

REPORT TO	DATE OF MEETING
Shared Services Joint Committee	02/10/13

Report template revised June 2008



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Exit Management Plan (Amended)	N/A	G Barclay & S Guinness	5

SUMMARY AND LINK TO CORPORATE PRIORITIES

Schedule 5 of the Shared Services Partnership Administrative Collaborative Agreement requires the Head of Shared Financial Services and the Head of Shared Assurance Services to develop an Exit Management Plan (EMP) and to review it and represent it to the Joint Committee every 2 years.

A revised EMP was presented to members of the Joint Committee at the June meeting.

Although approved in principle, members sought greater clarity with regard to dissolution timescales and milestones, and asset separation arrangements.

This report therefore provides that additional information for members' consideration and approval.

The Shared Services Partnership is a high corporate priority for both Councils.

RECOMMENDATIONS

That the Committee approves the attached amended EMP.

DETAILS AND REASONING

The Partnership is now fully embedded and has simultaneously delivered extensive efficiency savings and service improvements since its inception in January 2009.

It is nevertheless prudent to consider the potential scenario where the Partnership fails to meet its ongoing objectives in the longer term and to have an EMP already in place to facilitate a smooth transfer to an alternative service delivery model should it become necessary.

The guiding principle within the attached Plan is that there will be fair and equal treatment so that both Councils are restored to a position of parity should the Partnership be dissolved.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the following implications.

FINANCIAL	A fundamental objective of the Shared Services arrangement is to deliver quality, cost-effective financial and assurance services to both Councils on an ongoing and sustainable basis. Any failure to do so may lead to a reconsideration of the options for the provision of these services.		
LEGAL	The Shared Services Joint Committee, established under Section 101 of the Local Government Act 1972, provides the overall governance for this with its terms being set out in an Administrative Collaborative Agreement which has been signed by both Councils. In the event that the Partnership is wound up, this Agreement would need to be dissolved and replaced by an alternative.		
RISK	The consideration of potential exit options is a core business discipline, which enables any change of status from the current arrangements to be handled in a co-ordinated and timely manner.		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>



FINANCIAL & ASSURANCE SHARED SERVICES PARTNERSHIP

EXIT MANAGEMENT PLAN

October 2013

BACKGROUND

Schedule 5 of the Shared Services Partnership Administrative Collaborative Agreement requires the Head of Shared Financial Services and the Head of Shared Assurance Services to develop and maintain an Exit Management Plan (EMP).

In addition to Schedule 5, the following sections of the Collaborative Agreement contain provisions aimed at preventing a breakdown of the Agreement and dealing with such a breakdown if it occurs:

- S16 Withdrawal
- S17 Termination
- S18 Dispute Resolution Procedure
- S19 Arbitration

The 2 key provisions relevant to the EMP are:

S16.1 "Either Council may withdraw from the Agreement at any time after the Initial Period" (4 years from the commencement date – i.e. January 2013).

S16.2 "Where a Council wishes to withdraw from the Agreement it shall give not less than 12 calendar months notice to the other Council of its intention to withdraw".

OPTIONS

If it is agreed that the Partnership should be terminated, the precise steps that are taken depend upon the circumstances causing the termination and what type of arrangement will replace it. The 3 most likely scenarios are:

Return to the Original Position

This is where each Council would again become individually responsible for the full range of services. In practice this would mean reversing all the steps that have been taken to establish the Partnership, including the transfer of staff between the 2 Councils under TUPE. This is the least likely scenario as it would lead to a return to the adverse business conditions which led to the creation of the Partnership.

Offer the "Hosted" Service to the Other Council on a Contractual Basis

This would be far less disruptive than the above option and has the key benefit of retaining a critical mass of staff, skills and experience in both Financial and Assurance Services. It would also retain a collaborative working relationship between the 2 Councils.

Become Part of a Larger Organisation

This could be for example by being subsumed within a larger collaborative arrangement or by being taken over by a larger provider. Clearly the intention is to avoid this by looking for options to grow the Partnership and to retain control but a situation could arise where this is imposed, for example by central government.

DISSOLUTION PROCESS

In the event that either Council decides that it wishes to dissolve the Partnership, it must provide formal notice to the other giving at least 12 calendar months' notice of the intended termination date.

In practice there is likely to be considerable advance notice of this as there will have been deliberations between both parties identifying the circumstances and reasons for a potential dissolution.

It may be that only one party wishes to leave the Partnership (in which case all arbitration and resolution mechanisms will be explored) or that there is a mutual agreement to do so.

There is also the potential scenario where only an element of the Partnership is dissolved.

Whatever the situation, a formal project plan will be presented to and approved by the Joint Committee which will act as the Project Board for the purposes of dissolving the Partnership.

The same project disciplines that were set up to establish the Partnership would need to be put in place to oversee the dissolution. This would include a Project Team, Project Plan and timetable with appropriate representation from officers at both Councils.

The Joint Committee would receive regular reports from the Project Team advising of progress. Consideration may also be given to the appointment of an independent chair to oversee the dissolution of the Partnership.

An outline Project Plan showing the key stages, tasks and timescales is shown at the **Appendix**. It is based on the minimum required notice period of 12 months but may well be extended in practice. For simplicity it is also based on the scenario where both Councils are returned to their original, separate positions. If an alternative service delivery model is chosen, the Plan would be adapted accordingly.

The following paragraphs provide further explanation and context for the key stages and actions contained in the outline Project Plan:

1 Preliminaries

The Chief Executives would need to compile a report for the Joint Committee setting out the background and circumstances leading to proposed wind-up of the Partnership, the options that have been considered and a recommendation as the preferred option and the process to be followed.

After consideration by the Joint Committee a further recommendation would be need to be made to each Council for formal approval.

It is possible that the strong relationships that currently exist may be less harmonious and it might be helpful to have a project manager who is completely independent and offer objective advice and input to resolve potential disputes and ensure the safe delivery of the project.

It is unlikely that the decision to break up the Partnership will be taken quickly and there should therefore be ample opportunity to arrange an orderly dissolution with adequate lead up time. An agreed wind-up date should be set which doesn't clash with other priorities (for example financial year-end) and should provide for sufficient officer input.

2 Communications

In addition to affected staff, a wide internal and external audience would need to be informed. Appropriate notices and announcements would need to be arranged at each stage of the wind-up process.

3 Human Resources / Staffing

If it is decided to return the 2 Councils to their original position then separate staffing structures would need to be created and re-populated. In addition to physical transfer where required, relevant staff would also need to transfer their employment under TUPE regulations.

It may not be possible or desirable to re-distribute staff between the 2 Councils on an equal basis, for example where posts are now shared. In this situation the parity principle will apply so that for instance there may be an even distribution of the number of senior, intermediate and junior officers.

4 IT Systems & Resources

As part of the ICT element of the Project Plan, arrangements will be made to provide independent ICT resources on behalf of both Councils.

As each Council's financial systems are now on a on a shared platform it might be necessary to introduce an on-going arrangement/agreement for this to continue beyond the agreed date for dissolving the Partnership.

5 Accounting

The Shared Services operating budget will be disaggregated and an additional fund established to deal with any one-off costs incurred during the Partnership dissolution.

An inventory of equipment will also be carried out to determine total asset valuations. In practice this may involve a cash adjustment so that both Councils are in the same financial position rather than the assets actually being divided between the 2 Councils.

6 Records & Data

All financial and other records and reports relevant to each Council shall be made available, in electronic format wherever possible.

7 Residual Arrangements

All archived copies of Joint Committee agendas, minutes and reports will be made available electronically to both Councils.

Both Councils will provide on-going support to the other beyond the termination date to ensure the on-going access to and transfer of essential information and for audit purposes. A residual operating protocol will be drafted by the Legal Officers of each host Council.

APPENDIX – OUTLINE PARTNERSHIP DISSOLUTION PLAN

	KEY STAGES & ACTIONS	T-12	T-11	T-10	T-9	T-8	T-7	T-6	T-5	T-4	T-3	T-2	T-1	T	T+1	T+2	T+3	T+4	T<
1	PRELIMINARIES																		
	Receive report from CEO's																		
	Obtain host authority approvals																		
	Engage Independent Adviser																		
	Appoint Project Team																		
	Produce & Manage Project Plan																		
	Establish & Monitor Risk Register																		
2	COMMUNICATIONS																		
	Staff communications plan																		
	General communications plan																		
3	HR/STAFFING																		
	TUPE																		
	Relocations																		
4	IT SYSTEMS & RESOURCES																		
	Network separation																		
	Other IT resource separation																		
	Financial systems																		
5	ACCOUNTING																		
	Budget separation																		
	Settlement of accounting transactions																		
	Payment of accounts																		
	Separation of physical assets																		
6	RECORDS & DATA																		
	Data sharing protocol																		
7	RESIDUAL ARRANGEMENTS																		
	Agreement of Residual Operating Protocol																		
	Sharing Joint Committee data																		
	Ongoing information & data access																		
	Provision of contingent support																		