MINUTES of the meeting of the **RESOURCES AND PERFORMANCE SELECT COMMITTEE** held at 10.00 am on 5 February 2025 at Council Chamber, Woodhatch Place, Reigate.

These minutes are subject to confirmation by the Committee at its meeting on Wednesday, 2 April 2025.

Elected Members:

*	Nick Darby
	Tim Hall
*	David Harmer
*	Edward Hawkins
*	Robert Hughes (Chairman)
	Riasat Khan
*	Robert King
	Andy Lynch
*	Steven McCormick (Vice-Chairman)
*	John O'Reilly
*	Lance Spencer
*	Lesley Steeds (Vice-Chairman)
*	Hazel Watson

(* =present at the meeting)

1/25   APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies received from Cllr Andy Lynch, Cllr Riasat Khan and Cllr Tim Hall.

2/25   MINUTES OF THE PREVIOUS MEETINGS: 6 DECEMBER 2024 [Item 2]

Minutes of the previous meeting were **AGREED** as a true and accurate record.

3/25   DECLARATIONS OF INTEREST [Item 3]

None were received.

4/25   QUESTIONS AND PETITIONS [Item 4]

None were received.

5/25   CABINET RESPONSE TO SELECT COMMITTEE RECOMMENDATIONS [Item 5]

The select committee noted the responses. No further comments were made.

6/25   CUSTOMER TRANSFORMATION PROGRAMME UPDATE [Item 6]

Witnesses:
Cllr Denise Turner-Stewart, Cabinet Member for Customer and Communities
Andy Brown, Executive Director - Resources
Sarah Hardman, Programme Director - Customer Experience Journey
Eleanor Brown, Assistant Director - Customer Experience

Adrian Stockbridge, Assistant Director - Transformation

Key points raised during the discussion:

1. The Cabinet Member for Customer and Communities introduced the report.

2. The Chairman asked if the level of investment required for the programme was prudent given the potential upcoming local government reorganisation (LGR), and if there was an argument for pausing at least part of the programme and potentially redeploying the funds. The Programme Director - Customer Experience Journey explained that the stage-gate process now has two stages, though clarity regarding the changes due to LGR is awaited. The current process involves reviewing options across the planned activity, assessing the value of continuing the programme as planned or continuing with a different timescale, and identifying areas in the council where the programme was enabling efficiencies to understand the implications of any changes.

3. The Executive Director for Resources added that the planned investment would need to be reviewed in light of any decision from government, as would many other areas, and that the council has to continue delivering efficiencies realised through the programme to ensure a balanced 2025/26 budget. LGR and any related decision, he added, could significantly change the programme's landscape and the investment spend required, so the programme had to be agile and flexible to adapt to potential changes.

4. The Chairman asked for examples of things that would be progressed at the current stage, assuming LGR went ahead. The Programme Director - Customer Experience Journey explained that this assessment process is being worked through, giving the example of considering whether it would be prudent to invest in a new system, where this might be suggested in the programme, or if maximising the use of existing systems would be better. The programme's plan included elements that incorporate flexibility, given the need to adequately respond to changes in demand, volume and types of function. Readiness for LGR is being reviewed in the context of this work and work is occurring to ensure data remains robust and able to provide insights to respond to customer need. They also noted that culture change warrants revisiting to best understand the highest priority areas of focus, while ensuring that officers maintain a customer-centric outlook.

5. A member asked if different unitary authority structures are being considered. The Programme Director - Customer Experience Journey explained that several scenarios are being examined. Any future unitary authorities could choose to operate through different combinations of in-house delivery and a range of different models, and in a single or multiple unitary authorities. Multiple options are being looked for the different possibilities, she added.

6. The member asked how potential changes to the council's footprint would be dealt with by officers planning work at the present stage

given the current lack of knowledge. The Programme Director - Customer Experience Journey explained this is being considered as much as possible given the present uncertainty. The model being developed for the programme is designed to be able to accommodate additional functions or teams regardless of geography.

7. The Cabinet Member for Customer and Communities added that cultural benefits could arise by collaborating with other organisations, such as local knowledge and internal cultural attitudes, meaning that, some scenarios could therefore accelerate the programme. Both opportunities and challenges are being factored into the scenario-planning, she added.

8. In reference to the stage-gate process followed to request extra funding, the Vice-Chairman asked when the options considering where efficiencies would be delivered would be completed and when they would be presented to Cabinet. The Executive Director for Resources explained that he has asked the programme team to continue activity relating directly to medium-term financial strategy savings and efficiencies, including enhancements to how customers accessed services and service centralisation, which he has envisioned to take a couple of months, but the work is ongoing, and clarity was needed regarding LGR. Consideration was also being given to cultural change, he added, which, although it is the right thing to do, 'sense-checking' is required given the impacts of LGR. This work will need to go before Cabinet but was not yet on the Cabinet Forward Plan.

9. The Vice-Chair asked for further clarification as to why there is no specific date in the Cabinet Forward Plan at which the programme team will request the release of further funds at Cabinet. The Executive Director for Resources clarified that once the decision from government was known regarding LGR, then the review of the investment and its impacts will come back to Cabinet.

10. The Vice-Chairman noted the uncertainty around LGR but continued to voice concern that there is not a date in the Cabinet Forward Plan to bring the programme's stage-gate process back to Cabinet to release further funding. The Executive Director for Resources explained that there was the additional option of releasing the funding via a monthly budget monitoring report.

11. The Vice-Chairman queried whether there is an apparent alternative method for release of funds for the programme and if Cabinet members are comfortable this route being used. The Programme Director for Customer Experience Journey explained that the stage-gate method related to the delegated decision from Cabinet in July 2024, which approved the budget envelope, released the first year's funding, and delegated the decision for future years funding within that envelope. In the context of LGR, she added, a more significant decision might be needed about whether planned activity that was approved by Cabinet is still relevant, in which case, it would need to return to Cabinet. The Executive Director for Resources added that he envisaged it returning to Cabinet to release and confirm the amount of investment required going forward, because of current uncertainty.

12. Regarding cultural change, a member asked if staff training would continue at the council while it continues to exist in the period before LGR takes effect. The Programme Director for Customer Experience Journey explained this is currently under review given the different requirements LGR could impose, given that the staffing cohort of any future authority in Surrey will may be different. She noted that a significant training programme is planned, alongside other work to ensure that the cultural changes required are delivered, a lot of which involves a culture with the right attitudes toward change and engagement. The current planned activity is focussing on this significantly, but these improvements are not necessarily restricted to the programme and are expected to have a broader impact outside of it.

13. The Executive Director for Resources highlighted that the programme is presently operating in a period with little clarity. Before LGR, the council had been working on a Customer Transformation Programme designed to look at the cultural change required to be more responsive to customers, which he clarified was and remains the right thing to do. He also referred to the challenge to the organisation of undertaking work when it may potentially no longer exist in two years' time, and that there may be different views in terms of customer reaction and organisational culture in any future authority. The council needed to ascertain what was the right thing to spend money on at this moment in time, he added, and decide where resources should therefore be directed. The council was trying to be pragmatic and react to decisions as they come forward.

14. The Cabinet member for Customer and Communities noted the importance of recognising progress already made, such as with the Customer Promise, Customer Champions, the High-Five initiative for staff, and Stars in Surrey, which she stated have been beneficial. She added that the council has a responsibility to be optimally prepared for any future scenarios.

15. A member referred to point 17 in the report, which states that an improvement in communications and process included an "Improved over 150 Highways customer enquiry templates, trialling the use of artificial intelligence (AI)", and asked whether his recent positive customer service experiences with the contact centre when reporting potholes could be attributed to this. The Assistant Director for Customer Experience thanked the member, explained that it was hoped that the member's positive experience was replicated across the board, and noted that robust mechanisms are in place to address performance issues quickly and improve staff training and knowledge if performance is ever found to be lacking. The premise of shifting customer contact onto digital self-serve, such as *FixMyStreet*, allowed staff to support customer those customers that require it most, ensuring that no one is therefore left behind, in alignment with one of the corporate objectives. Self-service mechanisms also free up significant staff time, she stated, allowing call-handlers to move onto the next call more quickly, noting that the targeting of staff to residents who need it most is a key principle of the model.

16. The member asked what challenges are still facing the programme team to deliver the transformation, other than LGR. The Programme Director for Customer Experience Journey outlined that the current financial context remains a challenge and is in fact part of the programme's objective to address, such as through enabling people to self-serve and thereby freeing up resources. They stated that gaps in the baseline data, which enable measurement of improvements, is a challenge, that close work with colleagues in the data programme to address this is underway, and the council's need to be prudent around recruitment and prioritisation meant there was a risk of less capacity in specialist service areas to engage in change alongside their business as usual work, which created pressure. They also noted that the programme works with multidisciplinary teams to bring together expertise in service areas to thereby shape and steer the programme, though this created a dependency on the teams committing time to this - work is done with different business areas to map the pressure points and ensure avoidance, and close work was also undertaken to ensure alignment with other transformation programmes.

17. A member referenced some of the language in the report and requested officers used more accessible language. The Cabinet member for Customer and Communities noted that use of simpler communication was needed when explaining these services to the public.

18. The Vice-Chair asked for further information regarding 'customer insight' and how insights are gathered from residents. The Programme Director for Customer Experience Journey explained that this referred to insights already gathered by the council. The council's Resident Intelligence Unit routinely gathers data and insights via a range of means, such as via customer feedback, and that the current stage of the programme involves beginning detailed design work with customers, such as in the Locality Hubs such as the one in Merstham. They explained that there is a routine survey, including questions from the programme team, to support other insights gathered, and that this underpins some aspects of the Customer Transformation Programme by validating some assumptions or improving knowledge in some areas the programme addresses. In summary, additional engagement with customers supplements pre-existing insights founded on routine information-gathering.

19. The Vice-Chair stated that there was no library in her division, and asked how residents there are therefore able to have in-person interactions with the council. The Programme Director for Customer Experience Journey explained that more testing was required before it was known exactly how the model would translate into delivery 'on the ground', though face-to-face local engagement with customers is presumed to be beneficial to customers and therefore prioritised. The programme was working through the existing network of physical locations in Surrey such as libraries and hubs, she added, and officers are working to better understand how else customers need to access services. She confirmed that validation of how the programme could make best use of the community facilities network is being sought through ongoing tests, and that the council can provide customer service from other locations through partner relationships, reiterating

that other channels for engagement instead of face-to-face remain strong.

20. The Cabinet Member for Customer and Communities added that the towns and villages model contribute to this work, employing local intelligence to understand resident needs. She referred to the Warm Hub model, which is delivered through locations beyond simply council buildings. It would be ensured that the offer was accessible to everyone, acknowledging there are areas in Surrey difficult to reach.

21. A member requested more detail on the sites chosen for the 'locality hubs', the services offered and a definition of the term, also asking how residents are informed of hubs' existence. The Programme Director explained that the programme was mostly not seeking to build new facilities in the community at the present stage but seeking to deliver customer services largely through already existing locations most accessible to residents and making use of networks that already exist. The programme ss still identifying where different resident needs are located and what to promote. She also referenced the work of the library network providing publicly accessible PCs, free Wi-Fi and staff support.

22. The member asked if a map could be provided to show where the locality hubs are located and if this could be promoted to residents. The Cabinet Member for Customer and Communities noted the need to be clear on what is on offer, mapping this clearly, and that including it on the website would be helpful.

23. A member raised the issue of areas poorly served by public transport. The Programme Director for Customer Experience Journey explained that the model does not include any element only available through in-person interactions and includes various ways for people to engage, i.e. online, contacting a customer hub by email or phone, or by going into a location such as a library. It was stated that pop-up opportunities were also being explored.

24. The Vice-Chair asked about the different aspects of the cultural work and who oversaw the different streams of this area. The Programme Director for Customer Experience Journey outlined four categories: communication and awareness, training and development, consistency, and performance metrics from customer feedback which are overseen by the Assistant Director for Registrations, Coroners and Customer Strategy. The oversight within the programme was through the programme governance extending to steering groups and to the Transformation Board, she added.

25. The Vice-Chairman asked for more detail on the £938,000 of efficiencies that were realised through the production of in-house capabilities, what the nature of the scoping exercise for the original spend was, if this amount was found in one year, and if the process for scoping project costs recently changed. The Vice-Chairman also asked how the efficiencies being targeted in the current budget and might form part of the options paper going to Cabinet, would factor into this piece of work. The Programme Director for Customer Experience Journey clarified that the £938k represented a more efficient way of

delivering the programme, not efficiencies resulting from the programme. At the point that the programme costs were being scoped, there was not an in-house design team, so external partners were expected to be used at higher cost. There was a significant organisational focus to move away from a reliance on external consultants, she noted, and that there is a push to build these capabilities. This does not represent a different way of scoping the costs, but a different delivery model.

26. The Assistant Director for Transformation reiterated that the reduction in the programme's budget spend comes from not using an external consultancy, like in process-mapping work, reviewing and improving ways of working and delivery of services. The council now had in-house capability to do this, he stated.

27. The Vice-Chairman asked if the use of in-house design teams is factored into the efficiencies for the programme's next stage gate. The Programme Director for Customer Experience Journey explained that the use of in-house teams is assumed and confirmed that the use of external contractors would be limited.

28. A member asked for the reason/s for the peak in customer service contact in Summer-Autumn and asked how to tackle the root causes. The Assistant Director of Customer Experience explained that every year from late August and throughout September, the Council's contact centre sees a significant peak in calls from parents and carers about their children's education and Special Educational Needs (SEND) provision. The top five enquiries in 2024 were: school transport, school admissions, existing Education Health and Care Plans (EHCPs), the SEND admissions process and the education healthcare and assessment enquiries. To reduce demand and improve customer experience several improvements were implemented ahead of the expected peak, including more proactive communication with parents and redesigning teams such as the Home-To-School Transport Team. She also noted that multiple customer-facing functions were temporarily centralised by bringing them into the contact centre, e.g. the SEND Helpdesk with the Contact Centre's Learners' Single Point of Access (L-SPA) that deal with SEND enquiries, which decreased the call answer wait times and allowed staff to resolve more issues at the first point of contact with the assistance of second-line services. A multidisciplinary team approach was established to address problems holistically rather than in isolation. She stated that these changes led to customers waiting less time for calls to be answered. For education enquiries, customers waited an average of 3.6 minutes in 2024, compared to 13.7 minutes in 2022, while L-SPA customers waited an average of 1 minute in 2024 compared to 4 minutes in 2022 - the approach also meant fewer calls were passed back to more specialist teams in second line services.

29. The member asked if there was more work being progressed to continue improvement. The Assistant Director of Customer Experience confirmed this and explained that a 'lessons learned' exercise was undertaken to understand what improved, why, and what more can be done. This identified more work that could be done to improve

proactive communication, keeping in regular contact with customers, and reducing repeat contact from customers, she said, adding that the development of consolidating customer facing teams into one 'front door' was being reviewed and tested outside of the peak period. Several actions would be worked on to implement changes ahead of 2025's peak, she said.

30. A member asked if the commended *FixMyStreet* and asked if the Customer Transformation Programme drove its implementation, how the council chose which activities went through the 'Test-and-Learn' process given there was no fixed operating model in place at the beginning of the programme, and whether areas identified would be beneficial. The Programme Director for Customer Experience Journey explained that the programme worked with Highways teams to work collaboratively to support *FixMyStreet*. The 'Test and Learn' methodology is used to mitigate risks and identify small scale replicable areas of design. For example, the programme worked with Highways on scaffolding and hoarding applications which provided insights into the process and its difficulties, with these lessons then taken and applied elsewhere. The 'Test and Learn' methodology employs a cycle of 'Design', 'Test', 'Review', 'Adapt According to Learning', and 'Test Again'. She explained that this process helps to focus on areas that offer the most effective investment and provide the right benefits.

31. The member asked if 'Test and Learn' approaches were ever stopped due to difficulties or lack of benefits. The Programme Director for Customer Experience Journey explained that 'Test and Learn's were chosen strategically based on the significance of the improvements required. Where an approach proved to not create a significant benefit, for example, the programme would investigate a different approach rather than abandoning the problem. She also noted that the programme explored what was likely to provide the best ratio of input-to-output to see the greatest benefits from investment, while always focussing on the outcome for the customer. In terms of identifying 'Test and Learn' areas, the programme remained strategic by focussing on activity that would be replicable and therefore could be applied to different areas.

32. The Chairman asked for reassurance that areas that were not currently collaborating and cooperating with the programme were encouraged to. The Executive Director for Resources confirmed this is the case. The Cabinet Member for Customer and Communities referred to the benefit provided to the programme by the select committee's Task and Finish group recommendations.

33. A member asked for more detail about the statement in paragraph 20 that "the impact measures are developing for this programme". The member asked how this process was managed and how the success would be measured once developed. The Programme Director for Customer Experience Journey clarified that some positive impacts can already be evidenced, and explained that the baseline data which focuses on metrics around cost, customer feedback and complaints is being finalised - these link to the benefits set out in the business case. She stated that a project working group was agreeing target metrics

and that a reporting process would be implemented and, where possible, this would be automated to provide an efficient means of tracking progress. This will be regularly reviewed. Governance included a project board, a programme steering group and Transformation Board, she added, also stating that a dashboard would be developed to provide a view of performance against the metrics - this could then inform decision-making and enable quicker responses when needed. The member asked that a summary of the data be provided to the Committee. The Programme Director confirmed it could be incorporated into future reports.

34. The Vice-Chairman asked how members could be assured that the methodology used to track and score risks adequately identified significant risks and that it aligned with the risk management strategy adopted by the council. The Programme Director of Customer Experience Journey explained that the programme worked closely with the Head of Strategic Risk and had developed the programme's methodology in conjunction to ensure alignment with the risk management strategy, which has assurances from both Internal Audit and a recent Grant Thornton external audit report. The approach included regular sessions which draw together various projects and workstreams to consider their project level risks, assesses them at programme level, and evaluates them through the standard scoring methodology, escalating upwards to the programme and transformation governance and issues that score above a certain level.

35. The Vice-Chairman asked if any risks were identified from the Customer Transformation Programme that had been put on the organisation's Corporate Risk Register. The Programme Director for Customer Experience Journey stated there were not yet, though risks are being reviewed given LGR.

RESOLVED:
- The select committee welcomes work to drive efficiencies at the council so as to improve contacts with our residents and preserve financial sustainability to protect services, but voices caution about the challenges to delivering robust benefits for Surrey residents, and has concerns about the lack of clear project end targets entailed by the Dynamic Customer Operating Model.

- The select committee also voices caution about the potential impacts of engaging in expensive and complex programmes in the face of possible Local Government Reform (LGR) and its as yet unknown effects on the council, though notes that Cabinet already plans to undertake complex planning for the possible impacts of LGR.

- The select committee RECOMMENDS that Cabinet revisit the funding for the Customer Transformation Programme in light of the uncertainties of Local Government Reform to ensure that any future spending and investment continues to benefit Surrey residents and/or any new future Authorities, and that any new or revised proposal comes before this select committee for scrutiny before a Cabinet decision is made.

Actions/requests for further information:
- Officers to provide a map showing the locations of council's Locality Hubs throughout the county.
- Officers to ensure that information regarding gaps in baseline data and work with colleagues in the Data Programme is included in future reports to this select committee on the Customer Transformation Programme.

7/25   UNIT 4/MYSURREY STABILISATION BOARD REPORT [Item 7]

Witnesses:
Cllr David Lewis, Cabinet Member for Finance and Resources
Andy Brown, Executive Director of Resources
Karen Telfer, Portfolio Lead for Communities

Key points made during the discussion:

1. The Cabinet Member for Finance and Resources introduced the report.

2. In reference to paragraph two in the report, a member asked for more detail on the three tickets that had been open for over a year and the key findings of the audit reports that gave '*Minimal*' or '*Partial*' assurances. The Portfolio Lead for Communities explained that the three tickets were scheduled to be delivered for Quarter 1 (Q1) of 2025. March 2025 was the date for delivery in the test environment, and May 2025 for the 'live' environment. There were target completion dated for all action in the audit reports, she added, before noting that all actions with a target completion before the date of this meeting have been completed. It was also noted that the integrations audit had improved from a '*Partial*' to a '*Reasonable*' assurance rating, and accounts receivable improved from a '*Reasonable*' to a '*Substantial*' assurance rating. An accounts payable issue, purchase orders reflecting incorrect amounts, was one of the three tickets part of the Q1 release upgrade.

3. The member asked if there were any outstanding issues of concern or if everything was on track. The Portfolio Lead for Communities explained that the team meet with Unit4 twice a week, prioritised and categorised any new tickets and marked progress made. The Executive Director for Resources clarified that the changes would be added to the test environment in March 2025 and that the team had requested 'hotfixes' on some issues, i.e. resolutions to system problems that can be implemented quickly and upon request, before any planned upgrade. The planned upgrade in Q1, i.e. March 2025, would apply a lot of the fixes, but Unit4these had to work well in the test environment, and until the proposed fix was tested and in the live environment, they would still be considered as outstanding.

4. The Vice-Chairman asked what the three tickets the council wanted Unit4 to fix were. The Portfolio Lead for Communities explained that the three tickets were all in the finance area: incorrect values between different screens (with a manual workaround in place),a missing

'*Accept*' button in a goods receipt (with a manual workaround in place), and a ticket in the 'Financial Planning and Analysis' module.

5. In reply to a comment raised by the Vice-Chairman, the Portfolio Lead for Communities clarified that no additional money had been paid to secure resolution of the tickets.

6. The Vice-Chairman suggested that the committee might choose to meet with Unit4 directly, unless it would complicate any contractual discussions already underway. The Executive Director for Resources supported leveraging the committee's support though currently, the council is working well in a collaborative relationship with Unit4, and he envisioned there may be a time when the committee should re-engage with the supplier.

7. A member asked about approaches to testing, such as testing extensively as opposed to the customer finding problems with products. The member asked if one of those approaches was used by Unit4 and asked if the Executive Director had any views on this and how the council should approach future projects. The council has experienced frustration given that it I still learning despite the fact that we are at the upgrading stage, he said, noting that this did not provide much assurance for officers ahead of the next upgrade and that this has been expressed to Unit4. Regarding future procurement of systems, the upgrade process should be considered, he stated.

8. In reference to paragraph 25 in the report, a member asked if the council had to pay extra for staff redirected onto the programme from other activities, such as the two Unit4 specialist system architects that employed, if this was part of the initial contract or if these costs were being recovered. The Portfolio Lead for Communities clarified that the two Unit4 contractors were sourced from the external market and possessUnit4 expertise, they are not themselves from Unit4. System downtimes were monitored and any Service-Level Agreements (SLAs) within the contract were leveraged, she added, stating that some service credits (essentially refunds) have been conferred due to system downtime and unavailability.

9. The Executive Director for Resources explained that the council was rigorously holding Unit4 to account and that refunds and service credits are coming into force. Unit4 was working collaboratively with the council, but there are difficulties regarding upgrades, which would be dealt with through the contract. He explained that additional costs included £350,000 for the Stabilisation Programme and £1.2m set aside in reserves for the Optimisation Programme, clarifying that the stabilisation phase aimed to address vital fundamental controls, with good progress being made. There was more to be done on the optimisation and manual workarounds at that stage, he noted.

10. A member asked if the additional £350,000 and £1.2m had been anticipated. The Executive Director for Resources explained that the £350,000 was for the fundamental work required to stabilise the system, while the Optimisation phase was intended to extract maximum benefits from the product, and this process was naturally not

planned from the outset. Further investment proposals were put forward to Cabinet to enable the council to get the most out of the system and deliver some benefits originally forecasted.

11. A member asked how much more, beyond the £1.2m, may be required. The Executive Director for Resources explained that some of the £1.2m was needed to address some backlog issues that have been present since the system went 'live', particularly concerning pensions and enrolments. He explained that he has asked the programme team and service leads about what was required to deliver the desired optimisation, and that was the figure provided. He has asked for clarification regarding whether this was absolutely required, as well as what the ongoing costs would be to maintain the optimised system. The manual workarounds in place would also be ceased after this work. While he stated that he could not predict whether further investment would be required, he is asking questions about this. The £1.2m remains a 'one-off', with the anticipation that any future works will be budgeted for within the base budget, he said.

12. Regarding paragraph 32.2 of the report, which refers to potential "technical alternatives to providing a solution in the absence of a solution from the supplier", the Vice-Chairman asked if the Council was looking to dispose of manual workarounds, including these instead in the core functionality of Unit4, and whether this would be covered as part of the £350,000 stabilisation costs or the £1.2m. The Portfolio Lead for Communities explained that manual workarounds are not encouraged, that a tightly managed list of every manual workaround in the system is maintained, and that the elimination of these manual workarounds would be funded via the £1.2m.

13. The Vice-Chairman asked how the programme's new governance arrangements ensure the best project outcomes and visibility to stakeholders. The Portfolio Lead for Communities explained that the Stabilisation Board was represented by Directors from HR, Procurement, and IT. There are also operational and technical boards that met fortnightly, represented by officers from the different directorates, with these boards producing progress reports, raising issues and concerns which were addressed to the Stabilisation Board. She noted that this process is working very well, with officers feeling comfortable raising concerns. This was expected to continue into the Optimisation phase, she added.

14. The Vice-Chairman asked how the new Procurement Act 2023 was likely to affect future procurement exercises and if it would have meant the original product specification would be different if written today. The Portfolio Lead of Communities outlined procurement's response, which noted that, future procurements will benefit from some key advantageous changes, such as the transition from "Most Economically Advantageous Tender" to "Most Advantageous Tender", allowing procurement to place greater emphasis on non-financial factors. The introduction of competitive flexible procedures grants procurement the discretion to design procurement processes tailored to their specific needs, while enhanced transparency and feedback mechanisms are also provided, meaning that all contracts with a value

of over £5m must publish performance against at least 3 key performance indicators (KPIs) annually, she stated. It was stated that, if written today, the specification itself would not have changed, as the functionality the council required was clear, though the council could have designed their own procurement process to enable different interaction and negotiations. It was clarified that the key difference would have been a requirement from both sides to manage the contract effectively through KPIs. The Vice-Chair requested that this response was sent to the committee for review.

15. The Cabinet Member for Finance and Resources stated that he did not think the Procurement Act 2023 would have affected the outcome of the decision. He acknowledged a valid question about whether Unit4 was the right solution for Surrey County Council, as well as questions regarding how the council procures.

16. The Vice-Chairman asked whether the Procurement Act 2023 would be included and updated withing Unit 4's Procurement module, if this was part of the standard system upgrade path, if it was part of the £1.2m, or would be another funding request. The Portfolio Lead for Communities explained that it was part of the financial planning and analysis module and the normal upgrade cycle.

17. A member asked if the documentation submitted at the request stage for funding was incomplete. The Portfolio Lead for Communities did not believe the documentation was incomplete, though The Executive Director for Resources highlighted that the decision regarding the specification was made some years ago, so they could not answer whether the documentation was complete or not. He stated that he has asked Internal Audit to review the procurement specification and how it was assembled to gather any lessons that might be learned. He stated that he would like to say the documentation was completed given the rigorous process usually followed here, but the specification review is a worthwhile step.

18. A member wanted to clarify where the lessons learned were and referred to the difference between the initial projected and final costs of the system implementation. The member expressed his difficulty in understanding how the original specification could be adequate given the inflated costs. The Executive Director for Resources agreed with the member's concerns.

19. A member asked whether the £350,000 and £1.2m figures had already been approved by Cabinet? The Cabinet Member for Finance and Resources explained that the £350,000 for Stabilisation phase came from the existing budget, while the £1.2m was included in the 2025/26 budget approved by Council.

20. A member requested more detail about the *"technical issues linked to the stability of the main platform [which] proved problematic",* the subsequent review of data integrity and the lessons that were learned from this process. The Portfolio Lead for Communities explained that that some of the forms within the HR module are highly complex, with multiple employment types etc., and that this area has been the origin

of many of the difficulties. The supplier's solution was slow, so the council has considered alternatives, such as redesigning the forms, she added. Data integrity remained an issue, she stated, noting that data cleansing work would put the programme in good stead. These issues relate to people, processes and the technology and undergo constant refinement.

21. A member raised concern, especially in the context of the committee's task and finish group on Unit4, around the *"fundamental constraints for system functionality which is having an impact on ways of working"* present from *"the outset",* raised in paragraph 32.6 of the report. The member asked why the design limitations existed and what lessons could be learned. The Portfolio Lead for Communities explained that some processes were not fully or clearly mapped at the outset, which then impacted the design and implementation, and that the task and finish group recommendations informed better programme governance and were carried through to the Stabilisation Programme. All other transformation programmes were now adopting the recommendations, she added.

22. The Vice-Chairman referred to paragraph 32.2 in the report which states, "*there are a number of technical system constraints*", and noted the difference between processes and technical constraints. Regarding the technical constraints, the Vice-Chairman asked if Unit4 was capable of delivering what the council requires. The Portfolio Lead for Communities explained that the performance of this work continued to be monitored and that continued learning is occurring.

23. The Vice-Chair asked if the system was fit for purpose to deliver what the council requires. The Executive Director for Resources stated that he feels the system is definitely fit for purpose as it is operating and delivering the council's core finance function, and at the last programme board meeting, he asked Unit4 for assurance of the stability of the system. He would therefore not give the committee assurance that the product is 100% fit for purpose. He also referred to stability issues due to problems with capacity and manual workarounds, noting that the question of whether it was the right product for the council is a question being posed to Unit4. The Vice-Chairman stated that it would be helpful for the committee to receive the assurance sought from Unit4.

24. The Vice-Chairman asked if there was any thinking around how Unit4 might need to be adapted depending on the outcome of LGR. The Executive Director for Resources explained that lessons learned other areas that have undergone LGR showed that IT infrastructure is a key consideration and that the council would look to alter the Optimisation programme to also function as an extensive onboarding programme and consider how Unit4 could be structured across the future authority/authorities. He also noted that the council had to ensure that the IT infrastructure was legal and safe for whatever came forward and confirmed that it is being actively considered.

25. Regarding the £1.2m for optimisation, the Vice-chairman asked whether there are opportunities to re-consider – and potentially stop

and refocus - items that may not align with the outcome of LGR. The Executive Director for Resources explained that this was one of the checks forming part of the Optimisation programme - part of the £1.2m was to cover dealing with backlog issues and part to optimise the system.

26. The Cabinet Member for Finance and Resources raised the example of the work required on pensions, which accounts for around half of the £1.2m. Whether LGR went ahead or not, his understanding was that this work will be required.

27. A member raised that there was still uncertainty regarding whether Unit4 could deliver the benefits the council is seeking and asked whether the council was 'stuck' with Unit4 or if an alternative could be sought. The Executive Director for Resources explained that the LGR business case would take account of the requirements of any ERP system, that the council had to ensure Unit4 was a fit-for-purpose product, and stated that he felt was that it was, but it may not necessarily be able to perform exactly as expected and there are stability concerns that need to be resolved. The council may have to accept that Unit4 would not do exactly what was desired, he noted, adding that the council may decide to continue with the system with its limitations until it needs upgrading or replacing. But, if it returned to being not fit for purpose, then a new ERP system could potentially be introduced for the future authorities established by LGR.

RESOLVED:
- The select committee welcomes the continued prioritisation of work underway to keep resolving issues with Unit4 through contract negotiations and changes to governance and acknowledges the lessons learned, but remains concerned about the number and nature of outstanding issues, the cost and impacts to the council and its staff, and the nature of the original specification used when procuring the system.

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- The select committee RECOMMENDS that officers update the select committee approximately 3 months from now (or at the most appropriate time, such as at the end of the *Stabilisation* phase) on the progress in resolving the remaining issues with Unit4, the performance and capacity of the system, and the effectiveness of the new governance arrangements.

- The select committee RECOMMENDS that Cabinet consider undertaking a review to understand and evaluate the likely impacts of any Local Government Reform (LGR) on the use of the Unit4 system to deliver the core financial functions of any future Authorities, as part of its planned wider work on how IT infrastructure would change due to LGR, and that the results of any review are shared with this select committee.

Actions/requests for further information:
- Portfolio Lead - Communities to provide Procurement's response regarding the impact that the Procurement Act 2023 would have had

on the Unit4 procurement process had they been in place at the time the system was procured.

8/25   FORWARD WORK PROGRAMME AND RECOMMENDATION TRACKER [Item 8]

Actions/Requests for further information:
- Scrutiny Officer to continue to liaise with relevant other officers to arrange consideration of the Equalities, Diversity & Inclusion Framework.

9/25   DATE OF THE NEXT MEETING [Item 9]

The Chairman noted the date of the next meeting was 2 April 2025.

Meeting ended at: 12.40 pm

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                                                              Chairman

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