

**VALUE FOR MONEY SCRUTINY
COMMITTEE
17 JANUARY 2017**

PRESENT: COUNCILLOR MRS A M NEWTON (CHAIRMAN)

Councillors Mrs J Brockway (Vice-Chairman), P M Dilks, I G Fleetwood, C E D Mair, R B Parker, P Wood and Mrs H N J Powell

Councillor M A Whittington attended the meeting as an observer

Officers in attendance:-

Paul Briddock (Partnership Director, Serco), Andrea Brown (Democratic Services Officer), David Forbes (County Finance Officer), Ciaran Gaughran (Serco Contract Manager), Judith Hetherington Smith (Chief Information and Commissioning Officer), Kevin Kendall (County Property Officer), Pete Moore (Executive Director, Finance and Public Protection), Daryl Pearce (County Officer Public Protection), Sophie Reeve (Chief Commercial Officer), Daniel Steel (Scrutiny Officer), Fiona Thompson (Service Manager - People) and Richard Wills (Executive Director, Environment and Economy)

34 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillors S F Kinch, A G Hagues and Mrs M J Overton MBE.

It was noted that the Chief Executive, having received notice under the Local Government (Committee and Political Groups) Regulations 1990, had appointed Councillor Mrs H N Powell to the Committee in place of Councillor Mrs M J Overton MBE, for this meeting only.

35 DECLARATIONS OF MEMBERS' INTERESTS

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

36 MINUTES OF THE LAST MEETING OF THE VALUE FOR MONEY SCRUTINY COMMITTEE HELD ON 22 NOVEMBER 2016

RESOLVED

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

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

38 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 October and November 2016.

Judith Hetherington Smith (Chief Information and Commissioning Officer) introduced the report and advised the Committee that the December figures would not be verified until 20 January 2017. The meeting of the Value for Money Scrutiny Committee was being held earlier than usual which meant that the data for December could not be presented. It was confirmed, however, that the report to be presented at the meeting arranged for 28 February 2017 would include figures for December 2016 and the January 2017 figures would be provided for the meeting.

It was noted that the KPI performance results for December 2016 would be the first using the new KPI suite, which included 40 individual KPIs, agreed through the KPI Review 2016/17.

Paul Briddock (Partnership Director for Serco) was also in attendance for this item and confirmed that there had been a great effort made throughout December and that Serco looked forward to the verification of the new figures.

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

- It was reported that, although not yet verified, KPI01 in finance appeared to have performed better in December but it was known whether it would be possible to sustain this in January. Although performance was thought to be improving and could be better measured against the new indicators, it was noted that Serco envisaged meeting all indicators by April 2017;
- The Committee again noted that the KPIs would not be met until the contract had been in place for two years and whilst it was acknowledged that improvements had been made in some areas, the overall picture remained a concern;
- The Customer Services Centre (CSC) remained consistently good and the Adult Social Care area of finance had also helped to improve income collection which had resulted in a strong area of performance. Problematic areas of finance related to the timing of invoice payments (KPI01) and payroll including the impact on schools and LCC staff including performance

contractually. This was an area which was expected to see real improvement over the next three months;

- There were ongoing concerns relating to IMT which remained an area of focus for Serco who had commissioned outside help to assist with the issues;
- Within the contract, Serco were allowed one major system failure before any service credit would be applied. Should there be a second occurrence, Serco would incur service credits;
- It was suggested that detailed training, for Councillors, about the award and monitoring of contracts in order to effect change be recommended to the Councillor Development Group;
- It was clarified that any payroll queries were 'triaged' and prioritised in order of severity;
- When asked what the consequences would be to the residents of Lincolnshire should there be a serious system failure, it was explained that Agresso, for example, would cause a lot of disruption to the council which could, in turn, have an impact on other services. The KPI in this instance was constructed realistically to allow for any problems which might occur occasionally;
- In relation to IT, it was acknowledged that businesses were totally dependent on IT hence the need to have tight KPIs on those indicators;
- The future of the Recovery Board and the Terms of Reference were unclear following the agreement of the new Scrutiny Structure and the cessation of the Value for Money Scrutiny Committee after the election in May 2017. Although acknowledged that the Recovery Board was not part of the formal Scrutiny arrangements, the Scrutiny Officer was asked to clarify the position of the Recovery Board following the implementation of the new arrangements.

RESOLVED

1. That the report and contents be noted; and
2. That detailed training in relation to the award and monitoring of contracts be suggested to the Councillor Development Group.

The Chairman advised the Committee that this would be the last meeting which Judith Hetherington Smith (Chief Information and Commissioning Officer) would attend prior to her retirement. On behalf of the Committee, the Chairman gave thanks for the continued support and work offered to the Value for Money Scrutiny Committee during her time with Lincolnshire County Council.

39 REVENUE AND CAPITAL BUDGET PROPOSALS 2017/18

Consideration was given to a report from the Executive Director of Finance and Community Safety which described the budget proposals arising from the Provision Local Government Settlement announced on 17 December 2016. The report also included 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"*.

David Forbes (County Finance Officer) guided the Committee through the report, highlighting the savings within Democratic Services to reflect the Boundary

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Commission recommendation to reduce the size of the Council from 77 to 70 from May 2017. Relevant officers were invited to introduce details of their own service areas.

Richard Wills (Executive Director of Environment and Economy) introduced the sections on Information Management and Technology Strategy and Support (paragraph 1.16) and Strategic Communications (paragraph 1.22).

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

- It was acknowledged that the lack of performance by Serco in Information Management and Technology had hampered progress as it had been necessary to extend staffing requirements in order to implement necessary systems. MOSAIC had taken longer than anticipated to implement but it was noted that this was now working well, however several projects remained outstanding;
- Vacancies for roles included within the budget plan, within Strategic Communications, would be consolidated and removed from the structure as part of the savings plan. It was noted that there would be little difference to the current staffing level as the positions referred to had been vacant for some time. Digital engagement was likely to be developed in the future as this appeared to be the best way to communicate with the public in the current climate;
- Service credits were used towards the end of the financial year and consideration given whether this was possible from the credit budget;
- It was explained that £1.9m remained in the capital budget for issues relating to Agresso but that once the system was running as expected, this money would have to be released.

Daryl Pearce (County Officer Public Protection) introduced the section in relation to Business Support (paragraph 1.21) which proposed savings of £1.233m.

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

- Line management had been reduced by 6% which made up some of the savings;
- £600k of the savings was due to a change in contracts including post, courier, photocopying, etc. The Committee requested further information on these savings and it was agreed that this would be provided after the meeting;
- A review was expected to take place in terms of staff allocated to Agresso and requisitioning and also the offer to children's services. The Committee was asked to note the importance of maintaining the offer to services but to ensure the welfare of staff;
- Better procurement and more efficient ways of delivering services was the aim of the review and this was partly dependent on interrelations with other service areas;

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- £2.7m had been removed, successfully, from this budget area over the past three years;
- It was confirmed that £1.2m was the target savings and that this particular service area was budget led. Local authorities were required to considerably reduce budgets and had therefore been required to make significant changes in back office function to minimise the impact on frontline services. The Committee was concerned about the proposed savings due to this being, predominantly, a staffing budget. Councillors stressed the need to manage the proposed savings whilst continuing to consider the welfare of staff affected;
- Although a four year financial profile had been prepared, it had been agreed to publish a one year budget at this stage. It was suggested that the new council may decide to prioritise different areas in which case the financial profile and future budgets would need to be amended. A Councillor highlighted concern about having a one year budget and how the County Council would manage the continued reduction in reserves given the ever increasing pressure on services.

Fiona Thompson (Service Manager – People) introduced the section on People Management (paragraph 1.19) and reported that the Serco Training and Development Team were facilitating the management training as part of the core contract. Members were highlighted to a permanent cost pressure of £32k for the provision of asbestos medical assessments for firefighters.

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

- It was explained that a number of senior and middle managers had enrolled onto the new leadership course which comprised a series of master classes as well as access to online management and leadership development resources;
- The overall occupational health budget was held by People Management which incorporated medical assessments for all staff and it was confirmed that medical assessments for asbestos would be undertaken for all firefighters;
- The proposed budget decisions to end the two year graduate programme was identified as being an area of potential risk and it was noted that the average age of the employee base was increasing and this warranted the need to continue to train and develop future talent. It was also noted that the Council aimed to utilise new apprenticeship funding opportunities from April 2017, which included the creation of new higher level apprenticeship frameworks up to Level 8 which was a post graduate level qualification. The report to be presented to the Committee in February 2017 would refer to this and other succession planning activity.

Kevin Kendall (County Property Officer) introduced the section of Property Strategy and Support (paragraph 1.18) which noted the proposed savings of £216k, of which £141k of these savings would be delivered through the continued rationalisation of the Council's property portfolio.

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

- Asbestos in schools was a national concern and the Committee asked what the Council was doing in relation to this issue in Lincolnshire. It was explained that there was an asbestos register and an annual programme for the removal of the asbestos with a specific budget to support that programme. The Committee was asked to note that asbestos would not be removed unless it became problematic or if a school was to make any building alterations;
- There were different grades of asbestos and schools also held an asbestos register on site which were to be updated annually. The Committee asked for assurance that these updates were undertaken.

David Forbes (County Finance Officer) introduced the sections on Commissioning (paragraph 1.20) and Capital Programme (paragraph 1.23). Within the Commissioning Budget, the proposed saving of £161k would be achieved by the removal of the position of the Chief Information and Commissioning Officer at the end of March 2017. The Capital Programme included set budgets each year by using the expected demand for schemes and projects for that year.

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

- It was confirmed for the Committee that the £3.2m referred to in paragraph 1.24 for maintenance of existing property assets and essential property works linked to Asbestos, work place regulations and disabled access was an annual block which had slowly reduced in recent years. It was acknowledged that the introduction to that paragraph – *"The proposed additions to the net programme in 2017/18 for this commissioning strategy is..."* – could be misleading as the sum indicated was not actually an addition to the budget.

RESOLVED

1. That the report and contents be noted; and
2. That the comments of the Value for Money Scrutiny Committee be provided to the Executive for consideration at its meeting on 7 February 2017.

40 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.

It was confirmed that Sophie Reeve (Chief Commercial Officer) would present future reports on the performance of the Corporate Support Services Contract.

RESOLVED

That the work programme as noted within Appendix A of the report be agreed.

The meeting closed at 11.50 am