

**VALUE FOR MONEY SCRUTINY
 COMMITTEE
 26 APRIL 2016**

PRESENT: COUNCILLOR MRS J BROCKWAY (CHAIRMAN)

Councillors P M Dilks, I G Fleetwood, A G Hagues, 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:-

Paul Briddock (Partnership Director – Serco), Andrea Brown (Democratic Services Officer), David Forbes (County Finance Officer), Judith Hetherington Smith (Chief Information and Commissioning Officer), Kevin Kendall (County Property Officer), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer) and Paul Wheatley (Group Manager Economic Development)

43 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

The Vice-Chairman, Councillor Mrs J Brockway, welcomed the Committee and advised that the Chairman had submitted apologies for meeting and that she would, therefore, be in the Chair.

Apologies for absence were also received from Councillor S F Kinch and Pete Moore (Executive Director of Finance and Public Protection).

44 DECLARATION OF COUNCILLORS' INTERESTS

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

**45 MINUTES OF THE MEETING OF THE VALUE FOR MONEY SCRUTINY
 COMMITTEE HELD ON 22 FEBRUARY 2016**

RESOLVED

That the minutes of the Value for Money Scrutiny Committee meeting held on 22 February 2016 be agreed and signed by the Chairman as a correct record.

**46 PERFORMANCE OF THE CORPORATE SUPPORT SERVICES
 CONTRACT**

Consideration was given to a report from the Chief Information and Commissioning Officer which provided the Committee with an update on the recent performance against the contract with Serco.

Judith Hetherington Smith, Chief Information and Commissioning Officer, introduced the report and asked the Committee to note information relating to the malware incident which had resulted in performance deteriorating, particularly in the CSC and IMT service areas.

Paul Briddock, Partnership Director for Serco, was also in attendance for this item.

During discussion, the following points were noted:-

- A number of areas of difficulty remained within payroll and people management, however a number of payroll audits were underway to review last years payroll to enable full understanding of the issues thereby ensuring those issues were not repeated. It was confirmed that a process to review 15 million records, including National Insurance, Gross Income, Pension Contributions and NI contributions, was ongoing which would give greater confidence once complete;
- Concern remained regarding the issues faced by schools and the relationship between schools and the Council as a result. It was confirmed that the statistics were correct but officers acknowledged that to improve perception and confidence in the process may take longer than making the improvements themselves;
- A Schools Board was in place which had invited a number of school representatives to discuss the issues in more detail. The Committee was assured that the finance team were undergoing a complex accounts closure following last year's issues and until that process was complete, it was unknown how effective these improvements had been;
- Members requested examples of 'real' scenarios regarding the impact of the KPIs and what they meant for individuals and organisations;
- Concern was raised again that a resolution date for all of the issues had not been presented to the Committee. It was explained that there could not be one date as there were a number of elements to the contract which required work and that these would be resolved at different times;
- It was explained that the Value for Money Scrutiny Committee had agreed that all discussions in relation to this contract be undertaken in a public forum and had accepted that some detailed information would not be presented due to the commercial sensitivity of it. It was reiterated that this detailed information was not being withheld from Members and was presented to the Recovery Board, on which some Value for Money Scrutiny Committee Members sat. Information presented to the Recovery Board could also be presented to the Value for Money Scrutiny Committee but it was stressed that this would remain commercially sensitive and therefore exempt;
- It was requested that a report be presented, in a table format, to the Committee on each Key Performance Indicator (KPI) to include a target date when that particular KPI was expected to have all issues resolved.

Additionally, where each indicator had not been met, a reason and the 'real life consequence' of that be included within the table;

- Payroll appeared to remain an ongoing problem and it was explained that the statistics provided for March had been taken from the start of the payroll process, due to the requirement of providing the reports five clear working days prior to the Committee meeting. The majority of payroll queries were received at the start of the payroll period and it was expected that the figure would significantly reduce by the month end;
- It was asked if the impact of a senior person from Serco leaving the organisation would disrupt the progress made so far. It was explained that the position referred to oversaw UK-wide operations and was not specifically for Lincolnshire although it was acknowledged that a disproportionate amount of time had been allocated to this contract to make the necessary improvements. It was not expected that the contract would be disrupted as a result and it was suggested that the appointment of new people may provide a new outlook to further assist with the recovery of the contract;
- It was reported that the HMRC had raised concern regarding accuracy of the records during the audit process but that this had been fully considered by the Audit Committee. It was stressed that payments had been made on time but that the data feed which assisted with the reconciliation of the accounts had not been accurate hence the concerns raised;
- The underpayment of pension contributions by 0.5% had been a result of the computer code used to calculate those contributions having been input incorrectly into the system which had affected the outcome for all involved. This code had been changed immediately;
- In response to the Malware attack on the Council's IT systems in January, it was confirmed that Serco acted to resolve the issues by immediately implementing a 24/7 resolution team, drawing on staff from across the country. It was reported that it had not taken one week to realise the attack but to rectify it and ensure that no additional damage had occurred as a result of the actions taken;
- The Committee requested that legal advice be taken to review the level of commercial sensitivity of the information presented to the Recovery Board and to decide if this could be made available to this Committee;
- It was suggested, and agreed, that a working group or pre-meeting be held prior to the next meeting of the Committee to work through the issues presented within the report. This would then enable informed questions to be asked of officers at the Committee meeting;

RESOLVED

1. That the report and comments be noted;
2. That a report be presented, in a table format, to the next meeting of the Value for Money Scrutiny Committee, including a target date for the expected resolution of each KPU, the reason why a target had not been met and the 'real life consequence'; and
3. That a pre-meeting be held prior to the next meeting of the Committee to work through the issues presented in the report;

47 COUNTY COUNCIL PROPERTY ASSETS - OVERVIEW OF THE ESTATE

Consideration was given to a report of the Executive Director of Finance and Public Protection which provided an overview of the different types of property assets held by the Authority.

Kevin Kendall, County Property Officer, introduced the report which presented the Councils' Property Portfolio, excluding highways land. The authority currently held 1998 assets within the County which included:-

- 245 farms;
- 418 school assets; and
- 535 other properties.

53 of these properties had been declared surplus to requirements and were currently on the capital receipts schedule. This consisted of 22 buildings and 31 land areas.

The Portfolio consisted of the following types of tenures:-

- 791 freeholds;
- 194 leaseholds;
- 161 mixed tenures; and
- 52 academy assets.

The next step would be to provide the Committee with an outline of opportunities with a potential invest to save commercial approach to development and to generate income.

During discussion, the following points were noted:-

- The book value of different properties was explained to the Committee. For example, Lincoln Castle would be valued at the amount which had been spent on it and was included within the statutory accounts. It was reported that these were dealt with on an individual basis due to the different types of properties held. The Committee was advised that the report to be presented in July 2016 would include details of the capital values of the assets and the opportunities for the estate;
- It was confirmed that where normal Local Authority accounting was applied, county farms would not be classed as a business asset and held only has an investment. All other assets were listed as a business asset used to provide services to the public. Rates of return would not be calculated on the business assets as this would not be beneficial to the Council;
- Clarification was given that council tenants had a Right to Bid for a property rather than a right to buy and that these would be dealt with case by case. It was reported that the number of these cases was few within Lincolnshire and therefore the impact was minimal;
- Under the One Public Estate process it would be required that consideration be given to sharing public assets rather than immediate disposal and local Members would also be engaged as part of this process. In relation to the

County Farms Estate, it was noted that new opportunities for the land would be considered at the end of a tenancy. On occasion, land had been taken by the nearest county farm and the buildings sold for housing;

- Capital assets which became available were considered by the Property Team and the Economic Development Team to identify which areas of land could be marketed;
- The table shown on page 51 of the report provided the net abbreviations included within the Council's accounts. It was requested that this table be shared in its fullest form in the next report to show the flow rather than the net position only;
- Members were encouraged to contact the County Property Officer directly should they have any particular queries;
- The target set for capital receipts was included as part of the Council's Financial Strategy for 2016/17. As the budget had not yet been set for next year, a new capital receipts target could not be set, however it was acknowledged that there was a need to generate capital receipts in order to underpin some of the revenue budgets;
- In relation to academies and school land, it had been agreed at the Lincolnshire Schools Forum that the Dedicated Schools Budget would be put towards the money schools had borrowed to invest. The £4m grant for borrowing would cease and this would have to be funded by the Council, separately to the process of becoming an academy;

RESOLVED

That the report and comments be noted.

48 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.

The Committee was reminded that the statement in regard to the outturn of accounts would be considered by the Overview and Scrutiny Management Committee, as agreed at Full Council. The Committee was concerned that the role of the Committee was being diminished.

As discussed at Minute Number 47, an item entitled *County Council Property Assets – Detailed Analysis*, would be added to the Work Programme for the meeting of the Committee on Tuesday 26 July 2016.

The items on the Work Programme listed "to be scheduled" were agreed to be presented at the following meetings of the Committee:-

- Corporate Health & Safety Annual Report – September 2016;
- People Strategy Update – October 2016; and
- Voice of the Customer Annual Feedback Report – October 2016.

6

VALUE FOR MONEY SCRUTINY COMMITTEE

26 APRIL 2016

Further to discussions at Minute Number 46, it was proposed to move the time of the next meeting of the Committee, on Tuesday 21 June 2016, from 10.00am to 10.30am and to arrange a Working Group, time to be agreed, prior to that meeting. The Head of Democratic Services and Statutory Scrutiny Officer was asked to make the necessary arrangements.

RESOLVED

1. That the Work Programme, with the amendments noted above, be agreed;
2. That the start time of the Value for Money Scrutiny Committee, on Tuesday 21 June 2016, be changed to 10.30am; and
3. That the Head of Democratic Services and Statutory Scrutiny Officer make arrangements to hold a Working Group immediately prior to the next meeting of the Value for Money Scrutiny Committee on Tuesday 21 June 2016.

The meeting closed at 12.07 pm