

MKC/ LGSS Governance Proposal

Purpose

This document outlines the proposed governance arrangements for the partnership between LGSS (NCC and CCC) and MKC. The current arrangements are based on the delegation and joint agreement document (which is currently stated as a draft). In order to formally constitute the Joint Committee for MKC a revised partnering agreement will need to be developed, based on the principles and formal amendments to the constitutions (of all three councils) will need to be implemented.

Governance Arrangements

Current Arrangements (NCC and CCC only)	Proposed Approach(MKC, CCC and NCC)	Significant Changes and Comments
<p>Membership: Joint committee structure is formed of CEO and 3 councillors from each organisation. Councillors would be nominated to reflect the balance of the political parties in each partner authority.</p> <p>Constitution: <ul style="list-style-type: none"> • Members have full voting rights • Nominated substitutes may attend providing they are nominated in advance • Councils can change nominated members providing they inform the secretary in writing. • Members cease to be members of the committee when they are removed by the council or if they are no longer elected members. • Chair changes each year, and the chairs authority is the host. • Joint committee must meet quarterly unless they decide not to. • 5 clear days notice of additional meetings. • Agenda circulated 5 business days in advance of the meeting. </p>	<p>Membership: Joint Committee formed of three Councillors from each of the three councils (total of 9 members). The Chief Executives of each council also attend Joint Committee as advisors.</p> <p>Constitution: <ul style="list-style-type: none"> • Members have full voting rights • Nominated substitutes may attend providing they are nominated in advance • Councils can change nominated members providing they inform the secretary in writing. • Members cease to be members of the committee when they are removed by the council or if they are no longer elected members. • Chair changes each year, and the chairs authority is the host. • Joint committee must meet quarterly unless they decide not to. • 5 clear days notice of additional meetings. • Agenda circulated 5 business days in advance of the meeting. </p>	<p>Addition of partner on the same basis as the existing structure. This would be easiest model to reflect the changing balance of power in MKC.</p> <p>No change</p>

Current Arrangements (NCC and CCC only)	Proposed Approach(MKC, CCC and NCC)	Significant Changes and Comments
<ul style="list-style-type: none"> • Written minutes. • Quorum of two members from each Council. • Decisions are taken based on simple majority of those at the meeting. • General operation of the meeting as expected including allowing amendments (which are discussed and voted on in turn). • Joint committee can delegate functions to sub-committee or officer. <p>Functions of the Committee:</p> <ul style="list-style-type: none"> • To approve the Service plan • Set the Budget for LGSS within the parameters of the amounts defined by the councils. • To manage the performance of LGSS against SLAs • To agree any decisions with implications of >£500k. <p>Service plans:</p> <ul style="list-style-type: none"> • Partner councils notify the Joint Committee of the amount of funding available, for the next three years by October. • Managing director for LGSS needs to submit to the Joint committee an annual written service plan for the next three financial years by November • On receipt of the service plan, the Joint Committee will make amendments and approve the service plan and service level agreements. 	<ul style="list-style-type: none"> • Written minutes. • Quorum of two members from each Council. • Decisions are taken based on simple majority of those at the meeting. • General operation of the meeting as expected including allowing amendments (which are discussed and voted on in turn). • Joint committee can delegate functions to sub-committee or officer. <p>Functions of the Committee:</p> <ul style="list-style-type: none"> • To approve the Service plan • Set the Budget for LGSS within the parameters of the amounts defined by the councils. • To manage the performance of LGSS against SLAs • To agree any decisions with implications of >£300k (based on CCC document). <p>Service plans</p> <ul style="list-style-type: none"> • Partner councils notify the Joint Committee of the amount of funding available, for the next three years by September. • By end of October the Managing Director supplies a draft set of proposals for managing budget reductions (to be incorporated in budget documentation as appropriate). • Managing director for LGSS needs to submit to the Joint committee an annual written service plan for the next three financial years by November. 	<p>No changes required.</p>
<p>Partner councils notify the Joint Committee of the amount of funding available, for the next three years by October.</p> <p>Managing director for LGSS needs to submit to the Joint committee an annual written service plan for the next three financial years by November</p> <p>On receipt of the service plan, the Joint Committee will make amendments and approve the service plan and service level agreements.</p>	<p>Partner councils notify the Joint Committee of the amount of funding available, for the next three years by September.</p> <p>By end of October the Managing Director supplies a draft set of proposals for managing budget reductions (to be incorporated in budget documentation as appropriate).</p> <p>Managing director for LGSS needs to submit to the Joint committee an annual written service plan for the next three financial years by November.</p>	<p>Brought notification of funding date forward by a month and introduced a requirement to feedback savings proposals for incorporation in draft Budget documentation before publication.</p> <p>It is recognised that the proposals will be subject to approval and change by the Joint Committee after this date, but this allows information to be shared as part of the Budget and the assessment of the robustness and risks in the Budget at draft stage, as required.</p>

Current Arrangements (NCC and CCC only)	Proposed Approach(MKC, CCC and NCC)	Significant Changes and Comments
<ul style="list-style-type: none"> Joint Committee is responsible for reviewing actual performance of the shared services against the service plans and service level agreements. 	<ul style="list-style-type: none"> On receipt of the service plan, the Joint Committee will make amendments and approve the service plan and service level agreements. Joint Committee is responsible for reviewing actual performance of the shared services against the service plans and service level agreements. 	
<p>Annual Report: Annual report will be submitted to the Joint Committee by end of April each year. This report will include the activities of the shared services, the financial position and an explanation of the plans for the future years. The Joint Committee will consider the report before referring to the partner Cabinets (or appropriate Committee).</p> <p>Office Accommodation: Partners will provide suitable accommodation to relevant staff. Relocation of staff can occur to promote increased efficiency and will be undertaken in accordance with the employing council's procedures.</p>	<p>Annual Report: Annual report will be submitted to the Joint Committee by end of April each year. This report will include the activities of the shared services, the financial position and an explanation of the plans for the future years. The Joint Committee will consider the report before referring to the partner Cabinets (or appropriate Committee).</p> <p>Office Accommodation: As current</p>	<p>No change apart from the reference to appropriate committee to allow for the change in structure in CCC.</p>
<p>Assets: An asset register will be maintained</p>	<p>Assets: An asset register will be maintained and assets will be owned by the partners of the shared service for the use of the shared point of entry to the arrangement.</p> <p>The sharing of asset value will be in accordance with the distribution formula.</p>	<p>No change</p>
		<p>Added the need to define how asset value is distributed. Distribution formula will be revised as part of the partnership financial proposal annex B</p>

Current Arrangements (NCC and CCC only)	Proposed Approach(MKC, CCC and NCC)	Significant Changes and Comments
<p>Costs and Liabilities:</p> <ul style="list-style-type: none"> Costs will be shared as agreed by the councils, or based on the distribution formula. Councils are jointly liable for claims and costs which will be distributed in accordance with the distribution formula (unless otherwise agreed). <p>Insurance:</p> <p>Councils will maintain public liability insurance of at least £25m and employee liability cover for premises.</p> <p>Staff:</p> <p>Staff are appointed and managed by the Managing Director and Service Directors of the partnership.</p>	<p>Costs and Liabilities:</p> <ul style="list-style-type: none"> Costs will be shared as agreed by the councils, or based on the distribution formula. Councils are jointly liable for claims and costs which will be distributed in accordance with the distribution formula (unless otherwise agreed). <p>Insurance:</p> <p>Councils will maintain public liability insurance of at least £25m and employee liability cover for premises.</p> <p>Staff:</p> <p>LGSS staff are appointed and managed by the Managing Director and Service Directors of the partnership.</p> <p>The Joint Committee will be responsible for the appointment of the Managing Director and will be involved in the recruitment of Service Directors.</p>	<p>No change</p>
<p>Funding of the Joint Committee:</p> <ul style="list-style-type: none"> Finance officer will prepare a base budget forecast for the next three financial years. No later than 10th January, the Joint Committee will submit to each Council its funding requirements for the following financial year Disputes will be settled through the dispute resolution procedure. Sums will be paid quarterly to the Joint Committee. An annual account will be supplied by 30th May 	<p>Funding of the Joint Committee:</p> <ul style="list-style-type: none"> The LGSS financier officer will prepare a base budget for at least the following three financial years, alongside the development of the service plan. This will set out the financial contributions from partners (based on the information provided by individual councils). Cashflow forecasts will be prepared for the period, including identification of the cash payments by partners (not the proportional contribution) to determine if the cashflow has a material impact on any partner authority (determined as a loss of 	<p>No change</p> <p>Added requirements for political involvement in the appointment of the Managing Director and service directors to reflect current practice.</p>
<p>Funding of the Joint Committee:</p> <ul style="list-style-type: none"> Finance officer will prepare a base budget forecast for the next three financial years. No later than 10th January, the Joint Committee will submit to each Council its funding requirements for the following financial year Disputes will be settled through the dispute resolution procedure. Sums will be paid quarterly to the Joint Committee. An annual account will be supplied by 30th May 	<p>Funding of the Joint Committee:</p> <ul style="list-style-type: none"> The LGSS financier officer will prepare a base budget for at least the following three financial years, alongside the development of the service plan. This will set out the financial contributions from partners (based on the information provided by individual councils). Cashflow forecasts will be prepared for the period, including identification of the cash payments by partners (not the proportional contribution) to determine if the cashflow has a material impact on any partner authority (determined as a loss of 	<p>Clarified requirements to link back to Budget and Service planning process.</p> <p>Incorporated a cashflow calculation to allow for proportionate funding and ability to mitigate the impact on partners cashflow only if required.</p> <p>Final accounts date should be ok for the new timetable, but may have to consider bringing forward a few days to allow submission of accounts to external audit on 1st June, but this can be an informal arrangement if accelerated timetables require.</p>

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<ul style="list-style-type: none"> • Heads of Audit and Monitoring officers will have unlimited access to fulfil their responsibilities. 	<p>interest of >£50k), and if normalisation payments are required during the financial year.</p> <ul style="list-style-type: none"> • If payments are required to offset the cashflow impact these will be implemented on no more than a quarterly basis. 	
<p>Withdrawal:</p> <ul style="list-style-type: none"> • Will need to give 18 months notice to the other partners, if partners wish to leave and to the Joint Committee. • Need to pay reasonable costs for withdrawal. 	<ul style="list-style-type: none"> • Will need to give 18 months notice to the other partners, if partners wish to leave and to the Joint Committee. • Need to pay reasonable costs for withdrawal. 	No change
<p>Termination:</p> <ul style="list-style-type: none"> • Requires payment of costs • Division of assets and Intellectual property rights. • Acting to minimise losses 	<p>Termination:</p> <ul style="list-style-type: none"> • Requires payment of costs • Division of assets and Intellectual property rights. • Acting to minimise losses 	No change
<p>Dispute resolution:</p> <ul style="list-style-type: none"> • Heads of paid services, if can't be resolved in 10 days • Escalated to heads of paid services, if can't be resolved referred to Joint Committee. • If can't be resolved by Joint Committee referred to arbitration. 	<p>Dispute resolution:</p> <ul style="list-style-type: none"> • Heads of paid services, if can't be resolved in 10 days • Escalated to heads of paid services, if can't be resolved referred to Joint Committee. <p>If can't be resolved by Joint Committee referred to arbitration.</p>	No change
<p>Scrutiny and External Audit</p> <ul style="list-style-type: none"> • Scrutiny of the agreement and functions is the responsibility of each council. • Accounts will be subject to audit by the auditor appointed by the Audit Commission 	<ul style="list-style-type: none"> • Scrutiny of the agreement and functions is the responsibility of each council. • Accounts will be subject to audit by the auditor appointed by the Audit Commission until this responsibility transfers to individual councils. When this happens the external auditor will be appointed by the Joint Committee. 	<p>From 2018/19 (recent extension by a year) councils will need to appoint its own auditor. This will become a responsibility of the Joint Committee, with the procurement needing to be completed by December 2017, to be in place for the first year of the audit.</p>

Current Arrangements (NCC and CCC only)	Proposed Approach(MKC, CCC and NCC)	Significant Changes and Comments
<p>Contract Procedure Rules NCC and CCC have aligned their contract procedure rules to support a shared procurement service. This approach allows for different key decision limits to operate in individual councils.</p>	<p>Contract Procedure Rules Revised set of contract procedure rules for all three partners, taking the best of all.</p>	<p>This is being picked up as part of the Procurement workstream to provide a short summary of the differences and if there are any potentially significant issues.</p>

Scheme of Delegation

Current Arrangements (NCC and CCC only)	Proposed Approach(MKC)	Significant Changes and Comments
<p>CCC Officer Delegations (Part 3D Section 10.) Capital virement - £250k Revenue virement - £160k Debt write off - £10k Loans to people or organisations - £75k Property transaction, capital value - £500k Property transaction, revenue value - £150k Loans and expenditure of client funds - £300k</p>	<p>Officer Delegations Capital virement – none, capital programme remains subject to MKC Cabinet decisions Revenue virement – none apart from technical changes (as per current scheme of delegation). Debt write off - £20k, any amounts above this level are reported to the Joint Committee for approval) Loans to people or organisations - £75k</p>	<p>Proposing the majority of limits to remain the same, as the current scheme of delegation. Except for an increase in officer delegations on spend to reflect the increase in size of potential contracts (to cover the operations of LGSS over 3 sites) and to maintain the current role of the Joint Committee.</p>
<p>NCC Officer Delegations (Part 3 Section 15) Capital virement - £100k Revenue virement - £100k Property transactions, Capital Value - £100k Property transactions, Annual Rental - £100k Issuing orders for goods and services -£500k</p>	<p>Property transaction, capital value – n/a Property transaction, revenue value – n/a Expenditure for goods and services - £500k</p>	