

Regulatory and Other Committee

Open Report on behalf of Richard Wills, Monitoring Officer

Report to:	Audit Committee
Date:	20 June 2016
Subject:	Review of Serco Contract

Summary:

The report recommends Terms of Reference for a review of the contract awarded to Serco. A review has been anticipated for a while but the Council resolved at its meeting in May to ask KPMG to undertake the review in accordance with terms of reference approved by the Audit Committee.

Recommendation(s):

To determine the Terms of Reference for KPMG's review of the Serco Contract as indicated at Appendix A, or as amended by the Committee.

To consider whether the Committee may wish to hold special meetings to oversee the Review.

Background

1. The Audit Committee has received regular updates on the progress of Agresso and wider aspects of the contract the County Council has with Serco. It has been accepted for some time that a review would be required. However, officers have advised that in the first instance it was important to ensure that people engaged in commissioning and delivering the contract were allowed to concentrate on improving delivery.
2. At the County Council in May, a motion relating to Serco and the review was proposed by Cllr Parker. An amendment to this motion was proposed by Cllr Hill and this amended was accepted and voted upon.
3. The context for the motion was that the council continued to be concerned and disappointed by the delivery of some services by Serco and the impact this is having on:
 - the citizens of Lincolnshire,
 - our Local Authority schools,
 - organisations we trade with and which supply us with vital services

- our staff
- the operations of the County Council.

It is acknowledged that Serco has made progress in improving service delivery and the Council looks forward to this service delivery reaching the contracted standards. While this Council has the contractual right to terminate the contract with Serco, we recognise that it is currently in the Council's best interest to work with Serco while they continue to put the problems right. Serco's continued commitment to rectification, in spite of their financial losses, is valued by this Council.

4. At its meeting on 20 May 2016, the Council resolved:
 - a) to ask the Chief Executive to ensure that the promised review of the procurement and award of the Serco contract and the implementation of Agresso is undertaken at once using the Council's external auditors KPMG; the terms of reference for the review to be agreed by the Audit Committee at its next meeting in June;
 - b) that the review is reported to the Audit Committee at its September meeting;
 - c) to ask the Chief Executive to keep under review progress to improve performance and the options available to the County within the terms of the contract, and to consult as he considers necessary with the Recovery Group.
5. I have been asked, as the Monitoring Officer, to oversee the review on behalf of the chief executive because I have been independent of the contract letting and supervision.
6. The review should be restricted to determining what has happened in the process of specifying the contract, tendering, management and delivery of the contract that emerged. It should enable learning points to be drawn from the review and recommendations that might help the council let future contracts. The review will not consider how the council may wish to deal with Serco in future, albeit that the outcome of the review may help inform any decisions of that nature.

Conclusion

7. The Council had already indicated that it would undertake a review and the County Council's resolution has provided the impetus for undertaking that now.
8. The Audit Committee is invited to consider the terms of reference that have been drawn up and are presented in Appendix A. It may also wish to consider whether oversight of the review can be managed within its normal calendar of meetings or whether it would like a special meeting to consider an interim report. Full Council meets on 16 September and Audit Committee is scheduled to meet on 26 September.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Proposed Terms of Reference for a review of the Serco Contract.

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 Richard Wills, who can be contacted on 01522 553000 or richard.wills@lincolnshire.gov.uk.

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