

TRANSITION

SERVICE DELIVERY METHOD STATEMENT

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1 TRANSITION

1.1 INTRODUCTION

The change activities that Capita are proposing to implement under this Agreement will be divided into two separate groups: Transition and Transformation.

We have accordingly created two separate Method Statements, and this document relates solely to the period of Transition. For activities relating to Transformation please refer to the Capita NSCSO Transformation Method Statement.

Transition, within the context of the LBB NSCSO, means the assumption of responsibility for all in scope London Borough of Barnet Services by Capita. Preparation for Transition will start on, or shortly after, Preferred Bidder is announced, and will then continue for approximately 9 months after Service Transfer Date (STD) and last until each service enters the 'Transformation' phase (see below). For each workstream, however, the precise duration of Transition will vary.

Transformation, by contrast, means the series of activities that will result in those services which no longer need to be based in Barnet being provided in line with our new Service Delivery Model, from new locations, principally Capita Centres of Excellence across the UK, supported by up-to-date technology that is tried and tested.

Further details of the Transformation phase are set out in the Capita NSCSO Transformation Method Statement, which provides details on joint programme governance, roles, controls and reporting.

Co-ordination between Transition and Transformation

We will ensure that there is close liaison and good channels of communication between the Transition and Transformation Programmes, to create consistency of approach between the two sets of Programmes.

Our transition plan expects initial activity to take place from Preferred Bidder announcement. This includes planning for all the formal TUPE communications which will commence in the first week of January 2013, in order to achieve a 90-day consultation period. We believe in the spirit of TUPE as much as in the application of the legislation. We feel that in the context of the number of staff in scope, the level of consultation, communication and agreement to be reached with them and their union representatives on pensions and benefits, as well as the transferring terms and conditions of employment, a period of three months is both fair and practical. Though the first month of this phase will largely be a period for mobilising our transition team, we will need Barnet to be involved, in particular in planning the meetings and associated communications between our Internal HR team and the Transferring Staff to take place in January 2013.

Further details are set out in Section 4 - People, below.

1.2 TRANSITION GOVERNANCE AND PROGRESS REPORTING

The Transition Manager will report into the Partnership Transformation Board and keep them up to date on progress of the Transition programme. The reporting will be

through Verto, a central collaboration tool accessible to all workstreams, transition project managers and key stakeholders, which we will implement at the start of the Transition Project during the Project Initiation stage. This tool will be utilised through Transition and Transformation and will be used for sharing information on all relevant aspects of the Programme.

Capita's reporting plan will include a weekly Workstream Report that will be submitted by workstream leads to report exceptions to the plan and any change to key risks or issues. By limiting reporting to exceptions, the workstream leads can devote more time to actually delivering the activities that are scheduled rather than expending energy creating additional documentation to support scheduled activities that have been completed as planned.

The main progress reporting mechanism for the Programme will be the Highlight Report, which will be produced fortnightly and used to report progress to the Partnership Transformation Board. It contains:

- A dashboard style progress report (using RAG indicators) which will highlight areas of concern
- Progress against key milestones and key achievements and progress since last report
- Exceptions from the plan and updates to key risks and issues with proposed mitigating actions
- Key events due within the next period
- Major exceptions, new issues and change requests will be the subject of a separate report accompanying the highlight report
- Key risks and those with limited mitigation.

As the Transition Programme progresses and testing activity commences, we will enter a Readiness Assessment phase. During the period leading up to STD, we will provide Readiness Assessment Tracker Reports to evidence that acceptance (success) criteria are being met in preparation for signing off key transition events associated with taking on the services at STD. We expect that the Partnership Transformation Board will meet monthly but may meet more frequently at points of major transition or change, such as the commencement of the Service (STD). The exact dates of the meetings will be decided during project initiation at the start of Transition.

Outside of Partnership Transformation Board meetings, there may be a need for immediate, critical communication. A dedicated conference call facility will be permanently available for the required participants to use in these circumstances. Any such communication will be swiftly followed up with a detailed Exception Report to the Partnership Transformation Board clearly identifying the issues raised and proposed actions for rectification.

1.3 KEY TRANSITION EVENTS AND PROGRESS MILESTONES

In order to effect a transition to Capita as rapidly as possible, while still maintaining customer service levels and motivation of staff, we will divide the Transition phase

into a number of well-planned and controlled workstreams in order to minimise risk and deliver benefits as quickly as possible, while still maintaining one single integrated plan.

Transition will formally start in January 2013. For each workstream, the Transition programme is likely to have a differing time span, since the time required to fully prepare the service for its interim operating model will differ according to the individual circumstances for each service.

In general, however, Transition is not expected to last beyond the end of the first nine months following Service Transfer Date. Preparatory work for Transformation will, in many cases, start from STD, and will run in parallel to the Transition activities, all ultimately under the direction of Capita's overarching Transformation Director.

We propose to adopt the following approach to Transition for the NSCSO:



Figure 1 - Approach to Transition

KEY PROGRAMME EVENTS	DATE
Preferred Bidder announcement	Dec 13 2012
End of Alcatel period	Dec 28 2012
Start of formal programme mobilisation	Jan 2 2013
Start of staff consultation/ TUPE period	Jan 9 2013
Baseline Transition Programme Plan and PDD	25 Jan 2013
Sign-off Transition Communications Plan	31 Jan 2013
Complete baseline of current operation (where baseline data available)	15 Mar 2013
WAN connections between Capita and Barnet operational	19 Mar 2013

KEY PROGRAMME EVENTS	DATE
Readiness Assessment complete ('Go/ No-Go' decision)	25 Mar 2013
End of Staff TUPE consultation period	4 Apr 2013
Service Transfer Date	5 Apr 2013
Commence implementation of 'Quick Wins'	2 May 2013
First month's service performance report	Mid May 2013
Complete stabilisation of services to 'steady state' ahead of transformation	Dec 2013
End of Transition	31 Dec 2013

A detailed plan can be found in Appendix 1 of this Method Statement.

1.3.1 PHASE 1 - TRANSITION MOBILISATION

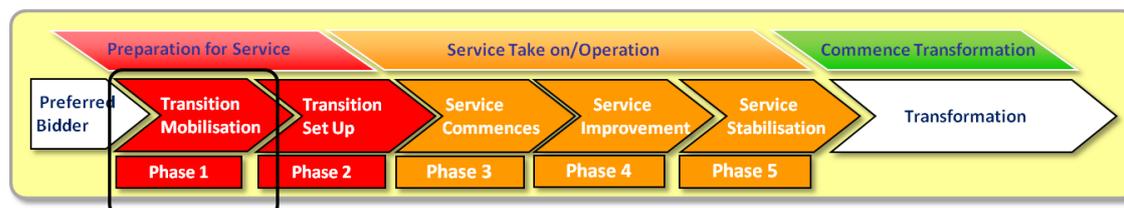


Figure 2 - Phase 1 of Transition

Proposed Programme and Organisation Structure

Our Transition Team will be led by a Transition Manager who will report into Capita's Transformation Director. Our proposed structure for the transition team includes:

- **Transition Manager** – to co-ordinate the overall achievement of the individual workstreams objectives, on time and to the quality required
- **Workstream Leads and Change Managers** – to manage and co-ordinate the transition to Capita of specific workstreams and to be responsible for maintaining service levels to the customers. There will be a workstream lead for each of the services in scope, as well as for the following common transition tasks:
 - **Communications** – to identify all stakeholder communications, create and implement a programme Communications Strategy and Plan, and agree communications protocols
 - **Internal HR** – to handle the TUPE transfer of staff, covering Terms and Conditions, pensions transfer and other benefits

- **IT** - to handle the set up, network links and infrastructure changes required as part of the Transition programme
- **Contract Management and Governance** – to establish the governance model and contract management both pre and post contract signing
- **Third party contracts** – to novate, assign or arrange Right to Use of the relevant third party contracts, leases, agreements and licenses
- **Programme Management Office (PMO)** – to co-ordinate the reporting of progress of the overall Transition Programme against Plan; to record and monitor Programme Risks, Mitigations, Issues, Assumptions and Dependencies; to provide support services to the Transition team and to co-ordinate routine housekeeping of Programme activities, including document filing, maintaining meeting schedules and monitoring achievement of the Actions agreed. The PMO will also share the responsibility with the Programme Manager for ensuring consistency and programme quality.

Programme Definition Document

Within one month of the Agreement Date, and prior to the Service Transfer Date, the Capita Transition Manager will create a Programme Definition Document (PDD) that will set out the Objectives for each workstream, together with the Critical Success Factors (CSFs) against which the progress of the Transition will be assessed.

The PDD will also set out the Terms of Reference for the governance structures for the Programme and will be signed off by the Partnership Transformation Board.

1.3.2 PHASE 2 - TRANSITION SET UP



Figure 3 - Phase 2 of Transition

Baseline

The process for establishing and managing baseline performance data against which KPIs and PIs will be measured is described in Schedule 4. For transferring services where baselining data has been provided, we will undertake an exercise to prove this, in the period immediately following STD. For those services where no relevant data is available, we will establish a baseline. Where the actual baselined position is below the expected level we will agree a plan and timeline with the Council to improve the services to the baseline level. Baselining the current operation will take place during this phase so that level reporting and management can operate effectively from as close to Service Transfer Date as possible, in line with Pricing Mechanism Schedule 4, Part 1. The format and management reporting processes and reporting tools will also be in place so that our delivery managers can account for operational performance to LBB as part of the performance management regime.

Where baseline data is not available, we will establish the baseline after Service Commencement, as outlined in Pricing Mechanism Schedule 4 Section 3.3. In all cases, whether baseline data is available or not, we will agree critical performance levels that will be maintained throughout the transition period.

Capita NSCSO senior management

During the Transition Set up phase, we will confirm the appointment of the Capita NSCSO senior executive team, and who, through the Transition Manager, will be responsible for successful Transition of each Workstream. Schedule 21 describes the key personnel whose appointment will be confirmed through a joint selection process by STD, (with final approval resting with the Council's Chief Executive) i.e.

- Partnership Director
- Operations and Commercial Director
- Transformation Director
- Finance Manager.

TUPE Consultation

We will plan the TUPE consultation process from Preferred Bidder which will take the form of a Work Mobilisation Plan. We will seek to engage with the Council as soon as is practical to agree it, and make plans for its implementation starting in early January 2013. Our complete process for managing the consultation is described in Section 3, and the Work Mobilisation Plan itself in Section 3.1.

Internal Communications

Capita prides itself on the high level of communication which it always adopts during similar transition periods. These include:

- **Staff “drop-in” sessions**, which enable any member of staff In Scope to raise questions and queries on any matter relating to the TUPE transfer
- **Team Manager sessions**, where we provide training in Capita’s policies and procedures for all Team Leaders and Managers. This training will equip them to cascade the training to and answer queries from their own staff, in addition to learning the skills for themselves. These training sessions are scheduled to take place in the weeks prior to STD and will continue for three months after STD in order to provide a comprehensive introduction for managers, and to give the necessary degree of confidence in Capita internal processes. We will agree plans with the Council for the release of relevant staff to undertake these training sessions prior to STD.

Stakeholder engagement

We will place emphasis on high levels of engagement with key stakeholders and ensuring that there is regular, clear and consistent communication throughout the period, given the uncertainties that will exist on the part of many LBB staff during this period.

1.3.3 PHASE 3 - SERVICE COMMENCES (STD 5TH APRIL 2013)

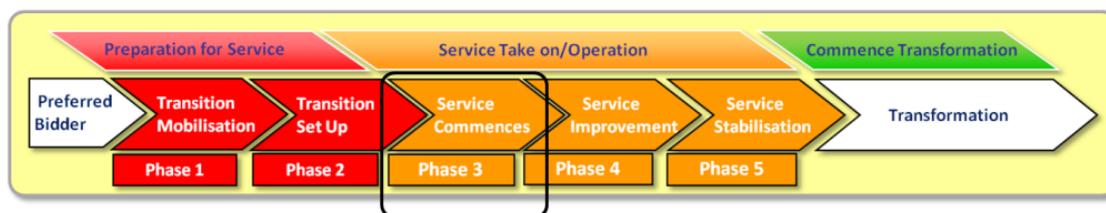


Figure 4 - Phase 3 of Transition

Since it is important that risks are properly allocated and managed, we propose that all core services transfer to Capita on the same date (STD) so that there is a clear and defined transfer date of responsibility for service delivery and for risk.

Once services have been transferred there will be a brief period of stabilisation and, by exception, final baselining. A new management model will be introduced supported by tools, techniques and training. This new management model will be aligned to the strategic and operational governance arrangements for the Partnership.

Staff transferring under TUPE

As mentioned earlier, the detailed process for managing the TUPE consultation and transfer process is described in Section 3. Post STD we will:

- Conduct a full and comprehensive induction into Capita for all staff transferring under TUPE. Within the first week following Service Commencement, we expect to have conducted the full Capita Induction to all TUPE transferred staff, by cascading the training through the line management team (whom we will train in the period immediately prior to the STD). For those who are absent during this period we will ensure they receive the training as soon as is practical on their return to work
- Conduct a skills analysis of all transferred staff, analyzing where gaps exist, compiling Training Needs Analyses, designing “Train the Trainer” materials and then scheduling delivery of that training
- Roll out Capita’s Performance Appraisal process to all managers and staff, so that each member of staff has agreed clear objectives that are consistent with the overall NSCSO business plan
- Introduce capacity planning to all relevant teams so that there is a transparent and fair method of allocating work to each member of staff, in line with their level of skill and experience
- Undertake an in-depth Knowledge Acquisition from the transferred staff, creating a comprehensive Knowledge Management capability. Further details of the Capita approach to Knowledge Transfer are set out in section 1.4.3 below.

1.3.4 PHASE 4 - SERVICE IMPROVEMENT



Figure 5 - Phase 4 of Transition

There will be some early service improvements undertaken shortly after STD. These will include:

- Introducing formal Capita management style, including professional performance management and capacity planning
- Completing a current situation assessment, including baselining the operation 'As Is', and understanding where there are inefficiencies in the delivery of service to the customer
- Identifying quick wins and creating an implementation plan to introduce, including comprehensive communications with all relevant stakeholders. These may include Quick wins identified by the transferred staff which need negligible/no investment; minor reorganisation of work flow at team levels to streamline the service to the customer; and other minor ad hoc improvements by the team
- Relocate services, where necessary, from their pre-STD location to a Transition location, in preparation for the final move to the planned location for the service under the Transformation Programme.

All early service improvements will be approved and subsequently monitored at Transition Programme Level, to ensure that:

- There is co-ordination of effort with no unintended disruption of service to the customer
- In particular, account is taken of the run up to the Council's year end to minimise any disruption to the critical operations during the period, e.g. annual billing for Revenues and Benefits, the annual closedown of financial accounts
- The improvements do indeed deliver the benefits envisaged.

1.3.5 PHASE 5 - SERVICE STABILISATION



Figure 6 - Phase 5 of Transition

As quickly as is possible, we aim to stabilise the operation. This ensures that:

- The risk to the level of customer service is low, despite the change in the organisation delivering the services
- Staff themselves do not suffer too greatly from 'change fatigue', with the consequent impact on morale, sickness and attrition levels
- The operation is in a steady state once more in preparation for the major changes involved in Transformation. 'Steady state' will be defined in conjunction with operational managers but will include:
 - Demonstrable achievement of service levels via Monthly Service performance reports and adherence to SLAs
 - Organisational stability
 - Achievement of relevant commitments.

1.4 TRANSITION KEY ACTIVITIES

1.4.1 DEALING WITH WORK IN PROGRESS FOR EACH SERVICE

From the outset, and as part of our baseline gathering activity, we will collect information to ascertain the work in progress currently outstanding in each relevant service area. We will assess and record:

- Volumes and nature of work
- Target completion dates or any committed completion dates, in particular for work scheduled to complete post STD
- Priority of tasks outstanding with reference to items flagged as urgent
- Partially completed work with indicator of status
- Any SLA expectations
- Data protection implications.

We will then work to ensure fulfilment of outstanding work in line with current business practices and processes and ensure there is no interruption in the service.

We do not anticipate introducing major changes while Work in Progress is completed, so that customer satisfaction is maintained.

1.4.2 WORKING JOINTLY WITH THE COUNCIL

In addition to our proposed Partnership structure and Governance arrangements, we have created a Transition Team whose success will be underpinned through close collaborative working with the Council. Key features of our joint working arrangements are:

- Proportionate use of Governance arrangements and use of programme controls
- Handle conflicts fairly and professionally in the best interests of the programme
- Attendance at all relevant joint meetings
- Clear and open channels of communication
- Jointly agreed communications activity
- Clear agreement on the use of resources from the Council
- Commitment on both sides to the achievement of desired outcomes
- Open arrangements to encourage the generation of ideas and the stimulation of innovation
- Clear points of escalation for issues and problems with visible cascade of solutions.

The Resource column in the Transition Programme Plan attached at Appendix 1 identifies in more detail the specific activities requiring Council involvement.

1.4.3 KNOWLEDGE TRANSFER FROM LBB STAFF

During transition, we will maintain both Formal and Tacit Knowledge:

Formal Knowledge covers all relevant written and electronic procedures, guides and databases relating to the in scope Services.

Tacit Knowledge includes information known by members of staff and retained in their heads. Whilst this is manageable during normal business, its weakness can be quickly exposed when individuals are lost to the business. We therefore place high importance on the capture of tacit knowledge, especially prior to significant change taking place in a business.

Knowledge Transfer steps before Service Transfer Date

Before Service Transfer Date, knowledge transfer will be achieved by following a set of transfer steps, whilst remaining flexible to the needs or constraints of the current operation. These are:

- Obtain relevant operational documentation and desk instructions

- Review documentation against best practice and existing operational experience to identify possible gaps or unexpected areas of the process
- Arrange shadowing periods to observe key staff under 'normal' operational circumstances (ideally sufficient scope to cover all key elements of the process being observed). These shadowing periods would involve as little interruption as possible to service delivery
- Draw up requests for information in areas requiring clarification and provide these to LBB for responses, either directly or through incumbent providers
- Review responses and identify areas for discussion with key staff
- Establish times and dates for key staff workshops or one to one meetings
- Conduct workshops or one to one meetings at times suitable to operational delivery
- Where necessary (and if appropriate) provide resource to backfill roles
- Manage risks around lost knowledge or retention of this knowledge.

Knowledge Transfer steps after Service Transfer Date

After STD, we intend to adopt the following approach:

- Perform a discovery exercise to identify formal knowledge and capturing data electronically in a document repository before Service Commencement
- Identify gaps in formal knowledge and filling these gaps before and after Service Commencement
- Engage with staff as early as possible during transition to identify tacit knowledge and ensure this is captured and retained
- Implement knowledge management with supporting tools to record and maintain both formal and tacit knowledge about the Council
- Turn knowledge into ongoing, useful Business Intelligence.

The table below summarises the approach we will take dependent on whether the Knowledge is Tacit or Formal.

	TACIT	FORMAL
Driven by	Trained Managers	Procedure & Training Specialists
Approach	<ul style="list-style-type: none"> ▪ Agree process ▪ Desk research ▪ Visit preparation 	<ul style="list-style-type: none"> ▪ Policy ▪ Procedures ▪ Process maps

	TACIT	FORMAL
	<ul style="list-style-type: none"> ▪ Visit ▪ Visit review ▪ Document ▪ Share data ▪ Formalise where possible. 	<ul style="list-style-type: none"> ▪ Knowledge base ▪ FAQs ▪ Intranet ▪ Job Templates ▪ Job Descriptions.

1.4.4 COLLECTING AND STORING KNOWLEDGE

The PMO will establish a repository of documents gathered during the data discovery exercise that takes place through the Transition period prior to STD. These documents will be formally managed under version control and kept for the life of the contract. They will form part of the document set handed on as part of any future Exit Plan.

1.4.5 MEASURES TO ENSURE CONTINUITY OF KEY PERSONNEL

We recognise the risk posed by loss of tacit knowledge held by existing staff. Our PeopleCare approach to transferring staff has a high success rate in retaining key staff. Through active and early engagement we will provide reassurance to staff and identify the key staff important to the future success of the service. See section 3.3.5 (Staff Retention and preparing for Transformation) for more detail on how we plan to retain key staff.

We also recognise the importance of ensuring continuity of key personnel and we also acknowledge these may include temporary staff (though we appreciate that they are out of scope for the TUPE transfer). As part of our analysis of potential headcount reductions we have also considered a number of ways to mitigate staff reductions. For the purposes of transition, we will conduct a 'Staff Skills Assessment' which can be used to help identify key personnel and ensure the skills fit the roles within the new Service Delivery Model.

We are particularly focused on certain specialist skills, for example in HR-related functions, and will develop separate plans to retain staff if we are in danger of losing critical personnel who will have a adverse impact on the delivery of the programme outcomes.

See section 1.8.1 for more detail on our approach to managing the risk of losing key skills.

1.5 TRANSITION LOCALITIES

1.5.1 SERVICE RELOCATIONS IN TRANSITION

There will be workstreams where the location from which the service will be delivered will change before the relevant transformation phase commences i.e.:

- HR Helpdesk will move into the existing Customer Services Centre in Barnet within the first 6 months following Service Transfer Date. This will be prior to its

second move into the new Customer Services centre, (which is part of Transformation), once that is operational

- Information Systems will relocate the Service Desk and some support functions to existing Capita offices in Chippenham within 7 months of Service Transfer Date.

We aim, however, to keep such double moves to the minimum, in order to maintain consistent levels of customer service as well as avoiding unnecessary inconvenience to staff.

1.6 STAKEHOLDER MANAGEMENT

We have a wealth of experience to draw upon in the field of Stakeholder Management, including across similar programmes of varying size, scale and complexity. We work hard to ensure high levels of engagement from the outset of any programme.

We will implement a Stakeholder Management Plan which will:

- Identify all stakeholders who are interested parties from either internal or external organisations - this is already underway following our engagement activity so far
- Create a stakeholder map to show relationships and interfaces
- Carry out a stakeholder analysis which recognises the various needs and wants of each stakeholder
- Update the stakeholder matrix to show levels of influence, impact and accountability for elements of the programme
- Capture current levels of engagement along with desired levels
- Map techniques to optimise or maintain engagement levels
- Set up appropriate forums for engagement which are scheduled in advance
- Determine methods and frequency of communications.

We would not typically expect all stakeholders to deal with programme risks or issues, shape requirements or determine solutions. Moreover, we will interpret internal and external environments and develop an understanding of how we can influence stakeholders and manage their expectations and help to set objectives. We can import stakeholders' views for consideration within the formal governance arrangements.

1.7 COMMUNICATION

We are working on the premise that all members of staff are stakeholders in the new solution and will carry out engagement activity at all stages. We are demonstrating our commitment through the inclusion of a Stakeholder Engagement role as part of the Transition Team. This will continue and build upon the work undertaken within Mobilisation and include:

- Creation of a jointly agreed Communications Strategy and Plan

- Jointly delivered Communications activity
- Implementation of various communication channels to encourage self-service
- Timely and relevant information cascaded
- Users actively involved in the design, testing and implementation of new solutions.

We will also maintain a Stakeholder Matrix to ensure the right communication is reaching the right people at the right time. This will also enable us to understand whether there are individuals, or groups, who require additional engagement activity to keep them on board.

1.8 TRANSITION RISK MANAGEMENT

Here we have described how Transition risks will be identified, mitigated and managed. Our broader approach to risk management for the Partnership is described in Section 4.

We will hold a Joint Risk Workshop during the mobilisation period to validate the major risks identified below and also identify any new risks. The risks and actions output from the workshop will be used to develop the detailed Transition Risk Log, which will be used as the basis for the risk identification, impact and mitigation throughout the transition period.

Aligned to the Council's risk strategy, the process will identify, control and mitigate any problems that may damage the service or the Transition programme. It will:

- Identify risks and monitoring issues
- Assess impact and probability
- Record new risks/issues
- Assign ownership
- Develop appropriate responses
- Implement appropriate actions
- Manage residual risk
- Monitor and report on updates on logs on weekly basis.

The PMO will be responsible for managing the Transition Risk and Issue Log. The Transition Manager will review logs weekly and, as a minimum monthly with the Partnership Transformation Board.

1.8.1 MAJOR RISKS AND THEIR MITIGATION

Below we have outlined the most significant transition risks and planned mitigations. These risks have been analysed and will be considered as part of the Joint Risk Workshop which features in our Transition Plan.

Staff Demotivation

We have found from experience of such transfers that providing relevant information as employees require it, and engaging and listening to staff concerns promotes mutual trust and open dialogue. Engaging in this way through transition, and throughout their working life in Capita, cultivates an understanding and acceptance of

our business, culture and values, ensuring staff feel included and integrated with their new employer.

Under our proposals for the NSCSO, we acknowledge that the likelihood of significant job losses amongst the current staff runs the risk of staff demotivation and a marked reduction in co-operation with Capita as we create the new operation, where we will require close levels of knowledge transfer. Whilst many roles will no longer be required within Barnet we will use a range of approaches to supporting affected staff. These approaches will include the opportunity to relocate or access the wide range of job vacancies available across Capita with our other clients; and in particular other local government work within the Greater London area where there may be a close fit with their existing skills and experience working for LBB. Additionally, our experience in similar workforce transitions is that the majority of staff will want to continue to deliver a high level of work quality, even though their job has been formally placed At Risk. Our approach to supporting people is more fully outlined in section 3.2.8 below.

Our transition team will include staff experienced in managing staff transfer and we will bring existing Capita staff on-site during transition to coach and mentor transferring staff.

Also, in order to provide continuity of knowledge from the bid process into Transition, members of the Capita core bid team will be available to support the Partnership management team as needed.

We recognise that it is vital to ensure that we invest in training and staff development at an early stage and we therefore view the development of staff as a fundamental part of this transfer. We will assess and plan training before Service Commencement so that staff are aware of the support and development that they will be given and so that training activities support delivery after Service Transfer Date with no impact on service levels.

Loss of key skills

It is often the case that roles and skills are not fully documented to reflect the actual way in which Services are delivered. There is, therefore, the danger that key skills may be overlooked and key staff may not be included in the transfer.

In our transition plan, we have a structured engagement with staff that includes an assessment of their current role and a support plan for them during transition. As well as involving and supporting good morale, this activity will highlight any missing skills or risks of losing key skills that need to be mitigated. Missing skills will be augmented by agreeing appropriate changes to the TUPE list in order to add these skills to the transferring workforce from Capita. Risks from losing key skills will be mitigated by identifying Capita staff who can step in to these roles at short notice and implementing a succession plan for key staff. This succession planning will be carried out before Take-on and will inform the development plan for transferring staff.

Failures in the introduction of Early Service Improvements

Before Service Transfer Date we will review in-flight projects. Unless there are overriding operational reasons, we will not initiate change in service other than those required to embed new operational management until a period of at least one month

after Service Transfer Date. When we then implement improvement projects, we will use our risk management approach to identify significant risks from change and mitigate them appropriately.

This will include adequate testing of all changes before roll-out and the ability to fall-back to previous methods or suitable alternatives as a last resort. As part of the transition plan we will be introducing additional Capita capabilities to support the transition. This will include access to IT systems including, payroll and accounting services and online administrative support. These Capita corporate services are designed to be highly resilient and are operated from Capita's main data centres with high availability and business continuity measures in place.

Failures in existing processes, technology or facilities

Before Service Commencement we will review existing Business Continuity arrangements, carry out a gap analysis highlighting high impact risks and prepare a short and long-term plan to mitigate them. After Service Commencement we will implement these plans. As a result we will be able to ensure that current business continuity arrangements are not impaired and appropriate improvements are implemented where necessary.

Impact on Front Line service delivery

New programmes of activity can impact Front Line service delivery. Priority services will be identified and potential impacts logged against which the risk of disruption can be realistically assessed. Mitigation action will be agreed across the partnership and responsibilities allocated accordingly.

Reputational Risk

When embarking on a Transition Programme, experience tells us there is a risk to reputation in the event of a problem. Such problems may include some or all of the above headline risks. Innovation is often subjected to a higher level of scrutiny than BAU from staff, partner organisations, other service providers and the public. We will work collaboratively to ensure the Communications Strategy caters for such eventualities to minimise impact on reputation which can lead to undesired and longer term outcomes.

1.9 END OF TRANSITION

The Transition programme will run at the same time as the start of the Transformation programme, though finish before it. Completion of the Transition programme, scheduled for December 2013, is dependent upon all its acceptance criteria being met.

Its completion will be accompanied by a formal programme closedown, with a consequent handover to the business operation (acceptance of 'Business As Usual'), and a review of the governance structure to re-align the focus purely on the Transformation programme.

2 NSCSO LEVEL COMMITMENTS (TIERS 2 & 3) - TRANSITION

We have proposed a number of tier 2 and 3 level commitments to LBB specifically for the Transition Phase. These are included in Schedule 35.

3 PEOPLE

3.1 STAFF TRANSFER AND TRANSITION PROCESS

Capita has significant experience of successfully managing large scale, complex multi-site and multi-employer staff transfers. Over 70% of our existing 46,000 staff have TUPE transferred into Capita from previous employers or through acquisition. Over 40% of those have come from Local Government.

With over 20 years experience in the transfer of staff from many different organisations and industry sectors, we are well versed in engaging and effectively communicating with transferring staff to keep them informed, in managing the consultation process and putting in place relevant support mechanisms. More detail on our approach to handling redundancy, recruitment and outplacement can be found in the Transformation Method Statement, section 2.4.4.

We will engage and consult with staff and representatives as early as possible, treat all staff consistently and fairly and implement a communications and mobilisation plan to minimise uncertainty for staff, ensure they are fully informed, consulted with and successfully integrated into the new organisation.

Our approach takes into consideration the various staff groups including their locations and varying working patterns (e.g. term-time-working). This will be addressed through the planned delivery of presentations at different locations, on varying dates and times and by holding drop in and site visits/sessions across multiple locations which is especially important here as we will be covering several sites.

Equally, we recognise that each transfer has its own unique characteristics and working collaboratively with the Council, the Trade Unions (primarily UNISON), will be central to our approach to ensure consistency of messages and joined up processes.

Terms and Conditions Matrix

Detail provided from the TUPE lists and information gathered through the separate HR discovery meetings with the Council will be used to populate the Terms and Conditions Matrix. This will detail all existing policies, procedures, benefits, pensions and pay arrangements. This matrix will then form the basis for TUPE consultation. Capita will hold HR discovery meetings as early as possible to ensure sufficient solutions are in place. An initial review has been completed through Dialogue as well as a comprehensive review of information available in the Data Room and as a result we will have a good basis for populating the Matrix in advance.

3.1.1 COMMUNICATIONS AND CONSULTATION WITH STAFF AND TRADE UNIONS

Capita adopts an open and transparent approach to staff communications and consultation. Representatives of Capita HR and the Operational Transition team will meet regularly with the Trade Unions or Staff Representatives to consult on all terms, conditions, benefits and potential measures.

Capita will support this process with a plan of two way communications and engagement activities for staff delivered through the PeopleCare Programme. This will be delivered by a Capita HR Staff Integration team which will remain in place throughout the transfer period and will be available to support integration to ensure consistency in our approach. The team will be formed from our Staff Support and Integration Group, the majority of whom have joined Capita by acquisition or TUPE, and have personal experience of the concerns and feelings that are common amongst staff at such a time.

To ensure collaboration, joint working and transparency of messages for staff we will work with the Council's HR team through a bi-weekly 'touchpoint' meeting or conference call to feedback on progression and/or raise any issues for concern so these can be addressed.

3.2 WORKFORCE MOBILISATION

Our current Assumption is that staff will transfer from all in scope Services in LBB on 5th April 2013.

Capita follows a tried and tested process for the take-on and mobilisation of the workforce. We will achieve the successful transfer of staff from The Council through the delivery of a tailored Workforce Mobilisation Plan supported by our PeopleCare framework which provides a range of engagement and communication activities for staff, such as welcome presentations, staff bulletins, email helpline, drop in sessions and one to ones.

The Workforce Mobilisation Plan (see below) is structured to provide a clear basis for the end to end management of TUPE, staff transfer and the integration process. This includes a plan and timeline of key activities covering employee information, staff communications, consultation, integration activities, payroll transfer, pensions and staff verification statements. The Workforce Mobilisation Plan also includes requirements for the Council and each employing organisation as well as any dependencies.

We will present the Workforce Mobilisation Plan for sign-off to the after completion of the Alcatel period at a joint HR Meeting in the beginning of January 2013. This will enable early engagement with all staff and Unions and consistency of message.

TUPE consultation will be undertaken in the mobilisation phase leading up to the transfer date, and following a structured timetable with clear agendas for each meeting. We envisage these meetings will take place with the Council's HR (mobilisation) representatives, Trade Unions and staff representatives on a fortnightly basis prior to the staff transfer dates.

Workforce Mobilisation Plan

The Workforce Mobilisation Plan shown below is structured to provide a clear basis for the end to end management of TUPE, staff transfer and the integration process and includes a timeline of key activities.

Key:

Month 1 = Completion of Alcatel period

Month 2 = Consultation Start

Month 5 = Staff Transfer Month

MONTH NO. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
1	Staff Communications	HR meeting to agree:- pre-mobilisation communications The mobilisation plan will describe approach to communication, consultation, integration activities; responsibilities, timescales and key dates.	To ensure attendance from relevant subject matter experts from LBB HR/Communications	LBB Capita HR - will have forwarded draft communication and transition plan in advance to LBB.
1	Staff Communications	Agreed method of communication to be set up e.g. dedicated Email addresses 1 for managers and 1 for staff	None	Capita HR
1	Staff	Capita introduction	To ensure in-scope staff are available to attend	Capita Business and HR

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
	Communications	<p>presentations</p> <p>These will include an overview of the business; culture; values; benefits; approach to training & development.</p> <p>Presentations will take place in parallel to drop in sessions for staff.</p>	<p>presentations.</p> <p>To book rooms, projector and organise refreshments</p> <p>To ensure attendance from LBB and HR</p>	LBB HR
1	Staff Communications	Issue staff bulletin 1 - overview of the business, TUPE FAQ, consultation /communications roadmap/timeline for staff, details of email helpline, and dates of Capita presentation.	To disseminate to all in-scope staff	Capita HR LBB HR
1	Consultation	Capita HR to meet with LBB HR team to confirm approach to, and timescales for, consultation.	<p>To book room and ensure attendance from LBB</p> <p>Discuss/agree an overarching approach to consultation followed by meeting to discuss and confirm the</p>	Capita HR LBB

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
			Terms and Conditions matrix in preparation for their separate future TUPE consultation meetings	
1 & 2	Employee Information	HR Discovery	Prep for TUPE consultation, Capita will require complete staff information in relation to all terms, conditions and benefits that may exist within the transferring population. This will feed into the Terms & Conditions matrix which will form the basis for discussion during TUPE consultation.	LBB
1, 2, 3 & 4	Employee Information	TUPE List (Provisional Staff List) issued	To provide regular updated TUPE list	LBB
1, 2, 3 & 4	Staff Communications	Engagement with transition working party	To ensure attendance from relevant parties	LBB Capita HR
1, 2, 3 & 4	Staff Communications	Ongoing "Touch point" conference call/meeting to	Ensure availability of subject matter experts from LBB and	LBB HR

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
		discuss progress	HR/ Communications bi-weekly. Book rooms when face to face meetings are required. Provide feedback on the effectiveness of communications /progress.	Capita HR
1, 2, 3 & 4	Staff Communications	Regularly monitor Q&As received to email inbox and direct to appropriate respondent, publishing responses where appropriate.	If possible, to provide a shared server or secure section of the existing intranet for Q&As to be posted AND/OR allow Capita to email updated responses to in-scope staff	Capita ICT, HR and Pensions LBB HR
2	Payroll	Hold an initial meeting or conference call to discuss the approach to payroll transfer activities and payroll plan. Please see Payroll Integration for details	To ensure attendance from both DFT HR and Payroll	Capita HR Capita Payroll LBB Payroll
	Payroll	Capita to supply standard template for payroll transition	None	Capita Payroll

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
2		data, including overtime which will be populated by LBB Payroll.		
2, 3 & 4	Employee Information	Status reports on legal/ leave/sickness/ accidents/ maternity/ ET claims / long term sick /disciplinary cases	To provide updates on existing cases and inform Capita of any new ones as they occur.	LBB
2, 3 & 4	Employee Information	Information on temporary workers. Information to be provided to Capita Internal Resourcing	To provide regular updates on including changes in rates of payment or hours etc.	Capita Internal Resourcing LBB/Agency
2, 3 & 4	Staff Communications	Issue Staff Updates from consultation meetings	To ensure attendance from LBB at proposed consultation meetings. To provide minute taker for consultation and ensure that minutes are agreed and signed off by all relevant parties To agree joint communications from Capita, LBB and TU representatives to be distributed to staff bi-weekly	LBB HR Capita HR Trade Union Reps

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
2, 3 & 4	Staff Communications	Review of attendees and staff engagement	To identify any hard-to-reach key staff groups who may not be able to participate in engagement activities (e.g. due to working patterns/absence) and implement alternative strategies	Capita HR
2, 3 & 4	Staff Communications	Arrange and hold “Ask Capita” drop in sessions	To book room for consultation meetings To ensure in-scope staff are available to attend sessions if they require.	Capita HR LBB HR
2, 3 & 4	Consultation	TUPE Consultation with Staff Consultation Committee, Unions and Employers.	To ensure terms and conditions matrix is a complete and accurate reflection of existing T&Cs. To book rooms for TUPE consultation. To ensure attendance from Trade Unions and/or Staff representatives.	Capita HR LBB

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
			To provide a minute taker for each meeting.	
2, 3, 4 & 5	Payroll	Follow up conference calls between Capita and the payroll contact regarding the transfer of payroll	To ensure regular attendance from LBB HR and Payroll for progress calls (as new information is provided or queries develop)	Capita HR Capita Payroll LBB HR and Payroll
3	Staff Communications	Issue staff bulletin 2. To include information on Capita news, staff profiles, consultation updates, facts and stats, charity update etc.	To allow distribution of bulletins to staff each (email or hardcopy).	Capita HR LBB HR
3	Payroll	LBB to supply set up details for payroll purposes	To provide full and accurate information	LBB Payroll
3	Payroll	LBB to supply completed payroll template for payroll transition	To provide full and accurate information	LBB Payroll
3 & 4	Integration	Arrange transfer of Life Assurance/Healthcare/PHI	To provide full and accurate information for the existing benefits.	Capita HR

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
3 & 4	Integration	Arrange transfer of Childcare Vouchers	To provide full and accurate information for the existing benefits.	Capita HR
3 & 4	Integration	Co-ordinate the transfer of mobile phones and communications devices	To provide full and accurate information for the existing benefits.	Capita ITS
3 & 4	Payroll	Month 2 (February) and 3 (March) copy payslips to be provided to Capita for transferring staff.	To provide full and accurate information	LBB Payroll
3, 4 & 5	Integration	Handover of HR Integration to Operational HR.	None	Capita HR
4	Employee Information	Definitive TUPE list (Final Staff List) issued	To provide a final TUPE list, in line with TUPE obligations.	LBB
4	Staff Communications	T&Cs/Benefits Presentations. To include detail on the outcome of consultation; the additional benefits available to staff; training and induction and a next steps timeline.	To book rooms for presentations and drop in sessions. Presentations will be maximum of 2 hours To ensure in-scope staff are available to attend sessions if	Capita HR Capita Pensions Dates may move dependent upon progress of consultation process

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
			they require.	
4	Staff Communications	Team Managers Meet & Greet	Capita managers will often be working on site and will spend time floor walking and meeting managers	Capita Operational Managers Capita HR
4	Consultation	TUPE 13 Measures Letter Issued	None	Capita HR
4	Integration	Arrange for the transfer of HR Admin processes	None	Capita HR
4	Integration	Finalise delivery of staff day one activity	None	Capita HR
4	Integration	Capita to set up new records on SAP, generating new employee numbers	None	Capita Payroll
4	Payroll	Payslip checks between actual and projected	None	Capita Payroll
4	Payroll	Capita to receive details of Maternity/Sickness/pay data	To provide full and accurate information	LBB Payroll

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
		relevant for February		
4 & 5	Staff Communications	Prepare and distribute Day One Orientation packs. Orientation packs to include information on the Capita approach to People Management, local administration, HR admin processes, Finance processes (cost centre, expenses)	None	Capita HR
4 & 5	Staff Communications	Prepare and issue staff with draft copy of 'new look' payslip and payroll guide. Includes detail on tax office, payroll contacts and payroll surgeries.	None	Capita HR
4 & 5	Integration	Organise Capita Desktop (Employee Self Service) training	None	Capita L&D Capita HR
4 & 5	Integration	Transfer of all Personnel files	To provide up to date and accurate personnel files for all	Capita HR

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
			in-scope staff	LBB
4 & 5	Payroll	Staff to be issued with template letter for pay date change	None	Capita HR
5	Integration	CapitaConnections e-Induction for all transferring staff	None	Capita L&D and Capita HR
5	Payroll	Overtime due for remainder of previous month to be received and processed by Payroll	To provide full and accurate information	LBB Payroll
5	Payroll	Capita to process live payroll	None	Capita Payroll
5	Payroll	Pay slips to staff	None	Capita Payroll Capita HR
5	Payroll	Staff to be paid - Capita HR and Payroll to be on site / on phone (pay day clinics)	None	Capita Payroll
5, 6, 7 & 8	Integration	Organise Managers' Guide Workshops to all transferring managers.	None	Capita L&D Capita HR

MONTH No. AFTER CONTRACT AWARD	CATEGORY	TASK	REQUIREMENTS FROM LONDON BOROUGH OF BARNET (LBB)	RESPONSIBILITY
		Managers' Guide workshop is attended by all Capita managers to give them guidance and understanding of the HR processes in place and how to manage within Capita.		
6	Payroll	Capita to implement payroll corrections following clarification and feedback from LBB	To work with Capita to confirm changes and queries as they occur in order to ensure data for first pay run is complete and accurate for processing.	Capita Payroll LBB Payroll

3.2.1 CAPITA 'PEOPLECARE' PROGRAMME

Capita has many years' experience of transferring staff from other organisations. Over this time, we have combined all the effective tools together with the Lessons Learned and have developed an approach known as our 'PeopleCare Programme'. We understand that communication and consultation are critical components of successful staff transfer because our experience has shown us that people are more assured and content if they feel they have the right information at the right time, as it reduces feelings of displacement or anxiety. Keeping affected staff well informed throughout the Transition period is at the heart of our approach.

PeopleCare Programme Summary

Capita's PeopleCare programme comprises three key elements; StaffCare, ManagerCare and LeaderCare programmes.

- The StaffCare Programme ensures that we will have full and meaningful consultation with all relevant Trade Union and staff representatives to guarantee that we address all areas of the transfer. We will provide welcome presentations that will be delivered by Capita HR and key operational team members to give an insight into Capita, the contract and answer any questions from staff. In addition, we will supply benefit and pension briefings, and staff drop-in surgeries to outline what our proposals are, answer any questions and explain in detail, on a one-to-one basis if necessary, the choices available to staff and how these will affect them. If staff will be unable to attend or a question arises after the surgeries have taken place, staff will have the opportunity to email any queries to an email helpline and receive a reply within a mutually agreed time frame.

On day one of the transfer, all in scope staff will receive an orientation pack which includes information on all local practices and a verification form asking them to confirm their terms and conditions.

- The ManagerCare Programme and the LeaderCare Programme ensures that all managers feel engaged, supported, informed and empowered throughout the transition to Capita. In particular, to ensure that managers have key messages and information disseminated at an appropriate level to enable them to support their teams.
- Lastly managers will be provided with specific training through the Capita Manager Academy to assist them in their leadership skills, throughout the transition and in order to understand Capita's processes.

Implementing PeopleCare in Barnet

The Capita Staff Integration team will provide reassurance to transferring staff at drop in sessions and presentations by sharing their own 'journeys' and experiences. In addition, Capita will work with the Trades Union to help sense-check and reinforce key messages.

We will shape communications so that agreed key messages are transparent across all groups of transferring staff. We will agree these as early after contract award as possible at the joint HR Meeting. This will be fed into the PeopleCare Programme and delivered through the Presentations, Bulletins and Manager engagement

activities as well as through any change or focus groups that exist within the Council at STD.

Our Staff integration team will be responsible for delivering the following engagement activities:

- Co-ordinating Staff presentations during the transition period
- Publishing regular Q&A Bulletins, to update staff on the progress of the transition
- Setting up and managing a confidential email helpline for individuals and Managers to raise queries
- Offering 'Ask Capita' drop-in sessions, accessible to all employees
- Arranging one-to-one consultation sessions for those who wish to have one
- Consulting regularly alongside the Council, Trade unions and staff representatives
- Issuing individual verification documentation to confirm transferring Terms & Conditions
- Arranging a 'Welcome on Board' event
- Arranging induction training for all transferring staff
- Arranging payroll communications and drop in sessions
- Initiating Capita Managers Guide workshops.

The HR Staff Integration team will also be responsible for ensuring that each element of the mobilisation and staff communications plan is delivered on time and to the highest possible standard. This will involve working closely with the Council HR, Trade Union representatives and other employing organisations supported by a bi-weekly 'touchpoint meeting' as the transfer period progresses.

After transition, we will seek to:

- Offer opportunities to work on new and innovative projects
- Provide people with training and development opportunities so that their skills and capabilities are continuously enhanced
- Enable people to have flexibility in their working life so they can better manage the different pressures all individuals face
- Give people security through growing our business
- Create a professional working environment and provide people with the right tools so they can excel at their jobs and deliver high quality and efficient services.

3.2.2 STAFF TERMS AND CONDITIONS

Capita will ensure that all transferring staff have their continuous service preserved under TUPE and that all their contracts of employment transfer, with staff retaining their key contractual transferring terms and conditions; such as annual leave, grade and pay entitlements. This will cover the terms of the union agreement which Barnet has put in place, and referenced in Schedule 30.

Additionally, we will continue to comply with legal obligations and, if required, will honour the NJC pay awards (which is a commitment contained within our Strategic Partnership Agreement with Unison). Where we intend to align staff with our policies and management practices, this will be fully consulted on through the TUPE consultation process with the rationale for and any details of changes being discussed and disclosed in the TUPE 13 measures letter.

Capita will offer the same pensions arrangements for transferring Council staff which will be the continuation of pension benefits through an admissions agreement.

Capita policies and procedures follow the same best practice approach as LBB policies and we will fully discuss and consult on any changes through the consultation process. After the Service Transfer Date, Capita will ensure that all Eligible Employees who have a right to join the Local Government Pension Scheme (LGPS) but have opted out of membership are automatically enrolled into the LGPS at each relevant re-enrolment date, and once again given the opportunity to opt out should they so wish. Capita will take responsibility for the financial risk associated with this. We are fully supportive of flexible working options, such as job sharing and part-time working, and operate all of these practices across our businesses. In regard to existing flexible working arrangements within LBB, Capita confirms that it will continue to offer those arrangements that are currently in place and employees will be able to continue to request flexible working. We encourage employees to have a direct influence on the hours they work, for example when a shift rota system is in place.

Some examples of arrangements we have implemented amongst our other customers include:

- In the Sheffield Partnership, managers approached transferring staff from the outset to gain an understanding of their working preferences over the 12 hour opening period. This ensured that those with families or other non-work commitments could work in a way that suited them. A flexible and autonomous approach is also taken in regard to swapping shifts, with employees being allowed to negotiate these within their team
- In our BBC TV Licensing contract we have successfully implemented a school time working practice which allows working between 9.15 – 3pm. This approach has resulted in reduced attrition rates, increased motivation and encourages more maternity return to workers, and also allows for skilled and experienced staff to be retained.

We use term time working contracts across many of our contracts (in particular our Local Government Partnerships).

3.2.3 LOCATION OF SERVICES DURING TRANSITION

Following Service Transfer Date, we anticipate that the majority of transferred staff will continue to be located at their existing offices for the initial Transition phase. Some relocation of staff will be necessary, the HR and IS functions described earlier in section 1.5, also detailed in the Method Statements of the individual workstreams, and indicated in the Transition Plan.

It is our intention that location changes will principally be made during the Transformation period, where the moves form part of an integrated set of actions covering the implementation of new processes, systems and organisational structure changes.

Location of Transition and Transformation programme teams

It is our intention to locate the Transition and Transformation programme teams in the Barnet offices within the North London Business Park to be close to the transferring staff and to the Barnet Partnership Management team. We would like to start establishing the teams there in January 2013.

Anticipated reduction in workforce and timescales

We do not anticipate redundancy due to Transition as this is more relevant in the context of Transformation. However, in order to realise the required savings back to the Council for the delivery of the Services, significant efficiency savings will be achieved and this will obviously impact the number of people required to deliver the Services going forward. Whilst this is a large number we are confident that we will minimise redundancy costs and reduce the impact through:

- Growth through LBB into other Partner organisations within the local area
- Redeployment
- As a growing business, Capita is able to offer staff opportunities to work in other Capita businesses and contracts
- Managing vacancies and Temporary Staff
- Natural shrinkage.

The Council will continue to face cost pressure challenges. We are committed to supporting the Council to meet these challenges through all possible means and we will be innovative in our approach. Whilst we cannot accurately predict any future requirements of the Council to revisit its cost base and, therefore our service provision, we give the assurance that we will continue to address any potential impact on the workforce in a sympathetic and pragmatic way.

3.2.4 MINIMISING IMPACT ON EMPLOYMENT FOR TRANSFERRED STAFF

The scale of the restructuring programme in Transformation, and its implications for the workforce will undoubtedly be challenging. Such a significant programme will be carefully planned including the management of the staff to address their concerns, to ensure service levels and performance are maintained, and that loss of morale and any increase in staff attrition is minimised.

By adopting an open and honest approach and undertaking meaningful consultation with Unions, and staff representatives starting during Transition, we are confident that we can ensure that we achieve the optimum outcomes for staff in these circumstances. This will be achieved by ensuring a planned and robust communications process is in place and agreed by the Unions and staff representatives.

We will make every effort to retain and redeploy staff and explore all possible alternative options, with both Trade Unions and Staff Representatives at the earliest possible opportunity.

Capita will take the following steps to ensure those at risk are supported:

- Regular on-site HR presence and proactive support, including use of a Group HR Portal to share details of those at risk with HR advisors within all Capita businesses
- One-to-one sessions to identify and address individual's issues in order to allay any worries or concerns
- Providing staff with details of other local Capita businesses where skills may be relevant, with the opportunity to visit these sites, meet current employees and gain information on the current vacancies
- Ensuring staff have access to the Capita intranet (CapitaConnections) – where all group vacancies are advertised
- Provide Outplacement support.

In the situation where redundancy is the only remaining option and employees are put at risk, Capita will ensure that all staff are provided with information on our solution and our future plans. The aim is to remove any uncertainty from the change process, which allows employees to appreciate the positive implications and understand the organisation's decisions.

In addition, we will work closely on a one-to-one basis with staff to determine their options. We will fully review all possible options including changes to roles, hours, place of work, home working, re-skilling, early retirement, voluntary redundancy and redeployment either within the existing contract or within the wider Capita plc. Capita has offices in almost all major cities across the country, and we are often able to redeploy affected staff into new roles under different contracts.

Where a member of staff is redeployed, there will be an agreed trial period. If the employee decides the new role is not right for them at the end of the trial period, they will still remain eligible for their redundancy entitlement.

Redeployment

We will fully explore opportunities for redeployment and engage with our local Capita businesses to ensure any recruitment in similar areas is put on hold.

When faced with reductions in headcount, we consider all forms of mitigation to reduce the impact on the workforce. We take into account the profile of the workforce, their current work locations and the future needs of the Council.

Redundancy Pay

If no suitable role is available, then staff will receive redundancy on their current terms as transferred from the Council under TUPE.

3.2.5 IMPACT OF CAPITA SOLUTION ON THE WORKFORCE AND THE LOCAL ECONOMY

The impact of our solution will be a requirement on Capita to reduce the headcount of the NSCSO. Whilst a significant intervention to mitigate the impact on the transferring permanent workforce will be achieved through reducing the number of temporary agency staff deployed, we are also mindful that this will have a potential impact on individuals employed by the agencies concerned and consequently the local economy.

We will plan to implement the Service Delivery Model (SDM) over a period of 24 months following STD as reflected in our Transformation Plan. A phased approach will ensure that service provision is protected (with a particular focus on activities that support LBB critical front line services such as Adult and Children's services, for example) while changes are implemented and stabilised. Additionally this will allow enough time to refine and improve capability to support our growth plans.

As a general principle, we are aiming to introduce Dual Running during Transformation so that there is a steady ramping up of work volumes directed to the new locations, matched by sufficient numbers of trained staff at those locations, accompanied by a ramping down of the same services being fulfilled within the Borough.

This approach not only gives assurance that service levels to the customers are consistently maintained throughout Transition and Transformation, but also permits a controlled reduction in headcount.

3.2.6 MANAGING THE WORKFORCE TO PREVENT REDUCTIONS IN PERFORMANCE AND MAINTAIN SERVICE PROVISION

We will manage our workforce to ensure that there is no reduction in performance or quality and prevent employee relations issues from arising through:

- Carrying out competency assessments/knowledge transfer
- Implementing performance management policies, procedures and guidance
- Ensuring employee goals are clearly linked to service KPIs
- Implementing regular reviews and annual appraisals
- Implementing our "Open Door" approach which encourages a culture of active listening and two way communications.

Maintaining business performance by driving employee performance

In order to ensure business performance and service delivery is maintained, we will implement our Performance Management Process for all transferring staff. The performance framework is not only a vital tool for improving performance and quality, it is also a motivational tool for employees.

The performance management process includes Business Operational Targets agreed with LBB as the client

- Team / department Targets
- Individual objectives/ Personal targets.

The purpose of the Capita Performance Management Process is to drive through business improvements through individuals. With regards to individual performance, we do this by asking two key questions about each employee:

- To what extent is he or she achieving the outcomes desired and how well is an employee applying his or her skills?
- Is the employee doing the right things?

The first question deals primarily with the individual's performance within the framework of individual objectives and their personal targets. The second question ensures that day to day tasks and performance are clearly linked to LBB's objectives and therefore drive quality. Our experience tells us that too narrow a focus can drive the wrong behaviours in the wider context of overall service provision.

Therefore we will put a considerable amount of effort into getting the 'right' personal goals agreed that clearly demonstrate how the individual is contributing to the success of the LBB service provision and wider Council objectives, the business unit performance and Capita as a whole.

We have a strong focus on performance and quality and subscribe to the old adage that 'what is measured gets done'. When an employee's goal is defined in terms of a measurable organisational objective it ensures that what the employee is doing is well aligned with the goals of the organisation. This is the critical link between employee performance, quality and the success of our partnership with LBB.

Performance management procedure

We view performance management as a continuous process; performance cannot be managed effectively by only meeting once a year. We also recognise the importance of implementing the right measurable targets. Employees consider involvement in regular performance reviews as one of the most important factors in maintaining their motivation.

In our experience, transferring staff will quickly come to value the opportunity to discuss how they are progressing as performance appraisals and reviews are a useful tool to provide positive feedback, recognition and to plan development.

Capita's Performance Management Procedure is a two-way discussion between the manager and the employee. It is based solely on performance and goals and managers will ensure that personal values and assumptions are not allowed to unfairly influence or prejudice discussions. The procedure is made up of four key elements, enabling the Manager to assess performance. The elements are:

- Setting goals and measuring achievement
- Assessing levels of competence and behaviours displayed
- Reviewing and meeting development needs
- Performance related pay where applicable.

Procedures cover all staff. At the start of the reporting year objectives and the standard of work are agreed through performance management process with manager and employee.

Informal process performance issues are initially addressed informally through performance review meetings and one-to-ones. Managers look for underlying reasons for poor performance, for example gaps in training or excessive workload, and discuss with the employee any additional support available to help them reach the required standards within agreed timescales. If the informal process has not resolved the performance issues to a satisfactory level then the formal performance improvement process is used.

Formal Performance Improvement SMART objectives are set within a reasonable, stated timescale. The employee is invited to a performance review meeting, and has the right to be accompanied by a Trade Union Representative or work colleague. If the employee has failed to meet their objectives then the Capita disciplinary procedure may be invoked.

Open Door Policy - culture of active listening and communication

We have developed our Open Door policy to encourage a culture of active listening and two way communications.

The Open Door policy, where employees can approach any senior member of staff with concerns, outlines our approach to preventing employee issues arising. Where that is unavoidable, our preference is always for resolving staff relations issues informally. Our Grievance Procedure is in place to ensure that employees have a clear, formal route to express dissatisfaction or raise a complaint or issue and have the matter dealt with expediently and professionally.

If an employee has something that they need to talk through with their manager, they are encouraged to do this at any time.

Our Open Door approach feeds into the wider set of values that underpin the culture within Capita that promotes healthy employee relations and emphasises fulfilment, collaboration and development, further underpinning healthy employee relations within the organisation.

Whilst important in themselves, the values are supported by a set of behaviours so staff can clearly understand how they are able to put the values into practice, which is found to be particularly helpful by employees who have transferred into Capita from other organisations, perhaps with different corporate cultures or approach.

These behaviours are built into every facet of our organisation design to ensure cohesion between how we recruit, integrate, develop, manage performance, recognise and reward our staff.

Our Values and Behaviours are outlined in more detail in Section 3.4 below.

3.2.7 UNION RECOGNITION

Capita fully understands the implications of Regulation 6 of TUPE, which states that where an organised grouping of employees transfers to the new employer, and maintains its identity distinct from the remainder of the Transferee's wider undertaking, Trade Unions previously recognised by the Transferor shall be deemed to have been recognised by the Transferee to the same extent.

We confirm that the rights of Trade Unions which have been formally recognised by LBB and other employing organisations for consultation and collective bargaining purposes will transfer to Capita under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) regulations.

We fully understand the communication and consultation requirements of TUPE and has structures and mechanisms to ensure that the requirements of the Information and Consultation Directive are met, and that staff are fully informed through two-way, open communication channels at all times.

Capita enjoys proactive working relationships in partnership with various Trade Unions as follows:

- National strategic partnership agreements signed by Capita and Union leaders
- Engagement between management and Trade Union representatives nationally on overarching workplace matters biannually
- Meetings take place on a regular basis between local management and local Trade Union representatives to discuss workplace matters pertinent to their area.
- Engaging proactively in open and collaborative dialogue with Trade Unions to achieve cultural change and the objectives of the transformation programme.

Whilst UNISON is the largest union representing LBB employees, Capita recognises a number of unions across the Group including Unison, Unite, GMB, PCS and UFS.

Capita already has in place a National Partnership Agreement with UNISON. The Agreement sets out a comprehensive framework for joint-working. It sets out a clear communication forum/network, whereby Unison representatives can communicate remotely and through regular meetings and meet with Capita representatives at both a local and national level on a regular basis.

To support this, we have developed a National Joint Board comprising senior representatives from the union and Capita which meets on a quarterly basis and

provides an effective platform from which to discuss and explore through joint working a range of current and forthcoming issues, including legislative changes, which affect the workplace. Developments and decisions made at this level are then cascaded across our businesses and implemented at a local level by Capita managers who meet regularly with local union representatives to discuss matters of the day at local forum meetings which are held on a two-monthly basis.

In addition, at a national level, Capita first signed a partnership agreement specifically with Amicus in 2007 (now UNITE, when Amicus merged with the Transport and General Workers Union), and there are now several businesses within Capita covered by this agreement.

At a local level, Capita manages relations with GMB within some of our TUPE contracts.

Early engagement with unions - open and honest dialogue

It is important to us that the relationship begins as early in the transition phase as possible. We will establish an honest and open dialogue on a wide range of topics and agree a future framework with which we will work. Initially it will be our preference to meet within a tri-partite/joint forum, to develop a consistent, positive long term relationship with all the Unions that represent the varying businesses.

Through regular meetings, we will exhibit our open, 'partnership' approach to working with unions and the representatives can establish what this transition will mean to their members. We will also recommend that union representatives visit various established Capita sites and we will work closely with them to resolve any outstanding issues.

In line with the TUPE regulations, Capita will inherit the industrial relations arrangements in place at LBB and other employing organisations at the point of transfer. Capita will honour the existing consultation arrangements and collective agreements and work closely with the relevant Trade Unions to align the inherited arrangements with pre-existing national agreements that may be in place between Capita and the Trade Unions. In this way we will address the recognition and facilities arrangements for the recognised Trade Unions.

Capita takes the view that a partnering approach to employee relations is beneficial to all concerned. We have a constructive and positive relationship with all our contacts and work jointly on initiatives to ensure their successful implementation into the organisation. We are always keen to share our thinking with the unions and encourage feedback.

As described above, Capita enjoys proactive and constructive relationships with recognised groups and trade unions and will continue to engage on matters of interest. However in the unlikely event of a dispute then ongoing dialogue and discussions will take place to reach a resolution that suits all parties. It is recognised that it is in the interest of the staff, the business and the client to reach an amicable solution. The Council will also be kept up to date on the ongoing discussions and dialogue.

3.3 ACHIEVING A MOTIVATED WORKFORCE

At Capita, we depend on the dedication and enthusiasm of our people to deliver our services to a consistently high standard. We have created a strong culture aiming to offer a workplace that is supportive, rewarding, safe and inspiring.

Capita's approach to managing people is structured around our core business principles and is implemented through a set of processes. Whilst we have formal processes in place, it is the culture within which they are implemented that makes them work so effectively.

At the start of the contract, we will embed the approach shown below through the four different overlapping phases:

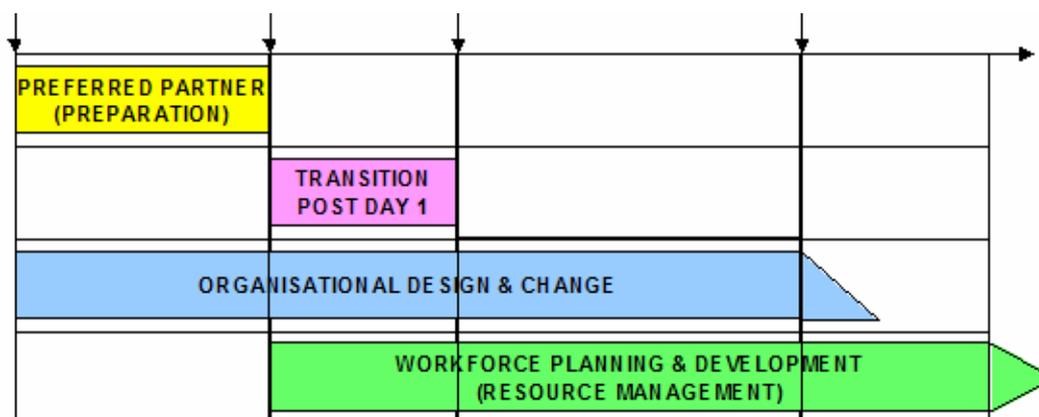


Figure 7 - Organisational Development Processes

Following the TUPE transfer of staff, we make Talent Management a priority and give staff a very clear understanding of what is expected of the organisation, constituent teams and individuals themselves. Our performance management ethos, driven by the Management Team, will back this up with regular feedback and two way discussions on how individuals, teams and the business overall are performing against these expectations and how any shortfalls can be addressed.

We will provide dedicated training to enable people to undertake new roles e.g. systems training.

We cultivate a constructive, honest and open relationship with the client, partner organisations, other stakeholders and customers. We will also endeavour to answer any questions staff may have at the point of contact – i.e. a 'right first time' approach

We are proud of our approach to all staff-related matters and will apply a staff development approach we refer to as Talent Management. We use this for attracting, engaging, developing and retaining the skilled people needed to meet our obligations to our customers. Following TUPE transfer we make Talent Management a priority and give staff a clear understanding of what is expected from the organisation, teams and individuals themselves, including:

- Addressing staff/manager concerns
- Developing staff

- Managing staff performance
- Rewards and recognition
- Recruitment and retention
- Preparing staff for transformation.

3.3.1 ADDRESSING STAFF/MANAGER CONCERNS

We will seek to understand the specific reasons for the genuine concerns transferring staff and managers will have. From our experience and through dialogue with staff we will address them. Areas we will look to address include:

- Lack of understanding of the reason for change - many staff may believe that the transformation, or the extent of transformation, is not necessary and are unclear about the value it will bring
- Lack of clarity about direction, particularly if there are 'mixed messages' from different parts of the organisation
- Lack of understanding of the impact on jobs ranging from "Will I have a job?" to "How will my job change?"
- Lack of clarity of the new ways of working given that the 'new world' is still being shaped and the competitive process limits engagement of staff in detail
- Potentially a lack of confidence that staff will have the ability to support the new processes
- Whether the current culture, values, beliefs and behaviours will support the new ways of working.

Capita understands particularly that line managers may not necessarily behave positively towards the 'new world'. However, by developing good relationships with these line managers from an early stage, the new senior management team will work to gain their support and commitment.

We will address these issues by:

- Encouraging visible sponsorship within the Council and gaining the commitment of line managers so they lead by example
- Communicating widely and in different formats to create understanding about why change needs to happen so that staff are clear about the vision for the services post-transformation
- Being clear about the impact on jobs and new ways of working
- Educating staff, giving them confidence in their ability to operate differently and training in new ways of working e.g. working with our Business Process Management (BPM) Workflow system.

We will prepare staff for the changes that will be associated with transition with some specific actions:

- Engaging middle managers to support the changes and support training
- Providing complete clarity of what needs to be done differently
- Working with staff for them to understand their new roles and responsibilities prior to training
- Managing proactively resistance to change
- Focussing teams and their managers on the benefits
- Delivering comprehensive training that reinforces key change messages and develops appropriate skills.

We have a well developed and comprehensive set of policies, procedures and guidance around performance management, appraisal, training and development that will be applied for the transferring staff. Staff will be advised of our HR policies and practices through communication and induction processes and will be provided with a soft-copy staff handbook – ‘Your Guide to Capita’ through our intranet.

Our approach to the management of its staff is to listen and consult with our staff and at the same time encourage them to be accountable and responsible for the work that they undertake. We will engage staff in developing new processes which raises morale, increases ownership of the solution and ensures service delivery capabilities continue to improve.

We will engage with staff at all levels through the stages of the transition programme to ensure they are involved and understand the drivers for change, help to identify the solutions, the associated benefits and the change journey to deliver the new solution and embed this into operations. This staff involvement both increases the probability of success and also reduces the degree of reluctance to change.

Skills Assessment

A key component of the transfer is the skills assessment. This is designed to identify the skills of the transferring staff that can be leveraged within the service and also to identify where further training or development may be appropriate. This assessment will start from service commencement.

We want to be able to retain and put to good use the well established transferring knowledge base that exists within the Council and their third party contractors and their staff, and make use of the key working relationships that already exist. The skills assessment of the transferring staff will identify skills against the current and forecast environment that will be in place at service commencement. As a result, we will understand better the extent to which the transferring teams possess all the skills needed to deliver the service and change portfolio going forward.

Following the skills assessment and analysis of any gaps, a plan will be created for the up-skilling and cross-training required to deliver against the Service Levels and aligned to the solution.

3.3.2 DEVELOPING STAFF

We recognise that competent, capable, knowledgeable and motivated employees will be crucial to the successful transition of work and ongoing service delivery. From our experience, it is vital to ensure that we invest in training and staff development at an early stage and we therefore view the development of staff as a fundamental part of this transfer.

Capita's vision and approach to service delivery is customer centred, we encourage our staff to go the 'extra mile' for our customers and empower our Managers and teams to be in a position where they can make the best decisions and facilitate resolution of issues. This culture is embedded through our managers, team meetings, one to ones and staff communications.

In particular, we recognise the benefits of staff development. We will ensure all staff have the skills and expertise they need to perform their roles effectively through our performance management procedures. Our aim during transition is to ensure that all in scope staff from Barnet and other employing organisations are effectively inducted into Capita and that they are able to deliver the service immediately.

As part of our commitment to staff development and best practice, all members of staff are required to attend an Annual Performance Appraisal and six-month review. Each employee will receive a Personal Development Plan following discussions with their manager. Our approach builds on current LBB practice setting out their individual objectives for the coming 6 to 12 months, linked to business goals and service KPIs, what development is needed to enhance, improve or advance their skills, knowledge and experience, and how this can be achieved. Our dedicated Learning and Development team will provide formal training and in-work shadowing, mentoring, coaching and cascade training in support of this.

Staff will be able to put their Personal Development Plans into action through a number of methods – secondment opportunities, coaching from managers and access to training support and courses. In addition, staff are encouraged to attend regular one to one meetings to help enable them to reflect on their work and priorities, and the support they require from their manager to achieve their objectives and individual development, as well as provide an opportunity for two-way feedback.

Capita Academy

Our approach to staff development is underpinned by Capita Academy. This is a suite of courses designed to help all members of staff effectively apply the skills they possess as well as create opportunities to learn new skills and expertise and to develop in our working culture.

The Essentials section of the Capita Academy provides new and transferring employees with training they need to complete as part of their induction with Capita. It furnishes new starters with an understanding of Capita, including our businesses, people and culture, and provides them with an awareness of their responsibilities regarding procedures, guidance and legislative requirements.



The map below sets out the various components of The Capita Academy

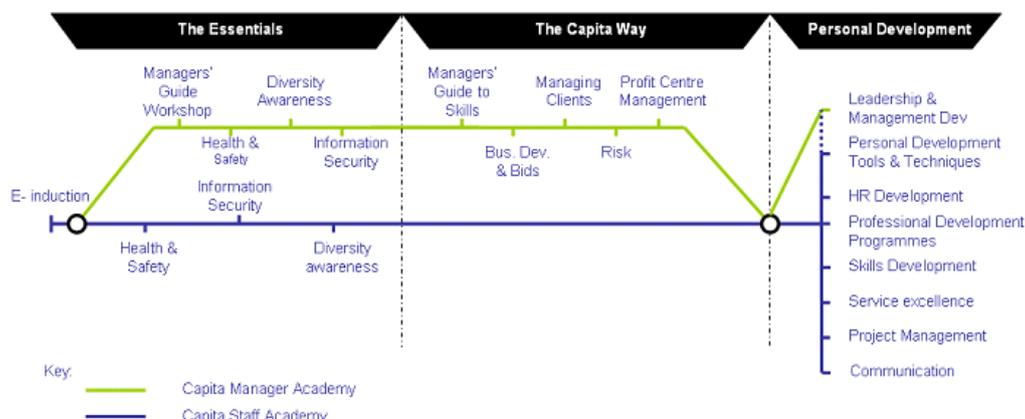


Figure 8 - The Capita Academy - map

Learning and development is at the centre of employee career progression at Capita - we want staff to feel fully equipped to meet the challenges of their role and feel equipped to make the most of any opportunities that come their way. To facilitate this, the Personal Development section of the Capita Academy contains a range of over 100 optional courses designed to help employees advance and extend their skills and knowledge.

Capita Manager Academy

Our Capita Manager Academy is a suite of courses designed to give line managers and supervisors the skills and tools they need to help them understand how we work 'the Capita Way', support them in their role as a manager and integrate them into Capita's culture.

The courses focus on developing the competencies and behaviours managers need. They also provide the managers with the tools they need to carry out key functions as part of their management role.

Managers also have the option to gain a nationally recognised qualification - ILM Level 3 Award in First Line Management. By achieving a qualification, managers can prove their understanding and knowledge of management best practice against a nationally recognised benchmark.

Customer service capability and skills

All of our staff are required to demonstrate customer service capability and skills, and we will ensure all staff achieve specific levels of competence and knowledge as part of our in-depth programmes, both during and post-induction.

Additional learning, development and training will be provided through Capita plc's Vocational Learning Programme. The Programme, established in 2006, has delivered nationally recognised NVQ and Apprentice/Advanced Apprentices qualifications - including Team Leadership, Management and Customer Services - to over 3,600 employees. Those transferring staff with a third level qualification will be

directed to one of the Capita Academy / Capita Manager Academy courses or module sets.

Training will be an ongoing provision throughout the lifetime of our Partnership, and training needs will change as we introduce channel shift and deepen multi-skilling across the LBB. Our training programme will evolve throughout our Partnership with LBB and new skill profiles will develop as a result of Transformation activity. For example, the introduction of Self-Service Web modules will require our staff to provide web support. Functionally specific training will be developed in conjunction with the Council SMEs.

We will ensure through this continuous approach to development and training that all our staff are suitably trained, skilled and qualified to deliver the workload and outcomes required. In particular, we will ensure that all staff are trained in the handling of complaints.

Where additional security checks, are required, for example CRB, we will ensure this takes place and maintain records demonstrating our staff have these checks. This includes performing re-checks on relevant transferring staff when they become Capita employees.

3.3.3 EMPLOYEE ABSENCE, DISCIPLINARY AND GRIEVANCE PROCESSES

We have effective, proven procedures for the handling of disciplinary issues, staff grievances, and absence management.

The underlying principles and spirit of the Green Book and the existing Capita procedures are very similar and broadly follow the same process outlined by the Employment Act 2008 and the Employment Tribunals (Constitution and Rules of Procedure) (Amendment) Regulations 2008.

Our disciplinary and grievance procedures follow the processes laid down by ACAS. Capita encourages high standards of behaviour from all members of staff. We believe that clear and transparent disciplinary and grievance procedures promote positive employee relations as well as fairness and consistency in the treatment and well being of all our staff.

Absence management is a core element of our training and has clear guidance and procedures around it that ensures it is dealt with effectively and where needed, sympathetically. Capita is committed to ensuring a consistent, fair and sensitive approach to absence management across all areas of the business. Capita HR policies, procedures and guidance are published in Managers Guide on the intranet. Every new manager attends a Managers Guide to Employment Practices workshop to ensure they understand and have the tools and support to manage staff effectively. Return to work interviews are held, managers monitor team attendance and at any stage referrals can be made to occupational health.

3.3.4 REWARD AND RECOGNITION

Our philosophy and culture is to recognise individuals or teams who have gone that extra mile in their work, or made an outstanding contribution to their business or community. The Capita People Awards are our way of celebrating the core values that embody our organisation and rewarding outstanding examples of our culture in action.

This national award ceremony is held on an annual basis and is attended by board and senior members of Capita, along with the numerous nominees. Employees are asked to nominate their colleagues under the following categories:

- Leadership
- Service Excellence
- Cost Saving and Efficiency
- Charitable Support and Community Engagement
- Teamwork.

In addition to the Group wide awards, local arrangements are in place across a large number of our businesses. For example, the Sheffield Partnership holds a twice yearly award ceremony based on the same criteria as the People Awards. Winning employees receive £250 of vouchers, runners up receive £100 and all nominees are recognised with a certificate. Similar schemes will be put in place for transferring staff. We take pride in the achievement of all our staff and we value positive feedback as a method of recognising success.

3.3.5 STAFF RETENTION AND PREPARING FOR TRANSFORMATION

We recognise that the likelihood of increased turnover of staff during a period of such uncertainty is high, and that we will need to substantially mitigate this risk for key people who we need to retain.

Whilst all staff will be significant to the successful delivery of the service, where there are high risk roles with unique skills or critical knowledge we will adopt a targeted approach to retention where our HR Advisors will work with the management team, to ensure that it is applied fairly and consistently.

Prior to and post service commencement, we will continually assess the expertise of all of the in-scope population. In the event of a skills shortfall our approach will be to perform a gap analysis of expertise and skills to assess the scale of the issue and of key person dependencies.

We will identify individuals who are key to the delivery of the operational service. If we feel there is excessive risk or exposure to the knowledge held by individuals we will implement retention initiatives with the intention of retaining those individuals. We will then engage and implement plans for knowledge transfer post service commencement. Our HR Advisors will work with the management team, to ensure that this approach is applied fairly and consistently. Capita have assumed transferring staff will continue to be available to provide continuity and operational support during the transition phase. Capita will seek to redeploy surplus in-scope staff within its business. This will ensure that although they may no longer be directly serving the Barnet contract, they will still be available for consultation. Where staff cannot be redeployed, Capita will employ its proven Knowledge Transfer process to capture any information that may otherwise be lost. This involves a series of one-to-one meetings with leaving staff, combined with template data documents which must be completed.

In previous transfers we have successfully retained key staff by working closely with them early in the project and throughout the transition process, involving them in mapping processes.

Although much of the retention side of the strategy will be targeted at key individuals, there are a number of approaches that we will use to help implement the overall strategy and maintain morale and staff motivation while preparing to undertake wider Transformation activities:

- Widely and regularly communicating our Business Strategy to enlighten senior managers and their teams on the direction and future of the business
- Demonstrating commitment to and investment in learning and development
- Communicating positively - People like to be part of a successful organisation that is going somewhere, so despite the changes that will occur during this contract, a clear and positive long term plan will be communicated to the staff. This will be reinforced by a high level commitment to regular meetings/presentations with staff, consultations with Trade Unions or Staff Representatives, newsletters and Q&A bulletins
- Organising Team/company-hosted events – we will set time and money aside for ongoing team building/motivational events, such as team lunches, office parties, ‘Excellence Awards’, prize-winning quizzes, an annual talent show
- Offering flexible learning for staff at all levels in the business, as this helps develop a culture of trust with our employees. Wherever possible, we will accommodate individual preferences on working hours and be as flexible as possible in shift allocation as this will generate a good deal of loyalty
- Implementing formal succession planning throughout the business
- Promoting Capita’s career opportunities - Advertising widely job opportunities, with weekly/monthly bulletins collated locally and issued on the intranet, notice boards, in team briefings. This helps individuals who are considering redeployment/promotion/transfer to other parts of the Group
- Encouraging staff to participate in co-design activity, such as contributing their experience to customer journey mapping exercises, to reinvigorate their sense that they play a key and valued in improving the service they deliver.

Where changes in the delivery organisation will be required through the transformation, we will support existing staff to undertake new roles and accept new responsibilities. This approach is embedded into the way we conduct business in the outsourcing and strategic partnership market place, including those with Local Authorities.

3.4 EMBEDDING CORE VALUES AND CULTURE

Partnering Principles

Partnerships evolve over time and to build trust between the organisations it is important to establish a set of operating principles that underpin the way that we will work together, such as:

- Maintaining a clear focus on the goals and intended outcomes
- Providing leadership and vision
- Motivating and supporting the workforce to achieve success
- Being agile and willing to change direction to cope with circumstances or changing policies and priorities
- Addressing problems in an open, constructive and collaborative fashion.

Embedding Core Values

We understand the importance of establishing and embedding the shared values, culture and associated behaviours that underpin effective service delivery. Our core values are important to us, they both demonstrate our commitment to our staff and are evidenced through our staff. To build a flourishing partnership it is important to bring the strengths of the two organisation together, this is best encapsulated in the alignment of our values.

We have mapped Capita's values to the Council's and identified a close 'fit', as is apparent from the graphic below:

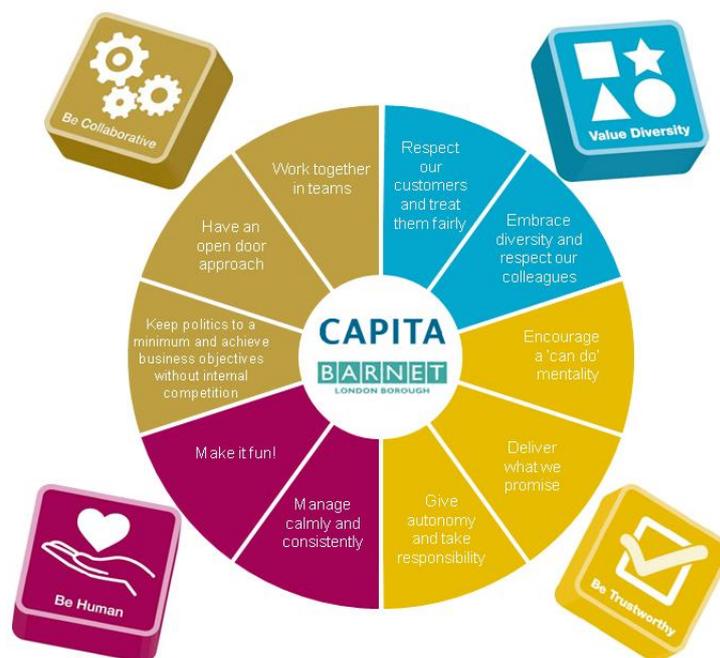


Figure 9 - LBB and Capita Shared Values

We will work with the Council to build on these values and co-design them into a set of joint Partnership Core Values. We will embed these values in everything that we do to ensure they are applied in practice with transferring employees.

We see the following factors as key to success:

- Early and agreed adoption of shared values and behaviours which are continually challenged and refreshed through the partnership relationship

- A clear mechanism for aligning individual's goals to the values and behaviours
- A clear way of measuring how and individual performs against the values and behaviours
- Open and trusted information flow
- Ongoing process and performance improvement challenges.

We will embed the culture and values at all levels of the operation through both formal and informal mechanisms.

Our embedding of the Core Values will start with our PeopleCare Programme. Whilst the main focus of the programme is engagement, communications and practical support through the transfer, an underlying theme is the introduction and reinforcement of the culture and values of both Capita and those that underpin the success of the service.

To achieve a common understanding of service objectives, behaviours and agreed ways of working, staff will be supported with induction training which will cover:

- Jointly agreed objectives of the programme and service levels to be achieved
- The ways of working in the new service
- The behavioural norms that will be promoted
- How the Partnership's culture and values map onto the shared values and culture of the service.

Alongside this we will develop communication channels to provide clarity on service objectives and behavioural norms. Communication channels will include joint meetings with transferred employees and LBB service users and joint social events with LBB.

We will ensure leadership styles at all levels of the service promote the culture, values and behaviours expected. This is supported through ManagerCare, a subset of our PeopleCare programme, through induction training and through mentoring.

We will look to identify Champions who clearly embody the attitudes and behaviours that align to the joint values. The Champions will be recruited to help drive the right values throughout the organisation and we will reinforce this with appropriate incentives and rewards.

As a result the emphasis will shift to a 'can do' culture of working with you. The difference will be noticeable as our staff become focussed on the outcomes and benefits rather than solely fixed on the contracted deliverables. There will be a more proactive engagement with staff to encourage them to challenge the old ways of working and to bring new ideas and innovation to their work.

3.5 COMMITMENT TO EQUALITY & DIVERSITY IN THE WORKPLACE

People are at the heart of everything we do. Our solution will deliver:

- Commitment to Equality and Diversity in the workplace
- Established policies and demonstrable practices and procedures.

Capita is fully committed to Equality and Diversity including compliance with The Equalities Act 2010. We are committed not only to the letter of the law, but also the promotion of equality of opportunity in all areas of work and employee relations, to fair treatment in every aspect of working life from procedures through to decisions and to promote a culture of dignity and respect.

We take a pro-active approach to Equality and Diversity at Capita, ensuring all our employees and managers understand and are sensitive to and aware of equality and diversity issues that may occur and how to prevent such issues arising. Our joint Chief Operating Officers are responsible for championing Equality and Diversity from a Board Level and we use a network of Diversity Champions across the businesses to help communicate and deliver our strategy and initiatives in this area. Capita also engages with a number of external groups and advisory bodies such as the Employer Forum on Disability and the Employer Forum on Age to keep up to date and aware of best practice.

3.5.1 TRAINING AND AWARENESS

Training in Equality and Diversity awareness is available to staff in a number of ways including our online e-induction programme for all new and transferring employees, our Manager Guide/Academy and ManagerCare training for Managers, Employee Handbook and our Capita Connections intranet. Diversity Awareness training forms part of our compulsory Group Essential Training and is also available to employees at any time during their working life at Capita. This ensures staff understand their responsibilities, are up to date with legislation and are able to refresh their knowledge.

Our Human Resource Advisors deliver Diversity Workshops on request for managers and employees in order for them to gain a more in depth understanding of the legislation, complexities, best practice and issues surrounding diversity and how these can be dealt with.

Capita also has a Diversity forum with Diversity Champions from around the Group who communicate diversity initiatives within their relevant business unit, represent business unit views, and monitor diversity training statistics, present challenges and share best practise on diversity. They also work with our HR teams to develop and embed Diversity Action Plans at a local level. Transferring staff will be encouraged to get involved in such staff forums to help them to further integrate and build networks of colleagues around the business.

The role of Diversity Champions is to address and promote diversity awareness across the organisation ensuring that the Equality and Diversity Policy and any of Capita's diversity proposals are embedded within their business unit and act as a point of contact for gathering the views of any member of staff on equality and diversity in the workplace.

Capita regularly reviews and communicates any positive initiatives that are implemented to ensure wider access to them across the group and a sharing of best practice. These in turn will be taken account of in the service design stage.

3.5.2 POLICIES, PROCEDURES AND MONITORING

Our online HR system allows us to actively monitor the profile of our workforce and guard against any direct or indirect discrimination in the organisation.

Capita undertakes regular reviews of its policies and procedures, including progress on equality and diversity training and monitors and measures diversity at every stage of employment. We apply Diversity and Equal Opportunity across recruitment, training and development, selection for promotion, pay awards and our disciplinary and grievance procedures.

4 APPROACH TO RISK MANAGEMENT

4.1 CAPITA GROUP APPROACH

Capita has a pro-active approach to the management of risk that is capable of dealing with the risks associated with a fast-moving service that delivers to a demanding and diverse user community. In particular, we:

- Have a culture in which risk management is at the heart of the company
- Can demonstrate a strong track record of managing risk and protecting the services it provides to clients
- Have a sound methodology and process that systematically identifies, records, monitors and manages risk
- Ensure there is clear accountability for risks
- Recognise that there are different types of risk that may require handling in different ways but within a robust framework.

We also recognise the need to provide an approach to risk management that meets the specific needs of LBB, and accordingly have taken as the starting point our corporate approach to this critical business process. Risk Management is an integral part of how we manage our business and is used to ensure that the services we provide to our clients are managed in a way that prevents problems occurring.

The Capita Group Board is responsible for the Group's system of internal control and for regularly reviewing its effectiveness. The system is designed to manage and prevent rather than necessarily eliminate the risk of failure to achieve service objectives. There is an ongoing process of identifying, evaluating and managing the significant risks faced by the services we operate. This process is regularly reviewed by the Group Board.

The Group's key control functions are:

- Group Compliance
- Group Risk and Business Assurance.

These control functions have put in place a framework to identify, assess and mitigate the major business and service risks, including service performance, credit, operations, reputation, regulatory and fraud. The risk framework is supplemented in

certain of the Group's businesses, including all financial services-related business streams, by a number of formally constituted management boards, which in turn are underpinned by dedicated risk committees. These provide an appropriate means to monitor routinely the risk profiles of these businesses, including regulatory risks, and for proposed mitigating actions to be challenged and tracked.

We use our risk management framework to develop a risk-based internal audit programme to provide assurance on the effectiveness of the internal control structures operating across the business. Capita recognises that Risk Management is a broad topic that governs every component of Service Delivery.

The risk management framework is monitored and developed as required by the Group Risk and Business Assurance function, in conjunction with the Group Compliance function, to ensure that it remains appropriate to business requirements and is consistent with best practice.

The Group Risk and Business Assurance functions report to the Group Finance Director and independently to the Group Audit Committee.

The principles of this approach will form the basis for our approach to risk management within LBB. Capita's approach closely aligns to the Council's Risk Management Policy Statement and Strategy (version 8 dated 30th October 2010) with which Capita undertake to comply throughout the duration of the NSCSO contract.

4.2 RISK MANAGEMENT AS A JOINT TEAM WITH LBB

Managing risk as a joint team is an essential element of working in a partnering relationship. Capita propose to operate a joint risk management framework with LBB to identify and manage risks. Systematic approaches to the prevention of risk are a core competency within the Capita Group, developed as a result of taking on and running large business processing operations.

We will use a joint risk register to ensure there is a consistent record of all risks, their ownership and the actions that are required to mitigate them. Our current risk register, which is updated as our solution develops, is attached below. This risk register will form, through agreement, the basis for the risk register we will use from the start of Transition.

Risks will be assigned an owner within the risk register. We recognise that, whilst many risks will nominally be owned by Capita, we can never avoid the fact that there will be an impact on LBB if a risk were to materialise. Therefore, we understand the need to work closely alongside LBB's risk management team at all stages of this risk management process.

4.3 THE RISK MANAGEMENT PROCESS

The diagram below sets out the overall framework within which the process takes place.



Figure 10 - Risk management role in the live environment

Our proposed risk management process for NSCSO is designed to:

- Optimise the return to, and protect the interests of, stakeholders (including customers and staff)
- Assist in identifying key risks to transition and delivery of on-going services on a timely basis
- Provide a means to assess risk exposures by means of consolidated risk reporting
- Safeguard LBB's assets and maintain its reputation
- Provide a risk-based platform for internal audit, compliance and all related monitoring and business assurance activities
- Improve the organisation's operating performance
- Support achievement of LBB objectives with the delivery of its services.

The diagram below illustrates the spectrum of risks that need to be systematically managed and prevented.

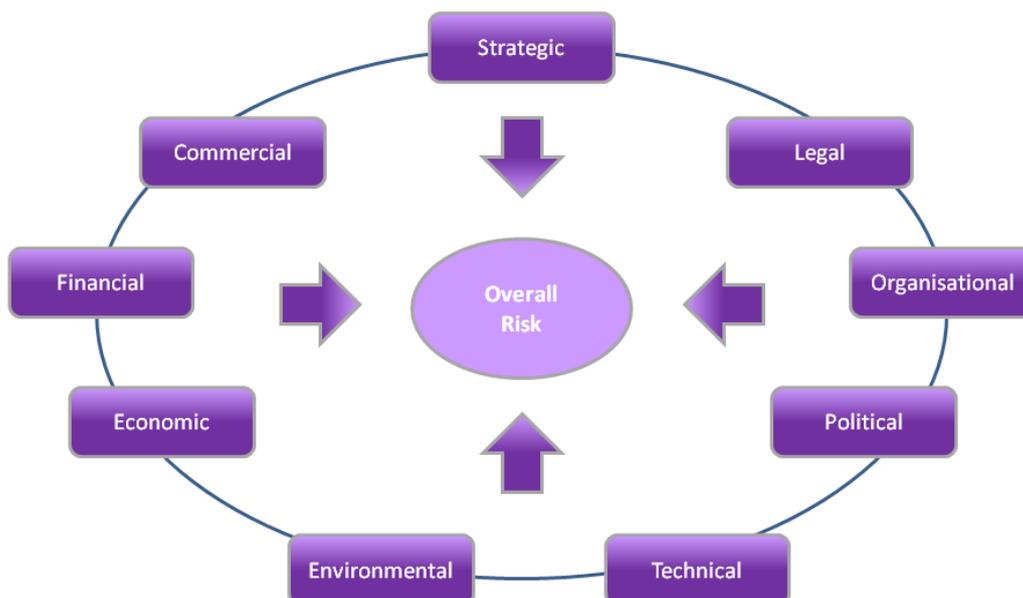


Figure 11 - Risk Categories and Overall Risks

4.4 IDENTIFICATION AND MANAGEMENT OF RISK

Risks will be identified ('Identify', shown as an arrowed process in the diagram) and captured within a formal risk register, as described above. The risk register will include descriptions of controls and actions to manage the impact or likelihood of a risk event occurring ('Assess').

The type and complexity of the mitigations deployed to manage each risk will be dependent on LBB and Capita's joint risk tolerance for such events ('Develop Responses') and risks will be constantly monitored and reported to all appropriate stakeholders ('Monitor & Report').

During all the stages within the risk management cycle, risks will be allocated to specific individuals ('Ownership'), to ensure there is full unequivocal accountability.

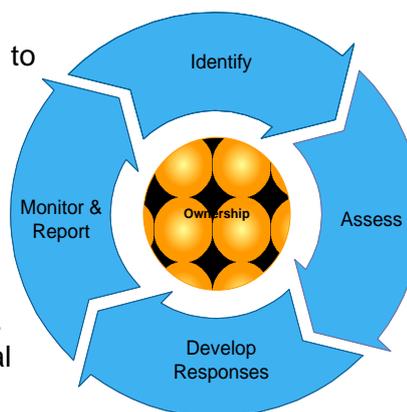


Figure 12 - Risk Management Cycle

Identifying Risk

Timely and objective risk identification will be a fundamental component of our effective risk management framework. This process will not be a one off event and will be continuously refreshed throughout the transition and delivery of on-going services.

There are a combination of top down and bottom up methods, techniques and intelligence gathering activities available to LBB and Capita, to jointly identify risks that can affect the services. These include: risk assessments, audit checks, desktop research, data analysis, system testing, collaboration and workshops with agencies and with key stakeholders. All staff (LBB and Capita) will be encouraged to raise perceived risks.

The Risk Register will provide a means of recording the identified risks, the analysis of their severity and the necessary management actions to be taken. Capita has implemented risk registers in various formats to meet specific business need, ranging from a simple document or spreadsheet to a fully integrated database system.

Capita has extensive experience of implementing a variety of risk management tools and we are comfortable adopting most systems preferred by our clients.

For the purposes of this solution, we propose to continue with the existing LBB arrangements for recording and communicating risks, but ensuring that the rigour and focus outlined within this document is followed consistently.

4.5 RISK ASSESSMENT

In assessing the risks within the Risk Register that we identified for the proposed service provision, we assessed the probability and impact of each risk using the matrix below. This method is consistent with the LBB's Corporate Risk Management Policy Statement and Strategy Version 8 dated 30th October 2010.

	Score:		PROBABILITY				
			1	2	3	4	5
			Rare	Unlikely	Possible	Likely	Almost certain
I M P A C T	5	Catastrophic	5	10	15	20	25
	4	Major	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Minor	2	4	6	8	10
	1	Negligible	1	2	3	4	5

Figure 13 - Risk Matrix

The detailed Risk Register identifies a 'Probability factor' and 'Impact factor' for each risk as part of a pre-mitigation assessment. Then, having identified mitigating actions, we made another assessment of 'Probability' and 'Impact' based on a post-mitigation assessment. This illustrates how the proposed activities are intended to reduce the likelihood of the risk occurring and, if it should occur, reduce the impact it would have.

The management of these risks will be undertaken at all levels and high priority risks will, ultimately, be reported to the governance Board. The detailed management

information and analysis included in the Risk Register is used to help predict failures and monitor risk areas which are important in maintaining a low risk, well managed service.

During the dialogue sessions we have sought to understand some of the key risks that we are likely to inherit and have included these risks in the detailed Risk Register which forms part of this response, complete with proposed mitigating actions.

Tasks associated with assessing risk include, but are not limited to:

- Evaluation of the impact and probability of occurrence
- Quantification of the risk in terms of financial impact
- Assessment of the tolerable exposure for risks.

The aim is to provide consistent and scalable methodologies for the relative assessment of range of risks levels specified, focusing management attention on those issues that are most critical to the achievement of the corporate and service related objectives.

4.6 MANAGING THE RISK

Having assessed the risks, cost effective mitigating solutions are deployed. When considering the appropriate response to a potential risk, our goal is to ensure that it does not develop into an unplanned event or outcome, by adopting a proportionate approach. The approach taken will depend on the jointly agreed risk tolerance levels set up by the LBB and Capita.

The risk tolerance will define the level of risk that Capita and LBB are both prepared to tolerate. Where the level of risk exceeds that tolerance, management will take appropriate action to reduce that risk to an acceptable residual (tolerance) level. Risk reduction takes many forms - the following general treatment strategies are deployed:

- **Treat the risk:** the purpose is to develop and implement a planned series of mitigation actions to contain the risk to an acceptable level or even terminate it. The majority of risks fall into this category
- **Terminate the risk:** the decision not to become involved in a risk situation. This situation arises when the risk level is high and other risk treatment options are not feasible and it involves quick and decisive action to avoid a risk altogether
- **Transfer the risk:** this might be done through insurance for financial/economic risk
- **Tolerate the risk:** our ability to take effective action against some risks may be limited, or the cost of taking action may be disproportionate to the potential benefit gained. In this instance, the only risk management action available is to 'accept and monitor' the risk to ensure that its likelihood or impact does not change. If new risk management options arise, it may become appropriate to consider other risk treatment options in the future.

This '4 Ts' approach is consistent with current Good Practice within Risk Management, and is in line with the LBB Risk Management Policy Statement and Strategy Version 8 dated 30th October 2010.

4.7 MONITORING AND REPORTING

Risk will be consistently monitored and reported to all appropriate stakeholders.

The effectiveness of the responses will have to be continually monitored and where appropriate responses adjusted accordingly. This is critical; if something changes it will be important for the scheme to be able to respond accordingly.

Risk management is a dynamic process and over time, risk profiles will change across all risk levels. New risks will arise and controls and contingency plans will need to be updated.

Appropriate and effective reviews and reporting arrangements will support all risk management activities. These will provide current and accurate information for the risk owners and senior managers about service performance. The frequency of reviews will be defined by the Transition Manager and the Transformation Director and the governance board at the commencement of the contract.

4.8 IMPLEMENTING RISK MANAGEMENT

From our understanding of your current procedures, our approach to risk management is similar to your own. This is beneficial as it reduces the likelihood of problems being experienced while parties learn new practices. However, we will take care in the implementation of this process, in particular to ensure that:

- All current risks faced by LBB and the incumbent are reviewed, revised as necessary and transferred to the new Risk Register
- The management actions required to manage the key risks are mutually understood
- Staff (of both LBB and Capita) have an understanding of our - and their own - obligations in relation to risk management.

5 BUSINESS CONTINUITY & DISASTER RECOVERY

Capita understands how important it is that the NSCSO services continue to operate front line services with minimal interruption at all times, in particular in the period of transition when significant changes are being made to how and from where the services are delivered.

Our company's business continuity management framework ensures plans exist for all support areas of our normal core business functions. This is particularly important to us as we provide mission critical systems and services to many public sector clients. As a result Capita are certified to BS25999 – Business Continuity Management. This demonstrates that our business is aligned to industry best practice in relation to our Business Continuity Management (BCM) solutions.

We plan to use the early months of Transition to develop the framework to deliver a comprehensive Business Continuity and Disaster Recovery (BC/DR) Plan for the Partnership. The plan will be developed in 3 stages

- Stage 1 - to address the immediate and most pressing business continuity requirements, including the Swift system, prevailing at the time we take over the services i.e. STD
- Stage 2 - designed to cover the changes that will take place throughout transformation, up to the realisation of the SDM. As the transformation will involve many location and system changes, this plan will of necessity be a dynamic model, in need of regular refresh to retain currency. It will also address BC/DR arrangements for those services being retained in Barnet
- Stage 3 - A Strategic Plan, to be developed during the Transformation programme, to cater for the BC and DR requirements going forward, once transformation is complete. This will also cater for special projects commissioned and delivered during the post Transformation, BAU period.

(Further reference in this section to 'the Plan' means whichever of the 3 stage plans is current at the time).

We will work with the Council to ensure that our technical DR plans and broader Business Continuity Plans are aligned with the provisions in the wider LBB BC/DR Plans. When BCP/DR scenarios occur, we will ensure that access to critical information and records (both physical and electronic) are maintained in line with agreed performance indicators (PIs).

It is recognised that there is a risk of minor or significant service disruption occurring at the stage immediately following Service Transfer Date. These are the risks associated with handing over the services to a new service provider, and the plans to mitigate these are described in various parts of this document, in Section 1.8 on Transition Risk Management, and in the individual service Method Statements.

This section focuses principally on BC/DR throughout Transition and Transformation, Capita's approach to maintaining service throughout that period, and how each service addresses the risk. In the key areas of Customer Services and Revenues and

Benefits we also provide plans for helping Barnet mitigate the risk to business continuity prior to the Service Transfer Date.

5.1 BUSINESS CONTINUITY MANAGEMENT LIFECYCLE

We will develop the Plan in line with our overarching Business Continuity Management (BCM) Lifecycle which is fully aligned with BS25999-1:2006. Also, information assurance will align with our existing stringent policies and procedures, conforming to industry standard ISO27001 (ISO17799). Physical, logical and procedural access controls will be ITIL-based procedures and practices incorporating Change Control Procedures, fully compliant with industry standard ISO/IEC20000.

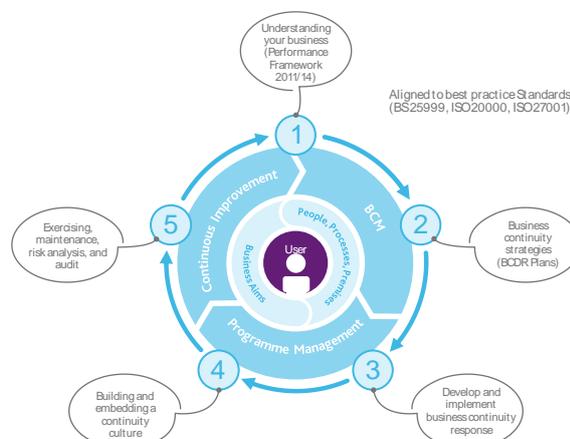


Figure 14 - Business Continuity Management Lifecycle

Based on this approach, the contingency and recovery plan provides operational resilience and risk mitigation across all the layers of our service delivery including any that is delivered through IT, such as critical processes, networks, platforms, data, information and applications, and crucially, people. Furthermore, we will use our User-Centred Design to incorporate staff's past experience and learning.

All Capita's current core service delivery locations have been subject to a risk assessment and have been included in our BCM Programme. When new service locations are commissioned, such an assessment is part of the process to identify appropriate risk mitigation actions and contingency arrangements to be put in place should access to the site, or services delivered by it, are lost. This way we safeguard delivery of the services across the life of the contract.

In the event of invocation of the Plan, core to our contingency and recovery plans is the ability, if required, to deliver services from other local Capita facilities. The plan addresses the following situations:

- Loss of data processing facilities
- Loss of a dedicated network service, for example: for records management in the event of network failure, we will provide a 100% physical file retrieval service until service is resumed
- Loss of buildings housing service areas or loss of the call processing technology at the Contact Centre.

Other triggering circumstances could be:

- Unavailability of Council premises or associated infrastructure (if critical to service delivery)
- Acts of nature - such as fire, storms, floods, and heavy snow

- Accidents - such as plane crashes and system failures
- Deliberate acts - such as terrorism, theft, arson and industrial action
- Failure of critical suppliers, distributors or third parties
- Loss of key personnel through e.g. pandemics such as swine flu
- Adverse publicity.

5.2 CURRENT LBB DISASTER RECOVERY AND BUSINESS CONTINUITY ARRANGEMENTS

Disaster Recovery for Transition will initially follow the current LBB Disaster Recovery and Business Continuity (BC/DR) arrangements.

In the period prior to Service Transfer Date, we will review the LBB BC/DR plans, and will assess them against the Capita requirements, creating a written gap analysis should there be any areas of concern. This gap analysis will also include an Action Plan to remedy these concerns as quickly as possible, so that both LBB and Capita will be assured that the service to the customer can continue in all foreseen circumstances during Transition. A Stage 1 plan will be developed from this exercise, to apply from STD and continue in operation until the changes to the service (whether these are location, system, or process) are introduced as part of the transformation programme. From this point the Stage 2 BC/DR plan will be implemented to cover those services that are subject to change in transformation.

We will identify management and key staff (and their alternatives) to handle each prospective task involved in a crisis, together with the information required to manage through the immediate crisis. This also establishes a basic procedure for maintaining Business Continuity to ensure all aspects are properly covered and the impact mitigated.

Mission Critical Systems

Agreement on mission critical systems will be a joint activity to assess the business impact of systems and their relative criticality. We would like to use the current LBB list of mission critical systems to initiate that discussion. Part of this assessment will include a review of the individual Business Continuity plans for the service areas and ensure the mission critical systems are identified and agreed.

This will be part of the regular review by the appropriate governance Board to make sure Business Impact Assessments (BIA) are up to date and the correct BC/DR arrangements are in place. Residents and staff should experience minimal disruption, therefore, BIA for mission critical systems includes consideration of services and their underpinning systems.

The agreed mission critical systems will be incorporated into the DR plan and processes and categorised (as P1, P2, P3). All applications not on the list will be covered by backup and restore procedures as part of the overall DR plan.

We would expect to work with the Council to ensure the scope of identification and classification of mission critical systems is robust, and that any BIA methodology adopted provides the correct outcomes in terms of BC and DR planning.

In respect of Business Continuity and Disaster Recovery provision specific Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) will be established to measure the recovery capability of key Business Operations. These measures will form the basis of the Success Criteria for Business Continuity and Disaster Recovery testing. The results of the testing strand can then be replayed into operational procedures and BC and DR strategies.

The strategy will reflect, document and agree the Mission Critical Activities (MCAs) that must be protected in order for the business to continue should an incident occur. This will initially be achieved by undertaking a Business Impact Assessment which will subsequently be signed off by the Delivery and Assurance Board.

5.2.1 CONDUCTING REGULAR BUSINESS IMPACT ANALYSES

Regardless of the triggering event, our contingency and recovery plan will define the priorities for recovery, the target recovery time period, the minimum service levels required at the time of the initial recovery and the minimum functions required at the initial recovery. To ensure the validity of these we would normally undertake a Business Impact Analysis exercise which will take into account the time sensitivity of each business function (or process) to disruption. This information will determine the recovery requirements, which will be approved by the Council and will be used as the basis to deliver all resulting recovery plan invocations.

We will work with the Council to ensure that comprehensive Business Impact Analyses, including risk assessments of all systems, services and processes (including all dependent processes) are carried out regularly, at least every twelve months.

The Business Impact Analyses will identify and prioritise key business functions that are to be maintained within agreed timeframes to ensure continuity of services and availability to information following disruptions to normal business operations. This activity is particularly important in the Stage 2 version of the BC/DR Plan, where changes to individual service arrangements will be more frequent.

As part of the Support Services it will be crucial that the Business Impact Analyses will also review and identify the key staff that will have their duties reprioritised to assist with emergencies, whilst ensuring their 'standard' duties will continue to be delivered.

We will detail and demonstrate how our Business Continuity and Disaster Recovery plans, procedures and capabilities will provide continuity of service in the event of a crisis, disaster, temporary disruption of service or other adverse operating conditions. This will include how these will operate over varying time periods of disruption (e.g. 4/ 12/ 24/ 48/ 72 hours, 1 week, 1 month, 3 months etc.) to meet agreed Recovery Time Objectives and performance measures.

We will be able to 'switch back' to normal capabilities after use of the business continuity capabilities without affecting the availability or performance of production

services, processing any backlogs resulting from invocation within agreed performance standards.

Prior to activation of the BCP we will have access to real time management information regarding the service performance. This performance will be assessed relative to Key Performance Indicators and defined Red/ Amber/ Green (RAG) thresholds.

During the period of the invocation of the plan, key performance indicators would continually be monitored and status will be provided in real time to the Crisis Management Team (CMT) so that communication (including broadcast communication where required) can be maintained. The CMT will meet frequently with operational Managers and the Council to define, agree and communicate immediate, tactical activity to enable an effective service to be maintained.

5.3 BUSINESS CONTINUITY ARRANGEMENTS

5.3.1 BUSINESS CONTINUITY PLAN (BCP)

The BCP will be ultimately the responsibility of the Capita Partnership Director who will be accountable for its effective deployment and application. Service Managers in our delivery structure will also have defined responsibilities for business continuity.

It is important that any interruption is limited in both time and impact. The Business Continuity Plan will contain concise and appropriate instructions to manage an unplanned interruption for all aspects of the services including the contact centre, face to face services and web services. It will also include details of key contacts, both internal and external, and detailed roles and responsibilities.

The plan will be reviewed annually at a minimum (and following every instance of a Business Impact Assessment) and amended and re-tested accordingly.

In all instances of service non-availability, whether premises, people or technology, we will communicate, and work closely, with LBB staff to provide an assured but flexible response that underpins the values and behaviours of good partnership working. The BCP will act as the vehicle that drives our protocols and procedures to give consistent and clear responses to maintain maximum service to the Council.

Our BCP will include all operating protocols and procedures for managing non-availability of premises, people and technology for short term and medium term.

We will continue to work with the Council to ensure that our overall emergency response includes that our Technical Disaster Recovery plans operate alongside our Business Continuity Plans. In addition, that these are aligned with the provisions in the wider Council Business Continuity and Civil Contingency (CC) plans so we can act in unison.

5.3.2 PEOPLE

Our key aim is to support LBB to deliver a good service and maintain a service presence. Instances of non-availability for short periods might include:

- Snow or other severe weather conditions

- Flooding and inability to access the building.

In circumstances where staff are not available for short periods we will:

- Speak in the first instance with LBB key staff (in particular the LBB co-ordinator for service continuity) to agree a joint approach
- Instigate procedures as defined in our BCP that support the above discussion, e.g. re-allocating staff to key tasks where possible
- Ensure staff are accounted for and in a safe and secure environment – for example, in severe weather we would anticipate staff to be home-based.

Our service management arrangements will identify clear service priorities for services that are essential and cannot be resumed the following day. In these circumstances we will deliver these services by:

- Making flexible use of staff that are available
- Drawing on staff, for the most serious circumstances, from neighbouring contracts in other parts of London and in the Southern UK.

Where staff are not available for longer, protracted periods we expect to:

- Speak in the first instance with LBB key staff (Service Continuity Co-ordinator) to agree an emergency joint plan for the period
- Instigate procedures as defined in our BCP that support the above discussion
- Make extensive use of interim / seconded staff. We have the flexibility and depth to draw upon many resources from our service operations across Capita, including contracts which have skilled resources able to fulfil duties against the scope of services the Partnership delivers.

5.3.3 STAFF DEVELOPMENT AND TRAINING

As part of the implementation of Business Continuity and Disaster Recovery capability a training and awareness programme will be implemented that will:

- Establish a network of Business Continuity champions within the Business network
- Establish local ownership of Business Continuity plans to ensure currency
- Ensure that Business Continuity is part and parcel of the Capita/LBB partnership
- Train and develop senior Managers in respect of invocation and management of major incidents.

5.3.4 PREMISES

If premises are not available for a short or medium term period then we will identify in the BC / DR Plan agreed alternative locations, either existing LBB-controlled property or those currently occupied by Capita, e.g. the appropriate service Centre of

Excellence location. All the Capita locations to which we plan to migrate the services in Transformation have access to alternative locations as part of their existing BC/DR arrangements.

5.4 FLEXIBLE RESOURCES

For the joint annual exercises and actual emergencies we will reprioritise staff within the relevant Support Service to assist with the handling of emergency situations, whilst minimising disruption to for example, residents, pensioners, schools, and Council staff.

5.4.1 MANAGING PEAKS AND TROUGHS

We recognise that the nature of Council activities means that there will be peaks and troughs in the workload throughout the year. In order that we maintain a high degree of customer service each week of the year, the Capita Centres of Excellence each have facilities to overflow peaks of work to sister Centres, within the Capita Group. Each Centre is manned by experienced staff so that, in the event of peaks of work being received, customers' requests are processed effectively and efficiently, irrespective of which Centre is involved. The entire 'overflow' process is transparent to the end user, and operates successfully because of regular communications between the relevant Centre management teams relating to staff rostering and planning. This ensures that there is sufficient capacity to receive overflow work at the alternate site(s) if necessary.

We take care to set the 'trigger level' for such overflow of work at the optimum level, so that we can actively 'smooth' the peaks and troughs of work at the main location. In this way we can maintain efficient staff levels for routine Business As Usual volumes, without incurring the expense – and inevitable inefficiencies – that occur when work volumes are too low for the staff on duty. This is based on many years' experience of work planning across the Centres.

5.4.2 EMERGENCY PLANNING

In such extreme circumstances as we describe below, LBB can be assured that as a strategic partner, we will support the maintenance of services to residents across Barnet.

Our approach to adjusting Support Services capability to assist the Council to respond to times of extreme circumstance, for example a major emergency, environmental disaster or civil unrest is based upon much of our response as set out above.

We will use our experience, alongside the guidance of the Council (e.g. the BCP Activation Process), to develop processes and scripts which enable the Council to adapt and implement emergency procedures within 15 minutes of a defined emergency occurring.

Major emergencies are likely to be difficult to accurately define in advance, fluid in nature, and require flexibility in response. Therefore, we will need to instigate procedures that should be as fully defined as possible in our Business Continuity Plan, whilst being appropriate to broad classes of emergency response scenarios. We will align our BCP to support the Council's duties as a local authority under the

Civil Contingencies Act 2004, subordinate legislation and associated guidance. Our Group Policy and associated documentation meets all current best practice.

We recognise that there may be highly unusual circumstances where a major emergency occurs that requires a completely joined-up response between the Council and the Partnership to address the situation in hand. This may be during such previously unprecedented occurrences as the August 2011 riots breaking out across the country.

5.4.3 JOINT EXERCISES

We will ensure the reliability of the Business Continuity Plan through exercising and testing of the plan to prove that it is workable and up-to-date. The objective of the testing is two-fold, firstly to verify that the Plan is practically workable by Modelling recovery from disaster conditions and secondly training to familiarise staff with the operation of the plan.

As discussed, we will participate in joint annual exercises with the Council to test the BC/DR plans are robust, fit for purpose and ensure the Council complies with the Civil Contingencies Act 2004.

Disaster Recovery Plans will be tested, through trial invocation, at an agreed frequency, but at least annually, against the following quality criteria:

- Fast assessment procedures are conducted to gauge the impact of the event
- Disaster Recovery procedures initiated
- Notification procedures are followed
- Contingency operations are established based on the impact and duration of the event
- Staff training plans are inclusive of BC/DR obligations
- Capita BC/DR plans are congruent with the Council's broader BC/DR Plans
- When / if the original facility is capable of returning to normal operation, transition steps are initiated
- Otherwise, contingency operations will be planned for longer term alternate site operation
- Whether service has been restored within SLA / KPI targets, including access to agreed systems and subsets of data / records.

The frequency of testing exercises is dependent upon business need and the environment in which it operates. The testing of the Business Continuity Plan is carried out, at a minimum, every 12 months; however for some businesses or processes where the pace of change is particularly fast, a more frequent programme may be necessary.

The DR exercises will focus on business scenarios which will be driven by the LBB Emergency Management team that will assist in the planning and execution of these scenarios.

The annual DR testing will also include the testing of Emergency Management planning scenarios such that both LBB and Capita know that these are well maintained, including the associated roles, responsibilities and success criteria. This will ensure that there is a continued effort to improve and mitigate any weaknesses uncovered through these testing exercises.

This DR exercise activity will be planned into the regular release plan and will utilise members of the core Support Services to undertake and support the test. The test will be planned and managed by Capita alongside the overall change agenda within the release schedule which will ensure both Capita and LBB make the appropriate key staff available. This will be agreed with the appropriate governance Board when assessing release contents.

We will ensure that all sites which deliver services for LBB have disaster and business continuity provisions in place, including the ability to transfer operational activity to an alternative location. For the first year following STD we will activate a 'ship to site' service to provide servers to the current location in the event of a DR event for mission critical services (such as Swift). During those 12 months we will migrate the LBB data centre to our own site and provide a secondary DR site for BC failover. This site is a secure state-of-the-art data centre located in Wiltshire, and graded up to IL6 (ListX) for government and commercial security.

Upon conclusion of the emergency incident we will hold a debriefing meeting with the Council to:

- Capture and document (through the Recovery Checklists and Decision Logs) the circumstances of the major emergency incident to help assist in a lessons learned process, which we would expect the Council to lead
- Review and understand the impact on Support Services and share and discuss this openly with the Council. For example, where there has been a prolonged major emergency the Support Services function may be faced with backlogs of an unusual nature that impact on contract performance. In these circumstances we would look to agree a fair and reasonable approach to rectify any performance failure, where this arises as a result of our proactive response to support the Council.

If there was to be an unforeseen environmental disaster, we would look to support the Council by:

- Utilising our communication systems across Capita to communicate with staff and provide civil contingency support to the Council if required, for example, using capacity in our national network of Contact Centre services
- Providing access to our wider infrastructure (e.g. buildings, platforms, data centres, shared service centres, etc.) should the Council require it
- Providing access to disaster management experts within Capita.

For extreme circumstances of civil unrest we would look to support the Council by:

- Locating Council workforce to ascertain their safety
- Using all available, and appropriate, communication channels to transmit safety and/or guidance messages to staff.

5.5 SERVICE SPECIFIC BC/DR PLANS

Notwithstanding the need for a comprehensive BC/DR plan on the basis outlined above, each of our service Method Statements include specific actions from their plans to improve the provision of, and reduce the risks to, business continuity in Transition and Transformation. The extracts of these, which will form the basis of our Stage 2 Plan, are included below:

- The proposed use of our Shared Revenues and Benefits Service Centre in Bromley to deliver remote Subject Matter Expert (SME) activity along with the NNDR service, and the Processing capability in Blackburn, enables us to make use of their existing business continuity arrangements and allows us to flex resource to accommodate short-term peaks in demands
- Our plan to move the major parts of the HR service to our Belfast Centre of Excellence, the service for Schools to Carlisle, and Pensions to Sheffield, means that the operation will benefit from the network of Shared Service Centres we operate for the provision of HR, Payroll and Pensions services (Belfast, Carlisle, Edinburgh and Southampton) and our ability to switch services between sites
- The implementation of the new BPM in Transformation will enable work to flow seamlessly between locations allowing all authorised personnel to have direct access to core systems to provide continuity and consistency of service delivery. In exceptional circumstances, for example, a service outage, these facilities could also be used to support business continuity
- Through our improved telephony system that will accompany the Customer Services Contact Centre move to Darwen, we will deliver greater resilience and the ability to re-route calls within minutes to another of our sites

Darwen is already a well established contact centre operation, with existing Business Continuity arrangements in place. In the event of a business continuity invocation we can be relocated and operational at an alternative site within 24 hours

- The Data Centre migration to Capita Offices in Corsham will increase DR capability as this site already has a reciprocal DR arrangement with our back-up site in Farnborough

We have an extensive Business Continuity Management (BCM) Programme that covers all key locations from which core services are delivered, and all the sites we intend to use for relocating Barnet services will fall within this remit. In addition, we ensure, and require, that our key third party suppliers and partners have appropriate continuity arrangements in place

- Post STD we will have the ability to transfer operational finance activity to an alternative location (e.g. utilising one of our Finance Shared Service Centres) as a back-up site and source of back-up resource as appropriate.

We will enable remote working for Finance staff where appropriate.

5.6 SUPPLY CHAIN RESILIENCE, RISK ASSESSMENT AND MANAGEMENT

5.6.1 SUPPLY CHAIN RESILIENCE AND RISK MANAGEMENT

Capita will be accountable for any part of the supply chain where a supplier is a sub-contractor to Capita and / or where we have recommended a particular supplier to the Council and the Council has fully adhered to our recommendations.

The Council is seeking a resilient set of Support Services, where the supply chain is robust and risk is mitigated as far as is either practicable or commercially viable. Consequently, our approach in this area will take into account the various drivers which need to be addressed in order to ensure resilience. Policy elements will include, but not be limited to: sourcing of 3rd party suppliers based on industry standard risk assessments of their continued viability; compliance checks for Support Services staff, management and suppliers with agreed processes; reporting mechanisms and regular audits of suppliers' continued viability; etc. More widely, in the context of business continuity, BC/DR planning will form part of our service delivery Model for all elements of our Support Services provision. This will address known, and likely, causes of disruption to our supply chain (e.g. transport / weather / workforce issues), and ensure appropriate levels of response are initiated according to the specifics of the situation (e.g. in the event of power failure moving staff to another building or having them work from home).

Where our services rely on a supply chain, whether through hardware, software, niche skills or expertise, etc. we will take a programmatic approach to the management of our 3rd parties.

During Transition, we will map the dependencies associated with the delivery of each element of service, and use this in assessing the most appropriate strategy for risk mitigation. This will make it clear where the critical path for service delivery lies throughout our supply chain.

5.6.2 MITIGATING ACTIONS FOR LOSS OF CRITICAL SUPPLIERS, 3RD PARTIES

The Risk Management process is fundamental to the successful delivery of the Support Services. The process ensures that each risk identified is documented, prioritised and steps taken to ensure the mitigation of those risks. For these purposes, risks are defined as "any event that could adversely affect the ability to produce the required deliverables".

We have the in-house resources to deliver the Support Services but we will, as part of the Business Impact Assessment, review our supply chain for the Support Services with the Delivery and Assurance Board during Transition. There are instances where specific local knowledge is requested, which can add value to our project approach and assist with the delivery of our services. For these instances we

will conduct, as discussed, a joint impact assessment with LBB to ensure any potential risks are managed and minimised.

6 EXIT PLAN

6.1 CAPITA'S APPROACH TO EXIT PLANNING

A successful Exit Strategy depends upon the maintenance of accurate information in the following areas:

- The Council data held by Capita for the provision of services
- Sub-contracts and general contractual arrangements, including equipment leases, maintenance and support agreements made by Capita for the provision of services
- Whether or not agreements can be novated
- Tangible and non-tangible assets
- Staff and their roles
- Joint risks and issues
- Other matters as required by the Council to make an informed decision about its transition arrangements and other exit planning issues.

As outlined in Schedule 18 Exit Arrangements, a Draft Exit Plan will be documented for comment, agreement and approval by the Council after the Service Transfer Date. The approach to Exit is more outlined in more detail in Schedule 18.

To ensure that exit information is readily available we will maintain an up-to-date Asset and Contracts Register in a form to be agreed with the Council. The initial Asset and Contract Register will be created as part of a discovery exercise prior to contract start. It will then be owned by the Capita NSCSO Finance Director. As a matter of principle, we will contract for the supply of goods and services on the basis that these can be novated as part of an Exit Plan, unless otherwise discussed and agreed with the Council.

We will maintain an up-to-date organisation chart supported by detailed roles and responsibilities for all staff. These detailed records will be kept as part of our Performance Management process and will be established during Transition.

Service managers will be responsible for the detailed Exit Plans for their services and will discuss and agree these with the Capita NSCSO Finance Director. This will identify any further information that needs to be maintained. The joint Risk and Issues Register will also be maintained as part of Partnership Governance and operational service management will also be used to inform the detailed Exit Plans.

The Exit Strategy will detail the timescales for providing this required information at the point of contract exit. We will also assist the Council in interpreting this information and assessing the options and implications of exit at that time.

6.2 APPLICATION OF TUPE REGULATIONS

As part of the Exit Strategy there will be an agreed timescale for Capita, at the request of the Council, to provide the following information about staff:

- Staff details including their date of birth, sex, salary, length of service, hours of work, overtime hours and rates (if applicable), job title and grade, pension scheme membership and any individual terms or conditions of employment
- Details of staff including any currently absent from work or on secondment and the reason for the dismissal of any former member of staff during the preceding twelve months
- Any employment related claim made by staff
- The general terms and conditions applicable to staff
- Details of any agreements, arrangements or undertakings that Capita has with any Trade Union or other body representing any of the Staff and details of any disputes
- Details of any legal proceedings commenced or threatened by any member of Staff and of any investigation or enquiry commenced by any statutory authority.

6.3 EXIT PLAN

Our approach to planning contract exit is to devise a structured plan to align with the Exit Arrangements described in Schedule 18. The guiding principle of the plan is to ensure a smooth transfer of whole or part of the services as appropriate, which minimises risk to service continuity throughout the exit period.

6.3.1 PREPARATION OF THE PLAN

The draft exit plan referenced in section 6.1 will contain a Project Initiation Document and a project plan for the Exit. This will address the obligations on the Service Provider identified in Schedule 18. The Exit Plan will be owned by our Finance Director.

We would intend to develop the Exit plan with the Council to an agreed final version within six weeks of production of the first draft. The plan will be reviewed at six monthly intervals thereafter to ensure it remains current to the prevailing service operations.

During a re-procurement period we will agree the detailed arrangements for making available data required to support the re-procurement. Both parties will also agree any arrangements for extending the Contract period or the provision of support services during the period.

6.3.2 INVOCATION OF THE EXIT PLAN

Upon invocation of the handover period we would appoint a Project Manager to manage the Exit Plan through to its successful completion. This individual would also secure the required project resources and liaise with the Council and a successor service provider on all relevant aspects of the plan's execution.

The Project Manager would also produce (and agree with the Council) a handover plan. In addition to the details identified in Schedule 18, it will address detailed arrangements for the transfer of physical assets, third party contracts, IPR, software licenses, vacation of Council premises, and the provision of Capita staff to support the services, during and if required, post exit.

It is vital that all plans produced at this stage are agreed with the Council and are harmonised with any successor provider's transition plans. Accordingly we believe it is essential to establish an appropriate governance model, under the chair of the Council, early in this period to reflect the interests of the major stakeholders, and to provide direction and overall control during the exit period.