

**LGSS Joint Overview & Scrutiny Working Group**

**15<sup>th</sup> August 2018**

**Room 15, County Hall, Northampton**

**Notes of the meeting held in public**

Present:

Councillor Mick Scrimshaw (in the chair)	Northamptonshire County Council (NCC)
Councillor Jason Smithers	Northamptonshire County Council
Councillor Chris Stanbra	Northamptonshire County Council
Councillor Mark Howell	Cambridgeshire County Council (CCC)
Councillor David Jenkins	Cambridgeshire County Council
Councillor Robin Bradburn	Milton Keynes Council (MKC)
Councillor David Hopkins	Milton Keynes Council

Also in attendance for all or part of the meeting:

Mark Ashton	Director of Business Services, Systems & Change, LGSS
Matt Bowmer	Director of Finance, LGSS
James Edmunds	Democratic Services Assistant Manager, LGSS Northampton Office
Sarah Homer	Interim Managing Director, LGSS

There was also one member of the press in attendance.

The meeting started at 2.00pm

12/18 Introductions and Apologies for Non-Attendance

Apologies for non-attendance were received from Councillor Joan Whitehead (CCC) and from Councillor Norman Miles (MKC).

13/18 Appointment of Joint Working Group co-chairs from each LGSS partner authority

The Democratic Services Assistant Manager invited nominations for co-chairs from each of the three partner authorities in accordance with the Joint Working Group (JWG)'s Terms of Reference.

Councillor Scrimshaw was proposed and seconded by councillors Stanbra and Smithers respectively. There were no further nominations. Councillor Scrimshaw took the chair of the meeting at this point.

Councillor Whitehead was proposed and seconded by councillors Jenkins and Howell respectively, although members recognised that she was not present to say whether she was prepared to accept the role. There were no further nominations.

Councillor Bradburn was proposed and seconded by councillors Hopkins and Smithers respectively. There were no further nominations.

**AGREED that:**

- a) **Councillor Scrimshaw be appointed as the co-chair of the Joint Working Group for Northamptonshire County Council for 2018/19.**
- b) **Councillor Whitehead, subject to her agreement, be appointed as the co-chair of the Joint Working Group for Cambridgeshire County Council for 2018/19.**
- c) **Councillor Bradburn be appointed as the co-chair of the Joint Working Group for Milton Keynes Council for 2018/19.**

14/18 Notification of requests from members of the public to address the meeting

None received.

15/18 Declarations of Members' Interests

None declared.

16/18 Chair's Announcements

The Chair thanked members for their confidence. He advised that he did not have significant previous knowledge of LGSS and looked forward to JWG members working well together.

17/18 Notes of the LGSS Joint Overview & Scrutiny Working Group meeting on 19<sup>th</sup> March 2018

**AGREED that: the notes of the LGSS Joint Overview & Scrutiny Working Group meeting held in public on 19<sup>th</sup> March 2018 be agreed.**

At this point the Chair proposed to vary the order of the agenda to bring forward the LGSS 2018/19 Budget Update, given that this would be dealt with in public session.

18/18 LGSS 2018/19 Budget Update

The Director of Finance presented the report, highlighting the following points:

- The format of the report had been improved, including taking account of comments by the JWG at its last meeting.
- There was a commitment to provide monthly budget updates to Joint Committee (JC) and JWG members. Updates would be circulated informally if there was not a scheduled meeting.
- The introduction of ERP Gold resolved the previous need for Finance to consolidate information from different systems to produce finance reports.
- The current forecast variance was for an overspend of £116,000, which LGSS was working to address. There was an overall pressure of £216,000, although £150,000 of this was attributable to NCC wanting to reinstate a reduction in Internal Audit hours that had been due to deliver a saving. NCC would transfer £150,000 to LGSS to reflect this. The overall pressure was offset by a £100,000 overachievement on trading income.

- LGSS operated a robust savings tracker that treated individual savings as projects that were tracked for delivery from the point that they were agreed.
- LGSS did not hold significant reserves. £648,000 was held in the partnership contingency during 2018/19 in accordance with the LGSS Strategic Plan to support any challenges in the delivery of the savings programme in the MKC business case.
- LGSS Finance worked with partner authority Chief Finance Officers (CFOs) to ensure that respective financial reports were consistent. LGSS had also committed to report a running total of budget movements through the year.
- LGSS capital budgets were managed on behalf of the partner authorities. The £21.6m figure for NCC stated in the report reflected the full budget: only around £600,000 of this related to 2018/19.
- All current red-rated savings proposals related to the Finance directorate. They consisted of the £150,000 attributable to NCC and £45,000 relating to the MKC business partner team, although action underway meant that this would be rated green in the next report.

The JWG considered the report. The Director of Finance provided additional information in response to points raised by members as follows:

- LGSS had saved money for the partners. During its first five years it had delivered £16m savings, which had benefited NCC and CCC equally. 2017/18 had been the first year in which LGSS had not returned an overall surplus: an overspend of £178,000 had been shared between CCC and NCC although all planned savings had been delivered.
- NCC spent around £10m on back office functions. The savings delivered for it by LGSS were significant in relation to the size of that budget.
- LGSS's ability to achieve future savings would be affected by the context in which it operated. This included continuing austerity; the increased trading targets set by the two original partners; the 'quick wins' already achieved; and the importance of securing the right partners. There was likely to be more discussion with the existing partners in the future about levels of service that could be provided.
- LGSS had delivered its long term trading objectives but its development had not proceeded exactly as anticipated in the original Strategic Plan, which had proposed to bring in an extra county council sized authority as a new partner in each year from year three onwards.
- LGSS Law Ltd no longer featured in the Budget Monitoring report, to reflect that it was a separate organisation subject to different governance.
- The £648,000 to be used to support the MKC business case was essentially a smoothing provision to manage the timing when savings would be delivered. This was a complex matter to explain verbally and could be dealt with better through an off-agenda briefing.
- There were no issues about the security of the pension schemes administered by LGSS. If a liability was to occur the government would

ultimately be responsible for meeting it but this situation should not be reached in practice.

The Director of Business Services, Systems & Change provided additional information in response to points raised by members as follows:

- The increase in the volume of claims undertaken by the Insurance Team referred to in the report was attributable to claims relating to highways issues, which had more than doubled. Extra capacity had been deployed with the aim of addressing demand by the autumn. This was an area where LGSS could be affected by NCC's decision to reduce road maintenance. However, the current pressures did not result from just one area.
- The Business Development team was made up of only two posts, one of which was currently vacant. Its gross expenditure budget was £244,000 as this included some services for schools and the former MKC language service.

The Interim Managing Director (MD) also made the following points:

- She considered that there were further opportunities for LGSS to deliver efficiencies from improving end-to-end processes but this relied on partners being willing to increase standardisation between them.
- Partners' long term commitment to LGSS and local government reorganisation in Northamptonshire were further examples of factors that increased the complexity of LGSS's operating environment and could create challenges.
- The fact that LGSS officers were accountable to the MD rather than to a partner authority chief executives reflected the shared service model and the delegations to LGSS agreed by the partners. Engagement with and accountability to the partners was achieved in various ways, including matrix management of the MD by the partners' chief executives; partners' CFOs sitting on the LGSS Management Board; LGSS business partners' work with service managers; and the role of the JC and JWG. If partners sought to move away from an integrated approach it would reduce LGSS's ability to deliver efficiencies.

Members made the following points during the course of discussion:

- Councillors needed to be confident that assumptions about LGSS's future growth were based on sound business plans.
- LGSS Law Ltd should be subject to a greater degree of scrutiny than the oversight provided by a shareholder board.
- The way in which LGSS operated reflected the decisions taken by the partners to enter a shared service arrangement: delegating functions to a third party involved giving up some direct control.
- LGSS had delivered results. However, it could be useful for the JWG to see an outline of its current organisational structure to consider how it had developed and whether it was as effective as possible.

- The Budget Monitoring report had been improved but it should go beyond financial information and also include key performance indicators.

**AGREED that:**

- The Joint Working Group requests to be provided with an off-agenda written briefing explaining the use of £648,000 from the LGSS partnership contingency to support the delivery of the LGSS savings programme for Milton Keynes Council.**
- The LGSS 2018/19 Budget Update be noted.**

19/18 LGSS Operating Model Review

In respect of this item it was:

**AGREED that:**

- Under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for this item of business on the grounds that if the public were present it would be likely that exempt information under Paragraph 3 of Part 1 of Schedule 12A to the Act would be disclosed to them.**

Following discussion it was:

**AGREED that:**

- The JWG recommends to the LGSS Joint Committee that the future development of LGSS should not depart too far from its current form and it should not over-focus on new business development.**
- The Joint Working Group supports the further development by LGSS of strategic-level key performance indicators.**
- The Joint Working Group agrees the importance of ensuring that its work does not duplicate that of the LGSS Joint Committee.**
- The Joint Working Group identifies pre-decision scrutiny and performance management as key focus areas for its future work.**
- The Joint Working Group recommends that it should be able to hold four meetings per year in future.**

20/18 LGSS Joint Overview & Scrutiny Working Group Work Programme 2018/19

The Democratic Services Assistant Manager presented the report, inviting the JWG to consider the topics it would scrutinise in 2018/19 and the working methods it would use to do so.

The JWG considered the report. Members reiterated the importance of focussing on pre-decision scrutiny and noted that this would mean that its work programme would need to be informed by issues due to be considered by the JC.

The MD highlighted the opportunity for pre-decision scrutiny of a new LGSS Performance Framework and the JWG discussed the potential timing of this. The MD also advised that work would be done to develop the JC's work programme.

The Democratic Services Assistant Manager advised during discussion that the JWG should focus on identifying the topics it wished to scrutinise and then consider how this could best be done. The JWG had considerable scope to decide how it operated: for example, JWG meetings were evenly spaced through the year as a default but the JWG was not obliged to follow this arrangement.

**AGREED that:**

- a) The Joint Working Group meets at the end of September 2018 to carry out pre-decision scrutiny of proposals for a new LGSS Performance Framework.**
- b) The Joint Working Group meets in November / December 2018 to receive a report on progress with the implementation and operation of ERP Gold.**
- c) The Chair of the LGSS Joint Committee be invited to attend the Joint Working Group meeting in November / December 2018 to discuss the development of LGSS and its prospective budget for 2019/20.**
- d) The Joint Working Group requests that once a more extensive work programme for the LGSS Joint Committee has been developed this is shared with the Joint Working Group in order to inform its future scrutiny work.**

There being no further business the meeting concluded at 4.30pm.

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