

LOCAL GOVERNMENT SHARED SERVICES JOINT COMMITTEE: MINUTES

Date: Thursday, 17th November 2016

Time: 2.00pm – 4.00pm

Place: Wyboston Lakes Training & Conference Centre, Wyboston

Present: Cambridgeshire County Council (CCC): Councillors
Roger Hickford and Ian Manning

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

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

Others in attendance:

Quentin Baker (LGSS Director of Law and Governance), Matt Bowmer (LGSS Director of Finance), Robin Bates (LGSS Head of Revenue and Benefits), Andrew Cardoza (KPMG), Martin Cox (LGSS HR Director), Ian Farrar (LGSS Director of IT Services), Nicole Jones (Corporate Director Finance Milton Keynes Council), John Kane (LGSS Managing Director), Jon Lee (Head of Finance, Northamptonshire County Council), Chris Malyon (LGSS Chief Finance Officer, Cambridgeshire County Council), Daniel Snowdon (LGSS Democratic Services Officer).

Apologies: Councillors Noel Kavanagh and Bill Parker (Councillor Graham Lawman substituting).

120/16 DECLARATIONS OF INTEREST

None.

121/16 MINUTES – 18TH AUGUST 2016

The minutes of the meeting held on 18th August 2016 were agreed as a correct record and signed by the Chairman.

122/16 LGSS 2016/17 BUDGET MONITORING

The Joint Committee received the monthly budget monitoring report. Officers offer finance session for Members. Officers drew attention to page 13 of the report that stated the forecast outturn variance of £400k, split between LGSS Services and trading contracts. The pressure on the trading arm of LGSS, officers explained was recognised

at the start of the financial year and therefore reserves were to be drawn upon to cover. The pressure on LGSS Services of £150k represented an improvement on the same position last year and plans were in place to address the pressure.

During discussion Members:

- Questioned whether part year savings would be realised from the implementation of Altair. Officers confirmed that part year savings would not be realised and confirmed that payroll had been migrated to the system and work was progressing to host the system internally, thus avoiding external hosting charges.
- Confirmed issues regarding the LGSS Programme Team had been resolved following some duplication of savings.

It was resolved to:

1. Note the financial monitoring position as at 30 September 2016.
2. Note the summary position on carry forward balances.

123/16 LGSS STATEMENT OF ACCOUNTS UPDATE

The Joint Committee received an update on the progress on the audit of the 2015/16 LGSS Statement of accounts, and on the objection to the 2014/15 LGSS Statement of Accounts. Members were informed that following the objection raised in relation to the 2014/15 accounts, they had yet to be signed off. Officers drew attention to paragraph 3.4 of the report that suggested a further meeting of the Joint Committee be convened in January 2017 in order to approve the accounts following the completion of the audit. Members noted that this was the first year LGSS Law accounts had been produced and work had been undertaken with KPMG regarding the format. Members were informed that issues surrounding pension liabilities had now been resolved with Northamptonshire and Cambridgeshire County Councils acting as guarantors for any deficit.

During the course of discussion Members:

- Noted that a provisional view regarding the objection had been issued and a response had been received that raised further points that had to be addressed.
- Noted that the objection process had been costly in terms of officer time and expense incurred by the additional work undertaken by KPMG.
- Confirmed that the costs of any subsequent legal action following the conclusion of the objection would be incurred by KPMG and the Public Sector Audit Appointments (PSAA) and not LGSS.
- Questioned the level of risk posed regarding similar objections occurring in subsequent years. Officers explained that once the current objection had been resolved then there was no further risk of LGSS accounts receiving objections

although as a Cambridgeshire resident it was possible that the objector may challenge Cambridgeshire County Council accounts in the future.

- Confirmed that the LGSS Joint Scrutiny Committee had also received a report on the objection.
- Questioned whether it was necessary for an external audit to be carried out as the LGSS accounts were no longer required to be separately prepared and audited following the implementation of the Local Audit and Accountability Act 2014. Officers explained that the auditing of the accounts lent credibility to them and was valued by parent authorities, the current customer base and potential customers. It also demonstrated that LGSS was professionally run.

It was resolved to note and comment on the report.

124/16 ERP GOLD UPDATE

Members received a presentation that provided an update with regard to the ERP Gold Build which was the new HR and Finance system that would replace Oracle and SAP which had both reached the end of their respective contracts. Projected savings over 7 years totalled £9.86m.

The project was large scale and complex. Members noted the planned time line for the roll-out of ERP Gold and that 2 data centres had been set up that would provide resilience in case of one failing and that User Acceptance Testing (UAT) was underway. Payroll was being run in parallel with current runs and checked for any discrepancies; each one then fully investigated.

The target implementation date was 1st April 2017 and Have to go live on 1st April. Large amounts of work had been completed in preparation for the launch date and the system would be open early to ensure a smooth transition.

Members noted that the ERP Gold system would change the way in which expenses were claimed and work was being undertaken with Democratic Services to provide Member support.

In response to Member questions:

- It was confirmed that there was a clear change control process in place.
- Officers explained that projected savings were lower in the first year due to the overlap of contracts. Following the first year projected savings were £1.5m per annum.
- It was confirmed that the system fully integrated with other local authority systems and designed to be resilient with external back-ups taking place regularly.

It was resolved to note the update provided.

125/16 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 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)

126/16 REVENUE AND BENEFITS OUTLINE BUSINESS CASE

The Joint Committee received a report providing the outline business case for revenue and benefits.

It was resolved:

- a) To approve the establishment of a dedicated Joint Committee for LGSS Revenues and Benefits as described in the body of the report, with the purpose of having oversight for the provision of shared services relating to LGSS Revenue and Benefits services.
- b) Delegate responsibility to the LGSS Managing Director to:
 - i) Agree the financial model principles set out in section 5 of the report
 - ii) Agree the foundation, start-up business case and associated savings for members to include at this stage Milton Keynes Council, Northampton Borough Council and LGSS
 - iii) Complete the formation of a Revenues and Benefits Joint Committee, the governance principles for such as set out in section 4 of the report.
- c) Acknowledge the use of previously earmarked carry forwards to fund the founding LGSS shareholders (i.e. Cambridgeshire County Council and Northamptonshire County Council) capital investment requirements as set out in section 5 of the report.

127/16 NORWICH PDA REVIEW

The Joint Committee considered the partnering and delegation arrangements (PDA) with Norwich City Council.

It was resolved unanimously:

- a) To note the proposal for the renewal of the collaborative partnership (or arrangement), between Norwich City Council and Northamptonshire and Cambridgeshire County Council and Milton Keynes Council, for the provision of 'in scope' services as listed in the body of the report.
- b) To note the proposed model for the collaborative partnership (arrangement) and confirm its approval and to note any changes to the staffing structures for the implementation of the new arrangement.
- c) To approve the new PDA with Norwich subject to:
 - i) The negotiation and agreement of appropriate terms delegated to the LGSS Managing Director, the LGSS Director of HR, Director of Finance, Director of IT and the Director of Law and Governance in consultation with the Chairman and Vice-Chairman of the Joint Committee.
 - ii) The preparation, approval and completion of any necessary legal documentation.

128/16 INITIAL ENGAGEMENT UPDATE

The LGSS Managing Director updated the Joint Committee regarding initial engagement that had taken place.

It was resolved:

To note the update provided by the LGSS Managing Director.

129/16 LGSS JOINT COMMITTEE AGENDA PLAN

Members received the Joint Committee agenda plan.

It was resolved to note the agenda plan.

130/16 DATE OF NEXT MEETING

Members noted that a meeting of the Joint Committee would take place on 19 January 2017 at which the 2015/16 accounts would be presented. Members were informed that due to a meeting of the Full Council of Northamptonshire County Council taking place on the same day as the LGSS Joint Committee it was therefore necessary to move the meeting. Following discussion Members resolved to move the meeting to 2pm on 23 March 2017.

Chairman