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Briefing

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To: Branch Chairs, Secretaries and Workplace Representatives
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Capita: Sustained poor performance must have consequences
It has been a revealing week in dealing with the Capita crisis. On Tuesday (7 July)) I spoke at our successful Westminster rally and lobby of Parliament, supported by the TUC, our retired members section PCS ARMs and pensions campaigners.

Capita executives were held to account in Parliament on Wednesday (8 July). They clearly failed to give satisfactory answers to MP's seeking to understand the crisis affecting so many members of the Civil Service Pension Scheme.

Capita grilled in Parliament on Pensions
On Wednesday (8) sustained questioning was directed at both the Cabinet Office and Capita in a joint session of the Public Accounts Committee (PAC) and the Public Administration and Constitutional Affairs (PACAC) Committee. Our PCS Parliamentary Group and Pensions Team provided briefings which underpinned the proceedings.

Capita Chief Executive Adolfo Hernandez had only a lame explanation to account for the crisis and their failure to meet a single delivery milestone. When he claimed the Civil Service Pension Scheme is particularly complex, MPs pointed out that this must have informed Capita's bid in the lengthy procurement and planning process.

Adolfo Hernandez also declined to make the commitment to increase resources without further considering the commercial consequences. This response clearly shocked the members of the committees. Capita's Richard Holroyd accepted that Capita is in default of their contractual obligations and acknowledged the serious reputational damage caused. During a period of sustained questioning Sir Geoffrey Clinton-Brown, PAC Chair, said that MPs were sceptical about the future of the contract.

MPs challenged a clearly uncomfortable Government Chief Commercial Officer, Andrew Forzani, to explain why the Synergy contract was awarded to Capita when they have a record of sustained poor performance. This contract involves managing payroll and HR services to more than 250.000 civil servants.

Cabinet Office response
On behalf of the Government, *Paymaster General Nick Thomas-Symonds reiterated that he would terminate the contract with Capita if he were in a position to do so*. He said the only reason preventing this immediately is the lack of an alternative which could be put in place straight away.

He indicated that the government no longer wants to be confronted with a choice between the same bidders with a track record of failure.

Remedial action
Monday’s government statement gives Capita until July 14 to re-submit their recovery plan. They will appoint a Remedial Advisor, from outside the organisation, as a consultant to work on their plan. The Cabinet Office has been instructed by Ministers to send in auditors to scrutinise every aspect of the Capita delivery model.

The expanded Surge Team deployment will continue at Capita’s expense. The Cabinet Office accepts that Capita’s response to the cases escalated by unions and MPs has been inadequate and they will intervene to change this.

However, in effect Capita is only being expected to fulfil contractual obligations by the end of August. They first promised to meet the required service level by the end of April, then by the end of June. Capita has failed to deliver 16 out of 21 Key Performance Indicators. Based on the fact that they have missed every deadline so far, Capita’s ability to finally unlock an acceptable level of performance must be in doubt.

The PCS campaign continues.
As thousands of our members remain without their pension, PCS will continue to demand pensions justice.

Capita’s apologies cut no ice. No amount of contrition makes up for the devastation they have caused to our members. PCS will continue to demand that the government ends this costly failed experiment and brings the administration back in-house.

The remedial plan and timetable announced this week only offers to manage the backlogs rather than to eliminate them. This is not a solution for members of the Scheme which I find acceptable. We will be closely monitoring the promised search for alternatives to result in the restoration of government capability to manage and deliver services directly. Only this will genuinely return the appropriate level of control to the Scheme Management.

We will use every lever available to achieve this, including in Parliament. We welcome the input of John McDonnell and our Parliamentary Group, whose expertise and determination has been invaluable in this campaign.

Pressure is building to in-source pension administration. Poor performance must have consequences - we will also press for the Synergy contract (that covers over 250,000 Civil Service staffs pay and conditions) not to be awarded to Capita, and again to be returned in-house.

We are still investigating the legal options open to members and to the union as a whole, a meeting with a leading Pensions barrister has been arranged, I will of course ensure all members affected by this chaos are advised on any and all available options. As well as individual claims, we do not rule out other such legal interventions that cannot be ignored.

Fran Heathcote PCS General Secretary