



# Outsourcing services in local government

The West Sussex experience



Andrew Holt, Independent Researcher



This project was commissioned by UNISON West Sussex using funding from the UNISON South East Regional Pool fund. To find out more about the West Sussex branch or to join, visit

<http://www.unisonwestsussex.org.uk>

Research designed and managed by Andrew Holt, an independent consultant specialising in Organisational Analysis and Service Improvement: [thisisaholt@outlook.com](mailto:thisisaholt@outlook.com)

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## Foreword

What is the future of public services? In a time of austerity, this is a question of central importance. Our branch of UNISON in West Sussex wanted to understand more about how far outsourcing should be a part of the answer. 600 West Sussex County Council staff were TUPE-transferred to Capita in October 2012. Since that time our branch has received significant feedback from its members about the new ways of working, both from members who had become the 'customers' of Capita now supplying services to council staff, and from members who work for Capita.

Outsourcing on this scale was a new phenomenon in West Sussex. With such a significant change of public service provision, we wanted to understand more detail about what was happening, what was working well, what could be improved and what was the impact on our members who relied on the services?

What was the lived experience of the staff now working for Capita? How had their experience improved or worsened since October 2012? What was the impact on local communities and was 'social value' achieved? And crucially, what might be the consequences of the extension of this form of public service provision in our county?

We hope that this contribution to the academic debate is of value. We believe it fills a gap in research literature, by spending significant time getting 'under the skin' of a single contract.

The UNISON West Sussex Branch would like to thank its members and all staff who took part in the study, its workplace reps within Capita who do such a great job supporting members, and of course the UNISON South East Regional Pool which funded the study.

I hope you enjoy reading the report and find it enlightening.



**Dan Sartin**

Branch Secretary

UNISON West Sussex

## **Introduction and acknowledgements**

This report presents the detailed findings of a research study undertaken by Andrew Holt, an independent consultant, on behalf of the West Sussex branch of the UNISON trade union over the first few months of 2015.

The study aimed to investigate the impacts of the outsourcing of several West Sussex County Council (WSCC) support services through a 'service partnership' with Capita plc, known as the Support Services Outsourcing contract (SSO). The research was conducted between January and June 2015, with the surveys issued in January 2015.

It is positioned within the wider debate about the future of public services and of local government in particular, contributing specific detail about one outsourcing contract to the wider research evidence base on models for service delivery.

I would like to thank colleagues in West Sussex County Council, Capita and UNISON West Sussex for their input into this project and the Project Steering Group who ensured that the project met its aims and objectives.

**Andrew Holt**

**London, June 2015**

## Executive Summary

The study aimed to investigate the impacts of the outsourcing of several West Sussex County Council (WSCC) support services through a 'service partnership' with Capita plc, known as the Support Services Outsourcing contract (SSO).

In more detail the research aims were as follows:

1. **Meeting contract objectives:** to assess whether the services delivered under contract for the Capita service partnership are meeting their stated service objectives, performance metrics and cost savings;
2. **Working conditions:** to determine the impact on working conditions of West Sussex public sector workers in general and UNISON members in particular;
3. **Social Value:** to determine whether the outsourcing model used is delivering quality services and also Social Value to residents (as defined in the Social Value Act);

The research used a mix of qualitative and quantitative methods:

- Reviewing existing publicly available documentation and evidence;
- Qualitative interviews with relevant key stakeholders and staff from WSCC and Capita;
- Two online surveys with staff from West Sussex County Council and Capita

The evidence gathered, in the form of both primary and secondary data, was used to triangulate evidence between the perception of services and the performance of services, in order to gather a more holistic and contextual picture of the services provided under the Capita SSO contract.

In carrying out the research, there were also inferred questions asked of both WSCC and Capita:

- How would they respond to requests for specific information relevant to the project?
- How much information about a multi-million pound publicly funded contract would be in the public domain to allow it to be properly scrutinised? This is something which has been highlighted as an issue in previous studies on outsourcing.



The study finds that on the evidence available the commissioning and operation of the SSO contract has had only limited success. While services continued at the point of transition with no major disruption, there are a number of concerns which emerge in the findings of this report which should be addressed as a matter of urgency.

These concerns should be addressed in a wider forum than the current planned exercise of the contract 'reset'. It is to be welcomed however, that there is a fair degree of additional scrutiny being placed on the SSO contract due to the findings of the WSCC internal and external auditors and it is hoped that this study is given sufficient consideration as a piece of independent research rather than the partisan views of a trade union.

**In summary the findings are:**

**1) Commissioning**

- The initial service design, specification and commissioning of the contract was undertaken before WSCC was ready to go to the market for a bundle of services in one contract over a significant 10 year time period.
- WSCC was not sufficiently mature in its ability to act as commissioner of these services because it had not yet properly quantified its existing service offer or established existing success measures. This increased the risk of buying the wrong thing for the wrong timescale, without sufficient controls in place, which suited neither council nor contractor.
- What is of concern is that there are still uncertainties about WSCC's ability to handle large-scale contracts as highlighted by its own internal and external auditors.
- The current SSO contract reset exercise will require a considerable degree of negotiation and expertise to ensure WSCC can get the best deal for the duration of the contract on behalf of its residents. There is considerable 'headroom' in the contract to make significant changes to the scope of the services brought into it.
- If the council decides to adopt a transition to a more 'agile' form of contracting, it must consider whether it is ready for agile working and the significant changes it would require. Agile contracting requires a different type of approach to risk. It requires cultural change (with suitable legal safeguards) and strong governance.

- The risk of being poorly prepared or resourced in the right areas reflects a local authority with insufficient expertise to manage this transition; weak or unsuitable governance and assurance controls; and provides only impotent challenge to its ever-expanding 'partner'.

## **2) Partnership**

- Although the WSCC/Capita relationship is described as a 'partnership', this arrangement is essentially a 10-year exclusive deal with one supplier that clearly wishes to expand the range of services covered under the SSO contract, irrespective of whether the alternatives provide better value to the resident.
- There is insufficient separation between the council as commissioner and Capita as supplier. Capita is embedded within the council as a 'partner' and thus privy to information which allows the company to plan for and be aware of future opportunities.
- Not ensuring separation between the council's commissioning function and Capita as supplier acts as an inhibitor to the stated WSCC 'commissioning council' intention of a 'mixed economy model' and could be deemed anti-competitive if additional services are transferred to Capita without allowing other organisations to bid for the work.
- A missing body in the 'partnership' is the trade union. Modern management techniques, whilst always looking first to eliminate waste and increase customer value, consider the active involvement of the workforce and their representatives essential to the success of any business change programme.
- Both WSCC and Capita need to consider the union as a 'critical friend' and work with it to create a workplace where staff feel valued, trusted and empowered.

## **3) Impact**

- This study found that a key feature of business change has not been met in that many staff, be they WSCC or Capita staff, have clearly not 'bought into' this new way of working nearly three years after the start of the SSO contract.

- Staff have not been sufficiently engaged in the change activities brought about by the SSO contract. This failure to engage has resulted in a culture of negativity, mistrust and service disruption. There is also a fracturing of relationships between those employed by Capita and those retained by WSCC.
- There is evidence that the SSO contract has increased division in the workforce resulting in a 'Them and Us' dynamic:
  - Between Capita and WSCC/internal customer staff – some Capita staff feel 'got at' and let down, whereas WSCC staff feel undervalued as customers;
  - Between staff on old and new (Capita) contracts – on different pay and conditions. TUPE staff sometimes feel they are being edged out of or denied development opportunities, whereas some Capita staff resent the better pay and conditions of TUPE staff;
  - Between commissioner and contractor – there is evidence of a blame game and lack of trust; and
  - Between Capita staff who feel that some staff are not loyal to Capita.
- None of these divisions will lead to better service outcomes, more productive employees or healthier staff. There is also evidence of a dispassionate application of sickness and absence management policies towards Capita staff in some cases. It is not clear which management level directs this, but it is clearly counter-productive and should be investigated further by WSCC.

#### **4) Capita Operations in West Sussex**

- It is unclear from available evidence whether the contract savings have been mainly achieved through process efficiencies and improvements or by cuts to pay/terms and conditions, tougher sickness management and service reductions.
- There is some evidence of reduced pay and terms and conditions;
- There is a clear difference between the corporate promises of Capita and their apparent *modus operandi* in West Sussex. In the words of one interviewee, "...they talk a good game."
- Far from being the innovative, forward-looking organisation which appears in pitches and on their corporate website, there is evidence from the survey and from interviews with staff, that the behaviours and culture are far from this in West Sussex:

- Punitive absence management and sickness policies;
- Managers not given local autonomy to innovate or take decisions, instead focussing on rigid rules and processes which are 'one size fits all';
- Nature of work changing – the work becoming more repetitive and staff becoming more generalist, deskilled and replaceable;
- Closed culture and a clear resentment of the Capita brand in the survey results;
- No systematic harvesting of ideas or staff involvement – and staff less likely to participate when morale is low and resentment high;
- They appear to be interested in business change only to the extent of taking over swathes of the council's operations, rather than as a genuine partner acting in the best interests of local residents; and
- Capita has a lot of work to do to improve on the low satisfaction and motivation scores found in this research, and should start with reviewing the overall culture of the organisation in West Sussex. There is clearly a need to implement the undoubtedly well-meant corporate HR rhetoric to improve the actual workplace experiences as described by many staff in this survey.
- There is some evidence from the customer survey of WSCC staff of poor management and service delivery by Capita, notwithstanding performance against the KPI metrics.

## **5) Scrutiny**

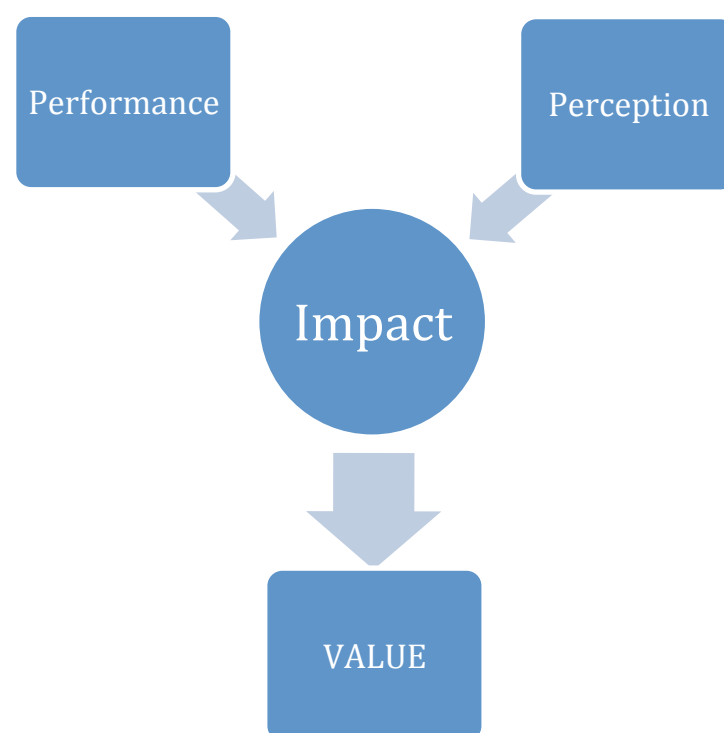
- In line with other research on outsourcing, there is a lack of publicly available information at operational level to permit independent scrutiny of contract performance. This includes scrutiny by elected council members who are not part of the contract governance process, all of whom ultimately share collective responsibility for the successes and failures of the council and services operated in its name.
- WSCC and Capita should review governance arrangements and make a commitment to providing access to performance information as part of an Open Data initiative or working proactively with the Information Commissioner. WSCC has provided good access to most of its main activities, even webcasting some council meetings. The contract reset should include a commitment to open access for outsourced services.

## How this report addresses the research aims

The diagram below illustrates how the report addresses the aims of the research:

The first research aim, to *assess whether the services delivered under contract for the Capita service partnership are meeting their stated service objectives, performance metrics and cost savings* is achieved by looking at available facts about the contract, contractual arrangements for delivery and performance measures. This is illustrated below on the diagram as 'Performance'.

The second research aim, to *"determine the impact on working conditions of West Sussex public sector workers in general and UNISON members in particular,"* is considered firstly by gathering 'soft data', i.e. the views of staff and other relevant actors (illustrated below in the diagram as 'Perception') and secondly with 'hard data' on the staff experience.



Schematic diagram of report structure

Taking both elements together the study goes on to consider the impact on service delivery as defined in 'performance' terms, and the views of the staff as defined in 'perception' terms, are having upon the success of the

contract. It is only by considering these two elements together, performance and perception, that the true value of the SSO contract can emerge.

The definition of 'value' is taken therefore as wider than meeting the contract performance measures, and considers the value created for the staff and residents of West Sussex. It will include the third research aim, *to determine whether the outsourcing model used is delivering quality services and also Social Value to residents.*

## Section 1: Procurement and Contract

The purpose of this section is to gather details of the SSO contract, understand how it was commissioned and seek any available evidence on how well it is performing. This will be according to any official performance management framework which exists to monitor its effectiveness.

The information available was drawn from publicly available WSCC cabinet and committee papers, interviews with key stakeholders and information requested directly from both WSCC and Capita.

### Procurement

According to the minutes of the WSCC Regulation, Audit and Accounts Committee (RAAC) of December 3<sup>rd</sup> 2012<sup>1</sup>, following a cabinet member decision taken on March 11<sup>th</sup> 2011 by the Member for Finance and Resources, a procurement exercise was started to identify a “suitable private sector contractor” to provide a range of ‘support services’ listed as:

- Office Services
- Recruitment and Resourcing (including Temporary Labour)
- Job Evaluation
- HR Management Information
- HR Management Advice
- Health and Safety
- Payroll
- Pensions Administration
- Procurement Operations
- Procure to Pay (Accounts Payable and Receivable)
- Service Finance
- Online Service Delivery (OSD) and Print Services
- Contact Centre Services

The minutes go on to say that the objective of the procurement exercise was to make savings of 20% against the cost of these services. This was confirmed by the WSCC Head of Commercial Services during interview, who described it as an ‘aggressive cost saving’ and that WSCC had ‘set the bar’ for interested parties to achieve in terms of cost.

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<sup>1</sup> See <http://www2.westsussex.gov.uk/ds/cttee/raac/raac031212i6.pdf> (last accessed 03/06/15)

The council member leading on the outsourcing was Councillor Michael Brown<sup>2</sup>, the WSCC Cabinet Member for Finance.

Reasons for the procurement have been described by interviewees as being driven by the need for cost reduction in services, better Value for Money (VFM) and a political will from a majority of council members to outsource some services. The concept of WSCC moving towards being a "commissioning council" appeared later as part of the 'Future West Sussex' four year plan.<sup>3</sup>

The procurement started with the publication of an 'OJEU notice' on 10th May 2011 (notice given in the Official Journal of the European Union: a requirement under the European legislation for all public tenders over a certain contract value). The initial value of the contract was £154m over 10 years.

The size of the contract and the scope of services contained within it meant that only organisations of a certain size would be able to be awarded it due to the multiple capability requirements and levels of financial assurance required. There was initial interest from Serco, Capita, HP, IBM and BT, all of whom have specialisms in outsourcing.

According to an interviewee who was involved in Business Change activities to prepare for the new contract, the approach decided by the Project Board with guidance from WSCC procurement, was to adopt an output-based specification. This is where interested bidders are given the requirements for the services, but not how they should be run. This way, process improvements could be designed by the supplier allowing them more flexibility and choice in how to operate the services.

## **Role of Subject Matter Experts**

The source then went onto say that Subject Matter Experts (SMEs) working within the services to be outsourced were asked to capture what they were doing, identify their business processes, etc. in order to help specify the final service specifications and to inform what good and bad performance may look like. Ultimately, these were translated into the Key Performance Indicators (KPIs) of the final contract.

This process was happening alongside other preparations for outsourcing. Not knowing what performance looked like in advance meant there were no comparators for performance in previous years, or at least

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<sup>2</sup> See <https://www.westsussex.gov.uk/location-directories/find-your-councillor/details/api/type/councillor/view/mr-michael-brown> (last accessed 03/06/15)

<sup>3</sup> See: Commissioning Better Outcomes for West Sussex - A commissioning strategy for West Sussex County Council – Appendix A - <http://www2.westsussex.gov.uk/ds/mis/271113cab5a.pdf> (last accessed 09/06/15)



performance expressed in the terms required for a contractual relationship. It was estimated by the Head of Commercial Services that only around 15% of the current KPI activity was actually measured prior to outsourcing. This was expressed by another member of staff as the authority only having previously collected information relevant to around 5 of the final number of KPIs.

Interviews with other staff involved at the time felt that WSCC was not in the right place in terms of being ready to let services go to an outsourcer due to there not being an appropriate performance management culture in place to work with an external supplier. They knew this would be an issue further down the line. One interviewee described how some SMEs who had developed the KPIs while employed by West Sussex then transferred to Capita after the contract was let and questioned afterwards whether the level of performance could actually be met. The issue of who is responsible for what is a theme which has been consistent, both from interviewees and survey respondents and is discussed later in this report.

### ***Down to Two - External Site Visits***

As the procurement exercise developed, the potential bidders were narrowed down to two preferred bidders, Capita and Serco.

Site visits were arranged and attended by the SMEs and West Sussex Senior Management Team (SMT). The SMEs visited sessions related to their specific subjects and the SMT held a 1:1 with the Chief Executive Officer of the relevant organisation. Places visited were:

- Hertfordshire (Serco)
- Birmingham (Capita)

The Serco contract in Hertfordshire had been signed in 2010 and had a larger contract value (£200m over eight years). It also had a wider scope in terms of services being outsourced than the proposed WSCC contract and was hailed as a “ground breaking strategic partnership” in Serco’s own press release.<sup>4</sup>

Capita and Birmingham City Council had set up ‘Service Birmingham’ in 2006, described by Capita as an “innovative and flexible joint venture.”<sup>5</sup> Similarly the scope of services was wider and this arrangement was signed for a 15 year period.

In theory a site visit should provide a working example of the type of arrangement being purchased, but it is perhaps worth noting at this point

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<sup>4</sup> See [http://www.serco.com/Images/HertsCountyCouncil\\_tcm3-36481.pdf](http://www.serco.com/Images/HertsCountyCouncil_tcm3-36481.pdf) (last accessed 03/06/15)

<sup>5</sup> See <http://www.capita.co.uk/our-experience/case-studies/service-birmingham.aspx> (last accessed 03/06/15)

that neither of the comparator sites were very reflective of the proposed SSO contract. They were more akin to a wider 'strategic partnership' with whole swathes of council business being outsourced.

### **The Contract**

The purpose of this research was not to analyse the strengths and weaknesses of the structure of the current contract, but to recognise the contract, its management and governance as influencers of the effectiveness and overall satisfaction of the SSO operations in West Sussex. Unison hold a redacted copy of the contract (any information deemed commercially sensitive has been removed) and its various schedules. This has been used to draw out information deemed relevant to this study.

Capita was awarded the contract which was signed on June 29<sup>th</sup> 2012. They were awarded the contract on grounds of being the lowest cost bidder.

There is also a mechanism to vary services to "Partner Organisations" so long as any changes are approved by WSCC.

The RAAC minutes (*op.cit*) state that the procurement was delivered ahead of plan and on budget. Services started two months early on September 3rd 2012. Procurement costs were managed within a £577,000 budget. The minutes also state that in delivering the procurement early an additional £600,000 was saved which then covered the procurement costs. It has been not been possible to verify these figures.

According to a former Business Change Manager Capita worked "extremely quickly" to get the new services up and running, perhaps at a pace which WSCC was not ready for.

### **SLA for Schools**

The contract also requires Capita to continue to provide services under Service Level Agreements (such as OpenHive IT, HR and payroll) to local schools. These SLAs had previously been between WSCC in its role as Local Education Authority and schools, but not all services in the SLA are now provided by Capita.

However, this has not been entirely successful for Capita. The headteacher of a school in West Sussex described the IT services received as an "...*incredible mess, and it became obvious that WSCC didn't have a clear handle on its contracts.*"

At the West Sussex Schools Forum held on 19<sup>th</sup> June an apology was noted from the Chief Operating Officer on behalf of WSCC and Capita to schools for the disruption caused during the transition of the schools IT service to Capita.<sup>6</sup>

The headteacher went on to say that locality schools in West Sussex had since threatened not to use some elements of the SLA. There was now a working group set up by WSCC and serviced by it, to explore the different models of service delivery for Employment Support Services and develop a service specification, consider how the service should be procured to ensure quality and agree monitoring arrangements. Each school was invited to nominate a representative to the working group.<sup>7</sup>

This initiative followed the redundancy of 23 staff which led to service capacity issues. The decision to make these staff redundant was acknowledged by the council to have been a significant error of judgement in a report written for the Schools' Forum.<sup>8</sup>

As a headteacher his experience of dealing Capita managers was that they *"...know how to do a decent job but are stymied by their reputation and their interface with WSCC."*

In order to try to retain this business, Capita has dedicated extra local staff resource, frozen their SLA prices<sup>9</sup> and also brought in the expertise of their ENTRUST Education Support Services joint venture with Staffordshire County Council. A named ENTRUST staff member was listed on the organisational structure chart tabled by the Capita Partnership Director at a meeting with held on January 7<sup>th</sup> 2015.

A member of the WSCC Senior Leadership Team (SLT) said in interview that they thought it unlikely Capita would retain the Employment Support Services for schools. The contract introduction had led to service reduction in related areas such as school improvement. They said that the issues faced were the result of a *"...bad spec which was not clear. It is a quality issue rather than a cost issue."*

The CEO of a national consultancy which provides commissioning support and funding advice to schools gave his perspective on how Capita is viewed in the education sector, based on his dealings with a large number of education institutions in England:

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<sup>6</sup> WSCC Schools Forum Agenda, for meeting of June 19<sup>th</sup> 2014

<sup>7</sup> Letter to Headteachers and School Governors, WSCC, 29/12/14

<sup>8</sup> Report by the Director of Workforce, Organisational Development and Delivery Support to Schools' Forum 4/12/14: See [http://www2.westsussex.gov.uk/learning/schools\\_forum/2014/december\\_2014/agenda\\_item\\_10\\_es\\_sla.pdf](http://www2.westsussex.gov.uk/learning/schools_forum/2014/december_2014/agenda_item_10_es_sla.pdf) (last accessed 25/06/15)

<sup>9</sup> Highlights to 2015/16 SLA for West Sussex Schools document, Capita, date unknown

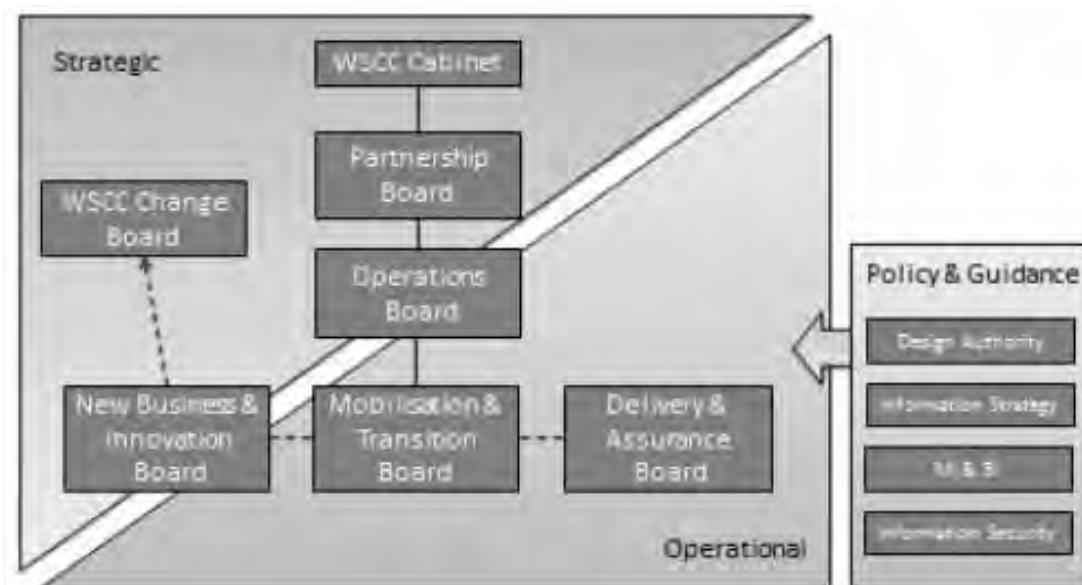
*They cut back on staff, overcharge and have high margins. They own the SIMS (Schools Information Management System). It is a cash cow but they haven't invested in it. They have a distinct charging policy with install costs. The funding system in education is becoming increasingly data driven and mechanised. 90% is related to SIMS – a toxic starting point.*

*They overpromise on their bids with low unit costs. They don't resource projects they work on, it's the next quarter's results that matter and margin and targets. There are loopholes in the contracts which do not get picked up by procurement."*

The point here is that once Capita become established in an organisation and are running key information systems or processes (such as SIMS in education, but equally the Customer Relationship Management system in a local authority), they are difficult to remove irrespective of performance. This is due in part to what they operate, but also the size and nature of the contracts held, which are usually long-term with a built in potential for growth, i.e. the 'transformation' of additional services to Capita

### **Governance**

The governance arrangements for the contract are set out in a separate contract schedule (8.1). In a subsequent paper to the RAAC,<sup>10</sup> the various governance boards are shown in diagrammatic form and this is reproduced below:



Performance is monitored monthly by the Delivery and Assurance Board and reported to the Operations Board and Partnership Board.

<sup>10</sup> See <http://www2.westsussex.gov.uk/ds/cttee/raac/raac031212i6.pdf> (last accessed 03/06/15)

### **Annual Audit Letter**

In the Annual Audit Letter and Governance Statement from Ernst and Young (EY) to Council members dated 30<sup>th</sup> October 2014<sup>11</sup> there was a section under the heading entitled 'Contract with Capita' found under 'Other Financial Statement Risks.'

It stated that: *"It became clear at an early stage that the Council had not sufficiently considered the need to document and understand the revised control environment created by the service organisation."*

The purpose of the Annual Audit Letter is to communicate the findings of the council's external auditors on matters which they feel should be brought to the attention of the public, external stakeholders and council members. The document goes on to say that the actions are now being implemented by the council and, *"Although we could not place reliance on the controls operated by Capita for our 2013/14 audit, we will reassess this position for 2014/15, paying particular attention to the council's revised arrangements for internal control."*

### **Intelligent clients**

As part of the process of outsourcing, the council set up a number of posts known as '*Intelligent Clients*'. The purpose of the intelligent client is for the council to retain the expertise in the services that have been outsourced. With each outsourced function there are a small number of intelligent clients who support the business changes being made and ensure that customer (WSCC) requirements are defined and effective.

Three current intelligent clients were interviewed for this study for their perspectives on how the contract is currently being delivered, the scope for flexibility and innovation. Their views are incorporated within this report.

### **Gain Share**

According to the WSCC Head of Commercial Services, the contract is designed for expansion and contains a '*Gain Share*' arrangement, whereby if other organisations use the services provided then WSCC will get 50% of the additional revenue. The hope would be that other local authorities or agencies are attracted to the terms offered to them to supply the services provided under the scope of the SSO contract, thus providing valuable additional income for WSCC.

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<sup>11</sup> West Sussex County Council Annual Audit Letter, Ernst and Young, 30<sup>th</sup> October 2014

### ***Service Levels***

The contract is based on service specifications and the delivery of at least 135 performance and key performance indicators (PIs and KPIs), part of a performance framework, the achievement of which is the responsibility of Capita and monitored through a Contract Management Team from WSCC.

The council has a team of Service Assurance Managers who face their opposite numbers in Capita. Performance reports with red/amber/green type risks are produced and discussed at monthly review meetings with Capita. A report containing the big and/or unresolved issues is discussed at Board level. The Board also looks at improvement plans and wider problem solving.

### ***Service Failures***

The contract sets out a mechanism for dealing with '*Service Failures*' by Capita.<sup>12</sup> Service Failures are dealt with through a process of the early notification of the service failure (or likely service failure), providing the council with a correction plan within five days of notification and then taking any necessary remedial action.

A *Service Credit* regime is also established. If performance is below the service level for a KPI, service credits will apply which will result in a reduction on the monthly charge. Service Credits are paid on a sliding scale with a multiplier and some of the KPIs are weighted. **It is therefore clearly in Capita's financial interests to meet these KPIs.**

### ***Critical Service Failure***

According to the RAAC Committee Paper on contract management<sup>13</sup>, if performance constitutes a "critical service failure", WSCC can consider terminating the contract or parts of the contract for the following reasons:

- Failure of a priority key performance indicator;
- Cumulative failure of a number of KPIs in any one period; or
- Consistent failure over a number of periods.

The paper goes on to give a hypothetical scenario describing what could constitute a critical service failure, giving the council the option of considering partial or full contract termination:

- Failing to meet any of the critical KPIs in any month such as to pay staff on time accurately (99% accuracy);

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<sup>12</sup> SSO Contract (Unison Copy) S10.3 p15

<sup>13</sup> op cit

- Failing to meet stated statutory or legislative compliance on the services operated under the SSO contract;
- Failing to meet a Service Level Agreement by more than 20%; or
- Failing to meet 8 or more of the 'high impact' KPIs in a rolling 12 month period.

### **Requests for more detailed information**

As can be seen above, the contract defines the services to be provided, and the performance management framework provides an assessment of how well the contract is delivering against its agreed measures.

In order for local residents, council members or anyone else who may be interested in the use of public money to be able to scrutinise how well the contract is working, information on the contract must be visible and transparent as well as in sufficient level of detail to make an informed judgement.

Although this should be the case, there are many examples of such information being unavailable to potential scrutineers, even through a Freedom of Information Act (FOI) request. The Information Commissioner's Office (ICO) has published a useful document in March 2015, *Transparency in Outsourcing, a Roadmap*<sup>14</sup> which considers how to achieve greater transparency about services and functions through FOI legislation using a range of measures.

### **Introductory Meetings**

The information provided above is mainly drawn from publicly available documents augmented with data from interviews. To gather the additional information required to be able to properly assess whether the services delivered under contract for the Capita service partnership are meeting their stated service objectives, performance metrics and cost savings, (i.e. one of the research aims), required making additional requests for data from both WSCC and Capita. FOI requests were to be considered only as a last resort.

At the start of the study an introductory meeting was held with the WSCC Head of Commercial Services and the Capita Partnership Director for West Sussex. The purpose of the meeting was to introduce the scope of the study, to negotiate access to information relevant to it and which was not publicly available and to agree protocols for further requests and

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<sup>14</sup> Transparency in Outsourcing, a Roadmap, Mar 2015 – See <https://ico.org.uk/media/1043531/transparency-in-outsourcing-roadmap.pdf> (last accessed on 08/06/15)



publication of the report. A similar meeting was held with the Chief Operating Officer of WSCC.

Both meetings were cordial. After reassurance on concerns expressed by WSCC and Capita about potential bias in either survey questions or in the final report, an agreement was reached confirming that WSCC and Capita would respond to written requests for information. The intention was to gather all the information this way.

### ***Contract Reset/Review***

At the start of the research it was reported there was to be a 'reset' of the SSO contract in the forthcoming months. The WSCC Head of Commercial Services explained that the life-cycle of the contract was shortly to move from the 'transition phase' of the first 2-3 years, into the 'Business as Usual' (BAU) phase. This presented both parties with an opportunity to discuss what was working and what needed to change, including any performance indicators. It was decided to include the contract reset in the scope of the study.

In an email from WSCC to UNISON, dated 29th April 2015, the aim of the contract review is stated to be *"...to determine how the landscape has changed and whether it is driving the correct results, behaviours and financial outcomes that give best value and quality to the residents of West Sussex.*

*To assist and give an independent viewpoint we have also engaged two firms, DHP Consulting and Aecus, who have been looking at both the contract and how operationally it works on the ground..."*

### ***WSCC Performance and Finance Select Committee***

At the time of writing (June 2015), the issue of the contract reset is due to be reported to the WSCC Performance and Finance Select Committee on June 26th. There is a paper to be presented to that committee<sup>15</sup> from the WSCC Executive Director (Corporate Resources and Services) and Head of Commercial Services.

The paper gives more detail for committee members on the contract reset, recognising that since the SSO contract started the strategic landscape had 'changed considerably' and the terms of reference are stated as to:

- Understand operational effectiveness in delivering the services;
- Confirm Capita is enabling best practice;
- Understand financial issues and align commercial perspectives;

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<sup>15</sup> See <http://www2.westsussex.gov.uk/ds/cttee/pf/pf260615i6.pdf> (last accessed 19/06/15)



- Identify a clear framework around governance, management and flexibility;
- Create a long term, sustainable, strategic approach to working in partnership; and
- Deliver best value to residents.

The paper notes that, in the view of the Cabinet, Board and Corporate Leadership Team, the Capita partnership is '...not presently enabled to work as effectively as it could' and that further improvements would be sought in the quality of service delivery.

In the review of operational activity conducted as part of the reset, a number of (unspecified) opportunities and concerns had been identified including the potential for 'value to be unlocked' and the ability for Capita to deliver 'tangible improvements to the services'.

Although the paper asserts that the SSO contracts had achieved their primary objective of a 20% cost reduction while retaining a satisfactory service (apparently supported by KPI performance and customer satisfaction survey data), it states that *"...Like many other outsourcing relationships however, other strategic objectives, such as external partnering have to date achieved limited success."*

The paper reaffirms that both WSCC and Capita is committed to the partnership, but recognises that changes need to be made. These are to:

- Reset the partnership objectives;
- Put in place operational / management frameworks to ensure best value is achieved;
- Track end to end activity and ensure clear understanding of where impacts to customer service occur;
- Reset the values and behaviours around how both organisations work most effectively together;
- Provide improved joined up communication and engagement across both Capita and the County Council;
- Review KPIs to ensure that they are customer focussed in their outcomes and for the KPIs to become more qualitative than quantitative to drive the right behaviours across the partnership; and
- Reaffirm the governance structure that manages and provides oversight to the partnership.

Looking at these suggested changes, they encompass pretty much all major activities of the partnership, from services to monitoring to governance. Even in the guarded, careful language of the local authority committee paper, it seems that the 'reset' for the partnership is like a form of relationship counselling, as it seeks to carry on for the sake of the residents.

Furthermore, the reset activities will incur an as yet unspecified amount of additional costs, resources and specialist expertise. Once the level of finance resource is known, this will be subject to the 'appropriate decision making process'.

Finally the report notes that the next phase of the reset will include the identification of further risks, which could include:

- The partnership being unable to realise the value adding activity;
- A poor performing partnership leading to a lack of innovation coming into the County Council;
- Reputational damage to both organisations;
- Ensure there is no detrimental impact to the level of service delivery;
- Financial risks which might result if the savings achieved are affected; and
- A number of risks associated with the level of resources required and ability to be able to implement the activity effectively.

### ***Information requests and responses***

Following the initial meetings, information requests were sent to Capita and WSCC through the channels agreed at the introductory meeting. As agreed, the questions were shared with both parties.

The purpose of these requests was twofold: to gather additional information which would be of use to making a judgement on SSO contract performance and; to test how easily obtainable the information would be and at what depth it was provided, recognising the potential 'commercial in confidence' defence provided as a reason not to give information about specific contracts (and recognised in the ICO report mentioned above).

Set out below are the questions (Q) asked and the responses of WSCC and Capita.

The responses took just under two months to process. The level of detail of the responses was perhaps less than expected after negotiating access,

and this was raised with WSCC. The response sent by WSCC also had a comment, presumably left in erroneously of "*Do these questions meet the FOI lines?*", which suggests the responses were considered in the context of there not being any further information obtainable through a future FOI request.

A series of clarification questions/comments was then sent to WSCC at their request and these are shown as (CQ) and in red. No responses were received to these questions.

## Questions asked to WSCC

### *Payments and Revenue*

Q: Could you provide an annualised breakdown of payments made by WSCC to Capita under the auspices of the Capita outsourcing contract?

*Response: Contracted Costs for year 14/15 have been £18.1M for the Support Services Outsourcing Contract.*

(CQ): Is this figure just for FY14/15? Could you provide figures for previous years?

*No response received.*

Q: Could you provide details of any additional payments made by WSCC to Capita which were outside the scope of the regular payments? This is where WSCC have given funds to increase service levels, rectify service failures/shortfalls etc.

*Response: All payments have been within the contract, and the contract allows for growth.*

(CQ): I understand that Children's Services are paying for an enhancement to the service they receive from Capita to ensure that there are always 10 staff on duty at the Children's Access Point.

Another example I have been given is in Adult Services: Capita charged an extra £129k pa for Check Point 1 to provide additional admin resource done at the Contact Centre. This was apparently uplifted by £16k (12.5%). I understand that the Council is trying to recover some of the £145k which was for the expected extra volume of calls to the Contact Centre, but the predicted extra call volume did not materialise.

Are these examples correct and covered under what would be termed 'growth' in your reply?

*No response received.*

Q: Could you illustrate the annualised level of savings made by outsourcing the Support Services to Capita? (Ideally this should be in a spreadsheet and itemised according to recognised budget lines presented with actual and predicted savings to date and predicted savings to contract end. Would also be interested to know whether any modelling was done of the counterfactual position of commissioned services.)

*Response: Annualised savings of 20%, and you may also be interested to hear that we have recently commissioned an independent 3rd party to evaluate the Capita Contract. Although this report is in draft, I can share with you the highlights. Aecus Consultancy (3rd party) has concluded that the contract has delivered the predicted savings and is delivering a satisfactory service. They also concluded after a benchmarking exercise that this contract is at an acceptable level as that of other comparable companies and authorities with the same level of outsourced services.*

(CQ): Could you share the terms of reference for this (Aecus) report? I'd also be interested in the evidence they used to form the conclusion of 'satisfactory.' Does the council think it is acceptable?

*No response received.*

Q: Has any revenue been generated to date from the gain share mechanism within the contract? If so, could you provide details?

*Response: Yes, external income has generated £368k pa, which includes gain share arrangements.*

(CQ): Are any details available – by participating organisation/service area

*No response received.*

### **Assumptions and Rationale**

Q: Were the costs and benefits of outsourcing made on assumptions of: a) that services would be delivered at the then current level, or, b) that along with outsourcing there would a reduction in service levels with some being decommissioned or re-profiled?

*Response: In many of the services outsourced to Capita, there was a lack of understanding of what the in-service levels had been. The SLAs were the same or higher, but the service model was changed.*

Q: If the answer (to the above question) is b), what level of service reductions were calculated as the basis for the outsourcing tender? Was this discussion part of the market testing process or the competitive

dialogue, with the bidders able to suggest service levels which translated into output levels and KPIs? Was it simple cost saving or wider benefits such as efficiency gains?

*No response received.*

### **Performance Management and Contract Monitoring**

Q: Please give details of the current performance monitoring regime. This should give detail about how the contract is managed: by whom, frequency, reporting lines and accountability etc. For example the contract (s.14.1.1) mentions quarterly reports to 'management board' on service improvements etc. Which things have changed as a result?

*Response: KPIs: Please see below the latest statistics of the number of KPIs monitored monthly, quarterly and annually*

<b>KPIs:</b>	
Monthly	88
Quarterly	25
Annually	26
Per year	1182
Failures	44
Failures %	3.72%
<b>PIs:</b>	
Monthly	74
Quarterly	20
Annually	2
Per year	970
Failures	48
Failures %	4.94%

(CQ): I was asking here for details of the performance monitoring framework and accountability. Do you have a flow chart or something which illustrates contract monitoring and reporting lines?

*No response received.*

Q: Can you provide details of the contract KPIs? (When we met you mentioned there were around 140 current indicators.)

*Response: [As (previous answer)]*

(CQ) Could you please provide a list of what these KPIs and PIs are? You have provided a spreadsheet of 'overarching' KPIs which

presumably is a sub-set (a lot of respondents in my 1:1 interviews have mentioned specific indicators and it is difficult to link these comments to the figures above).

*No response received.*

Q: Please provide details of the service credit mechanism (when we met you mentioned that there was a sliding scale using multipliers for underperformance. I'd like to be clear about how this works. I'm currently not clear whether it involves actual transfer of monies from Capita to WSCC, deduction from future WSCC payments to Capita or additional services able to be provided by Capita to WSCC at discounted or FOC rates.)

*Response: There is a sliding scale and a list of multipliers. I have attached the contractual schedule outlining the elements of the service credits.*

Q: Please provide a breakdown of Service Credit payments made by Capita. (I appreciate this is likely to be a sensitive subject. What I'd like is as much detail as possible – for example at the meeting you mentioned that some current KPIs, such as for data breaches, have never been met and of course the narrative in such cases is crucial. It is however useful information to assess performance under the current regime.)

*Response: Three/four service areas have attracted service credits (e.g. in relation to HRMI, and data breaches). Unison itself will be aware as to how innocent actions can result in a technical data breach (see Capita/Unison JCC minutes dated 17<sup>th</sup> March 2015 which recorded a data breach by Unison regarding a disabled employee described in a newsletter).*

(CQ): Which are the other area(s)?

*No response received.*

Q: To successfully monitor a multi-million pound contract will require competent staff to ensure contract compliance. Has the monitoring of the contract led to an increase in WSCC staff which was not included in the original financial and operating model? If so, could you estimate how many and at what overall cost?

*Response: No, the team to monitor and manage the contract has not been increased. Also for your information a contract management course with modules is made available to council commercial staff.*

(CQ): From this can I infer that you believe the current monitoring mechanism and resourcing levels to have been adequate?

*No response received.*

Q: Have any warning notices been issued for performance standards as identified in clause 13.9 of the contract? If so, are you able to provide details?

*Response: No*

Q: As well as being bound by health and safety policies, Capita is also bound under the contract by WSCC equality and diversity policies – how is this monitored?

*Response: Please see attached document outlining the overarching KPIs, these are monitored and managed from within the team.*

### **Contract Reset**

Q: What is the rationale behind the contract re-set? In the opinion of WSCC, how do you think improvements can be made?

*Response: Any major contract would be evaluated after the transition period and once the Aecus report has been digested and in consultation with cabinet, any appropriate contract changes will be progressed.*

Q: Can you point me to where it is recorded as a decision in committee or cabinet minutes?

*Response: In minutes from CLT and Cabinet.*

(CQ): Can you provide a link to the (Corporate Leadership Team) CLT minutes?

*No response received.*

Q: What format will the reset take?

*Response: Once the report has been digested and the Steering Group has considered the recommendations cabinet will be informed of the best way to improve service delivery and what the recommended changes are subject to cabinet's approval.*

Q: What is the expected end state?

*Response: A more agile and flexible contract delivering high quality services to our customers.*

(CQ):Can you say a bit more about this? Does it include a potential customer service centre as part of its scope, as Capita run for Southampton CC?

*No response received.*

Q: Is (the contract reset) likely to result in a different type of relationship between Capita and WSCC, from contractual to more of a strategic partnership? What does a strategic partnership look like as far as WSCC is concerned?

*Response: WSCC envisage that the relationship will be an improved and pro-active partnership relationship supported by the appropriate partnering behaviours by all parties.*

(CQ):Could you elaborate on what you mean by "appropriate partnering behaviours" ?

*No response received.*

Q: How will performance be monitored?

*Response: As currently, through customer feedback and KPI regime.*

Q: Will the financial constraints/pricing of the existing contract be maintained?

*Response: This depends on the outcomes from the Aecus review and the decisions made by Cabinet.*

Q: WSCC staff are listed as having attended the Commissioning Academy, a "development programme for senior leaders from all parts of the public sector." How will the insight gained from this programme influence negotiations in the contract reset and any future additional outsourcing of services? (See <https://www.gov.uk/the-commissioning-academy-information>).

*Response: We are unaware of the outputs from the Academy so cannot comment at this time.*

(CQ): This question was to understand how the investment made by WSCC to send staff to the Commissioning Academy was being realised in terms of changing commissioning practices.

*No response received.*



## Questions asked to Capita

### *Capita Staff Survey*

Q1: Could you share the disaggregated results of Capita's Staff Survey undertaken by Capita Survey and Research?

*Response: Once available, we will provide a summary in due course.*

### *Staffing*

Q2: What was the headcount before and after the outsourcing by service area? You gave me an organisation chart at the meeting which was helpful, but I'm also trying to get a feel for numbers at the start of the contract.

*Response: The headcount at time of the commencement of the services was 648. The headcount as at February 2015 is 607.*

Q3: How do the terms and conditions for new employees differ from those who were TUPEd across?

*Response: The council's published terms and conditions of employment are already known. Capita's terms and conditions are based on the role and are confidential between the employee and Capita.*

Q4: At the current time, how many staff TUPEd from both WSCC and Serco/Liberata remain within Capita?

*Response: Please see the response to Q2.*

Q5: Do you have any figures on expected churn for the type of roles within the contract, based on experiences elsewhere?

*Response: This data is commercially sensitive. Attrition levels are within industry norms for the services provided.*

Q6: How does Capita incentivise staff through pay, rewards and professional development?

*Response: Staff have annual performance pay reviews and have access to on-line training modules in a wide variety of subjects, some of which are mandatory.*

*In addition, we have a range of initiatives to promote apprenticeships and to support work placement schemes, NVQ training, and charity events. For example, within Office Services we are widely offering staff the opportunity to complete NVQ learning in conjunction with*

*Chichester College. There are currently 28 members of Office Services staff undertaking NVQs across the following subjects – NVQL3 business admin; NVQL2 team leading; NVQL3 management; and NVQL5 ILM leadership and management.*

Q7: Does Capita has an employment agency which is used to provide temporary staff to the council?

*Response: In addition to Manpower for sourcing temporary staff, Capita is able to provide Subject Matter Experts.*

### ***Contract and Reset***

Q8: From the perspective of Capita, what do you see as the strengths and weaknesses of the current contract arrangement?

*See response to question 10.*

Q9: How do you manage those service areas without a KPI attached?

*See response to question 10.*

Q10: In taking over the support services, what percentage of your profits come from efficiency savings through:

- Technology
- Absence management
- Productivity improvements
- Other (please advise – I'm trying to get a feel for the areas of improvement)?

*Response: It is not appropriate for Capita to comment on the following [above] questions 8,9, and 10 prior to the council completing its review.*

Q11: From the perspective of Capita, what would you like to see achieved from the contract reset?

*Response: A more agile contract that reflects the council's future requirements and service improvements. We are awaiting the formalisation of the Aecus Report so that discussions can commence with cabinet to identify ways in which the contract can meet the council's future needs. As with any long term contract, the working environment and demand for different services changes over time, and we look forward to working with the council to meet those future needs.*

### ***Additional Services included in contract***

In April 2014 a Cabinet member report written by the Director Service Operations recommended transfer of the Financial Adults Safeguarding Team (FAS) and the Financial Assessment and Welfare Benefit Advice Team (WBA) as additional services to be included as part of the SSO contract. This report was written to inform a key decision by the Cabinet Member for Finance and was estimated to contribute to a potential saving of £122,339 pa from 2015/16.

The report noted that since the SSO contract was signed in October 2012 the "County Council has been in a state of transition until it reaches Business As Usual," and that now the council has begun to consider additional services to put into the "partnership".

It also notes that WSCC has begun to develop a pipeline looking at "opportunities to develop and maximise the potential to grow the contract". It is intended to be a single repository for all new business activity, including possible additional services, and is overseen by the SSO contract governance. The ability to extend the scope of the services provided under the contract is said to be possible under the existing contract up to a maximum value of £750m over ten years: *"There is sufficient headroom for the County Council to transfer additional services and this was always the intention"*<sup>16</sup>

### **Summary**

The information provided in this section has managed to give an overview of the history and current operation of the contract. It has been less possible to gain either through publicly available information, or through specific information requests to WSCC and Capita, sufficient detail on current performance indicators of the contract upon which a judgement can be made.

This is concerning and could suggest either a lack of commitment on the part of WSCC to allow sufficient public scrutiny of how it spends its money, that there are not systematic controls in place to obtain an holistic overview of 'partnership' operations (beyond simple contract monitoring) without ad hoc external assistance, and/or the 'partnership' is weighted in favour of the commercial-in-confidence culture of Capita.

The type of activities taking place during the contract reset also suggests that there is a recognised need to make significant changes to the current arrangements.

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<sup>16</sup> Cabinet Member for Finance Report FIN01(14/15)Additional Services under Support Services Outsource (SSO) Contract, April 2014

## Section 2: What has been the impact on staff?

The purpose of this section is to assess to what extent the SSO contract has affected staff, both as employees where they may have been transferred to Capita using a Transfer of Undertakings (TUPE)<sup>17</sup> process or as recipients (internal “customers”) of services delivered as part of the SSO contract.

This part of the project relates to measuring perceptions. Perception is defined in this context as being about how the SSO contract is regarded, understood and interpreted.

For the purposes of measuring perception, this research divided respondents into two discrete respondent types:

- a) As a **customer or end user** receiving the services being delivered by Capita;
- b) As a **member of staff employed by Capita**. A subset of these employees will have been transferred to Capita at the start of the contract using TUPE, either from West Sussex County Council or SERCO

A survey was designed for each of the two respondent types listed above.

### How was perception measured?

The primary methods used to measure perception were two online surveys and a number of qualitative interviews held either face-to-face or by telephone.

The online surveys were designed to collect the maximum amount of data using the SmartSurvey collection tool and contained a mixture of forced choice and questions which permitted free text answers.

Qualitative ‘depth’ interviews were held with 19 individuals either face-to-face or by telephone. Each interview was undertaken by following a discussion guide which set out a broad structure, and asked a series of open-ended and semi-structured questions to test various pre-conceived themes and develop new ones.

Interviewees were allowed to choose how their views would be reported or quoted, recognising concerns expressed during the design stage about there potentially being a ‘culture of fear’ on the traceability of their views.

NB: A copy of the discussion guide is available from UNISON on request.

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<sup>17</sup> See: for more explanation <http://www.acas.org.uk/TUPE> (accessed 29/04/15)

The interviewees were selected from a cross-section of individuals connected with the SSO contract and included:

- The Chief Operating Officer (COO) of WSCC;
- The Director of the SSO Contract for Capita in West Sussex;
- The WSCC Head of Commercial Services;
- Intelligent clients;
- Staff employed by Capita;
- Staff employed by WSCC;
- Senior colleagues in the education industry and Education Funding Agency;
- A headteacher and bursar of a school receiving Capita SSO services; and
- Colleagues from the London boroughs of Lambeth and Barnet.

The rich seam of data gained from utilising both quantitative and qualitative techniques allows a detailed contextual position on the perception of the SSO contract to be formed and triangulated with other sources of evidence gained elsewhere in the study. A few direct quotes from the interviews and extracts from the free text data are used in this report to provide additional evidence, deepen understanding, illustrate key themes and enable the respondents' voices.

More detail about the two surveys is set out in the following pages. Blank copies of both surveys and the full datasets are available from UNISON upon request.

## Customer Survey

### About the survey

This survey was designed to measure the views of the recipients of services run by Capita, i.e. staff employed by the organisations who receive services delivered under the SSO contract. These recipients are in fact internal customers of the services run by Capita, albeit customers with no choice to use alternative services if they are dissatisfied.

Given that the respondents are customers of Capita, the survey uses a standard approach found in many customer surveys where respondents are asked to rate their satisfaction with services used from "Very Dissatisfied to Very Satisfied", using a five-point scale known as a Likert Scale. For more information on the correct usage of Likert Scales see *Social Research Methods (4<sup>th</sup> ed) by Alan Bryman*.<sup>18</sup>

After rating the services used, the survey then explores respondents' experiences of services, both positive and negative, allowing respondents to provide details of any service issues, aspects of services which they liked and suggestions for service improvement. Respondents were also asked whether they thought that services have improved since being outsourced to Capita.

Draft copies of both surveys were shared with both WSCC and Capita. In response to feedback some changes were made to each survey in line with requests made.

### Who was invited to respond to the Customer Survey?

An email containing an electronic link to the survey was sent initially to members of UNISON drawn from the following organisations:

Organisation
West Sussex County Council (including schools not Voluntary Aided or Academies)
Voluntary Aided Schools
Academies
University of Chichester
Aspire Sussex
Sussex Police
Horsham District Council

<sup>18</sup> Bryman, A, 2012. *Social Research Methods* 4<sup>th</sup> ed. Oxford. OUP

Recipients of the email were also encouraged to send the survey link to colleagues who were not members of UNISON.

### Who responded to the Customer Survey?

In total 678 people responded to the survey and the distribution by organisation is set out in the table below. Ten respondents are recorded as not working for any of the organisations contained in the pick list (*I do not work for any of the above*). Where a respondent picked this option the survey was closed automatically since we were only seeking responses from customers of the Capita SSO contract.

Organisation	% of overall respondents	Number
West Sussex County Council	72.42%	491
Sussex Police	8.85%	60
Academy School	6.49%	44
Schools (NOT Academies)	5.46%	37
Aspire	2.21%	15
Horsham District Council	1.92%	13
I do not work for any of the above	1.47%	10
University of Chichester	1.18%	8

Across all respondents, 89% were members of UNISON, but using cross-tabulation there were no significant differences between the views of union and non-union members and so the views of all respondents are shown together.

### Services Rated

Respondents were asked to rate the following services individually, recognising that not everyone would have used all services, since not all of the organisations receiving services under the SSO contract receive all of the services to be rated.

The list differs slightly from the original definition of what constituted the scope of the services in the SSO contract as listed on page 13 because following discussion with stakeholders, it was decided to use the names for the services that are used in common parlance to make it easier for respondents to identify them.



Diagram showing matrix of services rated by respondents

#### Summary of the services offered:

**Admin Support (also known as Office Services):** Provision of secretarial and administrative support

**IT:** The provision of IT equipment, resources, support and software

**Pensions:** Administration of local government (and teachers') pension scheme

**Payroll:** Provision of payroll services for employees

**Health and Safety:** Provision of health and safety advice to WSCC managers and headteachers

**Contact Centre:** It is the front line of contact with the public for approximately 40 service lines, from Births, Marriages and Deaths to Highways to Education Advisers. Its main interface is telephony and emails.

**HR Advice:** Advice provided on Human Resources to both employees and managers. Separate service ratings were obtained for each element in the survey



**Online Recruitment:** An online system where applicants may apply for vacancies within organisations which take this service.

**Online Service Delivery (OSD):** OSD manage web content on behalf of West Sussex County Council. The services of the team are available to all County Council services.

**OpenHive:** ICT facilities for schools

**One Way to Buy (OWTB):** An online procurement portal enabling goods and services to be purchased.

**Financial Adult Safeguarding/Welfare Benefits Advice (FAS/WBA):** Teams looking after money and property of vulnerable adults who cannot manage their own finances and benefits advice for people either receiving, or due to receive, care services from the County Council to make sure they are claiming all the benefits they are entitled to assess care costs

### Volume of Service Ratings

Respondents were allowed to rate each of the services individually, recognising;

- i) not all of the organisations covered by the survey take up all of the services provided under the SSO contract;
- ii) respondents do not necessarily use all of the services even if available;
- iii) a respondent may not wish to rate a service.

The table below shows the frequency of services rated:

Service	% Frequency of all respondents	N of ratings
IT	74%	492
Payroll	73%	486
Pensions	63%	423
Contact Centre	62%	415
Admin Support (Office Services)	61%	407
HR Advice (for employees)	47%	312
Health and Safety	43%	290
One Way to Buy	37%	246
Online Service Delivery (e.g. web design)	36%	238
Online Recruitment portal	35%	233
HR Advice (for managers)	23%	156
FAS/WBA	13%	85
OpenHive (Schools/Academies only)	12%	79

Although the number of service ratings provided is not a proxy for the volume of usage overall, the most rated services are also those back office services core to any business, IT, payroll and pensions. Services which are more specialist or aimed at managers were rated by fewer people, presumably because they were used by fewer people.

## Service Ratings

### Positive Service Ratings

The question asked was *"How satisfied are you with the following services which are operated as part of the Support Services outsourcing contract?"*

The chart below shows a combination of "Very Satisfied" and "Satisfied" ratings for each service and these are shown as a percentage of each overall rating.

For example,

- 48% of respondents who rated the Payroll service were "Very Satisfied" or "Satisfied" with it,
- Only 15% of respondents who rated the One Way to Buy service were "Very Satisfied" or "Satisfied" with it.

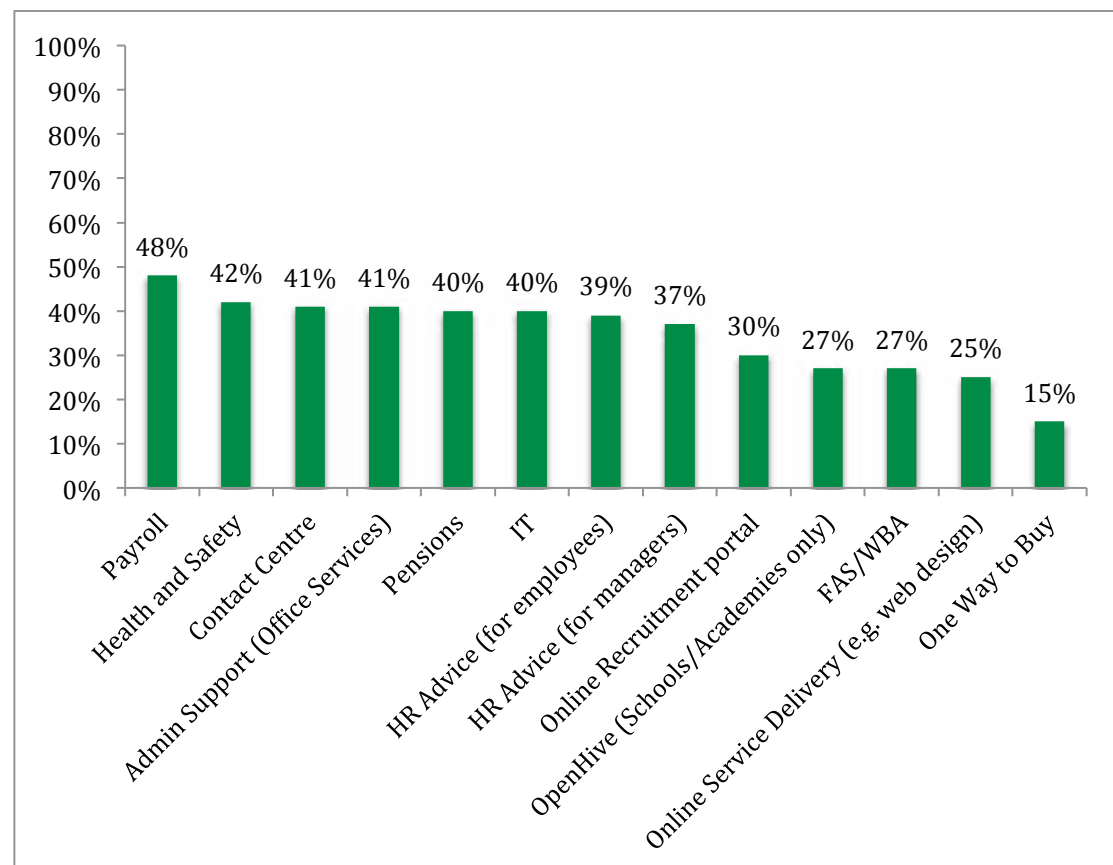


Chart showing percentage of services rated as "Very Satisfied" and "Satisfied"

It could be argued that the services differ considerably in terms of use and purpose – services like pensions and payroll are 'personal' in that they facilitate the employer/employee relationship and benefit the individual (except those with certain interim contracts who have different arrangements through a recruitment company).

Individuals are likely to have higher expectations of the 'personal' type of service since they are personally affected by poor performance.

IT as a service is a hybrid, since although it does not provide direct benefit to an employee personally (in the same way as pay and pensions), it does provide the primary access point for many members of staff in a local authority to interact with their work environment, so expectations are also likely to be high (or at least tolerance of poor service low!).

A service like 'One Way to Buy' (OWTB) will only be used in the course of work duties and benefits the smooth running of the organisation.

It is therefore particularly noticeable that there are low levels of satisfaction for OWTB since the expectations for these type of services are likely to be lower than for the 'personal' type services.

### Negative Service Ratings

The second chart shows a combination of “Very Dissatisfied” and “Dissatisfied” ratings for each service and these are shown as a percentage of each overall rating.

For example:

- Of those who rated the ‘One Way To Buy’ service, 59% of respondents were “Very Dissatisfied” or “Dissatisfied”,
- Only 16% of respondents who rated the Health and Safety service as “Very Dissatisfied” or “Dissatisfied.”

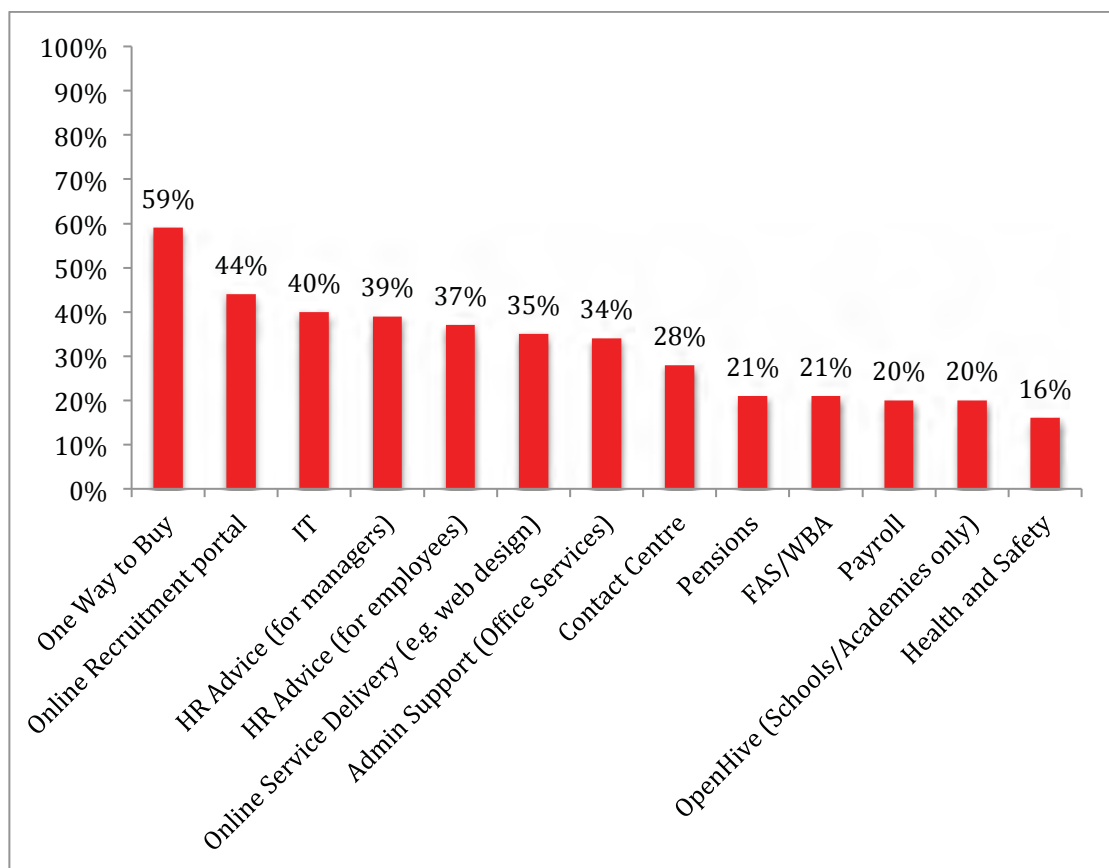


Chart showing percentage of services rated as “Very Dissatisfied” and “Dissatisfied”

There is clearly a very high level of dissatisfaction with OWTB, which is of obvious concern, given the low levels of satisfaction also found with that service.

### Neutral Service Ratings

Respondents were given the option of giving a neutral service rating as well as choosing not to rate the service at all. In doing so the survey can reflect moderate opinions like *"It's ok, I don't feel that strongly about it either way"* or *"It doesn't impact on me or my work."*

The table below shows the percentage of respondents of each service rated who selected the 'neutral' option. As may be expected, IT services produced stronger opinions than any of the other services with the lowest neutral rating.

Service	% neutral rating
IT	20%
HR Advice (for employees)	24%
HR Advice (for managers)	24%
Admin Support (Office Services)	25%
One Way to Buy	26%
Online Recruitment portal	26%
Contact Centre	31%
Payroll	32%
Pensions	39%
Online Service Delivery (e.g. web design)	40%
Health and Safety	42%
FAS/WBA	52%
OpenHive (Schools/Academies only)	53%

Table showing percentage of services rated as "neutral"

### Serious Service Issues

The next part of the Customer Survey asked respondents about any issues they may have faced and thus moves beyond perception of the services into respondents thinking about their own actual experiences.

A question was asked *"Have you experienced any serious service issues with any support service over the past 12 months?"* This question was intended to draw out service issues which were more serious in nature. The survey question defined "serious service issues" as *"something which has hindered (you) from carrying out your normal work."*

In other words, respondents were being asked to identify situations which had impacted on their own work rather than simply being a minor irritation, and from overall perception to thinking about a specific and significant event. These service issues can also therefore be said to have caused waste, in the form of delays, affected organisational performance and increased costs.

Respondents could select more than one service in recognition of the possibility of having faced more than one serious service issue over the past 12 months.

**In total, respondents identified 532 serious service issues over the past year which in their opinion had hindered them in carrying out their role.**

#### Which services suffered serious service issues?

Service	Number of identified serious service issues
IT	186
Admin Support (Office Services)	83
One Way to Buy	50
Payroll	40
Online Recruitment portal	36
HR Advice (for employees)	29
Pensions	25
HR Advice (for managers)	25
Contact Centre	24
Online Service Delivery (e.g. web design)	16
Health and Safety	10
OpenHive (Schools/Academies only)	5
FAS/WBA	3

Table showing number of serious service issues by service

The table above shows the percentage of serious service issues identified by each service in the SSO contract. Perhaps unsurprisingly IT issues provided nearly 35% (186) of the serious service issues. This is likely to be because IT faults usually cause a delay to the person facing them – they are often unable to carry out most tasks if they cannot use their computer – plus the fact that more people in the survey reported using that service than any other.

### Density of Serious Service Issues

Another way of analysing the service issue data is to weight the frequency of service issues by how many respondents reported using the service.

The chart below shows the percentage of respondents who had used each service and who also recorded that they had faced a serious service issue over the past 12 months in that service. For example, of all respondents who reported using the Admin Support service, 20% of them stated that they had faced a serious issue with that service over the previous 12 months.

Service	Percentage of respondents reporting a serious service issue in past 12 months
IT	38%
Admin Support (Office Services)	20%
One Way to Buy	20%
HR Advice (for managers)	16%
Online Recruitment portal	15%
HR Advice (for employees)	9%
Payroll	8%
Online Service Delivery (e.g. web design)	7%
OpenHive (Schools/Academies only)	6%
Pensions	6%
Contact Centre	6%
FAS/WBA	4%
Health and Safety	3%

Table showing percentage of respondents reporting serious service issue weighted by use

### Impact of Serious Service Issues

As noted earlier, respondents volunteered a considerable amount of information in addition to the fixed questions. This information provides a valuable additional source of evidence to bring to life the experiences of both customers and employees of Capita delivering the SSO contract.

In all questions where a free text answer was possible (on both surveys in this study) the response rate was far higher than that of the WSCC 2013 Staff Survey (which was 36% overall of those who took part in that survey), generally running at between 50% and 70%.<sup>19</sup>

<sup>19</sup> Gray, P and Thomas N, Staff Survey 2013 WSCC Comment Analysis, WSCC 2013



Respondents who had identified the 532 serious service issues were invited to provide additional detail on the impact their issue had caused. Where one person may have reported more than one service issue, they were invited to focus on the issue which, in their opinion, had affected them the most.

In total 244 respondents provided additional information on the impact of their service issue. The comments were categorised for analysis purposes into type of issue. A selection of comments on the impact of respondents' service issues is included below:

*1. "I contacted IT helpdesk regards an approval for a new finance clerk working to support budget building for 2015. She needs to access advanced finance functions in SAP; I am 1st approver and her approval had not come through after a week of waiting. I give details, was given a reference number and told the matter would need some checking and I would be contacted.*

*A week later I rang Helpdesk again as no one has got back to me. I gave my details again, but this time am told the issue cannot be worked on further as I was 'not on the list of approvers'. I explained that I'd already been recognised and that the issue was ongoing, but was told that as I was not on the approved list, the matter could not be taken further. I was asked if my manager was around who could verify who I was. I explained he was a principle manager and worked in another part of the building. This did not matter as he was 'not on the list' either. I was asked who his manager was and I explained this was the Director of Children's Services for WSCC. Unfortunately, despite being a direct report to the head of the council, his name was also 'not on the list'.*

*The solution was that I had to e-mail a specific person within Capita, explain what the situation was and ask that I be 'put on the list'. I did this. Another week later I went back to the IT Helpdesk, was again told I was still 'not on the list' - despite the reference having been updated on the Capita system, with my name on'. Apologies were made and I was asked to e-mail a second person in Capita, and copy in the first person. I did this and, after a couple of days later the first and second people in Capita got back to me and the helpdesk and said it was ok to resolve the issue. Unfortunately, by this time the finance officer had been in post for 4 weeks, unable to do any budgetary work"*

*2. "We frequently have problems with our Public Access Computers which are needed for the public to use for research. A lot of our time is wasted trying to help when the public experience problems. We also have problems printing from these Public Access Computers and we are restricted in the programmes/websites we can use. These problems are not being sorted out."*

*3. "Poor advice from HR for an issue as a school governor. Cost the school 25K. No come back from the authority"*

*4. "(One Way to Buy) has caused me considerable distress. I had a small kennel company who were not paid for over 6 months and I ended up paying for the fees of £610 myself. I kept being told I could use the P card but initially it was over the amount I could use in a month, and then I noted that we are not allowed to use a P card for arrears. I am now owed this money by WSCC."*

*5. "Working at RIS we have NO admin support of any kind. Post is never collected from our office and we rely on each other to take it over to Centenary House where there is no parking. There is no scanner in our office and, as we have to do all these tasks ourselves, this also has to involve a trip to Centenary House which takes a minimum of half an hour each time to complete as we have to park off site. This takes time out of the day and we are a fast paced service that needs to see customers ASAP. This, together with the changes to Frameworki which makes writing assessments more time consuming than before, has a considerable impact on the working day. Customers get letters and copies of reports up to a week late, which is a poor quality service for them."*

*6. "There have been so many problems relating to IT since the Capita contract but to give a current example - we have a printer in our office which has been broken since the start of last week. The*

*printer serves at least 30 people but we have now been told that the printer will not be fixed as it is outside of the contract. I would be interested to know why this printer has previously been repaired by Capita before we moved into one of the refurbished offices. It certainly seems as though the rules as to what they deign to fix are arbitrary at best."*

*7. "Admin support - we find that our admin team are constantly being "loaned" to other services on a rota basis - this is despite us being assured we have a dedicated admin support team. The result of this is that our level of service is currently being run at a less than effective level and where we have an SLA for delivery of specific tasks - this is managed at the extreme end of the scaling meaning that work is rushed to be completed "just in the nick of time" resulting in errors and lack of attention to detail - which must be just as frustrating to the admin team as well as our customers and colleagues. Where as we should be a proactive customer focussed service we end up delivering a responsive barely good enough service which is more than disappointing. Myself and my team have to double check all admin tasks as we are unable to trust the level of service is good enough to portray our service to the customers and residents of WS."*

*8."* In fostering and adoption, the majority of the staff have left. This has lost a serious amount of Subject Matter Expert time. Sending requests to an email box does not work as the work often is not acted upon. Relations between the two services are strained

In adoption we have recently had an issue where letters were not being delivered in a timely manner, in one case up to a month late. We have six months to get them through the assessment process and losing a month is not acceptable.

If we don't reply in a timely way, we run the risks of the adopters going somewhere where they are responded to appropriately. This reduces our pool of adopters and means that we have to place our children out of county. Each such placement costs the authority £27,000"

*9. We used to have an admin support person four days a week now we have little support. One example is trying to have recorded interviews transcribed by Office Services (something that was undertaken prior to the contract going to CAPITA). I asked for some interviews to be transcribed in October/December 2013 and that seemed to open up a can of worms. With a lot of persistence I was able to have some of them transcribed (not very well) by a different CAPITA office. They imposed so many delays that we had to pay to have some recordings transcribed by a private company. Since then I have spent over a year trying to get them to accept in principle that this is an appropriate task for them to undertake. They have prevaricated and delayed for over a year only to come back with the final answer that they will undertake the work if we pay an additional fee. So in effect we have lost four days of admin time and in addition we will have to pay for this work to be done."*

*10. "Contact Centre - Not following processes so for this team, dropping safeguarding alerts into the incoming box, without notifying the duty worker. If duty is busy, this can be missed, whereas with an alert they would prioritise this"*

*11. "I have an IT call open for over a year. This is for a file path change of a packaged product. The team have had issues in the repackaging and deployment to a test laptop so I am unable to trial the software in its new location. This call has repeatedly been dropped in favour of more 'important' calls and staff have been redeployed. This issue is costing the County Council money in that we are paying for a piece of software, and the licences that accompany it, that we cannot use"*

The comments above are a selection from the 244 made in total. Although they are a selection they do provide a flavour of the responses about service issues faced by customers of the Capita SSO contract. The implication of these comments and other findings will be discussed later on in this report.

## Complaints processes

The previous section was concerned with identifying service issues that had an impact on the respondent's own workload as a result.

Any organisation which provides a service will have a complaints mechanism which allows the organisation to learn from service failures, rectify them and keep their customers onside. It must be pointed out that each service covered under the SSO is likely to have a different complaints process, but they have been treated as one here since they would all serve the same purpose.

Given that the survey respondents had identified 532 serious service issues, a question was asked about whether the respondent had actually lodged a complaint, particularly since they had identified each issue as one which hindered them from carrying out their normal duties. This question was however, open to all respondents, not just those who had identified a serious service issue above.

The question asked was: *"Have you ever felt it necessary to make a complaint about any of the services listed previously?"*

Yes	12%
No	54%
I was not aware that there was a Complaints Procedure	34%

This question was answered by 662 people, so 78 people had made a complaint. It is worth noting that one third of respondents to this question (224 people) were unaware of any complaints procedure.

It appears that some complaints processes (IT) have only recently become visible, whereas others, such as for Payroll were unavailable at the time of survey.

## Outcome of complaints processes

The next question in the survey was only for those 78 people who had used the complaints process. They were asked about their satisfaction with the complaint outcome.

The question asked was: *"Were you satisfied with the outcome of the complaint?"*

Yes	14% (11)
No	44% (34)
Partially	42% (33)

Of the 78 people who had made a complaint, only 11 were satisfied with the outcome, with a further 33 partially satisfied.

These findings are somewhat ironic since according to the Capita website<sup>20</sup> they can "...ensure (you) stand out from your competitors by helping (you) deliver great customer service - the key differentiator that distinguishes you from the crowd," and should provide cause for concern when considering any future expansion into managing external customers.

### Comments on complaints processes

Respondents were also able to add additional comments about their experiences of the complaints processes. Below is a selection of comments:

1. *"I escalated a complaint to do with an ACS request to the I.T. relationship manager. Despite several reminders he never replied. I re-submitted the request and made the relevant team aware of its importance and it was eventually dealt with."*
2. *"I made a complaint via email to HR Customer Services - no one replied, I escalated it and no-one replied. I sent a summary email with the first and second complaint and no-one replied. I gave up!"*
3. *"Fragmented complaints procedure. Offered a cash compensation and when I did not accept this, the amount was doubled with very little explanation. I am still waiting to hear from WSCC who said that they would contact me a number of weeks ago."*
4. *"Once I've bought my concerns or issues to managers there is a knee jerk reaction to find solutions. But, in my experience they do not learn from the complaint or change their behaviour to reduce the risk of any further complaints."*
5. *"I complained about a failure in application of Payroll for staff in our office, which did not happen. The underpayments were corrected, but the rest of my complaint was ignored. When I complained again after 2 weeks that the substance of my complaint was ignored, I got a response. This did not fully explain what I asked, which was for an explanation as to why they had not acted, and why they had given me wrong information. They did correct information they had given me, but it turned out within 3 or 4 days of issuing that information that also was incorrect, which I again had to challenge. It appears to be chaotic. No process is ever simple or straightforward, but is instead very time-consuming for managers to get things done correctly."*
6. *"The team manager answered the complaint by making a reverse complaint against my colleagues to protect his staff. It is pointless to use the service as Capita protects their staff at all costs. It ends up being a tit for tat system that is pointless and unprofessional to engage with."*
7. *"I did not use the formal complaints procedure. I often email (name redacted) who manages the interface between WS and Capita and she is always helpful. I have received mixed responses to my complaints from Capita and am often left with the impression that their primary concern is policing the SLA rather than providing us with the best possible service to enable and facilitate our work."*

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<sup>20</sup> See <http://www.capita.co.uk/what-we-do/services/customer-management/customer-service-and-support.aspx> (last accessed 14/06/15)

## Compliments

The design of both surveys was done in such a way that respondents could express both negative and positive reactions to the questions, whether by rating services or in experiential feedback in a free text format.

The design of the draft surveys was shared with representatives from both WSCC and Capita and both expressed concern that the responses could come back with far more negative than positive responses, given that the survey was associated with UNISON. So it was agreed to include an additional free text question which specifically asked for compliments on the services provided under the SSO contract.

The question was worded: *"If you are able, please give an example where you feel you have received good service from Support Services in the past 12 months. Remember to tell us which services you are referring to and add more detail in the comments box."*

There were a total of 281 responses to this question and a selection of these are shown below:

1. *"IT Support have always been able to resolve any issues I have, swiftly and professionally."*
2. *"The staff we do have that are trained to support us are extremely efficient and understand the need for tasks to be completed in line with both statutory and non-statutory but published deadlines and are always willing to 'go the extra mile'. However they are frequently prevented from doing this as they are not allowed to do anything that isn't on their ETL."*
3. *"I have always received excellent service from the Admin Support team who are quick to respond to my needs, (name redacted) has been particularly helpful".*
4. *"Usually any SIMS queries or problems have been resolved. Polite patient and helpful staff."*
5. *"I have had some good and helpful service from IT Services but I have often found that there is a lack of information provided to service users on alterations introduced by Capita, eg the printer server for Drayton Depot was changed recently, without apparent warning to any of the WSCC staff that work there, so printing was unavailable for over a day before the "fault" was identified at the depot and then only after frequent Help Desk enquiries was information provided that enabled staff to individually change all their printer settings."*
6. *"We have some Office Services staff who are 'embedded', actually based in our service (Democratic Services). They provide an excellent and valuable service and our department could not function effectively without them.  
  
There's some very helpful IT staff based at County Hall campus, who are very good at resolving a variety of problems. I also find that putting things on the IT portal tends to get them done in a reasonable period of time.  
  
Reception staff at County Hall provide an excellent service. The regular staff do an excellent job. A variety of back-up people are roped in now, who vary, as naturally it takes a long time to get used to the wide variety of things you'll come across on reception. I hope that the expertise of the regular staff is recognised as being due to continuity."*
7. *"The job vacancy site was down and there was a job I had wanted to apply for and the closing date was in the next 48 hours, I phoned the number on the WSCC web site (still active at that point) and the person I spoke to emailed an application form so I could complete the process."*
8. *"When I retired from Sussex Police I heard virtually nothing from HR or Payroll. The only person who kept in regular touch with me was the person from Capita, who I believe is based in Chichester. He even phoned me*

*one weekend to keep me updated and sent me regular emails. He organised the forms that HR or Payroll had not sent to me. The service from Capita was first class."*

*9." I have had questions about Health and Safety, which we are told is accessible via the A to Z section, but nobody seems to be able to find. But by sending an email to the H & S department they normally send me a link back or attach the relevant document to a return email."*

*10. "HR recruitment in particular (name redacted) has been extremely helpful and patient. Being a new manager and new to the recruitment system with WSCC she has guided me through the processes".*

Many academic papers have been written on the differences between customers making complaints and giving compliments about a service. While it is beyond the scope of this study to go into depth on this, a research paper from Karlstad University<sup>21</sup> found that customers were more likely to complain about reliability of service and more likely to give compliments about treatment they had received from employees of a service.

These findings are consistent with this research – many of the compliments given in this survey relate to the endeavours of Capita staff providing them with a good service whereas the complaints were more about failures of service and their impact.

### **For Better or Worse?**

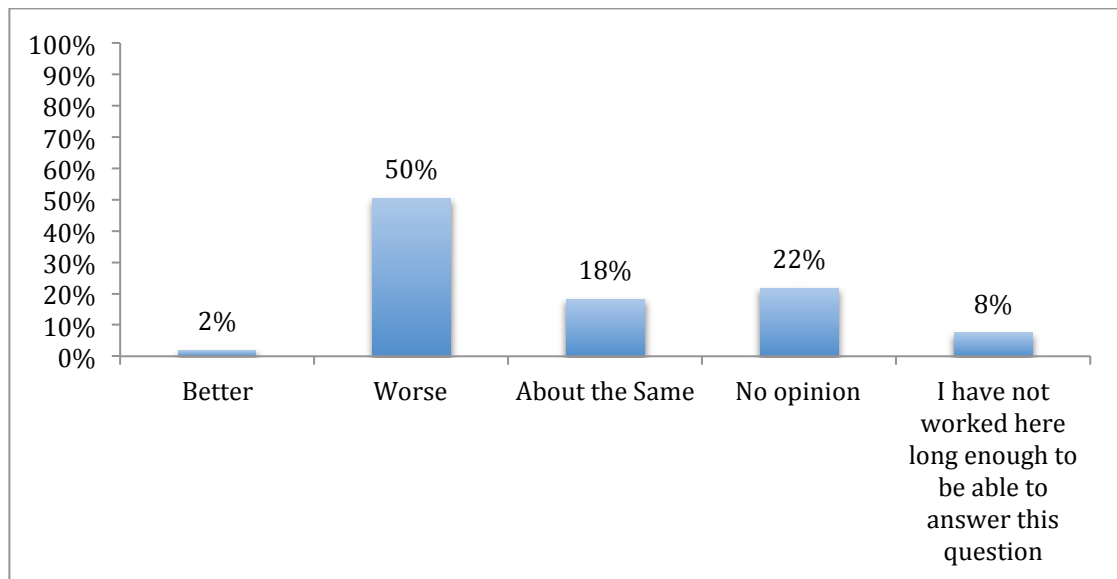
The final area of enquiry for the survey was to move respondents away from thinking about specific examples where they had received good or bad service (complaints and compliments) to consider whether they felt that overall the services received were better or worse having been outsourced to Capita under the SSO contract.

The question asked was: *"Overall, do you think that Support Services have got better or worse since being outsourced?"*:

This question was answered by 662 respondents.

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<sup>21</sup> Friman, M., Edvardsson B(2003) *A content analysis of complaints and compliments*", *Managing Service Quality: An International Journal*, Vol. 13 Iss: 1, pp.20 – 26



**Graph showing percentage of respondents rating services pre and post-outsourcing**

The results to this question on their own do not alone mean that outsourcing the services was the wrong decision. What they do is provide a starting point from which to look at other evidence contained in this study as to why only 2% of respondents felt that services had improved and a further 18% felt they were 'about the same' through the introduction of outsourcing. There is also a debate about whether the services being provided are 'good enough' to be able to allow the participating organisations to fulfil their statutory and other duties – a Rolls Royce cannot after all be bought with Kia money – but is there waste in the current delivery system?

The level of detail provided in many of the responses was unusual in a survey of this type, suggesting that the respondents cared deeply about the issues measured enough to devote a considerable amount of personal time to fill in the qualitative elements of the survey as well as the click through responses to the quantitative data questions.

As mentioned in other sections, the decision to introduce outsourcing was financial as well as political, so to compare the services provided now with those before the cuts may be more likely to elicit a negative response, particularly when those being asked the question are the staff who have had to go through a period of uncertainty, change and service reduction.

It would however, be interesting to have asked this question on an annual basis to measure any change in opinion over time and embed the customer viewpoint into the performance metrics of the contract itself.



## Additional Comments

Respondents were invited to comment on the reasons for answering the 'better or worse' question the way they had and also on anything else not already covered. In general the comments gave a negative view of the SSO contract, giving additional examples of services or an overall perspective on the issues involved.

A selection of the 421 comments given is reproduced below:

*1." I believe that the distance of outsourcing has helped attempt to provide a level of professionalism in providing a service. However, in reality this hasn't worked. This is not knocking any individual as many are very helpful and friendly - the system in place is not adequate to provide the efficiency we require.*

*Things progress slower - there are less staff and thus less resource to get things done.*

*Some staff will do what they are told to do despite knowing that I probably won't help you - they seem to work in silos with no real will to help you. Giving you advice or passing you to someone who will be able to help you does not happen often.*

*The help desk does not understand our IT well enough to record the issue in the right detail or pass it to the relevant team (despite telling them who it should go to).*

*History has been forgotten - systems that the old IT Services took responsibility for years ago are now back being the responsibility of our business units as Capita has shirked any responsibility. We are no longer able to deal with some of these areas as we don't have the positions nor the knowledge due to staff turn over.*

*There is hidden wastage in the current system - money may be saved by having Capita provide services - but the systems they put in place is costing resource in other areas. The cost to the Taxpayer is heavy."*

*2. "Staff in support services are restricted to a very clear list of jobs they are expected to do. this does not help morale or develop an individual and keeps them very much stuck in the job they are doing without little opportunity of progression or promotion. They are despondent and not feeling valued. They appear to be frightened of challenging new ways of working. They have lost their identity and the lack of sense of belonging to any team is discouraging them to put them selves out. There is no good will anymore, some of the new recruits coming in are paid less than the older more experienced employees and are not of the same calibre even with training. To use support services it usually takes a series of emails/arguments to justify why we want to use someone for a particular job. Experience is that as they have no background knowledge of the subject for example, minute taking they are often struggling to understand/know who the people are at the meeting and what they are talking about. It's often easier to "do it yourself"*

*3." As mentioned previously, there is a total lack of admin support from Capita. This means far too much time is being taken up by officers that should be carrying out the jobs they were employed to do - not dealing with purchase orders and other things that someone else could and should be doing. The whole system seems to be stacked in Capita's favour instead of WSCC's. The tail is wagging the dog!"*

*4. "With Capita they do not act immediately and urgent concerns/problems can be left for days. This has an effect on people not being able to leave hospital as we are unable to complete important document on FWI to enable the patients to be discharged to the most appropriate place."*

*5. I have been in post for over 10 years and over that time the services have changed, the quality of support was good before the restructuring (pre-Capita), although the movement of certain key support staff strained those that remained. The migration to Capita added more available personnel and so allowed things to be dealt with more rapidly.*

*In both cases the support staff have always been great, helpful and friendly.*

*The only time I had an issue, was with the subcontractor that used to 'look after' the hardware support (about*



*5 years ago), who came to replace a failed drive in a raid array (our current SQL server!!!) and succeeded in destroying the remaining drive, giving me my first experience of true downtime."*

*6. "It is very inefficient for the service as a whole. Adult Service teams are having to use professional SWs and clinicians to complete admin tasks which were previously completed efficiently by admin time allocated to the teams.*

*I understand the rationale of removing admin time from management staff who could not manage their emails or calendars by themselves, but it has been very short sighted of the organisation to remove allocated admin time from the teams who are working 'on the shop floor'. Decisions presumably made by senior managers or project managers who have little insight into the real work of the organisation."*

*7. "I think outsourcing to Capita is a big mistake, I think it is better to have control in house. I don't believe that going through a third party management is effective.*

*Having worked for Capita myself I could add a lot more negative comments but to be honest I can't be wasting my time and want to forget about it as it was not a positive experience."*

*8. "Much worse. Because we as a service now have little or no control over who we have sitting on our reception desk. Our reception staff should be in house to the Record Office as their's is such an important job in our public profile.*

*I have heard it said by one of the county hall receptionists that it doesn't matter who sits on our reception desk and that Capita is under no obligation to let us, the customer, know what they are doing when they take away our best receptionist. This is an appalling attitude and our public suffer as a consequence and so does our rating with our public."*

*9. "I'm all for digital transitions but WSCC has to stop making changes to software platforms and realise that we need to use systems more effectively and to their full potential.*

*So many systems are capable of doing more eg: Sharepoint and SAP finance but we don't use them effectively. We've clearly paid for them so why aren't we using them to their full potential.*

*Why can't some Officers be recognised for their skills and experience so that they can help voice ideas and potential. Instead, some Officers are knocked back by their line managers who perhaps don't want issues to be highlighted and/or individuals to shine,*

*WSCC is a great place to work as you just don't get the diversity in the private sector however, it needs to listen to operational staff ideas and suggestion. After all, they are the people dealing with day-to-day issues."*

*10. "...Return back to local 'hubs' as other London Boroughs and County Councils have done having had this experience already with Capita. I do not understand why there are examples out there of outsourcing that have failed dramatically that West Sussex has not been aware of them.*

*Actually I do understand that it is political and it is all about reducing costs, reducing staff, not increasing pay and eventually outsourcing all responsibility to staff and the community."*

*11. "Are WSCC doing all they can to ensure all agreed requirements and KPIs are being met?"*

## Employee Survey

### About the survey

This survey was designed to measure the views of staff employed by Capita to deliver the services provided under the SSO contract. Using a fairly standard methodology for employee satisfaction surveys of this type, it presented respondents with series of statements organised in question banks related to their experience in the workplace. Respondents were asked to rate their strength of agreement with these statements using a five-point scale.

The content of the questions and the question themes were generated to reflect issues which had been identified in discussions with stakeholders and also the format of Capita's own Annual Employee Survey. The wording of the questions was guided by drawing on standard banks of occupational survey questions. On some questions respondents were also invited to provide additional free text comments to give context to their answers.

The statements in the questionnaire are guided by features and behaviours which reflect recognised good practice in an organisation and also 'specific requirement' in a WSCC document entitled "Workforce Transition" sent to UNISON<sup>22</sup> " which states:

*" The council anticipates that a successful service delivery capability will require a motivated, high performing, suitably qualified, experienced and satisfied workforce in order for the service provider to deliver the contract. "*

As with the customer survey the draft questionnaire was shared with both Capita and WSCC, with many amendments made before it was released based on the list of issues identified.

### Who was invited to respond to the Employee Survey?

An email containing an electronic link to the survey was sent to employees who are employed by Capita, who are members of UNISON and who deliver services under the SSO contract.

Recipients of the email were also encouraged to send the survey link to colleagues who were not members of UNISON.

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<sup>22</sup> Source: document entitled Workforce Transition, WSCC, undated

### Who responded to the Employee Survey?

In total there were 154 respondents. Interestingly this was made up of:

Total Respondents	154
UNISON members	85
Non-UNISON members	67
Not Stated	2

This indicates that **the survey was completed by 67 people who were not UNISON members, or 44% of the total respondents** suggesting a considerable appetite from non-union members to express their opinions.

Additional demographic questions were asked of the employees and these findings are below:

### Gender

Male	23% (35)
Female	77% (119)
Other	0% (0)
(Not Stated	(0)

This is in line with the gender profile of WSCC staff in general which, according to workforce monitoring data, averages around 75% female to 25% male<sup>23</sup>

### Employment Status

Respondents were asked whether they worked full or part-time

Full Time	68% (104)
Part Time	32% (50)
(Not Stated	(0)

### Disability

Respondents were asked whether they considered themselves to have a disability as defined under the Equalities Act 2010. This is when a person considers they have a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to do normal daily activities.

Yes	9% (14)
No	91% (134)
(Not Stated	(6)

<sup>23</sup> Source: WSCC Equality & Diversity, Workforce, Policy & Practice Team, by email

## Employment Origin

Respondents were asked how they had joined Capita. The results were:

Direct Recruitment	15% (23)
TUPE from WSCC	59% (107)
TUPE from SERCO	15% (23)
Agency (Temp) Staff	1% (1)
(Not Stated	(0)

## Results of the Employee Survey

Results are presented below in the same order that they appeared in the original questionnaire. A copy of this questionnaire is available from UNISON on request.

### How to read the charts

The results to the ratings are presented as charts below. The colours used are designed to reflect a traffic light (red/amber/green) system of performance rating. Mapped to the survey the following colour logic is used to present the answers to the statements made:

Rating and Colours	Interpretation
Strongly Disagree	Very Negative
Disagree	Negative
No Opinion or Uncertain	Neutral
Agree	Positive
Strongly Agree	Very Positive

By looking at any colour within the bar it is easy to form a view of how well the organisation is doing against any of the statements.

In the 'Headlines' and 'Analysis' sections, the percentage figures for 'Strongly Disagree' and 'Disagree' are added together to produce the overall negative value score. Similarly the percentage figures for 'Strongly Agree' and 'Agree' are added together to produce the overall positive value score.

**Where either the overall negative or positive value scores form over 50% of the total responses**, these are highlighted in **bold text**. Analysis is added after the headlines to begin to identify emerging themes in the survey responses. The charts are presented in banks of statements which relate to broad categories relevant to working life.

## Working Conditions

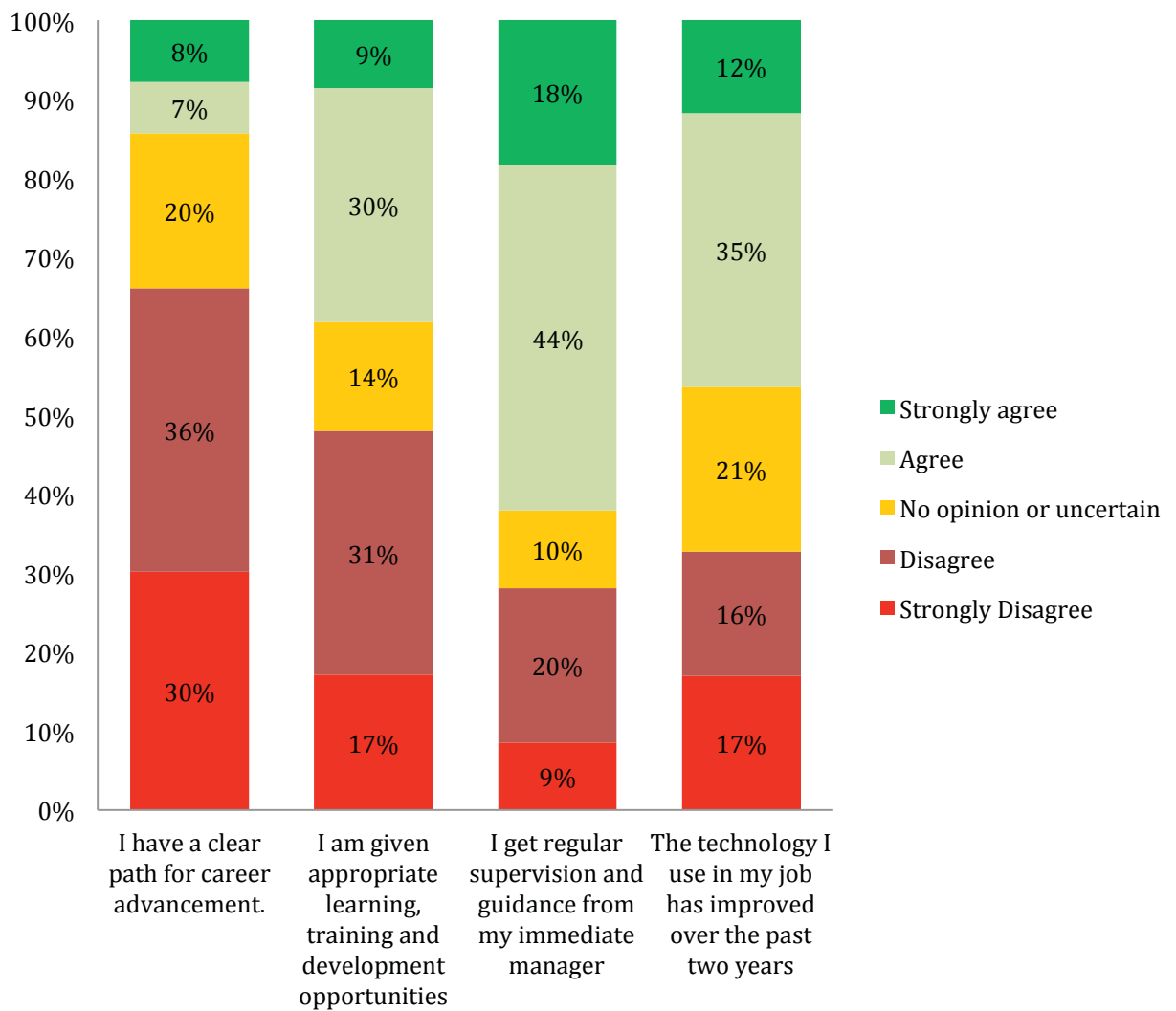


Chart showing ratings of statements on Working Conditions (n=154)

## Headlines

- **66% of respondents disagreed or strongly disagreed with the statement "*I have a clear path for career advancement,*"** whereas only 15% of respondents strongly agreed or agreed with the statement.
- 48% of respondents disagreed or strongly disagreed with the statement "*I am given appropriate learning, training and development opportunities,*" compared to 39% of respondents who strongly agreed or agreed with the statement.
- **62% of respondents strongly agreed or agreed with the statement "*I get regular supervision and guidance from my immediate manager,*"** compared to 29% of respondents who strongly disagreed or disagreed with the statement.

- 47% of respondents strongly agreed or agreed with the statement *"The technology I use in my job has improved over the past two years,"* compared to 33% of respondents who strongly disagreed or disagreed with the statement.

## Analysis

This bank of questions on working conditions was designed to elicit responses on the adequate provision of some key requisites for employees to provide a model workplace as defined by ACAS<sup>24</sup>: a clear career pathway, training, learning and development, regular supervision and appropriate technology.

The findings show that respondents felt most strongly about their career pathways, with two in three respondents feeling negative about having a clear career pathway. This could be a facet of the type of work being undertaken in some cases (standardised administrative type roles) and also, for those who have faced the upheaval of the TUPE process, a reflection of previous uncertainties.

One instrument used to develop and maintain staff is for the employer to ensure that there are appropriate learning, training and development opportunities for staff as part of a commitment to an organisational 'learning culture'. Respondents were fairly evenly matched between positive and negative responses to this statement (39% positive to 48% negative). This could reflect an inconsistent learning culture in the organisation or patchy implementation of learning, training and development across different teams. If it was the former, one could look for dissatisfaction with Capita in other responses or if the latter, dissatisfaction with the employee's immediate (line) manager.

A majority of respondents felt positive about their immediate manager giving them regular supervision and guidance (62% positive to 29% negative). Regular supervision and guidance are also important features of being a good employer, allowing the communication of what is expected in performance terms plus a chance for the employee to feed back any concerns or ideas for service improvements.

In general the ratings given by respondents in statements concerning their immediate manager were higher than those concerning Capita as a business, as will be seen in other questions. In some cases there were strong feelings of dissatisfaction with an immediate manager and these

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<sup>24</sup> Advisory, Conciliation and Arbitration Service –see <https://obs.acas.org.uk/modelworkplace/Landing.aspx/ChooseModule> (last accessed 01/06/15)

are also reflected in some of the free text comments which are discussed later.

For most of the services delivered under the SSO contract there is a strong reliance on technological solutions to deliver more efficient services and add value to the end customer. Nearly one half (47%) of respondents felt that the technology which they used to carry out their duties in the past two years had improved. This view is consistent with the question on working practices about the technology provided allowing staff to be as productive as they believe they can be, but contrasts with some of the experiences in the customer survey of users of the IT systems provided to customers.

Satisfaction and Motivation

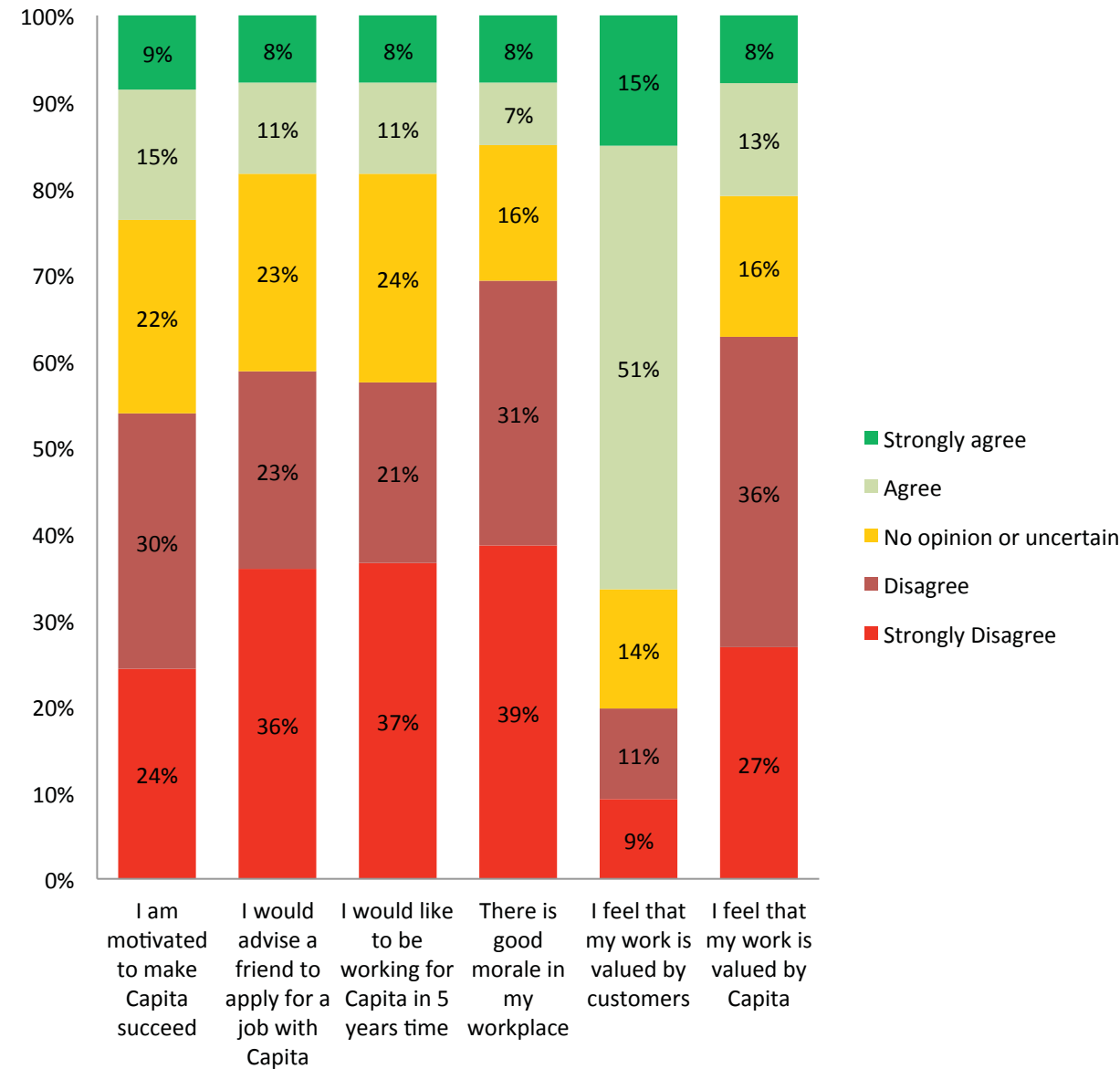


Chart showing ratings of statements on Satisfaction/Motivation (N=152,153,153,153,152,153)

## Headlines

- **54% of respondents disagreed or strongly disagreed with the statement "*I am motivated to make Capita succeed,*"** compared to 22% of respondents who strongly agreed or agreed with the statement.
- **59% of respondents disagreed or strongly disagreed with the statement "*I would advise a friend to apply for a job with Capita,*"** compared to 19% of respondents who strongly agreed or agreed with the statement.
- **58% of respondents disagreed or strongly disagreed with the statement "*I would like to be working for Capita in five years time,*"** compared to 19% of respondents who strongly agreed or agreed with the statement.
- **70% of respondents disagreed or strongly disagreed with the statement "*There is good morale in my workplace,*"** compared to 15% of respondents who strongly agreed or agreed with the statement.
- **66% of respondents strongly agreed or agreed with the statement "*I feel that my work is valued by customers,*"** compared to 20% of respondents who strongly disagreed or disagreed with the statement.
- In contrast with the previous statement, **63% of respondents disagreed or strongly disagreed with the statement "*I feel that my work is valued by Capita,*"** compared to 21% of respondents who strongly agreed or agreed with the statement.

## Analysis

This bank of questions was designed to elicit responses on employee motivation, loyalty and the degree to which - as employees - they feel valued.

Of all the banks of questions this one produced the strongest overall negative (5) or positive (1) opinions to the statements.

The first three statements were designed to probe respondents' feelings to Capita as an organisation or brand – Capita corporate. It would appear from these statements that respondents do not feel loyal to Capita as their employer.

Over half (54%) of respondents do not feel motivated to help Capita succeed. This suggests that respondents have not 'bought into' what Capita represents or that way that it does business. This was tested with further statements.



The statements on recommending Capita as a potential employer to a friend and whether the respondent would like to be working for Capita in five year's time provided almost identical answers.

During the questionnaire design and consultation phase it was recognised that if someone did not wish to be working for Capita in five years it was not in itself indicative of dissatisfaction with Capita as an employer – a person will leave an organisation over a five year period for many reasons, not just dissatisfaction with their current employer. Given that the 'recommend to a friend' statement produced similar results, with nearly 60% of respondents giving a negative response, it would suggest however, that many existing staff are really not planning to commit their longer term future to working at Capita. This could cause staff recruitment and retention issues, particularly in a growing economy where there are alternative jobs available elsewhere.

The statement on workplace morale produced the largest gap between negative and positive responses (70% negative to 15% positive). This is a figure which should give cause for concern and be considered alongside other evidence.

Respondents were asked to rate two statements about how valued they felt, by their customers and by Capita as their employer. The positive and negative responses were mirrored, with nearly two thirds giving positive responses to feeling valued by customers and negative responses to feeling valued by Capita.

The free text comments in the survey (and the customer survey) suggest that the picture is more complicated than these headline figures, with a theme of "Them and Us" being present in both surveys. This will be discussed in later sections.

### **Additional Comments**

In some questions respondents were encouraged to give additional comments to provide context and background to the quantitative survey data. These comments were analysed and categorised into popular broad subject themes and then whether the overall comment expressed positive, negative, neutral or mixed (where the comment expressed both positive and negative feelings) feelings overall.

These themes were:

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### General Themes

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Environment/Culture	Where respondent talks about life at work, expresses feelings on how things are done etc
Management	Where respondent mentions specifically line manager or staff
Organisation	Where respondent talks about wider Capita organisation, brand/corporate reputation
Personal	Where response is framed as a personal narrative

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### Specific Themes

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Facilities	Where respondent specifically mentions use of equipment and/or non-human resources
Conditions	Where respondent specifically mentions pay/reward, benefits etc
Sickness	Where respondent specifically mentions an issue with sickness
Disability	Where respondent specifically mentions an issue with disability

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For this bank of questions, on satisfaction and motivation, there were:

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<b>Total comments</b>	<b>53</b>
Overall negative	35
Neutral	4
Overall positive	6
Mixed	8

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## Comments on Satisfaction and Motivation

*"I've enjoyed working for Capita over the last 2 years. In fact, I've found it has been the WSCC staff we work with who seem to be the most challenging to engage with positively. There seems to be ideological reasons preventing a lot of WSCC staff talking to Capita staff with the respect they deserve. I've found the Capita management team extremely supportive and enjoy my role."*

*"KPIs are the only things that matter, any work that is interesting or varied is not appreciated, thus making the job dull and repetitive."*

*"Job satisfaction comes from feeling part of the team for whom one is working and being treated as, and being spoken to, as an adult. Being told that the customer does not need to know who is doing their work as long as the work is done, is not what customer service and respect is all about."*

*"...I would say that the only reason my customer is happy with my work is because I bend the Capita rules by not following the Essential Task List and I make sure I can help the customer out with everything they ask me. If I played by the rules, the customer would get a lot less work done. I know that the customer is deeply unhappy with Capita and its service and that they are grateful for me trying to hold things together."*

*"The constant requests to complete task trackers, have work analysed by junior staff, explain work tasks umpteen times is de-motivating and de-moralising. At the present time Immediate managers are under pressure from senior Capita staff to produce viable answers to problems of service delivery in several areas which are failing to meet contractual standards."*

*The atmosphere of micro managing and holding staff to account for every minute in the office has resulted in a workforce where experienced staff are leaving (notably back to WSCC on secondments or short term contracts) and the remainder no longer have any commitment to work tasks or employer."*

*In many cases staff are prevented from providing an effective, knowledgeable and responsive service to customers. This is because the ethos of Capita is to provide the minimum service required with the minimum and most cost effective (i.e. low paid ) staffing levels."*

*"When changes are made, it often feels that things become worse, which in turn affects morale. The IT issues - difficulties with systems and phone lines, plus the length of time it takes to log in of a morning are frustrating, being penalised for being over a minute late, but being expected to provide minutes over if calls over-run feels unfair. Previously being able to book an hour's holiday, but now only being able to book half day, and for some part timers, not even able to do that."*

*"I feel I have been very badly treated by Capita. Having had a very stressful year coping with (a close relative) being extremely poorly unfortunately he passed away. I took no sick leave during this time however I was signed off by my GP for three weeks following his death. Upon my return to work I was taken to a Stage One disciplinary meeting for taking too much time off sick in a rolling year."*

*The letter informing me of this was very brusque and intimidating and although Capita did not take disciplinary action "at this time" I was put on monitoring for three months..."*

*"As a Capita employee I do not have a specific role and am expected to learn all areas rather than learning a role specific to a department. this leads to low morale as employees do not know what they should be doing and tasks become sketchy as instructions become more vague as so many people are involved in training and everyone does something slightly differently."*

*"I really enjoy my job. I value my job so am prepared to accept and prepared to go along with new ideas and systems. If you don't try you don't know..."*

## Workplace Culture

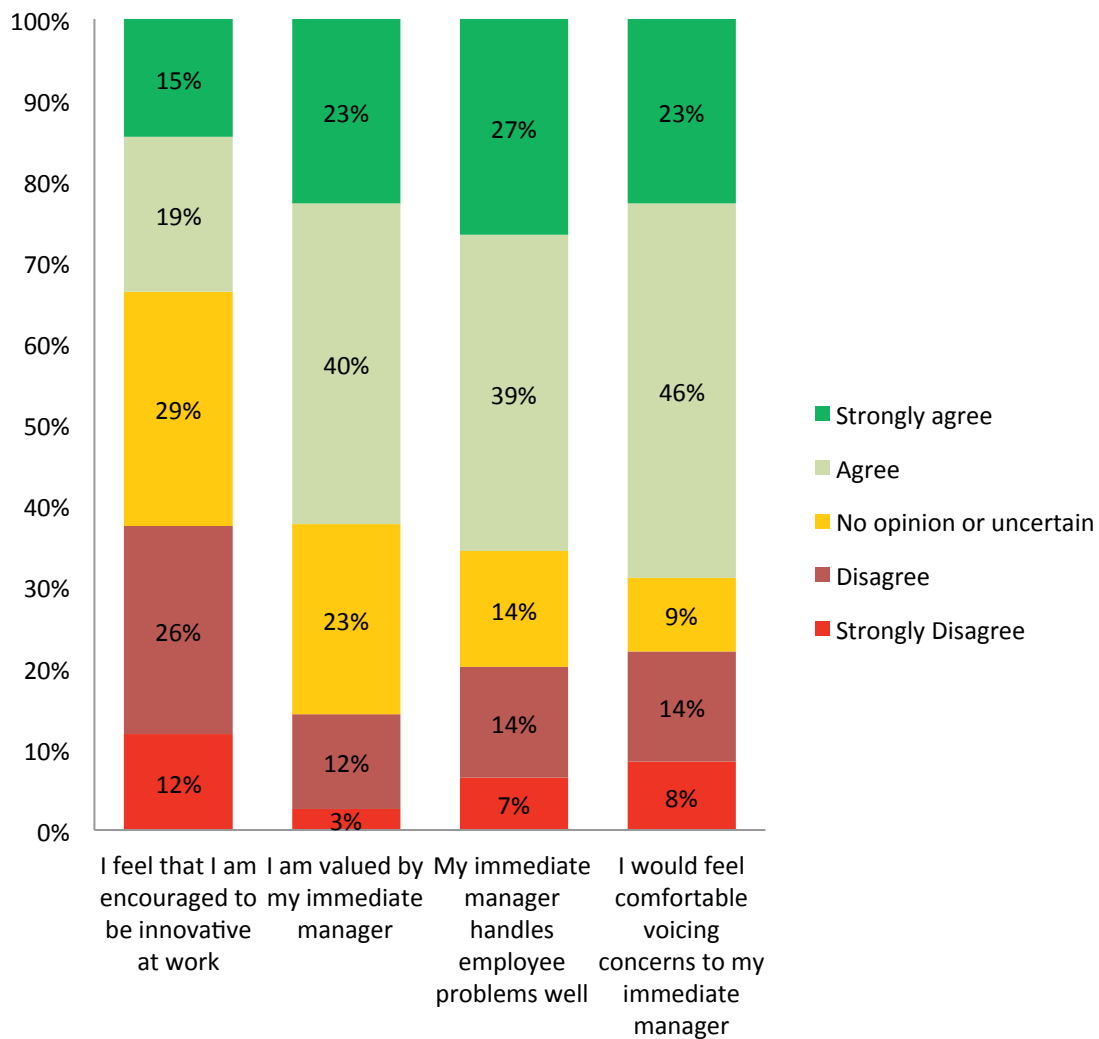


Chart showing ratings of statements on Workplace Culture (N=152,154,154,154)

### Headlines

- 38% of respondents disagreed or strongly disagreed with the statement *"I feel that I am encouraged to be innovative at work,"* compared to 34% of respondents who strongly agreed or agreed with the statement.
- **63% of respondents strongly agreed or agreed with the statement *"I am valued by my immediate manager,"*** compared to 15% of respondents who strongly disagreed or disagreed with the statement.
- **66% of respondents strongly agreed or agreed with the statement *"My immediate manager handles employee problems well,"*** compared to 21% of respondents who strongly disagreed or disagreed with the statement.

- **69% of respondents strongly agreed or agreed with the statement “I would feel comfortable voicing concerns to my immediate manager,”** compared to 22% of respondents who strongly disagreed or disagreed with the statement.

## Analysis

This bank of statements was designed to elicit responses about additional cultural aspects of working at Capita, in part to provide additional crosschecks on previous questions.

The statement on innovation attracted similar levels of positive to negative ratings (38% negative to 34% positive). It also produced the highest percentage of ‘No Opinion or Uncertain’ responses, which at 29% of respondents was the highest value for this category in the whole survey.

This relatively equal distribution may reflect different practices in different services provided under the SSO contract. It should not however reflect different roles – all staff should be encouraged and empowered to innovate if an organisation seeks to continuously improve, no matter what role they have.

The next statement was on being valued by an immediate manager and is the third question on how valued an employee felt. It was deliberately separated from the other two ‘how valued do you feel?’ questions and put in a different question bank to reduce bias. So the three results taken together are:

	Positive response total	Negative response total
Feel Valued By Capita	21%	63%
Feel Valued By Customers	66%	20%
Feel Valued by Immediate Manager	66%	21%

As can be seen in the table above, this also suggests a problem with the perception of ‘Capita corporate’ by survey respondents.

The final two questions of this bank relate to the respondents’ immediate managers. Both questions give an overall strong positive

response; on handling employee problems well (66% positive to 21% negative) and on feeling comfortable to voice concerns to their immediate manager (69% positive to 22% negative). There are however, some free text comments which highlight specific issues that some respondents have faced in their relationships with an immediate manager and these are touched on below.

### Comments

For this bank of questions, on Workplace Culture, there were:

<b>Total comments</b>	<b>43</b>
Overall negative	27
Neutral	1
Overall positive	8
Mixed	7



## Comments on Workplace Culture

"Innovation is key to a company being successful in the ever changing market place and helps them find new and better ways of working"

CAPITA West Sussex has bound themselves up in process so tightly, partly because of their fear that they will fail in the contract, that it has stifled ideas from those who deliver the service on the shop floor for new and better ways of working. There are many members of staff who have great ideas and the sharing of these need to be encouraged, without boundaries. It is then down to the Managers to talk through the practicalities. CAPITA are missing out on an untapped resource here and may well find that those on the ground can offer as much value and it's free/cheaper as a well paid Consultant or Manager"

"I do not feel my immediate manager receives the support of the senior management who constantly use delaying tactics to avoid making decisions."

"...My line management consists of a mixture of weak and inexperienced men and power hungry career women. As a part time working mother I feel that the flexible working policy is becoming tighter and tighter and everyone is terrified of being off sick so come into work when they are really quite unwell. This has been largely due to the Capita overall policy usage over sickness absence which has seen several colleagues taken down an extremely harsh disciplinary route after having, consultant approved, time off to recover from serious operations..."

"Management is very much 'do as I say'; I do not feel there are any areas where I am encouraged to use my initiative."

"I feel very valued by my Team Manager but i certainly do not feel valued by Capita. I feel more like i am just a number. I feel that i cannot be off sick because their sickness policy is a constant stress of 'Will i lose my job'.  
Capita as a company is very much take, take, take and no giving"

"I feel that my manager is doing his best, however he is inexperienced and his lack of confidence leads to him following the Capita policies like a bible and he is afraid to use his initiative or personal judgement.

This leads to an inflexibility and an apparently unsympathetic approach."

"My manager and I have regular catch ups and they are a relaxed environment to be open and honest about issues that are concerning me. The new Partnership Director is particularly approachable and friendly. He recently took the time to approach me to thank me for a piece of work I had worked on. (I didn't even know he was aware I had completed it!)."

"...The culture is cold, distant and unsupportive. Sticking up stupid posters like "Empowering you to make decisions" is unreal...when they do entirely the opposite. There's even one that says "Make it fun"...I have never seen a company do more to make my working environment less fun."

"I am on my 4th manager in under 2 years, I have not changed my job."

"Whilst my immediate Manager does value me, I am unsure about higher Management as I am not confident that they know what I do"

"Capita appears only to be interested in achieving KPIs. Those jobs that do not have KPIs attached to them appear to hold no urgency. The workplace culture of you will be doing whatever job is allocated is fair enough, but proper time for training in those jobs should be given and not just a culture of 'if you don't know how to do it, you will just have to find out yourself and if you fail to do this and the job at the same time, this is somehow a failure that is down to you personally. Slopey shoulders come to mind from a management point of view."

"It has always been my nature to question and look for ways to improve my job and so I offer suggestions but I would not say that this is encouraged."

## Working Practices

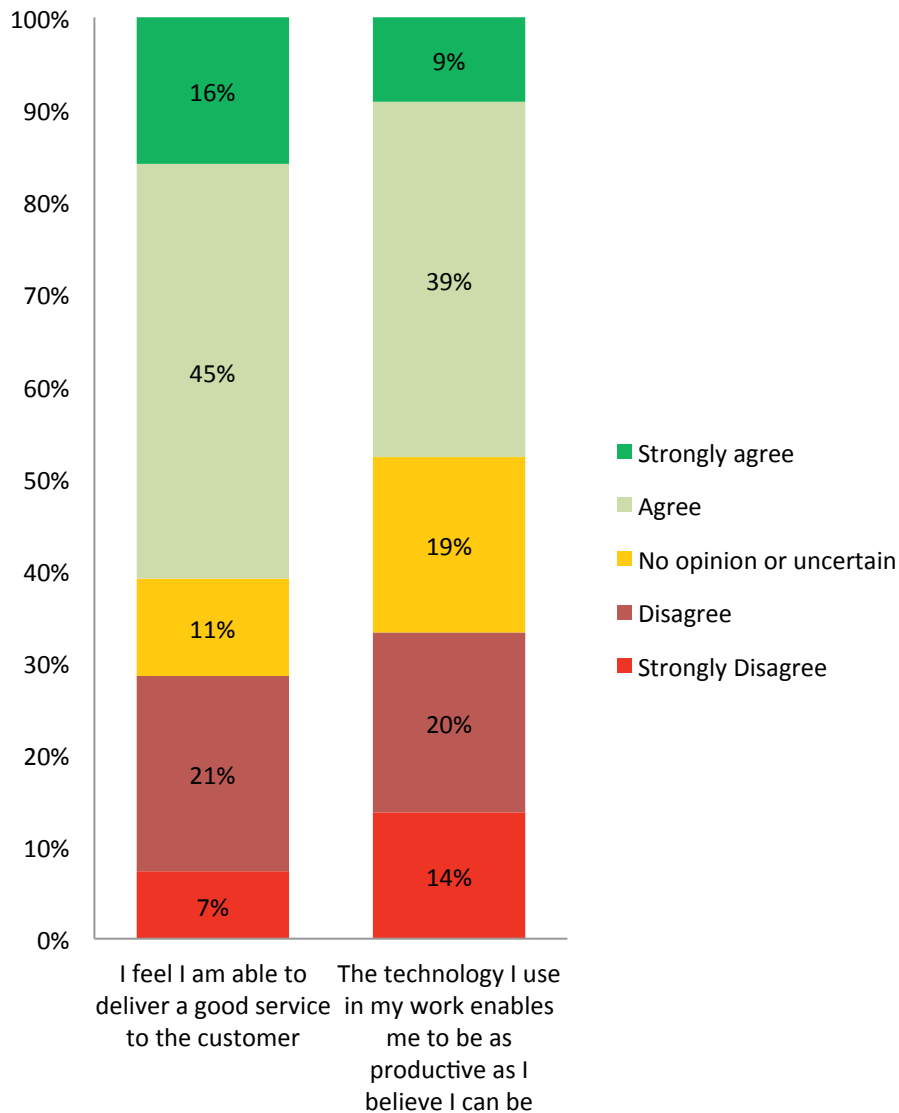


Chart showing ratings of statements on Working Practices (N=151,153)

### Headlines

- 61% of respondents strongly agreed or agreed with the statement "*I feel I am able to deliver a good service to the customer,*" compared to 28% of respondents who strongly disagreed or disagreed with the statement.
- 48% of respondents strongly agreed or agreed with the statement "*The technology I use in my work enables me to be as productive as I believe I can be,*" compared to 34% of respondents who strongly disagreed or disagreed with the statement.



## Analysis

The two statements in this bank of questions were designed to elicit responses on delivery and productivity.

The first statement, on providing a good service to the customer, produced a strong positive response (61% positive to 28% negative). When considered with the response on feeling valued by customers (66% positive to 20% negative) it would suggest that there is a feeling amongst respondents of a relatively good overall relationship between customer and Capita employee and contrasts with the negative perceptions of 'Capita corporate' mentioned earlier.

The second statement concerns how productive the respondent feels they are able to be with the technology provided. The results to this statement (48% positive to 34% negative) are similar to the earlier statement in the first question bank on whether the technology needed for their role had improved over the past two years (47% positive to 33% negative).

## Additional Comments

For this bank of questions, on Working Practices, there were:

<b>Total comments</b>	<b>45</b>
<b>Overall negative</b>	<b>36</b>
<b>Neutral</b>	<b>2</b>
<b>Overall positive</b>	<b>4</b>
<b>Mixed</b>	<b>3</b>

It is clear from some of the comments that respondents are commenting about their experiences of other parts of the SSO contract (such as IT services).

## Comments on Working Practices

"I love the wifi in the hub buildings, and now we have Direct Access it's even better, I can log on from anywhere. This has been a massive help, even if you're waiting for a meeting to start you can quickly deal with a couple of things on your laptop. And Lync is great too, you've got your 'landline' with you wherever you go. Sometimes the customers don't really know what you do for them, or sometimes they don't seem to understand what is in the contract, so you spend time clarifying it and telling them how they get other things done"

"The technology and access to data regarding my job has deteriorating since Capita were given the ITS outsource contract. This is purely because they are unwilling to pay the supplier for support. The support is now supplied by a second rate company with less experience than we have ourselves. It's cheaper though and that's all that Capita are concerned about."

"Uploading information to FWi which has been collected on paper from customers takes inordinate amounts of time which could be better utilized in other areas of my work."

"Due to the lack of motivation to work here anymore I do not feel that the work I do is appreciated as it seems as every opportunity the customer will try to pick us up on mistakes (however small or even not a mistake, they will just try to be difficult) and Capita managers do not back us up when we are told (not asked) to change processes although this increases the amount of resource required to do the job. Scope for opportunities to do other interesting roles is slow due to lack of trained staff that are pulled off at a moments notice to other roles / other offices and this impedes on service delivery."

"The only reason I've scored slightly negatively here are because of limitations WSCC places on Capita. For example we are locked down to aging WSCC networked laptops. The KPI's WSCC set us seem counter productive to delivering good customer service. They are a barrier in my way of delivering a good customer experience."

"I am embarrassed to work for them and very worried as a resident of West Sussex that more and more tax payers money is going to such a poor company."

Why is West Sussex CC happy that a time they are having to make cuts a frankly nasty company like CAPITA is paying millions to shareholders and senior staff whilst telling staff theres no money for them?"

"My customers are always happy and appreciative of my work."

"The IT systems since the Capita takeover have let us down time and time again. We are asked to cope with systems which do not work, do not support the job we are being asked to do let alone enable us to do it well. We report this but nothing is done about it - any progress takes so long the problem has changed and we struggle again. It does not feel like the issues are taken seriously - we just have to cope. I have come home many times in the last year crying out of frustration that I am not able to do the job I want to do because of the awful IT systems in place. It causes a lot of workplace stress but this doesn't seem to be taken seriously either."

The job we do is stressful enough without these issues too. The relationship with the Council seems to be getting worse too - it is very difficult to get information in advance, WSCC staff seem to hide behind the contact centre and calls are often refused which leaves us in an impossible position."

"I think I do provide a good service to the customers, and most do appreciate what we do, but I do feel that if we stuck to more specialist rolls regarding we could provide an even better service, we are all expected to know far too much!!"

## Staff who had transferred by TUPE to Capita from previous employers at the start of the SSO contract

Staff previously employed by WSCC and SERCO were invited to rate an additional bank of statements comparing their current and previous employers across a range of indicators.

SERCO were previously contracted to run the Contact Centre in Bognor Regis and the respondents are only drawn from that group with a sample of 23 respondents.

### a) transferred from West Sussex County Council

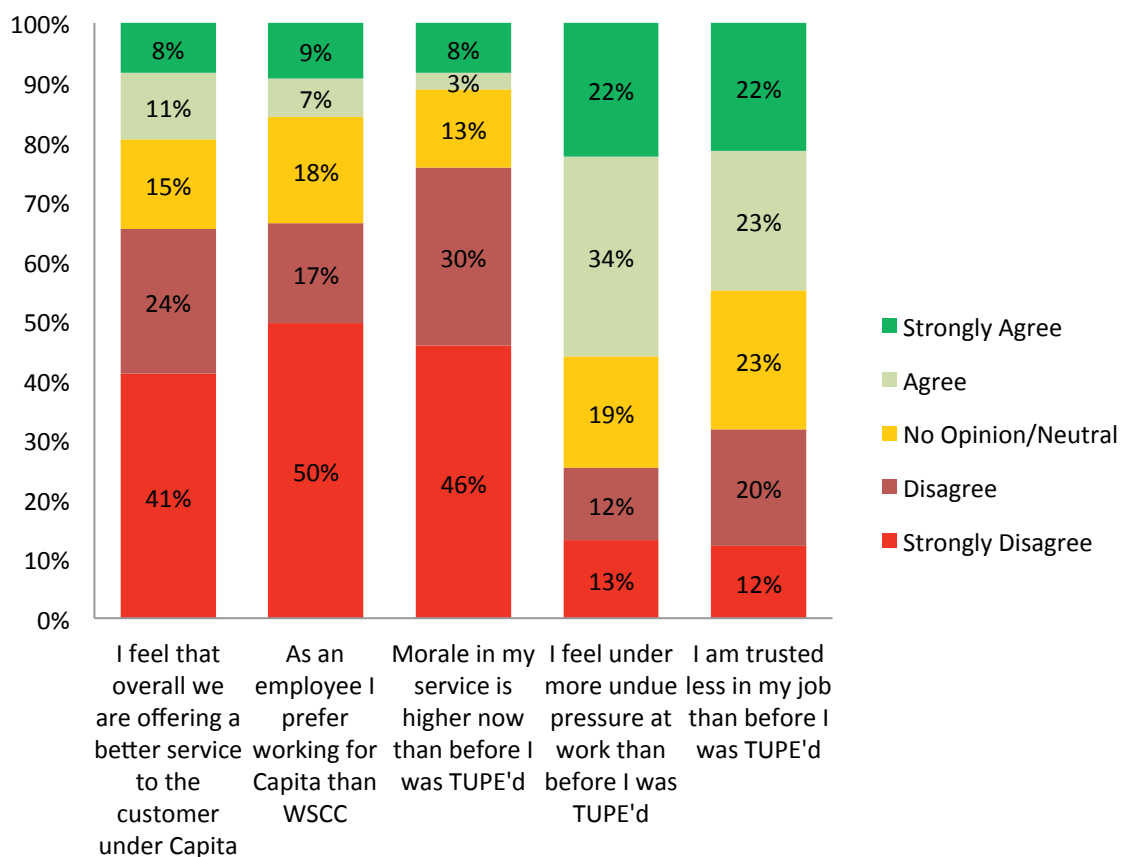


Chart showing rating of 'before and after' statements for ex-WSCC colleagues: (N=107)

### Headlines: staff transferred from WSCC

- 65% of respondents strongly disagreed or disagreed with the statement *"I feel that overall we are offering a better service to the customer under Capita,"* compared to 19% of respondents who strongly agreed or agreed with the statement.
- 67% of respondents strongly disagreed or disagreed with the statement *"As an employee I prefer working for Capita than WSCC,"*

compared to 16% of respondents who strongly agreed or agreed with the statement.

- **76% of respondents strongly disagreed or disagreed with the statement “*Morale in my service is higher now than before I was TUPEd,*”** compared to 11% of respondents who strongly agreed or agreed with the statement.
- **56% of respondents strongly agreed or agreed with the statement “*I feel under more undue pressure at work than before I was TUPEd,*”** compared to 25% of respondents who strongly disagreed or disagreed with the statement.
- 45% of respondents strongly agreed or agreed with the statement “*I am trusted less in my job than before I was TUPE'd,*” compared to 32% of respondents who strongly disagreed or disagreed with the statement.

## b) Transferred from SERCO

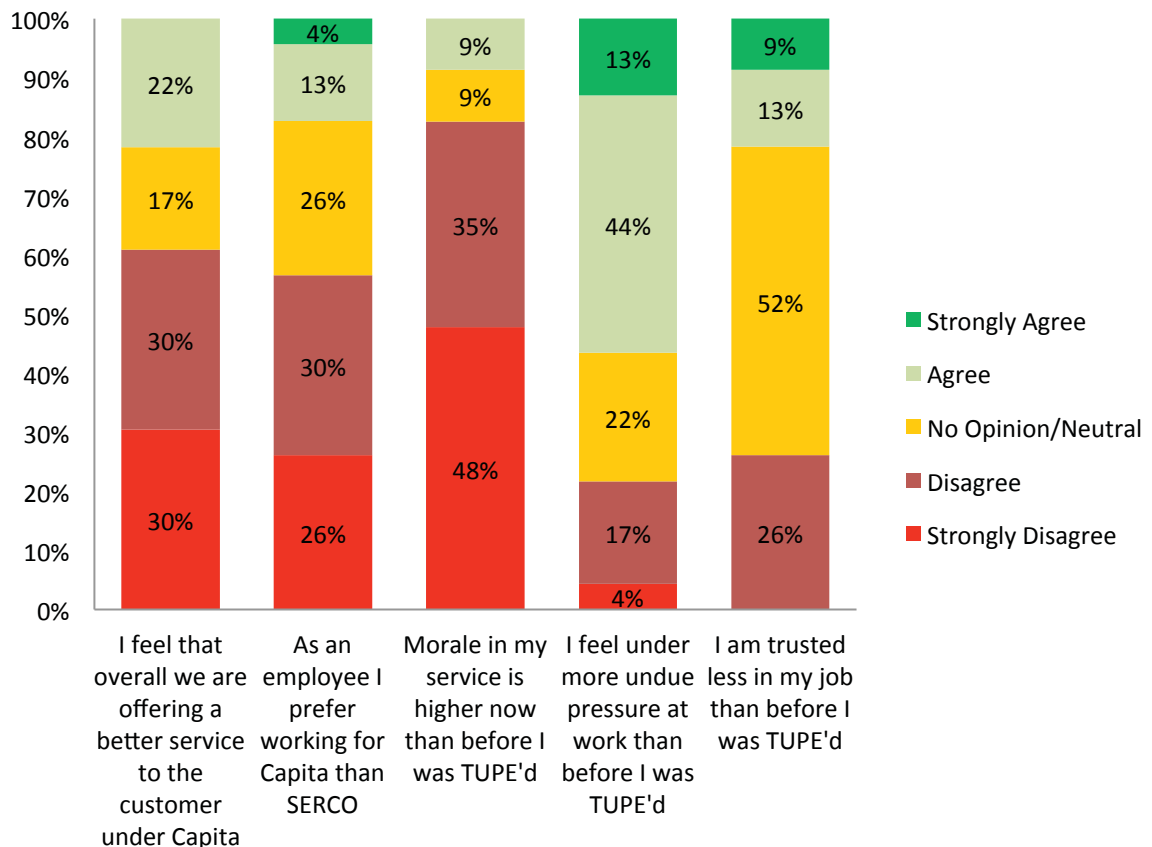


Chart showing rating of 'before and after' statements for ex-Serco colleagues (N=23)

## Headlines: staff transferred from SERCO

- **60% of respondents strongly disagreed or disagreed with the statement *"I feel that overall we are offering a better service to the customer under Capita,"*** compared to 22% of respondents who agreed with the statement.
- **56% of respondents strongly disagreed or disagreed with the statement *"As an employee I prefer working for Capita than WSCC,"*** compared to 17% of respondents who strongly agreed or agreed with the statement.
- **83% of respondents strongly disagreed or disagreed with the statement *"Morale in my service is higher now than before I was TUPE'd,"*** compared to 9% of respondents who agreed with the statement.
- **57% of respondents strongly agreed or agreed with the statement *"I feel under more undue pressure at work than before I was TUPE'd,"*** compared to 21% of respondents who strongly disagreed or disagreed with the statement.
- **52% of respondents selected "no opinion/neutral" for the statement *"I am trusted less in my job than before I was TUPE'd,"*** 26% of respondents disagreed and 22% of respondents strongly agreed or agreed with the statement.

## Analysis

Overall both ex-WSCC employees and ex-SERCO employees were more positive about their previous employers across all five measures. Staff previously employed by WSCC were generally more negative about working for Capita than those previously employed by SERCO.

The stand-out response across both groups was their perception of lower morale working for Capita than for their previous employers. This finding should be considered alongside the previous statement (rated by all staff) on current morale: It seems that not only is morale currently seen as low, but it has considerably worsened under Capita. Respondents are least satisfied with levels of morale than with any other measure.

Morale Scores	Positive	Negative
Current (all staff)	15%	70%
Higher now than previously (ex WSCC)	11%	76%
Higher now than previously (ex SERCO)	9%	83%

This bank of questions also considered two possible contributing factors to morale levels, pressure of work and being trusted at work. Both groups of respondents felt that there was more pressure at work than with their previous employers but levels of feeling trusted differed between ex-SERCO and ex-WSCC staff. Over 50% of ex-SERCO staff expressed a neutral/no opinion.

The responses to both of these measures suggest that they are not the main cause of the drop in morale. Factors such as feeling insecure during the change process and different styles of management and culture could equally have contributed to the drop in morale but these were not measured in the quantitative data. The free text data shows that for some people at least they have been a factor in lowering morale.

## Overall Satisfaction with Working Life

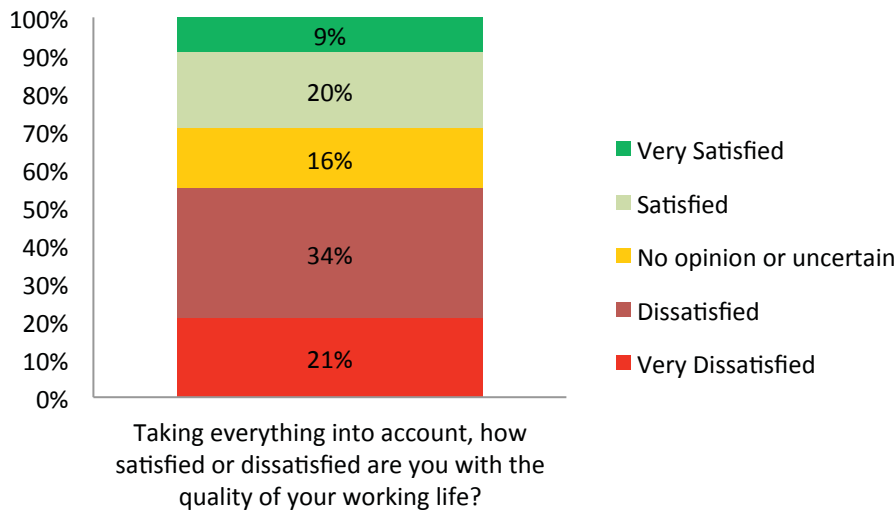


Chart showing rating of statement on Overall Satisfaction with Working Life (N=154)

### Headline

- Answering the question "*Taking everything into account, how satisfied or dissatisfied are you with the quality of your working life?*" **55% of respondents were very dissatisfied or dissatisfied** compared to 29% of respondents who were very satisfied or satisfied.

### Pay and Reward

The study attempted to assess the extent to which a 'two tier' workforce was emerging since the services were outsourced. Certainly concerns were expressed about this being the case, with several respondents commenting on different rates of pay, conditions and treatment between those TUPEd to Capita and those hired directly. There is no collective bargaining arrangement at Capita for staff pay, no Local Government Pension Scheme for its directly-employed staff and more of an individualised performance culture, different from that traditionally found in local authorities.

It has been difficult data to obtain due to the commercial-in-confidence defence of Capita and other outsourcing firms.

In the survey, respondents were asked their salary (full-time equivalent), how many hours they worked and job-role.

Analysing the data proved only partially successful given inconsistencies in the responses, so additional data was sought by registering as a

prospective employee with Capita's recruitment site and expressing an interest in roles within West Sussex to obtain salary information.

It was however possible to work with salary data to provide a comparison for administrator level roles. This was done by comparing the actual salary data given by survey respondents from staff TUPed to Capita and those directly hired by Capita. Terms and conditions were compared between the WSCC NJC and Capita Staff Handbook.

**It appears that salaries for administrator type roles have fallen by around 10%, plus a reduction in other benefits mentioned above and with a longer working week,** but the accuracy of this finding should be treated with a degree of caution. It is also likely that roles are redefined and re-graded as tasks change.

An administrator in Capita interviewed told how she was one of three in her team doing the same work; each one was appointed on a different rate of pay and had received a different pay rise that year. This has led to her looking for work outside of Capita and feeling demotivated.

Perhaps more effort should be placed on scrutinising the reputation of Capita (or any other outsourcing company) when funding them with public money. Capita will argue that what they pay their staff and how they treat them is a commercial decision and a confidential matter. It could be argued however, that the financial, physical and mental well-being of their staff, is a matter of public concern, given that most of them are also local residents paying their council tax to WSCC.

## **Analysis**

The statement above is designed to give an overall rating for how respondents feel about the quality of their working life and is thus a proxy for overall satisfaction with it. This includes a perception of all of the elements which make up a working life – recruitment, pay and reward, morale, training, learning and development opportunities, facilities provided, organisational culture etc, and is a reflection of how each respondent feels at the time.

The results, (55% negative to 29% positive) at first glance do not present a picture of a healthy organisation – over half of the workforce are not satisfied with their working life.

It is important however to recognise that there are a number of factors which can affect these results. Previous studies have found that workplace engagement, well-being and contentment are affected by



various factors and differ between types of job role. Given that the respondents to this study are drawn from a variety of roles it is likely that the results vary between the types of role being undertaken here too.

An analysis of data from the 2011 Workplace Employee Relations Study<sup>25</sup> by the Centre for Equality and Diversity at Queen Mary, University of London for the High Pay Centre found that workplaces with less equal pay scales experienced higher levels of discontent and lower levels of employee well-being,<sup>26</sup> with resulting increased levels of sickness and turnover.

As part of the Government's intention to measure happiness and well-being as complementary indicators to more familiar ones such as GDP, a survey by the UK Cabinet Office in 2014 attempted to measure the relationship between job roles and life satisfaction (see the University of Kent article for full list<sup>27</sup>) The survey placed "Call and Contact Centre Occupations" in 259<sup>th</sup> out of 274 places for example.

There are however, known issues with the relationship between job satisfaction data and job quality as a blog article by the LSE discusses.<sup>28</sup> It calls the use of workplace satisfaction surveys a 'blunt instrument' and potentially subject to bias, in that two workers doing the same role may judge it differently if they hold very different norms and expectations in terms of why they are working in a particular job – someone may be happy with a low-paid or low-status role because it meets their needs or they do not wish to progress at work, whereas someone else may feel that the role is repetitive, demeaning and with little chance of career advancement.

What is clear when comparing satisfaction scores between occupations is that roles with a high level of intrinsic benefits in the workplace, such as a sense of choice, ability to progress and feeling that you can accomplish something of real value usually score higher. Research from the Institute of Leadership and Management on Job Motivation in 2013 found that *..."the top motivator was 'job enjoyment' according to 59 per cent of respondents, while other emotional factors such as good working relationships and fair treatment also rated highly in the survey. Conversely only 13 per cent of people agreed that a bonus would have an effect on their motivation,*

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<sup>25</sup> See <https://www.gov.uk/government/collections/workplace-employment-relations-study-wers> (last accessed 01/06/15)

<sup>26</sup> See [http://highpaycentre.org/files/High\\_Cost\\_of\\_High\\_Pay1.pdf](http://highpaycentre.org/files/High_Cost_of_High_Pay1.pdf) (last accessed 01/06/15)

<sup>27</sup> See <http://www.kent.ac.uk/careers/Choosing/happiest-careers.htm> (last accessed 01/06/15)

<sup>28</sup> See <http://blogs.lse.ac.uk/politicsandpolicy/vicars-may-be-jumping-for-joy-but-life-satisfaction-surveys-require-more-searching-questions/> (last accessed 01/06/15)

*however having a good basic salary and pension was viewed as an important incentive by almost half of the respondents."*<sup>29</sup>

Capita has a lot of work to do to improve the low satisfaction and motivation scores found in this research, and should start with reviewing the overall culture of the organisation. There is clearly a need to implement the undoubtedly well-meant corporate HR rhetoric to improve the actual workplace experiences as described by many staff in this survey.

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<sup>29</sup> [https://www.i-l-m.com/~media/ILM%20Website/Downloads/Insight/Reports\\_from\\_ILM\\_website/ILM-BeyondTheBonus-Oct13.ashx](https://www.i-l-m.com/~media/ILM%20Website/Downloads/Insight/Reports_from_ILM_website/ILM-BeyondTheBonus-Oct13.ashx) (last accessed 17/06/15)

### Additional Comments on experiences of working for Capita in West Sussex

There was a total of 93 comments in this section many containing a level of detail (in the experience of the author) not usually found in surveys of this type. A selection of these are set out below and all responses are available from UNISON (subject to confidentiality adjustments):

*"When I was working for WSCC I was amongst the customers and able to offer a much more comprehensive service. I was available to help with any IT queries and there to help whenever someone was under particular pressure, whatever that involved.*

*I am now isolated from the customers and have no idea how they are coping without the comprehensive administration support that they received before."*

*"I genuinely cannot name one good thing about working for CAPITA.*

*No problem with the team/area I work for but we were hear before they took us over and the only goodwill remaining is because we support each other, I have no interest in CAPITA as they have have no interest in me*

*I never applied to work for CAPITA, I had no choice. WSCC should be ashamed that they have jumped into bed with a cynical, money grabbing, arrogant contractor. I dont blame CAPITA for this, I dont think anything they do is "new". WSCC have invited a wolf into their henhouse and are now reaping the consequences.*

*One final thing, as a team manager I am worried that as a result of this all that will happen is CAPITA will crack down even more on us rather than looking at themselves in the mirror."*

*"I have been diagnosed with a (medical) condition and have been very supported by my line Managers during this time. However, I had cause be ill one day due to my condition worsened by a very bad situation that had arisen in my personal life. On reporting this and asking my line manager to be discreet regarding this very delicate situation, my line manager did laugh and make very unprofessional statements that caused me undue stress. I feel that this particular line manager often makes inappropriate statements to members of staff, indicating they are thick etc and is also very snappy because she is very stressed. However, previous to this she was very supportive of my condition.*

*I have had to reduce my hours last September and to date my pay is still not sorted out.*

*Morale is very bad - and I believe the line managers are in total denial as to what is really going on and how we feel."*

*"I think staff are treated well by Capita, however I do believe in some teams there are members of staff that still want to be WSCC employees which does feel that Capita does not get 100% of their loyalty."*

*"Staff turnover has increased, people are often looking for jobs and leaving which puts extra pressure on the team. Pressure has increased since the inception of two specialist teams too, it feels like the catch-all team has to do a lot more than the specialist teams.*

*I have had no real training for my role, I do not feel confident in executing my role and when I have asked for this there is no solution.*

*I am ashamed to say that I work for Capita - I always say WSCC instead. I feel that Capita have an awful reputation as an employer and everything I have experienced since the takeover has bore this out too.*

*There is a lot of inequality in our workplace, so many different pay scales and terms. It feels awful as an employee knowing I have benefits that others do not have. Some employees from Serco and TLC contracts never get sick pay. Some TUPEd employees from WSCC get paid more than employees in "higher" positions.*

*We are asked to present a positive impression of Capita which I feel completely unable to do. I understand the necessity of this, and I do what I can, but it isn't justified and the staff know it is put on.*

*Changes to my bonus scheme have caused me a lot of stress and anxiety - I am now receiving a real-terms pay cut for doing exactly the same job I was doing two months ago. This has hit me really hard and I do not feel like I have been given the right tools and training to perform at the level required to make the same level of bonus."*

## Additional Comments on experiences of working for Capita in West Sussex (CONTINUED...)

*"Nearly all of the experienced staff in pensions chose to leave as they could not stand working for Capita.*

*Most of the payroll staff were made redundant and replaced with trainee graduates who have no idea what they are doing resulting in pensions waiting sometimes months for pay details meaning we cannot pay pensions on time. Their management take no responsibility for this and we get complaints for things out of our control."*

*"I have found Capita to be extremely fair and they have gone over and above to support me and my priorities and commitments. I believe since tupe there is more consistent delivery by management across the service and this has led to individuals in the team feeling more valued."*

*"Office Services staff seem to be treated like children, which isn't good. In other ways, Capita is quite good, e.g. I was encouraged to do some volunteering last year for a day, which I thoroughly enjoyed, and we get free tea/coffee/milk. Not so keen on the endless charity emails though."*

*"Nothing much has changed in respect of working conditions. The thing that has changed is the 'us and them' mentality that now exists between Capita and WSCC. Colleagues that we used to work alongside quite happily now act as though they expect a worse service from us just because we are being paid by someone else, which simply is not the case, and is very upsetting."*

*"No understanding of disabilities within the sickness/absence part of Capita contract. You are treated poorly and no use of discretion by management. Although they say that they believe any sickness/absences you are certainly not treated like they believe or understand you. Even though I have a automatic qualifying disability under the equality act."*

*"It could be easy to be negative about working for Capita but working for WSCC hadn't felt great prior to being outsourced. In fact at the time it felt like Capita handled the switch better than WSCC. My perception is that rather than WSCC and Capita working together the opposite is true. Does WSCC make things difficult in the hope that targets aren't met and financial penalties can be imposed? It feels like we are working towards targets that would have been unrealistic under WSCC but have to be met with even less staff under Capita. The culture seems to be one of WSCC not trusting Capita, this just feels unfair on staff many of whom are former WSCC employees. Have resources been switched from the "coalface" to behind the scenes monitoring of performance on both sides?"*

*"To be fair to Capita, there have been some legitimate improvements in technology and efficiency - but so there should be, with their massive spending power. Even so, the technology is cheap - e.g. second hand laptops that keep breaking down, a telephone system that cuts in and out of every call, IT support that never bothers to follow up any IT issues. And anyway, this is completely overridden by Capita's drive to value profit above all else, and the service provided is a consequence only, from outsourcing. I do not agree that Capita value their employees in any form. In fact, their mission is to keep salaries as low as possible whilst ensuring maximum output from their staff. Capita harvest an atmosphere of fear and uncertainty. All my colleagues I speak to feel the same bar the managers who obviously have to promote the Capita line. We are never consulted about things that affect us."*

*"Environment is becoming more like a call centre, the same micro management and not trusting staff to complete tasks."*



## Additional Comments on Suggestions for Service Improvement

Respondents were asked to make suggestions for improvements to their services operated under the SSO contract. In total there were 60 responses, a selection of which are set out below:

*"Capita should invest, in my opinion, in updating their IT system (which is an in-house bespoke system) in order that it calculates pension entitlements accurately, at least in the majority of circumstances."*

*"There should be an on-line training programme available and a clear timetable arranged for new employees to learn the basics of their job as well as more advanced courses to enable staff to gain greater expertise. This would lessen the burden on senior administrators, give all staff confidence to tackle more complex cases and give staff greater opportunity to further their careers."*

*"WSCC should take the time to educate their middle and lower managers on what exact service they purchased from Capita. That would resolve a lot of the concerns and issues being experienced between both parties."*

*"To become more aware of staff concerns, provide a service such as CoreCare to staff to enable some of the stresses to be addressed."*

*"More communication re SLA contracts between CAPITA and WSCC Services"*

*"A more trusting relationship between Capita and WSCC on commercial issues would reduce the bureaucracy and increase productivity. For example, as a project manager, I must produce a statement of Work detailing the costs of the smallest project before we start. This often takes longer than the project itself."*

*"More training guidance in job roles (as it can be rushed at times)."*

*Writing more process notes that cover all areas of work.*

*Team building exercises to try and build stronger teams."*

*"I personally think the Capita contract should be scrapped and Office Services should just be a small pool of admin for reception/training reception and post. I would then embed the rest of admin staff with social services etc and let them be line managed by managers who are WSCC service staff. You may need a coordinator to ensure where people are off and peaks and troughs occur that the work is covered. I honestly don't think you need this vast political and bureaucratic empire that Office Services is."*

*"The Point is inefficient. Scrap it. Time is wasted in filling in forms, time is wasted with working being moved around the office/county and then we are creating more work because people have to allocate the work to members of staff. I suppose the point is ok if you don't mind waiting a week for a piece of work to be sent to another site and processed."*

*"Admin need to be sitting with the teams they support. This saves a lot of time. For instance, the Fostering and Adoption Admin team all continually have to go up and down floors for files, talking about work etc. There are six in the team and over a week a fair estimate of lost time is 15-18 hours. That is almost 0.5FTE. What a ridiculous waste of time. Also, working closely with the social workers allows us to better understand the work, improves communication and builds a good rapport."*

*"have proper training plans for new starters rather than just putting them in all different places without structure/routine."*

*"For us to deliver good customer service we should work closely with our customer. Communication between Capita and our customers are appalling"*

## Section 3: What are the wider implications for public policy?

The purpose of this section is to bring together the themes emerging from the first two sections, and consider these in a wider context of the on-going debate about the future of public services in the UK today.

### Social Value

'Social Value' is a term much used in the debates about public procurements, and increasingly after the Public Services (Social Value Act) 2012<sup>30</sup>, came into force in January 2013.

The Act requires commissioners of public services to think about how they can secure wider social, economic and environmental benefits to a local area. It forms part of a series of legislation and guidance produced by government to ensure that social value is considered as services are commissioned.

The concept of attempting to lever additional benefits for the public good from private sector bodies operating in a local area is not new; local authorities have long since used the planning system and "s106" agreements (so called after Section 106 of the Town and Country Planning Act 1990 to which it refers) to bind would-be developers to provide some kind of offset or contribution towards community infrastructure.

Social Value, as defined in the 2012 Act, goes beyond that however and requires commissioners of services (such as the NHS or local authorities) to consider how their choice of supplier can provide the maximum benefit to a community, (including the supplier itself) beyond the direct purchasing of goods, services and outcomes. It is not just about a supplier making some kind of financial contribution to the local area but about making a 'social impact'.

### *Social Value and the SSO contract*

The signing of the SSO contract with WSCC pre-dates the Social Value Act coming into force. Prior to the enactment of the legislation many local authorities had discussed 'social value' type principles with bidders for potential outsourcing contracts, mindful of the likely reduction in headcount and the possibility of jobs being relocated elsewhere in the UK or off-shore, such as customer service centres or some IT functions. There is some consideration of social value put into the agreement between

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<sup>30</sup> See <http://www.legislation.gov.uk/ukpga/2012/3/enacted> (last accessed 11/06/15)

Capita and West Sussex. A further part of the questions put to Capita (see Section 1) covered social value and these are detailed below:

### *Questions asked to Capita on Social Value*

Q: Was any consideration made about Social Value during the market testing or procurement process?

*Response: Yes – Significant value and consideration has been attributed to this during the procurement and since. Please see attached Total Operating Model (TOM) document outlining what has been completed and considered.*

N.B: The 'TOM' document was a spreadsheet containing 19 different activities. Of these 19 activities, 12 are marked as completed and 9 could be considered as relevant to social value in this context. The other three related to general staff management and engaging with a trade union.

These activities are recorded as:

- Applying insight approaches to Domiciliary Care;
- Supporting young people and residents with learning difficulties;
- Support for social enterprises/enterprise growth;
- Support for young care leavers and residents with learning difficulties;
- Responding to particular community challenges e.g. long term unemployed or those needing to work from home;
- Delivery of shared and/or virtual services capability from Support Services to other customers regionally and nationally;
- Locating new business in W Sussex as part of centre of excellence;
- Capita employee volunteering programme; and
- Engaging young people in schools and academies in positive discussions about vocational training and work.

The spreadsheet did not give any detail about volumes or scale of activity covered.

Q: Were there any discussions held during dialogue with contractors about providing any social value commitments such as additional work experience placements and apprenticeships for local people?

*Response: Yes – Recent examples include:*

- *Working with the local college to support 8 work experience placements for NVQ2 business admin students 1 day a week.*
- *Employing 12 apprentices, and attended 'meet the employer' events at local schools.*
- *Supported four work placements in conjunction with the Shaw Trust who support people on a 1-2-1 basis who have been out of work for different reasons.*
- *Supported two German students doing month long work placements. They were researching the differences between the German and English local authority models.*
- *Supporting work placement scheme in conjunction with WSCC/Job Centre Plus and Chichester College, giving candidates a two week work placement, and in some cases, this has led to permanent appointments.*

Q: Were any stipulations made about keeping jobs in West Sussex? For example other outsourcing contracts have seen the loss of in-borough/county jobs to centralised contact centres.

*Response: No formal requirements. However, Capita has been encouraged to keep jobs within West Sussex.*

### **Offshoring**

As stated in the reply above there are no formal requirements to keep all jobs in West Sussex. A large organisation like Capita can gain efficiency savings by locating similar functions together in one geographic location, such as a customer service centre or IT helpdesk. This is done for reasons of economies of scale, incentives to locate to a different area or a pool of cheaper and/or specialist labour in a different location.

At the time of writing, (June 2015) Capita is trying to relocate 5 of 11 IT jobs in Systems, Application, Products (SAP) from West Sussex to their *"established offshore SAP delivery centre in Pune, India."* A copy of the formal 'at risk' letter, passed to this research project, sent from Capita to the affected employees notes that Capita is contractually committed to *"...deliver savings and transformation over the duration of the (WSCC) contract,"* and that it *"...has the capacity to deliver some of its services from centralised centres of expertise based in the UK and abroad."*



### ***Social Value in London Borough of Lambeth Capita contract***

Capita also operate a customer services and revenues service for the London Borough of Lambeth. LB Lambeth were asked for information about the social value elements of that contract and replied by email<sup>31</sup>:

*"This was a really important part of our procurement plan when we went to tender. The authority were really keen to get added value to the contract around community relationships and so made this part of the evaluation process for all bids.*

*Since Capita won the contract, they have implemented their community plan which has included the below:*

- Provide 40 apprenticeships over the course of the contract (10 years);*
- CV workshops at community centres;*
- Fund a case worker for St Giles Trust who works with young offenders;*
- Put on a BIG idea event (similar to Dragons' Den) providing funding and mentoring to the winner in year 1 and winners in year 2; and*
- Set up an apprentice boot camp for local employers."*

It would be unhelpful to compare the contracts and arrangements for Social Value which WSCC and Lambeth have with Capita, they are different places with different needs and different contract values. The point to make is that some level of activity on what could be termed 'social value' type activities is taking place under the auspices of outsourcing contracts. What is not known is what attempts have been made to calculate the real social value in terms of outcomes, beyond simply saying that the activities are complete. **Of course, social value will undoubtedly reduce if jobs are relocated elsewhere without some kind of *quid pro quo* taking place.**

### **Bold Commissioning**

The questions remain however: are local authorities being bold enough in their demands for social value and to sustain the local economy? Should they develop local supply chains and encourage alternative providers in a 'market making' exercise? Should they be more innovative?

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<sup>31</sup> Email from Head of Business and Customer Services Client Management, LB Lambeth, rec'd 11.02.15

The role of WSCC in the local economy is recognised: in the minutes of the WSCC Cabinet of 27/01/15, the Member for Finance (also lead member for the SSO contract) commented on the spending power of the County Council, which *"...made it one of the biggest economic players in the county."*

<sup>32</sup>

The current WSCC Commissioning Strategy puts forward twelve principles of commissioning, including one on social value and goes on to state:<sup>33</sup>

*"Service delivery will operate on a 'mixed economy' model. This means services will be delivered by the most appropriate provider based on their ability to achieve results and give us value for money. This will include private sector companies, voluntary organisations, various new organisational forms (i.e. staff mutual) or using our own in-house service."*

***"It's not all about outsourcing."*** This is another quote from the current WSCC Commissioning strategy. There is an inherent tension however between an apparent strategic desire to have a 'mixed economy' of provision and a contractual relationship with Capita with 'sufficient headroom' for the County Council to transfer additional services.

### ***Partnership, or Shotgun Wedding?***

The official term for the relationship between Capita and WSCC is one of service partnership. Yet in some ways being bound by a contract to provide services at agreed service levels is more like one of supplier/vendor and purchaser. According to an article in Outsourcing Venture magazine, a lack of clarity can lead to tension in the relationship and a risk of failure.<sup>34</sup>

In the inaugural edition of the Capita employee engagement newsletter for Capita staff, the Capita Partnership Director for West Sussex writes:

*"...since contract commencement we have met 96% of all our service levels which is no mean feat. We continue to hear noise in the system but the vast majority of the noise is simply because the council doesn't like the specification it has bought. We are working with the council on redefining that specification."*

This view suggests that ultimately the Capita/WSCC relationship is seen by

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<sup>32</sup> (Unconfirmed) minutes of WSCC Cabinet, 27/01/15 – see

<http://www2.westsussex.gov.uk/ds/cttee/cab/cab270115ucmins.pdf> (last accessed 11/06/15)

<sup>33</sup> See: Commissioning Better Outcomes for West Sussex - A commissioning strategy for West Sussex County Council – Appendix A - <http://www2.westsussex.gov.uk/ds/mis/271113cab5a.pdf> (last accessed 09/06/15)

<sup>34</sup> Gomes-Casseres B, Vendor or Partner? Know the difference and manage accordingly, Outsourcing Venture Magazine Q3

Capita as a contractual one with Capita's 'partnership' obligations to WSCC and its residents only extending as far as what is specified.

### **Customer Experience Programme**

As a partner, Capita is able to work with WSCC in 'transforming' services and then potentially being able to run them, there is 'headroom' in the contract.

During the course of the research there were proposals to create a Customer Experience Programme (CEP), with an option that the reprofiled service could be outsourced. WSCC appointed a new Director of Customer Services and sought to define existing business processes in readiness for developing more efficient ones. Capita provided additional 'Subject Matter Experts' and other staff who were based at County Hall, apparently being paid for by Capita.

A meeting was held with the Capita Director responsible for developing the bid for the CEP. He was part of a group of Capita staff brought in from other parts of the business who worked together with WSCC staff to map the customer journey for the forthcoming business case.

The Capita director explained that the vision for the CEP was to create a centralised hub for the customer experience and 'shorten' the customer journey, reducing the amount of contact points with the council, such as websites and phone numbers. The idea was to use scripts and automation to create a kind of corporate 'brain', standardising contact where possible. This included contact from social care 'customers'.

For Capita to be involved during this service scoping stage is somewhat confusing. The Capita director explained it was because they are the council's "transformation partner." This may be the case, but it is at odds with the council's own commissioning strategy: if they are serious about creating a "mixed economy" of provision, can it be right that one party that is interested in running the CEP is also privy to, and involved completely, in the business process mapping prior to formal consideration as to who is to run the service? It puts any other organisation that may be interested in running the CEP at a major disadvantage and a 'partnership' becomes a *de facto* monopoly for one supplier. Yet it appears permissible and expected for Capita to be involved in this way under the terms of the current SSO contract.

### **Capita – Is it any good?**

Capita is described on its corporate website as the "*UK's leading provider of business process management and integrated professional support service*"

*solutions...*"<sup>35</sup> It was formed within Chartered Institute of Public Finance and Accountancy by two people in 1984. By 1996 it had grown to employ 3,500 people with a £112m turnover and by 2014 was employing 68,000 people with a turnover £4,372m and a profit before tax of £535.7m. In 2014 it was listed by Forbes magazine as one of the top 100 most innovative companies in the world.

It operates in the UK and the rest of Europe, South Africa and India in both the public and private sectors (around 50% in each). In the UK public sector, it works for both central government, including collecting car tax and the TV licence, winning new contracts in the last year such as managing the electronic tagging of prisoners and the London congestion charge.

In local government the company is also a major player in the outsourcing market, covering customer management, HR and property development to back-office processing, administration and IT. It also offers a range of what it terms "partnership types" including service agreements, joint venture companies and developing joint commissioning frameworks<sup>36</sup>.

It has benefitted from the need to save money and reform service provision in the public sector. A senior member of Capita in West Sussex described the forthcoming cuts to the WSCC budget as a "major opportunity" for the company in expanding its service offer.

### ***Criticisms of Capita***

It is not within the remit of this report to criticise the operations of Capita elsewhere. It would also be wrong to give a biased presentation of views expressed in both the quantitative and qualitative data collected about Capita in West Sussex. It is however, important to recognise that many criticisms of Capita were made from employees and customers in the two surveys and in qualitative interviews. A summary of themes expressed is set out below:

### ***Modus operandi***

One criticism of Capita made during interviews is that they are highly proficient at writing bids and winning new business but less good at delivery. Once the relationship with WSCC was established, they have promised to 'help' with different services, providing their own 'subject matter experts' (as happened in the CEP).

This enables them to 'upsell' their services and expand their influence, which is permissible under the SSO contract and is perhaps necessary

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<sup>35</sup> See Capita website: <http://www.capita.co.uk/who-we-are.aspx> (last accessed 12/06/15)

<sup>36</sup> See Capita website: <http://www.capita.co.uk/what-we-do/sectors/local-government.aspx> (last accessed 12/06/15)

from their perspective: at present Capita is making relatively small profit in West Sussex, much of it coming from absence management of staff. Comments in this survey and complaints to the union provide some evidence of the psychological impact of this more rigorous absence management regime.

The COO of WSCC said that the current contract was "*...not a great deal*" for Capita and could have driven "*certain behaviours*" in service delivery. She recognised that Capita would need a "*reasonable return*" from the forthcoming contract renegotiations and that there was a need to recognise the difference between being a partner and a contractor.

It is clearly a highly successful company which has grown by having a high contract win rate, expanding its offer and also by making acquisitions of businesses, but how connected these businesses are within Capita has been an issue for some in WSCC. An intelligent client explained how they were actually dealing with more than one Capita company in their service area, with constant changes of Capita personnel resulting in a lack of visibility and communication. "*I thought I was buying ability and experience...*"

### **Capita as a place to work**

One of the most striking findings from the Capita Employee Survey undertaken for this report was the finding that 70% of respondents disagreed or strongly disagreed with the statement "*There is good morale in my workplace,*" compared to 15% of respondents who strongly agreed or agreed with the statement. There were also low satisfaction scores for a number of other questions relating to Capita as a place to work (see Section 2).

By way of comparison the most recent staff survey undertaken by WSCC was in October 2013, 76% of all respondents agreed with the statement "*Overall, I am satisfied working for WSCC.*"<sup>37</sup>

Capita conducts its own annual staff survey including staff in Local Government Services (LGS), but it has not been possible to view data disaggregated to Capita staff delivering the West Sussex SSO contract.

In the 'You Said, We Did' article in the May 2015 issue of Capita's employee engagement newsletter for staff working on the SSO contract,<sup>38</sup> there is some reference to "*...3 items that you as employees, said needed attention*" from the Capita Staff Survey. They were:

- Lack of leader visibility

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<sup>37</sup> WSCC Staff Survey Key Themes presentation to Staff Joint Committee, January 16<sup>th</sup> 2014

<sup>38</sup> Capita Employee Engagement Newsletter, May 2015

- More training opportunities
- Too many charity collections in a month

It cannot be said categorically that staff working for WSCC are happier overall than those working in Capita by simply looking at the survey findings. What is clear by looking at wider evidence is that there is a very high number of Capita employees who are unhappy or dissatisfied with working at Capita which has implications for the success of the partnership.

These have been well documented in comments found in Section 2 of this report and also elsewhere.

At Capita's March 2015 own staff briefing event, held between Capita staff and senior management, questions from employees included:

*"As a professional I spend a lot of my time doing tasks that I shouldn't. It is also difficult to identify who does what within teams and how to access services How will that be addressed?"*

*"I heard on the radio that Capita does not care about the partners they work with so how difficult is it for Capita to work with local government (WSCC) to save money and still make a profit?"<sup>39</sup>*

### **Change and Transition**

It is extremely likely that members of staff will not feel positive when faced with significant change which they are unable to control there is disruption to networks of colleagues, often with some being made redundant, changing organisational cultures and working practices and, over time, different terms and conditions.

Modern change management techniques stress the need to involve people as far as possible in change activities at all levels of the business. It is argued that management need to be able to tell a story of change that motivates employees and before buy-in is achieved, people need to feel the problem. People are less likely to consider anything until they are convinced there is a problem that truly needs to be addressed.<sup>40</sup> It is also recognised, including in this article from McKinsey, that only one in three transformation programmes actually succeed!<sup>41</sup>

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<sup>39</sup> Document: QA Staff Briefings 2015 v5

<sup>40</sup> See <http://www.torbenrick.eu/blog/change-management/successful-change-management-involve-the-people/> (last accessed 12/06/15)

<sup>41</sup> The irrational side of change management, McKinsey quarterly 2009 – see [http://www.mckinsey.com/insights/organization/the\\_irrational\\_side\\_of\\_change\\_management](http://www.mckinsey.com/insights/organization/the_irrational_side_of_change_management) (last accessed 12/06/15)

It is also unlikely that many members of WSCC staff would have been convinced that there was a sufficient problem with the services being run in-house that they needed to be outsourced. The decision to outsource was made not because it was necessary for efficiency reasons, but because of the reduction in finances available from government and a political decision by WSCC to outsource.

Whoever won the SSO contract would therefore, have had challenges in achieving a major element of a successful change programme if existing staff did not accept the need for services to be outsourced. It would appear from this research that, even after over two years of transition, at present there are still many in the Capita workforce who have split loyalties, or at least are not loyal to Capita in wanting it to succeed (see Section 2).

The danger with low morale in a workplace is that demotivated staff leave as the economy picks up, or suffer a decrease in their physical and mental health resulting in a drop in productivity.

A member of staff employed by Capita in the Children's Access Point (employed to enter data about referrals involving children) considered that out of a team of fifteen staff, only three people actually knew the job, all the rest are 'newbies'. At the time of interview she estimated that half the people there did not have access to the systems yet, others had waited two months to get the required log in to the systems and software downloads. Existing staff were relied on to do all the training. This led to her and her colleagues getting "...screamed at by social workers."

She described the working environment as "*highly pressurised*" and all four original Office Resource Managers had either left or were leaving. She had taken time off with severe stress and was now on sickness monitoring in spite of having had medically certified absences. Examples such as this should surely give the council cause for concern.

### **UNISON West Sussex**

UNISON West Sussex is the recognised trade union for council staff in West Sussex (unless they are firefighters or teachers), and their outsourcing partner Capita delivering the SSO contract. The role of UNISON is to represent and support members both individually and in formal collective negotiations with their employer. It has approximately 5,300 members at present.



### *Relationship with Capita*

When staff TUPE-transferred across to Capita, the recognised status of the trade union transferred with them. Capita had already recognised UNISON at a national level due to its range of existing local government contracts.

The Branch Secretary at UNISON West Sussex said that the relationship with Capita had not been straightforward. The relationship had started well enough when initial commitments about the importance of consultation and the relationship with the union were made. But Capita personnel who had 'mobilised' the contract were not around for the long-term. Commitments given about how the union would be involved in staff consultation evaporated with a series of redundancy consultations in 2013 which, in his opinion, were poorly organised and started without notice. This experience resulted in a series of meetings which also involved both the UNISON national negotiator for private contractors and senior County Council management.

The Branch Secretary does not believe these early attempts to normalise the relationship have borne fruit. UNISON West Sussex has relationships with around ten other organisations in the county where it is 'recognised' by the employer. He believes Capita takes a very different approach to how it works with trade unions compared to these other employers.

Capita's apparent unwillingness to abide by ACAS good practice in key respects was cited. For example, Capita will not share staff names with UNISON for purposes of collective bargaining and recruitment, when this is normal practice elsewhere in West Sussex and ACAS-recommended good practice. Examples were also given where the union believes that redundancy consultations conducted by Capita has not been meaningful or adhere to the standards the branch has come to expect from other local employers.

### *Increase in caseload*

UNISON reported a 50% increase in formal cases dealt with on behalf of members employed by Capita in West Sussex between 2013/14 and 2014/15. These are when the union has represented a staff member in serious disciplinary or grievance cases.

The union is a conduit for a number of complaints from its members who are internal 'customers' of Capita (complaints of the type mentioned by respondents in the customer survey on page 44 of this report), and informally tries to resolve these. It has also noticed an increase in these complaints.



The Branch Secretary described how there was a tougher and inflexible approach to staff sickness management, and "*...generally a preference held by Capita for the 'stick' rather than the 'carrot' when it came to approaches to staff and work management.*"

The union did not consider the West Sussex partnership to be a partnership in the true sense of the word, and saw itself, as the recognised representatives of staff, as being excluded from that partnership.

## Section 4: Conclusions and Recommendations

This research set out to understand how well the SSO contract between Capita and WSCC is working, expressed through the views of staff, employees and available performance information. It did not seek to form conclusions about the desirability or otherwise of a particular model of service delivery, in this case outsourcing, but to contribute its evidence to the wider debate about public services.

It has drawn the following conclusions:

### Commissioning Council

The initial service design, specification and commissioning of the contract was undertaken before WSCC was ready to go to the market for a bundle of services in one contract over a significant 10 year time period.

WSCC was not sufficiently mature in its ability to act as commissioner of these services because it had not yet properly quantified its existing service offer or established existing success measures. This increased the risk of buying the wrong thing for the wrong timescale, without sufficient controls in place, which suited neither council nor contractor.

There have also been serious issues with another contractor in the Highways Dept, suggesting that the council has not deployed consistent monitoring mechanisms to capture information and evaluation feedback to manage performance assertively.

The WSCC Internal Auditor has expressed concerns about what it terms 'aspects of contract management', noting in a report to the WSCC Regulation, Audit & Accounts Committee (RAAC) that *"...A number of concerns in respect of managing contracts have been identified by Internal Audit in recent years in a variety of areas."* The Head of Internal Audit also notes that *"...during the earlier part of the year (2014/15), there was a complete breakdown in processes with no visibility as to how risk was considered or actively managed."*<sup>42</sup>

A 'Limited Assurance' rating category (as opposed to Substantial or Satisfactory rating categories) was given to commissioning and some services covered by Capita, such as pensions administration.

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<sup>42</sup> Annual Audit Report 2014/15, Agenda Item 9a, WSCC Regulation, Audit & Accounts Committee. June 29<sup>th</sup> 2015: See <http://www2.westsussex.gov.uk/ds/cttee/raac/raac290615i9a.pdf> (last accessed 22/06/15)

WSSC itself has recognised the need to review compliance monitoring for the Capita contract, for WSSC staff and for the services offered by Capita, the latter aspect attempting to address the concerns expressed by the External Auditor (see page 19).

What is of concern is that there are still uncertainties about WSSC's ability to handle large-scale contracts as highlighted by its own internal and external auditors.

The current SSO contract reset exercise will require a considerable degree of negotiation and expertise to ensure that WSSC can get the best deal for the duration of the contract on behalf of its residents. We know there is considerable 'headroom' in the contract to make considerable changes to the scope of the services brought into it.

We also know that the contract reset will look at changing how the contract is managed and governed. At present, the current contract is arguably more 'traditional' in nature, in that it appears to require specific outputs or performance for a specific price.

If the contract becomes more 'agile' in nature where both parties adopt a more collaborative approach (or partnership) with a corresponding change in behaviours then again the council is sailing into potentially uncharted territory, and with a 'partner', (Capita), who are extremely experienced in negotiating contracts of this type.

Agile methods were first used in the 1990s, commonly associated with software development, but are now used for other types of project. As these projects develop, multidisciplinary teams encourage changes based on user need; tasks are subject to regular bursts of intensive activity by everyone involved; and frequent delivery of 'little and often' is encouraged over 'big bang' release.

Agile contracting requires a different type of approach to risk, it requires cultural change (with suitable legal safeguards) and it requires strong governance. WSSC should consider whether it is ready for agile working and the significant changes it would require.

The paper on the contract reset to the WSSC Performance and Finance Select Committee on June 26<sup>th</sup> 2015 mentions part of the scope as being to "*...reaffirm the governance for the partnership, reset the culture, undertake*

*some more proactive communications and consider areas for transformation.*<sup>43</sup>

This suggests that the preferred solution is in part to increase the amount of service areas for 'transformation'. With the evidence about the impact and effectiveness of the existing contract, drawn from this study, the council's internal and external auditors and the changed external market, this should not take place before it can be demonstrated that it is not only viable, but that it offers the best value to local residents.

## **Partnership**

The WSCC/Capita relationship is described as a 'partnership'. The term 'partnership' as defined by this arrangement, is essentially a 10-year exclusive deal with one supplier, with mechanisms in place to increase the scope of services in the contract, regardless of whether the contract remains as is, or is 'reset' as mentioned above.

There is currently not a sufficient separation between the local authority as commissioner and Capita as supplier. There should be a greater separation between the WSCC commissioning function and Capita. Capita is embedded within the local authority as a 'partner' and thus privy to information which allows them to plan for and be aware of future opportunities.

Not ensuring separation between the local authority commissioning function and Capita as supplier acts as an inhibitor to the stated WSCC commissioning intention of a 'mixed economy' model.

If the move is towards a truly 'commissioning council' model, where few services are provided in house, the current arrangement could also be deemed anti-competitive as new services are moved across, which is permissible under the SSO contract terms.

The large scale and long duration of the SSO contract makes it difficult for smaller specialist firms, who may provide more 'social value' to West Sussex to win any business. WSCC could also look at alternatives such as partnering with other local authorities or help incubate start-ups. Similarly there are also bright 'minds' within WSCC who could innovate from within.

Many Capita staff do their very best to provide a good service, but are often prevented from doing so by the imposition of standard, 'off-the-shelf', inflexible processes and systems. This may be because Capita is

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<sup>43</sup> See <http://www2.westsussex.gov.uk/ds/cttee/pf/pf260615i6.pdf> (last accessed 19/06/15)

'locked in' to providing services in a certain way by the current performance regime or because it makes its money by providing standardised products to its customers. Either way it is not benefitting the customer and will not produce innovative transformational service improvements.

A missing body in the 'partnership' is the trade union. Modern management techniques, whilst always looking first to eliminate waste and increase customer value, consider the active involvement of the workforce and their representatives essential to the success of any business change programme.

In West Sussex, there has been little involvement of recognised representatives at a strategic planning level beyond formal consultation. The union should be, and is willing to be, involved in the development, promotion or provision of an alternative way of doing public services embedded with social principles and ownership – flatter in organisational structure, decentralised decision-making and using appropriate technology to improve outcomes.

Both WSCC and Capita need to consider the union as a 'critical friend' and work with it to create a workplace where outsourced staff feel valued, trusted and empowered.

## **Impact**

This study has found that a key feature of business change has not been met in that many staff, be they WSCC or Capita staff, have clearly not 'bought into' this new way of working nearly three years after the start of the SSO contract.

Staff have not been sufficiently engaged in the change activities brought about by the SSO contract. This failure to engage has resulted in a culture of negativity, mistrust and service disruption. There is also a fracturing of relationships between those employed by Capita and those retained by WSCC.

There is evidence that the SSO contract has increased division in the workforce:

- Between Capita and WSCC/internal customer staff – some Capita staff feel got at and let down, whereas WSCC staff feel undervalued as customers;
- Between staff on old and new (Capita) contracts – on different pay and conditions. TUPE staff sometimes feel they're being edged out or denied

development opportunities whereas some Capita staff resent the better pay and conditions of TUPE staff;

- Between commissioner and contractor – there is evidence of a blame game and lack of trust; and
- Between Capita staff who feel that some staff are not loyal to Capita.

None of these divisions will lead to better service outcomes, more productive employees or healthier staff. There is also evidence of a dispassionate application of sickness and absence management policies towards Capita staff in some cases. It is not clear at what level this is being directed from, but is clearly counter-productive and should be investigated further by WSCC.

Low morale is recognised by Capita (and clear from this survey) as being an issue. Whether they are prepared to be open and honest enough about the causes remains to be seen. The local Capita management only has so much autonomy and 'wriggle room' for local specification or solution.

Opportunities to capture and understand business processes do not seem to have been sufficient in understanding the nuances of provision in some services. Perhaps as a result, it appears that resources have been insufficient in some critical services (including some supporting vulnerable people). Services must retain experienced staff and enable them to train new recruits to systematically manage corporate knowledge effectively.

Whilst the intention may have been to simplify services to improve efficiency, it would appear that remedial action had to be conducted to rectify faults in the service models, resulting in additional cost.

## **Operations**

It is unclear from available evidence whether the contract savings have been mainly achieved through process efficiencies and improvements or by cuts to pay/terms and conditions, tougher sickness management and service reductions.

There is some evidence of reduced pay and terms and conditions.

There is a clear difference between the corporate promises of Capita and their apparent *modus operandi* in West Sussex. In the words of one interviewee, "...*they talk a good game.*"

Far from being the innovative, forward-looking organisation which appears in pitches and on their corporate website, there is evidence from

the survey and from interviews with staff, that the behaviours and culture are far from this in West Sussex:

- Punitive absence management and sickness policies;
- Managers not given local autonomy to innovate or take decisions, instead focussing on rigid rules and processes which are 'one size fits all';
- Nature of work changing – the work becoming more repetitive and staff becoming more generalist, deskilled and replaceable;
- Closed culture and a clear resentment of the Capita brand in the survey results;
- No systematic harvesting of ideas or staff involvement – and staff less likely to participate when morale is low and resentment high;
- They appear to be interested in business change only to the extent of taking over swathes of the council's operations, rather than as a genuine partner acting in the best interests of local residents.

There is some evidence from the customer survey of WSCC staff of poor management and service delivery by Capita, notwithstanding performance against the KPI metrics.

Capita has a lot of work to do to improve on the low satisfaction and motivation scores found in this research, and should start with reviewing the overall culture of the organisation in West Sussex. There is clearly a need to implement the undoubtedly well-meant corporate HR rhetoric to improve the actual workplace experiences as described by many staff in this survey.

## **Scrutiny**

In line with other research on outsourcing, there is a lack of publicly available information at operational level to permit independent scrutiny of contract performance. This includes scrutiny by elected council members not part of the contract governance process, all of whom ultimately share collective responsibility for the successes and failures of the council and services operated in its name.

WSCC and Capita should review governance arrangements and make a commitment to providing access to performance information as part of an Open Data initiative, or working proactively with the Information Commissioner. WSCC has provided good access to most of its main activities, even webcasting some council meetings. The contract reset should include a commitment to open access.



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