Lincolnshire
COUNTY COUNCIL
Working for a better future

VALUE FOR MONEY SCRUTINY
COMMITTEE
26 JULY 2016

PRESENT: COUNCILLOR MRS A M NEWTON (CHAIRMAN)

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

Councillor M A Whittington (Executive Support Councillor for Governance, Communications, Commissioning, Finance and Property) attended the meeting as an observer.

Officers in attendance:-

Paul Briddock (Partnership Director for SERCO), Ciaran Gaughan (SERCO Contract Manager), Judith Hetherington Smith (Chief Information and Commissioning Officer), Kevin Kendall (County Property Officer), Daniel Steel (Scrutiny Officer), Katrina Cope (Senior Democratic Services Officer), David Forbes (County Finance Officer), Pete Moore (Executive Director, Finance and Community Safety), Brian Goodwin (Contract Manager) and Zam Kaderkutty (Programme Director Serco).

6   APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

There were no apologies for absence received.

7   DECLARATIONS OF MEMBERS' INTERESTS

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

8   MINUTES OF THE PREVIOUS MEETING OF THE VALUE FOR MONEY SCRUTINY COMMITTEE HELD ON 21 JUNE 2016

RESOLVED

That the minutes of the Value for Money Scrutiny Committee meeting held on 21 June 2016 be agreed and signed by the Chairman as a correct record.

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

No announcements were received.

10   PERFORMANCE OF THE CORPORATE SUPPORT SERVICES
        CONTRACT

Consideration was given to a report from Judith Hetherington-Smith, Chief Information and Commissioning Officer, which provided the Committee with an update of Serco's performance against contractual Key Performance Indicators (KPIs).   KPI Performance information pertaining to June along with additional information on the delivery of IT; and new technology milestones had been circulated to members prior to the meeting. Appendix A to the report provided the Committee with detailed KPI results for the previous 12 months up to May 2016, broken down into service areas.

The Chief Information and Commissioning Officer introduced the item and advised that up to June 2016 there had been some progress; particular areas highlighted were Adult Care Finance and the Customer Service Centre. There was however, still work to be done with regard to People and Management and Information Management Technology. It was noted that the finance service had had one failed KPI which had been negatively affected by LCC staff not authorising invoices in a timely fashion and that the KPI refresh negotiation team were exploring options to address the matter.

The Committee noted that the KPI review programme was due to be considered by the Committee at its 27 September 2016 meeting. It was noted further that due to current workload, the review item might have to be moved to the 22 November 2016 meeting.

Paul Briddock, Partnership Director Serco and Zam KaderKutty, Programme Director Serco provided the Committee with a short presentation update on the Recovery Report discussed by the Recovery Board at its meeting on 22 July 2016.   The Committee was advised that work was ongoing by joint working teams between Serco and LCC to deliver outcomes. A High Level Forward Plan was shared with the Committee, which highlighted requirements from Agresso, which were spilt into two categories of Rectification Fixes; and Business Case Driven Changes. The Plan also detailed the Sprint processes that had been put in place to make sure requirements were completed.

It was highlighted that an upgrade was to be done to Agresso (Commitment Accounting) to ensure that figures were accurate and could be relied on.   The process would take a number of months to complete, including pre-testing, but it was felt that the improved system could be available for the end of October 2016. The improvements would enable a better service to be provided in a more efficient and effective manner. Officers confirmed that financial information had been collated with the help of behind the scene spreadsheets, and information from other systems.

One member enquired as to how long it would be before Serco was delivering what was required by the contract, as based on previous evidence, contained in the Addendum report, it was felt that indications were that it would take a further year. The Committee was advised by Serco that things were on track to deliver the contract by November 2016. It was highlighted that the process had taken longer,

but that it was mindful to remember what was fit for purpose two or three years ago might not be fit for purpose now, therefore a lot of extra work had had to be done. The Review of the KPI's would ensure that measures were in place where business outcomes were required.

Some concern was expressed with regard to the impact delays had had on schools in Lincolnshire, with some members of staff leaving as a result of pressures put upon them by Agresso. The Committee was advised that there was a School Improvement Board looking into the issues raised by schools. It was noted that a sub-group of the School Improvement Board was looking at what was working and what was not to improve the service to schools. The Commitment Accounts update would also improve the service.

Some further discussion ensued, from which the Committee raised the following issues:-

- Whether there were enough resources to deal with payroll issues. The Committee was advised that the benchmark was to ensure that all queries from the previous month were dealt with. There were peaks and troughs; however, overall it was business as usual. It was highlighted that improvements were being made to achieve this standard;
- The processing of invoices – The Committee noted that invoicing had improved, but work was still ongoing, to avoid bottlenecks. The further improvements to Agresso would help alleviate things further;
- Number of Payroll queries - It was highlighted that it was not always the number of queries that caused an issue, it was the time taken to deal with them, as some cases were more complex than others; and
- Areas of tolerance and what were the normal service requirements for normal corporate functions. Officers highlighted that it would be difficult to find benchmarking information as these were not previously measured or reported by Mouchel. It was felt that industry benchmarking where possible if available might be useful.

The Programme Director Serco advised members of the Programme Milestone Tracker – Serco Transformation Programme 31 Projects: Stages 2-7; and how that linked into the Recovery Portfolio Dashboard.

It was reported that there had been some notable items of progress, which included the continued delivery of the Data Centre Migration project. Also, there had been an independent review of the BI-EDW project, which had received a positive report providing confidence that the Master Data Management implementation was appropriately set up based on best practise. Reference was also made to: the Airwatch deployment project, for which plans were being made to rollout the first phase of 200 handsets; the Web Access Modernisation project, the Committee was advised that positive feedback had been received from testing so far, and that plans were being made for a full rollout; the Agresso project was going according to plan; and that progress was continuing on the definition of the new Service Catalogue.

During consideration of the LCC Recovery Group Portfolio Dashboard report, the Programme Director highlighted progress on some projects that were not going quite so well, which included the LCC Website; Payment Gateway; Edica Support; and SAP Legacy Data.

Some members highlighted that they did not find the format of the Dashboard information user friendly, due to its physical size and font size. Confirmation was given that the Dashboard information fed into the Milestone Tracker document. It was agreed that Councillors R B Parker and P Wood would meet with the Chief Information and Commissioning Officer outside of the meeting to highlight what projects the Value for Money Scrutiny Committee would like to look into further, rather than receiving a copy of the full report going forward.

During discussion, the following issues were raised:-

- People Management – The Committee was advised that People Management had not done well enough to date; and that further investment had been made into the team, and that a plan was now in place to move things forward;
- The purpose of Airwatch – It was reported that the purpose of Airwatch was to replace mobile phones with better phones to enable staff to do their job better;
- Telephony enablement – It was highlighted that this referred to the Council's telephony platform. Delays had been as a result of negotiations with a third party to confirm commercial arrangements;
- One member extended thanks for the improvement to payments being made for older people in care;
- It was agreed that a copy of the presentation would be sent out to members of the Committee following the meeting;
- One member suggested that it might be useful if an explanation was given as to what projects were cleared by each 'Sprint'; and
- That future project reports received should cover where we are doing badly/better; and the consequences for residents where systems were enabling.

RESOLVED

1. That the report be noted.

2. That Councillors R B Parker and P Wood meet with the Chief Information and Commissioning Officer to discuss the Committees requirements with regard to the ongoing projects.

11   PROPERTY SERVICES CONTRACT UPDATE

The Committee gave consideration to a report from Peter Moore, Executive Director of Finance and Public Protection, which provided an update on the performance of the Property Services Contract with VINCImouchel at the end of year one.

Kevin Kendall, Chief Property Officer, introduced the item; and Brian Goodwin, Contract Manager took the Committee through the presentation, which made reference to:-

- Health and Safety – It was noted that no serious incidents had occurred during 2015/16; and that staff awareness had increased;
- Performance Figures – Year One, the Committee was advised that Capital receipts target of £2m had been exceeded and that the target for year 2 would be higher;
- Contract and Projects Pain/Gain Results - It was highlighted that the contract included an incentive to beat target costs for projects, planned maintenance and other property services. The goal for year one had had been to break even or to achieve a modest gain. The Committee noted that at the end of year one the contract was in gain in the sum of £60,193.33, with VINCImouchel share being £27,668.93;
- Repairs % Maintenance Capital Works – The Committee noted that the £2.5m of funding to spend 1 April 2015 to 31 March 2016, had been increased to £3.6m in October 2015 setting a very challenging target and that 97% had been delivered. Officers advised that they had been very happy with the way VINCImouchel were working;
- Concerto – It was reported that the Concerto system had improved the understanding of roles and responsibilities within each project. The system had therefore delivered all the Day-1 requirements, ensuing business continuity during transformation. The system had then been developed into a bespoke system for Lincolnshire;
- Contract Risks/Contract Opportunities – It was noted that all risks had been dealt with or measures were underway. It was noted further that there was opportunity for leveraging efficiencies for one public estate;
- Key Performance Indicators – The Committee noted that as part of the continuous improvement strategy, a review had been conducted and the KPIs had been rationalised from 80 to 12 with greater focus on significant events including health, safety and statutory compliance and quality performance. A summary of the new indicators were detailed within the presentation. It was highlighted that the revised KPIs would affect Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). Under the old KPI's, a RIDDOR event was captured in 4 KPIs, with a maximum effect of 4.58% reduction in available gain if applied in all four areas. Under the proposal, a single RIDDOR event in any service area would a 15% reduction in available gain for that quarter.

  It was reported that the end of year result for KPIs was 92%. The target for year had been 90%. An explanation of the Year one results was detailed in Fig 1, at the bottom of page 25 of the report presented.

In conclusion, the Committee was advised that Corporate Property were continuing to deliver and identify further opportunities for efficiencies and savings.

During discussion, the Committee raised the following issues:-

- Penalties – The Committee noted that penalties were all different as they were based on priorities. Officers explained the methodology behind performance, and brought the Committee's attention to Fig 1, on page 35 of the report presented;
- Tolerance levels – It was reported that tolerance levels were an inbuilt part of the system;
- Costs – It was noted that costs were reviewed monthly and then there was a six monthly review to identify pain/gain;
- Checks concerning Ethical employers. Officers confirmed that the same standards for employment were applied as the Council currently operated. Reference was also made to the Living Wage, Officers advised that this was an indicative cost, there was however a small risk concerning sub-contractors;
- Concerto system – the Committee was advised that the team had used the system from day 1, and the system was now instrumental in driving the Lincolnshire solution. It was reported that the Concerto system was to be rolled out to elected members over the next 12 month period, so that members could look at property within their division;
- Traveller sites – It was reported that District Councils were responsible for traveller sites, however, the County Council was responsible for two historic sites, one at Gainsborough, and one at Washingborough;
- Success of the contract – A suggestion was made by one member as to whether the successfulness of the contract could be used as good working practice for other contracts. The Committee was advised that the contract was a NEC form of contract which worked very well, and could be used for other Council services;
- Revised KPIs – One member suggested that with regard to the RIDDOR revised KPIs the percentage should be moveable, and increased up to, but not applied in all cases; and
- Property Services 2016/17 Vision, Mission, Objectives, Strategies Service Plan. It was agreed that a copy of the presentation and the Service Plan would be circulated to members of the Committee after the meeting.

The Committee extended their thanks to officers for their informative presentation; and the positive message it presented.

RESOLVED

1. That the report be noted.

2. That a copy of the presentation and Service Plan be circulated to all members of the Value for Money Scrutiny Committee after the meeting.

12   VALUE FOR MONEY SCRUTINY 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 advised that there were two consultations concerning Business Rates, to which the Council would be responding to. It was suggested that an update on the needs and distribution of business rates was an important issue and should therefore be included on the work programme as an update item for the 27 September 2016 meeting; and also as an item going forward into 2017.

The Committee agreed that there was not a need to have a 9.30 am briefing session before the next meeting, but future briefings would be arranged as and when necessary.

It was also agreed that inclusion of the KPMG audit would be included on a future agenda once timings for the audit had been agreed.

RESOLVED

> That the work programme as detailed at Appendix A to the report be agreed, subject to the addition of the items mentioned above.

The meeting closed at 2.08 pm.

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