

**LGSS LAW – DELEGATION AND EXERCISE OF SHAREHOLDER RIGHTS**

- To:** Constitution and Ethics Committee
- Date:** 3rd March 2015
- From:** LGSS Director Law, Property and Governance
- Electoral division(s):** All
- Purpose:** To consider and approve the changes required to the Council's Constitution to enable the exercise of the Council's rights as a shareholder in LGSS Law Ltd.
- Recommendation:**
- 1) That the Committee recommend to Full Council that
    - a) The Council nominate the County Councillor who is either Chairman/woman or Vice-Chairman/woman of the Local Government Shared Services Joint Committee to act as its representative shareholder in LGSS Law Ltd
    - b) The Council delegate to that elected member all and any rights associated with the ownership of the shares and authorise that member to exercise those rights subject to the following conditions and reservations:
      - i) The elected member shall at all times exercise the delegated rights in accordance with the ten Solicitors Regulation Authority (SRA) Principles and Code of Conduct. If in doubt as to the requirements of the SRA Principles and Code of Conduct, the elected member shall take appropriate independent legal advice before exercising the delegated authority.
      - ii) The elected member shall exercise the delegated authority under this provision in accordance with the Code of Conduct for elected members of Cambridgeshire County Council and with all other relevant policies to the extent that those do not conflict with the Solicitors' Regulation Authority (SRA) Code of Conduct and in circumstances where a conflict between the SRA Code of Conduct and any other Code may arise, the SRA Code of Conduct shall take precedence.

- c) In the event that the Chairman/woman or Vice-Chairman/woman of the LGSS Joint Committee is unable for any reason to take up the role of Shareholder Representative for the Council, the Joint Committee is authorised to nominate another elected member to undertake that role.
- 2) That the Committee authorise the Monitoring Officer to draft an appropriately worded section to give effect to the above, for inclusion in Part 3 of the Constitution, and to make any other necessary or incidental changes in order to incorporate the new delegation, and to submit it to Full Council for approval.

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## **1. BACKGROUND**

- 1.1 LGSS Law was formed in 2010 through the merger of the in-house legal teams within Northamptonshire County Council (NCC) and Cambridgeshire County Council (CCC) as part of the broader Local Government Shared Services (LGSS) project. The two legal teams were rapidly merged and subsequently have been operating as a single traded service which has been successful in making significant efficiency improvements and attracting new clients from outside the two host authorities.
- 1.2 As a result of its success, LGSS Law considered whether its current operating model would continue to be appropriate, and the LGSS Management Board concluded that LGSS Law should be re-configured into a local authority owned trading company. In the legal context this model is usually referred to as an Alternative Business Structure (ABS) due to the description in the enabling legislation (the Legal Services Act 2007); unlike a traditional law firm, an ABS is owned and/or managed by non-lawyers. The vision for LGSS Law Ltd was of a law firm wholly owned by the two founding local authorities; the model constituted a hybrid form of legal services provider filling the gap between the fully in-house public sector team and the privately owned commercial firms.
- 1.3 At its meeting on 18th September 2014, the LGSS Joint Committee considered the proposal for the establishment of an ABS for the provision of legal services, noting that LGSS Law Ltd would be established as a company limited by shares. The founding authorities, CCC and NCC, would jointly own the company by their holding of an equal number of ordinary shares which together would constitute the entire allocation of shares in the company. The Joint Committee resolved to agree to the proposed establishment of a legal ABS to be jointly owned by NCC and CCC in equal shares.
- 1.4 At its meeting on 20th November 2014, the LGSS Joint Committee endorsed the content of the Articles as agreed by the LGSS Managing Director in consultation with the Chair and Vice Chair of the Joint Committee, LGSS Finance and the Director of People, Transformation and Transactions, and noted that the target date for LGSS Law Ltd to commence trading was the start of April 2015.
- 1.5 The LGSS Joint Committee comprises three CCC elected members and three NCC elected members. It is chaired on an annual basis by a member from one authority, with the other authority appointing the Vice-Chairman/woman; the chair rotates between the authorities each year.

## **2.0 APPOINTMENT OF REPRESENTATIVE SHAREHOLDER**

- 2.1 Under the governance arrangements for the ABS, CCC and NCC must each identify one member to act as their Council's representative shareholder. Because the LGSS Joint Committee currently holds delegated authority for the oversight of LGSS as a whole, it is proposed that the appropriate member to exercise CCC's shareholder rights in LGSS Law Ltd is the Chairman/woman (in a year when the chair is held by a CCC member) or the Vice-Chairman/woman (in a year when a CCC member holds that position).

### 3.0 CONSEQUENTIAL CHANGES TO THE CONSTITUTION

- 3.1 The LGSS Joint Committee Scheme of Delegation needs to be amended by the inclusion of an additional section within the Specific Delegations – Cambridgeshire County Council to cover the following:

#### ***LGSS Law Ltd***

*LGSS Law Ltd is a company jointly owned by NCC and CCC which was established by the two councils to provide legal services to the owner councils and to other organisations within the public and not for profit sectors. NCC and CCC each owns 50% of the shares in LGSS Law Ltd.*

*Cambridgeshire County Council (CCC) nominates as its shareholder representative, the elected member for the time being holding the post of Chair (or Vice Chair) of the LGSS Joint Committee.*

*CCC delegates to that elected member all and any rights associated with the ownership of the shares and authorise them to exercise those rights subject to the following conditions and reservations:*

- i) The elected member shall at all times exercise the delegated rights in accordance with the ten SRA Principles and Code of Conduct. If in doubt as to the requirements of the SRA Principles and Code of Conduct, the elected member shall take appropriate independent legal advice before exercising the delegated authority.*
- ii) The elected member shall exercise their delegated authority under this provision in accordance with the Code of Conduct for elected members of NCC/CCC and with all other relevant policies to the extent that those do not conflict with the SRA Code of Conduct and in circumstances where a conflict between the SRA Codes of Conduct and any other Code shall arise, the SRA Code of Conduct shall take precedence.*

*In the event that the Chair or Vice Chair of the Joint Committee is unable for any reason to take up the role of Shareholder Representative for their council, the Joint Committee is authorised to nominate another elected member to undertake that role.*

Source Documents	Location
CCC Constitution	<a href="http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution">http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution</a>
Minutes of the LGSS Joint Committee	<a href="http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Committee.aspx?committeeID=23">http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/Committee.aspx?committeeID=23</a>