Dear Chair,

MOD’S CONTRACTS WITH CAPITA

Further to the Government’s response to the PAC recommendations made following the Inquiry into the MOD’s contracts with Capita, I made a commitment to write to the Committee to provide a further update against some of these recommendations. I would like to update the Committee on the Armed Forces Recruiting Programme (AFRP), previously known as the Future Recruiting Programme. Over the course of the Summer, the programme has continued to mature and is expecting to engage formally with industry later this year. The programme has been conducting significant market research, including looking at the approaches of partner nations, receiving input from both public and private sector recruiting operations, i.e. John Lewis, and evaluating lessons learned from the current Recruiting Partnering Project (RPP). AFRP continues to scope the needs of the three Services. No substantive decisions have yet been made on the future of Armed Forces recruiting, with both In-House and commercial options still under consideration. As the RPP continues to display indicators of improvement, particularly in the far closer relationship between the Army and Capita, there is an opportunity to transition to a future model on a strong footing.

Turning to the current recruiting programme, the Committee were previously advised of a successful pilot conducted in the South East of England. Over the Summer, this has been rolled out across the entire UK and has reduced the average length of time it takes to go through the pipeline from 205 to 153 days by utilising concurrent activity. Candidates have been provided with a training start date in as little as 21 days, but I should stress that the Army is cognisant of the need to not push candidates through the pipeline faster than they are comfortable with, given the significant change in lifestyle many will experience. A lot of focus is being placed on improving the candidate experience through better support, including through access to military advisers, and removing unnecessary bureaucracy. This latter point is particularly being looked at with the medical assessment process, with a review of the pipeline underway to look at how
this is conducted, including ways of moving some of the responsibility for proving medical suitability from candidates to the recruiting teams.

Recruitment standards, including medical policy, continue to be reviewed. Tri-service medical policy is regularly reviewed by specialist occupational physicians from all three Services to ensure UK best practice in occupational medical policy, medical evidence and both improved diagnostic procedures and treatments are considered. Additionally, there has been further scrutiny of policies against which the largest numbers of candidates fail, including asthma, eczema, mental health and musculoskeletal injuries. Some of these policies have already been updated to improve both the clarity of policy and reflect developments in medical understanding, such as within mental health. Changes have also been made to Army age and Body Mass Index policies, supplemented by a new Soldier Development Course. These changes do not affect the standards required to pass training, but instead provide a more appropriate level of opportunity for candidates to prove their ability. Clearly the Armed Forces will continue to need to have stringent policies in place to ensure that they provide a duty of care to those who wish to serve.

Work also continues within the Army to look to more flexible career structures for specialist trades, including the ability to transition more smoothly from industry into an Army career. This work remains in the early stages, but hopefully will provide some assurance to the Committee that the Army recognise the need to keep their structures under review to reflect the changing expectations of a modern career.

Regarding current performance of the RPP, following Commander Home Command's statement to the Committee earlier this year, the Army continue to predict that at least 80% of the required Regular soldier enlistments will be achieved this year, and 100% of direct entry Regular officers. This equates to around 7,500 Regular soldiers entering training this recruiting year, over 1,000 more than in the previous year. As previously highlighted to the Committee, it will take time to turn performance around fully, but this clearly demonstrates a move in the right direction for the RPP. In addition to the quarterly personnel updates produced by the Department, conversion rates from placing an application to being provided with a training place have improved from 9.9:1 to 8.1:1 between June 18 and June 19. The time taken on average for candidates nationally to pass through this same part of the pipeline has also improved from 205 days to 153 days, and those that voluntarily withdraw after this point has reduced from 1.1% to 0.4%.

As at the end of August 19, 59% of the loading target has been reached compared to August last year which was 30%. 12 initiatives are currently in progress which all aim to improve recruitment performance. Signs are positive already at the recruiting year half way point however a full update on performance will be provided at the end of the financial year.

Turning to the Committee’s fifth recommendation, the RPP is still expected to deliver around £180M in benefits and, since the NAO report published in December 18, has a far greater understanding of these projected benefits and a better mechanism in place to monitor financial performance. Around £110M of these benefits relate to civilian
manpower and £210M to military manpower, offset by around £140M of non-manpower costs associated with the project.

Finally, I committed to provide you with an update on some of the methodology of the Strategic Partnering Programme, which monitors Capita's performance across HMG contracts. The programme works with contract management, operational and commercial teams to apply best practice and lessons learned from across the breadth of the Government portfolio. The focus is on anticipating and identifying performance issues and implementing a plan with the supplier to resolve them and monitor progress, adopting both a bottom-up and top-down approach. This enables the people closest to the day-to-day delivery, in this case the recruitment experts both within Capita and the Army, to work together with commercial teams to make improvements. The onus is on resolving issues at the operating level to utilise expertise, rather than relying on escalation. This is supported by a clear governance structure that enables timely and effective decision making at the executive level on the most significant issues and sets the strategic direction.

Yours sincerely,

STEPHEN LOVEGROVE