

Item 4

ARRANGEMENTS FOR MILTON KEYNES COUNCIL TO JOIN LGSS JOINT COMMITTEE SHARED SERVICES PARTNERSHIP

To: LGSS Joint Committee, 25th February, 2016.

From: John Kane, LGSS Managing Director

Purpose: To endorse the proposal for Milton Keynes Council to become a full partner of LGSS and recommend this for final approval to the full council meetings of Cambridgeshire and Northamptonshire County Councils.

Recommendation: It is recommended that the LGSS Joint Committee:

- i) Following approval of the Outline Business Case in December 2015 and January 2016 by the LGSS Joint Committee; Cambridgeshire County Council (CCC) General Purposes Committee and the Cabinets of Northamptonshire County Council (NCC) and Milton Keynes Council (MKC), approve and support the proposal for MKC to become a full partner of LGSS from 1st April 2016.
- ii) Recommend to Cambridgeshire County Council and Northamptonshire County Council that they:
 - a. approve the proposed changes to the existing Delegation and Joint Committee Agreement to reflect the addition of Milton Keynes Council as a full partner of the LGSS Joint Committee and the consequent updates to the constitutions of the Councils required to enable this, as reflected in Schedule 2 of the agreement; and
 - b. delegate to the LGSS Managing Director the power to make these and any other necessary or incidental amendments in order to finalise and implement the arrangements.

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1. Background

- 1.1 At their meeting on 17th December 2015, the LGSS Joint Committee supported the proposal for MKC to join the LGSS Joint Committee as a full partner, based on the Outline Business Case (OBC) which had been jointly developed by MKC and LGSS.
- 1.2 This followed a decision by MKC cabinet in October 2015 to give approval for the completion of an OBC for MKC to join LGSS as a full Joint Committee partner and a subsequent period of detailed discussions, including workshops between Heads of Service and Directors from both organisations, to inform the contents of the OBC.
- 1.3 The recommendation of the LGSS Joint Committee was unanimously approved by the CCC General Purposes Committee and NCC Cabinet at their meetings in January 2016. MKC Cabinet also approved the proposal to join LGSS at their meeting on 11th January 2016, based on the OBC.
- 1.4 This Joint Committee report sets out a summary of the required changes to the existing Delegation and Joint Committee Agreement originally signed by CCC and NCC in July 2010 to set up the LGSS Joint Committee, in order to reflect the addition of MKC as a full partner and requires the approval of the full council meetings of CCC and NCC as well as MKC.

2. Scope

- 2.1 The scope of MKC services joining the LGSS shared services partnership includes c420 posts across the following services:
 - Finance
 - Internal Audit and Risk
 - Information Systems and Communication Technology (ICT)
 - Procurement
 - Insurance
 - Democratic Services
 - Human Resources
 - Learning and Development
 - HR Transactions and Payroll
 - Financial Transactions
 - ERP and Business Systems
 - Revenues and Benefits

- Business Support Services to Schools

- 2.2 Employees within the scope of the shared service from MKC will continue to be employed by MKC, but be part of LGSS with the delegation of employer rights and responsibilities to the LGSS Joint Committee and LGSS Managing Director and Directors (i.e. no TUPE transfer will apply, MKC will have the same status as CCC and NCC).
- 2.3 The OBC does not include any savings at Director level in either of the current LGSS or MKC structures, reflecting the fact that as a significantly expanded shared service the capacity will need to be retained at the LGSS Management Board level. The minor changes to functional responsibilities at Director level outlined in the OBC will take effect from 1st April 2016 in accordance with the diagram in Appendix 1.

3. Summary of changes affecting the Joint Committee

- 3.1 MKC will join the LGSS Joint Committee as a full partner on 1st April 2016, with three MKC Councillors joining the existing three each from CCC and NCC, bringing the new total membership of the committee to nine. Full voting rights will apply equally to all committee members i.e. one member, one vote (with the Chair having a casting vote if/as required).
- 3.2 Schedule 1 of the Delegation and Joint Committee Agreement is the Constitution of the Joint Committee. Only minor updates to this document have been made, most significantly those described in 3.3 and 3.4 below.
- 3.3 The Chair and Vice Chair roles in the LGSS Joint Committee are currently rotated between CCC and NCC. It is proposed that this is instead rotated between the three partners as set out in the table below.

	2015-16	2016-17	2017-18	2018-19
Joint Committee Chair	NCC	CCC	MKC	NCC
Joint Committee Vice Chair	CCC	MKC	NCC	CCC

- 3.4 It is proposed that the required quorum for the meeting is changed to one member from each Council to reflect the practical challenges in arranging meetings of the Joint Committee.

4. Financial benefits

- 4.1 The OBC being finalised significantly underpins the delivery of the LGSS Medium Term Financial Plan (MTFP) in terms of its future LGSS net budget commitments to CCC and NCC (i.e. planned to be generated from new partnerships like MKC). This OBC also delivers the MKC MTFP requirements in relation to their LGSS in-scope services.

5. Non-financial benefits

- 5.1 Milton Keynes Council joining LGSS will take the number of employees in LGSS to c1,800 and the total employees of the partners being supported to more than 25,000. This increase in scale and geography will enhance the reputation of LGSS as a leading public sector shared service and provide critical mass in regional scale and presence. The addition of a unitary council as a Joint Committee partner provides greater assurance to existing and potential future District, Borough and Unitary authority customers that LGSS is a truly pan-public sector shared service, bringing with it the ability to create greater synergies across a two tier relationship. It is anticipated that MKC joining LGSS will further enhance its strong commercial trading basis for sharing services in the future. The ambition is both to increase small scale trading (for example individual schools) but also to encourage other councils and public sector organisations to join the shared service. In addition, LGSS will be enhanced as an employer of choice, with employees and prospective employees able to access a broader range of service portfolios and therefore career opportunities.

6. Implementation – transition and transformation

- 6.1 Directors, Heads of Service and other colleagues across both LGSS and MKC are currently working on detailed transition plans, including communications and engagement with staff, to prepare for and enable a smooth transition and the integration and transformation of services between MKC and LGSS from 1st April 2016. It is important to note that MKC will be joining LGSS as a full partner and so this is different from the process of onboarding a new LGSS customer. Transformation plans over the medium term are also being prepared for each of the services to deliver the benefits identified in the Outline Business Case and the ongoing development of LGSS as a shared service partnership alongside a cross-Council wide Agresso ERP system implementation.
- 6.2 Subject to this report being approved by the LGSS Joint Committee, the recommendations of this report will be considered by Northamptonshire County Council on 17th March 2016 and Cambridgeshire County Council on 22nd March 2016. Implementation of the proposed changes to the LGSS Joint Committee from 1st April 2016 will require the final approval of Milton Keynes Council at their meeting on 23rd March 2016, after which the Delegation and Joint Committee Agreement can be signed and sealed by all three organisations.

Appendix 1

Diagram – Proposed functional operating model from 1st April 2016



Day One Functional
Operating Model v4 0

Appendix 2

Delegation and Joint Committee Agreement



LGSS MKC D&JC
Agreement Feb 16 fo

Appendix 3

Schedule 2 to the Delegation and Joint Committee Agreement 'Delegated Functions and Shared Services'



LGSS MKC D&JC
Agreement Schedule