



**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.

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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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