

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

**SHARED SERVICES – DELEGATION OF FUNCTIONS TO THE JOINT
COMMITTEE ON SHARED SERVICES**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To formally authorise the arrangements for the joint committee on shared services and to delegate to the Monitoring Officer the tasks of making all necessary consequential amendments to the Council's Constitution and to enter into a legal agreement to underpin the shared services programme.

2. BACKGROUND INFORMATION

- 2.1 The shared services initiative between North and North East Lincolnshire Councils has grown out of the need to provide efficient and effective support services at minimum cost in order to protect frontline services to local people within Northern Lincolnshire. Shared services had initially been established between the two councils for local taxation and benefits, procurement, print and insurance (the latter also involving the East Riding of Yorkshire Council). These had all proved successful and in January/February 2015 both councils decided to extend the arrangements into a full back office service incorporating information technology, finance, internal audit, human resources and legal services.
- 2.2 Initially governance of the project had been via a board (made up of senior officers from each council) and monthly work stream sub boards composed of managers (work stream leads) from each council. Initial oversight of progress had been via the respective cabinet members and in July and August of 2015 both councils agreed that a joint committee should be established to govern the delivery of the shared services between the two authorities pursuant to Sections 101 and 102 of the Local Government Act 1972 (as amended) and Sections 9EA and 9EB of the Local Government Act 2000 (as amended) and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. Both councils agreed their membership of the joint committee together with governance and constitutional arrangements

including terms of reference etc. Meetings of the joint committee have been held in October and December 2015 and January 2016.

3. ISSUES FOR CONSIDERATION

- 3.1 As the range of functions covered by the shared service now encompasses both executive (e.g. legal) and non-executive (e.g. finance) to ensure that it can properly discharge its delivery role, the joint committee on shared services requires both sets of functions to be delegated to it by both the council and cabinet of each council. Such delegations must be carried out in line with both councils constitutions, the Local Government Acts 1972 and 2000 and the 2012 Regulations which also require that mixed function joint arrangements, such as these, must be approved by the council "with the agreement of the executive" and the council's three appointees also need to be authorised as part of the arrangements.
- 3.2 The proper delegation of functions to the joint committee will then enable that committee to sub-delegate the functions to heads of service and their staff, manage the risks arising from the shared services agenda and ultimately enable both councils to realise the efficiencies arising from the shared service programme. The scope of the functions to be delegated is set out in Appendix 1 and the Terms of Reference of the joint committee at Appendix 2. It should be noted that whilst the procurement services will be operated jointly, procurement decisions will be retained by both councils through their existing structures and procedures. It is proposed that the staff in the services delivered through the joint arrangements are retained in employment by their current employer, but placed at the disposal of both councils pursuant to Section 113 of the Local Government Act 1972 through the new structures that will be adopted for the management and delivery of the services.
- 3.3 The joint committee will be required to approve the business plans for the shared services. Management and oversight of service delivery will be led through a Shared Services Partnership Board comprising three senior officers nominated by each of the councils that will report to the joint committee and produce an annual report for members' consideration.
- 3.4 A legal agreement is currently being developed by both councils to underpin the shared services arrangements and the intention is that it will be in place by 1 April 2016 and will operate for an initial term of five years and then on a three year rolling basis. Both councils will be considering a report of this kind at both their cabinet and council meetings.

4. OPTIONS FOR CONSIDERATION

- 4.1 It is essential that the proper delegation of the functions referred to in this report are approved to empower the joint committee to deliver the shared services and a legal agreement is completed to underpin the arrangements.

5. ANALYSIS OF OPTIONS

- 5.1 The legal requirements of the proposals are as outlined above and as such present the only viable option for consideration.

6. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

6.1 Financial

The costs of the external legal advice are to be borne from the funding secured by the above mentioned TCA Award and there are no other financial implications associated with this report.

Different cost sharing arrangements for each service are proposed for each of the services that will be managed through the joint committee and these are in the process of being firmed up through the officer board mentioned above, for example the costs of some services are shared on a percentage basis, whereas others are based on usage.

6.2 Staffing

The staffing implications associated with this report will be discussed through the joint consultative committee.

6.3 Property

There are no property implications other than those that will be addressed in the legal agreement.

6.4 Information Technology

There are no IT implications other than those that will be addressed in the legal agreement.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 7.1 An integrated impact assessment has been carried out for the shared services programme and no adverse issues have been highlighted.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED

8.1 This report has been compiled following detailed discussions with the external solicitors that have been engaged to settle the legal agreement that will underpin the shared services programme, the Monitoring Officers of both councils and the Shared Services Project Board.

9. RECOMMENDATIONS

- 9.1 That council notes the progress of the shared services initiative and the legal agreement that is being developed thereunder.
- 9.2 That council approves the arrangements set out in this report including the delegation of any non-executive functions to the joint committee and confirms the appointments of Councillors Baroness Redfern, Hannigan and C Sherwood as members of the joint committee.
- 9.3 That council authorises the Monitoring Officer to approve the terms of the legal agreement and make all the required amendments to the council's Constitution to reflect the delegations, role and function of the joint committee on shared services, together with all ancillary matters required thereto to enable that committee to function in line with the final legal agreement to be signed by both councils.

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Background Papers used in the preparation of this report – Reports of the joint committee on shared services.

APPENDIX 1

Functions to be delegated to the Joint Committee for delivery of the Shared Services

Local Taxation and Benefits
Procurement
Print and Publications
Information Technology
Legal Services
Human Resources
Finance, comprising financial services and
Internal Audit, Risk, Fraud and Insurance

Appendix 2

TERMS OF REFERENCE FOR THE JOINT COMMITTEE GOVERNING SHARED SERVICES BETWEEN NORTH LINCOLNSHIRE COUNCIL AND NORTH EAST LINCOLNSHIRE COUNCIL (the 'Councils').

WHEREAS:

1. North Lincolnshire Council and North East Lincolnshire Council (Councils) have developed a shared back office hub to deliver services in the areas of Local Taxation and Benefits, Procurement, Digital Print Service, Insurance, Human Resources, Legal Services, Information Technology, Internal Audit and Finance (the Shared Services);
2. The Councils wish to establish a Joint Committee to govern the delivery of the Shared Services pursuant to Sections 101 and 102 of the Local Government Act 1972 (as amended) and Sections 9EA and 9EB of the Local Government Act 2000 (as amended); and
3. Each of the Councils empowers the Joint Committee to deliver on their behalf the Joint Committee Services together with such other functions as the respective Councils may from time to time decide:
 - (i) Oversee and provide strategic direction for the development, implementation and on-going operation of the Shared Services;
 - (ii) Ensure the effective delivery of the Shared Services including all operational matters and information necessary for each Council's decision making processes;
 - (iii) Monitor and review the effectiveness of the delivery of the Shared Services and make recommendations to the Councils e.g. in the event of any changes to legislation, developments in best practice or requirements imposed by the Councils;
 - (iv) On an annual basis, agree a four year Commissioning and Business Strategy for including, but not limited to:
 - Service delivery, service development & financial objectives
 - Performance improvement & efficiency targets
 - Staffing
 - Business continuity planning
 - Risk management;
 - (v) Set annual capital, revenue and staffing budgets for the Shared Services and no later than early December in each year submit these to the Councils for approval as part of the business plan;
 - (vi) Monitor the operational performance of the Shared Services on a quarterly basis
 - (vii) Ensure service delivery is in accordance with the key performance indicators and agreed national, regional and local priorities;
 - (viii) Ensure effective action is taken to remedy any under-performance in the

delivery of the Shared Services;

(ix) Monitor the financial performance of the Shared Services – quarterly report and monthly updates;

(x) Produce an annual report to the Councils by no later than 30th June in each year covering the performance of the Shared Services in the 12 month period ending on the preceding 31st March;

(xi) Co-operate with and participate in Overview and Scrutiny exercises of the Councils into the activities of the Shared Services;

(xii) Review the operation and effectiveness of the Shared Service arrangements at least every two years, consider ways in which the Shared Services can be expanded and make recommendations to the Councils as appropriate;

(xiii) Approve all staffing matters relevant to the Shared Services;

(xiv) develop and approve a common set of Information Technology technical standards across the Councils; and

(xv) Agree a Shared Services Agreement between the Councils.

(xvi) Save unless provided in these Terms of Reference, all other decisions arising from, or in connection with, the Shared Services shall be taken by each Council in accordance with their existing decision making processes.