

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	1 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
1	Governance of the Partnership at a strategic and operational level			
1.1	<p>The role of the Partnership Executive should be reviewed and developed to ensure that it governs and monitors the achievement of the 2009/10 strategic themes/outcomes for the Partnership.</p> <p>The key themes/outcomes in the 2009/10 Partnership Strategy should become standard agenda items for the Partnership Executive board. Progress against achievement of the outcomes should be reported periodically to the board, so that issues can be identified and resolved, as required.</p>	High	<p>Interim Capita Partnership Service Delivery Lead Director & SBC Partnership Manager</p> <p>January 2010</p>	<p>At the last Strategic Partnership Board (SPB) meeting (March 2009) the parties agreed that ratification of the strategic themes, for 2009 and 2010, should be finalised once the outcome from the Partnership Scorecard survey was completed to ensure that the strategic direction of the partnership reflected the findings.</p> <p>This work has now been completed and the survey findings were found to be aligned with the proposed strategic direction. Partnership Executive (27/8/09) agreed the proposed approach for the development and implementation of the action plan to responded to the survey findings and deliver the strategic objectives. This will be discussed at next Service Delivery Board (02/9/09) to ensure actions and directions are cascaded to all Council & Capita heads of service for follow through.</p> <p>The Scorecard survey findings and re-affirmation of the strategic direction of the partnership will be discussed at the next Strategic Partnership Board meeting (22/9/09).</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	2 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
1.2	<p>The Strategic Partnership Board and Partnership Executive should ensure that minuted direction is given to officers on key strategic issues affecting the Partnership, e.g. SCS decoupling, CP2 and PCT integration.</p> <p>Formal processes for capturing Partnership issues arising from the SCS decoupling, Street Smart, PCT integration and CP2 projects should be implemented, with periodic, formal reporting to Partnership Executive on these projects status, implications to the Partnership and proposed actions to resolve any issues arising.</p> <p>All significant strategic issues facing the Partnership should be identified in the forthcoming 2009/10 Partnership Strategy, along with any required actions to be undertaken by the Partnership to manage these issues.</p>	High	<p>Group Director Business Transformation/Capita Strategic Partnership Director</p> <p>November 2009</p> <p>SBC Partnership Manager/ Interim Capita Partnership Service Delivery Lead Director</p> <p>September 2009</p>	<p>The Capita Strategic Partnership Director for the SBC partnership has joined Corporate Board and is therefore involved in Corporate Board discussions in respect of key Council strategic issues.</p> <p>The Council's head of the Transformation Programme, Group Director Business Transformation, which oversees New Ways of Working, SCS Decoupling (including StreetSmart) and Adult Social Care Commissioning model also sits on the Partnership Executive which allows appropriate updates to be provided to Capita via the Executive or through his regular 1:1 meetings with the Capita Strategic Partnership Director.</p> <p>The next Strategic Partnership Board will include an agenda item to discuss the Council's strategic direction and the impact of the projected Medium Term Resource Plan.</p> <p>Further cascading of information to take place at next Service Delivery Board (02/9/09) in respect of SCS decoupling and CPCP. Significant issues can be raised by heads of service and either addressed in the meeting or escalated as required. The Council's Partnership Manager is also the Programme Manager for SCS decoupling to ensure that any impacts on the partnership are identified and managed. The Council and Capita are working in partnership on New ways of Working and Single Status.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	3 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
2	Roles and Responsibilities			
2.1	<p>As part of the proposed quarterly contract review process, service owners should review output specifications for relevance, as well as ensuring that contractual obligations are being delivered.</p> <p>Recommendations relating to the specific issues raised are:</p> <ul style="list-style-type: none"> The HR specification should be reviewed to ensure that it is an accurate reflection of services required by the client. A Change Control notice should be produced to implement required changes, with regard to any financial implications of proposed changes to the output specification. The ICT balanced scorecard should be reintroduced and provided to wider Council clients receiving the ICT service to complete, with any actions arising being followed up by the Head of ICT. Business Support SLAs should be completed and approved for all retained Council services where they are not currently in place. <p>Management information to demonstrate that service standards are being met should be developed and issued regularly to retained SBC managers.</p>	High	<p>Senior Procurement Officer</p> <p>January 2010</p> <p>HR Practice Manager</p> <p>January 2010</p> <p>Head of ICT</p> <p>April 2010</p> <p>Interim Capita Partnership Service Delivery Lead Director</p> <p>September 2009 (for SLA completion)</p>	<p>A standard approach to partnership Heads of Service meetings to ensure that contract obligations are reviewed and performance validated on a regular basis will be put in place.</p> <p>HR - This work has started, but is yet to be completed due to a change in client lead for HR. Following completion of her induction, a key task will be to finish the joint review with Capita HR lead.</p> <p>ICT - The plan to implement the IT scorecard is in draft and will be used over the coming months to measure Council wide perception of the service using existing forum: Staff panel, Operations Board etc. The survey period will be aligned to the New Ways of Working (NWOW) programme timeline to ensure that the benefits of the implementation of the significant investment in IT are being delivered and maximised.</p> <p>Business Support - All Business Support SLAs are now complete and signed off by both parties. Joint Council/Capita review of Customer Service output spec and method statements has taken place. An action plan has been agreed to address areas of non delivery. Review of the Business Support output specification to be completed now that all SLA's are in place. Risk of non delivery is low given that the SLA's have in effect focussed the approach to delivery. Consideration being given to reviewing Key Performance Indicators (KPI's) to ensure critical services are delivered.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	4 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
2.2	<p>The SBC Partnership Team should continue to work to develop engagement between the wider Council and the Partnership.</p> <p>An engagement model should be developed for this purpose, that ensures that timely notification and direction is given to Capita, via the SBC partnership Heads of Service from relevant retained service managers, whenever a change is being planned that will impact on the Partnership.</p> <p>This should especially take place where the Council are planning changes to its services that will have an impact on the Partner. SBC managers must ensure that the implications of their service plans on the Partnership are identified and communicated to the Partner at the earliest opportunity. CCNs should be submitted to the Partner in enough time for them to plan delivery of required changes, having been properly costed and budget agreed.</p>	High	<p>Internal Communications Manager (in conjunction with SBC Partnership Manager and Interim Capita Partnership Service Delivery Lead Director)</p> <p>January 2010</p>	<p>Both Capita and the Council recognise the need to work hard on a joint engagement approach so that the partnership can realise its full potential. To this end we have recently taken the step of creating a joint position of internal communications and change manager which will take effect from August 3rd 2009.</p> <p>The current SBC internal communications manager will fill the role which will be joint funded and the aim is to embed our 'Intouch' values across the partnership, apply joined up and best practice internal communications and raise the profile of the achievements and key 'lessons learned' across the partnership.</p> <p>Early warning of changes to the service by the retained teams which may impact the partnership has already been identified as one of the key 'lessons' to be learned. This issue is not unique to the partnership and applies to any changes planned locally which may impact other Council services.</p>
2.3	Formal direction should be given on client management responsibility for the Post and Print and Design services and budgets for delivery should be transferred to the relevant service area, if necessary.	Medium	<p>Group Director Business Transformation</p> <p>November 2009</p>	Group Director, Business Transformation, has responsibility for both these services and will confirm roles and responsibilities.

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	5 OF 22

[illegible]

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	6 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
3.2	<p>Arrangements for project management should be documented in Partnership governance arrangements, including the role of the PMO.</p> <p>The Council and Partner should develop a formal retention policy to govern the project sign off stage, retaining a percentage of the project cost until all snags are resolved.</p>	Medium	<p>SBC Partnership Manager</p> <p>March 2010</p>	<p>Since the Audit was undertaken Capita have appointed a new Programme Manager responsible for ensuring that projects are structured for success and that stakeholder engagement and risk management is integral to that process. Improvements in this area have been evident in the quality of monthly reporting to Partnership Executive of the status of projects.</p> <p>Virtually all contractual projects have now been delivered. New projects (from Sept 2009) will include a retention policy (or similar risk/reward approach) to ensure that projects are delivered in full.</p>
3.3	A process of validation should be introduced to confirm the number of PC's replaced by Capita that are charged to the Council each month as part of the PC replacement programme, i.e. Capita providing signed evidence from SBC staff that PCs have been replaced to the Council and this being verified against invoices received.	High	<p>Head of ICT</p> <p>April 2010</p>	The contractual PC replacement programme has been suspended and will be incorporated in the New Ways of Working Project. As part of that project a process for the validation for the delivery of a range of equipment will be developed to ensure that the Council can verify that it has received what it is being asked to pay for. In addition Capita will need to demonstrate that it has an adequate process in place to record and monitor assets across the Council.
3.4	A formal financial appraisal of the Capita Group should be carried out on a sufficiently frequent basis.	Medium	<p>Group Finance Manager - Corporate/ Senior Procurement Officer</p> <p>April 2010</p>	The Council receives a copy of the Capita Group annual report and senior Finance staff review the financial stability of the company as a matter of course. From now on, this review will be documented more formally.

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	7 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
4	Service Delivery and Performance Indicators			
4.1	<p>Contract obligation reviews should be completed as soon as is practically possible.</p> <p>Actions required to address any contractual non-compliance should feed into forthcoming service improvement plans, so this can be monitored and non-resolution of issues escalated on a timely basis to Service Delivery Board/Partnership Executive.</p> <p>If actions are not implemented, they should be escalated through the Partnership boards for resolution.</p> <p>A regular, standardised process of non-KPI contract obligation monitoring should be introduced for SBC service owners. For example, completion of a checklist of key non-KPI obligations every quarter to identify any non delivery by Capita, with formal action planning to resolve any issues as required.</p> <p>Service owners should consider whether introduction of additional PIs would help them measure non-KPI contractual obligations.</p>	High	<p>Senior Procurement Officer</p> <p>September 2009</p>	<p>As set out in 3.1 above, a standard model for operational contract management is to be developed, in consultation with client leads and this will include the management of outstanding or ongoing contract obligations on a regular basis.</p> <p>At a recent Partnership Executive 'away day' (16 July 2009) the Capita Senior management team agreed that they would not sign off any Service Improvement Plans for the purposes of their annual budget setting, without evidence that the plans had been agreed by the SBC client leads. Client leads will be required to ensure that all contractual obligations are included in the plans (where still relevant).</p> <p>SBC Partnership Manager to ensure (through partnership team meetings and 1:1's) that regular service meetings are taking place and that Service Improvement Plans include contractual obligations</p> <p>Noted.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	8 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
4.2	<p>The Council should review Partnership activities to identity key risk areas of service delivery failure that are not currently captured by KPIs (e.g the HB subsidy claim issue) to ensure that the action is taken where necessary to address issues, or whether if any damages are relevant to be pursued under the negligence clause and if this is legally viable.</p> <p>Incentives, or the use of alternative contractual remedies (e.g. negligence clause) should be explored and notified to Capita, to encourage the required level of service performance in these key risk areas.</p> <p>A decision should be taken on whether to invoke the negligence clause for the HB subsidy claim in 2008/09, if this issue arises.</p>	Medium	<p>SBC Partnership Manager</p> <p>November 2009</p>	<p>Joint risk registers are being developed for each service area and for the partnership as a whole, where they are not already in place.</p> <p>Capita will submit first draft risk registers to the Council by 31/8/09 for review. Joint registers will be agreed by 31/10/09.</p> <p>Noted. The use of incentives is being explored in the Benefits Service and the delivery of the Property components for the New ways of Working programme.</p> <p>The Council has advised Capita that it wishes to invoke the relevant contract clauses in respect of the 2008/9 Benefits Subsidy claim. A legal discussion between the parties, to discuss this issue is scheduled for 10/9/09.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	9 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
4.3	<p>All issues preventing the reporting of KPIs and other relevant management information should be resolved, or financial penalties should be considered to be levied, on the Partner.</p> <p>If issues are not resolved they should be escalated to Partnership Executive.</p> <p>Annual performance measures should be reported on an exception or quarterly basis to the Partnership Executive, to identify the trend in performance as the year progresses and identify action to address non-performance.</p>	High	<p>Interim Capita Partnership Service Delivery Lead Director and Head of Benefits</p> <p>November 2009</p>	<p>3 KPI's are not currently being reported on: 1 in Customer Service – annual measure dependant on the Council undertaking a survey, 1 In Admin (Business Support) – bi-annual measure, 1 in Benefits – monthly measure.</p> <p>The KPI performance review for Customer Service & Business Support will: Ensure all performance is reported Document any actions agreed to either take corrective action or apply a penalty.</p> <p>The KPI for Benefits – Accuracy has now been agreed and will be reported from September 09 (subject to sign off of the 3rd CCN referred to in 4.8 below). Noted.</p> <p>Noted and will be introduced where possible. Some annual measures (e.g. Customer Services – Satisfaction) will be subject to 'one off' measures, not necessarily monthly or quarterly. Process to be introduced as part of the standard model for operational contract management set out in 3.1 above.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	10 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
4.4	<p>The findings from the Partnership scorecard should be used to identify opportunities to improve quality, behaviours and relationship in the Partnership and service provision.</p> <p>Consideration should also be given to implementing the "Service Standard" review process currently used in the Revenues service.</p> <p>Service standards and SLAs should be formalised in Change Control Notices, cost permitting.</p> <p>Service owners should consider whether introduction of additional PIs would help them measure non-KPI contractual obligations.</p>	Medium	<p>Interim Capita Partnership Service Delivery Lead Director & Internal Communications Manager</p> <p>January 2010</p> <p>Senior Procurement Manager</p> <p>December 2009</p>	<p>Draft action plan has been prepared to address the findings from the Partnership Scorecard survey as set out in 1.1 above.</p> <p>Noted and approach will be reviewed for consideration of application across the partnership as part of the development of the standard model for operational contract management set out in 3.1 above.</p> <p>Noted. Any item that becomes a new contractual obligation on either party will be subject to a CCN.</p> <p>Noted and approach will be reviewed for consideration of application across the partnership as part of the development of the standard model for operational contract management set out in 3.1 above. However, these PI's would not be subject to financial penalties so consideration will be given to whether KPI's require review or how Capita could be incentivised further to meet PI's.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	11 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
4.5	<p>A clear audit trail of the decision to not apply a service credit for a performance failure should be maintained.</p> <p>This should include a standard form to record the recommended action by the SBC Service Head, after they have discussed the issues with their Capita opposite number.</p> <p>Partnership Executive minutes should clearly identify the reasoning behind the non-application of the service credit, and which Council officer approved the non application of the charge.</p> <p>September 2008 performance failures should be retrospectively discussed at the next Partnership Executive meeting and actions for application/non application of service credits should be obtained.</p> <p>The actions taken to resolve the differing perceptions of the approach to measuring KPI performance, raised in the October 2008 Partnership Executive minutes should be identified at the next Partnership Executive meeting.</p>	High	<p>SBC Partnership Manager May 2009</p> <p>Senior Procurement Officer November 2009</p> <p>SBC Partnership Manager June 2009</p> <p>SBC Partnership Manager October 2009</p> <p>SBC Partnership Manager October 2009</p>	<p>All decisions are now recorded in the minutes at Partnership Executive (from May 2009) and decisions not reached in one meeting are carried forward as outstanding actions for resolution at the next meeting.</p> <p>Noted – current process is that the client lead emails or phones Partnership Manager to provide their recommendation. Consideration to be given to the most effective and efficient way of recording this information. An appropriate approach may be to incorporate this process within the standard model for operational contract management set out in 3.1 above.</p> <p>The reason is now (from June 2009) articulated in Partnership Executive minutes . The approving officer will be the SBC recorded attendees at the meeting as the decision is often a collective agreement in the meeting.</p> <p>This will be completed at the Partnership Executive meeting scheduled for 1 October 2009.</p> <p>This will be completed at the Partnership Executive meeting scheduled for 1 October 2009.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	12 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
4.6	<p>Appropriate client resource should be identified to validate performance information reported by Capita.</p> <p>Non-provision of information to validate KPIs reported by Capita should be escalated to the Service Delivery/Partnership executive, if information is not provided.</p>	High	<p>SBC Partnership Manager</p> <p>October 2009</p>	<p>Client leads have been given a deadline of 2 Sept 2009 to agree with their Capita counterparts how they can validate KPI performance data on a regular basis. Service Delivery Board in September will be used to agree the approach and frequency of validation.</p> <p>Noted.</p>
4.7	Performance should be reported to the Partnership Executive from the point of transfer of a new service.	Medium	<p>SBC Partnership Manager</p> <p>October 2009</p>	Noted for future service transfers
4.8	The CCN to formalise changes to the Benefits Service KPIs should be approved. Consideration should be given to re-including the requirement to achieve a certain level of performance as per Audit Commission inspection ratings.	Medium	<p>Head of Benefits</p> <p>October 2009</p>	Two Change Control Notes (CCN's) have been agreed for the Benefits Service in 2009 which included revised targets for KPI's. KPI's are currently being reviewed on a three month rolling basis to ensure that the optimum targets are achieved aligned to the Benefits Improvement Plan and the economic situation.

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	13 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
4.9	<p>A consistent format for producing Service Improvement Plans should be agreed and plans should be produced in this format.</p> <p>An action plan that clearly identifies required actions, responsible officers and timescales should be included with the SIP.</p> <p>Progress against the action plan should be monitored by SBC service leads and reported by exception to the service delivery board, with unresolved issues being escalated to the Partnership Executive.</p> <p>SBC leads should input into the SIP plans with Capita and agree actions, dovetailing actions and requirements in service business plans where necessary. Action plans should be regularly updated when actions are complete and new actions should be added as issues are identified.</p> <p>SIPs should develop a more transformational plan for service development (e.g. a five year plan for ongoing medium term service developed, to ensure continuous improvement), once operational issues with services have been addressed.</p>	High	<p>SBC Partnership Manager</p> <p>January 2010</p> <p>Senior Procurement Officer</p> <p>November 2010</p>	<p>Noted. The approach taken for the Council Tax Service Improvement plan has already been recommended to Capita as the preferred approach.</p> <p>Plans for 2010 are currently in draft and each will be reviewed to ensure that required actions, responsible officers and timescales are clearly articulated. An appropriate approach to monitor progress may be to incorporate this process within the standard model for operational contract management set out in 3.1 above.</p> <p>Agreed and this has been advised to client leads. In addition, as set out in 4.1 above, at a recent Partnership Executive 'away day' (16 July 2009) the Capita Senior management team agreed that they would not sign off any Service Improvement Plans for the purposes of their annual budget setting, without evidence that the plans had been agreed by the SBC client leads.</p> <p>Noted, however, that will depend on the current performance of the service and short term requirements. In the case of the Benefits Service the main focus is on service recovery and this should not be diluted by trying to look too far ahead in the short term.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	14 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
5	Escalation			
5.1	<p>There should be consistent escalation of prolonged performance failures in service delivery to Service Delivery Board, Partnership Executive and Strategic Partnership Board.</p> <p>Partnership Executive should identify, scrutinise and challenge prolonged underperformance of services and call-in officers from Capita and the Council to explain failures and actions being implemented to resolve performance issues, on a monthly basis, where underperformance persists.</p> <p>Actions proposed should be reviewed at each subsequent meeting if the performance does not improve, to ensure close senior management and transparent scrutiny of improvement actions in under performing services.</p> <p>Officers should ensure that all service and project issues are escalated to the Strategic Partnership Board, where performance issues do not improve.</p> <p>The Partnership Executive should regularly monitor achievement against the new Benefits Improvement plan. Client managers at Councils that have experienced and resolved problems with Capita delivery of Benefits services (e.g. Blackburn) should be contacted to identify if any useful learning points can be identified and applied to the management of the Swindon service.</p>	High	<p>All SBC Client Leads</p> <p>September 2009</p>	<p>Agreed. The Benefits Service has been a standing item on the agenda for partnership Executive since January 2009, in addition to the regular specific partnership meetings held on Benefits since Autumn 2008. This service was also an agenda item for the Strategic Partnership Board meeting in March 2009 and will be an agenda item for the next meeting in Sept 2009. All future prolonged performance issues will be escalated and managed in the same way.</p> <p>Noted.</p> <p>See above comments. The Council's Director of Revenues and Benefits is currently on extended sick leave. The Council's Head of Benefits has recently taken on a larger leadership role in the Benefits Recovery programme and will be utilising opportunities to apply learning from other Council's, she has already arranged to meet with Southampton who are very pleased with Capita's performance on this service. In addition, specialised consultancy advice is being utilised to ensure that the recovery programme is proceeding at the pace required.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	15 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
5.2	<p>The Partnership Team should carry out a review of client management activity to ensure that SBC clients are not carrying out activities that Capita should be carrying out.</p> <p>Where SBC managers are currently carrying out tasks that should be managed/resolved by Capita; these issues should ceased to be managed by Council officers and escalated to the Partnership Executive and Strategic Partnership Board if necessary, to ensure that they are resolved.</p>	High	<p>SBC Partnership Manager</p> <p>October 2009</p>	<p>The Council held two client development sessions during Autumn 2008, the second of which was a joint session undertaken with Capita Heads of Service. Both team agreed a set of partnership behaviours and a key one was that clients should be 'eyes open and hands off' in respect of the service that Capita is delivering. It became clear during Spring 2009 that this approach was proving difficult for some client leads as there is a fine line between being 'hands off' but being sufficiently involved to ensure that the service performance remains at agreed levels.</p> <p>As a result – as set out in 3.1 above- the approach to client management of the partnership was the subject of a Business Transformation 'away day' in May 2009 and is a key priority for Business Transformation. The outcome of this session identified that in addition to Client staff understanding their operational role and responsibility, there was also a need to ensure staff have the right skills, knowledge and can demonstrate appropriate behaviours in managing the partnership. The Council's Partnership Manager has subsequently met with each client lead and is currently building a plan of development needs and areas of key focus required in the next 6 months to improve client effectiveness (where necessary) and ensure that the Council is maximising the opportunities the partnership brings and not undertaking activities that Capita should be providing.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	16 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
6	Business Cases			
6.1	<p>The Council should define its expectations and the role it expects Capita to take in the Council's ongoing transformation programme, including defining the required level of business case development and thought leadership Capita should bring to the ongoing transformation programme.</p> <p>The process to record all potential business cases should be re-introduced for the Partnership, and further potential business cases/projects for feasibility investigation should be identified and progressed, to help contribute to the Council's MTRP gap. To help achieve this, the Partnership should continue to hold "opportunity pipeline" meetings, which have been reintroduced recently.</p> <p>A plan should be produced jointly between Capita and the Council to govern the transformational activity that will be undertaken by the Partnership over the next year.</p> <p>Progress against this plan, and development and approval of future business cases, should be reviewed by the Partnership Executive and Strategic Partnership Board on a regular basis, to ensure that transformation is enabled by the Partnership.</p>	High	<p>SBC Partnership Manager/ Group Finance Manager - Corporate</p> <p>August 2009</p>	<p>It is important to set the context for this point: 6 significant business cases were signed off in the first two years of the partnership, growing the partnership by £30m and projecting to deliver an additional £3.5m savings over the life of the contract. In addition, the partnership has jointly developed the NWOW business case, with capita bringing significant thought leadership to some key areas.</p> <p>The next Strategic Partnership Board (22/9) will include an agenda item to discuss the Council's strategic direction and the impact of the projected Medium Term Resource Plan and the 'Opportunity Pipeline' meetings were re-started in Spring 2009, renamed as the Partnership Benefits Board, with a remit to ensure that business case opportunities identified, at both a strategic and tactical level, are progressed where real benefits are demonstrated to be deliverable. The Board is constituted as a sub group of Partnership Executive and will report high level progress to the Executive on a monthly basis. A joint 'pipeline' has been developed, reviewed, re-prioritised and opportunities are being explored to feasibility stage.</p> <p>In addition this Board is monitoring the implementation of approved business cases to ensure that benefits are being enabled and realised as agreed in the business case. At this meeting joint heads of service have been and will continue to attend to explain performance vs. target and action plans where performance is off target.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	17 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
6.2	Post implementation reviews of business cases should be periodically carried out. These should review whether non-financial benefits of business cases continue to be delivered throughout the life of the contract.	Medium	SBC Partnership Manager/ Group Finance Manager - Corporate August 2009	See 6.1 above.
7	Change Control Notices / Additional Work			
7.1	Change Controls with a financial impact and changes to original contract profiling of payments should specify milestones that must be reached before payment is released, so that amounts claimed in stage invoices can be verified to contract documentation.	Low	Senior Procurement Officer March 2010	Process to be developed.

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	18 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
7.2	<p>Change controls should always be signed by both the Council and Capita.</p> <p>A statement of officers that are authorised to sign off change controls should be produced.</p> <p>The document that is signed to approve the change control should also include the detailed specification of the change and cost implications (currently specified on the CF1).</p> <p>The possibility of submitting the change control documentation for key/strategic changes to Legal for review prior to approval should be considered.</p>		<p>Senior Procurement Officer</p> <p>October 2009</p> <p>January 2010</p>	<p>CCN process to be reviewed to consider audit recommendations. Electronic sign off of CCN's is already undertaken, manual sign off would be inefficient.</p> <p>Officers that are approved to sign off change controls are: Client leads, Head of Corporate Finance and Partnership Manager, Council representatives on the Partnership Executive.</p> <p>SBC to propose change to Capita to allow sign off of CCN to be incorporated within overall change document rather than as a separate document.</p> <p>All key/strategic changes are already submitted to Legal for review. Submissions so far include the Business Case CCN's for the transfer of the Print and Design and Learning and Development services.</p> <p>Internal Audit comment: Internal Audit accept that electronic sign off of change controls will be manageable. It is suggested that the possibility and requirements for this process are clarified with the Director of Law and Corporate Governance.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	19 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
8	Change Control Notices / Additional Work			
8.1	<p>A spreadsheet should be produced that calculates the expected amount of the Change Control invoice each month and the invoice should be compared to the spreadsheet to ensure the correct value is being claimed.</p> <p>The spreadsheet should be kept up to date for all new Change Controls approved with a financial impact.</p> <p>All invoices should be stamped with a certification grid and signed by a relevant officer(s).</p>	Medium	<p>Group Finance Manager – Corporate</p> <p>September 2009</p>	<p>A spreadsheet is in place that shows the annual contract value and the change controls that impact on the on-going annual service charge.</p> <p>Change controls for one-off items are checked with client officers or via the documentation in place before payment.</p> <p>There are too many codes to use the standard certification grid and therefore a spreadsheet version has been produced and is in place to allow the source codes to be charged the change control sums at source.</p> <p>All invoices are approved by staff authorised to sign them.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	20 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
8.2	<p>Capita should be contacted to determine if supplementary information can be provided to allow the Head of Design and Construction to monitor the status of projects being undertaken more effectively. If the information is not provided, this should be escalated to the service delivery board for resolution.</p> <p>The spreadsheet produced by Capita to support the amount of fees claimed should show the total fee agreed for each job, to confirm the percentage fee claimed calculation as correct.</p> <p>A secondary arithmetical check should be carried out on the submitted document by Central Finance, to ensure that the total fees claimed is correct, as the list of individual fees is several pages long.</p>	Medium	<p>Senior Procurement Officer</p> <p>December 2009</p> <p>Group Finance Manager – Corporate</p> <p>September 2009</p> <p>Group Finance Manager – Corporate</p> <p>September 2009</p>	<p>This could be incorporated into the development of the standard model for operational contract management set out in 3.1 above, as a bespoke monitoring item for Property Services. Model to be developed by 31/10/09 and fully implemented by 31/12/09</p> <p>This issue was resolved via a change control (C0071) earlier this year which changed the draw down amount and agreed a new spreadsheet format for the provision of data by Capita.</p> <p>The Senior Accounting Officer will perform a secondary arithmetic check from now on.</p>
8.3	<p>Virements arising from the Partnership should be actioned and updated in Central Finance budget spreadsheets for future years.</p> <p>Where costs have been coded by service areas to Capita holding account subjectives without budgets to support the charges;</p> <p>These codings should be investigated to determine if any of the costs relate to the contract and if there are any overspends relating to the contract that need to be resolved.</p>	Medium	<p>Group Finance Manager – Corporate</p> <p>September 2009</p>	<p>Agreed and reflected in an updated version of the spreadsheet referred to in 8.1</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	21 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
9	Risk Management arrangements			
9.1	<p>The Partnership risk register should be produced jointly with Capita. There should be joint identification of Partnership risks and an agreed allocation of risks and mitigation actions between partners.</p> <p>The register should be presented quarterly at service delivery board and Partnership Executive for regular review and updating. All key risks should be included on the registers and the Partnership register should link to joint service risk registers discussed in AP4.2.</p> <p>Mitigation action owners should be required to provide formal, documented updates on the status of mitigation actions to the Partnership Manager, to ensure that they are being operated effectively.</p> <p>The Council's Risk Manager should be engaged to help develop Partnership risk management arrangements.</p>	High	<p>SBC Partnership Manager</p> <p>November 2009</p> <p>December 2009</p>	<p>Joint risk registers are being developed for each service area and for the partnership as a whole, where they are not already in place.</p> <p>Capita will submit first draft risk registers to the Council by 31/8/09 for review. Joint registers will be agreed by 31/10/09.</p> <p>Key Programme Risks are now reported to the Partnership Executive on a monthly basis (from July 2009).</p> <p>Service risks identified at significant levels of impact will be escalated to the partnership Executive as needed.</p> <p>Noted. Given that all client leads are senior managers within the Council and responsible for identifying, managing, mitigation and monitoring their own service risks in addition to those identified within the partnership, they should be responsible for escalating significant risks to the partnership Manager rather than routine reporting.</p> <p>Noted. Council Risk Manager has already been engaged in the process to 'kick start' the development of joint service risk registers.</p>

MANAGEMENT RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

AUDIT	Capita Contract Management			DATE	08/09/2009
REPORT DATED	September 2009	REVIEWED BY	SBC Partnership Manager	PAGE	22 OF 22

NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
9	Risk Management arrangements			
9.2	<p>The Council's Risk Manager should be contacted to provide advice on developing a consistent model of producing risk registers at a service level, for transferred services, that is in line with partnership risk management best practice.</p> <p>It is recommended that joint service level risk registers should be produced in conjunction with Capita service leads and mitigation actions should be agreed and allocated between parties to manage identified risks.</p>	High	<p>SBC Partnership Manager</p> <p>November 2009</p>	<p>Noted. Council Risk Manager already consulted on approach to joint Partnership risk register and has reviewed the high level partnership risks which are included in the Business Transformation group Directorate Risk Register. Council Risk Manager to be further consulted on registers put in place by 31/10/09.</p> <p>In progress – see 9.1 above</p>

I certify that the above information is correct

Service Manager:

Date:

Internal Audit:

Date: