

**EXECUTIVE
7 JUNE 2022**

PRESENT: COUNCILLOR M J HILL OBE (LEADER OF THE COUNCIL)

Councillors Mrs W Bowkett (Executive Councillor for Adult Care and Public Health), R D Butroid (Executive Councillor for People Management, Legal and Corporate Property), L A Cawrey (Executive Councillor for Fire & Rescue and Cultural Services), C J Davie (Executive Councillor for Economic Development, Environment and Planning), R G Davies (Executive Councillor for Highways, Transport and IT), D McNally (Executive Councillor for Waste and Trading Standards) and Mrs S Woolley (Executive Councillor for NHS Liaison, Community Engagement, Registration and Coroners)

Councillor R B Parker, Chairman of the Overview and Scrutiny Management Board, attended the meeting as an observer

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Nicola Calver (Member Services Manager), Andrew Crookham (Executive Director Resources), Leanne Fotherby (Senior Commercial and Procurement Officer), Andy Gutherson (Executive Director Place), Alison Miller (Talent and Resourcing Manager), Sophie Reeve (Assistant Director - Commercial), Clare Vickers (Talent, Resourcing and Learning Manager), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer) and Rachel Wilson (Democratic Services Officer)

1 APOLOGIES FOR ABSENCE

Apoloiges for absence were received from Councillor Mrs P A Bradwell OBE.

Apoloiges for absence were also received from Glen Garrod (Executive Director for Adult Care and Community Wellbeing) and Heather Sandy (Executive Director for Children's Services).

2 DECLARATIONS OF COUNCILLORS' INTERESTS

There were no declarations of interest at this point in the meeting.

3 ANNOUNCEMENTS BY THE LEADER, EXECUTIVE COUNCILLORS AND EXECUTIVE DIRECTORS

There were no announcements by the Leader, Executive Councillors or Executive Directors.

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4 MINUTES OF THE MEETING OF THE EXECUTIVE HELD ON 4 MAY 2022

RESOLVED

That the minutes of the meeting held on 4 May 2022 by signed by the Chairman as a correct record.

5 APPROVAL TO PROCURE CONTRACTS FOR TEMPORARY AGENCY STAFF

The Executive Councillor for People Management and Legal Services introduced a report which set out a proposed course of action to address the Council's Temporary Agency Staff contracts which were due to expire on 4 September 2022. This included a short extension to the existing contracts and procurement of a new contract.

It was reported that the Council's current contracts for temporary agency staff with Comensura (for general staffing requirements) and Retinue (for social care staffing requirements) would expire on 4 September 2022 with no further options to extend. It was reported that the spend on temporary agency staff through these contracts between 1 April 2021 and 31 March 2022 was c.£5 million. The majority of this was through the Retinue contract for social workers with 70% of the total spend in relation to qualified and unqualified Social Workers.

The Chairman of the Overview and Scrutiny Management Board presented the comments of the Board following its consideration of this item at its meeting on 26 May 2022. The Executive was advised that the Board unanimously supported the recommendations, however, some of the key points highlighted during the discussion included that there was recognition of the work being done to attract and retain staff but felt that more could be done to reduce the spend on agency staff. The Board felt that more priority needed to be given to reducing the reliance on agency staff, however, it was noted that the Board was not critical of the work currently being done but it would like to see further work carried out on this and a report to be brought back to a future meeting of the Board.

During discussion by the Executive, the following was noted:

- Whilst the figures in relation to agency staff use appeared to be large, it was noted that they accounted for around 2% of the total staff, which was reasonable for an organisation of this size.
- It was recognised that there was an unprecedented situation in terms of a national shortage of skilled labour and there was a widespread struggle to attract and retain staff across all authorities in Lincolnshire. It was noted that an attraction and retention framework had been launched in recent months to assist the Council in recruiting permanent staff.
- The Executive was advised that the Attraction and Retention Framework had the highest priority within the People Strategy.
- The contracts would be focusing on the quality of the agency workers as well as an element for the providers to address the harder to recruit positions.

- It was queried whether the attraction for agency workers was the variation and the ability to move regularly to different authorities. The Executive was advised that the agency staff did tend to stay on long term and did not move around too much. It was acknowledged that the authority was losing some of its own social workers to agencies as the pay was better.
- It was commented that agency work also provided staff with flexibility in terms of the number of days they needed to work. The hospitals were also facing the same issues and this was a huge challenge.
- The Executive was updated on the initiatives in place to “grow our own” staff, particularly in relation to Children’s Services. However, it was not possible to add any financial clause to contracts requiring staff to stay with the authority after their training was completed for training costs. It was noted that these programmes were highly successful in Lincolnshire, with generally a 100% retention rate, but they took time, as the training took around three years to complete.
- In the East Midlands, the Directors of Children’s Services had written to the DfE to explain how the recruitment challenges were affecting children’s services.
- Housing was highlighted as a future challenge for a large part of the workforce, and it was queried what work was taking place in terms of attraction and retention packages, particularly for key posts. It was commented that retaining skilled employees was likely to be the biggest challenge.
- It was queried whether there were the same challenges within the education sector that were being seen in social work, and it was noted that a growth in personal tuition was now being seen.
- Legal Services were keen to encourage more apprentices, however, one barrier was that this would mean that more time would be needed from existing staff to supervise the apprentices. However, this was being worked on to find the right balance.
- There was a suggestion that recruitment processes could be simplified and that it was important to ensure that applicants were kept informed of progress.
- It was noted that the Overview and Scrutiny Management Board would be keeping this under review.

RESOLVED

1. That new contracts be procured for the provision of (i) general and (ii) social care temporary agency staffing requirements through the ESPO MSTAR3 Framework Agreement with effect from 5 December 2022.
2. That extensions of three months to the current contracts be approved.
3. That authority be delegated to the Executive Director – Resources, in consultation with the Executive Councillor for People Management, Legal and Corporate Property, to give effect to the extensions and to determine the final form of the new contracts and to approve the entering into of the new contracts.

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6 DELIVERY OF HR ADMINISTRATION, PAYROLL, EXCHEQUER, ADULT CARE FINANCE AND THE CUSTOMER SERVICE CENTRE (CSC)

The Executive received a report which outlined options for the delivery of support services following the expiration of the Corporate Support Services Contract with Serco at the end of March 2024, and which could not be extended. This contract included the provision of IMT Services (previously dealt with by Executive on 4 May 2022), Finance Services, HR Administration and Payroll and the Customer Service Centre. Approval was sought for the mix of new commissioning arrangements as part of the future model of delivery and authority to commence procurement for the proposed outsourced service.

It was highlighted that the model of multi-stream contracts being let to prime providers so that a single outsourcing company (e.g. Serco) was responsible for a wide range of services had fallen out of favour with both providers and local authorities, due to a reduction in possible savings as the public sector has become more efficient. As such, a mix of outsourcing and in-sourcing of services had been proposed.

The Overview and Scrutiny Management Board considered this report at its meeting held on 26 May 2022.

HR Administration and Payroll

The proposed approach was to enter into a shared service arrangement with Hoople Limited. The Council was one of three shareholders of Hoople which was a Teckal company employing around 500 staff. The Council's payroll was complex and Hoople were experienced in delivering Council, schools and NHS payroll, although not Fire and Rescue.

The Chairman of the Overview and Scrutiny Management Board presented the comments of the Board and it was reported that the Board accepted the arrangement that insourcing of this service would be too challenging and noted that Hoople did have experienced staff and therefore supported this aspect of the model.

During discussion by the Executive, the following was highlighted:

- This report was welcomed. However, it was commented that particular regard should be given to the complexities generated by the Fire and Rescue payroll. It was highlighted that it was understood that Hoople would be looking to national providers to assist with this aspect of payroll. The Executive was also advised that the payroll testing for Fire and Rescue was currently going well.
- Concerns were raised regarding the increase in the level of payroll work and assurance was sought that Hoople would be able to manage the increasing workload. Officers advised that they were confident that this would be managed, and the due diligence that was carried out successfully in 2018 would be updated and repeated following the decision of the Executive, to provide the necessary assurance to proceed.

- It was important to note that any staff that TUPE'd across to Hoople would be able to continue to work in Lincoln. It was confirmed that engagement with Serco staff, Hoople and HR officers would be taking place in the coming weeks.

Customer Service Centre (CSC) and Digital Transformation

The preferred option was to outsource the CSC as a single operational service, with the key technology selected and owned by the Council and where the responsibility for reducing the calls into the CSC would also sit with the Council. It was noted that there would be a need to buy in some transformation expertise and capacity, however, this would be on a case-by-case basis.

The Chairman of the Overview and Scrutiny Management Board presented the comments of the Board which had noted that this was a key element, and that the CSC was critical to the smooth running of the Council, and therefore it was important to have a smooth transfer to the new operator. The Board would welcome more information in relation to the nine operators who had expressed an interest. The Board also considered it important that the Council retained control of the key technology. In response to the request for information on the nine operators who had expressed an interest, it was noted that these had been generated as a result of market engagement, and it was likely that this number would reduce significantly, with references taken up for 3 – 4 of the operators. It was noted that this engagement would help in shaping the procurement.

Adult Care Finance and Exchequer

The recommended option was to insource the Adult Care Finance and Exchequer Services, as this would enable the Council to respond effectively to the challenges that were expected.

The Chairman of the Overview and Scrutiny Management Board presented the comments of the Board which had noted that the Adult Social Care reforms would be central to these discussions. The Executive was advised that the Board would monitor this on an ongoing basis.

During discussion by the Executive, the following was noted:

- It was clarified that it was not expected that the new commissioning arrangements would make a material difference to costs.
- Assurance was sought that work was being undertaken to ensure that there was also a digital offer, and the Executive was advised that work was underway with Digital colleagues to ensure that people were able to help themselves.
- In terms of how the IT services would be modernised, it was noted that there would be an update to the telephony system, which would be discussed with members in the coming months. It was also planned for better use of the website to be made to ensure that people were able to use the most effective platforms for their needs.
- The Executive was advised that a programme director had been appointed to implement the approved commissioning recommendations and part of that role was

to develop a communications programme. There would be substantial engagement with LCC and Serco staff, and it would be ensured that this information was presented to staff in an accessible way. Meetings were being held regularly between Hoople and Serco, and it was expected that these would continue for the next two years.

- The Chief Executive advised that she intended to write to all staff to keep them informed of progress.
- It was queried what the next steps would be, and officers advised that they had started to prepare for the implementation of the decision, and a timeline had been prepared. The first stage would be the tender for the CSC and it was hoped this would be done in late summer/early autumn. Work had also commenced on market engagement and a commercial package would be put together. Work was also in the early stages of developing the client arrangements within the Council, and discussions would commence with Hoople in relation to the agreement that would be put in place between the Council and Hoople. Work would also commence shortly on developing the specifications for those IT services which would be outsourced. Discussion would also take place with Serco regarding the phasing of the in-sourcing. A complete overview of the programme would be put together.

RESOLVED

1. That the future services design and sourcing approach be approved as follows:
 - a) The entering into of a shared service arrangement with Hoople Limited for the delivery of HR Administration and Payroll to the Council and to schools;
 - b) The outsourcing of the operation of the Customer Service Centre services to external suppliers;
 - c) That the Council retains responsibility for digital transformation and the technology that supports it using a mixed model for resourcing transformation with a combination of in-house resource and external expertise secured as and when required;
 - d) The insourcing of the Adult Social Care and Exchequer services.
2. That the carrying out of the necessary procurement processes to secure the services of external suppliers referred to in 1b and 1c above, be approved.
3. That authority be delegated to the Executive Director – Resources, in consultation with the Leader of the Council, and for 1b and 1c above with the Executive Councillor for Children’s Services, Community Safety and Procurement, and for 1b above with the Executive Councillor for People Management and Corporate Property, to take all necessary decisions and steps to progress the new commissioning arrangements referred to in paragraph 1 above and to progress the procurements referred to in paragraph 2 above, up to and including the award of contracts.

The meeting closed at 11.32 am