

EXECUTIVE 1 MAY 2018

REPORT: CORPORATE SUPPORT SERVICES RE-PROVISION

SCRUTINY OPINION FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD – 26 APRIL 2018

The Overview and Scrutiny Management Board met on 26 April 2018 and considered a report concerning the Corporate Support Services Re-provision. The Board unanimously

- provided full support for recommendations (i), (iv) and (v) contained in the report;
- provided qualified support for recommendations (ii) and (iii) contained in the report; and
- recommended that a further report is brought to the Board's meeting on 28 June 2018 and the Executive on 3 July 2018 regarding the outcomes of the due diligence process with Hoople in relation to the payroll system and the governance arrangements of the shared service arrangement, before entering into a shared service arrangement with Herefordshire County Council.

In addition, the Board made the following comments:

- It was suggested that the new Chief Executive's views should be taken into account when looking at the options.

Payroll

The following concerns were raised in relation to payroll:

- Herefordshire County Council's capacity to scale up with sufficient trained payroll staff to cope with the size of Lincolnshire County Council's payrolls. The Board was informed that officers had been clear with Herefordshire County Council regarding the size of the workforce and discussions were underway about how to manage it. Reassurance had been given by Herefordshire County Council that existing staff would be released to work on the Council's payroll. The Board advised that six successful payment test runs should be conducted rather than the planned three payment test runs to ensure that the new payroll system was working properly pre transfer.
- That the overall level of assurance for payroll delivered by Hoople was only rated 'reasonable' in an audit in 2017-18. The Board was informed that officers had looked at the other councils which Hoople provided payroll for and the error rate was very low.

- The lack of control and influence Lincolnshire County Council would have over the payroll system provided by Herefordshire County Council, and what could be done if problems started to occur as the Council would not be in the driving seat. The Board advised that due diligence was key to the success of this proposal and lessons learnt from the current contract needed to be reflected upon.
- The complexity of the Fire Authority's payroll system and the lack of experience at Herefordshire County Council to deal with this complicated payroll system. It was highlighted that some testing scenarios in relation to firefighter payroll claims had been conducted and that Herefordshire County Council had performed well on them. They also had the desire and capability to build the fire payroll into the system. Officers also confirmed that they had been in contact with payroll managers at other fire authorities regarding their payroll systems and had been unable to find any fire authorities offering shared service arrangements.
- The geographical distance between Lincolnshire County Council and Herefordshire County Council. Officers reported that they were in discussion with Herefordshire County Council about having a local office in Lincolnshire, particularly in the transition period.
- The significant IT problems at Lincolnshire County Council and whether Herefordshire County Council had been made aware of these issues.

IT

- It was too early in the procurement process and there were too many unknowns to make a judgement regarding IT. The Board requested that a report be brought back on the outcomes of the market engagement with IT providers and feedback from the Council stakeholder engagement, with recommendations for going forward, at its meeting on 30 August 2018.
- The history of significant IT problems at the Council was highlighted. Concerns were raised regarding how this would be addressed and the deliverability of the improvements required.
- Concerns were raised by some members that due to the late start of the procurement process for IT, the only option available to the Council was a single supplier due to the time it would take to do multi-sourcing. Officers explained that a multi-sourcing procurement had to be phased in and where there were, for example, five towers of service it would take in the order of four years to procure.
- Some contributory factors such as rurality and underinvestment in the wider infrastructure such as Broadband were beyond the control of IT providers and the Council.

Customer Service Centre/Finance/People Management Services

- The Board recommended that an alternative option was identified in case Serco did not want to extend the contract beyond March 2020. It was noted that a report would be brought to the Board at its meeting on 27 September 2018 and to the Executive on 2 October 2018 on further options in relation to these areas.