

**VALUE FOR MONEY SCRUTINY
 COMMITTEE
 22 NOVEMBER 2016**

PRESENT: COUNCILLOR MRS A M NEWTON (CHAIRMAN)

Councillors Mrs J Brockway (Vice-Chairman), P M Dilks, I G Fleetwood, A G Hagues, Mrs M J Overton MBE and R B Parker

Councillors: M J Hill OBE, M A Whittington and B Young attended the meeting as observers. Dr E van der Zee (Added Member) also attended the meeting.

Officers in attendance:-

Paul Briddock (Partnership Director for SERCO), Andrea Brown (Democratic Services Officer), David Forbes (County Finance Officer), Ciaran Gaughran (Serco Contract Manager), Judith Hetherington Smith (Chief Information and Commissioning Officer), Zam Kaderkutty (Programme Director Serco), Kevin Kendall (County Property Officer), Pete Moore (Executive Director, Finance and Community Safety), Sophie Reeve (Chief Commercial Officer), Daniel Steel (Scrutiny Officer), Fiona Thompson (Service Manager - People) and Karen Tonge (Treasury Manager)

24 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors S F Kinch, C E D Mair and P Wood.

There were no replacement members in attendance.

25 DECLARATION OF MEMBERS' INTERESTS

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

26 MINUTES OF THE LAST MEETING OF THE VALUE FOR MONEY SCRUTINY COMMITTEE HELD ON 27 SEPTEMBER 2016

RESOLVED

That the minutes of the meeting of the Value for Money Scrutiny Committee held on 27 September 2016 be agreed and signed by the Chairman as a correct record.

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27 ANNOUNCEMENTS BY THE EXECUTIVE COUNCILLOR FOR GOVERNANCE AND COMMUNICATIONS, COMMISSIONING, FINANCE AND PROPERTY AND CHIEF OPERATING OFFICERS

It was reported that there were no announcements from either the Executive Councillor for Governance, Communications, Commissioning, Finance and Property or senior officers.

28 PERFORMANCE OF THE CORPORATE SUPPORT SERVICES CONTRACT

Consideration was given to a report from the Chief Information and Commissioning Officer which provided an update of Serco's performance against contractual Key Performance Indicators for August and September 2016 including information on key transformation projects being undertaken by Serco.

Judith Hetherington Smith (Chief Information and Commissioning Officer) introduced the report and advised the Committee that the October figures had not yet been finalised and that the commentary included in the report referred to the September figures.

Paul Briddock (Partnership Director for Serco) and Zam Kaderkutty (Programme Director for Serco) were also in attendance for this item.

Members were invited to ask questions, during which the following points were noted:-

- The Committee found the commentary within the report helpful and provided a clear distinction to the last report presented;
- It was agreed that improvements had been made but concern remained that the assurance given were not being met. Consideration of how to validate and accept these assurances during the lifetime of the contract was sought;

At 10.08am, Councillor Mrs M J Overton MBE joined the meeting

- Officers of the council agreed that some of the assurances were not being met and that other issues still required agreement, however evidence of commitment by Serco to resolve these issues was apparent albeit difficult to understand how it had taken so long for this to come to fruition;
- The Committee was advised that Adult Services was working well but that IT had been problematic and remained a serious source of concern. In relation to People Management, there had been some improvement and the evidence produced was much stronger than previously received. An improvement tracking system had now been implemented to enable closer monitoring of any improvements;
- Staff morale within schools remained a concern for members of the Committee. An example was provided by Dr E van der Zee (Added Member) who explained that some school staff had been employed since May 2016 but still had not received a contract of employment and were, therefore, unaware

of their entitlements, including holidays. Some staff had been employed but were later found to be unsuitable for the position and due to the lack of a contract, this posed additional challenges for the schools when HR policies needed to be applied. Dr van der Zee requested, on behalf of schools, details on how many employment contracts were outstanding, when the backlog would be caught up and what communications had been held with these staff members. Paul Briddock, Partnership Director for Serco, agreed to provide this information to the Scrutiny Officer for circulation to the Committee and Dr van der Zee;

- Performance in relation to Customer Services would not be mitigated against due to staff training as Serco was contracted to undergo staff training of this kind so that it did not degrade the service;
- It was suggested that it may be beneficial to engage a third party to consider the Key Performance Indicators by providing an impartial view. The process for this was working well currently and it was not thought that third party involvement, at this stage, was necessary;
- The Agresso system would require yearly updates to make relevant changes to tax codes, etc. It was explained that this was an update rather than an upgrade to the whole system and most system users would be unaware that this had taken place as it affected technical parts of the system only. However, any changes would be tested and should the update be unsuccessful, a regression process would be followed to return the system back to the last used system configuration to allow further testing to be undertaken. The Committee was assured that this was a back-up position only and it was not expected to require activation;
- A number of items, prior to the review, had not been reported on for various reasons. The new agreements would commence from 1 December 2016 and it was expected that these would be reported on following implementation;
- In the event that Serco was unable to meet a target due to actions outside of their control and/or caused by a third party, the term mitigation would be used and this indicator would be 'adjusted' for that month. Mitigation would also be applied if Serco were unable to meet the indicator due to the actions of the Council;
- Mitigation had been applied to Indicator KPI04 within the Customer Service Centre for calls abandoned in September as this was a key month for those staff undergoing MOSAIC training which resulted in up to a quarter of staff being away from the contact centre;
- Table 3 of the report identified the number of 'payroll contacts received by Serco over the last 6 months' was further explained. The monthly figures were not rolled over from month to month in each report. For example, the figure shown in April gave the total number of contacts, the number of those resolved and those outstanding at that point in time. August showed the same but for the month of August. The report should be read in conjunction with the previous report presented to the Committee which would show how many had been resolved since the last meeting for that month.

RESOLVED

1. That the report and content be noted; and

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2. That Serco provide the Scrutiny Officer with details of how many school employment contracts were outstanding, when this backlog would be caught up and what communications had been held with these staff members.

At 10.58am, Dr E van der Zee left the meeting and did not return.

29 CORPORATE SUPPORT SERVICES CONTRACT - KPI REVIEW 2016/17

Consideration was given to a report from the Chief Information and Commissioning Officer which provided a summary of the review of the Corporate Support services Key Performance Indicators (KPIs) for the contract and included the proposed changes to some of those indicators.

Judith Hetherington Smith (Chief Information and Commissioning Officer) introduced the report and explained that this review had involved a cross-section of representatives. It was stressed that the indicators had not been changed to make them easier to delivery but to ensure that the required outcome was being delivered and that the delivery could be effectively measured. The revised indicators would also mean that they could be easily tracked to ensure better monitoring and improvement.

The Committee was invited to ask questions, during which the following points were noted:-

- KPI05 in People Management referred to First Contact Resolution Rates for Tier 1 contacts. Clarification was provided that there was a two tier contact system and those calls which were more complex, for example those which related to pay calculations or legislation were tier two contacts and measured under KPI11 as the response was delivered by different staff with different skill sets;
- The requirement to have a minimum of 20 surveys completed per month to be able to measure KPI08 had been removed as this indicator was found to be in mitigation each month as that figure was not met. However, should only one survey be returned, this could prove frustrating and result in the indicator not being met depending on the content;
- Many of the KPIs were externally focussed therefore the review had enabled better measurement to enable future improvement. It also ensured that accurate and meaningful data was reported;
- The expectation of the initial KPIs was that they would be meaningful from the start of the contract. As the contract went on, it was found that some indicators could not be measured. Following the review, these indicators would now be able to be measured.

RESOLVED

1. That the report and contents be noted; and
2. That the details of the public benefit as a result of the proposed changes to contractual outcomes of the Corporate Support Services Key Performance Indicators be provided to the Committee.

30 COUNCIL WORKFORCE PLAN 2016-2017 - UPDATE

Consideration was given to a report from the Executive Director responsible for People Management, which provided an update on the progress made by the Council Workforce Plan 2016-2017 (formerly the People Strategy Plan) including the main projects within it. The Workforce Plan also identified the Council's people management commitments to support delivery of the Council Business Plan.

Fiona Thompson (Service Manager – People) introduced the report and highlighted the planned benefits of the Council Workforce Plan which included:-

- Increased motivation and staff engagement;
- Improved recruitment and retention of key skills;
- Improved staff performance;
- Reduced levels of sickness absence;
- Effective leaders and managers;
- Improved change management; and
- Improved workforce planning.

Members were invited to ask questions, during which the following points were noted:-

- It was confirmed that recruitment to legal services and children's social work remained a challenge and this had resulted in the continued appointment of agency staff;
- Work with children's services was ongoing to improve recruitment and retention including consideration of improvements to the recruitment process, helping to ensure applicants were kept engaged during that recruitment and selection process;

At 11.25am, Councillor B Young left the meeting and did not return.

At 11.27am, Councillor M J Hill joined the meeting.

- The Committee requested that a report on Agency Staff Costs covering all service areas be presented at a future meeting;
- In response to a question about the development of aspiring talent for future leadership positions it was confirmed that although the recent leadership development programme had focussed on middle managers, a request had been made for senior managers to identify people within their teams aspiring to be managers who they wished to nominate for the programme. These nominations took second priority compared to existing Managers, therefore the number of places available was small but the provision was in place;
- Confirmation was given that the scope of the Council's Workforce Plan referred to council and agency staff only and did not include school employees.

RESOLVED

That the report and comments be noted.

31 TREASURY MANAGEMENT UPDATE 2016/17 - QUARTER 2 MID TERM UPDATE REPORT TO 30 SEPTEMBER 2016

Consideration was given to a report from the Executive Director of Finance and Public Protection which detailed the Council's treasury management activities for the first half of 2016/17 to 30 September 2016 and compared this activity to the Treasury Management Strategy for 2016/17.

Karen Tonge (Treasury Manager) introduced the report and circulated a Revised Interest Rate Forecast for the Committee's attention.

Members were invited to ask questions, during which the following points were noted:-

- The Committee was advised that the announcement of US President Donald Trump to withdraw the United States from the Trans-Pacific Partnership would not directly affect the UK should UK trade continue with Australia and New Zealand. It was thought that the UK would move higher on the President's agenda for trade therefore this decision may be beneficial;
- The Bank of England was unconcerned about the decision in terms of the UK economy as this had not impacted on wage inflation;
- In relation to borrowing and lending, it was confirmed that rates had slowly increased but remained volatile;
- Mortgages were linked to long-term rates and, as projection was up, it was reported that these rates were also slowly rising.

RESOLVED

That the report and comments be noted.

32 GREATER LINCOLNSHIRE ONE PUBLIC ESTATE (OPE) PROGRAMME UPDATE

Consideration was given to a report by the County Property Officer which provided the Committee with an update on the One Public Estate (OPE) initiative. The initiative channelled funding and expert support through council to enable delivery of cross-public sector collaboration on ambitious property-based projects.

Kevin Kendall (County Property Officer) introduced the report and explained that the concept for the One Public Estate (OPE) had been sponsored by the Cabinet Office and the Local Government Association (LGA).

The potential to develop a 'legal' quarter within the city could be considered during this programme with the possibility of moving the Crown Court to the High Street. It was suggested that this location may be of benefit to the city following the completion of the East/West Link Road. This was listed by the Ministry of Justice for future consideration although it was not known when.

Members were invited to ask questions, during which the following points were noted:-

- The Ministry of Justice was also giving consideration to the implementation of Super Prisons across the country. A package of different measures was being discussed which included opening a prison in Lincolnshire to complement super prisons, as detailed within the current devolution deal. It was noted also that Lincoln Prison could be at risk should the Ministry of Justice continue with plans to close all Victorian prisons;
- The figures noted in paragraph 2.7 of the report, found on page 118 of the agenda pack, were confirmed as the total county figures which included all partners, a breakdown for which could be provided if required;
- It was stressed that this programme would provide property solutions for the county whatever the outcome in relation to devolution;
- Local members would be included in projects as they developed;
- Initial thoughts on the Sustainability and Transformation Plan for Lincolnshire would be presented to the NHS in relation to the estates element of the document.

RESOLVED

1. That the report and contents be noted; and
2. That local member involvement in the One Public Estate Programme be included within each individual project.

33 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.

During the meeting, it had been agreed to add Agency Staff Costs to the work programme for a future meeting of the Value for Money Scrutiny Committee.

RESOLVED

That the work programme, subject to the inclusion of the above item, be agreed.

The meeting closed at 12.14 pm