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County Offices  
Newland  
Lincoln  
LN1 1YL

18 January 2016

## Value for Money Scrutiny Committee

A meeting of the Value for Money Scrutiny Committee will be held on **Tuesday, 26 January 2016 at 10.00 am in Committee Room One, County Offices, Newland, Lincoln LN1 1YL** for the transaction of business set out on the attached Agenda.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony McArdle', written over a horizontal line.

Tony McArdle  
Chief Executive

## Membership of the Value for Money Scrutiny Committee (11 Members of the Council)

Councillors Mrs A M Newton (Chairman), Mrs J Brockway (Vice-Chairman), P M Dilks, I G Fleetwood, A G Hagues, S F Kinch, C E D Mair, Mrs M J Overton MBE, R B Parker, M A Whittington and P Wood



**VALUE FOR MONEY SCRUTINY COMMITTEE AGENDA  
TUESDAY, 26 JANUARY 2016**

<b>Item</b>	<b>Title</b>	<b>Pages</b>
<b>1</b>	<b>Apologies for Absence/Replacement Members</b>	
<b>2</b>	<b>Declarations of Councillors' Interests</b>	
<b>3</b>	<b>Minutes of the Meeting of the Value for Money Scrutiny Committee held on 24 November 2015</b>	5 - 12
<b>4</b>	<b>Revenue and Capital Budget Proposals 2016/17</b> <i>(To receive a report from David Forbes, County Finance Officer, which describes the budget proposals arising from the Provisional Local Government Settlement, announced on 17 December 2015 and the implications for the Commissioning Strategies within the responsibility of the Value for Money Scrutiny Committee ("How We Do Our Business" and "Enablers and Support to Council's Outcomes"). The Committee have the opportunity to make comment prior to the meeting of the Executive on 2 February 2016)</i>	13 - 20
<b>5</b>	<b>Contract Performance</b> <i>(To receive a report from Judith Hetherington Smith, Chief Information and Commissioning Officer, which provides the Committee with an update on the recent performance on the contract)</i>	21 - 34
<b>6</b>	<b>Value for Money Scrutiny Committee Work Programme</b> <i>(To receive a report from Nigel West, Head of Democratic Services and Statutory Scrutiny Officer, which provides the Committee with the opportunity to consider its work programme for the forthcoming year)</i>	35 - 38

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**Please note:** for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

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[www.lincolnshire.gov.uk/committeerecords](http://www.lincolnshire.gov.uk/committeerecords)



**VALUE FOR MONEY SCRUTINY  
COMMITTEE  
24 NOVEMBER 2015**

**PRESENT: COUNCILLOR MRS A M NEWTON (CHAIRMAN)**

Councillors Mrs J Brockway (Vice-Chairman), P M Dilks, I G Fleetwood, A G Hagues, S F Kinch, C E D Mair, Mrs M J Overton MBE, R B Parker, M A Whittington and P Wood

No Councillors attended the meeting as observers

Officers in attendance:-

Andrea Brown (Democratic Services Officer), David Coleman (Chief Legal Officer), David Forbes (County Finance Officer), Judith Hetherington Smith (Chief Information and Commissioning Officer), Pete Moore (Executive Director of Finance and Public Protection), Jasmine Sodhi (Performance and Equalities Manager), Karen Tonge and Nigel West (Head of Democratic Services)

**20 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS**

There were no apologies for absence noted at this point of the meeting. It was noted, however, that Councillor I G Fleetwood may be late for the meeting due to an issue within his constituency. Should the issue not be resolved, Councillor Fleetwood asked that his apologies be noted.

**21 DECLARATIONS OF COUNCILLORS' INTERESTS**

There were no declarations of Councillors' interests at this point of the proceedings.

**22 MINUTES OF THE MEETING OF THE VALUE FOR MONEY SCRUTINY COMMITTEE HELD ON 21 SEPTEMBER 2015**

RESOLVED

That the minutes of the Value for Money Scrutiny Committee meeting held on 21 September 2015 be agreed as a correct record and signed by the Chairman.

**23 CONTRACT PERFORMANCE**

The Committee had agreed, at the last meeting, that Serco performance would be considered at each meeting of the Committee until such time that Members were reassured that performance was meeting expectations. The Committee had also requested future reports be 'open' as opposed to 'exempt' wherever possible. The Chairman advised that the report for consideration was 'open' but stressed that any

questions where the response would include commercially sensitive information would be held until the end of the debate. Members would then be given the opportunity to move in to a closed session, if required.

Consideration was given to a report of the Chief Information and Commissioning Officer, which provided information on the service provided by Serco over the first six months of the contract and the problems resulting from the implementation of the Agresso system.

Judith Hetherington Smith, Chief Information and Commissioning Officer, introduced the report and presented Paul Briddock, who had been recently appointed as Partnership Director for Serco. Some demonstrable improvements had been made in the six weeks since this appointment and it was expected that these improvements would continue.

During discussion, the following points were noted:-

- There had been a number of issues in relation to payroll and staff information in relation to Agresso and although the Key Performance Indicator (KPI) suggested that payments were being made on time, it was acknowledged that some payments had been incorrect. It was expected that this situation would be rectified with staff training;
- A separate KPI monitored the accuracy of payments made where it would document that the payments had been made at the right time but in the wrong amount;
- Although most information from the previous supplier had been handed over to Serco, it was reported that some information was not shared as it was deemed to be commercially sensitive and unable to be shared prior to 1 April. This formed part of the different contract arrangements that were previously in place;
- Concern at awarding future contracts where information was withheld due to commercial sensitivity was raised and officers asked what would prevent similar issues arising. An explanation was given that where services were contracted rather than undertaken in-house, this would be done within the commercial market place. During the bidding process, companies would have to be confident that their prices were not shared with their competitors as this would likely result in no bidders. However, safeguards had now been written in to the contract as a result of the issues and these safeguards would be written in to future contracts from the start to ensure that the situation at the end of future contracts was not repeated;
- Paul Briddock advised that improvements had been made in reporting, organisation and ensuring that correct and up-to-date information was presented at the Recovery Board. As payroll had suffered a particularly large backlog from the current queries, two teams within Serco had been established, both of whom had the right level of skills and resources to resolve the issues. Following this, Serco had been able to offer assurance to the Recovery Board that this change in focus had improved the situation;
- Consultants had been brought in from other Serco projects to ensure the structure of the projects and programmes was improved. The KPI's gave

focus on how to implement processes in order to reach a green rating for each. It was acknowledged that some were more complex issues but that some were mainly to do with process and, in those cases, a clear understanding of the process in order to improve efficiency was required;

- A suggestion was made that some of the information, for example forecasts, could be considered in a public session. Officers agreed to review detailed information to assess which aspects could be made public;
- Following a query regarding the financial accounts and a request that reassurance be given that the financial systems used could be relied upon for setting budgets, it was confirmed that the Audit Committee monitored this on a monthly basis, looking at the status of the Council's accounts. The County Finance Officer explained further that the ledger was not, in its present form, suitable for an external audit of the financial statements. However, the audit was due in five months and a plan was in place to ensure that they were good quality by the end of the financial year. The risk was understood and plans were in place to commence testing the year end earlier than usual;
- Budget monitoring was not in the public domain at present but would be expected to be presented to the Committee at its next meeting;
- The ultimate aim was to be on target by the year end but Serco hoped that outstanding issues would be resolved before then to ensure time was available to ensure all required testing could be done;
- In relation to debt within Adult Social Care, the figures did not show the relation in volume in terms of the actual numbers of debts. It was reported to be extremely low as, within residential care, payments were collected by providers and not the Council itself. The Council would only get involved in collecting the debt when providers were unable to do so;
- Confirmation was received that the majority of those in residential care paid by direct debit or Allpay and the 47% of debtors noted within the report was 47% of a very small number of debtors;
- Both Lincolnshire County Council and Serco were working proactively to analyse all problem areas to ensure any issues were resolved by the end of the financial year;
- In some areas of the performance report, Serco had not been able to give enough evidence in order to provide the data and therefore work had started to track data more efficiently and it was hoped that these improvements would be seen in future months and give a better measure of the situation;
- A lot of areas required attention and there was no clear picture when these issues would be rectified. Priority was being given to those more serious issues, for example payments to staff and suppliers and ensuring financial ledgers were up-to-date;
- Councillor P M Dilks asked that his lack of confidence in Serco be formally recorded in the minutes. He felt it was wholly unacceptable to the Committee that the Council was not receiving the service being paid for despite being eight months into the contract;
- It was reported that the expectation of the Council was that all payroll and financial problems, including the ledger, would be resolved by the year end but definitive dates could not be provided as they had not yet been agreed.

## VALUE FOR MONEY SCRUTINY COMMITTEE 24 NOVEMBER 2015

However, an overall plan would be put in place to monitor the situation and this would be presented to the Committee in January 2016;

- Adult Social Care and the Customer Service Centre were both areas where Serco had improved services and this should be recognised despite the issues in other service areas;
- The Committee gave formal thanks for the huge amount of work undertaken by the Chief Information and Commissioning Officer and her team to resolve these issues and to all other staff across the local authority, affected by issues, for their continued patience;
- Comments to be submitted to the Executive on behalf of the Committee were that this first open report was welcomed but disappointment expressed that there was no known date for the full implementation of the Serco Contract.

### RESOLVED

1. That the report and comments be noted; and
2. That the following comment be submitted to the Executive on behalf of the Committee:-

*"The Value for Money Scrutiny Committee welcomed the first open report and expressed disappointment that, at this time, there was no known date for the full implementation of the Serco Contract".*

### 24 COUNCIL BUSINESS PLAN 2015-2016 PERFORMANCE REPORT, QUARTER 2

Consideration was given to a report from the Chief Information and Commissioning Officer which presented the Quarter 2 data against the Council Business Plan but in a new style performance report.

Jasmine Sodhi, Performance and Equalities Manager, introduced the report and advised that measures within the remit of the Value for Money Scrutiny Committee were grouped together but that these measures were either reported annually in Quarter 4 or were expected to be reported in Quarter 3, for finance and HR data scheduled to move to Agresso.

During discussion, the following points were noted:-

- It was explained that an Intuitive Target Range, as noted on Page 33 of the report (Contact with the Heritage Service), was an educated guess;
- Performance of services areas in the past and any changes in those areas for the future had been considered prior to setting their targets. The service areas were required to provide succinct reasons why those targets had been set, for example considering national guidelines, reduction in budgets, etc.;
- There was a sense check process in place which highlighted potential discrepancies in targets, for example where targets may have been set too low. Any decrease in performance or particular changes in performance were then challenged with the service area lead;



- Target figures for "Waste sent to landfill", noted on page 58 of the report, indicated that Quarter 2 performance was in excess of double the target figure. It was explained that the Energy from Waste facility had undergone a planned closure for essential maintenance resulting in the diversion of more waste to landfill. It was acknowledged that this was a huge difference from the target but it was further explained that the target figure was unable to be amended due to the service area being unable to provide a firm date for the maintenance. Despite the explanation, the Committee felt it necessary to refer the issue to the committee responsible for this area, Community & Public Safety Scrutiny Committee, for further investigation;
- Some staff resources were specialist in their skill sets which made it difficult to move in to other areas of the organisation at times of peak pressure. Others were more generic, Business Support for example, who had provided a number of their staff to assist with the backlog of the Serco Contract. It was suggested that more of this type of resource management may be required in the future.

#### RESOLVED

1. That the report and comments be noted; and
2. That the comments of the Committee in regard to the target for waste sent to landfill be referred to the Community and Public Safety Scrutiny Committee.

#### 25 TREASURY MANAGEMENT UPDATE 2015/16 - MID TERM REPORT TO 30 SEPTEMBER 2015

Consideration was given to a report of the Executive Director of Finance and Public Protection, which detailed the Council's treasury management activities for the first half of 2015/16, to 30 September 2015, compared to the activity of the Treasury Management Strategy for 2015/16 and detailed any issues which had arisen in treasury management during that period.

Karen Tonge, Treasury Manager, introduced the report and advised that there was no additional information to add to the report. County Finance Officer, David Forbes, advised the Committee that the Treasury Manager was one of those staff backfilling and helping with the Serco backlog in addition to her normal duties. This was acknowledged by the Committee and thanks offered on their behalf.

During discussion, the following points were noted:-

- Once investments had matured, the strategy allowed the Council to take further investments across all periods, taking into consideration cash flow, etc., and money was continually invested until needed for projects;
- In terms of the sources of the cash invested it was explained that there was £169m in reserves shown on the balance sheet in addition to the pension fund which formed part of the cash lent out. Furthermore, the Council always had an excess of creditors over debtors. The cash was not extra funding for the budget and, despite appearing to be cash rich, it was already accounted for;

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- In terms of possible means to add to return, the risk involved and legal guidelines meant that stocks and bonds, for example, could not be bought with the Council's cash. It was not thought that this position would change in the future;
- The increase in national security had not affected investments but it was reported that it had affected the share market where defence company shares had increased.

**RESOLVED**

That the report and comments be noted.

**26 CORPORATE HEALTH AND SAFETY ANNUAL REPORT 2014/15**

Consideration was given to a report from the Executive Director of Finance and Public Protection which provided an overview of the health and safety performance of the Council for the period April 2014 to March 2015.

Fraser Shooter, Health and Safety Team Leader, introduced the Annual Report which had been prepared in conjunction with the management-led Corporate Risk & Safety Steering Group. The report included Risks, 2014/15 Performance, Accident Statistics and Plans and Targets for 2015/16.

During discussion, the following points were noted:-

- Paragraph 3.3.9 of the report, on page 99, reported the increased number of incidents towards School Crossing Patrols. It was suggested that it may be beneficial to include an article in County News to raise awareness of the legal standing of these patrols;
- A suggestion was made to link Corporate Health & Safety with Adult Social Care in relation to slips, trips and falls and promoting the campaign more widely;
- Options for reporting incidents within the Children with Disabilities Team had been changed as the previous reporting mechanism was found to be too generic, with options only for physical or verbal abuse. Logging was now complex due to the breakdown of reasons but this had made reporting in this area more precise;
- Concern was raised with regard to the health and safety of deaf people within the Council as the current system for evacuation, in the event of a fire for example, was not felt to be robust enough. This area was subject to discussion and steps were being taken to provide options for prevention, as well as improvement of the hearing loop. The options would be presented to the next Corporate Risk & Safety Steering Group in January 2016. It was felt that the current system for evacuation relied solely on human intervention which was unacceptable;
- In relation to defibrillators, there was no legal requirement to have them located in authority premises but, following a stock take, it was found that some departments had a defibrillator which they had bought and maintain themselves. This was not across the board so further work was being

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undertaken in this area also and a report would be presented to the Corporate Risk & Safety Steering Group in January 2016.

RESOLVED

1. That the report and comments be noted;
2. That the Committee's concerns in relation to provision of Deaf Alarms and Defibrillators on Lincolnshire County Council premises be referred to the Executive Councillor for Finance and Property for further action.

27 VALUE FOR MONEY SCRUTINY COMMITTEE WORK PROGRAMME

Consideration was given to a report of the Director responsible for Democratic Services which provided the Committee with the opportunity to consider the work programme for the coming year.

Members were reminded that the Financial Challenges Workshop for the Value for Money Scrutiny Committee would commence at 2.00pm.

RESOLVED

1. That the report be noted.

The Chairman took the opportunity, before closing the meeting, to wish everyone a Merry Christmas and a Happy New Year.

The meeting closed at 12.45 pm

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### Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	<b>Value for Money Scrutiny Committee</b>
Date:	<b>26 January 2016</b>
Subject:	<b>Revenue and Capital Budget Proposals 2016/17</b>

#### Summary:

This report describes the budget proposals arising from the Provisional Local Government Settlement, announced on 17 December 2015 and the implications for the following Commissioning Strategies:

- How We Do Our Business; and
- Enablers and Support to Council's Outcomes.

The budget proposals are now open to consultation. Members of this Committee have the opportunity to scrutinise them and make comment, prior to the Executive meeting on 2 February 2016.

#### Actions Required:

The Value for Money Scrutiny Committee is asked to consider this report about the budget changes proposed for the Commissioning Strategies - How We Do Our Business and Enablers and Support to Council Services.

Members of the Committee are invited to make comments on the budget proposals. These will be considered by the Executive at its meeting on 2 February 2016.

## 1. Background

1.1 The Executive are currently consulting on a one year financial plan for revenue and capital budgets. For the second year running the Council is only able to set a one year budget. This is due to the continued significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care and the Council's responsibility from 2016/17 to pay staff and contractors the National Living Wage. These pressures mean the Council has been unable, at present, to develop sustainable long term financial plans beyond the next twelve months.

1.2 In developing its financial plan the Council has considered all areas of current spending, levels of income and council tax and use of one off funding (including use of reserves and capital receipts) to set a balanced budget. The budget proposals take a mixed approach to meeting the current challenges of reduced levels of local government funding. Savings identified from service and corporate budgets, plus a proposed increase in Council Tax, the use of reserves and the use capital receipts to fund the cost of transformation will be used to set a balanced budget for 2016/17. During the next twelve months the Council will need to explore further opportunities to bridge the gap between the funding available and levels of expenditure.

1.3 At its meeting on 5 January the Executive agreed proposals for the Council's revenue and capital budgets, and Council Tax level for 2016/17 to be put forward as a basis for consultation.

1.4 The Commissioning Strategies reporting to the Value for Money Scrutiny Committee and their associated activities are:

#### How We Do Our Business:

1.5 The How We Do Our Business strategy provides the corporate governance, risk and standards framework and the democratic machinery for the whole Council. The budget and policy strategies/frameworks and the Council's constitution provide the context for this and the way that the Council works. It also encompasses the corporate, statutory roles of the Head of Paid Service, Monitoring Officer and the Section 151 Officer as part of the framework.

1.6 The service budgets are:

- Budget and Police Framework (Finance and Audit)
- Precept – Eastern Inshore Fisheries and Conservation Authority
- Corporate Standards (including Chief Executive's Office)
- Decision-making, including the Democratic Process (including Members Allowances)

#### Enablers and Support to Council's Outcomes

1.7 The Enablers and Support to the Council's Outcomes cover the budgets and activities that support the Council both as a corporate organisation and facilitate the work to achieve the Council's main commissioning outcomes.

1.8 The service budgets are:

- ICT Strategy and Support
- Property Strategy and Support (including County Farms)
- People Strategy and Support
- Legal Services
- Commissioning
- Business Support
- Strategic Communication

## Revenue Budget Proposals

### How We Do Our Business

1.9 Table A below sets out the revenue budget proposals for the next financial year:

Table A – Proposed Revenue Budget – How We Do Our Business

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>8,333</b>
Pay Inflation	61
Cost Pressures	116
Savings	-676
<b>Proposed Budget 2016/17</b>	<b>7,834</b>
Percentage Change	-6.0%

### How we do our Business

1.10 The above proposals include an allocation for pay inflation of £0.061m and £0.116m to meet the Council's obligation of increased employers national insurance contributions from April 2016.

1.11 In **Budget and Policy Framework – Finance and Audit** a saving of £0.631m is proposed in 2016/17 (or 12.18% of the £5.181m 2015/16 budget). Both the Finance and Internal Audit functions restructured part way through 2015/16, budget savings in 2016/17 represent a full year effect from these restructurings. The effect of these reductions include: reduced support to budget holders and projects within the finance area and within the Internal Audit area a reduction to routine school internal audits, counter fraud activity and corporate risk management support. Further savings will be generated through the new contract with SERCO which is volume linked and from income generation.

1.12 There are no proposed budget savings in **Fisheries Precept – Inshore Fisheries and Conservation Authority (IFCA)** (£0.490m). The Council is precepted directly by the IFCA and has no direct control over this cost.

1.13 In **Decision Making, including Democratic Processes** a saving of £0.045m is proposed in 2016/17 (or 2.02% of the £2.223m 2015/16 budget). It is proposed that these would be delivered by a small reduction in Democratic Services support in 2016/17. In 2017/18 Boundary Commission changes will reduce the size of the Council by 10%, this should generate budget savings from this date.

## Enablers and Support to Council's Outcomes

1.14 Table B below sets out the revenue budget proposals for the next financial year:

Table B – Proposed Revenue Budget – Enablers and Support to Council's Outcomes

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>38,945</b>
Pay Inflation	217
Cost Pressures	418
Savings	-3370
<b>Proposed Budget 2016/17</b>	<b>36,210</b>
Percentage Change	-7.0%

1.15 The above proposals include an allocation for pay inflation of £0.217m and £0.411m to meet the Council's obligation of increased employers national insurance contributions from April 2016. £0.007m has also been allocated for off-site storage.

1.16 In **Information Management and Technology Strategy and Support** a saving of £0.214m is proposed in 2016/17 (or 2.31% of the £9.251m 2015/16 budget). Costs in this area would be driven down through improved contract management, information governance and the new consumption based charging approach, which will allow operations to be scaled. Continuing to move systems into the cloud should leverage the best value for the Council, as should rationalisation of IT systems. These service changes should deliver savings for the Council in 2016/17 and future financial periods.

1.17 In **Property Strategy and Support** a saving of £1.199m is proposed in 2016/17 (or 10.92% of the £10.976m 2015/16 budget). Savings would be delivered through rationalisation of the Council's property portfolio, including reductions to the number of buildings occupied and the associated costs of using these buildings, and vacating leased properties as leases expires. It is also proposed to further reduce the staffing budgets in this area. Accommodation reviews and portfolio rationalisation will continue to deliver savings for the Council beyond 2016/17.

1.18 Activity will be undertaken by the Property Team to increase future capital receipts from the sale of land and buildings in order to support some revenue budgets under the new flexibility arrangements.

1.19 In **Legal** a saving of £0.060m is proposed in 2016/17 on top of the £0.476m target income budget from 2015/16. Legal Services is a shared service that operates as a trading unit covering costs from the income it recovers. Income is dependent on volumes of business from the County Council Clients, district



partners and external bodies. The proposed saving will come from increased surplus delivered for the forthcoming financial year.

1.20 **People Management** plans to permanently reduce service budgets by £0.167m in 2016/17 (or 4.17% of the £4.009m 2015/16 budget). The proposed budget reductions relate to ending of the graduate programme for new entrants; the ceasing of the leadership management development programme, and available budget following staffing changes made in 2015/16. The largest proportion of the People Management budget (£2.509m) is the SERCO People Management contract.

1.21 In **Commissioning** a saving of £0.431m is proposed in 2016/17 (or 10.52% of the £4.096m 2015/16 budget). Proposed savings in this area would be achieved through reductions in the commissioning support unit though vacancy management and the removal of the transformation fund. In future years further savings are proposed by the removal of funding for a fixed term post in this part of the organisation.

1.22 In **Business Support** a saving of £1.283m is proposed in 2016/17 (or 11.02% of the £11.642m 2015/16 budget) with a further saving of a similar magnitude in 2017/18. The budget for business support is predominately a staffing budget, with the exception of some corporate budgets, such as, postage and other running costs. As a support service the reshaping of this service will follow changes to areas of the Council. The size and shape of this service will be matched to the needs and demands placed on it by other parts of the Council and will be seeking further potential savings from that process.

1.23 In **Strategic Communications** a saving of £0.09m is proposed in 2016/17 (or 0.89% of the £1.007m 2015/16 budget). The £0.09m saving represents a full year effect of staffing reductions from 2015/16. Future savings beyond 2016/17 in this area would include: reductions in the cost of publication and distribution for County News, reshaping involvement in the County Show.

### **Capital Programme**

1.24 The proposed capital programme matches the revenue budget and runs until 2016/17, plus major schemes which stretch into future years (including: a number of highways schemes and the rolling programme of renewal and replacement of fire fleet vehicles).

## Enablers and Support to Council's Outcomes

1.25 Table C below sets out the capital programme proposals for the next financial year:

Table C – Proposed Capital Programme – Enablers and Support to Council's Outcomes

<b>Capital Programme</b>	<b>£'000</b>
Infrastructure and Refresh	750
Property	2,950
Property Rationalisation Programme	700
<b>Proposed Capital Programme 2016/17</b>	<b>4,400</b>

1.26 The capital programme for this area includes:

- £0.750m for the ICT infrastructure and IT refresh programme. There has been a reduction in this block budget from £1.100m in 2015/16. Further reductions to this budget will be considered in future years as the size and shape of the Council changes;
- £2.950m for the maintenance of existing property assets (£2.250m), essential property works linked to Asbestos, work place regulations and disabled access (£0.500m) and County Farms (£0.200m). There is a 10% reduction in the property maintenance element of budget from 2015/16. Further reductions of a similar magnitude will be considered in this area in future years; and
- £0.700m for the Property Rationalisation Programme to help reshape the Council's changing property needs.

## Other Consultations

1.27 In addition to the review of budget proposals by Scrutiny Committees further scrutiny and consultation includes:

- A consultation meeting with local business representatives, trade unions and other partners will take place on 22 January 2016.
- A series of seven public budget engagement meetings will take place in various locations around the County in January 2016.
- The Council's scrutiny committees will have the opportunity to scrutinise proposals in detail during January.

- The proposals will be publicised on the Council's website together with the opportunity for the public to comment.
- Consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 2 February 2016.

## **2. Conclusion**

2.1 These budget proposals reflect the level of government funding available to the Council and the proposal to increase Council Tax in 2016/17 by 1.95%, and Adult Care Premium of 2.00%. They are based on a thorough and comprehensive review of the Council's services. The budget proposals therefore aim to reflect the Council's priorities whilst operating with the resources available to it.

## **3. Consultation**

Proposals for individual Commissioning Strategy budgets are being considered by each of the Council's scrutiny committees.

Public comments have also been invited through a series of seven public budget engagement meetings and through an online and postal budget survey.

A consultation meeting with businesses, trade unions and partners will be held on 22 January 2016.

The Executive will have the opportunity to consider comments received at its meeting on 2 February 2016.

## **4. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Machej, who can be contacted on 01522 553663 or [claire.machej@lincolnshire.gov.uk](mailto:claire.machej@lincolnshire.gov.uk).

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## Policy and Scrutiny

<b>Open Report on behalf of Judith Hetherington Smith (Chief Information and Commissioning Officer)</b>	
Report to:	<b>Value for Money Scrutiny Committee</b>
Date:	<b>26 January 2016</b>
Subject:	<b>Contract Performance</b>

### Summary:

The service delivery as measured in contract KPIs has been relatively stable from September to November with some small areas of improvement. There has however been significant improvement in areas not readily measured by these KPIs including dealing with backlogs of payments of invoices and a substantial part of the payroll backlogs. There is still much to be done to achieve an acceptable level of service but improvements have been made and there is strong commitment to achieving the right outcomes.

### Actions Required:

The Committee is asked to note the contents of this report.

## 1. Background

The Value for Money Scrutiny Committee received the first contract performance report for the Council's contract with Serco at its November meeting. This report is to provide an update of the contract performance information to enable the Value for Money Scrutiny Committee to fulfil their role in scrutinising performance of one of the Council's key contracts.

## 2. Performance

Appendix A to the report provides the KPI results for the period April to November, December's figures are currently being prepared.

The contract has target service levels (TSL) and minimum service levels (MSL), when the contract was agreed it was anticipated that the minimum service levels

should be capable of being met and the target service levels should be capable of being reached but may need service improvement to achieve this. Where the colour shows as green the target service level has been achieved and amber shows that the minimum service level has been achieved. Red shows that the minimum has not been achieved. The blue colour indicates a "glide" period; this means that a dependency outside of Serco's control e.g. implementation of Mosaic; it is not yet appropriate to expect the agreed targets be fully met. The performance is shown by service area.

### **3. People Management**

The KPI results for people management remain similar to the previous report. PM-KPI-06 was measured in November and it is pleasing to note there were zero errors. PM-KPI-08 is currently unable to achieve a satisfactory measure as very few managers are providing feedback.

### **4. IMT**

The results for IMT have remained largely similar to the September position with IMT-KPI-09 and IMT-KPI-11 remaining to be evidenced appropriately. It should be noted that the KPIs are end-user focussed and, as a result, the IMT service area shows a steady improvement overall and user satisfaction to issues and requests remains high.

The major issues continue to be related to the delivery of new technology change projects, remedial technology transformation projects which are yet to be completed and the delivery of back-office IT services which are mainly preventative and are not seen by end-users.

### **5. CSC**

The results for the CSC remain have shown some improvement and even the CSC-KPI-09, the only KPI not reaching a satisfactory level in November, is showing improved results.

### **6. Adult Care Finance**

The results for Adult Care Finance are showing some improvements with the exception of AC-KPI-06.

### **7. Financial Administration**

There is no improvement in these KPIs, as with AC-KPI-06 above the issues are linked with process and system improvements that will be undertaken as part of the transformation plan referred to in paragraph 8 below.

### **8. Monitoring progress**

At the November meeting Members asked if there is any other information that could be reported to assist in monitoring progress. At this time Serco are preparing revised plans for the completion of transformation projects; once these are available the Committee may wish to monitor the key milestones in addition to the

KPIs. This planning activity includes Serco working closely with the Council's Finance team to plan the year end activity that both organisations need to complete. This joint year end activity is underway with both teams already working well together.

**9. Conclusion**

The service delivery as measured in contract KPIs has been relatively stable from September to November with some small areas of improvement. There has however been significant improvement in areas not readily measured by these KPIs including dealing with backlogs of payments of invoices and a substantial part of the payroll backlogs. There is still much to be done to achieve an acceptable level of service but improvements have been made and there is strong commitment to achieving the right outcomes.

**10. Appendices**

These are listed below and attached at the back of the report	
Appendix A	Serco KPI Performance April to November 2015

**11. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Judith Hetherington Smith who can be contacted on 01522 553603 or at [Judith.hetheingtonsmith@lincolnshire.gov.uk](mailto:Judith.hetheingtonsmith@lincolnshire.gov.uk).

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Serco KPI performance April to November 2015

People Management

KPI	KPI Short Description	Reporting Frequency	TSL	MSL
PM_KPI_01	% of Payroll Recipients paid on the Payment Date per month	M	99.9	99
PM_KPI_02	% of errors in Payments (caused by Service Provider) identified and resolved per month	M	100	99
PM_KPI_03	% of Payment Deductions paid within Third Party Payment Date per month	M	100	100
PM_KPI_04	% Avoidable People Mgt Contact Rate per month	M	15	20
PM_KPI_05	% People Mgt First Contact Resolution Rate per month	M	85	80
PM_KPI_06	Number of People Mgt. Records assessed in Spot Checks to contain errors, omissions or inaccuracies	M	1	3
PM_KPI_07	% of recruitments via electronic vacancy form taking 40 Business Days or less from Authorisation to Appointment to Post	M	99	96
PM_KPI_08	% of managers rating their experience of contact as "Good" or better per month	M	95	90
PM_KPI_09	% of Employees rating their experience of L & D as "Good" or better per month	M	95	90
PM_KPI_10	% of projects/interventions that reduce sickness absence levels delivered on time and in accordance to agreed requirements	M	90	80

April	May	June	July	August	Sept	Oct	Nov
99.92	99.29	99.95	99.98	99.98	99.98	99.97	Under Review
Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available
Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available
Not Measured	Not Measured	Not Measured	Data not available	Data not available	Data not available	Data not available	Data not available
Not Measured	Not Measured	Not Measured	Data not available	Data not available	Data not available	Data not available	Data not available
Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Under Review	Data not available	0.00
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Not Measured	Not Measured	100.00	96.97	100.00	100.00	Mitigation Agreed	Mitigation Agreed
90.83	100.00	85.84	93.16	90.62	84.57	92.65	93.33
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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Key

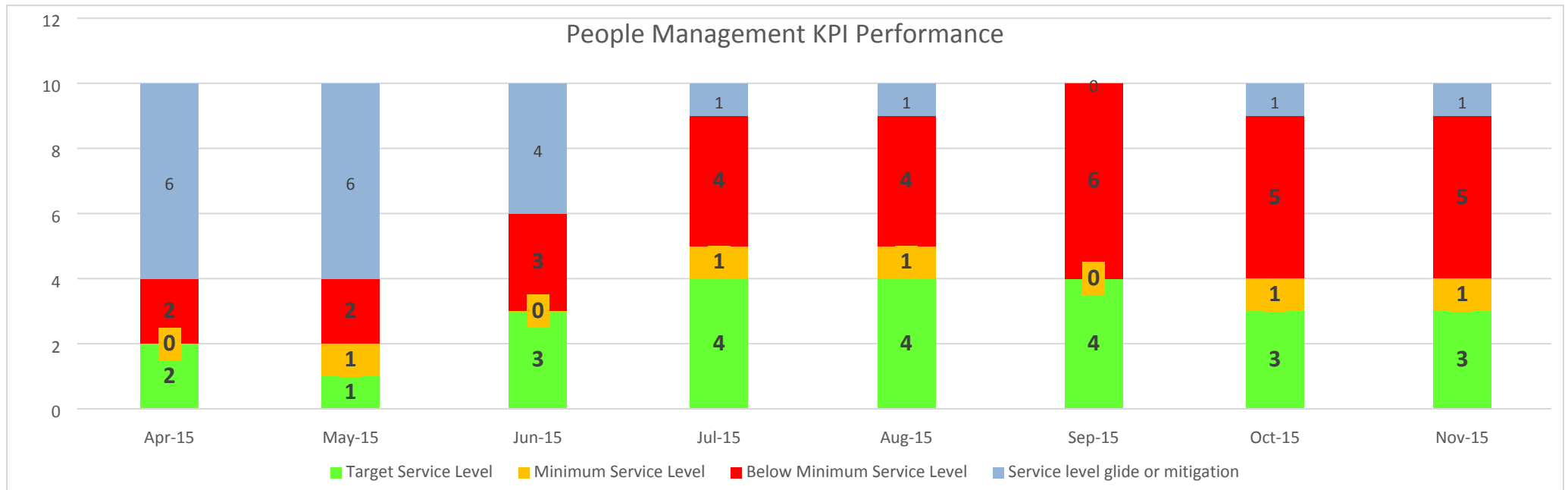
Service level glide or mitigation	At TSL or above	Between MSL and TSL	MSL not met
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Serco KPI performance April to November 2015

People Management KPI Performance Overview

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Target Service Level	2	1	3	4	4	4	3	3
Minimum Service Level	0	1	0	1	1	0	1	1
Below Minimum Service Level	2	2	3	4	4	6	5	5
Service level glide or mitigation	6	6	4	1	1	0	1	1
<b>Total</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

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## Serco KPI performance April to November 2015

## IMT

KPI	KPI Short Description	Reporting Frequency	TSL	MSL	April	May	June	July	Aug	Sept	Oct	Nov
IMT_KPI_01	% Users are able to raise Incidents and make Service Requests (Service Availability?) during Service Desk Hours	M	100	97.5	100.00	99.94	99.77	99.86	99.99	100.00	99.99	99.98
IMT_KPI_02	Priority 1 Incidents not Resolved within Resolution Time	M	1	5	16.00	5.00	0.00	0.00	0.00	0.00	0.00	2.00
IMT_KPI_03	Priority 2 Incidents not Resolved within Resolution Time	M	3	5	2.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00
IMT_KPI_04	Priority 1 VIP Incidents not Resolved within Resolution Time	M	1	5	4.00	5.00	8.00	3.00	1.00	5.00	0.00	1.00
IMT_KPI_05	Number of Priority 1 Incidents reported to Service Desk	M	1	5	33.00	10.00	3.00	2.00	1.00	3.00	1.00	3.00
IMT_KPI_06	Number of Priority 2 Incidents reported to Service Desk	M	3	5	7.00	1.00	1.00	5.00	1.00	1.00	1.00	1.00
IMT_KPI_07	% Availability of Platinum Applications & Specified Services	M	99.8	99.3	Data not available	Data not available	Data not available	Data not available	99.99	99.62	99.99	99.94
IMT_KPI_08	% Availability of Gold Applications & Specified Services	M	97.5	95	Data not available	Data not available	Data not available	Data not available	100.00	100.00	100.00	100.00
IMT_KPI_09	% Achievement of Service Request Fulfilment within Service Request Fulfilment Time	M	95	85	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Under Review	Data not available
IMT_KPI_10	% of CMDB Changes applied within 14 Core Support Hours of the move or change	M	100	90	Data not available	Data not available	Data not available	Data not available	Data not available	94.23	92.58	95.42
IMT_KPI_11	% of project milestones achieved each month	M	85	70	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Under Review	Data not available
IMT_KPI_12	% of users who score the IT Service as "Good" or above for IT Incident handling	M	70	50	Data not available	Data not available	86.00	80.00	95.80	81.00	83.70	86.00

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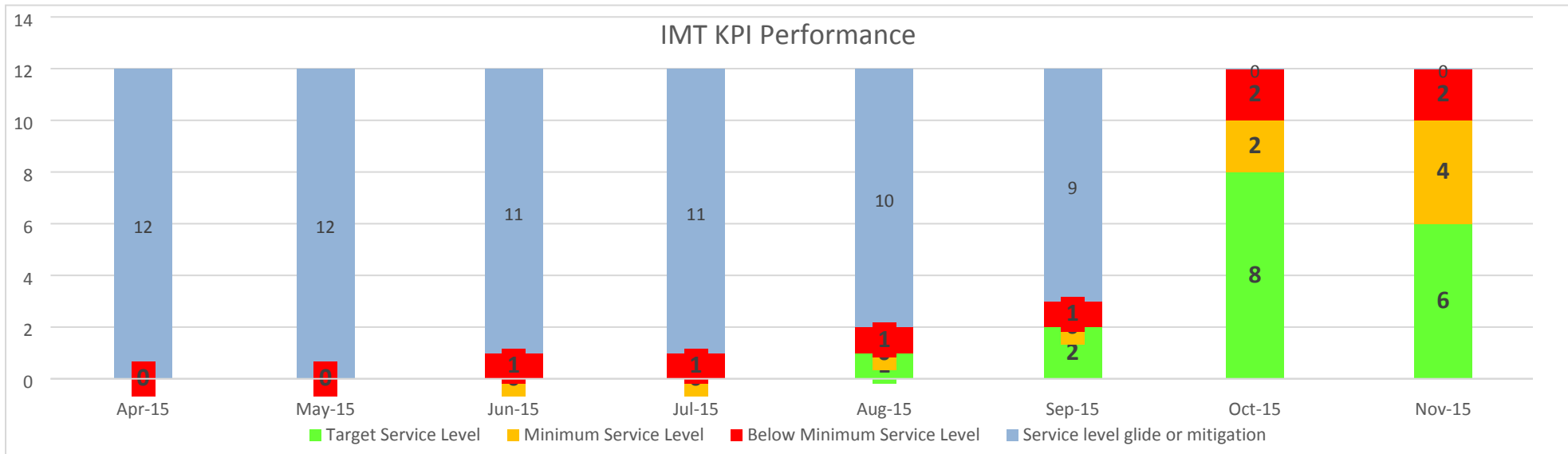
Service level glide or mitigation	At TSL or above	Between MSL and TSL	MSL not met
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Serco KPI performance April to November 2015

IMT KPI Performance Overview

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Target Service Level	0	0	0	0	1	2	8	6
Minimum Service Level	0	0	0	0	0	0	2	4
Below Minimum Service Level	0	0	1	1	1	1	2	2
Service level glide or mitigation	12	12	11	11	10	9	0	0
<b>Total</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

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## Serco KPI performance April to November 2015

## CSC

KPI	KPI Short Description	Reporting Frequency	TSL	MSL	April	May	June	July	August	Sept	Oct	Nov
CSC_KPI_01	% of all Contacts received through Digital Access Channels per month	M	10	7	11.00	10.00	33.90	33.90	37.00	34.42	39.20	43.50
CSC_KPI_02	% of Contacts received and Resolved via Digital Access Channel per month	M	90	85	99.80	94.00	98.00	98.80	96.00	97.00	94.40	98.63
CSC_KPI_03	% avoidable Contact Rate per month - consolidated...	M	15	20	7.01	6.50	7.90	7.20	6.20	8.28	7.70	6.30
CSC_KPI_04	% of total Calls that are Abandoned Calls	M	7	10	9.90	10.20	13.10	12.00	8.40	7.97	12.40	9.74
CSC_KPI_05	% of Contacts referred to in CSC_PI_01, _02 & _03 responded to within timescale per month	M	95	90	99.90	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CSC_KPI_06	% First Contact Resolution Rate	M	85	80	73.30	93.20	94.90	96.00	95.70	93.99	92.40	93.60
CSC_KPI_07	% of Customers rating their experience of contact as "Good" or better per month	M	90	85	92.00	92.00	91.00	92.00	98.00	97.61	97.00	97.00
CSC_KPI_08	% of Council Service Teams rating the quality of service received as "Good" or better per month	Q	85	80	Mitigation Agreed	Mitigation Agreed	96.00	Mitigation Agreed	Mitigation Agreed	Mitigation Agreed	Mitigation Agreed	Mitigation Agreed
CSC_KPI_09	% of carers assessments (reviews and new), as completed by the CSC, completed accurately and within 20 Business Days	M	100	100	100.00	100.00	88.50	84.70	100.00	100.00	93.90	97.00

Sercu KPI performance April to November 2015

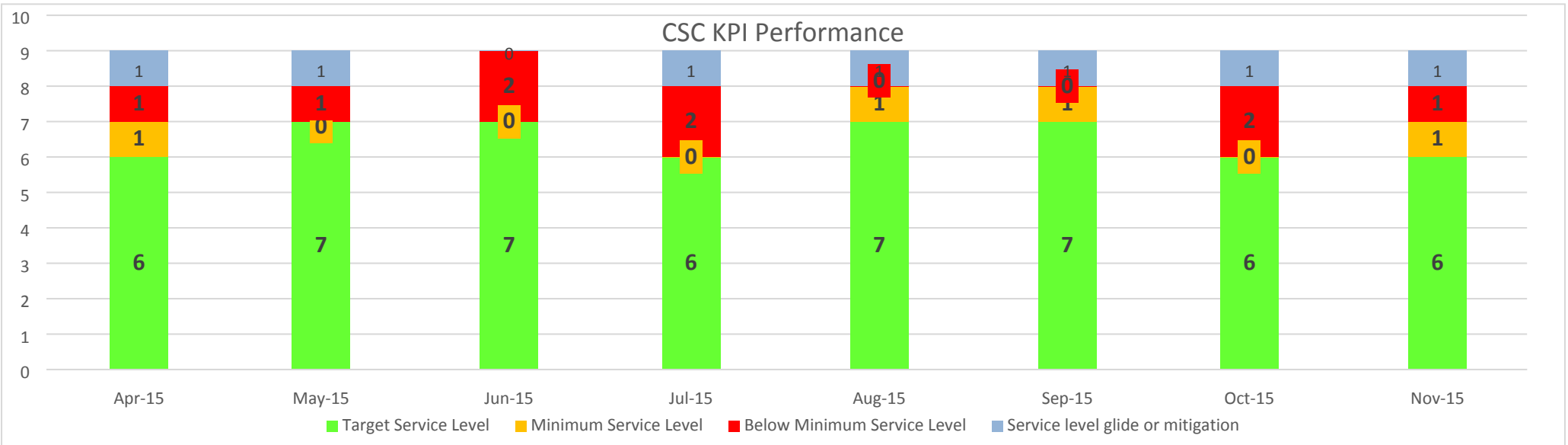
Key

Service level glide or mitigation	At TSL or above	Between MSL and TSL	MSL not met
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CSC KPI Performance

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
<b>Target Service Level</b>	6	7	7	6	7	7	6	6
<b>Minimum Service Level</b>	1	0	0	0	1	1	0	1
<b>Below Minimum Service Level</b>	1	1	2	2	0	0	2	1
<b>Service level glide or mitigation</b>	1	1	0	1	1	1	1	1
<b>Total</b>	9	9	9	9	9	9	9	9

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## Serco KPI performance April to November 2015

## Adult Care Finance

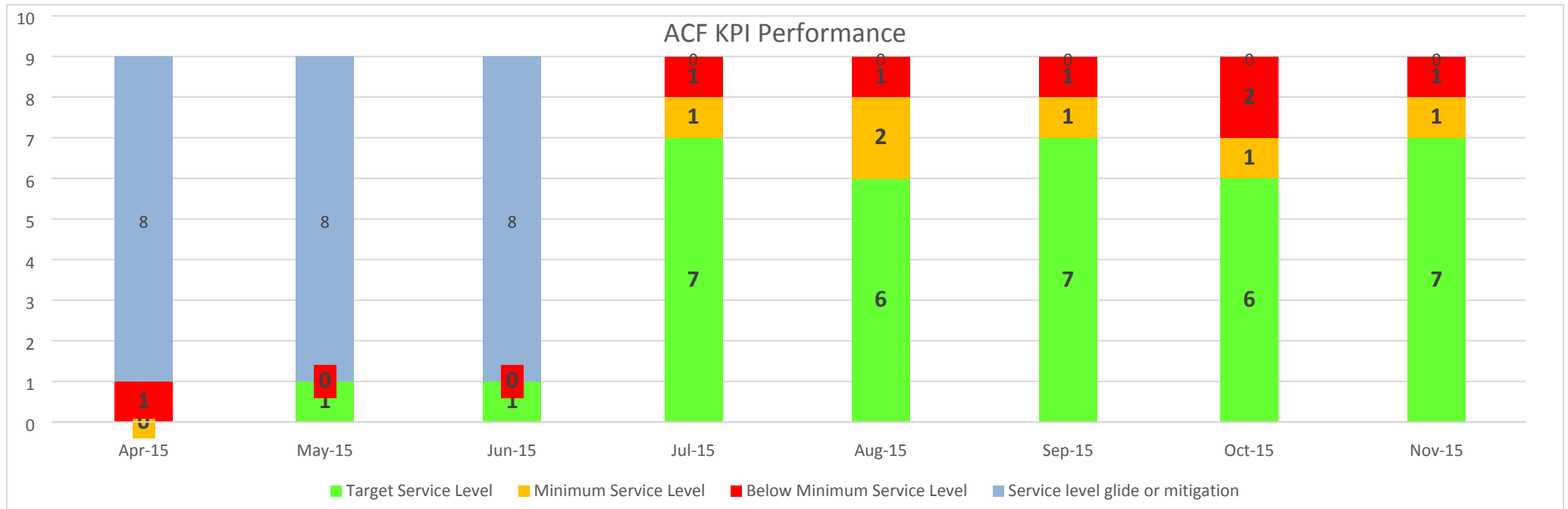
KPI	KPI Short Description	Reporting Frequency	TSL	MSL	April	May	June	July	Aug	Sept	Oct	Nov
ACF_KPI_01	% of ACF First Contact Resolution Rate per month	M	85	75	Data not available	74.60	75.79	83.57	88.82	89.60	89.21	90.00
ACF_KPI_02	% of Adult Care service users within checking sample, requiring financial assessment, where Adult Care Services Contribution is accurately identified	M	99	90	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
ACF_KPI_03	% of new, and change of circumstance, financial assessments for non-res care completed within 15 Business Days of referral from the Council	M	75	60	Data not available	Data not available	Data not available	75.00	70.43	84.25	85.44	71.54
ACF_KPI_04	% of new, and change of circumstance, financial assessments for residential care completed within 15 Business Days of referral from the Council	M	75	60	Data not available	Data not available	Data not available	87.00	88.29	89.32	74.08	77.70
ACF_KPI_05	% of Adult Care Service Users who receive their first Direct Payment within 10 Business Days of referral from the Council	M	95	80	Data not available	Data not available	Data not available	100.00	100.00	100.00	100.00	100.00
ACF_KPI_06	% of Adult Care Income due which is more than 28 days old	M	5	10	Data not available	29.00	30.36	60.51	18.27	47.18	Under Review	87.90
ACF_KPI_07	% of cases where necessary paperwork to enable Council's legal services to secure charges are submitted within time	M	100	90	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
ACF_KPI_08	% of court protection and apointeeship cases that have been actioned correctly and commenced within 5 Business Days of referral	M	90	85	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
ACF_KPI_09	% of Adult Care Finance Users rating their experience of contact with the Council as "Good" or better per month	M	95	90	Data not available	100.00	97.73	95.44	91.92	90.00	87.83	98.19

Serco KPI performance April to November 2015

ACF KPI Performance

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
<b>Target Service Level</b>	0	1	1	7	6	7	6	7
<b>Minimum Service Level</b>	0	0	0	1	2	1	1	1
<b>Below Minimum Service Level</b>	1	0	0	1	1	1	2	1
<b>Service level glide or mitigation</b>	8	8	8	0	0	0	0	0
<b>Total</b>	9	9	9	9	9	9	9	9

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Serco KPI performance April to November 2015

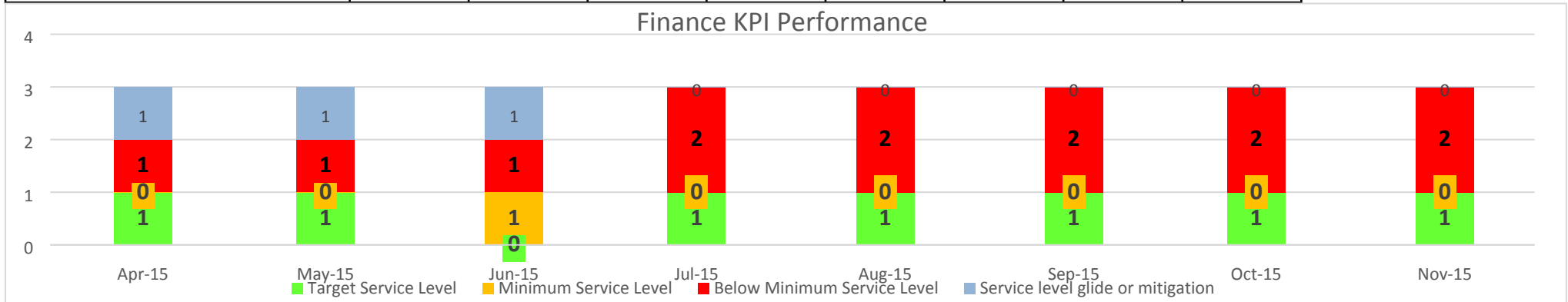
Finance

KPI	KPI Short Description	Reporting Frequency	TSL	MSL	April	May	June	July	August	Sept	Oct	Nov
F_KPI_01	% of Undisputed invoices paid in accordance with vendor terms	M	95	80	Data not available	Data not available	Data not available	Data not available	Data not available	41.77	34.85	30.35
F_KPI_02	% of payment runs executed to agreed schedule (as agreed one Business Day in advance)	M	100	95	100.00	100.00	95.45	100.00	100.00	100.00	100.00	100.00
F_KPI_03	% of debt (exc. Adult Care Income and Health Auth. Debt) collected and paid in to relevant Council Account(s) within 30 days of invoice being issued	M	90	70	Data not available	29.00	50.77	21.99	60.21	44.07	Under Review	28.00

Finance KPI Performance Overview

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Target Service Level	1	1	0	1	1	1	1	1
Minimum Service Level	0	0	1	0	0	0	0	0
Below Minimum Service Level	1	1	1	2	2	2	2	2
Service level glide or mitigation	1	1	1	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

Finance KPI Performance



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**Open Report on behalf of Richard Wills, Director responsible for Democratic Services**

Report to:	<b>Value for Money Scrutiny Committee</b>
Date:	<b>26 January 2016</b>
Subject:	<b>Value for Money Scrutiny Committee Work Programme</b>

**Summary:**

This report enables the Value for Money Scrutiny Committee to consider its own work programme for the coming year.

**Actions Required:**

To consider and comment on the content of the work programme as set out in Appendices A.

## 1. Background

### Current Work Programme

The current work programme for the Committee is attached at Appendix A to this report..

### Scrutiny Activity Definitions

Set out below are the definitions used to describe the types of scrutiny, relating to the items:

Budget Scrutiny - The Committee is scrutinising the previous year's budget, the current year's budget or proposals for the future year's budget in relation to the commissioning strategies overseen by Value for Money Scrutiny Committee.

Pre-Decision Scrutiny - The Committee is scrutinising a proposal, prior to a decision on the proposal by the Executive, the Executive Councillor or a senior officer.

Performance Scrutiny - The Committee is scrutinising periodic performance, issue specific performance or external inspection reports.



Policy Development - The Committee is involved in the development of policy, usually at an early stage, where a range of options are being considered.

Consultation - The Committee is responding to (or making arrangements to respond to) a consultation, either formally or informally. This includes pre-consultation engagement.

Status Report - The Committee is considering a topic for the first time where a specific issue has been raised or members wish to gain a greater understanding.

Update Report - The Committee is scrutinising an item following earlier consideration.

Scrutiny Review Activity - This includes discussion on possible scrutiny review items; finalising the scoping for the review; monitoring or interim reports; approval of the final report; and the response to the report.

## 2. Conclusion

The Committee is invited to consider the report.

## 3. Appendices

These are listed below and attached at the back of the report	
Appendix A	Value for Money Scrutiny Committee Work Programme

## 4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Nigel West, who can be contacted on 01522 552840 or [nigel.west@lincolnshire.gov.uk](mailto:nigel.west@lincolnshire.gov.uk)

**VALUE FOR MONEY SCRUTINY COMMITTEE**

Chairman: Councillor Angela Newton  
 Vice Chairman: Councillor Jackie Brockway

<b>26 January 2016</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>
Budget Proposals 2016/17 for the commissioning strategies overseen by Value for Money Scrutiny Committee	David Forbes, County Finance Officer	Budget Scrutiny
Serco Performance Update	Judith Hetherington-Smith	Performance Scrutiny

<b>22 February 2016</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>
Serco Performance Update	Judith Hetherington-Smith	Performance Scrutiny
Property Update	Kevin Kendall, Chief Property Officer	Update Report

**Items to be scheduled;**

People Strategy update

**For more information about the work of the Value of Money Scrutiny Committee please contact Nigel West, Head of Democratic Services, on 01522 552840 or by e-mail at [nigel.west@lincolnshire.gov.uk](mailto:nigel.west@lincolnshire.gov.uk)**

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