

LGSS JOINT COMMITTEE: MINUTES

Date: 20th August 2020

Time: 2.00-3.25pm

Place: Meeting held remotely in accordance with The Local Authorities (Coronavirus) (Flexibility of Local Authority Meetings) (England) Regulations 2020

Present: Cambridgeshire County Council (CCC): Councillors Terry Rogers, Chris Boden and Sebastian Kindersley

Milton Keynes Council (MKC): Councillors Robin Bradburn, Peter Geary and Robert Middleton

Northamptonshire County Council (NCC): Councillors Lizzie Bowen, Malcolm Longley and Bob Scott

Others in attendance:

Mark Ashton (Interim Managing Director, LGSS), Dawn Cave (Democratic Services), Justine Hartley (LGSS Head of Business Planning and Finance), Tom Kelly (Deputy Section 151 Officer CCC), Steve Richardson (Section 151 Officer MKC), Dawn Cave (Democratic Services Officer), Barry Scarr (Section 151 Officer NCC),

106/20 NOTIFICATION OF CHAIRMAN

It was resolved to appoint Councillor Robert Middleton on behalf of Milton Keynes Council as Chairman of the Joint Committee for 2020/21.

107/20 NOTIFICATION OF VICE-CHAIRMAN

It was resolved to appoint Councillor Boden (CCC) on behalf of as Vice-Chairman of the Joint Committee for 2020/21.

108/20 DECLARATIONS OF INTEREST

Councillor Boden declared a non-pecuniary interest as a Board Member of LGSS Law Ltd.

109/20 MINUTES – 27th FEBRUARY 2020

The minutes of the meeting held on 27th February 2020 were agreed as a correct record and signed by the Chairman.

Members received the June 2020 iteration of the LGSS Budget Monitoring Report, which had been prepared on the basis of the current budget i.e. a full year of operation, which was unlikely to happen.

In presenting the report, officers highlighted the variance for Operation Services at the end of June was a net underspend position of £346K, which related to £859K shared service underspends, offset for Cambridgeshire and Northamptonshire by £513K pressures on trading arising from the cessation of service provision to Norwich City Council and a reduction in the agreed recharges to the Councils' pension funds. There were also Council specific savings (CCC and NCC, but not MKC).

Members noted the split of the forecast outturn between the three partner councils, which showed a small underspend for both CCC and NCC, and a larger underspend for MKC, which reflected a reasonably healthy position at this stage.

The detail of the LGSS operational budgets under each heading (Finance, HR, IT and Managing Director & Support), including specific pressures, was noted.

Members were reminded that with regard to Reserves, a significant balance (£2.883M) was transferred in to LGSS Reserves last year. Attention was drawn to requests for part of the uncommitted reserves to be used for essential IT upgrades and improvements, detailed in Appendix 2 of the report, which had been considered by the respective Section 151 Officers. The budgets for each of the three authorities were set out in Appendix 3 of the report.

Officers advised that the report no longer provided information on either the capital or managed budget position, as the focus was on revenue in the transition phase. Capital and managed budget information was all reported in constituent Councils' individual financial reports.

Arising from the report, one Member referred to the statement in Appendix 1 relating to the Internal Audit & Risk, £32K of which related to pre-agreed internal recharges "*...not anticipated by the budget manager during the initial budget setting process*". Officers advised that this related to the removal of the Norwich work, and the subsequent reduction of both workload and budget, which had left that team with insufficient funding. However, the team was working hard to reduce costs and make up for the shortfall resulting from the loss of the Norwich contract. In response to a query on the £20K upgrade for Internal Audit software, it was confirmed that this was unrelated to the Norwich issue: it was originally anticipated that the software update would take place in the 2019/20 financial year, when there had been

sufficient budget in Internal Audit. At year end, the Internal Audit budget had been approximately £150K underspent, which had subsequently been swept up in to LGSS Reserves.

A Member expressed concerns about the number of posts currently being held vacant, and the potential impact on service delivery. Officers responded that all Councils carry some vacancies, but that there were currently a significant number of vacancies within LGSS, and whilst officers were unaware of any impact on services, it was not easy for staff. Because reorganisation was imminent, many of these issues would be addressed when services were repatriated to their home Councils. However, economies of scale would be lost at that point, so it was unlikely that it would be feasible for individual Councils to continue with those vacancies on an ongoing basis. It was noted that many of the vacancies were in the central services team.

A correction to the first table in Appendix 2 was noted: the closing balance column should read “31 March 2021”.

A Member expressed concern about the extent of the proposed utilisation of earmarked reserves for IT upgrades and improvements, suggesting that these issues should have been anticipated in the budgeting phase e.g. the expiration of the Disaster Recovery Solution in January 2021. Officers outlined the background to each request, but the Member maintained that these issues should have anticipated and included in the budget setting process. He also suggested that there was a failure to budget for IT costs which could be anticipated.

Another Member observed that the cost of the Disaster Recovery data backup was significant (£976K), and would leave less than £1M in reserves. She asked what was regarded as a safe level of reserves compared to operating costs. Officers confirmed that Section 151 officers were content with the proposal, and the issue of LGSS Reserves was less of an issue as the model was about to change. Each Council had its own reserves, and any remaining LGSS Reserves would be distributed back to the three partner councils.

It was resolved unanimously to:

1. Note the financial monitoring position as at 30th June 2020;
2. Approve the use of LGSS uncommitted reserves to fund essential IT upgrades at a total cost of £976k.

The Committee considered a report updating the Committee on progress with the ERP Gold Programme in 2019/20, which also included a summary of the key deliverables planned for 2020/21.

It was noted that both the BizTalk and ERP Gold Disaster Recovery tests had been postponed due to issues arising from ongoing technical work in the relevant networks. All of the other key deliverables for 2019/20 had been completed, and the key deliverables planned for 2020/21 were noted. The two new Northamptonshire unitaries had decided in February 2020 to use the ERP platform going forward, therefore the timescales for successful implementation were tight, especially as some of the Districts and Boroughs did not have ERP systems. In addition to this pressure, ERP Gold was migrating to the Cloud, and a new Children's Trust for Northamptonshire was being launched in November 2020.

The Chairman noted that staff had worked very hard to reach this stage, and also that the Business Systems Board had expressed their disappointment in the outcome with regard to the Disaster Recovery failover test outcome, but had accepted that the effort required to complete another test would not be best use of resource at this time especially as the migration to Cloud was only three months away. He asked officers if they believed they had sufficient time and resources to complete the Programme. Officers responded that this was not so much about resources, but depended on receiving quality data from Districts and Boroughs in a complete and timely manner and being able to process this data sequentially. If Districts and Boroughs failed to provide the data in time, they may need to operate their legacy systems beyond 1st April 2021, which could have far reaching consequences.

The critical areas in terms of migrating data were Human Resources and Pay, with areas such as Accounts Payable and Accounts Receivable being less of a priority, as the volume of invoices going through Districts and Boroughs was not significant. Whilst it was not critical to have AR and AP on the system from the outset, Payroll was critical, so the focus was on collecting data so that all staff could be paid accurately from Day One.

A Member expressed concerns, given that this was a major project which needed to be achieved in a short space of time, and he felt that the Joint Committee needed to have confidence and have more information, especially on timeframes. Another Member shared those concerns, stressing that the 1st April deadline should not be extended, and noted the risk that one or more Districts or Boroughs may not provide the data in time, and that a tough stance needed to be taken, and any District or Borough that did not meet the deadline would need to use their legacy systems. He also agreed that the Committee should have greater oversight of this process. He

understood the need for a development freeze, and cautioned against that development freeze being extended, but understood that it did de-risk the situation slightly.

Whilst acknowledging the risks of partner organisations not providing data in a timely fashion, a Member asked what would happen if LGSS failed to meet the deadlines. Officers advised that there was no precedent for what they were trying to achieve, with different aspects of the timescales being driven by Ministerial direction and an Act of Parliament respectively, and there was no choice but to go live on 1st April 2021. The project was high risk but that risk was being managed.

It was confirmed that Mark Ashton was the Project Director. Mark assured Members that there was a detailed programme plan which he was happy to share that with the Committee. He reiterated that the decision to use the ERP platform had been taken late by the unitaries, and the Business Systems teams in NCC and CCC were working hard to meet the 01/04/21 deadline, but it was risky, especially given the requirement for provision of data by the Boroughs and Districts, and given that four of the Districts and Boroughs had outsourced payment provider.

The Vice-Chairman summarised the Committee's concerns, stressing the need for Members to be able to ask detailed questions and retain oversight of the programme.

It was resolved unanimously to:

1. Note the update, with the next half yearly ERP Gold Programme update in February 2021
2. Note the Joint Committee's concern, and invite the LGSS Interim Managing Director and S151 officers to propose how the Joint Committee can be updated in a more timely fashion.

112/20

EXCLUSION OF PRESS AND PUBLIC

It was resolved that the press and public be excluded from the meeting for the following item on the grounds that it contained exempt information under Paragraphs 3 and 4 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) and information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

113/20 LGSS BUSINESS TRANSITION MODEL

The Committee considered a progress report on implementing the changes required to create the revised LGSS operating model.

It was resolved unanimously to:

1. Note the contents of this report and progress made to date;
2. Agree the temporary arrangements outlined in section 3 of this report and their impact on the revisions to the financial model and exceptions;
3. Note the contents of the Employee consultation document as set out in section 4 of this report and appendix 3;
4. Note the new operating model and the details of the proposed repatriated and Lead Authority services as set out in section 4;
5. Note and agree the financial impacts of realigning the implementation

114/20 LGSS CUSTOMER PORTFOLIO UPDATE

The Joint Committee considered a report which summarised the status of engagement with existing customers.

It was resolved unanimously to:

1. Note the content of the report;
2. Note the impact of the central functions project managing the exits of NHFT and NCFRA and the associated risks;
3. Note the financial impact of the NHFT exit;
4. Note the contract extension for NBC/NPH has yet to be signed by NBC.
5. approve the formal assessment of resource required to deliver these key customer exits risk and delegate authority to the S151s to finalise an extension to the current exit dates planned for these key roles and associated financial implications of the change.

Chairman