

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

**Date:** Thursday, 18th August 2016

**Time:** 2.10 - 3.40pm

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

**Present:** Cambridgeshire County Council (CCC): Councillors Paul Bullen, Roger Hickford, Ian Manning

Milton Keynes Council (MKC): Councillors R Bradburn (substituting for Ric Brackenbury), Keith McLean and Robert Middleton

Northamptonshire County Council (NCC): Councillors Jim Hakewill (substituting for Robin Brown), Bill Parker and Bob Scott.

**Others in attendance:**

Quentin Baker (LGSS Director of Law and Governance), Paul Blantern (Chief Executive, Northamptonshire County Council), Matt Bowmer (LGSS Director of Finance), Martin Cox (LGSS HR Director), Ian Farrar (LGSS Director of IT Services), Tim Hannam (LGSS Chief Finance Officer, Milton Keynes Council), John Kane (LGSS Managing Director), Chris Malyon (LGSS Chief Finance Officer, Cambridgeshire County Council), Michelle Rowe (LGSS Democratic Services Manager) and Claire Townrow (LGSS Head of Service Assurance, Customers and Strategy).

**Apologies:** Councillors Ric Brackenbury and Robin Brown

The terms of reference for the LGSS Joint Committee state that the appointment of a Chairman and a Vice-Chairman shall be rotated between the Councils annually. It was the turn of Northamptonshire County Council (NCC) to take the Chair and Milton Keynes Council (MKC) to take the Vice-Chair. Given the absence of the proposed Chair from NCC and the fact that this was the first meeting attended by MKC Councillors, the Committee agreed that the current Vice-Chairman, Councillor Bill Parker, should chair this meeting only.

**110/16 ELECTION OF CHAIR**

Councillor Robin Brown was elected Chairman for the coming year.

**111/16 ELECTION OF VICE-CHAIR**

Councillor Robert Middleton was elected Vice-Chairman for the coming year.

## **112/16 DECLARATIONS OF INTEREST**

Councillors Bradburn and Hakewill declared non-statutory disclosable interests under the Code of Conduct as members of the LGSS Joint Scrutiny Working Group. (*The agenda contained no items for decision*).

## **113/16 MINUTES – 25TH FEBRUARY 2016**

The minutes of the meeting held on 25th February 2016 were agreed as a correct record and signed by the Chairman.

## **114/16 KPMG 2015/16 EXTERNAL AUDIT PLAN FOR LGSS**

The Joint Committee received the KPMG 2015/16 External Audit Plan for LGSS. The LGSS Director of Finance reminded Members that the Audit Commission had not required LGSS to produce financial statements when it had first been constituted. The Commission had then invited LGSS to publish accounts, which had taken place for 2013/14 and 2014/15. As the Joint Committee was aware an objection had been received from a Cambridgeshire resident to the 2014/15 accounts. The Government had since changed the Regulations and it was no longer a requirement to produce Financial Statements. However, LGSS had acknowledged the value of continuing to publish these documents in line with the statutory deadlines. It was expected that the final accounts would be presented to the October meeting. **Action.**

The KPMG Manager introduced the External Audit Plan covering materiality, significant risks and other areas of audit focus. Attention was drawn to a risk regarding the need to ensure that LGSS undertake a detailed and controlled review of the relationship that existed with LGSS Law and assess whether consolidation was required.

The Joint Committee discussed the objection to the 2014/15 accounts. The KPMG Manager explained the process, which had involved KPMG responding to a twenty page letter of objection in late May/June. KPMG had issued its preliminary draft findings, which allowed the objector 30 days to respond. The objector had then submitted a 12 page response, which would need to be addressed by KPMG. The process would then involve KPMG submitting its final opinion to Public Sector Audit Appointments Limited (PSAA), which would then, if appropriate, sign off the objection. The objector would then have to take LGSS to court if he remained dissatisfied.

One Member queried the statement on page 7 of the External Audit Plan which stated that KPMG planned to issue its final opinion by July to August 2016. The KPMG Manager explained that there had been delays due to the need to prioritise work on the LGSS Law accounts. KPMG had signed an agreement with LGSS regarding which piece of work should be undertaken first. He reported that the objection was extraordinary in nature as it related to every facet of the accounts. As a result KPMG had exceeded its nine month limit and had written to the PSAA to inform them of this and the need to undertake a thorough investigation.

The Joint Committee queried whether any objections had been received to the 2015/16 accounts. Members were reminded of the change to the Regulations and were informed that no objections had been received before the closure date to the Cambridgeshire accounts. The LGSS Director of Finance reported that this objection, which had also included a number of Freedom of Information requests, had taken up a considerable amount of staff time. The Joint Committee discussed how to manage local government electors who might become vexatious by persistently objecting as it had a duty not to waste tax payers' money. The LGSS Director of Finance reported that, in the case of the objection, he had attempted to answer every question genuinely.

The KPMG Manager reported that he hoped that KPMG's response to be issued in mid September to the objector's letter would close off the complaint and enable it to sign off the 2014/15 Accounts. He suggested that the Joint Committee might wish to offer the objector the opportunity to attend the next relevant meeting to respond to the conclusions subject to the provisions of the Joint Committee's terms of reference. The Chairman requested that all members of the Joint Committee be kept informed. **Action.**

It was resolved unanimously:

to note the KPMG 2015/16 External Audit Plan for LGSS.

#### **115/16 KPMG 2015/16 EXTERNAL AUDIT PLAN FOR LGSS LAW LIMITED**

The Joint Committee received the KPMG 2015/16 External Audit Plan for LGSS Law Limited. The KPMG Manager reported that this was the first year of the LGSS Law company accounts. He drew attention to materiality and significant risks, in particular one relating to the completeness of income which reflected the use of several accounting systems by LGSS Law. KPMG would therefore work with LGSS to understand the accounting systems used during the year.

It was resolved unanimously:

to note the KPMG 2015/16 External Audit Plan for LGSS Law Limited.

#### **116/16 LGSS 2016/17 BUDGET MONITORING**

The Joint Committee received the monthly budget monitoring report. The LGSS Director of Finance explained that the report provided an integrated view and might need to be broken down for each authority. Attention was drawn to each section of the report including appendices. The overall forecast outturn variance was £661k reflecting a split between a variance of £474k on LGSS Services and £187k on trading contracts. Mitigating actions were expected to deliver a nil variance at year-end on LGSS Services and the latter would be offset through the Smoothing Reserve.

Members were advised of the RAG ratings for the LGSS Budget Savings Tracker, which included £208k from the proposed consolidation of retained Cambridgeshire County Council (CCC) ICT within the LGSS IT Team. The Joint Committee queried this pressure which was significantly higher than the other two Red-rated proposals. The LGSS Director of IT Services explained that the 2016/17 savings proposal of £208k had

not taken place due to the Corporate Capacity Review currently taking place at CCC. The LGSS Managing Director advised Members that mitigating options were being actively pursued and the issue would be raised with the Joint Committee if necessary. The Cambridgeshire Chief Finance Officer added that the Corporate Capacity Review had been completed but a multi-disciplinary restructure was taking longer than expected. The LGSS Managing Director acknowledged the need to identify the impact of this timing on LGSS. **Action.**

It was resolved unanimously to:

- Note the financial monitoring position as at 30 June 2016.
- Note the summary position on carry forward balances.

#### **117/16 EXCLUSION OF PRESS AND PUBLIC**

It was resolved unanimously to:

Exclude the press and public from the meeting for the following items of business on the grounds that they contain exempt information under Paragraphs 1 and 4 (Minute 118) and 3 (Minute 119) 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 any individual and information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority, and information relating to the financial or business affairs of any particular person (including the authority holding that information)

#### **118/16 UPDATE ON LGSS TARGET OPERATING MODEL STRUCTURE**

The Joint Committee received a report providing an update on the consultation for the new Target Operating Model (TOM) for LGSS.

It was resolved unanimously:

to note the outcome of the consultation and progress towards implementing the new LGSS target operating model as from September 2016 onward and to be completed no later than end of March 2017.

#### **119/16 REVENUES AND BENEFITS PARTNERSHIP UPDATE**

The Joint Committee considered a presentation attached at Appendix A providing an update on the Revenues and Benefits Partnership.

It was resolved unanimously:

To note an update on the Revenues and Benefits Partnership.

Chairman