

## **LOCAL GOVERNMENT SHARED SERVICES JOINT COMMITTEE: MINUTES**

**Date:** Thursday, 1<sup>st</sup> June 2017

**Time:** 2.00pm – 4.00pm

**Place:** Wyboston Lakes Training & Conference Centre, Wyboston

**Present:** Cambridgeshire County Council (CCC): Councillors, Chris Boden, Paul Raynes and Graham Wilson

Milton Keynes Council (MKC): Councillors, Ric Brackenbury and Keith McLean.

Northamptonshire County Council (NCC): Councillors Robin Brown (Chairman), Bill Parker and Bob Scott.

**Others in attendance:**

Mark Ashton (LGSS Director of Business Services, Systems and Change), Paul Blantern (Chief Executive Northamptonshire County Council) Matt Bowmer (LGSS Director of Finance), Andrew Cardoza (KPMG), Martin Cox (LGSS HR Director), Ian Farrar (LGSS Director of IT Services), Councillor Jim Hakewell (Northamptonshire County Council), Damon Lawrenson (Director of Finance Northamptonshire County Council), Steve Richardson (Service Director Milton Keynes Council), Daniel Snowdon (Democratic Services Officer),

**Apologies:** Councillor Robert Middleton  
John Kane – Managing Director LGSS

### **1/17 DECLARATIONS OF INTEREST**

None.

### **2/17 MINUTES – 25TH MARCH 2017**

The minutes of the meeting held on 25th March 2017 were agreed as a correct record and signed by the Vice-Chairman.

Officers agreed to circulate the schedule of IT Audits and outcomes to Members.

### **3/17 LGSS 2016/17 FINAL OUTTURN REPORT**

Members received the LGSS 2016/17 Final Outturn report, noting the replacement of the front page to the report and recommendations. Attention was drawn to the overall

position of the final outturn shown in section 2 of the report. The capital position reflected the rescheduling of the delivery of ERP Gold

The carry forward tables were highlighted, together with the work the Head of Transactions was undertaking in partnership with adult social care to address historical debt. Additional posts would be recruited to in order for the work to be completed.

The underspend of £337k in Revenues and Benefits (MKC) which had resulted from a combination of delays in the recruitment process and a reduction in hours worked by temporary staff. The underspend would be re-invest in the Revenues and Benefits Service in order to address issues that existed.

During the course of discussion Members:

- Questioned whether the recruitment of additional posts funded by carry forwards carried a risk as the money was a one off amount. Officers explained that the positions were fixed term contracts and therefore did not present a risk.
- Noted that there was a shortfall of project managers within the IT directorate and they were required to control a number of ongoing projects.
- Noted the position regarding historical debt associated to adult social care at Northamptonshire County Council that required additional posts in order to be able to manage the debt process effectively and achieve the best outcome for the Council.
- Confirmed the management of debt and the method of accounting for the debt met the expectations of the external auditors, KPMG.
- Noted the level of carry forward that derived from staff vacancies. Officers explained that there were issues with recruitment in certain areas of LGSS.

It was resolved to:

1. Note the outturn position for 2016/17
2. Note the outturn position for 2016/17 on LGSS capital projects.
3. Note the proposed use of 2016/17 surplus as set out in Section 2 appendix 2(a) of the report.
4. Approve the proposed carry forward of unused earmarked balances from 2016/17 into 2017/18 as set out in appendix 2(b)
5. Note that under the current proposals a dividend will not be paid to the host authorities for 2016/17.

Members were presented the LGSS External Audit Plan by Andrew Cardoza of external auditors KPMG. Members were informed that the audit plan represented the first year of non-statutory audit of LGSS. The audit was prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice. Members noted the fee structure that was set at £22,450 which was less than the previous year. It was explained that the fee was higher in the first year because it was a new audit and then would decrease over subsequent years, however because LGSS had grown the 2017/18 fee would be greater than in 2016/17.

During discussion Members:

- Confirmed that if fraudulent activity was identified during the audit it would be reported even if it fell below the materiality figure of £38k.
- Confirmed that LGSS was not a public interest entity.
- Confirmed that work had not yet begun regarding the Milton Keynes Council SAP.

It was resolved:

To note the LGSS External Audit Plan.

## **5/17 DRAFT LGSS STATEMENT OF ACCOUNTS**

The Joint Committee was presented an update regarding the draft LGSS Statement of Accounts. From 1<sup>st</sup> April 2015, the implementation of the Local Audit and Accountability Act 2014 has meant that joint committees such as the LGSS Joint Committee were no longer required to have their accounts separately prepared and audited. LGSS had however decided to continue to produce accounts as it was committed to accountability and transparency.

Members noted that Milton Keynes Council joining LGSS was a significant change that had presented challenges in the preparation of the accounts and that regulations had changed which allowed LGSS to display the Net Cost of Services within the CIES based upon its internal reporting structure rather than using SeRCOP headings.

Attention was drawn to how the accounts could be better presented and easier to audit. ERP was being investigated in the first instance but also an LGSS bank account was being considered. The LGSS Joint Scrutiny Working Group had requested an update regarding an LGSS bank account and the confidential report was shared outside of the working group.

During discussion of the report Members:

- Expressed concern regarding the sharing of a confidential report outside of the working group.

- Noted the value of scrutinising items before the decision had been taken at Committee.
- Drew attention to the disclosure of a confidential report as a code of conduct issue and should not affect the functioning of effective scrutiny.
- Suggested that items could be presented to the Joint Committee in advance of presentation to the Joint Scrutiny Working Group for the report to return to the Joint Committee for decision.
- Highlighted the frequency of LGSS Joint Committee meetings and suggested that meeting should take place more often.

It was resolved to note and comment on the report.

#### **6/17 LGSS LAW EXTERNAL AUDIT PLAN 2016/17**

The Joint Committee received the LGSS Law External Audit Plan 2016/17. Members noted that the audit differed from the LGSS External Audit as the audit would assess whether the accounts had been prepared in accordance with the Companies Act 2006. The significant accounting and audit issues were highlighted to Members and officers confirmed that the Audit Field Work had been completed ahead of schedule.

During discussion of the report Members:

- Confirmed the materiality figure set at £3k.
- Confirmed that the LGSS Law Client Account was fully separated and had written confirmation from Barclays Bank.

It was resolved to note the LGSS Law External Audit Plan 2016/17

#### **7/17 DRAFT STATEMENT OF ACCOUNTS UPDATE - LGSS LAW LTD.**

Members of the Joint Committee were presented an updated regarding the draft statement of accounts for LGSS Law Ltd. The accounts covered the financial year to 31<sup>st</sup> March 2017 and for the first time included Central Bedfordshire Council, which became a shareholder on 1<sup>st</sup> April 2016. Officers drew attention to the recommendations made by external auditors KPMG following the issuing of an opinion for 2015/16 and the progress made on each item.

It was resolved to note the update provided.

## **8/17 ERP GOLD UPDATE**

Members received an update on the progress regarding the development and implementation of ERP (Enterprise Resource Planning) Gold that would replace the existing Oracle and SAP systems in the partner Local Authorities. Members noted that the target implementation date for the new system would be the end of September, subject to the approval of the Programme Board, at the request of Milton Keynes Council as it was preferable for how their current system was operated. Members were informed that parallel payrolls were being run and robust testing of the system was underway and officers were confident of the progress made.

During discussion Members:

- Noted the additional cost to the partner Local Authorities totalling £1m due to the delay in the implementation of ERP Gold from April 2017 to September 2017. Officers confirmed that completing the transition mid-year would not pose significant additional issues to implementing it at the end of the financial year.
- Confirmed that the Programme Board maintained and reviewed a risk register and that the Joint Committee would be informed of any further delays to the project.
- Clarified that ERP Gold was a standard build of the system that allowed for it to be marketed to other organisations.
- Confirmed that all payrolls were completed monthly and that no staff were paid weekly.

It was resolved to note the update presented to the Joint Committee.

## **9/17 LGSS JOINT OVERVIEW AND SCRUTINY WORKING GROUP UPDATE**

Councillor Jim Hakewell, joint Chairman of the LGSS Joint Overview and Scrutiny Working Group (JWG) presented to the Joint Committee an update on the JWG work to date. Attention was drawn to the value of scrutiny and the importance of respecting the confidentiality of items.

During the course of discussion Members:

- Noted the role of the LGSS Partnership Board in communicating with partner organisations and obtaining feedback.
- Welcomed the information on LGSS that had been provided to Members following the recent local elections.
- Drew attention to the governance arrangements of LGSS and the frequency of LGSS Joint Committee meetings, highlighting the value of development workshops for Members.

- Confirmed meetings of the JWG took place 3 times a year and the location of the meeting was rotated between the partner Local Authorities.

It was resolved to:

- a) Include the following matters when considering the further development of the LGSS Customer Satisfaction Framework.
  - i. The use of relevant committees as a means of obtaining feedback from Councillors' perspective; and
  - ii. The potential to improve communication to all Councillors at the partner authorities about the operation of LGSS
- b) Give full support to the review of the operation of LGSS with regard to its accounts; and
- c) Give particular attention to the level of information expected by Councillors to enable them to hold to account LGSS effectively.

#### **10/17 LGSS JOINT COMMITTEE FORWARD PLAN**

Members noted that an additional meeting would be arranged for 28<sup>th</sup> September in order for the LGSS Annual Report and Statement of Accounts to be presented. Members drew attention to the venue for meetings of the Joint Committee and suggested that it would be more cost effective for the meeting to be held on a rotating basis and that one meeting per year be held in the evening. Officers confirmed that the future venue for the LGSS Joint Committee would be reviewed.

It was resolved to note the LGSS Joint Committee Forward Plan

#### **11/17 EXCLUSION OF PRESS AND PUBLIC**

It was resolved to exclude the press and public from the meeting for the following item on the grounds that the item contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed: information relating to the financial or business affairs of any particular person (including the authority holding that information).

#### **12/17 LGSS NEW BUSINESS OPPORTUNITIES REVIEW**

Members received an update regarding the potential new business opportunities for LGSS.

It was resolved to:

- a) Note the contents of the update provided to the Joint Committee
- b) Note the proposals for the establishment of a collaborative arrangement between Horsham District Council and LGSS on behalf of Milton Keynes, Northamptonshire County and Cambridgeshire County Councils, for the provision of Revenues and Benefits services as set out in the body of the report.
- c) Note the content of the Proposal and confirm its approval of:-
  - 1) The proposed model for the collaborative arrangement, and
  - 2) Any changes to the staffing structures necessary or incidental to the implementation of the arrangement.
- d) Delegate to the LGSS Managing Director, LGSS Finance Director and LGSS Business Services, Systems and Change Director in consultation with Members of the Joint Committee subject to agreement of appropriate terms.
  - 1) The proposed provision of Revenue and Benefits services to Horsham District Council
  - 2) To negotiate and agree appropriate terms and conditions with Horsham District Council, under which the arrangements will operate
  - 3) To prepare, approve and complete any necessary legal documentation.

Chairman