme to future accrual, to be replaced by a defined contribution scheme

The company has found resources for its dividend policy, however. Its annual report states: “Over the last 10 years we have returned £614m to shareholders.”

Field said: “Another day, another outsourcing firm with massive debt, a huge pension deficit, a KPMG audit and the big four popping up at every turn in the company’s chequered history.”

He added: “Sadly, Capita goes on the growing list of firms we are investigating to see if their conduct has endangered current and future pensioners’ rights.”

Locum GPs call for pensions admin overhaul

Locum GPs are calling for an overhaul of their pensions administration as sporadic correspondence and scant communication cause confusion.

Read more

Teachers’ Pensions gets slammed over admin

Teachers’ Pensions, which runs the Teachers’ Pension Scheme, has been criticised by its members over its perceived poor service delivery, as experts highlight the limitations of relying on online servicing.

Read more

Capita chief executive Jonathan Lewis said last week: “The contrast with Carillion couldn’t be starker.” Outsourcing company Carillion was liquidated last month. He also described Capita as “far too complex” and having “underinvested in infrastructure and over-relied on acquisitions for growth”.

A statement on the BCSSS website reads: “The trustees can provide assurance to our members that their BCSSS pensions are completely secure.”

A Capita spokesperson told Pensions Expert the company had nothing to add to its financial statement made last month, and said: “It’s business as usual for Capita.”

Changing of the guard

The BCSSS administration team is made up of 12 personnel based in Capita Employee Benefits’ Sheffield office, half of whom moved over from Aon Hewitt.

It is not uncommon for staff to follow a contract from one employer to another, under Transfer of Undertakings (Protection of Employment) Regulations 1981.

TUPE regulations seek to preserve workers’ terms and conditions when a business or undertaking, or part of one, is moved to a new employer.

Mark Adamson, director at consultancy JLT, said these transitions can be problematic for some employees. “During the transition process, when the old provider is continuing to try and carry out the business-as-usual work… they can be distracted by the fact that they don’t know what their future holds,” he said.

He emphasised the importance of the old and new provider working together throughout this period.

As part of the drive to lower costs, monthly paper payslips were stopped when Capita took over. Members now receive three payslips a year, but can still access monthly payslips online.

In its winter newsletter, the scheme said it had “taken the opportunity to streamline and future-proof the information included in payslips”.

Margaret Snowdon, chair of the Pensions Administration Standards Association, supported these adjustments. “Paper payslips are expensive and often just filed away, but members and trustees are sometimes reluctant to move away [from paper payslips], partly because it is seen as ‘reduced service’ and therefore negative,” she said.

“It is common to make the change to payslips when changing administrator because it’s only one change among others, but can deepen the suspicion that the change of provider is all about reducing the level of service,” she added.

13. Southampton staff affected as council ends Capita deal

- 24 July 2018

Image copyright Image caption union Unison welcomed the decision, saying it would "ensure value r money" for payers

Hundreds of employees face uncertainty after Southampton City Council said it would end its decade-long relationship with services company Capita.
The Labour-led authority said it was looking to bring services such as IT and revenues back in house, **the Local Democracy Reporting Service said.**

About 300 Capita jobs are affected, but some employees will have the right to transfer to the council.

Opposition councillors said ending the deal was the wrong decision.

Trade union Unison welcomed the move, saying it would "ensure value for money" for taxpayers.

'Concerned'

Capita has run Southampton's customer services, HR pay, revenues and benefits, procurement, health and safety, print, post room and IT services for 11 years.

A council spokesman said: "Both partners are committed to minimising uncertainty for staff and to ensure that we continue to deliver high quality services."

Under business transfer regulations, employees who spend most of their time on council business have the right to transfer employment to the authority.

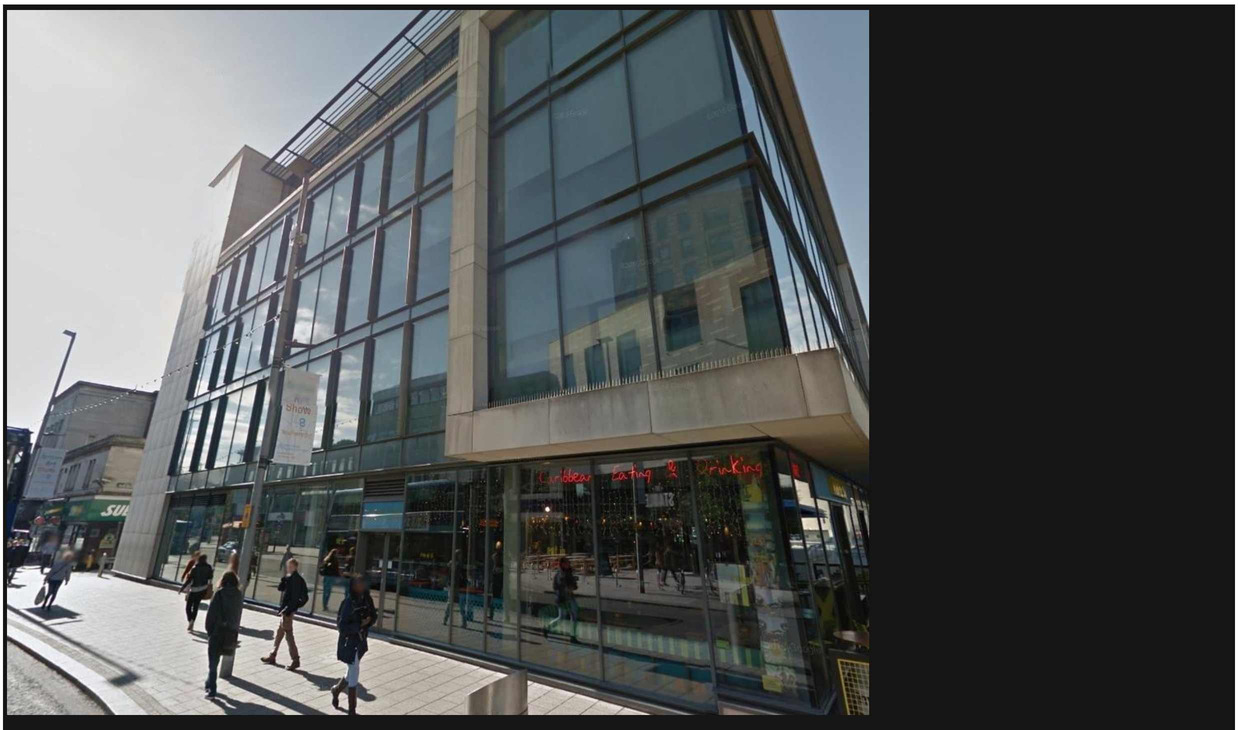
Opposition Conservative leader Dan Fitzhenry said: "We're concerned about the capacity of the council.

"We hope this will be a smooth transition, but it is a huge step for the council to take and we do not believe it is the right solution."

A Capita spokesman said: "Capita and the council will continue to work closely together to ensure a smooth transition."

14. Southampton City Council opts to take raft of services in-house as it announces split from service provider Capita

By William Rimell @Will_RimellLocal Democracy Reporter



AROUND 300 jobs are to be affected as Southampton City Council breaks away from its long-standing services partner.

After a relationship that has lasted more than a decade, civic chiefs have made the decision to cut ties with Capita, which has run the authority's customer services, HR pay, revenues and benefits, procurement, health and safety, print, post room, and IT services departments since 2007.

This comes after the council expressed a desire to bring these services back in-house.

A spokesperson said: “Over the last 11 years the nature of local government has changed significantly, as has the city and the needs of our customers.

“As a result, members of full council have decided that the time is right to bring the services currently provided by Capita back in-house. This will enable us to continue to improve our customer experiences and to deliver first class, value for money services to the residents and businesses of Southampton.

“Following the decision, the council and Capita will work closely together to develop detailed plans and to ensure a smooth transition. Both partners are committed to minimising uncertainty for staff and to ensure that we continue to deliver high quality services.”

They added: “There are approximately 300 Capita employees directly supporting Southampton Council services who may be affected. Under TUPE regulations, staff who spend the majority of their time on council work will have the right to transfer to the council under their current terms and conditions.”

But, opposition Conservative leader Dan Fitzhenry says the council is making the wrong decision for the city and its residents.

“We’re against this proposal,” he said.

“We do not believe it is the right solution for the city. We’re concerned about the capacity of the council (in taking this amount of work back on).

“We hope this will be a smooth transition, but it is a huge step for the council to take and we do not believe it is the right solution.

“We will have to wait and see what the impact is.

“(If we were in power) we wouldn’t have brought the services back in immediately. We would have looked at all the options and decided what was best, which this is not.”

Southampton Itchen MP **Royston Smith** agrees with his Conservative colleague.

Mr Smith, who was head of the council when the original contract with Capita was signed, said: “In my opinion, by bringing the services back in house, it will cost more.

“When I was leader, if someone could provide a better service in the private sector for a better cost, then we outsourced, and if not, we kept it in house.

“What the council has decided here is to bring it all back in house, without looking at it in the same way.”

But, trade union Unison has welcomed the decision.

A spokesperson said: “Unison welcomes the decision of Southampton City Councillors to bring back in house operations run under the Strategic Services Partnership that have been run by Capita since 2007.

“Unison believes that services are best provided in-house in order to ensure value for money for Southampton tax payers, accountability and the flexibility for the council to respond to changing needs and priorities. We will support our members through the transition process and ensure that the workforce are fully involved in the consultation and design of future services.”

Speaking about the decision, a spokesperson for Capita added: “Capita has partnered with **Southampton City Council** for more than a decade to deliver a variety of services, and has helped the council to achieve significant annual savings.

“Over time, the needs of the city and its residents have changed leading to this decision. Capita and the council will continue to work closely together to ensure a smooth transition.”

15. NHS cost-cutting Capita contract put 'patients at serious risk of harm', find auditors

National Audit Office says the firm had an ‘aggressive’ programme of office closures and redundancies

- **Alex Matthews-King**Health Correspondent
- Thursday 17 May 2018 00:43

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Ill-considered outsourcing effort has seen Capita incur double the losses it was predicting *(PA)*

Patients have been "put at serious risk of harm" by the failure of a £330m outsourcing exercise which NHS England contracted to the private firm Capita in a bid to cut costs, the National Audit Office has warned.

Women were dropped from national cervical cancer screening programmes and medical records and supplies have gone undelivered because of NHS England's "deeply unsatisfactory" contract, it said in a report.

In a damning review the auditors lamented the outsourcing failure of another major public contract, saying neither the NHS nor Capita understood the complexity of the service.

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Tory minister defends outsourcing firms as Capita shares crash further

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[**Capita shares price almost halved after profit warning**]()

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[**Capita and the great British food safety sell-off**]()

It follows two-and-a-half years of disruption for GPs, dentists, opticians, pharmacists and their patients as a result of NHS England's ambition to cut its £90m-a-year bill for primary care back office services by a third.

The NAO was particularly scathing of NHS England's inability to check Capita's "aggressive" programme of office closures and redundancies, even when it became clear "it was having a harmful impact on service delivery".

Health service leaders said the fallout is on-going and has prevented doctors from working at a time when the NHS is already struggling to recruit, and hoped this would be a lesson for future outsourcing efforts.

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Doctors raise alarm over planned cancer screening overhaul

However NHS England said the deal has made savings of £60m so far, which can be reinvested in services. The NAO said the extent of any harm to patients – if any – will not be known for years to come.

“Although NHS England has saved significant sums of money, value for money is not just about cost reduction,” the report says.

Serious service failures identified by the NAO include:

- Thousands of invitations to cervical cancer screening not being sent on time and 87 women being told they were no longer to receive screening, as well as patients put at risk by delays in removing doctors who should no longer be practising;
- Two-thirds of GP practices receiving incorrect medical records when patients had moved and half a million new patient letters unsent;
- 1,000 GPs, dentists and opticians being unable to work because of delays, resulting in lost jobs and earnings.

It also notes it has had to spend more than £10m on costs related to these performance issues, while Capita has had £5.3m deducted by NHS England as penalties for poor performance so far.

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Here's what Capita does and what you need to know about the firm

Penalties are capped at £480,000 a month – 20 per cent of the contract payment – but have not been applied for over a year because of a dispute between the two parties on how Capita's performance should be measured.

The company claims it is achieving 41 out of 45 of its targets, as of February this year, when factors it considers outside its control – such as the other NHS organisations or its own subcontractors – are factored in.

However the performance reported by the practices and pharmacies, who rely on Capita for everything from approving pension payments, ordering supplies and transporting medical records, only meets 32 out of 45 targets.

"This is a damning but fair account," said Professor Helen Stokes-Lampard, chair of the Royal College of GPs. "The long list of failures made by Capita have been incredibly frustrating for GPs and our teams, and we are still dealing with the fallout."

She added that lessons must be learned for future outsourcing bids with private companies that mismanagement "can have serious consequences for our patients' safety".

The contract aimed to save money by centralising services into three regional centres and introducing new digital systems for things like tracking patient records, pharmacy payments or sending out screening invites.

Previously the service was delivered in 47 regional offices and 1,650 staff under a variety of different contracts and providers.

However the failings since Capita took over the contract in September 2015 have delayed this and NHS England “has not yet secured the transformation that it wanted”, the NAO said.

Meg Hillier MP, chair of the Public Accounts Committee, said of the report’s findings: “Trying to slash costs by more than a third at the same time as implementing a raft of modernisation measures was over ambitious, disruptive for thousands of doctors, dentists, opticians and pharmacists and potentially put patients at risk of serious harm.

“Yet again this is poor contracting by government with one of its major suppliers and it must learn lessons.”

An NHS England spokesperson said: “While not without its difficulties, by making this change over the past two years the NHS has successfully saved taxpayers £60m, as the NAO themselves confirm.

“This £60m in lower administrative cost has all been successfully reinvested in frontline NHS patient care, and has helped fund the equivalent of an extra 30,000 operations.”

A Capita spokesperson said its new chief executive, Jonathan Lewis, has already admitted the company “previously has taken on some contracts that contained too many unknowns” and this will change in future.

They added: “As today’s NAO report concludes, the complexity of the support services being let by NHS England was not fully understood when the contract was signed.

“The report notes that several organisations and legacy issues all contributed to underperformance.

“It has been acknowledged that performance has improved and Capita will continue to work with all parties to address the remaining service issues. We have accepted accountability for not meeting our high standards of service previously.”

16. Leaked NHS memo warns pensions errors may affect 'large proportion of GPs'

18 October 2018 By **Elisabeth Mahase**

EXCLUSIVE NHS England has privately warned that a review of NHS pensions could have a 'significant' impact on a 'large proportion of the GP community', in a confidential briefing seen by Pulse.

In the letter to primary care leads, NHS England said consultancy firm PwC has been appointed to help with a review of all GP pensions data - which was announced last month - and ensure that the GP pensions website is updated with the most recent financial figures.

This comes after NHS England identified 'significant issues' with GP pension records dating back more than a decade, relating to 'discrepancies' between the data held for pensionable earnings and those for pension contributions.

Meanwhile, nearly 400 GPs have submitted subject access requests to NHS England over the last year in an attempt to confirm their pensions records are accurate.

Grassroots campaign group GP Survival wrote to NHS England to highlight the requests, adding that they revealed that the pensions information held by Capita 'was incomplete and inaccurate in the majority of cases'.

The great GP escape

The leaked NHS England memo said: 'This is a complex issue, with the potential to have a significant impact upon a large proportion of the GP community, as well as generating high levels of media interest and a significant financial impact – both in terms of the costs of performing rectification activity and the potential costs of any changes to GPs' pensions where they are members of the NHS Pension Scheme.'

The briefing said that Capita and PWC have created a project team dedicated to resolving the issues.

It said: 'It is anticipated that the immediate focus of this team will be on ensuring that Pensions Online, the system used by GPs to view their pension information, is updated for the most recent financial year and previous years.'

In the GP Survival letter, sent last week, the group told NHS England to provide an 'immediate timescale' to members within which they will get updated pensions information, and commit to providing and paying for support from an accountant or pensions specialist to resolve issues where inaccuracies or omissions are identified.

The letter said 400 GPs submitted 'subject access requests to NHS England, dating back more than a year, in an attempt to confirm Capita have accurately recorded their pensions payments'.

It said that despite the group's work and the 'numerous individual doctors contacting NHS England to flag up errors in the data they eventually received', there had been no 'meaningful contact from NHS England seeking to resolve the errors in the pensions data'.

An NHS England spokesperson said: ‘Independent experts have been appointed to work with NHS England, Capita and the NHS Business Services Authority to carry out a complete review of all the data and identify any discrepancies.

‘To date, 383 individual GPs have submitted subject access requests to NHS England to confirm records of their pension payments. Of these, six enquiries are ongoing.’

PWC said it could not comment on client work.

Capita also declined to comment, but is supporting NHS England to address the issues.

GPs have had longstanding pensions issues. In January of this year, the BMA said it would support practices in taking legal action against Capita, saying the issues, relating to patient record transfers and processing payments, were ‘unacceptable’ and had gone from ‘bad to worse’.

In March the BMA said it had submitted freedom of information requeststo NHS England regarding alleged ‘unallocated’ GP pensions money and the following month the BMA said it was seeking legal advice over the annualisation of pensions, claiming the process was ‘unfair’.

17 Capita put NHS England patients at risk, says watchdog

Outsourcing firm’s primary care back-office contract criticised by NAO

Rajeev Syal Thu 17 May 2018 00.01 BST

Capita’s offices in Bournemouth, Dorset. Photograph: Andrew Matthews/PA

The outsourcing giant Capita has put patients at risk of serious harm after taking over NHS England’s administration service, Whitehall’s spending watchdog has found.

Failures resulted in 87 women being notified incorrectly that they were no longer part of the cervical screening programme and may have compromised patient safety, according to the National Audit Office (NAO).

A report released on Thursday said patients may also have been harmed because of a failure to update the official list of 37,000 qualified GPs, dentists and opticians.

Capita's performance and NHS England's decision to outsource administration services have resulted in continuing problems for primary care practitioners, said the NAO.

It follows last month's announcement that the debt-laden firm has been forced into a £701m cash call following concerns over its finances.

Fears over the outsourcing sector have intensified after a report by MPs on Wednesday accused Carillion's directors of putting their financial rewards ahead of all other concerns.

Meg Hillier, the chair of the public accounts committee, said Thursday's report showed that parliament is right to be concerned over the health of the sector.

"Trying to slash costs by more than a third at the same time as implementing a raft of modernisation measures was over-ambitious, disruptive for thousands of doctors, dentists, opticians and pharmacists and potentially put patients at risk of serious harm," she said.

In August 2015, NHS England entered into a seven-year, £330m contract with Capita to deliver primary care support services covering payments to GP practices, opticians and pharmacies, staff pensions and changes to the lists of qualified practitioners.

NHS England spent £90m on these services in 2015 and aimed to reduce its costs by 35% from the first year of the contract.

Capita proposed an overall reduction in staff numbers and expected to make a loss of £64m in the first two years of the contract, which it planned to recoup in later years.

Within months, poorly implemented changes in a new courier and labelling arrangement meant that providers struggled with the new systems. Capita could not cope with the resulting "significant increase" in complaints, the report said.

18. Report highlights sharp fall in patients able to see own GP regularly

Read more

Auditors said Capita closed 35 out of 38 support offices across the country, cutting staff from 1,300 to 650, but this meant that there was a loss in local knowledge.

NHS England was forced to intervene in September 2016, serving default notices on Capita and increasing the numbers of staff, the report said.

The report said that patients could potentially have been put at risk due to problems with the “performers list” of GPs, dentists and opticians practising in the NHS, including whether they are suitably qualified and have passed other relevant checks.

Problems with the list also led to around 1,000 GPs, dentists and opticians being unable to work, 200 of whom have sought money for lost earnings, the report said.

Other service failures included a backlog of 500,000 patient registration letters, medical supplies not being delivered, and delays or loss of patients’ medical records.

The report follows a series of outsourcing blunders involving Capita, which employs 70,000 people worldwide. In 2014, Capita racked up a backlog of assessments for personal independence payments, prompting the government to bring in civil servants.

Earlier this month, staff from Tascor, which is part of the outsourcing giant, were criticised for using excessive restraint on low-risk asylum seekers on a removal flight.

Amyas Morse, head of the NAO, said that both NHS England and Capita misjudged the scale and nature of the risk in outsourcing services.

“While NHS England has achieved financial savings and some services have now improved, value for money is about more than just cost reduction,” he said.

Dr Richard Vautrey, chair of the BMA’s GP committee, said his members have called for elements of this service to be taken back in-house, and this report is now recommending the same. “With this as an option, we are now asking NHS England how it plans to resolve the shambles that is Capita’s running of Primary Care Support England,” he said.

19. Some call it outsourcing. I call it spivvery

Aditya Chakrabortty

Read more

An NHS England spokesman said: “While not without its difficulties, by making this change over the past two years the NHS has successfully saved taxpayers £60m, as the NAO themselves confirm.”

A Capita spokesperson said the complexity of the support services being let by NHS England was not fully understood when the contract was signed.

“It has been acknowledged that performance has improved and Capita will continue to work with all parties to address the remaining service issues,” they said. “We have accepted accountability for not meeting our high standards of service previously.”

20. Mineworkers receive tax demands after admin error

By Alex Warnakulasuriya | March 13, 2018

Members of the £11.4bn Mineworkers' Pension Scheme have received notices from HM Revenue & Customs incorrectly telling them that they owe thousands of pounds in tax.

The scheme outsourced its administration to Capita in December 2017. In October 2017, the committee of management for the British Coal scheme was forced to respond to member concerns at its annual general meeting over the appointment of Capita.

At the event, Dame Kate Barker, chairman of the committee, disclosed that the scheme had "received communications from a few members concerned about Capita's ability to administer the scheme".

We have a lot of frail pensioners who are receiving these letters

Keith Woodward, scheme member

Since then, members of the Mineworkers' scheme have mistakenly been issued with new tax codes following the implementation of a new electronic interface between Capita Employee Benefits and HMRC.

In letters seen by Pensions Expert, some members were told that they owed tax in excess of tens of thousands of pounds. Scheme member Keith Woodward received a letter asking for £13,522.96. Another member, Dean Wood, was asked for £56,150.01.

The wrong pension payments were processed

Every month, Capita provides HMRC with details of the amount of pension paid to MPS pensioners. This information is used by HMRC to set pensioner member tax codes.

The method used for delivery of this information to HMRC has recently changed. Capita is now required to load the payment information to a secure HMRC web portal.

After making an enquiry over his HMRC letter, scheme member Paul Gee was told by HMRC in an email response that the error had taken place during the transfer of the data.

"Unfortunately when we loaded the first set of pensioner payments to the secure web portal they were inadvertently recorded as pension payments from another pension scheme (in most cases Axa) rather than pension payments from the MPS," the email reads.

"This has led HMRC to review the tax codes of the impacted members and in some cases change them."

HMRC is aware of the error, and is currently working to correct these tax codes.

An HMRC spokesperson said: "We are sorry that this pensioner received a coding notice in error. Where we are provided with incorrect information, we work hard to put matters right... We will ensure that no customer will lose out as a result of this."

Capita should not have been chosen

Capita has recently faced criticism for its performance as an administrator for schemes relating to GPs, teachers and Barnet Council.

The decision to outsource scheme administration to Capita was taken as part of a drive by the British Coal Staff Superannuation Scheme board to lower administration costs.

At the October AGM, Barker revealed that the proposal received by Capita during its tendering exercise included significantly lower costs than those commanded by previous administrator Aon.

Chris Kitchen, general secretary for the National Union of Mineworkers, has fielded enquiries from members over the HMRC letters. He emphasised that it is not the role of the union to administer the scheme.

"All we can do is monitor the situation," he said. "It was [the scheme's] decision to go with Capita, we weren't consulted."

Keith Woodward, who currently receives the mineworkers' pension, said that the appointment of Capita to administer the scheme "should never have happened".

He said: "We have a lot of frail pensioners who are receiving these letters. Total shock to the system… it could be very damaging to those [members]."

Woodward also expressed grave concerns over the protection of members' data.

Capita apologises to members

In a statement on its website, the MPS said it had made Capita "fully aware of our disappointment and we shall be reviewing the incident with them in due course to ensure that this sort of incident isn't repeated in the future".

British Coal members raise Capita admin concerns

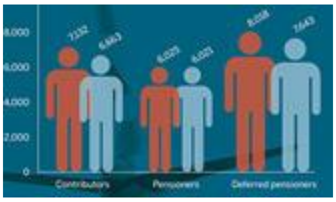
The £9.4bn British Coal Staff Superannuation Scheme has had to calm member concerns at its 2017 annual meeting over its decision to appoint Capita as its administrator last year.

[Read more](#)

A Capita Employee Solutions spokesperson said: “Following a change to HM Revenue & Customs’ online PAYE portal, an incorrect update was made in processing information for members of the Mineworkers' Pension scheme."

The spokesperson added: “This issue has been resolved and all members affected will shortly receive letters to advise that they do not need to take any action. We sincerely apologise for any concern and inconvenience this has caused.”

21. Hounslow drops Capita and heads for West Yorks



The £991m London Borough of Hounslow Pension Fund will enter into an administrative partnership with the West Yorkshire Pension Fund following the imminent conclusion of its contract with third-party administrator Capita.

Alex Janiaud | April 16, 2018

22. BMA rebukes NHSE and Capita over admin 'fiasco'

The British Medical Association – the trade union and professional association for doctors and medical students – has been lobbying for improvements to the administration of the NHS Pension Scheme after member complaints and a motion by GPs last year to address issues with third-party administrator Capita.

Alex Warnakulasuriya | February 26, 2018

23. Capita shares collapse after warning on profits

- 31 January 2018

- comments

TTY IMAGES

Capita shares have plunged almost 50% after the outsourcing firm warned on profits and announced a major shake-up.

New chief executive Jonathan Lewis said the company had become "too complex" and "driven by a short-term focus" and needed to change its approach.

Capita, which issued a series of profit warnings last year, has again cut its profit forecast and revealed plans to raise £700m by issuing new shares.

The move comes after outsourcing rival Carillion collapsed earlier this month.

Capita operates the London congestion charge, runs the government's Jobseekers Allowance helpline and administers the teachers' pension scheme. It also collects the TV licence fee on behalf of the BBC.

Shares ended the day 47% lower at 182.5p, prompting calls from Labour and trade unions for urgent government action to avoid "another Carillion".

A Cabinet Office spokeswoman said as a "strategic supplier" Capita was always monitored by the government.

The firm employs 70,000 people, about 50,000 of whom are in the UK.

According to Tussell, a firm which analyses UK public sector contracts, Capita won 154 government contracts last year.

'Strategic supplier'

Mr Lewis, who took over two months ago, said a review had found the company worked across too many markets and services, meaning it was difficult to "maintain a competitive advantage" in every business.

Capita had relied too much on acquisitions to drive growth and had also seen weakness in new contracts, he added.

The company does have some financial strengths. It can call on £1bn in cash and credit facilities, has a significantly higher profit margin than Carillion did and has been taking steps to reduce its debt burden.

24. Analysis by Today business presenter Dominic O'Connell

Image copyrightPA

If Carillion had made an announcement like this a few years ago - raising money to pay off debt, admitting a slow-down in the market, owning up to both underinvestment and an over-reliance on buying other companies to find growth - then it might still be with us now.

Instead, Capita's new boss, Jonathan Lewis, has decided to take evasive action early.

Chief executives are normally afforded only one chance to hit the reset button in their time at the top, and the smart ones take it early, and hit the button hard.

That is what Mr Lewis has done.

By taking harsh financial medicine now he has probably ensured that the company does not suffer Carillion's fate.

Mr Lewis plans a wide-ranging overhaul including cost cutting, selling unprofitable businesses and cutting the dividend to shareholders.

Annual profits are now expected to be between £270m and £300m - well below analyst expectations of £400m.

In a conference call Mr Lewis said there was "much to be done", but Wednesday's announcements were the "first steps on the road to recovery".

Neil Wilson, senior analyst at ETX, said signs of problems had been building at the firm, including the loss of "a lucrative and profitable contract with the Prudential" in January.

Jon Trickett, Labour's shadow minister for the Cabinet Office, urged the government to "take serious steps" to oversee the activities of Capita, pointing out that it was the third major outsourcing company after Carillion and Interserve to issue a profit warning in the past month.

Capita is audited by KPMG, the same accountancy firm which audited Carillion.

Frank Field, chair of the Work and Pensions Committee, said Capita was "on the growing list of firms we are investigating to see if their conduct has endangered current and future pensioners' rights".

"Another day, another outsourcing firm with massive debt, a huge pension deficit, a KPMG audit and the Big Four popping up at every turn in the company's chequered history," he added.

What does Capita actually do?

Capita offers customer management services, including the operation of call centres, for public and private sector organisations.

Its customers include O2, M&S, John Lewis, local councils, the Army and the Department of Work and Pensions.

The firm's biggest contract is its management of O2's call centres. The 10-year deal was signed in 2013 and is worth £1.2bn.

It is also the UK's leading provider of software to emergency service control rooms and also runs the Ministry of Justice's electronic monitoring services for criminal offenders.

Capita shares drop 35% after profit warning, £700m rights issue Dividend suspended as new chief executive overhauls outsourcer’s finances Share on Twitter (opens new window) Share on Facebook (opens new window) Share on LinkedIn (opens new window) Save Save to myFT Cat Rutter Pooley in London JANUARY 31, 2018 Print this page Shares in Capita tumbled more than 35 per cent in early trading on Wednesday after the outsourcer suspended its dividend, issued a profit warning and announced plans for a rights issue worth up to £700m. Shares in Capita were trading at 236p, down 122p. Shares in the company had already lost 31 per cent over the past 12 months before the latest announcement from the company, as outsourcers’ business models have come under scrutiny. Jonathan Lewis, who took the helm at Capita at the start of December, announced an overhaul of the group’s finances, declaring the group “too complex”, “driven by a short-term focus” and “lacking operational discipline and financial flexibility”. The dividend has been suspended until the company is “generating sustainable free cash flow”, the group will embark on a programme of asset sales of non-core businesses, and has secured underwriting for a £700m capital raise by way of a rights issue planned for later this year. While 2017 trading was as in-line, underlying pre-tax profits before new contracts and restructuring costs would be between £270m and £300m in 2018, Capita said — well below the profits Capita expected to generate in the last financial year. Robin Speakman at broker Shore Capital said in a morning note that he "welcomed the news". But he maintained a sell rating on the stock pending further detail on the recovery plan, adding: Capita still faces significant challenges in its core UK ma

25. Birmingham moves away from Capita JV and plans to 'become a systems integrator'

Written by **Sam Trendall** on 20 April 2018 in **News**

As long-term outsourcing arrangement is phased out, authority looks to engage with wide array of new suppliers

Birmingham City Centre gardens are located in the heart of the UK's second city Credit: Elliott Brown/CC BY-SA 2.0

Birmingham City Council is starting work on a project to decouple itself from incumbent supplier Capita and become its own systems integrator.

The council is part of the way through the rollout of a five-year ICT strategy, plan which began in 2016. The strategy is, ultimately, intended to help Birmingham become "a technology-enabled council of the future".

Part of this process will involve the authority taking steps to better use data and digital platforms in service design and delivery.

Alongside is a project to **dissolve** its long-standing Service Birmingham joint venture with Capita and, eventually, eventually take responsibility for IT and digital services back in house, "with the council becoming the system/service integrator by 2021".

Related content

- **How Birmingham City Council ditched ‘vanity projects’ and transformed its white-elephant website**
- **Birmingham council plans to use data to increase electoral roll accuracy**
- **Birmingham set to approve new ICT delivery regime**

“This change programme is a major undertaking and will be the biggest transformation of IT and digital services in the local government sector, delivering savings and significant changes to operational services,” the authority added. “We now want to engage directly with the external market for all IT projects and services, with the implementation of a new multi-vendor model. This provides flexibility to deliver a future IT and digital service operating model that can flex as the wider council transforms.”

To kick off the move towards a diversified IT provider landscape, the authority is holding a supplier-engagement event on Friday 11 May at the Innovation Birmingham facility. The event will see procurement and technology executives from the council discuss the authority’s technology strategy and goals for the coming years.

About the author

Sam Trendall is editor of *PublicTechnology*

26. The council is winding up a controversial contract with Capita

By Thomas Macaulay

March 28, 2018

CIO UK

© iStock/ChrisHepburn

Birmingham City Council CIO Peter Bishop was handed a big task when he joined the local authority body in June 2017.

Europe's largest council was winding up a controversial contract with much-maligned outsourcing giant Capita, and Bishop was put in charge of bringing IT services back in-house.

"My focus has been dominated by the negotiations that are involved with that," explains Bishop, who serves as the council's Assistant Director for Information Technology and Digital Services as well as its CIO.

"It's a £45 million per annum contract. You can't walk away from that without carefully considering all your options, and we're not walking away, we're just setting a very clear stall that we are going to migrate and become the systems and services integrator that Capita are at the moment.

"It means that I've got to redesign everything that we do, because the Capita contract is the best part of 12 years old and your internal capacity and capability needs to be completely rethought to cope with that alone, let alone deliver any of the other stuff."

Capita is currently responsible for all the procurement, management and support for IT services.

Bringing the work done by Capita back under the council's control will make a major contribution to the £43 million in IT cost base savings that Bishop's been asked to make.

"We're applying the principles of simplify, standardise and share across everything we do in the IT services," says Bishop.

"Every set of services that we buy are going to be looked at in terms of can we test the market and different service delivery options, and can we take advantage of technology that comes with those new service models."

IT strategy

The Capita transition programme is part of a strategy signed off in 2016 that aims to simplify the council's IT setup and put technology and information at the centre of its operating model.

27. Capita and Birmingham City Council 'dissolve' joint venture

Won't somebody think of the savings? Oh, they have, and now the dream has died

By Paul Kunert 23 May 2017 at 15:03

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The long-running and highly criticised joint venture between Capita and Birmingham, England, City Council is being rubbed out, reportedly saving taxpayers around £44m.

The Service Birmingham Partnership was established in 2006 – Capita was the majority shareholder – with some grand ambitions to save the council £500m, generate 800 jobs and improve the city's prosperity.

The contract covered running tech and comms systems, council tax collection services and at one point a call centre. But it was pulled apart by critics in 2013 for costing up to £120m a year in austere times. The contract currently costs £70m annually.

A Capita press officer, who doubled up as a mouthpiece for Service Birmingham, told us the joint venture was being "dissolved" and the existing contract wound down by the end of 2018 instead of 2021 as scheduled.

She said a "core" tech services deal will remain in place over the next three and a half years.

"The proposal, although keeping the core services contract in place until 2021, allows for the joint venture arrangement, which has some commercial restrictions, to be dissolved," she told *The Register*.

Birmingham City Council's Labour leader John Clancy, who referred to the agreement in late 2015 as a "Rolls-Royce contract", told the *Birmingham Mail* that calling time on the joint venture will yield savings of £11.5m a year.

"I made it clear upon becoming council leader we would continue to spend a vast amount of money on ICT given the tough decisions that have to be taken about cutting spending in other departments," he told the paper.

The contract proposal, which is to be voted on by the council at the end of this month, will free up money to spend on "frontline services" and transfer 200 Capita staffers to the council.

Both Clancy and the Service Partnership said future IT projects will be tendered on the open market. "Project work will be delivered on an as needs basis," the Capita spokeswoman said.

Opposition Conservative leader Robert Alden said the Labour council "must ensure they do not tie themselves into costly contract changes that don't deliver the possible savings".

The exact level of savings achieved by Service Birmingham to date have yet to be made public. The spokeswoman told *El Reg* that the council was "not comfortable with [providing] an exact figure", favouring instead to couch them like this.

"Over the past 10 years the partnership has successfully delivered significant savings."

An insider at Capita told us that the Service Birmingham contract was "seen internally as the flagship public sector account" and that "vast amounts of cash was made on that account". Again, this wasn't quantified.

Capita isn't the only company to have set up a hybrid public/private joint venture – shared service centres run by Steria and Arvato to take on Whitehall's back office IT have flopped, the National Audit Office said in December. ®

28. Birmingham's council run call centre £4 million a year cheaper than under private operator - and people are happier

The service was taken in house in 2014 amid concerns over poor performance

NEIL ELKES

- 14:29, 14 JUN 2018

NEWS

Birmingham City Council’s call centre has saved £4 million a year and proved more popular with customers since it was taken in house at the end of 2014.

The contact centre service, which citizens call to raise concerns or make enquiries about a range of issues from council tax and benefits to housing and bins, had previously been run by private firm Capita under the Service Birmingham contract, signed in 2005.

But it had been heavily criticised over soaring costs, poor service and a poor communication with council service departments, prompting the decision to take it under council control.

Since outsourcing ended, costs have been slashed and the customer satisfaction rate has risen **from 49 per cent** to 69 per cent.
The costs are set to further reduce by an estimated £1 million a year by 2020 as more information and services are made available online via the council’s website or smart phone apps.

READ MORE

- Bins champions deployed at Birmingham waste depots to tackle missed collections

The call centre receives some two million telephone calls and 60,000 emails a year.

It also handles issues through social media and the city council’s website, which was revamped in 2016.

(Image: PA)

A web chat service, often used by retailers and other commercial operators online allowing customers to type a conversation with a member of staff, is being launched later this year.

A new Brum Account, through which citizens will be able to access a wide range of council service online, from reporting a missed bin to paying for council tax, is also being developed and is designed to reduce the need for lengthy telephone calls to get information.

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- Council's controversial Service Birmingham IT company to be wound up in January saving £43 million over four years

According to a report to the council's co-ordinating scrutiny committee there were just 408 complaints about the centre, about 0.02 per cent of all calls.

The report said: "The direction of travel in citizen satisfaction with the services received via the contact centre has continued to increase.

Report a missed bin collection

"This is enabled by close working between the contact centre and services to identify and deliver service improvements and where possible the increase in provision and take up of services and information online."

Back in 2014 the **council decided to take over the call centre** and its 308 staff after surveys found customers were increasingly unhappy.
Capita had been paid according to volume of calls rather than quality of service, meaning a frustrated repeat caller was worth more than an instantly satisfied customer.

But also blamed were council departments, such as the refuse collection service, for not acting on requests and complaints received by the call centre. It was claimed that Capita's call centre had been a **scapegoat for poor performance** by council services.