

**OVERVIEW AND SCRUTINY MANAGEMENT
 BOARD
 26 MAY 2022**

PRESENT: COUNCILLOR R B PARKER (CHAIRMAN)

Councillors T J N Smith (Vice-Chairman), Mrs J Brockway, A M Hall, C S Macey, C E H Marfleet, T R Ashton and N Sear

Councillors M J Hill OBE (Leader of the Council and Executive Councillor for Resources, Communications and Commissioning) and H Spratt (Executive Support Councillor for People Management, Legal and Corporate Property) attended the meeting as observers

Officers in attendance:-

Justin Brown (Assistant Director - Growth), Kiara Chatziioannou (Scrutiny Officer), Pam Clipson (Head of Finance, Adult Care and Community Wellbeing), Andrew Crookham (Executive Director - Resources), Leanne Fotherby (Senior Commercial and Procurement Officer), Andrew Hancy (Head of Business Support), Louisa Harvey (ERP System Delivery Manager), Phil Hughes (Strategic Planning Manager), Tracy Johnson (Senior Scrutiny Officer), Andrew McLean (Assistant Director - Transformation, Programmes and Performance), Warren Peppard (Head of Development Management), Sophie Reeve (Assistant Director - Commercial), Fiona Thompson (Head of Human Resources), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer), Emily Wilcox (Democratic Services Officer), Sadie Rossington (Senior Project Officer), Tony Warnock (Head of Financial Services), Alison Miller (Talent and Resourcing Manager) and Clare Vickers (Talent, Resourcing and Learning Manager)

1 **APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS**

Apologies for absence were received from Councillor M Brookes, Councillor P M Dilks, Councillor R J Kendrick, Councillor N H Pepper, Councillor E W Strengiel and Councillor R Wootten.

It was reported that, under Regulation 13 of the Local Government (Committee and Political Groups) Regulations 1990, Councillor W H Gray had been appointed as a replacement Member for Councillor R J Kendrick; Councillor N Sear had been appointed as a replacement Member for E W Strengiel; Councillor T R Ashton had been appointed as a replacement Member for Councillor N H Pepper and Councillor A M Hall had been appointed as a replacement Member for Councillor M Brookes, for this meeting only.

The Board also noted apologies from Debbie Barnes OBE, Chief Executive.

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2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES OF THE MEETING HELD ON 28 APRIL 2022

RESOLVED:

That minutes of the meeting held on 28 April be approved as a correct record and signed by the Chairman.

4 ANNOUNCEMENTS BY THE CHAIRMAN, EXECUTIVE COUNCILLORS AND CHIEF OFFICERS

The Chairman announced that he had attended the meeting of the Executive on the 4th May 2022 and had presented the Board's comments on the options for the future delivery of IMT Services and the award to reseller for provision of Microsoft subscription agreement and related services. In response to the Boards comments on the IMT options report, it had been highlighted that there was a range of unsupported legacy and bespoke systems in which the risks to the Council had been identified. Work was being carried out to remove legacy systems, where possible. The Board would receive a further report once the work had been completed.

The Leader of the Council welcomed Members' attendance at the Lincolnshire Show, for which preparations were underway. The Council would operate a joint stand with North and North-East Lincolnshire.

The Leader was hopeful that devolution would be successful, the Greater Lincolnshire Enterprise Partnership would be consulting with local businesses prior to a proposal to government. It was hoped that a bid to central government would be submitted in the Autumn of 2022.

The Executive Support Councillor for People Management, Legal and Corporate Property informed the Board that the Council was still awaiting a response from the law society regarding the Council's proposal for an alternative business structure for the establishment of a legal services company.

The Council had expressed an interest in purchasing the former RAF Woodhall Spa. The Council was also awaiting a decision on the Judges Lodging purchase which was near conclusion.

5 CONSIDERATION OF CALL-INS

None had been received.

6 CONSIDERATION OF COUNCILLOR CALLS FOR ACTION

None had been received.

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

Consideration was given to a report by the Assistant Director – Commercial, the Head of Human Resources, the Head of Business Support and the Head of Finance - Adult Social Care and Wellbeing, which invited the Board to consider a report on the Delivery of HR Administration, Payroll, Exchequer, Adult Care Finance and the Customer Service Centre (CSC) which was due to be considered by the Executive on 7 June 2022.

The Board received a presentation, which focussed on the following areas:

- The exploration of new delivery models
- The recommendations to the Executive, as set out in the report
- Human Resources (HR) Administration and Payroll
- The future CSC and Transformation commissioning
- Adult Care Finance and Exchequer services
- The proposed budget
- Key project risks

A number of delivery models had been considered as part of the recommissioning and were detailed within Appendix A to the report. It was recommended that the Executive approve the future services design and sourcing approach as follows:

- a) Entering into 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) 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 Care Finance and Exchequer services.

The Board supported the recommendations to the Executive and highlighted the following points for consideration:

- The Customer Service Centre (CSC) was very structured and currently had over 20 different streams of activity going into it. There were two hubs within the CSC, one for complex social care queries and one for standardised transactional activity, and it

was anticipated that this model of delivery would continue. There were regular meetings between the service areas and the CSC agents to make sure that the scripts used to deliver the answers to contacts received were up to date. The CSC was already externalised and functioning effectively with a high level of knowledge of the organisation. It was anticipated that this would continue under the new contract.

- It was currently not an option to be able to offer the contracts to local businesses without going through a tender exercise, because the contracts were above the threshold where a tender was required. However, the staff at the CSC were locally based and it was expected that this would continue with a local base in Lincoln possibly accommodated in one of the Council's buildings.

HR Administration and Payroll

- The location of the staff in Lincoln would make it easier to TUPE staff across to Hoople because the services would also continue to be based in Lincoln. It was proposed to start early engagement with the staff within six weeks of the decision being made. There would be an opportunity for hybrid working for the staff as some of the work could be done remotely. By using Hoople, it could recruit staff from Herefordshire or Lincoln which would not be an option if the service was in-sourced.
- In 2015, only two staff had TUPE'd across from Mouchel to Serco due to Mouchel retaining its business with schools, and consequently retaining staff to provide those services to schools. Serco would not continue its delivery of services to schools when the current contract expired in March 2024 and therefore staff were in a different position compared to 2015. Work was ongoing to mitigate the risk of staff not transferring to Hoople.
- Hoople had a very low turnover rate and a good track record on TUPE. It had committed to having a significant senior leadership presence in Lincoln to show commitment to the new model.
- Discussions had taken place and information had been shared with the trade unions but it was too early in the process for formal consultation. The trade unions were broadly supportive of the proposals.
- There was no awareness of any agencies in Lincolnshire which specialised in public sector payroll as it was a niche market. As a result, it was felt unlikely that payroll staff would leave to join an agency to seek better pay.
- Assurance was provided that an alternative Fire and Rescue payroll provider would be able to provide the necessary support to Hoople for the Fire and Rescue payroll. Engagement would take place from the outset and arrangements would be put in place so that advice would be given throughout mobilisation and the operational period as and when necessary.
- There was no option to commission another fire service authority to provide the fire and rescue payroll as none of them use Business World for their payroll. In order to use another fire service authority, there would be a need to redesign services and staff would be fragmented between Hoople and the fire service authority which could affect the number of staff who would want to TUPE across. As part of Business World redesign, the fire and rescue payroll had been built in and no issues had been

identified so far through the three parallel payroll runs which had been undertaken. (The Board requested further information on the payroll error rate between fire and rescue staff and other staff)

- There would be a significant increase in the payroll workload for Hoople but as Hoople was a bigger organisation with around 500 staff, and was very stable with a good financial record, it was considered that Hoople would be able to deliver this. Due diligence would be undertaken around these areas.
- The legal agreement would not be negotiated with Hoople until a decision had been taken. The cost of that arrangement would depend on the level of risk placed on Hoople. Higher risks would lead to higher costs as Hoople would include some contingency into the cost arrangements.
- Due to the number of service changes, it would be possible to start to phase the implementation arrangements in 2023 rather than implement all the new contracts in March 2024. This would be subject to discussions with Serco, Hoople and other providers and as yet there was no plan to do this.

Customer Service Centre (CSC) and Transformation Commissioning

- Through the market engagement, nine organisations were interested in providing the CSC services to the Council. A sufficient number of these had social care experience and one-to-one discussions had been taking place with some of these providers to explain the Council's approach. The telephony platform being considered by the Council was a web-based tool and some of the providers had indicated that it was usual for them to use the client telephony system.
- In response to concerns raised about the impact of the upcoming adult social care reforms and whether the adult social care element of the CSC and adult care finance should be brought together to form a separate customer service centre, it was noted that due to economies of scale it made more sense to have a single customer service centre. The importance of social care had been recognised and a pre-qualification process would be part of the procurement to ensure that the providers engaged with had that experience. There would continue to be close communications between the CSC and the finance and other Council service teams and from experience, the CSC had been provided with the right engagement from service areas which had enabled the agents to manage the calls that come into the CSC.
- The current telephony system would not provide the Council with the platform needed to implement digital technology. A new solution had been identified which would provide a much better service and would be integrated into Microsoft Teams which would create wider efficiencies across the Council.

Adult Care Finance and Exchequer Services

- Due to the changes and complexities in the adult care pathway, it had been identified that the most efficient way of delivering adult care finance services was to deliver it as one organisation. The work was currently split between CSC staff and Council staff which was causing delays for the customer and debt for the Council due to the time taken to complete financial assessments. The average wait for financial assessments

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had reduced from 26 weeks in 2018 to four weeks in 2022. By bringing the service in-house, it was anticipated that the wait would reduce even further. From 10 June 2022, an end-to-end process review of the full pathway would be undertaken to prepare for the reforms due to come into effect in 2023.

- The main challenges with in-sourcing adult care finance would be being ready in time for the implementation of the reforms by October 2023, and communication with the anticipated 20,000 customers and giving clear and consistent messages to help them receive the care they want and understand their finances.

Budget and Key Project Risks

A six-to-nine-month transition timeframe was being proposed for the handover of the CSC. As there was no transformation work being proposed, the transition only involved moving the operation of the service from one provider to another, and the Council would be providing the telephony service.

RESOLVED:

1. That the recommendations, as set out in the report, be supported;
2. That a summary of the points raised be reported to the Executive as part of its consideration of this item.

8 BUSINESS WORLD ERP SYSTEM RE-DESIGN UPDATE

Consideration was given to a report by the Assistant Director – Corporate Transformation, Programmes and Performance and the ERP System Delivery Manager, Business World, which invited the Board to consider an update on the progress of the re-design of the Council's Business World ERP system following approval from the Executive on 17 December 2019 to move to the Hoople Limited platform.

The two key areas of impact throughout the project had been the impact of COVID-19, the length of time needed to reconcile three months of complex payroll data with resource constraints and a shortage of skilled payroll professionals and the result of an IMT move from Sun Gard to the Azure platform.

The Board was advised that the mobilisation, design and build phases of the project were now complete and the test phase was progressing well. There had been no critical issues identified during the functional tests and the integrated system testing. User acceptance testing (UAT) had also been completed with some challenges due to high absence and school closures as a result of Covid-19. Not all school tests had been completed by schools themselves, with some being carried out by Council colleagues.

The introduction of a council-wide, back dated pay award also impacted resources during the later stages of UAT, however this phase was completed on the 31 March 2022 with some known exceptions.

The benefits and risks of the project were identified and could be found within the report.

Overall, the project and testing were progressing well despite a number of initial challenges and the project was on track for a go-live date of April 2023.

The Board was invited to review the reporting arrangements for the project.

Consideration was given to the report and during the discussion the following points were noted:

- The Board was reassured that the issues identified in current payroll testing (PPR3) were in the main due to accuracy of data input and not the system itself. Efforts were being made to reduce the input error downtime when carrying out payroll tests. Assurance was provided that all service areas were fully engaged in the process which would minimise issues with data migration at the point of go-live.
- Assurance was provided that regular communication was taking place with schools and that training, along with on-hand support would be widely offered during the approach to go-live. It was recognised that some schools had limited time available to undertake the testing.
- The main benefits of the new system were the ease of use of the system and an overall better experience for end users. The system was also more self-intuitive and provided a stable platform to move forward for greater developments.
- The system would reduce the requirement for external consultants to support the system, which could be costly.
- The Council's BW System team employees had been able to log onto the system as if they were a school user and complete end to end testing. Assurance was provided that schools would have access to the system before the 'go live' date and would be supported with queries. Engagement and communication with schools was essential and officers were working closely with school finance teams to help implement the system.
- The Board requested that a further update be reported to the Board at its meeting on 24 November 2022.

RESOLVED:

1. That the report and update be noted;
2. That a further update on the progress of the Business World ERP System Design be reported to the Board at its meeting on 24 November 2022.

9 APPROVAL TO PROCURE CONTRACTS FOR TEMPORARY AGENCY STAFF

Consideration was given to a report by the Talent and Resourcing Manager, which invited the Board to consider a report on the Approval to Procure Contracts for Temporary Agenda Staff, which was due to be considered by the Executive on 7 June 2022.

The Board was advised that Council's current contracts for temporary agency staff with

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Comensura (for general staffing requirements) and Retinue (for social care staffing requirements) expire on 4 September 2022 with no further options to extend.

Between 1 April 2021 and 13 March 2022 the Council had spent around £5 million on temporary agency staff through its contracts with Comensura and Retinue. The majority of which was spent through the Retinue contract for social workers with 70% of the total spend in relation to qualified and unqualified social workers.

It was proposed that the Council utilised the current MSTAR3 framework agreement, conducting a further competition for two new contracts with initial periods of two years with options to extend for a further three periods of one year to a maximum period of five years.

The contract would also benefit from a reduction in out-of-contract spend and it was proposed that a collaborative approach with Rutland County Council and South Kesteven District Council be adopted, as set out at Appendix A to the report.

The Board supported the recommendations to the Executive and highlighted the following points for consideration:

- The £5m agency spend included all the associated costs such as holiday pay entitlements. However, travel expenses were separate which was the same for employees of the Council. As agency staff were employed by the agency, pension costs would sit with the agency and not the Council.
- The attraction and retention framework allowed for payments of up to 15% on top of the basic salary for social workers to try to make the pay offer more attractive. It was recognised that public sector pay had fallen in real terms since 2010. Pay was a major factor in attracting and retaining staff and the increase in cost of living could increase the risk of losing more staff to agencies due to higher pay offers. However, other factors were also important in attracting and retaining staff and adjustments such as condensed working hours and more flexibility around where staff worked from were being explored. The emphasis in the People Strategy was to be an employer of choice and a good place to work, where employees could thrive.
- In relation to the adult social care reforms, there was concern nationally as to whether the new system could be fully staffed. It had been estimated that there could be a shortage of approximately 4000 social workers across the country which would be needed to enable these reforms to progress. The Chairman of the Adults and Community Wellbeing Scrutiny Committee had requested that the Committee be kept informed if the number of agency social workers for adult social care escalated so that the Committee could support officers with identifying a solution.
- As of 26 April 2022, there were 666 staff employed across the social care qualified and unqualified posts within Adult Care and Children's Services and 80 agency workers. In Legal Services, there was eight agency workers compared to 61 employed members of staff.
- There were processes in place to 'grow our own' within the Council. There had been 13 social worker apprentices taken on in 2021 and another 13 were in the process of

being recruited for 2022. A number of trainee lawyers had also been taken on in 2021 and 2022.

- The Board recognised the work being done to attract and retain staff but felt that more needed to be done to reduce the £5m spend on agency staff. The Board requested that further information be brought to a future meeting on the Attraction and Retention Framework and setting out proposals to help reduce the agency spend, including increasing the number of 'grow our own'.

RESOLVED:

1. That the recommendations, as set out in the report, be supported;
2. That a summary of the comments made be passed on to the Executive as part of its consideration of this item.

(12:08 – Councillor T R Ashton entered the meeting)

10 PEOPLE MANAGEMENT UPDATE - QUARTER 4

Consideration was given to a report by the Head of Human Resources, which provided an update on HR Management Information (HRMI) and on corporate People Strategy projects for Quarter 4.

The report highlighted information from a number of key areas within the HR directorate, including an increase in agency spend from 2020/21 and at the end of Quarter 4.

At the end of Quarter 4, the Lincolnshire County Council (LCC) days lost per FTE figure for Directorates stood at 8.47, most of which were attributed to cold and flu viruses.

The People Strategy had launched in June 2022 to meet the Corporate Plan ambition on being an 'employer of choice'. The report detailed the nine core areas of development.

The attraction and retention of staff remained a key focus, and the new Attraction and Retention framework had been developed to support the Executive priority on Organisational Resilience.

Employee health and wellbeing remained a key priority and the Council continued to support employee mental health with the offer of mental health first aiders and fitness challenges.

Consideration was given to the report and during the discussion the following points were noted:

- The Council was exploring ways in which it could implement a requirement for apprentices to remain employed by the Council for a period after their apprenticeships end, which was currently restricted by regulation. It was agreed that a breakdown of retention rates as well as the reasons for leaving be provided in the next HR update to the Board.

- The complexities of sickness absence reporting were acknowledged, however it was suggested that the sickness policy could sometimes be punitive against employees and encourage employees to work when unwell due to fear of warnings. A balance was needed to encourage the workforce but also maintain their health.
- Early discussions had taken place which investigated the idea of the Council creating its own staffing agency, reducing the level of agency spend to the Council whilst creating revenue. It was acknowledged that there were many implications in the creation of such an agency.
- Further detail on unconscious bias was agreed to be provided within the next update.

RESOVLED:

1. That assurance be provided on the HR Management information;
2. That the progress made on the 2021-24 People Strategy projects be noted.

11 DEVELOPER CONTRIBUTIONS SCRUTINY REVIEW - SECOND MONITORING UPDATE OF ACTION PLAN

Consideration was given to a report by the Assistant Director – Growth and the Head of Development Management, which provides a second monitoring update on the recommendations from Scrutiny Panel A’s review on Developer Contributions.

Officers provided an update to each of the recommendations set out within the action plan, as set out at Appendix A to the report.

The Government’s Levelling Up and Regeneration Bill would replace the current system of developer contributions with a simple, mandatory, and locally determined Infrastructure Levy. The Bill set out the framework for the new levy, and the detailed design would be delivered through regulations.

The Board was referred to Appendix B, which set out the Strategic Approach to Developer Contributions, which supported the outcomes of Recommendation 3. The approach included improved knowledge of developer contributions across service areas; work to establish a ‘One Council’ approach to developer contributions; regular communication and partnership working and annual reporting to the Council through the Infrastructure Investment Statement.

Consideration was given to the report and during the discussion the following points were noted:

- All planning applications were sent to the local Councillor for consideration. Work was ongoing to consult with service areas on the types of applications they wished to be notified of.
- The need for effective communication during the engagement process was emphasised in order to enhance communities. The levelling up and regeneration bill

included a requirement for effective pre-application involvement with communities to ensure early engagement.

- A report would be presented to a future scrutiny committee setting out the full detail of the Levelling Up and Regeneration Bill and its implications for Lincolnshire when more information had been received. Initial proposals suggested some improvements in terms of a balance of power from local authorities, but it was expected that documents on the detail and technicalities would be consulted on in due course.
- It was confirmed that every planning application was sent to the local Councillor for consideration.
- All types of planning applications could request a developer contribution, the size of an application was not a factor in the process.

RESOLVED:

1. That the report and comments made be noted
2. That the Board welcomes the progress that has been made in involving local councillors in the Council's comments on all planning applications
3. That the Board supports the continuing publication of the Council's comments on all planning applications on the Council's website
4. That the Board tasks officers with providing detailed briefings on the government's new planning regulations to the Planning and Regulation Committee and the Environment and Economy Scrutiny Committee
5. That the Board supports the implementation of the Developer Contributions – Strategic Approach (Appendix B) so that the Council establishes a strategic approach to requesting, co-ordinating and monitoring Developer Contributions, and provides a “whole council” position to Developer Contribution requests.
6. That a third monitoring update be reported to the Board at its meeting on 15 December 2022.

12 SCRUTINY COMMITTEE WORK PROGRAMMES

Consideration was given to a verbal update from the Scrutiny Officer, on recent work and planned work programme of the Environment and Economy Scrutiny Committee.

The Board was advised that the Committee had recently considered reports on the Flood and Coastal Resilience Project; Lincolnshire Minerals and Waste Local Plan; Local Transport Plan V – Zero Carbon Target and the County Council and the Greater Lincolnshire Internationalisation Strategy and Action Plan 2022-24.

The future work programme of the Committee was set out on pages 127-128 of the agenda pack. Two items from the list of items to be programmed had now been moved to the work programme - the Environment Act 2021 and Coastal Country Park & Car Parking Regimes respectively. The Committee had also received assurance from Officers and the Scrutiny Officer that efforts were made to maintain a balance and proportionality of items brought forward for discussion in future meetings.

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In response to a question, the Assistant Director – Growth, reassured the Committee that work was being carried out to increase energy capacity across Lincolnshire. The Council would be lobbying government for solutions, in which Members were assured their views would be taken into account.

Consideration was then given to a report by the Vice-Chairman of the Highways and Transport Scrutiny Committee, which provided an update on recent work and planned work programme of the Highways and Transport Scrutiny Committee.

The Board noted the apologies of the newly appointed Chairman to the Committee, Councillor M Brookes.

In addition to reviewing performance indicators and receiving regular updates on Highway's drainage maintenance, the Committee had also considered pre-decision reports and supported the recommendations to the Executive/Executive Councillor on the North Hykeham Relief Road – Design and Build Contract Procurement; Adoption and Implementation of the Advanced Payment Code Exemptions and the Street Lighting Policy Update.

Members were referred to the Committee's future work programme, which was set out on pages 132-134 of the agenda pack.

In response to the presentation, it was confirmed that the Committee would be engaging with officers to carry out preliminary work on the Lincolnshire Traffic Management Policy prior to a future in-depth review. The Scrutiny Officer agreed to write to the Local Councillor for Stamford regarding this issue.

Consideration was then given to a report by the Vice-Chairman of the Flood and Water Management Scrutiny Committee, which provided an update on the recent and planned work programme of the Flood and Water Management Scrutiny Committee.

The Committee had recently considered reports on the number of floods recorded since February 2022, the water situation report for March 2022, on the Greater Lincolnshire Riparian Project; Lower Witham Flood Resilience Project and a detailed account from Anglian Water on four case studies; one in Lincoln (Altham Terrace), one in Metheringham, one in Scopwich and one in Bourne. The Committee was informed of the challenges faced at these locations and of steps taken to resolve these.

Members were referred to the Committee's future work programme, which was set out on pages 127-128 of the agenda pack.

In response to the presentation, it was agreed that details of a new subcontractor for drainage investigations be circulated.

RESOLVED:

1. That the Board's satisfaction be recorded with the activity undertaken since 24 February 2022 (a & b) and 25 November 2021 (c) by:
 - (a) the Environment and Economy Scrutiny Committee
 - (b) the Flood and Water Management Scrutiny Committee and;
 - (c) the Highways and Transport Scrutiny Committee

2. That the Board's satisfaction be recorded with the planned work programme of:
 - (a) the Environment and Economy Scrutiny Committee
 - (b) the Flood and Water Management Scrutiny Committee
 - (c) and the Highways and Transport Scrutiny Committee

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Members were advised that this item was for information only.

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The meeting closed at 1.10 pm

1.