

## **NORTH LINCOLNSHIRE COUNCIL/NORTH EAST LINCOLNSHIRE COUNCIL**

### **JOINT COMMITTEE FOR SHARED SERVICES BETWEEN NORTH LINCOLNSHIRE AND NORTH EAST LINCOLNSHIRE COUNCILS**

## **TRANSFORMATION AND SHARED SERVICES - THE JOINT COMMITTEE ON SHARED SERVICES**

### **1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To note the positive progress being made to implement the shared back office services between North Lincolnshire and North East Lincolnshire Councils including the establishment of this joint committee.
- 1.2 To consider the detailed arrangements for the operation of the Joint Committee.

### **2. BACKGROUND INFORMATION**

- 2.1 The shared back office 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. Both organisations have priorities focussed on building a strong economy and supporting communities that are resourceful and resilient and able to do more for themselves. Our shared service model supports these ambitions by creating a flexible and expert support function to front line service delivery. This will free front line resources to work more directly with businesses and communities to create the conditions that support our wider organisational aims that include:

- Increased investment and job creation
- Improved skills and educational attainment
- Support the development of safer and stronger communities
- Improved local health and wellbeing

The new service model will be more efficient, will use resources more effectively and will be more adaptable to changes locally, regionally and nationally. Whilst the overall impact of the new model will be a leaner operation, the long term sustainability of the services will be secured by the “expert” and flexible nature of our model.

- 2.2 We have a history of working together and a proven track record. Shared services have already been established between the two councils for local taxation and benefits, procurement, print and insurance (with the latter also involving the East Riding of Yorkshire Council). These all operate successfully. In January/February 2015, a decision was taken to extend the arrangements into a full back office service. Arrangements are therefore being developed to implement shared services for information technology, finance, internal audit, human resources and legal services. These will also include member development and training and graphic design/publications.
- 2.3 Following the decision to proceed in January/February, each of the above services have produced business plans that set out in detail how each service will be structured, how it will deliver the joint service, what investment needs there are, how the target savings will be achieved, how stakeholders needs will be met, etc. So far, governance of the project has been via a board made up of officers from each council, and work stream sub boards composed similarly for each of the five services referred to above. Oversight of the development has been via the relevant cabinet member at each council.
- 2.4 At its meeting held on 14 July 2015, North Lincolnshire Council's Cabinet considered a detailed report on transformation and shared services. A similar report was considered by North East Lincolnshire Council's Cabinet on 12 August 2015. Both councils have therefore agreed to establish a Joint Committee 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 19 and 20 of the Local Government Act 2000 (as amended). A copy of the reports considered by each council are attached as appendices to this report.
- 2.5 It is now necessary for the Joint Committee to consider its membership, governance and constitutional arrangements and the way it will operate on a practical level into the future.

### **Membership**

- 2.6 The Joint Committee will consist of three members from each of the two council's cabinets, membership is as follows:

North Lincolnshire Council has appointed:

- the Leader of the Council, Councillor Baroness Mrs Liz Redfern
- the Cabinet Member for Policy and Finance, Councillor Richard Hannigan
- and the Cabinet Member for Customer Services, Sport and Leisure, Councillor Carl Sherwood

North East Lincolnshire Council has appointed:

- the Cabinet Member for Finance and Resources, Councillor Matt Patrick
- the Cabinet Member for Leisure, Citizens and Public Protection, Cllr Terry Walker
- and the Cabinet Member for Environment, Tourism and Visitor Economy Cllr Dave Watson.

Substitutes are permitted in line with the rules for conduct of meetings and proceedings of the joint committee.

The first Chairman of the Joint Committee has been appointed by North Lincolnshire Council and will hold office for the period to 31 May 2017. The Chairman is Councillor Baroness Liz Redfern. Thereafter, the chairmanship will rotate between North Lincolnshire Council and North East Lincolnshire Council on an annual cycle. The Joint Committee will also appoint one of its members to be vice chairman. The vice-chairman will be a member nominated by North East Lincolnshire Council and will also hold office for the period up to 31 May 2017. Thereafter in line with the chairmanship of the Joint Committee this will rotate between the two councils on an annual cycle.

### **Terms of Reference**

- 2.7 The terms of reference, functions, and rules of conduct for proceedings of the Joint Committee have been approved by both councils and each council has empowered the Joint Committee to deliver on their behalf these functions. A copy of the terms of reference, functions and rules for conduct of meetings and proceedings of the Joint Committee are incorporated in the reports attached as appendices to this report.

### **Frequency of Meetings**

- 2.8 At the meeting of the Joint Officer Board held on 27 July it was proposed that meetings of the Joint Committee be held initially on a monthly basis up to and including early January 2016, reflecting the level and urgency of business necessary to achieve implementation in April, 2016, and that thereafter meetings should be on a quarterly basis. A timetable of meetings with key dates for the preparation of reports briefings etc has been prepared and it is recommended that the Joint Committee approve the timetable. Meetings have been aligned to fit the dates of meetings of the Joint Officer Board. (A copy of the timetable of meetings is attached to this report)

### **Briefing Meetings**

- 2.9 It was also proposed at the meeting of the Joint Officer Board that briefing meetings for members of the Joint Committee should be held jointly prior to the formal meetings of the committee but that each council should also make their own arrangements for individual briefings through council management teams, cabinet teams, leadership teams etc. Suggested dates for briefings have been included in the timetable referred to in paragraph 2.8 above.

### **Preparation of Reports/Report format**

- 2.10 The Officer Board also agreed that reports for the Joint Committee should be in the format used by the council providing the secretariat role. Initially, the secretariat will be provided by North Lincolnshire Council until 31 May 2017, which aligns with the appointment of the chairman of the Joint Committee. When the chairmanship of the Joint Committee passes to North East Lincolnshire Council the secretariat will then be provided by that council. Appropriate reports on issues to be discussed by the Joint Committee will be provided by officers from both councils working through the Joint Officer Board which will support the work of the Joint Committee.

### **Dealing with Urgent Business**

- 2.11 It will be necessary to consider a mechanism for dealing with urgent business required by the Joint Committee. It is suggested that the Chairman and Vice-Chairman be authorised to determine any matters of urgent business that may arise and report such decisions to subsequent meetings of the Joint Committee.

### **Standing Orders/Procedure Rules**

- 2.12 The Joint Officer Board also recommended that the standing orders/procedure rules of the council providing the secretariat should be used for meetings of the Joint Committee. In the first instance therefore North Lincolnshire Council's Procedure Rules will be used to regulate the conduct of meetings of the Joint Committee.

### **Access to Information**

- 2.13 As a Joint Committee set up under the requirements of the Local Government Act 1972 (as amended) and the Local Government Act 2000 (as amended) meetings will be held in public and will be governed by the access to information arrangements nationally in place. This will include the arrangements for dealing with items containing exempt information provided that the usual notice periods have been given etc., in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

### **Treasurer to the Joint Committee**

- 2.14 The role of Treasurer to the Joint Committee will be provided by North Lincolnshire Council. Appropriate reports will be submitted as necessary to monitor financial progress.

### **Other Issues**

- 2.15 Consideration will need to be given to the potential future reports to be considered by the joint committee. These will include reports relating to staffing structures and a forward plan of reports/decisions required. Consideration will also need to be given to the name and branding for the shared service. A report setting out a forward plan of actions for the Joint Committee is elsewhere on this agenda.

## **3. OPTIONS FOR CONSIDERATION**

- 3.1 The one option is to note the progress made with the implementation of the shared back office services with North East Lincolnshire Council and to approve the proposals and contents of this report.

## **4. ANALYSIS OF OPTIONS**

- 4.1 To note the progress made as detailed above.

**5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 The shared back office services are planned to begin on 1 April 2016. The financial implications can be summarised as combined savings for both councils of £12.6m over a 10 year period. The savings result from a joint investment of £2.5m of which £1.9m is provided by the TCA award.

**6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT**

6.1 An Integrated Impact Assessment has been carried out and no adverse issues were highlighted.

6.2 Potential impacts will continue to be explored and monitored by the shared services programme risk register.

**7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED**

7.1 Discussions have taken place with management, staff and trade unions.

7.2 No conflicts of interest have been declared.

**8. RECOMMENDATIONS**

8.1 It is recommended that the Joint Committee notes the positive progress being made to implement the shared back office services between North Lincolnshire and North East Lincolnshire Council with effect from 1 April 2016.

8.2 That the Joint Committee approve the proposals/methods of working as detailed in the report including the timetable of meetings and briefings for the future.

8.3 That the Chairman and Vice Chairman be authorised to determine any matters of urgent business that may arise and report such decisions to subsequent meetings of the Joint Committee.

**REPORT FROM THE SHARED SERVICES BOARD**

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Ashby Road  
SCUNTHORPE  
North Lincolnshire  
DN16 1AB  
Author: Mel Holmes  
Date: 3 August 2015

**Background Papers used in the preparation of this report - Nil**

## **NORTH LINCOLNSHIRE COUNCIL**

### **CABINET**

#### **TRANSFORMATION AND SHARED SERVICES**

##### **1. OBJECT AND KEY POINTS IN THIS REPORT**

1.1 To update Cabinet with progress made on the establishment of a shared back office service with North East Lincolnshire Council.

1.2 To seek Cabinet approval to set up a Joint Committee of North and North East Lincolnshire Councils to oversee the full range of Shared Services that have been set up.

1.3 The key points are:

- Both councils approved the setting up of shared back office services in January and February 2015
- Following that decision, a Memorandum of Understanding was signed as the legal basis for the shared service going forward
- It is envisaged that the implementation of this shared services programme will achieve combined savings of £12.6m over a 10 year period, enabling both councils to protect essential front-line services.
- The savings result from a joint investment of £2.5m including the £1.9m provided from the successful TCA bid.
- Good progress has been made with the project and it remains on track for implementation on 1 April 2016
- Governance arrangements now need to be formalised with the setting up of a Joint Committee.

##### **2. BACKGROUND INFORMATION**

2.1 The shared back office 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 front line services to local people. Shared Services have already 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 have all proved successful and in January and February 2015 the decision was taken to extend the arrangements into a full back office service.

Arrangements are now being developed to implement shared services for Information Technology, Finance, Internal Audit, Human Resources and Legal Services.

- 2.2 However Shared Services provide more than cost savings and efficiencies. Bringing together the services from two councils provides robustness and resilience, the ability to 'learn it once, use it twice', to share skills, best practice and knowledge, and to create a centre of expertise that enables future expansion or commercial development. It is therefore a positive development agenda which will deliver further benefits in future.
- 2.3 Following the decision to proceed in January/February, each of the five shared services now being developed have produced business plans that set out in detail how each service will be structured, how it will deliver the joint service, what investment needs there are, how the target savings will be achieved, how stakeholder needs will be met, etc. 'Stress testing' of the proposals has taken place to set service standards, to ensure that a consistent level of service can be delivered across both councils, and that each council's financial contribution is consistent with this. External assurance has been sought from external specialists who have provided challenge and comment on the proposals. The resulting proposals are considered to be robust and deliverable. 'Pen pictures' of each of the Shared Services are attached at Appendix 1.
- 2.4 As the project has proceeded it has become apparent that some 'tidying up' of minor functions is necessary, particularly where they are currently proposed for inclusion at one council but not the other. It is therefore proposed that Member Training and Graphic Design/Publications at this council will become part of the relevant Shared Services operation. The potential exists for other services to be added in future and this will be kept actively under review.
- 2.5 So far, governance of the project has been via a Board made up of officers from each council, and workstream sub-boards composed similarly for each of the five services. Oversight of the development has been via the relevant cabinet member at each council.
- 2.6 It is now considered necessary to strengthen the governance for the project, the following model is proposed which allows services to continue to be made available internally but provided more efficiently:
  - a joint committee of the two councils will oversee the shared services, meeting quarterly to guide strategy, ensure achievement and provide direction
  - the joint committee will comprise three members from each cabinet, appointed by the respective Leaders of each council, with the chairman's role alternating between councils on an annual basis

- this will be supported by an officer board, meeting monthly to oversee service delivery and support the joint committee
- each shared service will be led by an officer appointed jointly by each council
- they will report to strategic management in each council (existing Assistant Directors at NLC)
- other staff within the shared service will retain their existing terms and conditions
- It is not envisaged that either council will take the role of 'lead' partner, the shared service being of two equal partners

2.7 This follows models used in other councils (notably 'Onesource' at Newham and Havering), and builds on our own experience of shared services with North East Lincolnshire Council in Local Taxation and Benefits and Procurement.

2.8 The Shared Service is structured so that it delivers all appropriate advice and operational matters to the senior management structure of each council. This means that most decision making in the area of each shared service remains with each council, and the Terms of Reference for the joint committee attached at Appendix 2 reflect this. Minor amendments to the delegations to the cabinet member for Policy and Finance are necessary as a consequence, including the expectation that the cabinet member for Policy and Finance would have a place on the joint committee.

2.9 Governance arrangements are sufficiently simple and flexible to enable a robust exit strategy if required.

### **3. OPTIONS FOR CONSIDERATION**

#### **3.1 Option 1**

To note the progress made with implementation of the shared back office services with North East Lincolnshire Council, and to approve the Terms of Reference as set out at Appendix 2.

#### **3.2 Option 2**

To note the progress with the implementation of the shared back office services with North East Lincolnshire Council and to consider alternative service delivery or governance arrangements.

### **4. ANALYSIS OF OPTIONS**

#### **4.1 Option 1**

Noting the progress made with the establishment of shared back office services with North East Lincolnshire Council gives cabinet the confidence that the required efficiencies and budget savings identified can be achieved, services will continue to be efficient and effective, and they will meet the conditions of the TCA award. Approving the

proposed governance arrangements will enable the shared services to be implemented on time in a cost effective manner.

#### 4.2 Option 2

Consideration of alternative governance arrangements at this stage in the project is likely to result in delays to the achievement of budgeted savings and additional costs, thereby impacting adversely on the approved financial plan.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, ICT)**

- 5.1 The shared back office services are planned to begin on 1 April 2016. The financial implication can be summarised as combined savings for both councils of £12.6m over a 10 year period. The savings result from a joint investment of £2.5m of which £1.9m is provided via the TCA award.
- 5.2. The TCA bid envisages savings of approximately £0.6m per annum for North Lincolnshire from 2017/18, and a similar amount at North East Lincolnshire Council. Savings in 2016/17 are lower as they are offset by contribution to costs of £0.3m by each council. Both councils are also seeking further savings as part of their financial planning from 2017 onwards
- 5.3 The council can be confident that these efficiencies will be achieved from the experience of previous shared services implemented between North Lincolnshire Council and North East Lincolnshire Council. For example, Local Taxation and Benefits has achieved the £1.2m savings target set and is now actively seeking more. Procurement continues to achieve significant savings from external contracting. Also, both councils have already achieved efficiencies of between 20% and 30% in back office services since 2010.
- 5.4 The costs of the programme have now been considered and business planning shows they can be met within the proposed joint investment of £2.5m. The key elements are;
- ICT investment to deliver core systems that are common to both organisations and that will facilitate joint working or systems that are specific to particular elements of the shared service, £1.2m
  - workforce related, £0.7m
  - programme management and transition team costs, £0.6m
- 5.5 Regarding property, the shared services will continue to occupy the office accommodation they use at present but with changed configuration. Agile working principles will be employed wherever possible to ensure both councils are serviced efficiently. Some joint teams will need to be located at one council and also work at the other council's sites. Overall a similar proportion of staff will be located within each council area as now, to preserve existing economic benefits.

5.6 The ICT implications of shared back office services have been outlined in appendix 1.

## **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENTS (IF APPLICABLE)**

6.1 An integrated impact assessment has been carried out and no adverse issues were highlighted.

6.2 Potential impacts will continue to be explored and monitored via the shared service programme's risk register.

## **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED**

7.1 Informal discussions have taken place with management, staff and unions.

7.2 No conflicts of interest have been declared.

## **8. RECOMMENDATIONS**

8.1 It is recommended that Cabinet notes the positive progress being made to implement shared back office services with North East Lincolnshire Council with effect from 1 April 2016

8.2 It is recommended that a Joint Committee is established to oversee the Shared Service arrangements and deliver the functions under the terms of reference as set out at Appendix 2

8.3 The Chief Executive, in consultation with the Leader, be authorised to make all necessary consequential amendments to the delegations relating to the cabinet member for Policy and Finance

8.4 It is recommended that Member Training and Graphic Design/Publications become part of the Shared Services programme

8.5 A further progress report be brought to a future meeting

**DIRECTOR OF POLICY AND RESOURCES**

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Author: Mike Wedgewood  
Date: 24 June 2015

**Background Papers used in the preparation of this report**

Exempt

**CABINET**

<b>DATE</b>	12th August 2015
<b>REPORT OF</b>	Cllr Patrick, Portfolio Holder for Finance and Resources
<b>RESPONSIBLE OFFICER</b>	Sally Jack - Assistant Director Joint Delivery
<b>SUBJECT</b>	Shared Services Governance Arrangements
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	FP 07/15/01

**CONTRIBUTION TO OUR AIMS**

The purpose of this report is to update Cabinet with progress made on the establishment of a shared back office service with North Lincolnshire Council and to seek Cabinet approval to set up a Joint Committee of North East and North Lincolnshire Councils to oversee the full range of shared services.

Both councils approved the setting up of shared back office services in January and February 2015. Following that decision, a Memorandum of Understanding was signed as the legal basis for the shared service going forward. It is envisaged that the implementation of this shared services programme will achieve combined savings of £12.6m over a 10 year period, enabling both councils to protect essential front-line services. The savings result from a joint investment of £2.5m including the £1.9m provided from the successful Transformation Challenge Award (TCA) bid. Good progress has been made with the project and it remains on track for implementation on 1 April 2016. Governance arrangements now need to be formalised with the setting up of a Joint Committee.

**EXECUTIVE SUMMARY**

To update Cabinet with progress made on the establishment of a shared service with North Lincolnshire Council.

To seek Cabinet approval to set up a Joint Committee of North East and North Lincolnshire Councils to oversee the full range of shared services that have been set up.

**RECOMMENDATIONS**

It is recommended that Cabinet notes the positive progress being made to implement shared back office services with North Lincolnshire Council with effect from 1 April 2016

It is recommended that a Joint Committee is established to oversee the shared service arrangements and deliver the functions under the terms of reference as set out at Appendix 2.

The Chief Executive, in consultation with the Leader, be authorised to make all necessary consequential amendments to the delegations relating to the Portfolio Holder for Finance and Resources.

A further progress report will be brought to a future meeting.

## **REASONS FOR DECISION**

Noting the progress made with the establishment of shared back office services with North Lincolnshire Council gives cabinet the confidence that the required efficiencies and budget savings identified can be achieved, services will continue to be efficient and effective, and they will meet the conditions of the TCA award. Approving the proposed governance arrangements will enable the shared services to be implemented on time in a cost effective manner.

### **1. BACKGROUND AND ISSUES**

- 1.1 The shared back office services initiative between North East Lincolnshire and North Lincolnshire Councils has grown out of the need to provide efficient and effective support services at minimum cost in order to protect front line services to local people. Shared services have already 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 have all proved successful and in January and February 2015 the decision was taken to extend the arrangements into a full back office service. Arrangements are now being developed to implement shared services for Information Technology, Finance, Internal Audit, Human Resources and Legal Services.
- 1.2 However, shared services provide more than cost savings and efficiencies. Bringing together the services from two councils provides robustness and resilience, the ability to 'learn it once, use it twice', to share skills, best practice and knowledge, and to create a centre of expertise that enables future expansion or commercial development. It is therefore a positive development agenda which will deliver further benefits in future.
- 1.3 Following the decision to proceed in January/February, each of the five shared services now being developed have produced business plans that set out in detail how each service will be structured, how it will deliver the joint service, what investment needs there are, how the target savings will be achieved, how stakeholder needs will be met, etc. 'Stress testing' of the proposals has taken place to set service standards, to ensure that a consistent level of service can be delivered across both councils, and that each council's financial contribution is consistent with this. External assurance has been sought from external specialists who have provided challenge and comment on the proposals. The resulting proposals are considered to be robust and deliverable. 'Pen pictures' of each of the shared services are attached at Appendix 1.
- 1.4 The potential exists for other services to be added in future and this will be kept actively under review.

- 1.5 So far, governance of the project has been via a Board made up of officers from each council, and workstream sub-boards composed similarly for each of the five services. Oversight of the development has been via the relevant cabinet member at each council.
- 1.6 It is now considered necessary to strengthen the governance for the project. The following model is proposed which allows services to continue to be made available internally but provided more efficiently:
- a joint committee of the two councils will oversee the shared services, meeting quarterly to guide strategy, ensure achievement and provide direction
  - the joint committee will comprise three members from each cabinet, with the chairman's role alternating between councils on an annual basis
  - this will be supported by an officer board, meeting monthly to oversee service delivery and support the joint committee
  - each shared service will be led by an officer appointed jointly by each council
  - they will report to strategic management in each council
  - other staff within the shared service will retain their existing terms and conditions
  - it is not envisaged that either council will take the role of 'lead' partner, the shared service being of two equal partners
- 1.7 This follows models used in other councils (notably 'Onesource' at Newham and Havering), and builds on our own experience of shared services with North Lincolnshire Council in Local Taxation and Benefits and Procurement.
- 1.8 The shared service is structured so that it delivers all appropriate advice and operational matters to the senior management structure of each council. This means that most decision making in the area of each shared service remains with each council, and the terms of reference attached at Appendix 2 reflect this. Minor amendments to the delegations to the Portfolio Holder for Finance and Resources are necessary as a consequence, including the expectation that the Portfolio Holder for Finance and Resources would have a place on the joint committee.
- 1.9 Governance arrangements are sufficiently simple and flexible to enable a robust exit strategy if required.

## **2. RISKS AND OPPORTUNITIES**

- 2.1 A full risk and opportunities register for the shared services programme has been compiled using the council's risk and opportunities management framework.
- 2.2 Potential impacts will continue to be explored and monitored via the shared service programme's risks and opportunities register.
- 2.3 Consideration of alternative governance arrangements at this stage in the project is likely to result in delays to the achievement of budgeted savings and additional costs, thereby impacting adversely on the approved financial plan.

2.4 An integrated impact assessment has been carried out and no adverse issues were highlighted.

### **3. OTHER OPTIONS**

3.1 Not to note the progress made with the establishment of shared back office services with North Lincolnshire Council. This will result in the cabinet not having the confidence that the required efficiencies and budget savings identified can be achieved.

3.2 To not approve the proposed governance arrangements. This will result in the shared services failing to be implemented on time and in a cost effective manner.

### **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

4.1 There are potential positive reputational implications for the council resulting from the decisions outlined in this report.

4.2 An action plan will be agreed with the council's communications service covering any statutory/consultation/information requirements.

4.3 Communication channels to be utilised include face to face meetings, e-mail and dedicated intranet pages.

### **5. FINANCIAL CONSIDERATIONS**

5.1 The shared back office services are planned to begin on 1 April 2016. The financial implication can be summarised as combined savings for both councils of £12.6m over a 10 year period. The savings result from a joint investment of £2.5m of which £1.9m is provided via the TCA award.

5.2 The TCA bid envisages savings of approximately £0.6m per annum for North East Lincolnshire Council from 2017/18, and a similar amount at North Lincolnshire Council. Savings in 2016/17 are lower as they are offset by contribution to costs of £0.3m by each council. Both councils are also seeking further savings as part of their financial planning from 2017 onwards.

5.3 The council can be confident that these efficiencies will be achieved from the experience of previous shared services implemented between North East Lincolnshire Council and North Lincolnshire Council. For example, Local Taxation and Benefits has achieved the £1.2m savings target set and is now actively seeking more. Procurement continues to achieve significant savings from external contracting. Also, both councils have already achieved efficiencies of between 20% and 30% in back office services since 2010.

5.4 The costs of the programme have now been considered and business planning shows they can be met within the proposed joint investment of £2.5m. The key elements are;

- ICT investment to deliver core systems that are common to both organisations and that will facilitate joint working or systems that are specific to particular elements of the shared service - £1.2m
- workforce related - £0.7m
- programme management and transition team costs - £0.6m

5.5 Regarding property, the shared services will continue to occupy the office accommodation they use at present but with changed configuration. Agile working principles will be employed wherever possible to ensure both councils are serviced efficiently. Some joint teams will need to be located at one council and also work at the other council's sites. Overall a similar proportion of staff will be located within each council area as now, to preserve existing economic benefits.

5.6 The ICT implications of shared back office services have been outlined in Appendix 1.

## **6. CONSULTATION WITH SCRUTINY**

## **7. FINANCIAL IMPLICATIONS**

The shared services programme is on track to deliver the anticipated level of savings in 2016/17 and 2017/18. The savings achieved will contribute towards the Council's wider transformation programme. Further savings plans for future financial years are still to be developed.

## **8. LEGAL IMPLICATIONS**

8.1 The recommendations in this report have a number of legal implications. Firstly it is noted that no terms and conditions for the TCA award have been supplied to the Council. It is not therefore possible to comment on the implications that may or may not be raised by any terms and conditions that the TCA award is made subject to. It is recommended that clarity on the terms and conditions be sought from central government.

8.2 Section 102 of the Local Government Act 1972 enables two or more local authorities to set up a Joint Committee to discharge their functions jointly. These arrangements must comply with the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000. Joint Committees have no legal status and cannot impose financial obligations on their constituent authorities. All contractual obligations assumed by a Joint Committee must be carried out through the lead authority for that activity. It is essential that legal services are integrally involved in ensuring governance structures are not only fit for purpose but comply with applicable legislation.

8.3 Amendments to the Council's Constitution are managed by the Monitoring Officer who was delegated authority by full Council earlier in 2015 to make changes to the Council's Constitution arising from Cabinet decisions.

**9. HUMAN RESOURCES IMPLICATIONS**

There are no direct HR implications arising from this report.

**10. WARD IMPLICATIONS**

None.

**11. BACKGROUND PAPERS**

None.

**12. CONTACT OFFICER(S)**

Sally Jack, Assistant Director - Joint Delivery, Ext 5631

**Councillor Matthew Patrick**  
**Portfolio Holder for Finance and Resources**

## **APPENDIX 1**

### **SHARED BACK OFFICE PROPOSALS: SERVICE OUTLINES**

1. The proposed shared service programme incorporates five services within Policy and Resources; Accountancy, Internal Audit, ICT, HR and Legal.
2. The following outlines the proposed shape and functions of each of those services following the implementation of shared services, based upon the Business Plans which have now been developed;

#### **(i) ICT**

- a single ICT service with a shared ICT strategy
- four teams covering all strategy and operational issues
- aims to build on the good level of synergy in existing systems through standard, shared corporate systems and a single ICT infrastructure
- implementation of an enhanced data link between both councils, a common email platform and electronic document management system across the two councils has already been agreed
- a single solution centre/helpdesk and self-help tool
- a single approach to developments such as digital services, information management, cloud services etc
- data centre consolidation
- with some operational staff based in particular locations, others working across both areas
- maintaining or improving on existing service levels and standards wherever possible
- a fixed term joint transition team will be created help deliver the project, also working on IT issues necessary to deliver the other shared services

#### **(ii) Finance**

This comprises two service units:

##### **(a) Financial Services.**

- three sections: Corporate, Service-desk, Business Partnering, as currently operated in NELC and as being implemented now after restructure in NLC
- initially, aligned use of the financial ledger system used by both councils
- with some investment in new modules where appropriate including single sign on at NELC and invoice scanning at NLC to improve the service offer and support savings proposals

- with implementation of a joint financial ledger system planned within two years to deliver further savings
- a single solution centre/helpdesk and self-help tool
- NELC to use the same asset accounting system as NLC
- implement common financial regulations and procedures
- maintain council-specific elements of corporate and business partnering teams to meet the different needs of each council
- maintain existing quality standards and outcomes

**(b) Internal Audit, Risk and Insurance**

- internal Audit team working across both councils
- with a lead officer for each council to coordinate outcomes
- with unified procedures and processes based on sharing best practice and joint audits of common systems wherever possible
- a small, joint Fraud team will be set up following the transfer of Housing Benefit Fraud investigation to the DWP, dealing with matters arising from council tax support and other issues
- joint risk management resource
- continuation of existing insurance shared service with ERYC to maintain access to high level expertise
- the same insurance and internal audit computer systems are already in use, only minor enhancements to facilitate joint working are necessary
- improved resilience, development of specialisms and sharing of best practice should enable further commercial development

**(iii) Human Resources**

- The joint service will integrate NELC services into the existing NLC model of four sections: Advisory Service, Business Partnering, Health, Safety and Welfare, Organisational Development and Commercial.
- a single solution centre/helpdesk and self-help tool
- a combined Payroll Team using the system in place at NELC and successfully but separately recently implemented at NLC
- an evaluation of existing HR systems, processes and policies to determine best practice and allow procurement of a common HR/Payroll platform from the end of existing contracts on 1 April 2017
- maintain council-specific elements of the Business Partnering team to meet different requirements, cultures and terms and conditions which are likely to continue in the medium term
- maintain existing quality standards and outcomes

- generate further commercial sales based on existing successful delivery to a wide-ranging portfolio of customers

**(iv) Legal**

- Initially maintain two existing delivery units, with a shared Practice Manager from late 2015 to develop opportunities for integration
- With an integrated service based on two sites led by a joint Head of Legal Services by April 2017
- develop common professional practice standards across both units
- share staff and other resources where appropriate
- align use of the case management software used by both units
- reduce spend on external legal support through joint working
- with continued focus on the specific needs of each council where appropriate

## 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 19 and 20 of the Local Government Act 2000 (as amended); and
3. Each of the Councils empowers the Joint Committee to deliver on their behalf the following functions 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 three 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 30<sup>th</sup> 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.

## **RULES FOR CONDUCT OF MEETINGS AND PROCEEDINGS OF THE JOINT COMMITTEE**

**Preamble:** The Joint Committee shall follow the normal arrangements which apply to the proceedings of local government committees with the following additional provisions applying:

### **1. Annual Meeting**

1.1 The Joint Committee shall in every year hold an Annual Meeting.

1.2 The first meeting held after the Annual Meeting of both the Member Authorities in any year shall be the Annual Meeting.

1.3 The Joint Committee shall in addition to the Annual Meeting meet quarterly and call such other meetings as they may determine.

### **2. Membership**

2.1 The membership of the Joint Committee to comprise six elected members, three being drawn from each Council's Executive.

2.2 Each Authority will have the right to appoint a substitute elected member drawn from their Executive to attend any meeting of the Joint Committee in place of an appointed elected member provided that the Secretary shall be given at least 24 hours' notice of any such appointment

### **3. Appointment of Chairman, Vice Chairman, Secretary and Treasurer**

3.1 The Joint Committee shall appoint one of its Members to be Chairman of the Joint Committee who shall subject to paragraph 3.2 and, unless he or she resigns his or her office or ceases to be a member of the Joint Committee, continue in office for a period of 12 months or until his successor becomes entitled to act.

3.2 The first Chairman of the Joint Committee shall be a person nominated by North Lincolnshire Council and shall hold office for the period up to 31st May 2017.

3.3 The Chairmanship of the Joint Committee following the initial appointment by North Lincolnshire Council shall rotate between North Lincolnshire Council and North East Lincolnshire Council on an annual cycle.

3.4 The Joint Committee shall appoint one of its Members to be Vice Chairman of the Joint Committee who shall subject to paragraph 3.5 and, unless he or she resigns his or her office or ceases to be a member of the Joint Committee, continue in office for a period of 12 months or until his successor becomes entitled to act.

3.5 The first Vice Chairman of the Joint Committee shall be a person nominated by North East Lincolnshire Council and shall hold office for the period up to 31st May 2017.

3.6 The Vice Chairmanship of the Joint Committee following the initial appointment by North East Lincolnshire Council shall rotate between North East Lincolnshire Council and North Lincolnshire Council on an annual cycle.

3.7 The role of Treasurer to the Joint Committee will be provided by North Lincolnshire Council and the role of Secretary to the Joint Committee will be provided by the Council from whom the Chairman of the Joint Committee is appointed.

### **4. Casual Vacancies**

4.1 On a casual vacancy occurring in the office of Chairman or Vice Chairman of the Joint Committee the vacancy shall be filled by the appointment by the Joint

Committee of one of their members at the next meeting and the person so appointed shall hold office until the date upon which the person in whose place he is appointed would regularly have retired.

## **5. Calling of Meetings**

5.1 The Secretary of the Joint Committee shall summon the members to such meetings as may:

5.1.1 have been agreed in accordance with paragraph 1.3;

5.1.2 be called by the Chairman of the Joint Committee or, if the office of Chairman is vacant, the Vice Chairman of the Joint Committee at any time;

5.1.3 be requisitioned by any two members of the Joint Committee giving notice in writing signed by them to the Secretary of the Joint Committee specifying the nature of the business to be transacted; or

5.1.4 be requisitioned by any Member Authority giving notice in writing to the Secretary of the Joint Committee specifying the nature of the business to be transacted and signed by the Chief Executive of the Member Authority

5.2 Unless the persons giving notice requisitioning a meeting in accordance with paragraph 5.1.3 or paragraph 5.1.4 agree otherwise any meeting consequent upon such a requisition shall so far as practicable be held within 10 working days of the date of the receipt of the requisition by the Secretary to the Joint Committee

5.3 At least five clear working days before a meeting of the Joint Committee

5.3.1 notice of the time and place of the intended meeting shall be published at the offices of both North Lincolnshire Council and North East Lincolnshire Council: and

5.3.2 a summons to attend the meeting, specifying the agenda for that meeting and signed by the Secretary to the Joint Committee shall be sent to:

5.3.2.1 every member of the Joint Committee; and

5.3.2.2 the proper officer of every Member Authority by sending by first class mail to the principal office address of the Member Authority or by sending an electronic copy by email to any e-mail address notified to the Secretary of the Joint Committee for that purpose.

5.4 The Secretary will draw up the agenda in consultation with both the Chairman and Vice Chairman.

5.5 No business shall be transacted at a meeting requisitioned by the members of the Joint Committee other than that specified in the agenda.

## **6. Nominated Officers To Attend**

6.1 The Head of Paid Service, the Monitoring Officer and the s151 Officer of each Member Authority or their respective nominees shall be entitled to attend every meeting of the Joint Committee in the capacity of observer.

## **7. Quorum**

7.1 The number of Members constituting a quorum shall be four members and further provided that no item of business shall be transacted at a meeting of the Joint Committee unless at least two members from each Member Authority is present and entitled to vote thereon.

## **8. Standing Orders**

8.1 Subject to anything expressly provided herein the Standing Orders (Meeting Procedure Rules) of the Authority providing the Secretariat will apply to the Joint Committee.

**9. Voting**

All decisions of the Joint Committee shall be decided by a majority of the members present and voting thereon.

**10. Sub-Committees**

The provisions of these Terms of Reference shall apply mutatis mutandis to meetings of subcommittees as they do to meetings of the Joint Committee.

**JOINT COMMITTEE – SHARED SERVICES  
2015/2016**

<b>JOINT OFFICER BOARD</b>	<b>ITEMS/REPORTS FOR CABINET AGENDA MEETING</b>	<b>CHAIRMAN'S AGENDA MEETING</b>	<b>FINAL REPORTS REQUIRED BY (10.00 am)</b>	<b>JOINT COMMITTEE MEETINGS (2.00 pm unless stated)</b>
Friday 9 October, 2015	Tuesday 13 October, 2015	Friday 16 October, 2015 <b>(2.00 p.m.)</b>	Tuesday 20 October, 2015	Wednesday 28 October, 2015
Friday 6 November, 2015	Thursday 12 November, 2015	Friday 20 November, 2015 <b>(10.00 a.m.)</b>	Wednesday 25 November, 2015	Friday 4 December, 2015 ( 1.30 pm)
Friday 4 December, 2015	Monday 14 December, 2015	Tuesday 22 December, 2015 <b>(10.00 a.m.)</b>	Wednesday 6 January, 2016	Friday 15 January, 2016