



## Sheffield City Council Strategic Partnership Transition Case Study

How Capita and Sheffield City Council worked in partnership to successfully transition ICT, Revenues & Benefits, Financial Business Transactions, HR and Payroll services within 7 weeks, including the TUPE transfer of 500 staff from 3 employers.

### Key Outcomes:

- Uninterrupted service
- Good TUPE staff morale
- Minimum user issues
- Sound platform for service improvement
- Early credibility with users/stakeholders
- Good relationships maintained with incumbent

*“In choosing Capita we selected a partner who has the experience and understanding of our service to ensure both a smooth transition of people and services but also to support the transformation of our services going forward. The transition has been a great success and has set the foundations for a strong partnership. It provides us with a great basis from which, together with Capita, we can create a step change in service improvements for both our citizens and our employees.”*

**Laraine Manley, Director of Corporate Resources, Sheffield City Council**

## Summary

In June 2007 Sheffield City Council, England's third largest Metropolitan Authority, started an 18 month procurement through the Competitive Dialogue process for a strategic partner to deliver the following services:

- ICT
- Revenues and Benefits
- HR and Payroll
- Financial Business Transactions
- Transformation Services

Service	Scope and Scale
ICT	Desktop: 7000 desktops and 1000 laptops Datacentre: server farm and mainframe Voice and Data: 5700 handsets and 300 sites Applications: 50 critical, 66 high and 373 medium/low priority Service Desk facilities including third party management Bulk Printing Services in excess of 2,000,000 pages per year
Revenues and Benefits	230,000 Council Tax accounts 16,000 NNDR Accounts 58,000 Benefits claimants 500,000 Cashier transactions per annum
Financial Business Transactions	Invoices Paid: 210,000 per annum Invoices Raised: 127,000 per annum
HR and Payroll	9,000 staff supported 360,000 payroll transactions per annum
Transformation Services	Initial business cases for Flexible Working and Front Office

Capita was appointed Preferred Bidder in November 2008, a contract was signed in December 2008 with a value in excess of £200m for 7 years with three optional extensions of 2 years.

Transition was successfully achieved within 7 weeks and included the TUPE transfer of over 500 staff from three employers with service commencing on 5<sup>th</sup> January 2009.

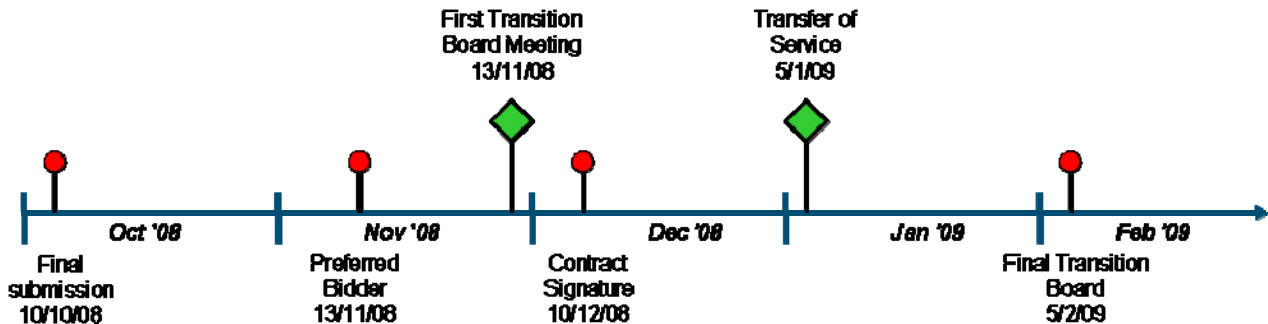
*"This was an excellent joint team effort at all levels including involving the incumbent, which whilst sensitive was critical for a smooth outcome."*

**Barry Mellor, Commercial Director, Sheffield City Council**

## Challenges

### Timescale

There was a short period of 7 weeks – including the Christmas and New Year holidays – between the first Transition Board meeting and Transfer Date. This is probably the shortest timescale achieved for a successful transfer of this scale, complexity and scope.



### Incumbent in competition

The current supplier was involved in the competition for the new contract up until the announcement of the preferred bidder. This meant that there were areas of the transition planning which could not be cleared until the final 7 weeks. In addition, the technical solution required a phased migration of ICT services from the incumbent's data centre in Sheffield. The final commercial negotiations to agree run-off services from the incumbent for a period of 6 months after the Transfer Date had to be completed within a short timescale. This added to the challenge of transferring services within a 7 week timescale.

#### Key Issues/Factors:

- *Difficult engagement with the incumbent in early transition planning*
- *Lack of access to operational staff*
- *Restrictions on due diligence in bid phase*
- *Short-period for final negotiations of complex run-off services*

### Technical separation

The incumbent had been delivering services using a technical infrastructure and accommodation that was used for other clients. It was necessary to separate the infrastructure for Sheffield from this shared service. This proved a complex planning and design activity for the incumbent with high impact on Capita's transfer plans. In addition, most of the final technical separation activity could only take place on the weekend before Transfer Date and at the same time as the incumbent was moving staff out of the shared service premises.

#### Key Issues/Factors:

- *Separation of shared services*
- *Compressed activity of final weekend*

## Scale and scope of TUPE

Capita's experience of transitioning over 20,000 staff has resulted in a standard approach and method for both straightforward and more complex transfers. TUPE was formally started with both final bidders in September to give sufficient time for this critical path activity and enable Capita to start building relationships with staff and the trade unions. Once the preferred bidder was announced there was a short period of time to complete the process. A staff communication plan was agreed with the existing employers and executed through various channels: staff bulletins and briefings, email and face-to-face interviews. It was completed successfully with staff and their representatives effectively consulted.

*Key Issues/Factors:*

- *Three employers of transferring staff*
- *520 staff*
- *5 main types of employment contract*
- *Primary and secondary TUPE*
- *Consultation had to start ahead of the preferred supplier announcement*

## Accommodation moves

Over a hundred staff were relocated in two stages, half on or before Transfer Date and half a month later. Because of the limited time to negotiate transfer of accommodation a late decision had to be made two weeks before the Transfer Date to relocate 50 staff when it was found that the lease arrangements proposed by one of the incumbent's sub-contractors was unacceptable to Capita. This led to a late change in plans to include moving the ICT Service Desk on the weekend before the Transfer Date and involved the transfer of ICT systems and telephony as well as people. This did have the unexpected benefit of bringing together all staff as a 'single team' for the first time.

Over the first weekend, email and network connectivity from the desktop was set up for all transferring staff who were then able to continue operations on the Transfer Date with no interruption to service.

*Key Issues/Factors:*

- *70 ICT staff from outside the City Centre*
- *50 HR staff from the Town Hall (after Transfer Date)*
- *40 internal moves*

## Key success factors

### Effective Teams

Both Capita and the Council fielded strong, knowledgeable teams with a clear goal to achieve. The teams on both sides had been involved in the procurement process and understood both the contract and the key deliverables.

The two organisations “faced off” at all levels, including Senior Director and Senior Management, and the workstreams that had been established during the procurement were carried through into transition:

- ICT
- HR & Payroll
- Revenues and Benefits
- Financial Business Transactions
- Employment/TUPE

### Effective governance

The Workstream Teams were backed up by an effective governance model, which included:

- Transition Board
- Tri-partite meetings with the prime incumbent
- Detailed acceptance criteria
- Controlled handover to operational management

At the start, a Transition Board was established. It was restricted to a few key members from Sheffield City Council and Capita. The role of the Board was to:

- Operate as the decision-making body for Workstream escalations
- Enforce the Transition Plan and Approach
- Monitor progress of the Transition Plan ensuring that necessary resources were in place, milestones were achieved and that any issues or conflicts quickly resolved;
- Ensure that the Transition Plan was appropriately communicated to all stakeholders

Joint workstream level transition meetings ensured open partnership working and “no surprises” from the outset. This allowed detailed activity to be carried out at Workstream level and exceptions to be managed by the Board with minimised escalation. The teams also provided the benefits of continuity since they were led by staff from both sides who had been involved earlier in the procurement.

An Overarching Workstream was established specifically for transition, handling the following activities:

- Governance
- Commercial - Contract Set up
- Accommodation
- Communications
- Business Continuity

The Overarching Workstream allowed specialists in these areas to co-ordinate activities across the other Workstreams.

The Governance activities introduced Capita's Partnership Director, allowing him to ensure the management team understood the Council's values and the aim of the strategic partnership early in transition in association with counterparts within Sheffield City Council.

In parallel with the governance meetings between the City Council and Capita, there were tri-partite meetings with the incumbent. These resolved any issues involving the incumbent and their subcontractor, in particular those related to run-off services, asset transfer, technical separation and TUPE.

Detailed acceptance criteria were developed by each Workstream alongside the project plans and reports. Products were then signed-off against these criteria and a "Go live" check list of critical products was created. Focus was maintained on ensuring these essential elements were in place together with no "red" risks or issues immediately prior to the Transfer Date.

The transition period was restricted to end one month after the Transfer Date. There were activities that started in transition that were planned for completion beyond the end of the transition period. There was a formal handover to operational management through the production of a control log showing all the products to be delivered after the end of transition together with an operational risks and issues register.

## Focus and scope

The new contract included significant investment and change in services to improve performance and reduce ongoing running costs. Some of these Service Improvement Projects, especially in ICT, had to be initiated during the transition. However, this activity was kept to a minimum and restricted to planning and design rather than delivery. In this way, the scope of transition was restricted to those activities necessary to transfer an "as-is" to "as-is" service with changes kept to a minimum.

## Planning

The approach and plans for transition were developed throughout the procurement. Transition was seen as a key element of the bid and was supported by Due Diligence. Capita submitted transition reports and project plans that had been developed in consultation with the Council during the period leading up to Final Submission. These were then used to initiate transition after Preferred Bidder.

## Methodology

A structured approach to planning and management was used, based upon PRINCE2. This was supported by a Joint Programme Management Office that produced standard document templates and provided general support to team members. A Joint *Sharepoint* Portal was established at the beginning of transition to hold transition documents and promote best practice.

### Key aspects:

- *Structured approach (PRINCE2)*
- *Joint Programme Management Office (PMO)*
- *Joint PMO Portal*

### Key Documents:

- *Transition Method Statement*
- *Transition Reports*
- *Initial Project Plan*
- *Final Project Plan*
- *Transition Board TOR*
- *RAID log*
- *Status Report*
- *Go-live checklist*
- *Close down report/handover control log*

## Best practice

A joint Risks and Issues Log was managed at Workstream and Transition Board level, with emphasis being placed upon removing all risks and issues with a *RAG* status of red before the Transfer Date. This, together with a “*Go Live*” checklist of essential products needed for the transfer, was reviewed by the Transition Board on the Friday before the Transfer Date and gave the Board confidence that there would be a successful Transition over the final weekend.

*Key aspects:*

- *Risk and Issue Management*
- *Status Reporting*
- *“Go Live” Checklist*
- *Management by exception*

## Communication

All parties recognised the need for effective communication and a plan was developed and led by specialist Communications Officers from Capita and Sheffield City Council. Bearing in mind the short timescale, the development of a partnership “brand” was postponed until after transition. Messages focussed on those that were essential for a successful transfer and delivered using the most effective channels for the target audience.

*Key aspects:*

- *Joint communications planning*
- *Simple and effective*
- *Multiple channel (e-mail, intranet, staff letters, face-to-face)*



Members of the Joint Transition Team

## Issues resolved

There were over 40 programme level issues registered and effectively managed. The following are the high impact issues.

### Separation of shared technical infrastructure

There were no plans from the incumbent for the separation of technical infrastructure that was shared by the incumbent between clients. A joint team was established and a commercial arrangement was agreed as a contingency to allow Sheffield services to be delivered using the existing infrastructure should the separation have failed. Separation activity was successfully carried out over the final weekend with no impact on the transfer of services.

### Run-off services

Because of the short transition period it was not possible to migrate services immediately from the incumbents data centre in Sheffield. Consequently, a complex agreement was negotiated to provide these services over a 6-month period whilst they were migrated to a Capita data centre. The agreement was completed and signed before Transfer Date.

### Asset Transfer - Furniture

A commercial issue arose over the transfer of furniture from the incumbent. This was escalated and dealt with through the tri-partite meeting and there was no impact on the transition.

### Accommodation

The commercial arrangements proved unacceptable for taking over office accommodation for 50 staff on the outskirts of Sheffield from the incumbent's largest sub-contractor. This resulted in a change in plans to relocate these staff. Since this included provision of the ICT Service Desk there was additional and unexpected technical work to be planned and completed within a very short period of time (two weeks) and a risk to the delivery of services on day one. Staff were successfully relocated to the main operational building in Sheffield together with all necessary infrastructure by Transfer Date. There was no impact on service.

## Lessons Learnt

### 1. It can be done in a short timescale

Despite the fact that the short timescale appeared challenging, it did in fact provide some benefits over a longer timescale. These included:

- Narrowing of scope to essential transfer activities thus reducing risks
- Focus on effective governance and quick decision making
- Reduced period of uncertainty for staff and users
- The Christmas period was seen as a problem as many staff would not be available. In fact, it proved an advantage as the use of ICT systems was less demanding than in peak periods

### 2. Continuity of teams between procurement, due diligence and transition

This made for effective delivery, permitted the management-by-exception approach and in particular ensured:

- the clarity of focus on those areas of identified weakness or risk
- 'realistic and achievable' planning and execution as those doing the planning were also doing the delivery
- in-situ staff and management with relationships built between Capita and the Council

### 3. Comprehensive and up-to-date exit arrangements from contracts reduce cost and risk

It was recognised early on by the City Council that the Exit arrangements and plans within the existing contract with the incumbent were inadequate. Although this did pose difficulties, all sides, including the incumbent, worked together successfully to overcome them. However, the overall impact was to increase the cost and risk of the transition through the following:

- Separating shared service infrastructure
- Arranging run-off services required to allow time for full technical migration
- Additional user testing
- Extended commercial management of novation of agreements

### 4. Accommodation negotiations can take longer than forecast

With the restricted time available, there was insufficient time to carry out commercial due diligence on options for maintaining existing accommodation for some of the staff who occupied a separate building on the outskirts of the City. Because of this it was discovered late on in transition that the terms for taking over the office space were unacceptable. This placed additional risk on transfer that was effectively managed by moving the staff into other available accommodation. However, this risk could have been avoided with an earlier focus on this activity.

"Capita's vast experience in transitioning work and staff enabled us to carry out the transition of both people and services without any impact to service levels. Staff morale in the new business is high and we are looking forward to working with the Council to improve services and support their transformation agenda."

**Terry Boynes, Partnership Director, Capita**