

# A challenging year



**“Our purpose – to ‘create better outcomes’ for all stakeholders – remains fundamental to the company’s transformation.”**

**Sir Ian Powell**  
Chairman

As for so many businesses, 2020 was a tough year for Capita and its people. The organisation is part-way through a complex, multi-year transformation which, despite continuing progress, was already proving harder than we had originally envisaged.

The impact of the Covid-19 crisis disrupted some of our plans; and it proved to be a disappointing year for our investors, of which we remain acutely conscious. I would like to thank our shareholders for their patient and continued support.

Our purpose – to ‘create better outcomes’ for all stakeholders – remains fundamental to the transformation of the company. Underpinned by our commitment to that purpose, the professionalism of our 55,000 people has allowed us to navigate our way through the pandemic – and we ended the year with evidence of renewed momentum.

I would like to thank all our colleagues for their hard work and commitment during such difficult times, and also our clients for working with us so collaboratively to help counter the exceptional challenges of the Covid crisis.

## Strategy and performance

Significant progress has been made in many aspects of Capita’s transformation over the past three years; and the actions taken to address underinvestment in many key areas, together with operational and cultural changes, enabled us to deliver a decisive and resilient response to the pandemic.

The controls and technology systems were in place for a strong senior leadership team to adapt to the crisis at very short notice; and it allowed us to bring the wellbeing of our employees to the top of our agenda and ensure the vast majority of our people could very quickly work from home. At the same time, we were able to continue to deliver services to our clients and customers in a safe and secure way. Both our employee and customer net promoter scores rose in 2020.

Financially, we weren’t able to deliver the growth that was planned, but through our response we addressed the challenges of a significant fall in revenue and profit with robust cost and cash action, and with a strong focus on the balance sheet. By the end of 2020, positive signs had emerged: we had secured a number of disposals, signed significant new contracts and had a healthy pipeline in place.

We will continue to implement our ‘simplify, strengthen, succeed’ strategy, which has guided the transformation so far. Our priority in 2021 is to continue to further strengthen the balance sheet, through a combination of refinancing our current debt arrangements and continuing with the disposal of non-core businesses.

The Board is also pleased to have announced the next phase of our transformation, consolidating the current divisional structure to continue to remove complexity and create a more focused, client-centric and streamlined business; more details of this are outlined in the Chief Executive Officer’s review on page 10.

## The Board and governance

We have continued to improve the governance of the company, at both Board level and across the wider organisation. We seek to make sure that we have the right senior management team in place, supported and challenged by the Board, to take the company forward. As part of that, we are grateful for the contribution played in such a short space of time by Gordon Boyd as interim Chief Financial Officer.

We have continued to keep the constitution of the Board under review, aiming to bolster its increasingly impressive range of knowledge, skills, diversity and perspectives. The

“I am confident we will continue to make progress towards becoming a more profitable, sustainable business for the long term.”

Our values and behaviours remain more relevant than ever.



Community investment

£2.1m

(2019: £2.8m)

For more information about our community investment, go to: [www.capita.com/responsible-business](http://www.capita.com/responsible-business)

contribution of our two employee directors, Lyndsay Browne and Joseph Murphy, has been significant, providing a vital perspective.

The recent appointments of non-executive directors David Lowden and Neelam Dhawan have been very positive moves and will benefit Capita hugely. As a former chief executive, chairman and director, David brings extensive strategic and board skills; while Neelam's wealth of leadership and board experience will provide us with a fresh global and technology perspective.

I would like to thank all the Board members for their hard work and great flexibility during such a challenging year. I would also like to thank outgoing directors Gillian Sheldon and Andrew Williams for their significant contributions throughout their long tenures; as well as Patrick Butcher, former Chief Financial Officer, for the important part he played in our ongoing transformation.

**Values and culture**

The real test of a corporate purpose is how it manifests itself in a crisis and ours has proved resilient during the Covid pandemic. It has continued to guide the company and our

people, even while they have faced such disruption in their lives at work and at home.

The focus on our purpose, underpinning our drive as a responsible business, has also contributed to the continued improvement in Capita's reputation. This has in turn – alongside our turnaround in operational performance, and improved client relationships and levels of trust – helped strengthen our ability to win important new work.

Diversity remains an especially strong focus for us. As for so many organisations, the killing of George Floyd and the subsequent issues raised by the Black Lives Matter movement was a seminal moment for Capita. We recognised that the actions we were taking to create an inclusive workplace for many of our Black, Asian and minority ethnic colleagues were not happening fast enough. We therefore instigated a series of practical and strategic actions to tackle racism, as well as to enhance ethnic diversity.

We are very conscious, however, that we need to do more to increase diversity and inclusivity in all parts and at all levels of the organisation. We also remain committed to improving our

gender pay gap which continues to disappoint. We strive to be a truly responsible business, mindful of our place in society and the communities we serve, and of our responsibility to people and the environment.

**Looking forward**

There remains a large amount of work still to do to ensure a stable, sustainable and less complex Capita; but there was material progress in 2020, despite the disruption caused by the pandemic.

This progress needs to manifest itself in terms of better financial performance. We need to focus on restructuring the balance sheet to give the business a stable financial base, and we must deliver improving returns to investors.

However, as we move onto the next phase of our transformation – and look to further simplify and strengthen – I am confident that we will continue to make progress towards Capita becoming a more profitable, sustainable business for the long term, for the benefit of its people, clients and customers, suppliers and partners, investors, and society.