

LGSS JOINT COMMITTEE: MINUTES

Date: Thursday, 30th August 2018

Time: 1:30pm – 3:17pm

Place: Council Chamber, Civic Offices, Milton Keynes Council, Milton Keynes.

Present: Cambridgeshire County Council (CCC):
Councillors Sebastian Kindersley and Terry Rogers

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

Northamptonshire County Council (NCC):
Councillors Michael Clarke and Andy Mercer

Others in attendance:

M Ashton (LGSS Director of Business Services, Systems and Change),
M Bowmer (LGSS Director of Finance), S Day (Acting Director of IT
Services), S Homer (Interim Managing Director LGSS), C Malyon
(S151 Officer Cambridgeshire County Council), M McLaughlin (S151
Officer Northamptonshire County Council), Harry Organ (KPMG), Paul
Simpson (S151 Officers Milton Keynes Council and D Snowdon
(Democratic Services Officer)

Apologies: Councillors Boden and Scott

The Chairman drew attention to a late report regarding the repatriation of Northamptonshire County Council's Strategic Finance and Democratic Services Teams that he would exercise his discretion and take before the draft minutes of the LGSS Joint Scrutiny Working Group.

52/18 NOTIFICATION OF CHAIRMAN FOR 2018/19

With the unanimous agreement of Members, this item was deferred to the next meeting of the Joint Committee.

53/18 NOTIFICATION OF VICE-CHAIRMAN 2018/19

With the unanimous agreement of Members, this item was deferred to the next meeting of the Joint Committee.

54/18 DECLARATIONS OF INTEREST

None.

55/18

MINUTES – 12TH JULY 2018

The minutes of the meeting held on 12 July 2018 were agreed as a correct record and signed by the Chairman.

Members noted the completion of the actions arising from the last meeting of the Joint Committee. Members also noted that discussions were continuing regarding the branding of LGSS Law and Opus LGSS; in particular whether they would continue to use LGSS in their names.

56/18

REPATRIATION OF NCC PROFESSIONAL FINANCE AND DEMOCRATIC SERVICES TEAMS

Members received a report that sought the repatriation of Northamptonshire County Council's (NCC) Professional Finance and Democratic Services Teams. In presenting the report, the S151 Officer for NCC emphasised the unprecedented challenges NCC faced for the current and following financial years including the abolition of the Council in 18 months' time. The Commissioners appointed by the Secretary of State for Housing, Communities and Local Government required the repatriation of the services in order to meet the challenges faced.

During the course of discussion Members:

- Noted comments of NCC Members that NCC had voted to support the conversion to Unitary Authorities and all District and Borough Councils that had voted thus far had also supported the proposals. The process for the creation of the 2 Unitary Authorities had begun and forensic accountants that were undertaking work at the Council required simplicity and centralisation of certain functions to affect the changes effectively. Members noted further that the reasons for the creation of the 2 Unitary Authorities were unprecedented as there were fundamental faults with the culture of NCC.
- Expressed support for the recommendation because there was no choice. The repatriation was mandated by the Commissioners and they had the powers to effect the changes. However, it was highlighted that the repatriation of the services for simplicity suggested that the current arrangements were neither clear nor simple, drawing attention to the Best Value report regarding NCC that described the relationship with LGSS as confused. The wording of the report also raised questions regarding why it only applied to NCC and not the other partner Councils.
- Expressed concern that NCC were tackling problems piecemeal and would prefer for a complete structured programme to be presented to the Joint Committee.

- Voiced concern regarding the brevity of the report and the lack of a full supporting business case including implications for the partner Councils.
- Noted the role and the powers afforded to the Commissioners at NCC.
- Noted the comments of NCC Members regarding unique problems faced by NCC and the urgency required to tackle them. The Government was monitoring progress closely and it was understood that it was concerned regarding the speed of progress.
- Expressed dissatisfaction that a decision item of such budgetary significance would be based on an extremely brief report and sought assurance regarding the implications to the partner authorities, in particular the Finance Directorate, management roles and responsibilities and that the officers affected were only NCC facing and there would be no impact upon the other partners. The Interim Managing Director, LGSS assured Members that work had been completed regarding the implications of the repatriation and it would not impact upon the other partner authorities in terms of contributions to the finance budget or services received. There were implications regarding roles and responsibilities that may affect the grading of posts, but at this stage it was unlikely to impact subject to all other things remaining the same.

It was resolved unanimously:

To confirm the repatriation of the Northamptonshire County Council Professional Finance and Democratic Services Teams from LGSS to Northamptonshire County Council.

57/18

DRAFT MINUTES OF THE LGSS JOINT SCRUTINY WORKING GROUP – 15TH AUGUST 2018

The minutes of the LGSS Joint Scrutiny Working Group were presented to the Committee.

Members welcomed the recommendations of the Joint Scrutiny Working Group and looked forward receiving the work programme at the next meeting of the Joint Committee and the opportunity to discuss the potential pre-scrutiny work of the Committee.

It was resolved unanimously to:

Note the contents of the minutes.

LGSS STATEMENT OF ACCOUNTS AND ANNUAL REPORT UPDATE

The Joint Committee received the LGSS Statement of Accounts and draft Annual Report. The LGSS Director of Finance reminded Members that the accounts were non-statutory and were undertaken in order to ensure openness and transparency. Members noted that Councillor Boden whom had sent his apologies to the meeting had highlighted alterations that were required in the draft accounts and these would be made.

During a discussion of the report, Members:

- Questioned whether the deficit for 2016/17 and the projected deficit for 2017/18 were sustainable. Officers assured Members that robust budget monitoring was undertaken and drew attention to the monthly monitoring reports circulated to Members.
- Sought clarification regarding the cash and cash equivalents detailed on the balance sheet as -£8.7m. Officers explained that as LGSS was a shared service it had no bank account which presented a challenge when producing financial reports. The figure represented a reflection of the host local authorities' balance sheets.
- Requested further information regarding the remuneration of the former Managing Director, LGSS whose salary had increased significantly between 2016/17 and 2017/18. **ACTION**
- Questioned the increase in payroll of 34% year on year and whether it had been budgeted for. Officers confirmed that the costs of the management team had been fully budgeted and that changes during the year had resulted in the distorted figures. Officers agreed to provide a briefing note that would explain fully what had occurred. **ACTION**
- Drew attention to the Terms of Reference of the Joint Committee and requested that they be reviewed in order that they were a single point where all governance matters related to the Joint Committee could be found. **ACTION**
- Highlighted section 4.1 of the LGSS Annual Governance Statement where the quorum for the Joint Committee was incorrectly stated and required amendment. **ACTION**
- Noted that any Members could attend meetings of the Joint Committee and encouraged them to do so.

It was resolved unanimously to:

Note and comment on the report.

59/18

LGSS BUDGET MONITORING REPORT – MAY 2018

The Joint Committee received the combined LGSS financial monitoring report consolidating the delegated budgets from the three core councils.

In presenting the report, the LGSS Director of Finance highlighted the current forecast year end variance and the main issues that had impacted upon it.

Members were informed that a 150k overspend relating to the internal audit function at Northamptonshire County Council (NCC) had resulted following NCC's reversal of its decision to reduce its internal audit function. The NCC S151 officer confirmed that the money would be paid to LGSS. **ACTION**

Members noted the update provided regarding Language Services by the LGSS Director, Business Systems, Services and Change. The service had had been previously provided by Milton Keynes Council which provided interpreters to various organisations. The targets for the traded service had increased and revenue had been adversely affected by some health authorities moving to telephone based work where there was a lower margin than meeting face to face. To date additional revenue generating £18k of income towards the increased target had been identified. Further work was ongoing to close the remainder of the gap..

During the course of discussion Members:

- Questioned whether there were other potentially unrealistic trading targets that posed significant risks. It was explained that there were inherent risks associated with the traded services targets. It was much easier to make efficiencies than to win new business. The budgets were monitored closely and risks were identified and raised at the earliest opportunity.
- Commented that the reports were difficult to understand and interpret and urged that they in future used clearer language. Officers explained that work was being undertaken to address the language in the reports although it was challenging to produce a report with 3 partners. Officers expressed regret that the annual statement of accounts had come before committee containing a number of errors and undertook to ensure that it did not occur again and address issues with the pagination of reports. **ACTION**
- Expressed concern with the operation of the Joint Committee and questioned whether scrutiny was effective. Officers drew attention to the continuous budget monitoring reports that were circulated

throughout the year and the work of the LGSS Joint Scrutiny Working Group. It was accepted that the model required refinement and the Operating Model Review had made a series of recommendations regarding driving improvements in governance, scrutiny and oversight within LGSS.

- Expressed concern that there was not an agenda item regarding ERP Gold. Members drew attention to the reputational damage that had occurred to LGSS due to invoices having not been paid, placing organisations including charities in financial difficulties. Attention was also drawn to the difficulties people faced when trying to contact LGSS to resolve issues. Officers confirmed that issues had arisen with Accounts Payable and there were examples where there were backlogs of work in specific teams. There were also issues with the information provided by suppliers in certain cases. Issues were dealt with robustly and if Members were contacted by people experiencing difficulties then they should contact the Interim Managing Director, LGSS.
- It was requested that ERP Gold be placed as a standing item on the agenda of the LGSS Joint Committee. **ACTION**
- A Member briefing was also requested regarding ERP Gold. **ACTION**

It was resolved to note:

- the financial monitoring position as at 31 July 2018
- the capital monitoring position regarding LGSS capital projects for CCC

60/18 EXCLUSION OF PRESS AND PUBLIC

It was resolved that the press and public be excluded from the meeting for the following items on the grounds that the items contained 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 the information to be disclosed: information relating to the financial or business affairs of any particular person (including the authority holding that information).

61/18 NEW BUSINESS DEVELOPMENT

Members received an update from officers regarding new business development and business activities with existing customers.

.

It was resolved to note the update provided.