

LOCAL GOVERNMENT SHARED SERVICES JOINT COMMITTEE: MINUTES

Date: Thursday, 28th September 2017

Time: 2.00pm – 4.00pm

Place: Room 214, Angel Square, Northampton

Present: Cambridgeshire County Council (CCC): Councillors Ian Bates, Paul Raynes and Graham Wilson

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

Northamptonshire County Council (NCC): Councillors Robin Brown and Bill Parker.

Others in attendance:

Mark Ashton (LGSS Director of Business Services, Systems and Change), Matt Bowmer (LGSS Director of Finance), Martin Cox (LGSS HR Director), Ian Farrar (LGSS Director of IT Services), Justine Hartley (LGSS Head of Business Planning and Finance), Jon Lee (LGSS Head of Strategic Finance), Don McLure (Service Director Milton Keynes Council), Daniel Snowdon (Democratic Services Officer) and Jeremy Wright (LGSS Law).

Apologies: Councillors Chris Boden (Councillor Ian Bates substituting) and Bob Scott.

13/17 DECLARATIONS OF INTEREST

None.

14/17 MINUTES – 1ST JUNE 2017

The minutes of the meeting held on 1st June 2017 were agreed as a correct record and signed by the Vice-Chairman subject to the amendment of the recommendations contained within minute 12/17 that removed reference to the District Council.

A concern was raised that the Joint Committee had not received notification outside of the Committee that further delays in the implementation of ERP Gold were likely.

15/17 LGSS ANNUAL STATEMENT OF ACCOUNTS UPDATE

Members were presented the LGSS the annual statement of accounts and annual report. The Committee was also provided an update in respect of the external audit. This was the first annual report and statement of accounts that included Milton Keynes

Council's LGSS transactions. Members were reminded that LGSS Law was no longer incorporated into the LGSS accounts following a review of the tests for consolidation that simplified the accounts.

Officers informed Members that due to the statutory accounts and audits of the partner Local Authorities, the presentation of the LGSS accounts to the Joint Committee had been delayed and would therefore be presented at the November meeting, including the auditor's report from KPMG.

During discussion:

- It was noted that the Annual Report would be amended to reflect changes and Member comments.
- Members confirmed that the objection to the LGSS 2014/15 accounts had been resolved and the objection had not been upheld.
- A Member drew attention to the redundancy costs of the LGSS Director of People, Transformation and Transactions and expressed concern that the officer was employed as a consultant by LGSS. Officers explained that that the business plan required rationalisation of senior managerial positions in order to deliver savings. The former Director had been involved in the ERP Gold programme from the beginning and the programme required her skills at that time.
- It was proposed by Councillor Brown and seconded by Councillor Parker that a report be presented to the next meeting of the Joint Committee that sought to appoint a Lead Member for the partner authority that was not currently occupying the Chair or Vice-Chair position. On being put to the vote the proposal was carried. The Democratic Services Officer agreed to present a report at the next meeting of the Joint Committee. **ACTION**

It was unanimously resolved:

To note the update on the LGSS Statement of Accounts and to provide any comments or feedback on the LGSS Annual Report 2016/17 for consideration

16/17 LGSS BUDGET MONITORING REPORT – JULY 2017

Members received the LGSS Budget Monitoring report for July 2017. The overall forecast outturn variance was an overspend of £789k on LGSS Services. The position had remained broadly static throughout financial year. There were certain forecast outturns and pressures that would be met by the partnering authorities detailed in paragraph 2 of section 2 of the report that were highlighted to Members.

Attention was drawn to the capital budgets, in particular the re-scheduling of the implementation of ERP Gold which would result in additional costs for example £400k of Fujitsu licences for the Oracle system that would need to be extended.

The budget monitoring report for August was in the process of being finalised and would be circulated to Members of the Joint Committee when completed.

A Member drew attention to the budget savings tracker contained at paragraph 5 of the report and questioned if it was known whether the £1.477m savings marked as amber would be delivered. Officers explained that the status was often amber because the saving was part delivered but not yet delivered in full. The level of savings at risk was included to give a clearer picture of how much might not be delivered in year. The status of savings was closely monitored, however some were dependent on the delivery of ERP Gold.

It was unanimously resolved to:

1. Note the financial monitoring position as at 31 July 2017.
2. Note the summary position on carry forward balances.
3. Note the capital monitoring position regarding LGSS capital projects.

17/17 LGSS LAW ANNUAL STATEMENT OF ACCOUNTS UPDATE

The Joint Committee received an oral update regarding the draft LGSS Law Statement of Accounts. The audit of the accounts was being undertaken by ENSORS. The projected turnover for LGSS Law was £8.5m with a profitability of around £500k. There would therefore be a dividend paid to Cambridgeshire County Council and Northamptonshire County Council of approximately £130k and £13k paid to Central Bedfordshire Council. A remaining £125k would be held as reserves ring-fenced to the current shareholders.

Members requested that a written report be presented in future rather than an oral update.

It was unanimously resolved to note the update provided.

18/17 ERP GOLD UPDATE

The Joint Committee received an update regarding progress on the implementation of the Agresso (Unit4 Business World) system. Members were informed that the ERP Programme Board had given its agreement to a further delay the implementation of the system to 1st April 2018. Data migration and regression testing was being undertaken and significant issues had been encountered regarding reconciliation. A third party company, Agilisys that had considerable experience of implementing the Agresso system had been invited to complete a review of the plan and assess the viability of the revised launch date. Discussions were due to take place with Fujitsu regarding providing additional resource to assist with the extraction of data from the legacy system.

During discussion of the report Members:

- Expressed disappointment that the project was further delayed and sought assurance regarding the resourcing of the project. Officers informed Members that a review of the project took place in December 2016 and additional resources were provided. There was confidence in the product and feedback received from user testing had been positive. Issues had arisen regarding data migration and therefore a more rigorous 3 stage reconciliation process had been instigated. Agilisys would be conducting interviews with senior officers involved in the project and provide a report by week commencing 16th October 2017. Once the report had been received officers agreed to share it with Members of the Joint Committee. **ACTION.**
- Drew attention to section 2 of the report that detailed the main issues with the project and queried that the reasons presented in the report that did not relate to problems regarding data migration. Officers explained that there was a combination of reasons as to why the project was experiencing delays. The legacy systems had been in place for some time and there had been some in house programming identified that had added complexity to the data migration and some data had been corrupted that required remedial work.
- Requested that LGSS identified resources within its own budgets that could be allocated to address the additional costs of the project before a request was made to the partner Local Authorities for additional funds.
- Noted that the Project Board met on a fortnightly basis and the S151 officer of each partner Local Authority attended the meeting together with business leads from Human Resources, Payroll and Transactions.
- Noted that staff training for the new system had been provided through a variety of means such as webinars and e-learning modules. Training that had been provided by an external trainer would be provided by LGSS in the future in order to reduce cost. There would also be floor walkers and “super-users” that would support new users when the system was launched.
- Emphasised the importance of communication with Members; requesting that they be kept informed of deadlines and requested regular briefings from S151 officers that attended the Project Board. **ACTION**
- Questioned whether the work priorities of LGSS required re-evaluation in order that the ERP project be supported effectively. Officers explained that there were no other resource issues for I.T. and that the testing was being conducted alongside “business as usual” tasks which was essential.
- Confirmed that the final costs of the delay would be presented to the Committee at its November meeting. Officers explained that it was likely an additional £1m in costs would be incurred due to the delay.

- Noted the role of internal audit in the review of the project once completed and highlighted the role of the LGSS Joint Overview and Scrutiny Working Group.
- Welcomed the implementation of a 3 stage reconciliation process but expressed concern that it had not been implemented sooner and emphasised the importance of the Project Board considering the Agilisys report promptly.
- More comprehensive report to come back with clear timelines and cost implications. What concerns me is how long it has been red.

It was unanimously resolved to:

- a) note the progress on the implementation of Agresso (Unit4 Business World) and the revised Go Live date of 1st April 2018
- b) note that there will be an additional funding requirement, the final figure of which is to be finalised.

19/17 LGSS JOINT OVERVIEW AND SCRUTINY WORKING GROUP UPDATE.

Members of the Joint Committee were presented an update regarding the work of the LGSS Joint Overview and Scrutiny Working Group.

It was unanimously resolved to note the update provided.

20/17 LGSS JOINT COMMITTEE AGENDA PLAN

Members received the LGSS Joint Committee Agenda Plan and noted that the next meeting of the Joint Committee would include a Business Planning Workshop and officers would canvass Members regarding timings.

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

21/17 EXCLUSION OF PRESS AND PUBLIC

It was unanimously 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).

22/17 LGSS NEW BUSINESS OPPORTUNITIES REVIEW

Members were informed that the Partnership and Delegation Agreement with a District Council was close to being agreed formally and would have no impact on the delivery of ERP Gold.

Members were also provided an update regarding discussions that had taken place with a County Council. It was anticipated that the provision of any services would not take place until approximately September 2018.

It was unanimously resolved to note the update provided.

23/17 PROPOSED SHARED SERVICES WITH PARTNERSHIP AND DELEGATION AGREEMENT

Members received a proposed shared services arrangement with a partnership and delegation agreement.

It was unanimously resolved to:

- i) Note the proposals for the establishment of a collaborative Partnership Delegation Agreement (PDA), between a Borough Council and Northamptonshire County Council (NCC), Cambridgeshire County Council (CCC) and Milton Keynes Council (MKC), for the provision of IT Services as set out in the body of this report.
- ii) Note the content and benefits to LGSS of the underlying proposals and confirm its approval of:
 - a. the proposed model for the collaborative partnership, (the PDA), and
 - b. any changes to the staffing structures and budgets within LGSS as necessary or incidental to the implementation of the arrangement.
- iii) Delegate to the LGSS Managing Director and other relevant LGSS Directors in consultation with the Chair and Vice Chair subject to agreement of appropriate PDA terms:
 - a. the proposed provision of IT Services to a Borough Council under the auspices of delegation by the Borough Council to the LGSS Joint Committee on the basis of the recommended model,
 - b. to negotiate and agree appropriate PDA terms and conditions with the Borough Council under which the arrangements will operate, and
 - c. to prepare, approve and complete all necessary legal documentation for the final PDA.

24/17 PROPOSED SHARED SERVICES WITH PARTNERSHIP AND DELEGATION AGREEMENT

Members received a proposed shared services arrangement with a partnership and delegation agreement.

It was resolved to:

- i) Note the proposals for the establishment of a collaborative partnership (PDA) between a County Council and Northamptonshire (NCC), Cambridgeshire County Council (CCC) and Milton Keynes Council (MKC), for the provision of IT Services as set out in the body of the report.
- ii) Note the content and benefits to LGSS of the Outline Business Case underlying the proposals and confirm its approval of:-
 - a. the proposed model for the collaborative partnership, (the PDA), and
 - b. any changes to the staffing structures and budgets within LGSS as necessary or incidental to the implementation of the arrangement.
- iii) Delegate to the LGSS Managing Director and other relevant LGSS Directors in consultation with the Chair and Vice Chair subject to agreement of appropriate PDA terms:-
 - a. the proposed provision of IT Services to a County Council under the auspices of delegation by a County Council to the LGSS Joint Committee on the basis of the recommended model.
 - b. to negotiate and agree appropriate PDA terms and conditions with a County Council under which the arrangements will operate.
 - c. to prepare, approve and complete all necessary legal documentation for the final PDA.

25/17 FUTURE LGSS EMPLOYMENT MODEL UPDATE

The Joint Committee received a presentation regarding the current employment model of LGSS and the potential models for the future.

It was unanimously resolved to note the presentation.

Chairman