

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 9 November 2022.

PRESENT

Mr. M. T. Mullaney CC (in the Chair)

Mr. T. Barkley CC
Mrs. H. J. Fryer CC
Mr. S. J. Galton CC
Mr. K. Ghattoraya CC
Mr. T. Gillard CC

Mrs. A. J. Hack CC
Mr. J. Morgan CC
Mrs. R. Page CC
Mr. T. J. Pendleton CC
Mr. T. J. Richardson CC

32. Minutes of the previous meeting.

The minutes of the meeting held on 7th September 2022 were taken as read, confirmed and signed.

33. Question Time.

The following question, received under Standing Order 34, was put to the Chairman of the Scrutiny Commission.

Question asked by Mr Phil Sheppard

“In Leicestershire’s planning for Investment Zones, please remember that land is a finite resource and that land satisfies non-financial needs such as food security and human well-being. Once it’s gone, it’s gone.

I would recommend that Investment Zones are based more on redevelopment than development, therefore going beyond regeneration to include areas which are not dilapidated but have become sub-optimal in terms of land and energy efficiency, functionality and aesthetics. Existing built-up areas can be optimised and green land can remain for the services it provides.

My question therefore is: what criteria will the Commission and the County Council take on which land they will discuss with the Government in respect of Investment Zones?”

Reply by the Chairman

In submitting expressions of interest in Investment Zones, the County Council followed the Government’s guidance.

34. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

35. Urgent Items.

There were no urgent items for consideration.

36. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Mr T. J. Richardson CC and Mr J. Morgan declared an Other Registerable Interest in agenda item 8 (Leicester and Leicestershire Enterprise Partnership (LLEP) Annual Update) as they were both Members of the LLEP Board.

37. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.

There were no declarations of the party whip.

38. Presentation of Petitions under Standing Order 35.

The Chief Executive reported that no petitions had been received under Standing Order 35.

39. Leicester and Leicestershire Enterprise Partnership Annual Update.

The Committee considered a report of the Interim Head of the Leicester and Leicestershire Local Enterprise Partnership (LLEP) which provided a summary of the LLEP's activity over the past 12 months. The Interim Head, with the Co-Chair of the LLEP Board also provided a presentation as part of this item on the LLEP Annual Report (April 2021 to March 2022) and the LLEP Delivery Plan (April 2022 – March 2023). A copy of the report and presentation slides are filed with these minutes.

The Chairman welcomed Sue Tilley, the Interim Head of the LLEP, and Andy Reed, Co-Chair of the LLEP Board, to the meeting.

Arising from discussion, the following points were raised:

- (i) Small businesses in more rural communities were struggling and the cutting of bus services posed a new and difficult challenge. It also did not support the LLEP's Strategic aim of 'sustainability'. It was noted that the LLEP had and would continue to work in partnership with local authorities and private bus companies to ensure areas remained connected and continued to attract inward investment. However, funding public transport had always been a difficult balance. Whilst necessary to support economic growth, a lack of demand simply made some services unviable. As financial pressure on the County Council and bus companies grew this would become even more of a challenge.
- (ii) The growth of logistics at East Midlands Airport meant significant focus had been given to connecting that site with areas of the County where employees lived, acknowledging that a 9 to 5 service would no longer be suitable.

- (iii) A key challenge would be adjusting the economic development offer to accommodate the change in peoples working patterns with many now working from home. Some businesses were still adapting and so whilst alternative economic models would be needed, these would take time to develop. It was noted that many businesses were still adjusting to a new normal and so it was not yet clear what support they would need in the future.
- (iv) Two areas of work for the future would be addressing digital poverty and digital exclusion. As many services were now delivered online and people worked in a more remote, hybrid way, digital skills and access became increasingly important.
- (v) The LLEP sought to ensure a fair geographical spread in the work that it carried out and did a lot to support micro-businesses which were based in Leicester City and in towns and rural areas. It made sense to target work where there were existing business clusters and to utilise the innovation of the three universities in the area, as this was where most growth would likely be generated. However, this did not mean that work was not taking place elsewhere to support smaller business across the County. It was recognised that such work might not be on such a large scale and might not therefore be as well publicised.
- (vi) The LLEP sought to improve its reach through several forms of media noting that not everyone had good digital skills. However, it had to be recognised that the LLEP supported businesses and so much of its contact was business to business, meaning digital forms of communication such as email and social media were very effective. However, it was acknowledged that alternative coverage was still needed and the LLEP still therefore made good use of newspapers and the telephone.
- (vii) A Member questioned whether there was any evidence to suggest the UK was less productive than countries such as France and Germany because of its increased hybrid working approach following the pandemic. It was proposed that some recent statistics suggested that all but 5% of employees in France and Germany had gone back to work whereas some 23% of employees in the UK were still working from home. Both France and Germany had higher productivity levels than the UK.

Mr Reed agreed to raise this with colleagues at a national level but commented that productivity in the UK had been lower than in France and Germany before the pandemic struck and this was largely due to a lack of long term investment in infrastructure and skills. It was also noted that the UK economy was more service/finance based. France and Germany had significantly more manufacturing businesses and so would be less able to adopt a hybrid working approach in those sectors.

RESOLVED:

That the update now provided on the work of the LLEP during the period April 2021 to March 2022 be noted.

40. Place Marketing, Leicester and Leicestershire.

The Commission considered a report of the Chief Executive which provides an update on the work of the Place Marketing Team for Leicester and Leicestershire. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Chairman welcomed Mr Mike Denby, Director of Inward Investment and Place Marketing for Leicester and Leicestershire, to the meeting.

Arising from discussion, the following points were made:

- (i) Enquiries received by the Place Marketing Team (PMT) were largely data driven and much investment made as a result. However, proactive steps were also taken to seek out and attract new investment into the area. This included building relationships with existing businesses and developers and identifying clusters of businesses to understand where opportunities with their supply chain might exist, promoting opportunities wherever possible.
- (ii) It was clear a lot of work was taking place, but there was a need to capture more data in a more coordinated way across the County to demonstrate how effective this work was. It had been recognised that good data was being obtained across some service areas across some districts, but this varied. Work to adopt a more consistent approach across all local authority areas was therefore being undertaken. This would enable performance to be measured more effectively, links with other organisations to be captured (e.g. referrals by the PMT to the Job Centre), and show what activity was working where, and how best to target this in the future.
- (iii) A Member commented that, from their personal experience, the MIPIM real estate market event held in Cannes was not a constructive place to do business but was a very expensive event and a waste of officers' time. The Member commented that it was concerning to see a number of public sector organisations still attending the annual event which in their view was a fundamental waste of public money.

Mr Denby explained his experience of attending MIPIM as a public sector employee and provided assurance that the event was regarded as useful to build contacts directly with a number of senior representatives across the sector. Members noted that the total cost of attending was in the region of up to £2,000 (including flights and accommodation and entry to the property show). He provided assurance that spend was kept to a minimum as it was recognised that this was public sector money. Members noted that whilst the Leader had attended MIPIM previously at the request of local private businesses, since then the County Council's attendance had been through one officer from Strategic Property Services. The Assistant Chief Executive confirmed that the benefits of attending were reviewed each year.

- (iv) Members noted that the PMT had been established some years ago following a review of the previous outsourced arrangements. It had been identified that a more strategic approach was needed and that this could best be delivered in house by the City and County Councils working together. The PMT had developed over time and had been working well in delivering at that strategic level. Its work balanced with the tactical support delivered directly to businesses by other organisations. It was also now looking to take advantage of some further strategic opportunities, such as acting as a pilot Destination Development Partnership, which if chosen by Government would be very good for the area.
- (v) Whilst the creation of new jobs in the County was welcomed, Members questioned whether in practice businesses had been able to fill those positions given current recruitment pressures and if so, whether these had been filled locally. It was suggested that people travelling long distances from out of the County was less sustainable and did not support the green agenda. It was suggested that it would

be beneficial to capture such data to provide a full and clearer picture in future.

- (vi) Promoting small businesses particularly in rural areas was a key area of focus for the PMT. Campaigns had been developed to be as inclusive as possible to capture both large and small enterprises and to ensure there was a good geographical spread across the City and County areas. Members noted in the last three big campaigns delivered by the PMT the percentage of businesses engaged across County compared to the City was: Uncover the Story (68% in County), Travel Trade Guide (71% in County), and Fitcation (80% in County).
- (vii) The PMT shared information with partners and they also then promoted its activities amongst its own contacts. It was not therefore just reliant on online activity. The organisation worked in partnership with businesses to pull together campaigns to maximise interest and investment to the area as well as running its own. Members noted that on average marketing spend by the PMT had been around £100,000 per annum, split 50/50 between the City and County Councils covering a wide range of activity from targeted social media campaigns to leaflets and literature material.
- (viii) The single biggest barrier across tourism venues in Leicester and Leicestershire was currently the ability for organisations to share information to promote events in a more collaborative way. Better coordination and collaboration was needed and the PMT was working to develop this.

RESOLVED:

That the update now provided be noted.

41. Medium Term Financial Strategy Monitoring (Period 6) and Council Assets.

The Commission considered a report of the Director of Corporate Resources which provided an update on the 2022/23 revenue budget and capital programme monitoring position as at the end of period 6 (end of September) and an update on the approach to reviewing the County Council's property assets. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Chairman welcomed Mr L. Breckon CC, Cabinet Lead Member for Resources, to the meeting for this item.

Arising from discussion, the following points were made:

- (i) The situation looked very depressing as a result of the rise in inflation and the continued increase in demand and costs, particularly regarding Special Education Needs and Disability (SEND) services. It was recognised that SEND was the single biggest issue facing the Council with the High Needs Block (HNB) cumulative deficit currently at £39m, with demand still rising.
- (ii) Whilst it was recognised that this was a national issue, some Members commented that SEND services had become dysfunctional and were simply no longer working. This was demonstrated by the rising number of complaints received by the Council and by Members individually. The County had previously had one of the best records for SEND, but the position had deteriorated significantly in recent years and Members questioned why and what was being

done to address this.

- (iii) Members noted that following the reforms introduced by the Care Act in 2014 it quickly became apparent that demand would increase but no additional Government funding would be provided to support this. A Member commented that the Children and Family Services Department had done its best, but that it had been very difficult given the vast rise in demand for Education and Health Care Plans (EHCP) which could not have been foreseen up to that point. This was a national issue, but Leicestershire had also seen a 30% higher rise than other areas. Pressure on staff recruitment and retention also impacted the ability of the service to respond as quickly as it would like to that rise in demand.
- (iv) The latest Green Paper did not look to change the position any time soon. It was suggested therefore that the Council had to try and address the continued pressures itself through improved local systems and practices. The Director reported that the Council had applied for grant funding of £1m to support the Council's Transforming SEND and Inclusion in Leicestershire programme. It had also brought in external strategic partners, Newton Europe, to help bring forward this programme. The total investment into improving the Council's SEND services was in the region of £9m.
- (v) The Director confirmed that the SEND funding for the Authority was roughly mid-tier in terms of spend per capita, so it was thought that more could be done to ensure the overall budget was targeted more effectively. The Leicestershire SEND Programme would work to deliver this.
- (vi) Members noted that the Children and Family Services Overview and Scrutiny Committee had recently received a report on the programme at its meeting in September, and progress updates would be received regularly throughout next year. It was suggested that a copy of that report be circulated to Scrutiny Commission Members for information.
- (vii) A Member commented that a number of children were placed with independent providers which was more expensive and questioned what was being done to reduce this. It was noted that the Council was seeking to increase its own local provision which would be significantly cheaper. Funding for a new special school in Quorn was being sought but this would only provide limited spaces and whilst helpful would in no way address demand pressures. The DfE bidding process would also take time. The Director emphasised that whilst creating more local SEND places would play a part, the key aim of the Council's Transforming SEND and Inclusion in Leicestershire programme would be addressing demand and to shift resources so that less children were placed in independent special schools, instead being supported in mainstream education.
- (viii) Whilst this approach was welcomed, a member commented that an added difficulty would be that Leicestershire primary and secondary schools were also under significant pressure, being lower funded than most other areas in the country. Reductions in education funding in recent years did not help the Council's position and addressing fair funding for schools, as well as for the County Council would therefore be important.
- (ix) A Member commented that it was worrying given its current financial position, that the Council might be asked to contribute to the reduction of the HNB deficit.

Members noted that the DfE was running two programmes. One was called the 'Safety Valve' programme which targeted those local authorities with the biggest HNB deficits. In this scheme the Government provided a package of support including money to help address that deficit. Such authorities were, however, still required to put in significant amounts of their own resources, including reserves. Members noted that the Council was not in this programme at present, but had been placed in the lower level, 'Delivering Better Value' programme. Members acknowledged that some local authorities in this programme, including the County Council, might at some point in the future be moved into the 'Safety Valve' programme if their position deteriorated. A Member suggested that more should be done to ensure MPs were fully aware of the Council's position and that current circumstances were simply not sustainable. More Government support was needed.

- (x) Whilst it was recognised that progress against the Council's Transforming SEND and Inclusion in Leicestershire programme would be monitored through the Children and Families Overview and Scrutiny Committee, it was suggested that more detailed consideration of SEND service pressures by the Scrutiny Commission would be beneficial given its wider impact on the Council's overall budget, transport services, risk and complaints.
- (xi) In response to questions raised, it was noted that property clean-up costs for Firs Farm had been accounted for in the previous financial year. The income shown in the report which was net of operating costs was therefore a fair figure to use in terms of showing the Council's return on a revenue basis.
- (xii) Members acknowledged that the Council operated a sinking fund to cover costs arising from its property portfolio from time to time. This was standard practice to deal with big spikes in expenditure. In response to questions raised, the Director confirmed that this fund was financed by income generated by the Corporate Asset Investment Fund and was offset against the income generated by those assets in the accounts. It did not come from the Council's central budget and no new money had been added to compensate any spikes in cost as had occurred last year as a result of Firs Farm.
- (xiii) When planning permission was obtained on any part of the Council's rural estate, the value of that land was revised in the Council's accounts as appropriate. These sites were then assessed to determine the best approach in terms of sale or retention to ensure the best gain for the Council, balancing both short and longer term benefits.
- (xiv) If the County Hall campus were to be sold, the capital value for the site, whilst still substantial would be affected by the cost of demolition and re-development. The site was also complex providing a range of services and alternative premises would need to be sourced requiring a significant multi-million-pound capital investment (likely more than might be generated from the sale of the site). Members were assured that care was taken to keep the position under review and to ensure rental income was maximised where possible to make sure retention of the site was justified from a financial and operational perspective.
- (xv) A Member suggested that whilst a Scrutiny Review Panel on the Ways of Working Programme had been carried out the previous year, an update with regards to its

impact on the Council's property assets might be beneficial.

- (xvi) Regarding the forecasted net slippage of £12.6m on the Corporate Asset Investment Fund, Members noted that this had resulted from the Council's decision not to pursue a proposed site purchase.
- (xvii) The Corporate Asset Management Plan covered primarily the Council's operational assets. Whilst they might generate an income in part, this was not the focus of the Plan. The focus was to ensure the Council continued to make the best use of those sites and to ensure these continued to meet its operational needs.

RESOLVED:

- (a) That the update on the 2022/23 revenue budget and capital programme monitoring position as at the end of period 6 (the end of September) be noted;
- (b) That the update on the Council's approach to reviewing its property assets be noted;
- (c) That a copy of the report presented to the Children and Families Overview and Scrutiny Committee in September regarding SEND and Inclusion be circulated to Scrutiny Commission Members for information;
- (d) That consideration be given to the presentation of an item on SEND to the Scrutiny Commission having regard to its wider impacts on the Council's budget, transport services, risk and complaints;
- (e) That the Director of Corporate Resources be requested to provide an update on the Ways of Working Programme and its impact on the Council's property assets.

42. North and Eastern Melton Mowbray Distributor Road - Cost Implications.

The Committee considered a report of the Director of Environment and Transport which provided an update on the progress of the North and Eastern Melton Mowbray Distributor Road (NE MMDR) scheme, including cost implications. The report sought the Commissions' views prior to the Cabinet making a decision on whether to progress to delivery of the scheme on 16th December 2022. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

In presenting the report the Director of Environment and Transport and the Director of Corporate Resources highlighted the following key points:

- Transport benefits and reasons for delivering the scheme remained. The key consideration on whether to continue to peruse the scheme would therefore be the cost of delivery which had increased significantly.
- The construction industry had been hit hard by the rise in inflation. The cost of materials in some cases had increased by more than 17%.
- The schemes forecasted outturn costs had gone up from an initial estimate of £85.3m with a £5m contingency, to an estimated £116.1m. Taking into account Treasury Guidance and therefore allowing for a contingency of plus 10% would take the costs up further to £127m. These costs had been tested extensively both internally and externally in the market.

- Some funding had been secured from the Department of Transport (£49.5m), the Leicester and Leicestershire Local Enterprise Partnership (£4m) and through developer contributions (£14m index linked). Some income had also been generated from land. This left the remaining funding which would need to be met by the County Council at £51m (up from £23m in 2021).
- Borrowing would be required to meet these increased costs at a cost to the Council in the region of £4m a year for 40 years.
- There were essentially no good options as all were technically unaffordable for the County Council making an already difficult financial position considerably worse given current pressures.

The Chairman sought the views of each Member of the Commission. The following points were made:

- (i) Members noted that from a transport perspective, it was a good scheme that would benefit Melton, neighbouring areas and the wider County. The Chairman of the Environment and Transport Overview and Scrutiny Committee confirmed that when it considered the matter the overwhelming view had been to proceed with Option 1 (i.e. to proceed as planned with the scheme).
- (ii) It was important to recognise some of the wider implications of not progressing with the scheme, such as the loss of seven years' work and investment in developing the project, improved air quality in the town centre, a new primary school, 1,500 new homes, and 30ha of employment land. Also, the Melton Local Plan would likely fail as would the Statement of Common Ground which would have a much bigger knock-on effect for all district council local plans.
- (iii) As the County Highways Authority regard had to be taken of the consequential impacts of district council local plans failing and the costs that would give rise to for the County Council as a result of unplanned development.
- (iv) Borrowing would be a significant change in approach for the Council, the previous Lead Member for Resources having been against this for many years. It was acknowledged that additional income would be generated in council tax from the houses to be built, but the demand for services that the Council provided would also increase. It was further highlighted that the cost of borrowing would also require savings to be made elsewhere which would impact other County Council services.
- (v) It was important for the Council to retain credibility and to show it could deliver such schemes in order to ensure it was able to secure further government funding for other projects in the future.
- (vi) It was likely that delivery of the Council's own carbon neutral targets would be negatively affected if the scheme did not progress.
- (vii) The Council was in a very difficult position with the cost of not pursuing the scheme being almost as much as pursuing it. It had been assumed that the cost saving of not proceeding would be £4m per year. However, in reality, the cost saving would only be £300,000 per year and this therefore in practice made the options very limited. With this in mind, when considering the wider impacts raised and the potential reputational damage to the Council, on balance, Option 1 had to

be supported.

- (viii) A member questioned whether there was potential for more funding from the DfT. The Director of Corporate Resources confirmed that discussions had been held with the DfT, but it had confirmed that no further funding could be made available. This was the stance it had taken in respect of all major schemes across the country that were experiencing similar difficulties. The Leader gave assurance that discussions with the DfT and other government colleagues would continue in case additional monies became available in the future.
- (ix) It was questioned whether further funding could be secured through future developer contributions on the basis that the bypass would inevitably open up more opportunities for further development in years to come. It was noted that MBC had developed a master plan for the north and south sustainable neighbourhoods in the area and had a strategic approach to contributions that would prioritise highways infrastructure.
- (x) The gap between developer contributions and the cost of infrastructure schemes had been growing for some time. This was a national problem with other local authorities having similar difficulties with large infrastructure schemes. The Council was therefore looking to change its approach to enable it to seek greater contributions at the outset. In the past a flat rate for infrastructure costs across all developments in a particular district had been sought. In future, it was proposed that rates would vary to better reflect the ever-changing costs incurred by the Council over time and a better account would also be taken of inflation. A report on the Council's planned revised approach would be presented to the Cabinet in November. Members noted that this revised approach would enable greater contributions to be sought from developers in respect of future housing schemes applied for in Melton.
- (xi) A Member questioned if the amount of developer contributions secured to date could be regarded as good. It was noted that on average £8,600 had been secured per house in Melton. This supported both the north and south sections of the road though funds would be prioritised to the development of this phase of the scheme. Members noted that on average higher contributions were secured in Melton than in some other areas in the County.
- (xii) A Member questioned the delays in developing the scheme and how much costs had increased as a result. The Director reported that the scheme was approximately 2 years behind schedule. This had largely been due to factors outside the Council's control, for example delays in the planning and consultation process. However, the estimated timescale had been overoptimistic, and this would be a lesson learnt when bidding for schemes in future.
- (xiii) If works had begun on site when planned, it was acknowledged that the scheme would have been considerably cheaper. However, it would have been impossible to anticipate the cost increases being seen on this occasion. Other similar schemes which had gone over time in the past had not seen such unprecedented price increases.
- (xiv) The Council across all departments had been looking at how to avoid similar circumstances arising again for future large scale infrastructure schemes and consideration was being given to whether the Council would continue to put in bids

for future government funding, and if so, whether to approach that process in a different way.

- (xv) It was unfortunate that the cost of perusing the scheme would increase council tax costs for all residents across the County, and limit opportunities for other schemes elsewhere which also had air quality issues and where a similar by-pass might be of benefit. Members noted that continuing with the scheme would mean the Council would find it very difficult support other capital projects in other parts of the County for the foreseeable future unless they were fully funded.
- (xvi) It had to be recognised that all district councils would have their own local plans which would place demands on the County Council to provide infrastructure to support growth in those areas. A Member suggested it would not be realistic to suggest this could simply not be delivered. Alternative approaches would need to be considered to ensure other parts of the County were not disadvantaged.

[Mr S. Galton left the meeting at this point.]

- (xvii) A Member questioned if there might be scope for MBC to contribute more funding towards the scheme. As every council tax payer would be burdened with the cost of the project that would largely benefit only a portion of the County it was suggested that this would not be unreasonable.
- (xviii) Several Members commented that it was important to recognise that the County Council as Highway Authority had its responsibilities and district councils had theirs and a blurring of the two would be problematic in the long term. It was noted that the Borough Council had already agreed to contribute some funding and some Members commented that to go back again at this late stage would not be appropriate. This was a matter of discussion between MBC Leaders and Chief Officers to negotiate as it had already done.

It was moved by Mrs Page and seconded by Mr Gillard that a letter be sent to MBC to see if there was scope for it to contribute further to the scheme.

The motion was put and not carried, 4 members voting for the motion, 5 against and there was 1 abstention.

RESOLVED:

- (a) That the report now provided on the progress and cost implications of delivering the north and eastern sections of the Melton Mowbray Distributor Road be noted;
- (b) That the Cabinet be advised that the Commission unanimously supported Option 1, to proceed to delivery of the scheme.

43. East Midlands Shared Service Annual Performance Update.

The Commission received a report of the Director of Corporate Resources, the purpose of which was to provide an update on the performance of East Midlands Shared Services in 2021/22. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

The Chairman thanked Mr Breckon CC, Lead Member for Resources, for attending for this item.

Arising from questions and discussion the following points were made:

- (i) In response to concerns raised regarding the functionality issues outlined in the report, Members noted that an extensive procurement process had been undertaken to ensure the system provided all that was needed for both the County Council and its partner, Nottingham City Council. However, as the system was implemented, and detailed testing undertaken, some functionality gaps were identified. For example, the system did not cater for some of the more complex, technical cases with regard to pension payments.
- (ii) Members were assured that a stabilisation project had been put in place to address the gaps identified over the next 12 to 18 months. In the meantime, system work arounds had been adopted.
- (iii) It was suggested that the Committee could not properly evaluate the success of service based on the information provided and that a comparison between the cost and benefits of providing these services in house compared to them being outsourced would be beneficial.
- (iv) It was noted that the system upgrade would have been required however the service was to be delivered. Outsourcing the service had been considered prior to the procurement of the new system. However, it would not be beneficial to conduct such a review during the system change. The Director provided assurance that opportunities to improve, automate and outsource were considered at regular intervals as a matter of standard practice.
- (v) Members noted that as a joint service with Nottingham City Council EMSS did have to account to a joint committee involving representatives from both organisations on a quarterly basis.
- (vi) It was emphasised that the system had not worked as effectively as expected for 0.2% of employees (i.e. a total of 268). That meant that for 99.8% of people the system had worked well. Given the size of the system changes introduced the Lead Member for Resources suggested that this should be regarded as a success. Added reassurance was provided that those officers that had been affected had not suffered financially, as their position had been rectified immediately with same day payments having been made.
- (vii) In response to questions about whether the system now delivered and met the Council's requirements, the Director confirmed that all issues had been addressed in terms of work arounds being temporarily put in place to ensure staff would be paid accurately and on time. Whilst this was taking extra effort in the background, a plan was in place to gradually back out of those processes as system upgrades were introduced.
- (viii) In response to a number of questions regarding legal issues that arose out of the procurement, the Assistant Head of Law advised that ultimately an agreement had been reached with the software provider. This agreement contained confidentiality provisions. However, these did not apply to the extent to which disclosure was required to comply with governmental accountability implications. It was therefore permissible for limited information to be provided to the Commission as follows:

- There had been a significant procurement of software that covered a number of different modules (finance, procurement, HR and payroll) from a large organisation following a public procurement exercise. One of the reasons the new software had been required was because the previous software was no longer going to be supported.
- Demonstrations had been given to Nottingham City Council and the County Council on what the system could deliver as part of that process.
- Once the software had been implemented, it was determined that the system did not quite deliver what had been represented would be provided and so a dispute ensued.
- Lawyers from Nottingham City Council and the County Council were involved in pursuing the claim. Ultimately, a settlement was agreed following extensive correspondence between the parties. The Councils had secured expert external advice on the matter and all relevant issues were explored extensively.
- A positive resolution was subsequently found involving a financial settlement. In parallel with the discussions between the parties, many of the technical issues were resolved through the release of software upgrades.

- (ix) It was noted that the recent audit of the service could only provide moderate or limited assurance. It was noted that access to some parts of the system had been affected following its implementation which meant the usual audit testing could not be carried out. These issues had now been addressed and it an improved audit was therefore expected next year.

RESOLVED:

That the update on the performance of East Midlands Shared Services in 2021/22 be noted.

44. Annual Delivery Report and Performance Compendium 2022.

The Commission considered a report of the Chief Executive which presented the draft Annual Delivery Report and Performance Compendium for 2022 which set out the Council's progress and performance over the past year. The views of the Scrutiny Commission were sought on the Report and Compendium prior to its submission to the Cabinet and Full Council on 25 November and 7 December respectively. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

Arising from discussion, the following points were made:

- (i) The Commission welcomed the new, more streamlined approach to the Delivery Report, focusing on key delivery items underpinning progress on the Council's Strategic Plan Outcomes. It was suggested that, once finalised, a link to the report should be circulated to all Members to aid wider communication.
- (ii) The good work that had been carried out this year across the Council and with partner agencies to support delivery of the outcomes was noted. A member commented, however, that it was not clear how progress was measured in some areas. It was suggested that it would be useful to include a few more metric

results in the Delivery Report in future to evidence this.

- (iii) It was disappointing to see that the Council continued to be the lowest funded county and third lowest funded authority, with considerable differentials between the lowest funded and those even in the middle of the funding table. It was suggested that the Council's low funded position was now impacting delivery, council tax rates and services across a range of areas, including service improvement in areas such as SEND discussed earlier in the meeting.
- (iv) The significant impact of the Covid-19 pandemic on residents, communities and services was noted. This had affected outcomes and performance across a range of areas over the last 18 months. Whilst it was recognised that some service outcomes had started to move back towards previous levels pre-Covid-19, some continued to be adversely affected.
- (v) It was confirmed that the annual performance benchmarking analysis had resulted in a Performance Improvement Action Plan which had been put together with service departments and fed into annual service planning processes.

RESOLVED:

- (a) That the draft Annual Delivery Report and Performance Compendium for 2022 which set out the Council's progress and performance over the past year be noted;
- (b) That once approved by full Council a link to the final report be circulated to all members for information and further communication.

45. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Commission would be held on 30th January 2023 at 10.00 am.

10.00 am – 12.55 pm
09 November 2022

CHAIRMAN