

LGSS JOINT COMMITTEE: MINUTES

Date: Thursday, 28th February 2019
Time: 2.00pm – 4.00 pm
Place: Room 214, Angel Square, Northamptonshire County Council, Northampton.
Present: Cambridgeshire County Council (CCC):
Councillors Chris Boden (Chairman) and Sebastian Kindersley

Milton Keynes Council (MKC):
Councillors Ric Brackenbury and Robert Middleton (Vice Chairman)

Northamptonshire County Council (NCC):
Councillors Andy Mercer and Malcolm Longley

Others in attendance:

Mark Ashton (Interim Managing Director, LGSS), Dawn Cave (Democratic Services Officer), Steven Day (Acting Director of IT Services), Ian Duncan (S151 Officer Northamptonshire County Council), Justine Hartley (Head of Business Planning and Finance LGSS), Chris Malyon (S151 Officer Cambridgeshire County Council) and Paul Simpson (S151 Officer Milton Keynes Council)

Apologies: Councillors Terry Rogers, Bob Scott and Catriona Morris

74/19 DECLARATIONS OF INTEREST

None.

75/19 MINUTES – 14TH DECEMBER 2018

The minutes of the meeting held on 14th December 2018 were agreed as a correct record and signed by the Chairman, with the following corrections:

p1 – Chris Malyon should be listed as present.

p4/third bullet point – delete “...so that it was inevitable” from the end of the last sentence.

76/18 LGSS BUDGET MONITORING REPORT – DECEMBER 2018

Members received the December 2018 iteration of the LGSS Budget Monitoring Report. In presenting the report, officers highlighted the £185K overspend, £150K of which related to NCC specific pressures, leaving the partnership with a £35K overspend.

It was noted that there was a new proposed contribution of £62K from the partnership contingency, to offset the costs of the current data capture solutions.

The main changes since the previous month were noted. This included the proposal to use £216K of the LGSS partnership contingency to fund development and costs for:

- Bacs system replacement
- Accounts Payable (AP) duplicate payment checker solution
- Remaining costs for the current data capture solution.

The report had been revised so that it was clearer whether contingencies related to individual authorities or were collective.

LGSS were funding the following funding from individual authorities in 2018/19 to fund specific work being undertaken on their behalf:

- £90K from NCC Children's for social care recruitment;
- £25K from NCC Public Health to fund Health and Safety work, and
- £90K transformation funding from CCC for HR support to the CCC transformation programme.

During discussion of the report, Members:

- commented that it was their priority that their respective authorities received their fair share;
- noting that CCC had required staff to take mandatory unpaid leave, asked if that had impacted on LGSS i.e. were any of those CCC staff delivering LGSS services? Officers explained that in the same way any partner authority which gave pay increases would be expected to fund the additional cost, the opposite applied in this case i.e. the savings would be returned to CCC. The CCC S151 Officer advised in terms of materiality, the impact on LGSS was very small, and every effort was being made to ensure it did not impact on the provision of services and LGSS partners. A Member also observed that this move had been unpopular;
- noted that the plans around efficiencies for the future operating model were in a very embryonic form;
- asked why the Bacs system needed replacing with some urgency. Officers gave the background, which was set out in greater detail in the confidential appendix to the report. Whilst it was possible to opt for an upgrade of the current system, it was noted that this was not the best option, as it was preferable to move to a cloud based solution, so that LGSS was not tied in to the two data centres.

It was resolved unanimously to:

- a) Note the financial monitoring position as at 31st December 2018

- b) Note the capital monitoring position regarding LGSS capital projects.
- c) Approve the use of £216k from the partnership contingency to meet the costs of:
 - i. BACS system replacement
 - ii. Accounts Payable (AP) Duplicate payment checker solution; and
 - iii. The current data capture solution.

77/19 LGSS BUDGET 2019-20 UPDATE

The Joint Committee received an update on the 2019-20 budget. Members were reminded that the budget preparation process for 2019-20 had been delayed awaiting the outcome of the operating model review. However, as the review had not been concluded, and a budget was needed for LGSS for 2019-20.

The proposed budget took into consideration the medium term financial plans of the core Councils for 2019-2024, and additional savings requested by all three Councils. The latest request for savings from MKC were outside the business plan timeframe. There was also an in-year pressure relating to trading. A refresh had been carried out to ascertain what was deliverable. Following discussion at the LGSS Management Board, it was also agreed that the full available partnership contingency budget of £648K should be applied in 2019-20 to meet the savings asks of the partner councils. However, this would mean that there would be no access to this budget to meet savings asks in future year, but it would help to balance the 2019/20 budget, whilst the operating model review was ongoing. This created a residual gap, and if the savings were approved, the implications of that gap, and potential solutions to it, needed to be considered. Possible actions included further rationalisation of the LGSS management team and other posts. Further work needed to be undertaken with the partner authorities' S151 Officers to deliver those options.

At the invitation of the Chairman, S151 Officers were asked to give their views. It was suggested that the core authorities' savings asks had been built into their business plans and were aligned with the overall financial challenges those authorities were facing, so it made sense that the LGSS budget was proportionate in terms of its allocation methodology, based on gross turnover. The overall size of the financial challenges faced by the core authorities should not be underestimated, and needed to be fed in to the later item on the Operating Model. As it was not long before the start of the new financial year, action needed to be taken quickly, without undermining the services provided to the core authorities.

A Member commented that he looked forward to a constructive discussion later in the meeting on the Operating Model, as given the residual gap, and the lack of detailed delivery plans for that gap, core authorities needed some certainty.

Members discussed the sequencing issue: whilst core authorities' savings asks had been included in their respective business plans, additional savings were now required. LGSS Officers stressed that it was an exceptional year, and there had been meetings with S151 Officers up front to attempt to align with the core authorities' budget planning processes. A S151 Officer commented that it would be undesirable to build in to core budgets savings that could not be delivered and were not based on reality. There was therefore a risk relating to the delivery of these savings.

A Member asked for more detail on the negotiation that had taken place and resulted in the imposition of savings targets from the member authorities, bearing in mind that LGSS was a completely separate entity, managed, run and reported on differently: he asked what the negotiating process was between LGSS and its constituent authorities. LGSS Officers explained that when MKC joined LGSS, the core authorities had signed up to a five year plan. Whenever any of the core authorities asks for any saving above what was agreed in the five year plan, this was categorised as a specific saving for that authority, as was the case when individual authorities subsequently set their annual budgets i.e. it must not impact on the other core authorities, so it was practically hypothecated authority by authority.

It was resolved unanimously to:

Note the update provided.

78/19 OPERATIONAL UPDATE – ERP GOLD

The Joint Committee received an update on the ERP Gold system. Members noted that the system had stabilised and was in a much better position. A number of upgrades were required over the coming period, including an annual update and a patch update for the financial year end. Members' attention was drawn to the section on Key Performance Indicators (KPIs) requested at the previous meeting, which could be updated with any additional metrics. Members also noted the governance changes that had taken place, and the relationship between the Programme Board and other bodies.

Given the well documented problems over the last year with this project, a Member asked if officers still felt that the cashable savings target was realistic. Officers confirmed that they very much expected the savings targets to be met, and whilst there were operational issues initially, which had impacted on performance, the situation had now stabilised. It was noted that £9.86M would be saved through Licence and hosting costs alone.

In response to a Member request, it was agreed that the Quarter 3 KPIs would be circulated to Committee Members as soon as they were available.
Action required.

There was acknowledgement not only of the staff who had helped to implement ERP Gold, but also the work done more broadly by other staff across the core authorities, whose contribution to the implementation of ERP Gold was applauded and recognised.

It was resolved to:

Note the update provided

79/19

SUCCESSION PLANNING FOR NORTHAMPTONSHIRE

Members received an oral presentation regarding the succession planning that was underway for when Northamptonshire County Council was abolished in 2020.

It was noted that under the Partnership Delegation Agreement, there were specific clauses around the rights and obligations going to the successor bodies. Responding, the NCC S151 Officer advised that the LGSS contract would be one of many contracts that needed to be considered, and there had been no specific discussions on any of those contracts at this point in time. NCC Members endorsed these comments, and stated that NCC cannot bind or commit on behalf of successor bodies, but recognised that it was normal for successor bodies to inherit title to existing assets and liabilities and therefore contract obligations.

Other Members acknowledged this point, but advised that their authorities were keen to know what progress was being made, and when they could expect further progress. NCC Members advised that nothing had been decided as the Secretary of State was still considering the response to the Northamptonshire authorities' request, which was submitted in August 2018. Those authorities were about to submit to government their suggestions for the Structural Change Order which would redesign local government in Northamptonshire. Before any of this had been agreed, it would be very difficult to know what the ground rules were and likely outcomes.

Responding, it was suggested given the close partnership of the three core authorities, the timescales for this process was an important consideration. The expectation was that MKC and CCC would work with the successor authority, which was critical e.g. as ERP Gold was currently managed form Northamptonshire.

It was resolved:

To note the update provided.

80/19 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).

82/19 BUSINESS DEVELOPMENT UPDATE

An update was presented on new business development.

It was resolved to note the update provided.

81/19 LGSS ANNUAL REPORT AND STATEMENT OF ACCOUNTS UPDATE

Members received report that sought the Joint Committee to reconsider the continuation of the audit of the 2017-18 LGSS Annual Report including the statement of accounts.

(The decision on this item was made after the Operating Model item)

It was resolved to:

- a) Agree to the cessation of the external audit of the 2017-18 Statement of Accounts; and
- b) Agree that once the outcome of the CIPFA Review is known the Joint Committee should consider whether the production of the Annual Report with key financial disclosures rather than an audited set of accounts should be continued.

83/19 UPDATE ON THE LGSS OPERATING MODEL AND CIPFA REVIEW

The Joint Committee considered an oral update on the LGSS operating model review.

It was resolved to:

Agree the recommendations proposed by the Committee Chairman, and seconded by the Vice-Chairman, as amended.

Chairman