

**CABINET RESPONSE TO : MEMBER LED REVIEW – LOCAL GOVERNMENT
SHARED SERVICES BUSINESS CASE**

To: **Cabinet**

Date: **5th July 2010**

From: **Nicholas Dawe, Director of Finance, Property and Performance**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **To consider the Member led review on the Local Government Shared Services (LGSS) Business Case.**

Recommendation:

i) To thank Scrutiny for producing a valuable and detailed report.

ii) To approve the proposed response to the Member Led Review on the LGSS Business Case, as set out in Section 2 of this report.

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1. BACKGROUND

- 1.1 The Member Led Review from the Corporate Services Scrutiny Committee on the Local Government Shared Services (LGSS) has produced a report which contains nine recommendations for consideration by Cabinet.
- 1.2 Cabinet would like to thank Scrutiny for producing the report and seeking the views of officers and members during the study.
- 1.3 The report is comprehensive and detailed, and is welcomed by Cabinet and officers within the Authority with responsibility for the LGSS programme.

2. RESPONSE TO RECOMMENDATIONS

- 2.1 The proposed response to the recommendations of the Member Led Review are set out below. Dates for the commencement and completion of activities are shown. These dates take into account the recommendations of the member led review, necessary lead-in times and where appropriate the prospective timetable for Local Government Shared Services (subject to Cabinet and Council decision).

2.2 Recommendation 1: LGSS Vision

The LGSS vision to provide low cost, high quality, support services to Cambridgeshire County Council (CCC) and Northamptonshire County Council (NCC) is supported. However, Cabinet and Scrutiny should be formally alerted at an early stage if there is interest from other authorities to join the LGSS as a partner or as a customer. This would enable Cabinet, with appropriate Scrutiny, to indicate whether there is any appetite to expand LGSS, and if there is, whether the time is right for officers to enter into in depth discussions and to develop proposals for Member decision.

Proposed Response

Cabinet welcomes this support for the LGSS Vision. The recommendation is broadly in line with the proposed Delegation and Joint Committee Agreement. Cabinet agrees that both Cabinet and Scrutiny will be alerted at an early stage if there is interest from other authorities to join the LGSS as a partner.

It should be noted that the Joint Committee will approve the Annual Service Plan for LGSS, which will set out the parameters for marketing activity and trading with customers. The Joint Committee, as a committee of the respective councils, will report to Cabinet and be subject to Scrutiny.

With reference to section 3.6 in the Scrutiny report, whilst LGSS will not be able to directly make a commercial profit from individual customers or partners under current legislation, it does not prevent LGSS reducing costs for the partner authorities via further sharing of costs and investments. Any surplus revenues over costs will be returned to the partner authorities. It should be also noted that the Framework Agreement for the supporting procurement of the ERP Hosting contract, which is already underway, includes

the potential for customers to approach LGSS to use our shared Oracle ERP instance. The criteria for acceptance will reflect the approved Annual Service Plan.

2.3 Recommendation 2: Decision making

A) A formal Joint Committee should be established to run the LGSS.

B) Cabinet should be notified of the potential to adopt the Teckal Model if / when legal circumstances make this a feasible option, so that Cabinet can decide at an early stage whether there is any benefit in considering this alternative to the Joint Committee.

Proposed Response

Cabinet welcomes this positive endorsement of LGSS proposals.

Cabinet agrees that it should be notified by officers, at the earliest opportunity, of the potential to adopt other options, if / when legal circumstances make them feasible.

2.4 Recommendation 3: Cabinet Involvement

Cabinet approval to proceed should be required at key milestone and decision points in the development of LGSS, including:

- Milestones reached during the implementation of the current LGSS proposals
- Proposed changes to in scope services
- Proposed changes to allow a local organisation to join LGSS

Proposed Response

This recommendation is in line with the LGSS proposals as set out in the Cabinet paper, noting that the responsibilities for the Joint Committee will be set out in the completed Delegation and Joint Committee Agreement:

- A. The Joint Committee will oversee progress of LGSS against its commitments, which will be set out in the Annual Service Plan. The Joint Committee will also approve an Annual Report for LGSS. The Joint Committee will also update Cabinet and Council as required.
- B. Proposed changes to in scope services will require a separate decision by both Cambridgeshire County Council (CCC) and Northamptonshire County Council (NCC).
- C. As stated in the Cabinet report: 'LGSS will provide a vehicle to deliver services to other organisations, such as our geographic District & Borough Councils, cost effectively supporting the wider local public service economy and supporting the emerging government priorities relating to localism, building on the principles of 'Total Place''. Proposed changes to allow organisations to join the Joint Committee as a Partner will require separate decisions by both CCC and NCC.

2.5 Recommendation 4: Scrutiny

Both Councils should agree to the establishment of a formal Joint Scrutiny Committee to enable Members to provide effective scrutiny of the LGSS Joint Committee.

Proposed Response

Cabinet would welcome a sub group of CCC and NCC scrutiny committees being set up to oversee the required scrutiny activity jointly.

2.6 Recommendation 5: Exit Strategy

Failure criteria should be developed to ensure that LGSS partners are clear about the circumstances in which serious consideration should be given to the dissolution of the partnership. Failure criteria should encompass net savings, service quality and customer satisfaction measures.

Proposed Response

The recommendation is agreed. The above failure criteria will be developed and incorporated in the Annual Service Plan for LGSS and performance against them reported to the Joint Committee. The failure criteria will be reviewed on an annual basis for appropriateness.

2.7 Recommendation 6: Savings / Costs

Cuts / reductions in service level should be explicitly identified within future versions of business cases presented to Cabinet and Scrutiny.

Proposed Response

The recommendation is agreed. Any proposed cuts / reductions in service level will be identified explicitly in the proposed Annual Service Plan for LGSS, for approval by the Joint Committee. The Joint Committee, as a committee of the respective councils, will report to Cabinet and be subject to Scrutiny.

2.8 Recommendation 7: Intangible costs

Future versions of business cases should explicitly identify the costs / pressures applied to services outside LGSS to ensure that cost and service 'shunting' does not take place.

Proposed Response

The recommendation is agreed. The Annual Service Plan for LGSS will be aligned with the Councils' services outside of LGSS. The implications of planned service changes as part of LGSS (including use of self-help / self-service principles) will be made clear. All changes will be agreed with customer service groups, so that a clear mandate is established, which is required for process conformance i.e. successful implementation.

2.9 Recommendation 8: Oracle Customisations

ORACLE customisations should only take place in exceptional circumstances following a thorough cost / benefit analysis by the Joint Committee.

Proposed Response

This recommendation is agreed in principle, noting that appropriate delegation will be given to officers through the Delegation and Joint Committee Agreement, schedule 2.

2.10 Recommendation 9: Implementation Plan

The LGSS Programme Team should work with customer service groups across CCC and NCC to address their concerns, including:

- Service Level Agreements
- Training and Development for Service Managers
- Risk management

Proposed Response

The recommendation is in line with LGSS proposals, specifically:

- A. Service level Agreements will be developed, as part of producing the Annual Service Plan for LGSS, for approval by the Joint Committee. Customer service group views, from both CCC and NCC, will be taken into account.
- B. Training and Development for Service managers will be carried out as part of the required business readiness / change activity for LGSS proposals e.g. implementation of self-help / self-service. Customer service group representatives for both CCC and NCC will be included in the governance arrangements overseeing this work.
- C. The governance arrangements for LGSS will continue to monitor the LGSS risk log and closely review the proposed mitigation actions for appropriateness of, ensuring customer service groups views are taken into account.

3. SIGNIFICANT IMPLICATIONS

3.1 Resources & Performance.

The cost of the response to the recommendations either already exists in the baseline costs for service provision or is built into the programme costs ie is included in the Detailed Business Case for LGSS.

3.2 Statutory Duties/Requirements and Partnership working

Cabinet welcomes the proposal that CCC and NCC should establish a Joint Committee to manage LGSS and that a sub-group of the respective Scrutiny Committees should be formed, to hold the LGSS Joint Committee to account.

3.3 Climate Change

No significant implications arise from the recommendations or the response to the recommendations.

3.4 Access and Inclusion

No significant implications arise from the recommendations or the response to the recommendations.

3.5 Engagement and Consultation

Cabinet agrees with the proposal that an LGSS implementation plan should be developed in consultation with internal customers across CCC and NCC.

Source Documents	Location
NCC Cabinet reports – 9 th March 2010, CCC Cabinet reports – 23 rd February 2010, 15 th June 2010	NA