

## **LOCAL GOVERNMENT SHARED SERVICES JOINT COMMITTEE:**

### **MINUTES**

**Date:** 20 November 2014

**Time:** 2.00 – 4.10

**Place:** Suite 2, Stanton House, Huntingdon

**Present:** Cambridgeshire County Council (CCC): Councillors, Paul Bullen, Mac McGuire and Ian Manning

Northamptonshire County Council (NCC): Councillors Bill Parker (Chairman), Graham Lawman and Bob Scott

**Others in attendance:**

Quentin Baker (LGSS Director of Law, Property and Governance), Paul Blanter (Chief Executive, NCC), Matt Bowmer (LGSS Director of Finance), Ian Farrar (LGSS Director of IT Services), John Kane (LGSS Managing Director), Mark Lloyd (Chief Executive CCC), Christine Reed (LGSS Director of People, Transformation and Transactions), Claire Townrow (LGSS Head of Service Assurance, Customers and Strategy), Rob Sanderson (Democratic Services Officer, CCC)

**Apologies:** None

#### **31/14 MINUTES – 18 SEPTEMBER 2014**

The minutes of the meeting held on 18<sup>th</sup> September 2014 were agreed as a correct record and signed by the Chairman.

#### **32/14 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **33/14 LGSS 2014-15 – BUDGET MONITORING**

It was highlighted that in previous financial years there had been a large surplus at year end mainly due to staff turnover, but this was not anticipated in 2014/15. The update from the position reported to the 27<sup>th</sup> June meeting was that the initial forecast of an in-year deficit, due mainly to a shortfall on the trading position, was now being turned around, as managed service underspends were being delivered. As a result, it was now expected that the carry-forward earmarked for smoothing the trading position would not now need to be called on until 2015-16. The current expected full year variance forecast was £298K with the detail provided in the table on page 3 of the report.

It was highlighted that a projected underspend within PTT which would help contribute towards the Next Generation / Smarter Business mobile technology costs over the next 12-18 months.

The update on the 2014-15 budget monitoring position provided the following headline details:

- The Finance Directorate was currently forecasting an underspend of £66k, with the detail set out on page 4 of the officers' report.
- The People, Transformation and Transactions Directorate was now forecasting an underspend of £280k, an increase of £4k over the last month with the detail set out on page 5 of the officers' report.
- The Information Technology Directorate was currently forecasting an underspend of £149k, an increase of £8k on the previous month, with the detail set out on page 6 of the officers' report.
- The Law, Property and Governance Directorate was currently forecasting an underspend of £192k, an increase of £82k on the previous month. It was also highlighted that the Legal Team would struggle to achieve its budgeted surplus of almost £1.5m for the reasons outlined, including the delay of the Iken upgrade and was predicting a year end deficit of £100k. Democratic Services was currently forecasting an underspend of £139k which included additional income generation of £45k. The detail was set out on page 7 of the officers' report.
- Service Assurance, Customers and Strategy was currently forecasting an underspend of £19k, a decrease of £7k on the previous month, with the detail set out on page 8 of the officers' report.
- Northamptonshire County Council was forecasting an underspend of £190k within the budgets managed by LGSS on their behalf.
- Northampton Borough Council was forecasting an overspend of £57k on insurance within the budgets managed by LGSS on their behalf due to the increase in the cost of premiums with budgets having been adjusted accordingly.
- Cambridgeshire County Council was forecasting an overspend of £912k within the budgets managed by LGSS on their behalf, the overspend mainly in the Property Operations section with the detail as set out on page 11 of the officers' report.

A confidential paper provided details of the Strategic Management / Trading position on the service provision provided to NBC Norwich, Huntingdonshire and East Northamptonshire.

Resolved to:

1. Note the financial monitoring position as at 30 September 2014.
2. Note the position on the use of 2013-14 carry-forwards.

## **34/14 2015-16 BUDGET PLANNING**

### **a) Update on the Service Reviews**

On oral update indicated that in respect of the 2015/16 Budget planning underway to deliver further efficiencies of £999k, £650k of the required target had been allocated across services, with the balance notionally to be allocated across directorates following the service reviews in progress. It was reported that Finance had already had a productive meeting with Cambridgeshire County Council's (CCC) Strategic Management Team to go through with directorates the details of the savings, and the same would now take place with Northamptonshire's Senior Management Team. In terms of the additional trading surplus target of £926k, there was currently a £472k shortfall on trading lines.

It was indicated that there could be a £600k swing either way in 2016/17 depending on current negotiations with other potential partners.

It was resolved:

To note the oral update provided.

### **b) IT Contract Update**

An oral update provided by Ian Farrar reported on the successful re-negotiation of the mobile phone contract which had achieved a 70% plus saving. 30% of the saving was to be shared between CCC and NCC, leaving 70% with services. In conjunction with Sue Grace he would be looking at further savings opportunities with other suppliers. Praise was given for the excellent presentation at the earlier partnership meeting providing details of the new contract.

In reply to a question on whether the new contract would result in new phones being issued, this would be the case, but only when existing contracts had ended.

There was also an update of a discussion which had taken place between Mark Lloyd, Ian Farrar and the Managing Director of Virgin Media, the latter of whom had been left in no doubt of the future requirement for the company to demonstrate a vastly improved timely response service to problems arising, as previous response times had been completely unacceptable.

It was resolved:

To note the oral update provided.

## **35/14 RISK REGISTER AND SUMMARY REPORT**

The Committee received a briefing note on the approach to LGSS risk management and provided a summary of the cross directorate corporate risks faced by LGSS, that were owned by the LGSS Management Board. Appendix 1 of the report provided a copy of the LGSS Corporate Risk Register with the cover report explaining the risk management

process used, including how risks were identified, assessed and the triggers for the Management Board initiating action. It was highlighted that there were currently no red residual risks.

With reference to the Risk Register and the Red, Amber, Green (RAG) rating detail provided, there was a request to ensure future reports were either reconfigured by the report author so that they could be read in black and white or Democratic Services should ensure the relevant pages were printed in colour. **Action: Ruth Yule Democratic Services.**

In discussion, reference was made of the need to consider a specific risk going forward for LGSS to be able to respond in a timely manner to continued austerity measures recognising the scale and scope of change, which included clients moving from being monolithic entities to smaller individual service providers and ensuring appropriate LGSS service provision going forward. Officers were asked to consider if there was a requirement for its own separate entry, possibly as a new A3, or a heading under B1 with a title such as "Responding to the changing shape partners and how this was managed". **Action: Matt Bowmer.**

It was resolved to note the report.

#### **36/14 LGSS ANNUAL AUDIT LETTER 2013/14**

The Joint Committee received details the Annual Audit Letter provided by KPMG for 2013/14 summarising the key findings from the LGSS Audit. It was highlighted that on 25<sup>th</sup> September KPMG had issued an unqualified opinion on both the 2013/14 financial statements and the value for money conclusion on the LGSS Annual Report. This was ahead of the 30th September statutory deadline and had been recognised as a significant achievement.

It was explained that going forward, there would not be a legislative requirement to produce accounts for LGSS. The Joint Committee however agreed, that with the scale of the business, for transparency reasons this was something that should be continued, as it was important to be able to show external audit assurance.

In relation to the planned fee of £22,900, it was noted that this had increased to a final figure of £26,770 due to the additional work undertaken in respect of the presentation of the financial statements to ensure full compliance with the CIPFA Code. Following on, a question was raised regarding whether this cost could be reduced in future years by producing simpler accounts. In reply it was indicated that the format had now been agreed, but officers would continue to negotiate for future lower fees.

It was resolved unanimously to:

To note the content of the KPMG Annual Audit Letter 2013-14.

#### **37/14 EXCLUSION OF PRESS AND PUBLIC**

The Committee resolved that the Press and Public be excluded from the meeting for the

following item of business on the grounds that it 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 this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)).

#### **38/14 LGSS MANAGING DIRECTOR UPDATE**

John Kane set out updates in relation to various options being pursued to achieve the savings further efficiencies required.

#### **39/14 UPDATE REPORT ON THE PROJECT TO ESTABLISH A COMPANY FOR PROVISION OF LEGAL SERVICES (LGSS LAW LTD)**

The Joint Committee received a report updating it on the progress made on the ABS project to establish a company for the provision of legal services.

It was resolved unanimously to:

- i) Endorse the content of the Articles as agreed by the LGSS Managing Director in consultation with the Chair and Vice Chair of the Joint Committee, LGSS Finance and the Director of People, Transformation and Transactions and as Appendix A attached to the officers report.
- ii) Note the content of the update report including the newly emerging risks.
- iii) Agree to go ahead with the formation of the LGSS Law ABS Company as soon as possible.

#### **40/14 FUTURE AGENDA ITEMS**

It was resolved to receive reports at the next meeting on:

- IT Update – a report from LGSS Director of IT Services
- Wellingborough Update - a report from the Director of People, Transformation and Transactions.
- Revenue and Benefits Negotiations - a report from the Director of People, Transformation and Transactions.

Chairman