



## **SCRUTINY COMMISSION – 14 SEPTEMBER 2020**

### **COVID 19 RECOVERY UPDATE – CORPORATE RESOURCES DEPARTMENT**

#### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

##### **Purpose of the Report**

1. The purpose of this report is to provide the Committee with a detailed update on progress made within the Corporate Resources Department in implementing its interim recovery plans following the outbreak of the Covid-19 pandemic, and to set out initial proposals for longer term recovery planning and strategic change in accordance with the Council's Recovery Strategy.

##### **Background**

2. The County Council's Covid 19 Recovery Strategy was reviewed by the Council's Scrutiny Commission before being approved at a meeting of the Council's Cabinet on 23<sup>rd</sup> June 2020.
3. The Recovery Strategy describes the Council's recovery as a staged approach that includes an interim recovery position for the functions and services of Corporate Resources and also fuller recovery through a service planning exercise beginning in the Autumn; this will be in response to what the Department understands the impacts of the pandemic to be and emerging government legislation and guidelines.
4. In considering the Recovery Strategy for Corporate Resources thought has been given to both recovering those services the Department is directly responsible for delivering to residents, schools and businesses, and supporting the Council's recovery and transformation as an organisation moving forward as a cohesive group of support services. Both will be considered in this report.

##### **Services and other Key issues**

5. In terms of Interim Recovery, the majority of the Department's functions and services, particularly internal support services, have adapted successfully to working remotely in both the short and medium term. It is noted that they have continued to deliver the same level of service to the

same standard to support the organisation. Although the staff survey conducted in May 2020 did not specifically raise concerns across the Department in terms of flexible working, continuing to operate in this way for a protracted period may start to impact on staff wellbeing. This situation will continue to be monitored.

6. **Country Parks** recovered rapidly following the relaxation of government guidelines around parks and open spaces in April 2020 and have seen a steady increase in visitor numbers. The period of closure has had the unforeseen but positive impact on many of the natural environments rejuvenating over the period, including the sight of a family of Otters at Watermead County Park.
7. **School Food**, part of Leicestershire Traded Services, also recovered rapidly and continued to provide food for the schools that remained open to key workers.
8. A smaller number of services initially diverted a significant proportion of their resources to the response and recovery work and continue to do so to support the wider organisation:
  - a. **The Commissioning Support Unit (CSU)**, alongside their existing functions undertook the procurement and design of a distribution hub for PPE to partner organisations across Leicestershire, Leicester and Rutland. The CSU are continuing to deliver and oversee the distribution of PPE and it is recognised that the partnership will need to transition to a more sustainable model for this.
  - b. A significant proportion of the **Communications Team** resource was dedicated to delivering effective and coordinated communications in the wake of Covid 19 and the subsequent lockdowns as response structures were put in place. Ensuring that capacity exists to deal with any concurrent requirement and 'stepping down' the Covid 19 structures to revert to supporting the Council's strategic priorities remains a challenge.
  - c. **IT & Digital** have continued to deliver the core infrastructure in terms of security, networking and compliance, as well as supporting the rapid recovery of Council services, for example, delivering the 'Waste Bookings System' and other online forms. The service has upgraded the core remote access infrastructure, delivered a new contact centre telephony solution, and diverted capacity to rolling out Microsoft Teams to support ways of working. It has also built and rolled out around 2000 additional laptops and additional mobile phones to bolster operational resilience.
  - d. **Strategic Finance** have had additional pressures as a result of COVID relating to an increase in demand in additional payments to providers over and above the usual routine, including advanced payments and also additional payments to fund critical activities such as purchasing PPE. In addition to this the

services have had to deal with an increased number of specific issues with providers and as a result they have had to pull together wider communications, both providing written guidance as well as in workshops. Similarly, East Midlands Shared Services (EMSS) have seen and needed to respond to additional demand as a result of the pandemic and the uncertainties around it.

- e. In response to requirements coming from departments to comply with government policy and guidance, the Transformation Unit diverted project management and business analysis resources to coordinate and support the delivery of activity to the departmental cells, as well as coordinating the Council's overall recovery effort and transition into full recovery with a focus on the Strategic Change Plan (SCP).
9. The loss of commercial income for several services within Leicestershire Trading Services and Operational Property where services are predominantly hospitality based or delivered to schools, have caused a significant financial impact on the Department. The impact, although mitigated by short-term government support such as furlough, is expected to last into the medium term and in some cases major service change may be required.
  10. The Fit for the Future rollout has been temporarily on hold due to the impact of the COVID pandemic on all organisations. The programme has been revised and the finance and procurement elements will go live in November 2020. The intention is that the HR and Payroll modules will follow in January 2021.

### **Recovery**

11. To support the Council's Covid 19 Recovery Strategy, Corporate Resources undertook an exercise in which each Head of Service evaluated their existing service plans in the context of the immediate impact of Covid 19 and inline with the Covid 19 Guidance for Interim Recovery Planning agreed by the Council's Crisis Management Group (CMG) in May 2020.
12. These revised service plans and an additional action plan which outlined any immediate steps which needed to be taken were then scrutinised by the Director of Corporate Resources in a series of meetings with each Head of Service and their respective Assistant Director. In those meetings progress was monitored, key issues were discussed, actions agreed, and longer-term recovery principles were examined for each service area aligned to the Strategy.
13. Another round of Head of Service meetings are scheduled with the Director of Corporate Resource in early Autumn to focus fully on developing these longer term principles.

14. The current position is that the majority of services in Corporate Resources have been stood back up and with the adoption of flexible and remote working, coupled with designed processes in areas such as IT & Digital, previous service levels and performance levels are being achieved.
15. Exceptions to this are hospitality-based services which rely on commercial income:
  - a. Food Court in County Hall – The catering options available at County Hall have been reduced reflecting the current customer base reducing to 150 a day. This operation is being staffed by a smaller team from the current 16 permanent members on staff with the rest being on furloughed. Given the current volume of sales, the likely timetable for staff to return to County Hall and the costs being incurred, options are currently being considered to mitigate the considerable loss of income.
  - b. School Food - The School Food team has been providing approximately 4,000 meals daily in 160 schools during the Covid lock down period. Regardless of uptake, schools have been charged for an average of the free school meals and universal school meals that they were having before lockdown and staff have been furloughed. In terms of the 2020/21 forecast outturn it is considered that there will be a contribution to the Council's MTFs, but this depends on a number of unknowns including labour costs; the cost of disposables and the uptake in paid meals where an 85% uptake has been modelled. Various steps have been taken to mitigate the risks in this area and the challenges of the new academic year. Rather than recruit to specific vacancies the service will utilise mobile staff as well as taking advantage of the Government's Job Retention scheme following the period of furlough. The Service will work with schools to minimise variations where possible by providing operational advice and guidance, but will also ensure that schools are appropriately charged for any contract variations that will be necessary, for example, if meals are to be served in disposables or if additional staff are required to fulfil a staggered lunch or any 'bubble' arrangements. Finally, the Service will increase promotional activity of hot and healthy meals to parents building on the strength of the brand and the Gold Food for Life Catering Mark.
  - c. Beaumanor Hall and Park - The Park and the Hall are currently closed with the majority of staff on furlough. The property and grounds are still being maintained and there is a skeleton staff working from home taking and rearranging bookings for weddings and events etc. The school's residential outdoor activities aspect of the service has been very popular over recent years. However, at the present time this service has

closed. Future operating options are under consideration. Doing nothing is not an option given the considerable losses that are likely to be incurred over the remainder of the year.

- d. Beacon Hill - Beacon Hill café reopened on 19<sup>th</sup> June 2020 to provide a take away service from Wednesday's through to Sundays and started a limited eat in service on 15<sup>th</sup> July 2020. Since that time weekly takings are steadily increasing. A phone line is booked to be installed to allow the site to go cashless and a new till system is being installed to provide more detailed data to maximise returns. The Service is confident that customers will continue to return and with better data the contribution from the Café can be maximised. Sales will be monitored and staffing structures adjusted as required.
- e. Century Theatre - The theatre is currently closed with no immediate plans to reopen although the service is monitoring government advice. Several options for the future of the theatre are being investigated bearing in mind that the new café will be opening in October. The possibility of the School Music service being based at the theatre is being investigated, allowing them to use the space for teaching, rehearsals and performances whilst providing the opportunity for storage in some of the other buildings at Snibston.
- f. Sites Development Service - The Sites Development Service is a traded service within LTS, that provides external landscaping, fencing and surfacing works to schools, academies and other external clients. Works also include cyclical repairs and maintenance services to corporate and vacant sites. The team have undertaken very limited traded work during the first quarter of 2020/21 due to restrictions on site working practices within close-proximity. The main school and academy client-base have also restricted site access to maintenance operatives and contractors during this period. The service is now operating closer to full capacity.

### **Lessons learnt and strategic change proposals**

- 16. The Corporate Resources Department provides both front line services and supports the organisation in terms of key back office functions. In terms of front line services the first part of the report highlights the key services and future challenges. The impact of the pandemic in both health and economic terms will be immense, and there is little doubt the Council will look significantly different in five years' time. The support services will play a key role in shaping the future direction of the Council. This is clearly going to be challenging given the extra demand on support services at a time when resources will be reducing. The key themes the Department will need to focus on over the short and medium term are:

- a. Finance – The report elsewhere on the agenda sets out the scale of the financial challenge. The focus will range from the short-term introduction of a range of expenditure controls to ensuring we continue to plan in the medium and longer.
- b. Digital/IT – Providing simple and quick to use technology to ensure that we reach, communicate and promote our services across multiple channels so that more of our services are online and available any time of the day and week and are accessible to our customers to meet their needs accepting their various abilities. Examples include providing essential Covid information, with over 410,000 visits to this information since March, a new waste booking service that avoided significant traffic management costs and disruption (approximately 11k visits per week), plus a new click and collect service for libraries.
- c. People and Property. – Act on the findings of the wellbeing survey through supporting services to take local actions as well as developing a corporate action plan. Short term this includes working to provide enhanced support to employees including redeployment and re-skilling. Longer term this will involve delivering on a Ways of Working programme which aims to bring together workplace, technology, working practices and people to drive the Council forward as a modern, effective and productive organisation.
- d. Transformation - The Strategic Change Portfolio remains an important focus to facilitate and support collaboration by support services to further transform the organisation as we move to full recovery. The portfolio contains four pillars including the three themes outlined in the paragraphs above, in addition to a pillar to deliver on the Council's carbon reduction commitments. In order to support the Departments further, the Transformation Unit are progressing the application of a Cost Reduction model methodology that utilises a collaborative and evidence-based approach to identify new savings opportunities.

### **Resource Implications**

- 17. The challenges outlined above have had clear implications for the Medium Term Financial Strategy. The key implications as of July 2020 can be summarised as:
  - a. Supporting Remote Working – The rapid move to flexible and remote working as required incurred extra costs of around £2.0m. This included ensuring that staff had access to appropriate technology and software to allow them to continue to be as effective and efficient as possible remotely and additional IT support was required in order to process this

demand, as well as ensuring the infrastructure was fit for purpose. In addition, £600k of cost has been incurred through Work from Home Allowance, a dedicated fund for staff to buy supplementary office or IT equipment to better suit their working environment. As well as having an impact on maintaining service delivery this also linked very strongly with promoting wellbeing.

- b. Loss of Trading Income – During the COVID-19 pandemic much of the traded activity the Department undertakes ceased or was dramatically reduced as laid out in paragraph 15 above. The impact of this financially is currently predicted to be circa £3.4m, of which School Food accounts for £1.5m and Beaumanor Hall and Outdoor Activity Centre a further £1.0m.
  - c. Fit for the Future Delay – A delay to the project timescales and go live dates have had a knock on impact on the assumed benefits from the delivery of this project. The financial impact of this is £1.5m.
18. Mitigating actions have been taken to minimise the impact of challenges that have arisen in the Department as a result of the COVID-19 pandemic. These include:
- d. Furlough Scheme – The Council has been proactive in applying the rules laid out in the scheme to staff who were funded through traded income. This will lead to £2.2m of income from the scheme by October 2020 to offset the staffing costs, taking into account the reduction in contributions through September and October.
  - e. Review of Trading Services – Reviews of staffing, running costs and predicted sales forecasts are being finalised for each element of the Council’s commercial offerings and as business cases are being drawn together the Department is ensuring that the right options are being considered in the short term, but with the flexibility to adapt to changing market conditions in the medium and longer term.
  - f. Ways of Working Programme – Productivity and efficiency have been maintained in part by bringing forward the Ways of Working Programme. Through IT the Department has ensured that staff had access to the right technology to work effectively and that the infrastructure was optimised to support flexible service delivery. Property Services have optimised our office space including County Hall and support to staff through HR policies and a wellbeing support offer have been coordinated through the programme.

19. It should be noted that early supplier payments which were paid in some cases earlier than stated in contractual terms, to support businesses at the peak of the crisis, have had minimal financial consequences at this stage and Strategic Finance have started a phased return to normal payment terms.

**Background Papers**

None

**Circulation under the Local Issues Alert Procedure**

This report has been emailed to all members of the County Council.

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**List of Appendices**

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