Detailed Assessment

Option C – Joint Committee

Description and Overview The two Councils enter into a formal arrangement to establish a joint committee. The joint committee would comprise an agreed number of Members from each Council, and would be responsible for strategic decision making and policy setting. Operational decisions would be taken by the management of the shared service. One of the Councils would need to act as the nominal lead authority. Staff in the other Council would transfer to the lead authority under TUPE. The lead authority would be responsible for the provision of support services (HR, legal, finance and IT) as well as the procurement of goods and services. The lead authority would need to enter into service level agreements with the other Council to use premises and equipment. As the joint committee would not be a legal entity in its own right then any contracts to supply audit and fraud services to external customers would need to be in the name of the lead authority.
Financial Implications <u>Set up costs</u> There will be some legal costs arising from the need to obtain advice on the transfer of staff to the lead authority. There may also be some legal costs associated with setting up the joint committee and preparing a constitution and regulatory framework. It is expected that the majority of this work would be undertaken in-house. The cost of external legal fees is therefore estimated to be £4k. All staff in the partnership would use the existing IT application hosted by CYC (Galileo.net). The initial set up and configuration costs of £10.4k are covered by a grant provided by the Regional Centre of Excellence. No other significant set up costs would be incurred. <u>Ongoing costs</u> The lead authority would be responsible for the payment of salaries, and goods and services on behalf of the partnership. The lead authority would also be responsible for accounting for VAT and other taxes. There would be no additional tax liabilities although there would be a small increase in the employer pension contribution rate for CYC staff if NYCC was chosen as the lead authority. The lead authority would provide all support services unless there was a specific agreement with the other Council. The partnership would need to recharge the two Councils for audit and fraud services provided. The charging mechanism would be set up in accordance with the financial principles set out in Annex 4. The overall cost of the service provided would however be cost neutral to the two Councils.

The additional cost of IT access charges and licence fees would be mostly offset by savings achieved through NYCC ceasing to use its own IT application. The estimated net increase in IT related costs of £1.3k pa would be met from existing budgets.

The joint committee would be a separate public body and would therefore need to prepare its own accounts. The accounts would be subject to external audit by the Audit Commission. It would also need its own internal audit. Additional audit and accountancy fees of approximately £5k pa would be incurred as a result.

There may also be some additional costs incurred as a result of administering meetings of the joint committee. These costs are estimated to be approximately £1k pa.

Staffing Implications

Staff would be employed by the lead authority. The staff in the other Council would be transferred to the lead authority under TUPE, and would remain on their current terms and conditions. The lead authority would be responsible for all disciplinary matters, training and staff development. Trainees could be seconded to the lead authority from the other Council. Any such secondment would require the agreement of the member of staff concerned.

Staff would remain members of the NY Pension Fund. New employees would also be entitled to join the NY Pension Fund.

Legal Implications

There are no significant legal implications. Both Councils have the necessary powers under the Local Government Act 1970, Local Government Act 1972 and the Local Government Act 2000 to enter into such an agreement.

Although the joint committee would not be a legal entity, it would be a public body in its own right. As a result it would need to adopt its own constitution and standing orders. It would also need to prepare annual accounts and submit a “smaller bodies in England” annual return to the Audit Commission. The accounts would be subject to audit by external auditors appointed by the Audit Commission.

The service would be provided to both Councils in accordance with a contract. The contract would be prepared in accordance with the principles set out in Annex 5.

Governance Arrangements

Strategic and policy decisions would be taken by a joint committee, which would probably meet at least quarterly. The formation and operation of the committee would follow existing local government rules.

Service and Capacity Improvement

This option would provide both Councils with an audit and fraud service which benefited from greater resilience and capacity. The shared service could also deliver the expected efficiencies and economies of scale, achieved through sharing best practice, improved resource allocation and the integration of systems and processes.

Innovation and Service Transformation

Whilst this model could be extended in the future to include other local authorities, its membership could not be expanded to include other public sector bodies such as the NHS and housing associations. This option may also inhibit innovation and more radical change due to existing local government conventions.

Financial and Business Opportunities

The partnership could offer services to other public bodies. However, any contracts for the supply of services would be with the lead authority.

Organisational Impact

This would not be perceived as an equal partnership since one of the Councils would need to act as the lead authority. The partnership would also find it difficult to develop its own identity and image. Staff may associate themselves more with the lead authority than with the partnership.

Resilience and Sustainability

This option would offer sufficient long-term resilience.

Key Advantages	**Key Disadvantages**
Set up costs relatively low. No significant change in ongoing operational costs, for either Council. Relatively straightforward to operate if the existing membership remains the same. Additional local authorities could join in the future. Will achieve the expected efficiencies and economies of scale. Offers long-term resilience. Likely to be more acceptable to staff	The service will not be perceived as an equal partnership between the two Councils. One of the two Councils will feel that it has relinquished control and influence over the future direction of the service. The risks and rewards are more difficult to share equally between the two Councils. Other potential public sector partners will be unable to join in the future. The service will find it difficult to develop its own identity.

and Unison	The lead authority would be responsible for any future contracts with external customers. May not be suitable for extending the scope of services to be delivered in the future. May not be sufficiently innovative and is therefore unlikely to inform either Council of the possible lessons from shared service working.