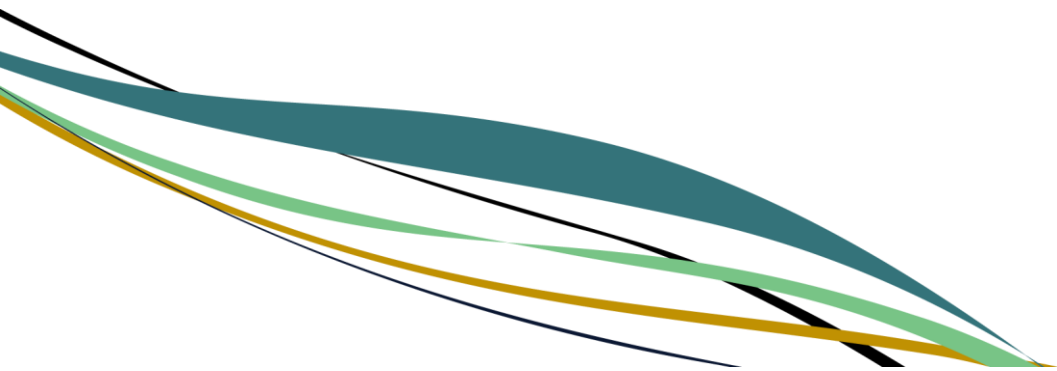




LGSS Annual Report

2016-17



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Foreword by John Kane – LGSS Managing Director



I am delighted to introduce the LGSS 2016/17 Annual Report and Statement of Accounts which reflect yet another busy and successful year, involving many new and exciting developments across our organisation, including Milton Keynes Council (MKC) formally joining LGSS as a full-scope services customer and a Core Council Partner on the LGSS Joint Committee. This partnership with MKC increases the scale of LGSS with a combined shared services workforce of over 1400 FTEs.

This report also highlights LGSS' success in meeting all of its customer's savings and efficiencies targets whilst at the same time meeting or exceeding the overwhelming majority of its required Service Level commitments for each of our customers. Where any issues have been identified, we have acted quickly to implement agreed service improvement plans with our customers.

We have continued to develop and strengthen our capacity, skills and capabilities in order to effectively enable and support our customer's transformation programmes. In particular we have continued the expansion of **LGSS Digital** solutions and services for our customers, delivered as a flexible 'pay as you use' service offering.

In December 2016 after a successful partnership of 5 years, we were very pleased that **Norwich City Council** renewed its LGSS services delegation agreement for another 5 years. This is a true testimony to the mutual and sustainable benefits that shared services can bring to the public sector. In January 2017 we formally launched **Opus LGSS Limited**, an innovative shared recruitment agency. This joint venture established with Suffolk County Council and LGSS on behalf of Cambridgeshire and Northamptonshire County Councils initially, will provide a cost-effective agency and interim staff solution to our core councils and for the wider public sector across our region.

LGSS Business Systems continues with significant investments in next generation LGSS business systems and in particular the development of our new, shared Enterprise Resource Planning (ERP) solution **ERP Gold**. This is being developed with support from our partner Unit 4 as we are utilising their Business World One (nee Agresso) platform for our HR and Finance services. LGSS plans to go live with ERP Gold in April 2018 for Milton Keynes, Cambridgeshire and Northamptonshire County Councils.

Customer satisfaction and a drive for continuous service improvement is a key focus for LGSS. During the past 12 months we have enhanced our customer satisfaction framework which provides LGSS with a robust and reliable feedback mechanism from end-users on the quality of our services. The feedback is used to help shape and inform any jointly agreed LGSS service improvement plans with each of our customers on an ongoing basis.

Therefore following yet another successful year, I can confirm that we are very much on track with our growth and expansion plans and continue to be recognised as a national leader in public shared services.

John Kane

Managing Director

At a Glance

LGSS Payroll and HR Transactions were independently recognised with a **Customer Service Excellence award** for the second year running.

LGSS IT supported the implementation of a **modern, flexible and integrated practice management system (DPS)** for Law Ltd in February 2017, enabling improvements to case management, financial control, regulatory compliance, service quality and profitability.

During 2016/17 LGSS operated gross budgets of £78.7m in addition to **managing budgets of £20.5m** on behalf of our customers

During 2016/17 LGSS Revenues and Benefits maintained **customer satisfaction rates of over 92%** as well as successfully negotiating over £950k of debt into active recovering and generating more than **£1m in Revenue** for partner organisations as part of our traded services

2016/17 At a Glance

Milton Keynes Council joined LGSS on 1st April 2016 to become our third Core Council Partner. **The partnership will collectively save more than £4.47m over the next 4 years** by achieving greater economies of scale, sharing, co-designing and procuring new systems.

LGSS Procurement were finalists in 5 Categories for the 2017 Procurement Government Opportunity Awards including Team of the Year and Best Collaborative Procurement

LGSS IT worked with CCC's Mosaic project team towards implementation of the **Mosaic social care system** across Adults and Children's services.

Our Enterprise Resource Planning (ERP) Gold Build programme is due to go live in **April 2018**. Cumulative savings of **£9.86 million over 7 years** will be realised, shared by our three shareholding organisations.

Norwich City Council renewed their Partner Delegation Agreement with LGSS for a further 5 years. The renewal represents the strong partnership that has been built since its inception in April 2012.

In April 2016 **Central Bedfordshire Council joined LGSS Law Ltd** as a third Local Authority owner. LGSS Law Ltd now employs nearly 140 members of staff within specialist legal teams and **provides services to over 100 organisations** across the public and not for profit sectors.

LGSS delivered **£3.954m** of its **savings targets** across the expanded partnership in 2016/17

About LGSS

LGSS is one of the largest public sector shared services in the UK, owned by Cambridgeshire County Council, Milton Keynes Council and Northamptonshire County Council and provides a broad range of professional and transactional business support services. Our customers operate within the public sector and include local councils, schools and academies, the health sector and Emergency services.

Founded in October 2010, LGSS is the result of corporate business support services at Cambridgeshire and Northamptonshire County Councils merging, enabling the creation of a single, shared service to provide business support services to both organisations. In 2016, Milton Keynes Council joined as the third core Council.

The growth that Milton Keynes Council brought to LGSS in terms of its size, its enlarged geographical coverage and the increased scope of LGSS services including the addition of major new service responsibilities such as Revenues & Benefits, necessitated a new Target Operating Model, building on and extending the principles of our successful LGSS business partner model. Under the new TOM, the Chief Finance Officers of the 3 Core Councils act as an LGSS Services Commissioner with joint accountability for LGSS services and associated budgets for their authority, and with a place on the LGSS Management Board.

Figure 1 below highlights the breadth and scope of LGSS services.

Our business services: breadth and scope



Figure 1: LGSS services: breadth and scope

Our vision during 2016/17 was to become ‘the most highly regarded public sector shared service and business transformation partner of choice for the public sector’. To support the achievement of this vision we have two key strategic themes which underpin our business plan:

- To become the ‘partner of choice’ for public sector shared services
- To grow our business with like-minded customers within the East of England region

Our vision, mission and strategy were reviewed towards the end of 2016/17 and are set out within the LGSS Strategic Plan 2017/18 – 2021/22.

Our business ethos

We pride ourselves on our business ethos, which is ‘**Think like a customer, act like a tax payer**’. We operate with an open partnership via a not for profit, joint risk and reward business model, which enables all savings to be shared between LGSS and its customers. This ensures that all efficiency savings remain within the public sector and enables LGSS to operate as a genuine trusted partner as opposed to private sector based alternatives.

Our core region

LGSS growth is focused on the ‘LGSS region’ and within the wider public sector which means we stay close to our partners and customers and keep teams local. This enables better joined up working relationships to be developed with each customer, regardless of their location and the sector they operate within.

Figure 2 below shows the ‘LGSS region.’



Figure 2: LGSS regional focus

Customer Satisfaction and Performance Framework

Central to our customer relationship management is our Customer Satisfaction and Performance Framework. The key components of this are shown below. The framework provides a holistic approach to feedback ranging from chief executive 'strategic' feedback to operational 'in the moment' service feedback. It also overlays Key Performance Indicator (KPI) data to ensure we maintain a rounded view of how our service delivery performs enabling us to proactively instigate service improvements to meet changing customer requirements.



Annual user satisfaction survey

An online, annual 'all user' satisfaction survey is undertaken in September each year to provide customers the ability to rate the operational 'day-to-day' performance of LGSS services during the previous 12 month period.

Executive interview

A face to face interview is held once a year between the LGSS Head of Customer Engagement, Business Development and Change and the Chief Executive (or nominated other) of each customer organisation to explore themes such as the strategic relationship, value for money, customer priorities, and governance arrangements including key LGSS roles.

Service feedback forms

Customers are invited to rate their experience of each transactional or professional service they use, enabling us to measure the 'in the moment' satisfaction of specific customer transactions.

Comments, compliments and complaints

Comments, compliments and complaints enable our customers to provide us with feedback at any time. If we receive a complaint, we commit to provide a response within 10 working days. The exception to this is for complaints deemed complex.

Customer issue log

Customers can report contractual/performance issues to us at any time. The Customer Engagement Team act as facilitators to resolution ensuring all issues are registered and monitored and that customers are kept informed within an agreed timescale.

Key Performance Indicators (KPIs)

Service performance is measured using a suite of Key Performance Indicators (KPIs). KPIs and their thresholds are agreed in collaboration with our customers. Our Performance and Service Quality team present our performance results back to customers at regular intervals. A set of overarching corporate KPI's are being developed in order to measure the performance of LGSS against the LGSS Strategic Plan 2017/18 – 2021/22.

Service improvement plans

Annual service improvement plans are developed for each customer in response to the annual review of the consolidated framework. These plans complement the operational continuous improvement plans held by each service lead.

Performance Management

The Customer Engagement, Business Development & Change function co-ordinates all aspects of operational performance management for LGSS. The LGSS performance management framework for 2016-17 included the following key aspects:

- Service delivery performance was reported to each customer in accordance with the relevant customer contractual agreements.
- Results and findings from the delivery of the 2016 LGSS Customer Satisfaction Framework were reported to the LGSS Joint Committee, LGSS Joint Overview & Scrutiny Working Group, LGSS Management Board and the senior management teams of all customer organisations.
- Progress against delivery of LGSS Service Improvement Plans was reported to customers in accordance with the relevant customer contractual agreements for performance reporting.

Additionally there is a workforce performance management process operating at all levels of LGSS including the management of individual staff performance through the Performance Appraisal and Development Plan (PADP) process. This includes six monthly and annual PADP review meetings along with regular one to one meetings between line managers and employees.

Our Customers

We provide services to a wide range of customers across local government, health and social care, education, housing and emergency service sectors, including:



What our customers say

Here is a sample of comments from LGSS customers.

“MKC joined LGSS to secure resilience, a new system and enable savings through shared services and innovation. The partnership provides opportunities to optimise the combined skills, talents and ambition of MKC and the other partners and to learn from one another.” **Carole Mills, Chief Executive, Milton Keynes Council**

“The national cyberattack was a challenging period for the NHS, however in NHFT we felt assured of the LGSS IT teams ability to manage the incident. They went above and beyond to ensure we could prioritise care and safety above all else and restore business continuity. Communication was exemplary and we were thrilled with their leadership and actions.” **Angela Hillery, Chief Executive, NHFT**

“During our partnership with LGSS, our Revenues and Benefits service gained significant improvements, raising performance levels to the best they had been for a long time. LGSS worked in full collaboration with Norwich City Council to deliver the best end result for our citizens.” **Anton Bull, Director of Business Services, Norwich City Council**

“I always find LGSS provides an excellent procurement service. The staff are always helpful and knowledgeable.” **Val Thomas, Consultant in Public Health, Cambridgeshire County Council & Peterborough City Council**

“LGSS are forward thinking. It’s an example of the public sector working for the public sector to deliver greater value to citizens.” **Derren Nisbet, Managing Director, Unit4 UK & Ireland.**

“I have regular dealings with LGSS Finance; all personnel I have dealt with work to a very high standard. The support I have had and continue to receive is excellent.” **Richard Lumley, Head of Highways, Cambridgeshire County Council.**

“LGSS has supported us to develop our IT strategy and translate this into delivery on the ground. They have worked with us to understand our needs and timescales, and we have developed great working relationships across a wide variety of teams.” **Carole Hodson, Executive Director Corporate and Customer Services, Northampton Partnership Homes**

“The LGSS HR Advisory Team provides valuable HR guidance and expertise to managers across the whole of Northamptonshire Fire and Rescue Service.” **David Harding, Deputy Chief Fire Officer, Northamptonshire Fire and Rescue Service**

“We were very pleased to work with LGSS Digital on our English National Concessionary Travel Scheme. Customers were at the heart of the redesign process. Applications are now quicker and easier, while our back office processes have vastly improved in efficiency.” **Bess Sayers, Public Transport Business Manager, Cambridgeshire County Council**

Future developments

Business transformation and innovation are crucial elements of the strategic business plan. Where there is commonality between customers and partners, LGSS will investigate and assess current processes in order to identify best practice and integrate, streamline, standardise and deploy the transformation across all. This enables LGSS to offer superior service levels combined with economies of scale in terms of technology, resources and efficiencies.

LGSS aims to help transform front line services so they can deliver their desired community outcomes more cost effectively and to the highest quality attainable. LGSS supports many public sector organisations both large and small with its skilled people, systems and knowledge of the public sector and its needs.

LGSS is constantly seeking ways to improve the services it delivers and has a wide range of programmes in place which will bring improvements in service delivery whilst also meeting the needs of customers. Some of the key developments are detailed below.

Workforce transformation - Next Generation working and Smarter Business Programmes

The delivery of Smarter Business and Next Generation Working principles across the partners is crucial to ensure the IT infrastructure, skills and training to fully embrace flexible working is provided.

The vision for the Next Generation Working programme is to create:

- A more flexible approach to how, when and where work is done, with whom we work and the tasks we work on.
- A more flexible, mobile and productive workforce who are IT confident and capable.
- Office environments and IT resources suitable for more flexible and mobile working.
- A digital first approach which makes information more accessible offline and reduces the need for paper documents, duplicate entry and bureaucracy.



Digital services

LGSS Digital is a growing new team and a key area of development for LGSS. Our customers are interested in our user-centred design approach and agile delivery to meet the growing demand from the public for innovative and efficient online services. LGSS Digital worked with Cambridgeshire County Council to develop an online Blue Badge application process which significantly reduced the time it takes customers to process an application and receive their badge, increased online usage of the service and generated significant savings.

Enterprise Resource Planning (ERP) solution

One of the key systems developments is the design, build and implementation of the next generation ERP solution. The LGSS ERP 'Gold Build' is a shared service ERP system being developed in partnership with Unit4 Business World software. It has been designed around the principles of simplification, standardisation, automation and self-service.



It will become a key offering of LGSS, which will bring potential customers both quantitative and qualitative benefits including:

- Enabling convergence to shared and common processes and procedures and greater use of self-service.
- Single instance on shared infrastructure in the LGSS data centres/private cloud.
- Shared service licence model with significant economies of scale and flexibility.
- Full functionality across finance, purchasing, fixed assets, HR, payroll and management information.
- Each organisation has their own separate 'client', a copy of the Gold Build, to ensure full data separation and security.
- LGSS Business Systems provide functional management and support and a joint development roadmap, maintaining the Gold Build design principles with a single design authority.
- Integration and interfaces with partner line of business systems through 'BizTalk' middleware technology.

Enabling integrated Health and Care IT systems and services

A key area of development for LGSS is enhancing integration within the health and care sector by joining up health and care systems across different customers. The LGSS partnership with Northamptonshire Healthcare NHS Foundation Trust has enabled LGSS to develop its IT expertise within the health sector. An IT and Systems Strategy for health customers is being developed which will enable LGSS to create a Health and Care Systems Centre of Excellence.

Pensions system upgrade

The Pensions Service migrated to the Altair Payroll system in 2016/17 – this module is fully integrated with the existing pensions administration system. LGSS are now able to offer a modern payroll and administration solution delivered from a scalable shared systems platform ideal for exploring future partner/customer opportunities. In addition there are plans to bring the hosting of the Altair platform in house during 2017/18.

LGSS Law Ltd – Next Generation legal case management systems

LGSS Law Ltd launched a modern, flexible and integrated practice management system in February 2017, supported by LGSS IT services as a private cloud based next generation system. This will enable improvements to case management, financial control, regulatory compliance, service quality and profitability.

Procurement

LGSS Procurement services offer a complete procurement solution for public and not-for-profit organisations to deliver improved value for money and better outcomes. LGSS Procurement can develop and implement the optimal strategic sourcing, procurement and commissioning approaches, supported by a suite of excellent e-procurement tools that enable us to provide direct benefits to our clients. LGSS has dedicated procurement teams for health, care and education; highways, transport and waste; building, property and maintenance; and commercial necessities.

Revenues and Benefits

LGSS Revenues and Benefits (R&B) service is one of the largest in the country, serving a customer base of 50,000 claimants for housing benefit, recovering over £200m in council tax and £250m in business rates every year on behalf of our customers. Our award-winning team provides a complete operational solution which reduces costs and improves accuracy and speed. The R&B transformation roadmap demonstrates our commitment to helping our partners invest in their frontline services to achieve sustainable improved performance and efficiencies. Through continued engagement with our partners and stakeholders we are building valid options and partnership frameworks for future R&B ICT and service delivery offerings.

Opus recruitment agency

Opus LGSS Limited, an innovative shared recruitment agency was launched in January 2017. This joint venture established with Suffolk County Council and LGSS on behalf of Cambridgeshire and Northamptonshire County Councils initially, will provide agency and interim staff to our core councils and for the wider public sector across our region. The benefits include greater cost-effectiveness as well as giving Councils a greater level of control over the quality of agency resources.

Language services

LGSS delivers professional and confidential translation and interpretation services to over 100 organisations across the education, health and social care sector. LGSS Language services will continue to grow and develop their service offer, and aims to be the largest language services provider in Eastern region.

Schools

LGSS provides business support services to over 500 schools and academies in Cambridgeshire, Milton Keynes and Northamptonshire, including finance, HR advisory and policy, payroll and HR transactions, procurement and insurance. In addition LGSS offers pay as you go services such as Continuing Professional Development, legal services, internal audit and risk management. LGSS will continue to develop its services for schools.

LGSS Statement of Accounts 2016-17

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LGSS Statement of Accounts 2016-17

Narrative Statement

This Annual Report presents the financial statements for LGSS for the period 1 April 2016 to 31 March 2017 and gives a comprehensive summary of the overall financial position of LGSS.

2016-17 Financial Outturn – LGSS

LGSS Operational Service Area	Expenditure Budget £000	Income Budget £000	Full Year Budget £000	Full Year Variance £000
Finance Services	23,158	(8,315)	14,843	(110)
Human Resources	11,347	(3,582)	7,765	(336)
Business Services, Systems & Change	18,498	(4,680)	13,818	(383)
Information Technology Services	20,170	(4,301)	15,869	(217)
LGSS Law & Governance	2,127	(125)	2,002	(52)
Managing Director & Support	506	(10)	496	129
Total LGSS Services	75,806	(21,013)	54,793	(969)
Trading Account	2,899	(25,848)	(22,949)	968
Total LGSS Operational	78,705	(46,861)	31,844	(1)

Note 1 – the LGSS Law and Governance service area includes democratic services for the partner authorities and legal expenditure budget for Northampton Borough Council. LGSS Law costs are no longer reported in this service area due to LGSS Law being a separate entity.

Note 2 – the Managing Director & Support service area consists of the Managing Director costs and the PA support to all LGSS Directors as well as for 2016-17 the senior management costs resulting from the transition to the new LGSS target operating model.

There was a strong financial performance for LGSS in 2016-17. In addition to the delivery of £3.954m of savings targets across the expanded partnership there was an operational surplus of £969k which will be reinvested in meeting IT developments such as the Digital service and replacement of the service desk as well as strengthening the Revenue and Benefits service.

The surplus has largely arisen as a consequence of some delays to recruitment following the restructure of services during the year and service leads holding vacancies ahead of the transformation and further restructuring required to deliver the in year savings in the MKC outline Business Case.

There has been a well-documented challenge with the trading account for LGSS with provisions made in previous years to address the £968k planned shortfall for 2016-17.

Change in Reserves	
Opening Reserve Balance	2,025
Service Improvement Draw Down	(611)
Trading Account Smoothing Draw Down	(968)
16/17 LGSS Operational Surplus	969
Total LGSS Reserves at 31st March 2017	1,415

Included within the figures above are £611k of reserves which were utilised during the year to support innovative projects to improve the LGSS service offer, with the £969k surplus ensured that the value of the LGSS reserve was £1,415k at the balance sheet date.

2016-17 Financial Outturn – LGSS

Reserves

Unlike a local authority, LGSS does not seek to hold reserves as a contingency for unforeseen circumstances. Instead, reserves are held to invest in long term service improvement to continually improve the services that LGSS delivers, facilitating better outcomes for its customers. The table below shows how the levels of reserves have changed over recent years.

	2011-12 Outturn £000	2012-13 Outturn £000	2013-14 Outturn £000	2014-15 Outturn £000	2015-16 Outturn £000	2016-17 Outturn £000
Brought Forward (1 April)	0	1,489	3,289	2,893	2,005	2,025
Reinvestment	0	(604)	(2,402)	(2,091)	(2,005)	(2,025)
Repayment to Norwich City Council	0	0	(184)	0	0	0
Distribution of prior year dividend	0	0	(700)	(700)	0	0
Actual Surplus	1,489	2,404	2,009	652	204	969
Balance at 31 March	1,489	3,289	2,012	754	204	969
Existing Reserves still to be utilised	0	0	881	1,251	1,821	446
LGSS Reserves at 31 March	1,489	3,289	2,893	2,005	2,025	1,415

In 2016-17, reserves of £611k were utilised to support the delivery of future efficiencies. Of the £969k outturn variance, £105k will be used to top-up the trading smoothing reserve, which will enable known commitments in 2018-19 and 2019-20 to be met, with the remainder being used to fund identified projects. Projects supported by the reserve include a number of significant IT projects (£400k), as well as supporting smarter procurement on behalf of customers (£100k) and a significant investment into the Revenue and Benefits Service (£240k).

Use of Reserves in Year

Theme	2015-16 LGSS Reserves £000	Reallocation of Reserves £000	Reserves Drawn Down £000	Allocation of 2016-17 Surplus £000	2016-17 Carry Forward £000
Reinvestment in Services	1,097	(149)	(436)	864	1,376
Smoothing	753	149	(968)	105	39
Redundancy	175	0	(175)	0	0
Total LGSS Reserves	2,025	0	(1,579)	969	1,415

Independent auditor's report to the members of LGSS

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Independent auditor's report to the members of LGSS

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Statement of Responsibilities and Certificate of Accounts

LGSS's Responsibilities

LGSS is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this entity, that officer is the Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Annual Report (Statement of Accounts and Annual Governance Statement).

I confirm that the Annual Report (Statement of Accounts and Annual Governance Statement) were approved by the LGSS Joint Committee at its meeting on the 24th November 2017.

Councillor Rob Middleton
Chairman of the LGSS Joint Committee
Date: 24th November 2017

The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the business's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Director of Finance has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
-

Certificate of Accounts

I certify that this Annual Report (Statement of Accounts and Annual Governance Statement) presents a true and fair view of the financial position of LGSS at 31 March 2017 and its income and expenditure for the year ended 31 March 2017, and authorise the accounts for issue.

Matt Bowmer
LGSS Director of Finance
Date: 24th November 2017

The Core Financial Statements

The Core Financial Statements are set out in this Section, and are prepared under the appropriate accounting standards. For LGSS these are the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2016-17, which are based on International Financial Reporting Standards (IFRS). This is in line with the preparation of the annual accounts for all shareholding authorities. The statements contain the appropriate level of detail to ensure they provide a meaningful comprehensive summary of the financial position of LGSS.

Comprehensive Income and Expenditure Statement (CIES)

2015-16	2015-16	2015-16		2016-17	2016-17	2016-17
Gross	Gross	Net		Gross	Gross	Net
Exp	Income	Exp		Exp	Income	Exp
£000	£000			£000	£000	£000
383	542	925	Trading Account	2,893	(1,750)	1,143
23,683	(24,183)	(500)	Finance Services	21,055	(21,165)	(110)
9,002	(9,002)	(0)	Human Resources	10,979	(11,315)	(336)
14,569	(15,134)	(565)	Business Services, Systems & Change	18,364	(18,467)	(103)
16,561	(16,584)	(23)	Information Technology Services	22,391	(22,452)	(61)
5,128	(4,912)	216	LGSS Law & Governance	2,108	(2,160)	(52)
62	(135)	(73)	Managing Director & Support	542	(413)	129
69,388	(69,408)	(20)	(Surplus) / Deficit on Provision of Services	78,334	(77,724)	610
0	0	0	Other Comprehensive Income and Expenditure	0	0	0
69,388	(69,408)	(20)	Total Comprehensive Income and Expenditure	78,334	(77,724)	610

This statement shows the cost of providing LGSS services reporting the gross expenditure, gross income and the net expenditure. The CIPFA Code has introduced changes to the presentation of this statement from 2016-17 to enable the CIES to be presented in the same format as the management accounts, in other words by the internal reporting structure. This provides a clearer link between the management accounts summarised in the Narrative Statement to the above Income and Expenditure Statement

The 2016-17 income and expenditure statement shows a deficit of £610k for LGSS. This differs from the LGSS Operational Surplus of £1k due to the £611k reserves utilised to deliver a number of service improvements which will benefit LGSS Shareholding authorities and customers in the medium to long term.

Total LGSS Operational (Surplus)/Deficit	(1)
Service Improvement Reserves Draw Down	611
Total CIES (Surplus)/Deficit	610

Balance Sheet

31-Mar-16	31-Mar-17
LGSS	LGSS
£000	£000
0 Non Current Assets	0
7,077 Short Term Debtors (Note 4)	9,629
0 Cash and Cash Equivalents	0
7,077 Current Assets	9,629
(4,168) Short Term Creditors (Note 5)	(2,334)
(221) Provisions (Note 6)	(221)
(661) Cash and Cash Equivalents	(5,658)
(5,051) Current Liabilities	(8,214)
0 Long Term Creditors	0
0 Non Current Liabilities	0
2,025 Net Assets	1,415
2,025 Usable Reserves (Note 7)	1,415
0 Unusable Reserves	0
2,025 Total Reserves	1,415

This statement presents the value of the assets and liabilities recognised by LGSS as at 31 March 2017.

The Balance Sheet therefore represents debtors, creditors and cash as a result of the activities carried out by LGSS. There are net assets of £1,415k attributable to LGSS as at 31 March 2017.

The value of non-current assets of £0k shows that LGSS does not know any Assets. Assets used by LGSS to deliver services are owned by the respective host authorities.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by LGSS. All reserves held by LGSS at the 31 March 2016 and 31 March 2017 are useable reserves.

	LGSS Reserve
	£000
Balance at 31-Mar-15	2,005
Movement in 2015-16:	
Surplus/(Deficit) on the provision of services	20
Other Comprehensive Income and Expenditure	0
Total comprehensive income and expenditure	20
Increase/(decrease) in 2015-16	20
Balance at 31-Mar-16	2,025
Movement in 2016-17:	
Surplus/(Deficit) on the provision of services	(610)
Other Comprehensive Income and Expenditure	0
Total comprehensive income and expenditure	(610)
Increase/(decrease) in 2016-17	(610)
Balance at 31-Mar-17	1,415

There has been a decrease of £610k in the LGSS Operational Reserve during the period. The LGSS Operational Reserve is the primary reserve, which is used to hold accumulated surplus/deficits on the provision of services, and to release funding back in to the service as reinvestment to support service innovation to improve service quality and efficiency in the LGSS Service offer.

Cashflow Statement

The cash flow statement shows the changes in cash and cash equivalents of LGSS during the reporting period. The statement shows how LGSS generates and uses cash and cash equivalents for operating activities.

2015-16		2016-17
LGSS		LGSS
£000		£000
20 Net surplus/(deficit) on the provision of services		(610)
Adjust net surplus/deficit on the provision of services for non cash movements:		
(2,883) (Increase) / Decrease in debtors		(2,552)
635 Increase / (Decrease) in creditors		(1,834)
(65) Increase / (Decrease) in provisions		(0)
(2,313)		(4,386)
(2,293) Net increase or (decrease) in cash and cash equivalents		(4,996)
1,632 Cash and cash equivalents at the beginning of the reporting period		(661)
(661) Cash and cash equivalents at the end of the reporting period		(5,658)

Cash and cash equivalents for LGSS have decreased during the period by £4,996k. Cash is held within the bank accounts of the three shareholding Councils.

Notes to the Accounts

1.Accounting Policies

1.1 General Principles

The Statement of Accounts summarises LGSS's financial position for the year ended 31 March 2017. LGSS has prepared these Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (the Code)

In order to reflect statutory conditions, accounting standards are amended for specific statutory adjustments so that the accounts present a true and fair view of the financial position and transactions of LGSS. All accounting policies are disclosed where they are material.

1.2 Qualitative Characteristics of Financial Statements

1.2.1 Relevance

The accounts have been prepared with the objective of providing information about LGSS's financial performance and position that is useful for assessing the stewardship of public funds and for making financial decisions.

1.2.2 Reliability

The financial information is reliable as it has been prepared so as to reflect the reality or substance of the transaction, is free from deliberate or systematic bias, is free from material error and has been prudently prepared.

1.2.3 Understandability

These accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary contained within the accounts.

1.2.4 Materiality

The concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted, provided that in aggregate they would not affect the interpretation of the accounts.

1.3 Underlying Assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Statement of Accounts and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates.

Where it is necessary to choose between different estimation techniques, LGSS selects whichever method is judged to be the most appropriate to its particular circumstances for the purposes of presenting the financial position in the accounts fairly. Estimates are used for debtors and creditors where invoices have yet to be issued or received.

1.3.1 Accrual of Income and Expenditure

The financial statements, other than the cash flow, are prepared on an accrual basis. Income and expenditure is recognised in the accounts in the period in which it is earned or incurred, not as cash is received or paid. In particular:

Revenue from the provision of services is recognised when LGSS can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to LGSS.

Supplies are recorded as expenditure when they are consumed.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is

recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3.2 Going Concern

The accounts have been prepared on the assumption that LGSS will continue in existence for the foreseeable future.

1.4 Detailed Accounting Policies

1.4.1 Cash and Cash Equivalents

Cash is represented by cash in hand, which is held by the core councils, and deposits with financial institutions repayable without penalty on notice of not more than 24 hours and investments whose maturity date is three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

1.4.2 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of LGSS's financial performance.

1.4.3 Provisions

Provisions are made where an event has taken place that gives LGSS a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that LGSS becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and

credited back to the relevant service.

Where some or all of the payment required to settle provisions expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if LGSS settles the obligation.

1.4.4 Reserves

LGSS sets aside specific amounts as reserves for future policy and business purposes or to protect against unexpected events. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year, to be recorded against the Net Cost of Services in the Comprehensive Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council tax for the expenditure.

LGSS Reserves include:

- Earmarked reserves, which are set aside for specific purposes.
- General reserves, which are set aside for unexpected events.

1.4.5 Revenue Grants and Contributions

Revenue grants and contributions are matched in the Comprehensive Income and Expenditure Statement to the service expenditure to which they relate. Revenue grants received in advance of entitlement or meeting of conditions are treated as creditors (receipt in advance) until such time as they can be justifiably recognised as income and credited to the Comprehensive Income and Expenditure Statement. Grants to cover general expenditure are credited to the Comprehensive Income and Expenditure Statement after Net Cost of Services.

1.4.6 Employment Benefits

I. Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, for current employees and are recognised as an expense for services in the year in which employees render service to LGSS.

II. Termination Benefits

Termination benefits are amounts payable as a result of a decision by LGSS to terminate an

officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement when LGSS is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

III. Post Employment Benefits

Local Government Pension Scheme

Contributions to the Local Government Pension Scheme (LGPS) payable during the period are charged to the Comprehensive Income and Expenditure Statement where employees are members of the scheme. However, as LGSS staff are formally employed by a host authority, the net pensions liability/asset is shown within the host authority's Statement of Accounts. Therefore no pensions liability or asset are recognised on the LGSS balance sheet.

1.4.7 Discretionary Benefits

LGSS has no powers to make discretionary awards of retirement benefits in the event of early retirements, with such powers remaining with the respective County Councils. However, any liabilities estimated to arise as a result of an award to any member of staff will be accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

1.4.8 Value Added Tax (VAT)

The Comprehensive Income and Expenditure Statement excludes any amounts related to VAT,

as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them.

1.4.9 Events after the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Expenditure Funding Analysis – The LGSS

Accounts do not include an Expenditure Funding Analysis, instead Note 8 provides a breakdown of the key expenditure types (Employee Costs, and Third Party Payments) reflecting LGSS' position as a service organisation, rather than a local authority. The aim of this policy is to ensure that the LGSS Accounts only include relevant disclosures

2. Accounting standards that have been issued but have not yet been adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the new or amended standards within the 2017-18 Code. There are no new standards in the 2017-18 Code which are likely to have a material impact on the accounts.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, LGSS has been required to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Report (Statement of Accounts and Annual Governance Statement) are in respect of:

Presentation of the Comprehensive Income and Expenditure Statement (CIES) - The Accounts have been prepared using the CIPFA Code of Practice on Local Authority Accounting (the Code). The internal management reporting structure has been used to present the Income and Expenditure statement, as this reflects the service lines that operate within LGSS

IAS19 / Pensions liabilities – As LGSS is not a separate legal entity staff are formally employed by any of the three partner authorities, Milton Keynes Council, Northamptonshire County Council or Cambridgeshire County Council, and are entitled to join the Local Government Pension Scheme (LGPS). LGPS is a defined benefit plan. As LGSS itself is not an admitted body to LGPS it is not possible for LGSS to accurately identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. As such, the scheme has been accounted for as a defined contribution scheme within the LGSS accounts. Pension contributions paid during the period have been recognised within the income and expenditure statement.

Contributions paid during the year are shown in Note 14. There is no pensions liability or pensions reserve shown within the LGSS balance sheet.

The net pensions asset/liability and pensions reserve is shown within each authority's Statement of Accounts, depending on where the staff are formally employed. Similarly, IAS19 disclosures are shown within the Statement of Accounts of each authority.

Fixed Assets – Assets are resources controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. As LGSS is not a separate legal entity it does not own any fixed assets. Fixed assets are owned by the host authorities and partner authorities, who direct and control their use. LGSS does not have sole use, as the assets are also used by the host authorities and partner authorities, so the criteria for them to be accounted for as finance leases has not been met. Consequently these fixed assets are included within the statutory accounts of the relevant authority and no fixed assets are included within the LGSS accounts.

LGSS Activity – The LGSS accounts included activity related to LGSS operational budgets. Operational budgets encompass day to day LGSS activity and transactions with the partners and third parties. There are also managed budgets which LGSS administers on behalf of the partner organisations for which LGSS receives no benefit. Activity related to these managed budgets are included within the relevant organisation's statutory accounts and consequently is not included within the LGSS accounts.

4 Debtors and Payments in Advance

2015-16	2016-17
LGSS	LGSS
£000	£000
0 Central Government Bodies	0
1,953 Other Local Authorities	4,493
253 NHS Bodies	49
4,870 Other Entities and Individuals	5,087
7,077 Total Short Term Debtors	9,629

The short term debtors figure for Other Entities and Individuals includes £2.5m of transactions with LGSS Law. The transactions include service level agreements and inter-company transactions. £1.1m comes from payments made in advance to a number of suppliers for services such as licensing and support contracts. The remaining balance is made up from many customers, including schools, with outstanding invoices at year end.

The Other Local Authorities figure contains a debtor for £2m relating to trading with Northampton Borough Council.

5 Short Term Creditors and Receipts in Advance

2015-16	2016-17
LGSS	LGSS
£000	£000
(544) Central Government Bodies	(2)
(1,666) Other Local Authorities	(234)
(201) NHS Bodies	(32)
(1,757) Other Entities and Individuals	(2,066)
(4,168) Total Short Term Creditors	(2,334)

The majority of the £2.2m balance for short term creditors is from outstanding invoices at year end for a number of suppliers including communications providers, software licensing, systems support and agency staff providers. The remaining balance comes from payments made to the organisation in advance of the goods or services being rendered.

6 Provisions

2015-16 LGSS £000	2016-17 LGSS £000
(286) Opening Provision	(221)
65 Provision Utilised in Year	0
(221) Closing Provision	(221)

LGSS has a provision for the potential redundancies that are required in order to deliver the required savings in relation to the contracts that it operates. In the 2016-17 financial year, £0k was drawn down, leaving a total provision of £221k at the balance sheet date.

7 Transfers to/from Earmarked Reserves

	Opening Balance April 2015 £000	Transfers to Reserve £000	Transfers from Reserve £000	Closing Balance March 2016 £000
LGSS Operational Reserve	2,005	204	(184)	2,025
Total LGSS Reserves	2,005	204	(184)	2,025

	Opening Balance April 2016 £000	Transfers to Reserve £000	Transfers from Reserve £000	Closing Balance March 2017 £000
LGSS Operational Reserve	2,025	969	(1,579)	1,415
Total LGSS Reserves	2,025	969	(1,579)	1,415

8 Expenditure & Income Analysed by Nature

2015-16	2016-17
£000 Expenditure/Income	£000
Expenditure	
51,634 Employee benefits expenses	59,977
17,754 Third party payments	18,357
69,388 Total expenditure	78,334
Income	
(36,588) Fees, charges and other service income	(45,880)
(24,849) Host Authority Income	(31,844)
(69,408) Total income	(77,724)

The expenditure and income note analysed by nature outline the type of expenditure incurred by LGSS. It breaks down the income and expenditure by expenditure/income category rather than service area.

As is to be expected for a service led organisation, over 75% of the LGSS expenditure relates to employee costs, with the remainder relating to payments to external entities for goods and services.

The trading account included with the CIES can be broken down by individual customers, as shown in the table below. During the year, some areas did not achieve the planned income, which has impacted on the trading account position.

	Planned Income	Full Year Variance
Northampton Borough Council	7,970	0
Norwich City Council	7,122	(25)
Huntingdonshire District Council	492	(18)
Northamptonshire Healthcare	3,501	0
Olympus Care Services	1,447	(143)
Public Health	220	0
LGPS (Pensions)	1,232	0
LGSS Law Ltd	708	(498)
Planned Trading Shortfall	257	(284)
	22,949	(968)

9 Officers Remuneration

Post holder information		Notes	Basic Salary	Honorarium	Allowances & Expenses	Compensation for Loss of Office	Pension Strain	Pension Contribution	Total Remuneration including pension contribution
			£000	£000	£000	£000	£000	£000	£000
Senior Employees of the Current LGSS Management Board									
LGSS Managing Director	2016-17	1	135		3			17	155
	2015-16		133		4			16	153
LGSS Director of Finance Services	2016-17	1	117	3	1			15	136
	2015-16	2	116	3	1			15	135
LGSS Director of IT Services	2016-17	1	115	11	3			16	145
	2015-16		114	13	3			15	145
LGSS Director of Business Services, Systems & Change	2016-17	1	49		1			6	56
	2015-16	3							
LGSS Director of Human Resources	2016-17	1	79	23	3			12	117
	2015-16	4	78	23	4			12	117
Sub-Total 2016-17			495	37	11			66	609
Sub-Total 2015-16			441	39	12			58	550
Senior Employees remunerated externally									
LGSS Director of Law and Governance	2016-17	5							
	2015-16								
Corporate Director Resources (MKC)	2016-17	6							
	2015-16								
Sub-Total 2016-17			495	37	11			66	609
Sub-Total 2015-16			441	39	12			58	550
Senior Employees Leaving the LGSS Management Board In Year									
LGSS Director of People, Transformation & Transactional Services	2016-17	1	62	5	1	51	209	9	337
	2015-16	7	121	19	1			18	159
Total 2016-17			557	42	12	51	209	75	946
Total 2015-16			562	58	13			76	709

Notes to Senior Officers Remuneration Note

1. The staff indicated are paid for through the NCC LGSS staff payrolls
2. The LGSS Director of Finance Services also fulfilled NCC Section 151 responsibilities until 30 September 2016, which is also reflected in the 2016-17 NCC Statement of Accounts
3. The LGSS Director of Business Services, Systems & Change started 08 November 2016 following a planned organisational restructure after MKC joined. The restructure also involved the deletion of the LGSS PTT Director post and LGSS (MKC) Director post and the re-evaluation of the LGSS HoS HR post
4. The LGSS Head of Human Resources post was formally re-evaluated to LGSS Director of Human Resources post from 01 October 2016.
5. The LGSS Director of Law and Governance meets the requirements for disclosure although the employment contract is with LGSS Law Ltd and the salary of £132k (£127k for 2015-16) was fully expensed through LGSS Law Ltd.
6. The Corporate Director Resources (MKC) meets the requirements for disclosure and was an MKC post with the salary of £79k being fully expensed through MKC at nil cost to LGSS. The post holder was in post from 01 April 2016 to 30 September 2016 and following the planned organisation restructure in 2016-17 this post is no longer part of the LGSS Management Board.
7. The LGSS Director of People, Transformation & Transactional Services was made redundant 30 September 2016 following an organisational restructure due to the significant growth of LGSS and this was a consequence of the business case for MKC joining.

With Milton Keynes Council becoming an LGSS partner on 01 April 2016, the LGSS employee base has increased. The figures presented in the table below therefore include MKC employees for 2016-17 and the cost band encompasses salary, redundancy and termination payments.

2015-16 LGSS	Cost band	2016-17 LGSS
11	£50,000 - £54,999	24
6	£55,000 - £59,999	11
5	£60,000 - £64,999	8
5	£65,000 - £69,999	8
2	£70,000 - £74,999	1
2	£75,000 - £79,999	1
4	£80,000 - £84,999	6
4	£85,000 - £89,999	1
0	£90,000 - £94,999	4
1	£95,000 - £99,999	0
1	£100,000 - £104,999	2
0	£110,000 - £114,999	1
1	£115,000 - £119,999	1
0	£120,000 - £124,999	1
1	£125,000 - £129,999	2
1	£130,000 - £134,999	0
1	£135,000 - £139,999	0
0	£215,000 - £219,999	1
0	£320,000 - £324,999	1
45	Total	73

Note 1 - The breakdown of cost within the £320k - £325k banding consists of £62k salary, £51k compensation for loss of office and £209k contribution to the LGPS as set out in note 10.

Note 2 - The breakdown of cost within the £215k - £220k banding consists of £65k salary, £13k compensation for loss of office and £138k contribution to the LGPS as set out in note 10.

10 Termination Benefits

Total number of exit packages by cost band	Total cost of exit packages in each band	Exit package cost band (including special payments)	Total Number of exit packages by cost band	Total cost of exit packages in each band
2015-16 LGSS	2015-16 LGSS		2016-17 LGSS	2016-17 LGSS
	£000			£000
18	158	£0-£20,000	14	112
5	138	£20,001 - £40,000	1	22
0	0	£40,001 – £60,000	2	88
0	0	£60,001 – £80,000	1	65
0	0	£80,001 – £100,000	0	0
0	0	£100,001 – £150,000	0	0
0	0	£150,001 – £200,000	1	151
0	0	£200,001 – £250,000	0	0
0	0	£250,001 – £300,000	1	260
23	296	Total cost included in bandings	20	698

A requirement of the CIPFA Code is that LGSS discloses any significant termination benefits for staff exiting the Council. In this context significant is taken to be any termination benefits for a single member of staff in excess of £100k and holding a senior employee post. During 2016-17 only one such necessary instance arose which related to the LGSS Director of People, Transformation and Transactions (PT&T) shared services post with a total cost of £260k. The termination benefit was one part of a much wider LGSS multi-million pounds, multi-year LGSS savings programme subsequent to Milton Keynes Council joining the LGSS shared services partnership in April 2016 and a planned restructuring of LGSS it required towards a new target operating model (TOM). This required the deletion of the LGSS Director PT&T role and its responsibilities being transferred to other LGSS Directors within the new LGSS TOM. The £260K exit costs consisted of a £51k redundancy payment to the individual, and a £209K payment to the Local Government Pension Scheme (LGPS) to cover pension strain cost on the scheme as a result of the redundancy which led to the early retirement of the individual and associated release of pension benefits and this is fully in line with usual LGPS guidance.

11 Transactions with Related Parties

LGSS's related parties are the shareholding authorities (Milton Keynes Council, Northamptonshire County Council and Cambridgeshire County Council), and also LGSS Law who share senior management personnel with LGSS.

LGSS Law

LGSS Law is a provider of legal services, owned by Central Bedfordshire Council, Northamptonshire County Council and Cambridgeshire County Council. It receives support services from LGSS, and also provides legal services to LGSS. During the 2016/17 financial year, LGSS provided services to the value of £848k (15/16 £1,682k) to LGSS Law, and at the 31st March 2017 the amount owed to LGSS by LGSS Law totalled £2,530k (15/16 £1,682k). The amount owed by LGSS to LGSS Law at the 31st March 2017 was £194k (15/16 £123k).

Shareholding Authorities

All Shareholding authorities allocate funding to LGSS by identifying budgets within their budgeting processes. The LGSS Budget for each authority is shown in the table below.

2015-16 Budget Allocated £000	2016-17 Budget Allocated £000
10,085 Cambridgeshire County Council	8,865
14,764 Northamptonshire County Council	11,634
0 Milton Keynes Council	11,345
24,849	31,844
Total Budget Allocated	

No cash transactions take place and therefore there were no amounts outstanding on the 31st March 2017

12 Events after the Balance Sheet Date

The CIPFA code states that events that have occurred between the year-end and the date that the Statement of Accounts are issued that might have a bearing upon the financial results of the past year and the financial position presented in the Balance Sheet should be disclosed within the Notes to the Accounts.

As at the time of the draft accounts being issued, no such events have been identified.

13 External Audit Costs

2015-16	2016-17
LGSS	LGSS
£000	£000
KPMG LLP - audit services carried out by the	
25 appointed auditor	22
31 KPMG LLP - Audit Work relating to 2014/15	22
56 Total External Audit Costs	44

14 Pension Schemes accounted for as defined contribution schemes

LGSS staff are formally employed by either Northamptonshire County Council, Cambridgeshire County Council or Milton Keynes Council and are therefore entitled to join the Local Government Pension Scheme (LGPS). LGPS is a defined benefit scheme.

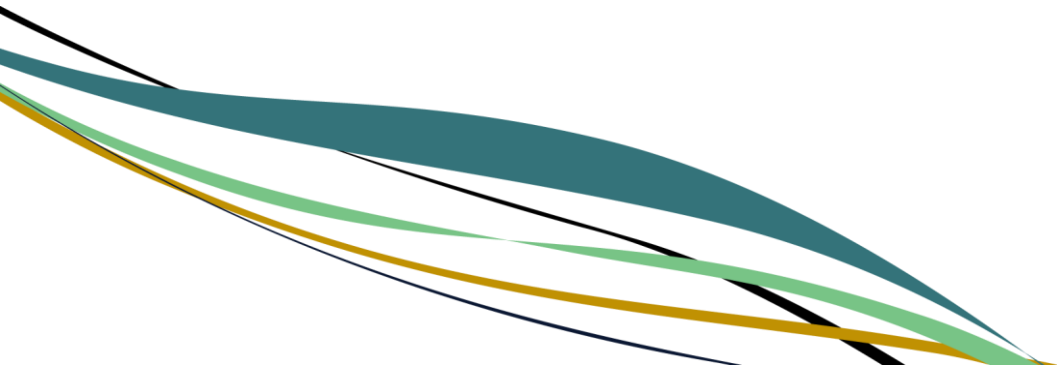
As LGSS itself is not an admitted body to LGPS it is not possible for LGSS to accurately identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. As such, the scheme has been accounted for as a defined contribution scheme within the LGSS accounts.

Pension contributions paid during the year have been recognised within the Comprehensive Income and Expenditure Statement. Contributions paid during 2016-17 and 2015-16 are included within the table below.

2015-16	2015-16		2016-17	2016-17
%	£m		%	£m
20.7	2.5	Cambridgeshire County Council	21.7	2.3
12.8	2.8	Northamptonshire County Council	12.8	2.5
N/A	N/A	Milton Keynes Council	17.9	1.2
	5.3	Total		6.0

Note 1 – CCC and MKC apply a pension contribution rate that covers the deficit repayment for the scheme and future liabilities. NCC apply a pension contribution rate that covers the future liabilities of the scheme with a separate budget held corporately for the deficit repayment for the scheme.

LGSS Annual Governance Statement



LGSS Annual Governance Statement

1. Scope of responsibility

The LGSS Joint Committee is responsible for ensuring that LGSS business is conducted in accordance with the law and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The LGSS Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, taking into account economy, efficiency and effectiveness.

In discharging this overall responsibility, the Joint Committee is responsible for putting in place appropriate arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The LGSS Joint Committee operates to Northamptonshire County Council's Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.

This Annual Governance Statement explains how LGSS has complied with the Code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

2. The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which LGSS is directed, controlled and held accountable. It enables LGSS to monitor the achievement of its priority outcomes and to consider whether those have led to the delivery of appropriate and cost effective services.

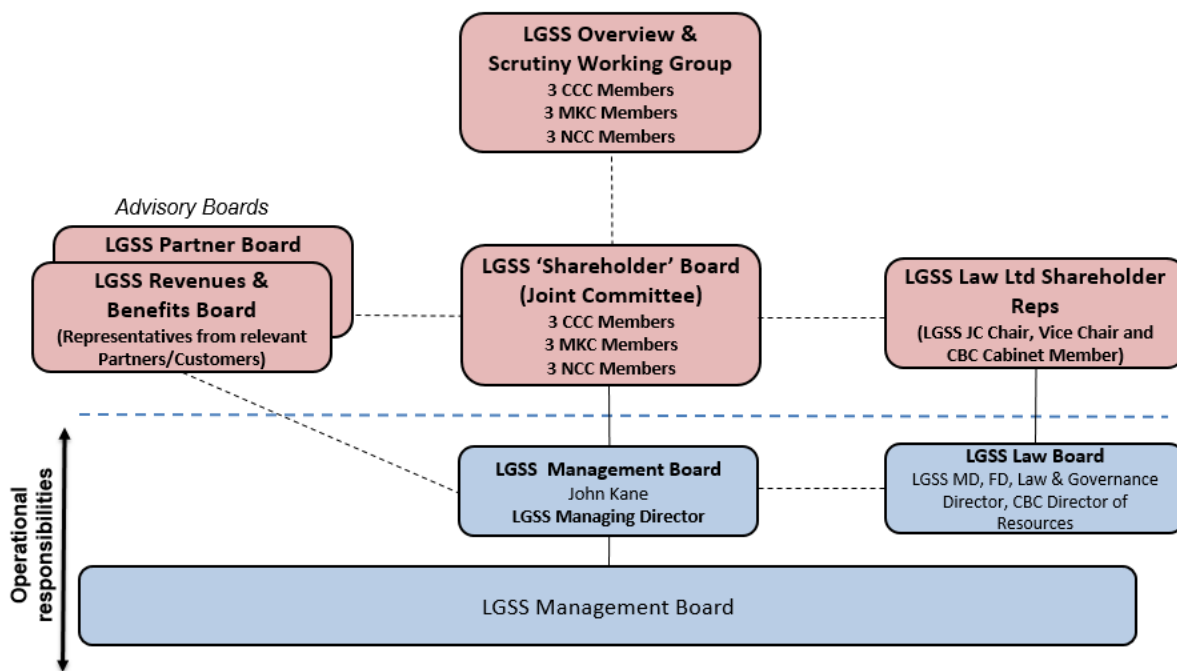
The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, core purpose and priority outcomes and can therefore only provide reasonable assurance of effectiveness.

The system of internal control is based on an on-going process designed to:

- a) Identify and prioritise the risks to the achievement of LGSS plans and priorities;
- b) Evaluate the likelihood of those risks occurring;
- c) Evaluate the impact should they occur;
- d) Manage the risks efficiently, effectively and economically.

The LGSS Strategic Plan delivers these points as part of the annual cycle. The governance framework has been in place in LGSS for the year ended 31st March 2017 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework



The key elements of the systems and processes that comprise the governance arrangements are described below.

3.1 Roles and responsibilities of Members and Officers

Good governance means elected Members and Officers working together to achieve a common purpose with clearly defined functions and roles. The following describes how LGSS achieves this:

The LGSS Joint Committee and the LGSS Joint Overview & Scrutiny Working Group both comprise 9 Members appointed by each of the three partner councils on a four yearly basis – 3 each from Milton Keynes, Cambridgeshire and Northamptonshire County Councils. The Joint Committee has an agreed Constitution which sets out how it operates and how decisions are made. The Joint Overview & Scrutiny Working Group operates within an agreed terms of reference.

The scheme of delegation in LGSS is based upon the delegations operating in the three partner councils.

Members and Officers comply with the Code of Conduct of their respective Council.

LGSS operates to the policies and procedures in place in each of the partner councils to ensure that, as far as possible, its elected Members and Officers understand their respective responsibilities. New Members and Officers receive an induction and training on key policies and procedures as these are developed within each of the partner councils.

All LGSS Directors and Heads of Service have responsibility for maintaining a sound system of internal control within their area of responsibility.

3.2 Standards of conduct and behaviour

Good governance means promoting appropriate values for LGSS and demonstrating the values of good governance by upholding high standards of conduct and behaviour. The following describes how LGSS achieves this:

A Standards Committee is in place in each partner council to review any complaints regarding any councillors, including LGSS Joint Committee Members, and to promote high standards of conduct and observance of the member codes of conduct (MKC, CCC and NCC).

Each council's employee code of conduct sets out managers' responsibilities to bring the code to the attention of their staff (through induction, training and instruction) and is their responsibility to take appropriate action if an employee fails to follow the code. The codes include a requirement for LGSS Officers of each council to declare any conflicts of interest and/or gifts or hospitality, which should be formally registered.

Each partner council has Anti-Fraud and Corruption, Whistle-blowing and Money Laundering policies in place which apply to LGSS.

3.3 Decision making, scrutiny and risk management

Good governance means taking informed and transparent decisions that manage risk and are effectively scrutinised. The following describes how LGSS achieves this:

The Joint Committee takes executive decisions in accordance with its Constitution.

The three shareholding Councils have the power to review and/or scrutinise decisions made or actions taken by the Joint Committee.

LGSS is subject to internal audit review in accordance with the annual internal audit plans agreed by the audit committees of each of the client councils. LGSS Internal Audit operates in accordance with the Public Sector Internal Audit Standard. Internal Audit plans and prioritises its work chiefly using a risk based auditing approach and seeks to programme work based on risk, strength of control and materiality. Reports, including an assessment of the adequacy of control and action plans to address weaknesses, are submitted to LGSS Directors and audit committees.

LGSS complies with agreed risk management processes for all 3 shareholders which is underpinned by an approved Risk Management Policy and a Risk Management Statement of Required Practice (SORP). LGSS maintains a Strategic Risk Register and directorate risk registers which are required to be subject to regular formal review as outlined within the Risk Management SORP.

3.4 Developing capacity and capability of Members and Officers

Good governance means developing the capacity and capability of Members and Officers to be effective. The following describes how LGSS achieves this:

The councillors on the Joint Committee are supported by the councillor development activity of their parent councils. Officers on the LGSS Management Board are invited to present at the councillor training/workshop sessions about appropriate topics.

Formal Performance Appraisal and Development Programmes operate within LGSS. These programmes include identifying and meeting, as appropriate, the development needs of staff. There is an induction

programme for new staff and a full comprehensive learning and development programme delivered at all levels in LGSS.

3.5 Engaging with stakeholders

LGSS proactively engages with each of its customers and applies the same processes to its shareholding councils:

Good governance means engaging stakeholders to ensure LGSS delivers services which meet the needs of shareholding and customer councils. LGSS operates to Service Level Agreements with all partner and customer councils and has mechanisms for close customer engagement at all times of the year.

LGSS has its own website which markets LGSS as a distinct business support service for public sector organisations regionally, separate from the three shareholding councils. The website enables current and potential customers to understand the LGSS business model, what services it can provide and what skills, expertise and other resources it can offer.

Good governance means developing and clearly communicating LGSS plans and priorities to its key stakeholders. The following describes how LGSS achieves its objectives in order of priority:

- Delivery of MKC/CCC/NCC transformation and supporting customers via joint, collaborative business planning activity as described in the business case and service level agreements.
- Annual refresh of the LGSS Strategic Plan.
- Management of LGSS Governance including LGSS Joint Committee, LGSS Management Board and LGSS Partner Board.

LGSS undertakes an annual planning process which takes account of the requirements of the shareholding and customer councils along with the objective of reducing unit costs through the expansion of LGSS. LGSS is an integral part of the medium term financial planning processes of MKC, CCC and NCC to support the delivery of their business plans and delivering the reduction of costs against their priorities.

To ensure LGSS delivers its plans, the Customer Engagement, Business Development & Change function coordinates the LGSS performance management framework to evidence the service delivery of each of the LGSS services. The activity is summarised as follows:

- Delivery of the LGSS Customer Satisfaction Framework
- Creation, monitoring and management of Service Improvement Plans for each of the LGSS Directorates with quarterly reporting to customer senior management teams
- Customer engagement and relationship management with existing customers including customer contract management (partner and delegation agreement)
- Business intelligence including KPI performance reporting and trend analysis
- LGSS communication and customer engagement
- Business development and initial engagement with potential new customers

4. Review of effectiveness

LGSS has undertaken a review of the effectiveness of its governance framework, including the system of internal control. This review is informed by the work of the LGSS Directors and the Chief Internal Auditors annual report.

Staff in Internal Audit and Risk Management have undertaken a basic compliance review to ensure that key aspects of LGSS' Governance Framework have been applied during 2016-17. The key evidence to support the review of effectiveness is outlined below.

4.1 Planning

LGSS operates a planning framework that integrates all aspects of strategic, operational and financial planning and which has the full involvement of the LGSS Joint Committee, the shareholding councils and all senior LGSS managers. This ensures financial plans realistically support the delivery of the LGSS Strategic Plan in the short and medium term.

LGSS has developed a five year strategic plan (2017/18 -2020/21), which is updated annually and details the mission, values, strategy and goals of LGSS. The five year LGSS Strategic Plan was approved by the LGSS Joint Committee on 23rd March 2017. Within this plan there are clear objectives in place for each Directorate which align with the business trading targets and the management of the client organisation's finances.

4.2 LGSS Joint Committee

LGSS Joint Committee is responsible for key decisions. The Joint Committee meets formally on at least a quarterly basis and makes decisions that are in line with the overall policies and budget of LGSS. In addition, informal workshop meetings take place in between formal Joint Committee meetings as required.

During 2016/17 formal Joint Committee meetings were held on the following dates:

- 18th August 2016
- 17th November 2016
- 19th January 2017
- 23rd March 2017

Each council nominates three elected Members and substitutes. The Member appointed as a substitute has full voting rights. Each Member complies with the Code of Conduct of their respective council when acting as a Member of the LGSS Joint Committee. Each Council has three votes.

The Chairperson of the Joint Committee is rotated on an annual cycle between each shareholding council. Meetings of the Joint Committee must be quorate with two Members of each council being present. If there is a quorum of Members present but neither the Chairperson nor the Vice Chairperson is present, the Members present shall designate one Member to preside as Chairperson for that meeting. The Joint Committee may delegate a function to a Sub-Committee or an Officer.

Formal Joint Committee meetings are public meetings with the exception that the public may be excluded from a meeting where confidential information, as defined in section 100A (3) of the Local Government Act 1972, or exempt information as defined in section 1001 of the Local Government Act 1972, would be disclosed to them.

4.3 LGSS Partner Board

The LGSS Partner Board was implemented as a result of customer feedback. LGSS needed an opportunity to provide customers with important information and invite constructive dialogue while customers wanted an

opportunity to network with each other. Partner Board was created to meet these needs and was scheduled as a bi-annual event.

On 6th July 2016 Partner Board focussed on providing Partners with information on 3 key areas:

- IT Strategy
- IT Digital update
- ERP Gold

The LGSS Partner Board in December 2016 was scheduled to provide customers with the overall Customer Satisfaction Framework results however, the session received a high volume of late delegate declines and for that reason was cancelled.

We have actively sought feedback from each Partner Board representative to understand their engagement preferences and in 2017 we will be using that feedback to inform how we reengineer our partner engagement. This will include a review of the audience, the communication channels we use, the content we provide and the frequency.

4.4 LGSS Revenues and Benefits Board

The LGSS Revenues and Benefits Board is an advisory/consultative group and does not hold decision making powers. The Board meets twice a year and is a forum for:

- Stakeholder engagement at a political and senior officer level, giving an opportunity for its members to feel that they can influence the strategic direction of the Revenues and Benefits service delivered by LGSS
- Discussion on how to develop the LGSS Revenues and Benefits service and wider partnership arrangements
- Sharing skills and knowledge
- Suggest items which might be considered by the LGSS Management Board

There is a standing agenda, with the opportunity for members of the Revenues and Benefits Board to raise agenda items in advance for discussion at the meeting. Core members of the LGSS Revenues and Benefits Board are:

- LGSS Director of Business Services, Systems and Change (Chair)
- LGSS Head of Revenues and Benefits
- One Councillor and Senior Officer nominated from each LGSS Revenues and Benefits customer
- One representative from LGSS Management Board

4.5 Law Board

The shareholder representatives, via a General Meeting, have ultimate control over LGSS Law Ltd. The majority of the decision making however is delegated to the Law Board which consists of 1 Executive Director and 3 non-Executive Directors. The Law Board is responsible for taking the more significant operational decisions such as appointing staff, organisational management and investing in new technology or systems. The Law Board meets on a bi-monthly basis and operates at 'arm's length' from the LGSS Joint Committee.

4.6 Overview and scrutiny

Overview and scrutiny of LGSS is undertaken by the LGSS Joint Overview and Scrutiny Working Group, a joint body made up of representatives from each of the shareholding councils. The Joint Working Group is responsible for carrying out both forward-looking and retrospective scrutiny of matters relating to the development and performance of LGSS. The terms of reference specify that the Joint Working Group will particularly focus on:

- Accountability – Holding the LGSS Joint Committee to account for the discharge of its functions.
- Improvement – Investigating issues associated with LGSS and making recommendations that seek to improve the quality of services delivered by LGSS.

The Joint Working Group was established in 2016/17 following discussions between the Overview and Scrutiny functions at Milton Keynes and Northamptonshire County councils about taking a joint approach to scrutiny of LGSS. Cambridgeshire County Council was subsequently invited to participate in the Joint Working Group, although its democratic structure does not include Overview and Scrutiny committees.

The Joint Working Group meets three times a year at each of the shareholding councils in turn. Joint Working Group meetings are public meetings with the exception that the public may be excluded from a meeting where confidential information, as defined in section 100A (3) of the Local Government Act 1972, or exempt information as defined in section 1001 of the Local Government Act 1972, would be disclosed to them.

The Joint Working Group will continue to operate for as long as the parent committees consider that there is value in the arrangement.

4.7 LGSS Management Board

The LGSS Management Board meets monthly. Two out of three meetings are ‘informal’ with the following core attendees:

- Managing Director
- Director of Finance
- Director of IT
- Director of Law & Governance
- Director of HR
- Director of Business Services, Systems and Change

Every third month is a ‘formal’ meeting with the following additional attendees:

- Chief Finance Officers of the three partner councils.

Each LGSS Director has provided a self-assurance statement in respect of 2016-17 that:

- They fully understand their roles and responsibilities
- They are aware of the principal statutory obligations and key priorities of LGSS and of the partner and customer councils which impact on their services
- They have made an assessment of the significant risks to the successful discharge of LGSS’ key priorities.
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks

4.8 Independent assurance

The LGSS Chief Internal Auditor annually agrees the LGSS Internal Audit Plan for the financial year with the Managing Director and the LGSS Management Board. This is in line with MKC, CCC and NCC policies and procedures.

Internal Audit has undertaken a number of reviews of activities carried out within the LGSS environment. It should be noted that from September 2015, LGSS Internal Audit moved to giving assurance opinions as part of a 3 part assurance structure when completing audits:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

The tables below detail the five levels for each of the first two assurance opinions. The third opinion sets out whether the area audited and the strength of its controls represent Major, Medium or Minor organisational implications.

Control Environment Assurance	
Level	Criteria Definition
Substantial	There are minimal control weaknesses that present very low risk to the control environment.
Good	There are minor control weaknesses that present low risk to the control environment.
Moderate	There are some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No assurance	There are fundamental control weaknesses that present un acceptable level of risk to the control environment.

Compliance Assurance	
Level	Criteria Definition
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Moderate	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

A review of the Chief Internal Auditors 2016/17 annual reports to the audit committees of the three shareholding councils indicates that the control environment and compliance assurance levels for the internal control over the systems and processes managed within the LGSS environment are largely 'good' or 'substantial'.

In instances where the assurance level was deemed as 'moderate' or less, actions have been agreed with management which, when implemented, should raise the assurance level for these audit areas to at least 'good.'

4.9 External audit

Whilst LGSS is not a separate legal entity, the Audit Commission has advised that owing to the growth of LGSS, it should be subject to external audit review. Therefore as from 2013-14 KPMG LLP was appointed as LGSS' External Auditor.

4.10 Risk management

LGSS complies with agreed risk management processes for all 3 shareholders which is underpinned by an approved Risk Management Policy and a Risk Management Statement of Required Practice (SORP). LGSS maintains a Strategic Risk Register and directorate risk registers which are required to be subject to regular formal review as outlined within the Risk Management SORP. There is an annual review of the risk registers and business continuity plans which are aligned to the respective shareholder processes.

There is an annual review of the LGSS Strategic Risk Register by LGSS Management Board and the LGSS Directorate risk registers are reviewed quarterly via Directorate Management Team meetings.

4.11 Developing capacity

LGSS has operated procedures during the period covered by this Statement to ensure training needs of staff are assessed against core competencies and any key training needs met. Additionally the three partner councils have provided, or are in the process of providing, appropriate training to Joint Committee councillors to enable them to effectively fulfil their duties in relation to LGSS and other activities.

4.12 Engagement

LGSS has engaged with its customers throughout 2016/17 via the following channels:

- Monthly/quarterly/bi-annual customer performance meetings (as per customer contract)
- Presentations to the customer senior management teams throughout the year
- LGSS Managing Director meetings with LGSS Joint Committee Chair/Vice Chair
- Senior Responsible Officer (SRO) quarterly one to one meetings with customer Chief Executive or nominated senior manager
- Client Services Manager (CSM) monthly one to one meetings with Customer Chief Executive or nominated senior Manager
- LGSS Partner Board
- LGSS Joint Overview and Scrutiny Working Group
- LGSS customer feedback channel

In 2017 LGSS will also be launching a new website which aims to better support new and existing customers.

4.13 Significant governance issues

There are robust governance arrangements for LGSS based on the three partner authorities' financial policies and procedures based on, and an integral part of, the MKC, NCC and CCC portfolio and procedures.

5. Conclusion and evaluation

As Chair of the LGSS Joint Committee and LGSS Managing Director, we have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within LGSS to ensure effective internal control is maintained. This is subject to both internal and external audit procedures.

We are also satisfied that there are appropriate plans in place to continue to deliver improvements to meet the governance arrangements requirement to meet the financial policies and procedures and to seek continuous improvement in the system of internal control.

Councillor Rob Middleton
Chairman of the LGSS Joint Committee
Date:

John Kane
LGSS Managing Director
Date:

Appendix 1: Terms of Reference for the LGSS Joint Committee

The LGSS Joint Committee is established pursuant to an agreement between Cambridgeshire County Council, Northamptonshire County Council, and Milton Keynes Council. The Joint Committee's remit is to have overall responsibility for the provision, to the Councils, of shared services through the LGSS arrangements.

The constitution of the Joint Committee is set out below, and the specific delegations to the Joint Committee and to the senior officers of the LGSS management team are set out in a scheme of delegation contained in Annex 'A'.

Constitution of the Joint Committee

- 1 Each of the Councils shall appoint three Members (being elected members of that Council) as its nominated Members of the Joint Committee. The Members appointed shall have full voting rights.
- 2 Each Council may nominate one or more substitute Members to attend any meeting in place of an appointed Member from that Council, subject to notification being given to the Secretary to the Joint Committee before the start of the meeting. The Member appointed as a substitute shall have full voting rights where the member for whom they are substituting does not attend. If a Council's nominated Members attend a meeting of the Joint Committee, any named substitute may also attend as an observer but shall not be entitled to vote.
- 3 Each Member of the Joint Committee shall comply with the Code of Conduct of their Council when acting as a Member of the Joint Committee.
- 4 Each of the Councils may remove any of its nominated Members or substitute Members of the Joint Committee and appoint a different Member or substitute to the Joint Committee by giving written notice to the Secretary to the Joint Committee.
- 5 Each Council shall have three votes. These shall be exercised by the nominated Members who are elected members of the Council. In the absence of a Council's nominated Member, a vote may be exercised by the named substitute who is an elected member of the Council.
- 6 Each Member of the Joint Committee shall serve upon the Joint Committee for as long as he or she is appointed to the Joint Committee by the relevant Council but a Member shall cease to be a member of the Joint Committee if he or she ceases to be a Member of the Council appointing him or her or if the relevant Council removes him or her as a Member of the Joint Committee.
- 7 Any casual vacancies howsoever arising shall be filled by the Council from which the vacancy arises by notice in writing sent to the Secretary to the Joint Committee.
- 8 Meetings of the Joint Committee shall be held at the venue or venues as agreed by the Councils.
- 9 The appointment of a Chairman and a Vice Chairman shall be rotated between the Councils annually from 1st August each year as set out in the table below. The rotation process shall be repeated for subsequent years. The Members appointed as Chairman and Vice Chairman shall

remain in their respective appointed roles until the first meeting taking place after the elapse of one year from their appointment unless either such Member ceases to be a Member of the Joint Committee.

	2016/17	2017/18	2018/19	2019/20
Joint Committee Chair	NCC	MKC	CCC	NCC
Joint Committee Vice Chair	MKC	CCC	NCC	MKC

10. The Joint Committee shall meet at least once every three months (quarterly) unless otherwise determined by the Joint Committee.
11. The Secretary to the Joint Committee may call additional meetings by providing at least five clear days' notice to Members of the Joint Committee, for the purposes of resolving urgent matters arising between the meetings of the Joint Committee. The Secretary to the Joint Committee must call a meeting of the Joint Committee if at least one Member of the Joint Committee from each Council requests it or the Head of Paid Service of each Council requests it.
12. Meetings shall be notified to Members of the Joint Committee by the Secretary to the Joint Committee.
13. The Secretary to the Joint Committee shall send electronically to all members and relevant officers of each Council the agenda for each meeting of the Joint Committee no later than five clear Business Days before the date of the relevant meeting. The Secretary to the Joint Committee shall send to all Members of the Joint Committee, to the Political Group Leaders of each Council and relevant officers of each Council, printed (or electronic if individually preferred) copies of the agenda for each meeting of the Joint Committee no later than five clear working days before the date of the relevant meeting.
14. The Secretary to the Joint Committee shall arrange for written minutes to be taken of each meeting of the Joint Committee and shall present them to the Joint Committee at its next meeting for approval as a correct record. If the Joint Committee confirms that the minutes contain an accurate record of the previous meeting, those minutes shall be signed by the Chairman or Vice-Chairman.
15. Meetings of the Joint Committee will commence at a time to be agreed by the Joint Committee.
16. A meeting of the Joint Committee shall require a quorum of one Member of each Council who are entitled to attend and vote. If there is a quorum of members present but neither the Chairman nor the Vice Chairman is present, the Members present shall designate one Member to preside as Chairman for that meeting.
17. Subject to the provisions of any enactment, all questions coming or arising before the Joint Committee shall be decided by a majority of the Council Members of the Joint Committee immediately present and voting thereon. Subject to the provisions of any enactment, in the case of an equality of votes the Chairman shall have a second or casting vote but before exercising this,

the Chairman shall consider whether it is appropriate to defer the matter to the next meeting of the Joint Committee.

18. Any Member of the Joint Committee may request the Joint Committee to record the votes of individual Members of the Joint Committee on a matter for decision.
19. A Member when speaking shall address the Chairman. If two or more Members wish to speak, the Chairman shall call on one to speak. While a Member is speaking other Members shall remain silent.
20. A Member shall direct his/her speech to the question under discussion or to a personal explanation or to a point of order.
21. Only one amendment to a proposal may be moved and discussed at a time and no further amendment shall be moved until the amendment under discussion has been disposed of, providing that the Chairman may permit two or more amendments to be discussed (but not voted on) together if circumstances suggest that this course would facilitate the proper conduct of the Joint Committee's business.
22. If an amendment be lost, other amendments may be moved on the original motion. If an amendment be carried, the motion as amended shall take the place of the original motion and shall become the motion upon which any further amendment may be moved.
23. The order of business shall be indicated in the agenda for the meeting.
24. When a motion is under debate by the Joint Committee no other motion shall be moved except the following:
 - 24.1 to amend the motion;
 - 24.2 to adjourn the meeting;
 - 24.3 to adjourn the debate;
 - 24.4 to proceed to the next business;
 - 24.5 that the question be now put;
 - 24.6 that a Member be not further heard;
 - 24.7 by the Chairman that a Member do leave the meeting;
 - 24.8 a motion under Section 100(A)(4) of the Local Government Act 1972 to exclude the public;
 - 24.9 to postpone consideration of the item.
25. A Member may move without comment at the conclusion of a speech of another Member, "That the Committee proceed to the next business", "That the question be now put", "That the debate be now adjourned", or "That the Committee do now adjourn", on the seconding of which the Chairman shall proceed as follows:
 - 25.1 on a motion to proceed to next business; unless in his opinion the matter before the meeting has been insufficiently discussed put to the vote the motion to proceed to the next business

- 25.2 on a motion that the question be now put; unless in his opinion the matter before the meeting has been insufficiently discussed he shall first put to the vote the motion that the question be now put
- 25.3 on a motion to adjourn the debate or the meeting; if in his opinion the matter before the meeting has not been sufficiently discussed and cannot reasonably be sufficiently discussed on that occasion put the adjournment motion to the vote.
- 25.4 The ruling of the Chairman shall not be open for discussion.
- 26. Any member of the Councils who is not a Member of the Joint Committee is entitled to attend the Joint Committee but he/she shall not be entitled to vote, shall not take part in the consideration or discussion of any business, save by leave of the Chairman and comments will be recorded only on the direction of the Chairman. A Councillor who attends a meeting in this capacity will be entitled to remain in the meeting when a resolution excluding the public is in force.
- 27. Meetings of the Joint Committee will be open to the public except to the extent that they are excluded under paragraph 29.
- 28. Members of the public wishing to address the Joint Committee (or a subcommittee of the Joint Committee) on Part I reports contained within the agenda for the meeting shall be given the opportunity to do so subject to:
 - 28.1 the opportunity being extended to one person to speak in support of each agenda item and one person to speak against each agenda item when called to do so by the Chairman;
 - 28.2 an indication of the desire to speak on the agenda item being made by the person just prior to the meeting and the name supplied to the Committee Secretary in attendance (by means of the register), the first person registering to have precedence in the event of more than one person wishing to speak either for or against the agenda item;
 - 28.3 each person addressing the Joint Committee or subcommittee of the Joint Committee being limited to three minutes' speech;
 - 28.4 an opportunity being provided for an expression of a contrary view, even though no prior notice has been given, when a member of the public has spoken for or against the item;
 - 28.5 in the event of the person having registered to speak on an agenda item not wishing to take up their right to speak on the agenda item because it was deferred, that person will automatically be given the right to speak on the agenda item at the next meeting of the Joint Committee or sub-committee of the Joint Committee; the Chairman of the meeting having discretion to rule that a person wishing to address the meeting shall not be heard if, in his/her opinion, that issue or the organisation or the person wishing to make representation on that issue has received an adequate hearing.
- 29. The public may be excluded from a meeting of the Joint Committee during an item of business whenever it is likely, in view of the nature of the business to be transacted or the nature of the

proceedings, that, if members of the public were present during that item, confidential information as defined in section 100A(3) of the Local Government Act 1972 or exempt information as defined in section 100I of the Local Government Act 1972 would be disclosed to them.

30. The Joint Committee may delegate a function to a Sub-Committee or an officer.
31. Any contractual arrangements that relate to a Shared Service will be undertaken by one of the Councils on behalf of the other Councils and that Council will apply its own financial regulations and contract procedure rules until such time as the Joint Committee adopts its own financial regulations and contract procedure rules. The LGSS Director of the relevant Shared Service that is incurring the expenditure will normally determine which of the Councils' financial regulations and contract procedure rules will apply and in the event of any dispute or uncertainty the matter should be referred to the LGSS Managing Director for decision.
32. The Secretary to the Joint Committee shall provide governance and secretarial support services to the Joint Committee on such terms as may be agreed from time to time between the Councils. The Councils shall make available committee officers to provide administrative services at the meetings of the Joint Committee.
33. The Lawyer to the Joint Committee shall provide legal advice and support services to the Joint Committee on such terms as may be agreed from time to time between the Councils.
34. The Finance Officer to the Joint Committee shall provide financial support services to the Joint Committee on such terms as may be agreed from time to time between the Councils.