



RHONDDA CYNON TAF

**RECORD OF DELEGATED OFFICER DECISION**

**SUBJECT:** SE Wales IT Consortium Shared Services Agreement

**PURPOSE OF ATTACHED REPORT:**

To report on the Shared Services Agreement which has been drafted to establish the SE Wales IT Shared Service Team which supports the Northgate IT Client Record System used by Social Services Departments in SE Wales

**DELEGATED DECISION (Date):**

The Shared Services Agreement between the Councils of Merthyr Tydfil, Rhondda Cynon Taf, Vale of Glamorgan, Monmouthshire, Caerphilly & Newport to provide Shared IT Services to Social Services is approved subject to the Director of Legal and Democratic Services agreeing any further amendments as he considers appropriate.

*[Handwritten Signature]*  
**Chief Officer Signature**

*EWS Williams*  
**Print Name**

*21<sup>st</sup> April 2011*  
**Date**

The decision is taken in accordance with Section 15 of the Local Government Act, 2000 (Executive Functions) and in the terms set out in Section 5 of Part 3 of the Council's Constitution

*Annelle Davis*

CONSULTEE CABINET MEMBER SIGNATURE

*20/4/2011*

DATE

*B Joruy*

CONSULTEE CABINET MEMBER SIGNATURE

*20/04/2011*

DATE

*Neil Elliott*

OFFICER CONSULTEE SIGNATURE

*26. APRIL 2011*

DATE

Directorate:	Community & Children's Services
Contact Name:	Neil Elliott
Designation:	Service Director, Commissioning, Business & Housing Systems
Tel.No.	01443:444603

# RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

## MUNICIPAL YEAR 2010/11 REPORT TO ACCOMPANY DECISION OF GROUP DIRECTOR, COMMUNITY & CHILDREN'S SERVICES

<b>Part 1 (Non-Confidential)</b>
--------------------------------------

<b>SE WALES IT CONSORTIUM SHARED SERVICES AGREEMENT</b>
---

### **1. PURPOSE OF THE REPORT**

- 1.1 To report on the Shared Services Agreement which has been drafted to establish the SE Wales IT Shared Service Team which supports the Northgate IT Client Record System used by Social Services Departments in SE Wales.
- 1.2 In accordance with the Council's Scheme of Delegation, this report has been prepared to accompany the intended Officer decision of the Group Director, Community and Children's Services as described below.

### **2. RECOMMENDATIONS**

It is recommended that:

The Shared Services Agreement between the Councils of Merthyr Tydfil, Rhondda Cynon Taf, Vale of Glamorgan, Monmouthshire, Caerphilly & Newport to provide Shared IT Services to Social Services is approved subject to the Director of Legal and Democratic Services agreeing any further amendments as he considers appropriate.

### **3. BACKGROUND**

- 3.1 The SE Wales IT Consortium has been operating successfully for about 10 years supporting the development and operation of the Northgate provided Client Record system which runs in each of the six members of the Consortium.
- 3.2 The Consortium has a Board made up of Directors and Service Directors from each Authority together with the Consortium Manager and the IT Service Director from Caerphilly Borough Council. The Group Director (Community & Children's Services) at Rhondda Cynon Taf currently chairs the Consortium Board.
- 3.3 A small Consortium support team, based in Caerphilly, has been providing support to the Northgate system funded from a Welsh Assembly Government Grant since its inception.
- 3.4 From 1<sup>st</sup> April 2011 the Welsh Assembly Grant funding has been reduced significantly. At one point in 2010/11 it looked as if the Grant would be cut completely and this caused the Board to reappraise its purpose and decide whether or not it should continue as a Consortium should funding end.

- 3.5 Following this Review, it was decided by the Consortium Board that it was important that the Consortium continued but there was need to reduce the size and purpose of the Consortium support team.
- 3.6 It was also decided that the employment status of the members of the Consortium support team needed to alter. Previously, staff had been seconded into the Support Team from member Authority establishments. This suited member Authorities and the individuals concerned. Arrangements were temporary but substantive posts were kept available to staff should the project fold. The new arrangement is permanent and, in the interests of all concerned, employment by Caerphilly of team members is necessary.
- 3.7 Consequently the nature of the relationship between the host Authority i.e. Caerphilly, and the individual members of the team, has had to change and equally the Governance arrangements supporting the Grant and the support team have had to change also. Hence the need for the Shared Services Agreement
- 3.8 The Agreement is attached and covers all the areas one would expect in such an Agreement. It runs for three years and starts 1st April 2011.
- 3.9 The financial consequences of the Shared Services Agreement are fully funded in the 2010/11 Budget. Cloth has been cut but the Consortium still represents the best opportunity Rhondda Cynon Taf has in maintaining investment and development whilst sharing costs and benefiting from the purchasing power the Consortium gives us.

**DATED ..... 2011**

CAERPHILLY COUNTY BOROUGH COUNCIL  
MERTHYR TYDFIL COUNTY BOROUGH COUNCIL  
MONMOUTHSHIRE COUNTY COUNCIL  
NEWPORT CITY COUNCIL  
RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL  
VALE OF GLAMORGAN COUNCIL

*(The Parties)*

**AGREEMENT**

FOR THE PROVISION OF A **SHARED SERVICE TEAM** TO PROVIDE  
FUNCTIONS ON BEHALF OF THE PARTIES IN RESPECT OF **ADULT AND  
CHILDREN SERVICES** FOR AN INITIAL PERIOD OF THREE YEARS FROM **1<sup>ST</sup>  
APRIL 2011** AND THEREAFTER FROM YEAR TO YEAR

**THIS AGREEMENT** is made the \_\_\_\_\_ day of \_\_\_\_\_ 2011

**BETWEEN CAERPHILLY COUNTY BOROUGH COUNCIL** of Penallta House, Tredomen Park, Ystrad Mynach, Hengoed, CF82 7PG ("Caerphilly") **MERTHYR TYDFIL COUNTY BOROUGH COUNCIL** of Civic Centre, Castle Street, Merthyr Tydfil, CF47 8AN ("Merthyr") **MONMOUTHSHIRE COUNTY COUNCIL** of County Hall, Cwmbran, NP44 2XH ("Monmouth") **NEWPORT CITY COUNCIL** of Civic Centre, Newport, NP20 4UR ("Newport") **RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL** of The Pavilions, Cambrian park, Clydach Vale, Tonypany CF40 2XX ("RCT") **VALE OF GLAMORGAN COUNCIL** of Civic Offices, Holton Road, Barry, CF63 4RU ("The Vale") (hereinafter called "the Parties")

**WHEREAS:**

- (i) Each of the Parties worked together as part of the South East Wales SWIFT Consortium ("the Consortium") to develop and implement common IT solutions for the Children's Integrated System ("ICS") and the adults Unified Assessment Process ("UAP") which was funded from grants from the Welsh Assembly Government.
- (ii) The Welsh Assembly Government funding for the Consortium will cease on 31<sup>st</sup> March 2011
- (iii) Each of the Parties wishes to continue the functions of the Consortium beyond 31<sup>st</sup> March 2011
- (iv) In order to provide such continuing functions the Parties have agreed to establish a Shared Service Team comprising staff directly employed by the Host

- (v) This Agreement provides for the establishment of the Shared Service Team to provide the functions set out in Clause 5 on behalf of the Parties.
- (vi) This is an Agreement for an initial period of three years.
- (vii) The Parties have each passed the necessary resolutions for the purposes of entering into the Agreement.

## **OPERATIVE PROVISIONS**

### **1 INTERPRETATION**

#### **1.1 In this Agreement:**

- 1.1.1 "Agreement" means this agreement including Schedules.
- 1.1.2 Management Board means a Board comprising of Directors of Social Services from each of the Parties which shall operate as set out in Schedule 2.
- 1.1.3 "Commencement Date" means 1<sup>st</sup> April 2011.
- 1.1.4 "Shared Service Team" means the staff listed in Clause 7 to provide the Functions on behalf of the Parties.
- 1.1.5 "Financial Contributions" means the financial contributions to be made by each of the Parties for the provision of the Functions, and the Shared Service Team.
- 1.1.6 "Financial Protocol" means the protocol set out in Schedule 1.
- 1.1.7 "Functions" means the functions to be provided by the Shared Service Team set out in Clause 5.
- 1.1.8 "Host" means Caerphilly County Borough Council
- 1.1.9 "Initial Agreement Period" means the three-year period from 1st April 2011 to 31<sup>st</sup> March 2014.

- 1.1.10 "Operational Boards means the Boards comprising of the Heads of Service from each of the Parties which shall operate as set out in Schedule 2.
- 1.1.11 "Project Manager means the Senior Officer within the Shared Service Team whose roles and responsibilities are set out in this Agreement.
- 1.2 Clause headings in this Agreement are for convenience only and shall have no contractual effect.
- 1.3 Any reference to a clause is a reference to a clause of this Agreement.
- 1.4 Words importing one gender shall include the other genders and words importing the singular include the plural and vice-versa.
- 1.5 Reference to "individual" or "person" shall include bodies corporate unincorporated associations and partnerships.
- 1.6 Any reference to any enactment or statutory instrument shall be deemed to include reference to such enactment or statutory instrument as re-enacted amended or extended.
- 1.7 An obligation not to do or omit to do something shall be deemed to include an obligation not to permit or (so far as is reasonably practicable) suffer that thing to be done or omitted to be done.
- 1.8 An obligation to do something shall include an obligation to seek to procure that it is done.

## **2 CO-OPERATION AND DISCUSSION**

- 2.1 This Agreement is entered into on the basis that the Parties and the Shared Service Team will work on a basis of co-operation and will



arrange to discuss with each other as soon as possible any problems or disputes which arise and will attempt to resolve any difficulties through negotiation at an early stage and to make themselves available with reasonable notice to discuss the issues under dispute.

### **3 AGREEMENT**

3.1 This Agreement is made under the powers conferred by Section 101 and 111 of the Local Government Act 1972, Section 25 of the Local Government Wales Act 1994, the Local Authorities (Goods and Services) Act 1970, Sections 2, 19 and 20 of the Local Government Act 2000 and all other enabling powers now vested in the Parties.

### **4 TERM**

4.1 This Agreement shall be for the Initial Agreement Period unless otherwise agreed by the Parties. The intention of the Parties is to renew this Agreement for a further one year periods subject to the satisfactory performance of the Shared Service Team and subject to the agreement of the Parties (or remaining Parties as the case may be pursuant to Clause 4.3), this Agreement may be renewed for further one year periods.

4.2 Any Party proposing not to renew this Agreement must notify the Host of its intention before 1st September (or 1st September in any subsequent year) and make an additional payment equivalent to half its financial contribution for the current financial year to ensure there is sufficient resources available to either re-profile the costs of the Shared

Service Team between the remaining parties or to wind up the Shared Service Team within a reasonable timeframe to be agreed. The winding up of any Party(s) obligations and financial liabilities relating to any joint assets will be based on their original contribution agreed for the Shared Service Team specified in this Agreement.

4.3 If any Party has notified the Host of its intention not to renew this Agreement the remaining parties shall immediately review the Agreement to determine whether there is sufficient resources for the Shared Service Team to continue fulfilling its functions, obligations and responsibilities on behalf of the remaining parties and whether the Agreement should be renewed pursuant to Clause 4.1;

4.4 Any Party proposing not to renew this Agreement shall be party to the production of a disaggregation plan which specifies the timescales for concluding any of the Party's obligations and financial liabilities agreed for the Shared Service Team.

## **5 OPERATION OF THE SHARED SERVICE TEAM**

5.1 During the Initial Agreement Period the Shared Service Team will:

5.1.1 On behalf of all the Parties, take the lead in the acquisition and implementation of all software associated with the work programmes

5.1.2 Development and delivery of the technical components of the work programmes, as agreed by the Management Board, and the Operational Boards, to the Parties to the Agreement

- 5.1.3 Provide support to the Parties in respect of the technical components of the work programmes including the provision of technical advice and guidance
  - 5.1.4 Undertake the role of Training Co-ordination, working with all authorities to develop training packages and co-ordinate the delivery of training utilizing the resources available in each of the authorities.
  - 5.1.5 Provide support to the Parties in respect of all training issues.
  - 5.1.6 Provide advice, guidance and support to the Parties on all matters associated with the work programmes
  - 5.1.7 On behalf of the Parties, investigate and make recommendations to the Management Board in respect of any identified potential enhancements of improvements, including the structure and functions of the Shared Service Team, changes to associated work practices and new software solutions.
- 5.2 To provide the information requirements as set out in Schedule 1.
- 5.3 If this Agreement is renewed for further periods pursuant to Clause 4.1, the functions and work of the Shared Service Team shall be agreed by the Management Board.

## **6 ROLE OF THE PARTIES**

- 6.1 To provide such expertise as may be required by the Shared Service Team as agreed by the Operational Boards or Management Board.
- 6.2 It is the responsibility of the Parties to provide Shared Service Team with information on a regular basis, i.e. updated policies and procedures, telephone lists, departmental changes, staff changes and

any other changes which would impact on the working of the Shared Service Team.

- 6.3 Quality Assurance: It is the responsibility of the Management Board to devise an overall Quality Assurance framework with clear roles and responsibilities specified for all the Parties. The Management Board will also be responsible for monitoring the performance of the shared service against the Quality Assurance framework to ensure its continued effectiveness.

## **7 STAFFING**

- 7.1 The Shared Service Team will comprise of the under-mentioned staff. Staffing levels will be reviewed by the Management Board throughout the duration of this Agreement. Staff will be employed by Caerphilly CBC as Host although the employment costs of the staff will be shared by all partners. At no time will The Management Board or Shared Service Team have employing powers unless and until this agreement is varied.
- 7.2 Any staff previously seconded shall transfer to the Host as at 1 April 2011. The Party who previously employed any staff who transfer to the Host agree to indemnify the Host for any costs which arise after the date of transfer in respect of any employment costs, including liability for redundancy and equal pay claims.
- 7.3 The employment costs for all employees shall be shared by all Parties on an the same percentage basis that they pay into the scheme from 1

April 2011 and the other Parties agree to indemnify the Host with respect to these costs.

7.4 Day to day administration and direction of staff will be undertaken by the Project Manager following the policy directed by the Management Board. The Project Manager shall provide the Host with such information and assistance as it may reasonably require to carry out its obligations as the employer.

7.5 Staff Structure

<b>Description</b>	<b>Role</b>
Project Manager	<p>Leadership and Management.</p> <p>External and internal promotion of work of the Shared Service Team.</p> <p>Management of the Developers and Customer Relationship Managers</p> <p>Delivery of all the Technical elements of the Shared Service Team.</p> <p>Technical advice and guidance to all the Parties to the Agreement</p>
Customer Relationship Manager - Management Information	<p>Management and maintenance of the interface between the Parties, and the Shared Service Team, and where appropriate, other third parties</p> <p>Provision of advice and guidance on all aspects of the current work programmes (including ICS and UAP)</p> <p>Development and ongoing maintenance of a Management Information strategy in respect of the work programmes of the Shared Service Team to enable the Parties to meet their statutory requirements.</p>
Customer Relationship Manager - Project Assurance	<p>Management and maintenance of the interface between the Parties, and the Shared Service Team, and where appropriate, other third parties</p> <p>Provision of advice and guidance on all aspects of the current work programmes (including ICS and UAP)</p>

Description	Role
	<p>Research and preparation of all project planning materials</p> <p>Testing enhancements/changes developed by the Developers</p> <p>Quality Assurance and project support advice and guidance to the Project Manager and all Parties to the Agreement</p> <p>Co-ordination of E-SWIFT training</p>
Development Officer x 3	<p>Provision of advice and guidance on all technical matters associated with the work programmes of the Shared Service Team (including ICS and UAP) to the Parties</p> <p>Technical development of the work programmes of the Shared Service Team (including ICS and UAP) to meet the agreed requirements of the Parties</p>

## 8 HOST SERVICES

- 8.1 The Host shall not be deemed responsible for any delay in performing or failure to perform the service due to any cause beyond its control.”
- 8.2 All Parties will assist and support the Host with any of the functions that they are carrying out under this agreement, in particular by providing any information necessary for the agreement to be implemented.

## 9 FINANCIAL CONTRIBUTIONS

- 9.1 The financial relationship between the Parties, the Host and the Shared Service Team is as set out in the Financial Protocol in Schedule 1 as reviewed and agreed at least annually by the Management Board on the recommendation of the Operational Boards.

## 10 OPERATIONAL BOARDS

10.1 The operation of the Operational Boards is set out in Schedule 2.

## **11 MANAGEMENT BOARD**

11.1 The operation of the Management Board is set out in Schedule 2.

## **12 EXPIRY OF AGREEMENT**

12.1 Upon the expiry of this Agreement the Management Board shall agree the distribution of assets and any liabilities which unless alternative agreement is reached will be shared between the Parties on the same percentage basis that each Party pays into the scheme.

12.2 Any dispute will be referred for determination to the Chief Executive of each of the Parties for determination

## **13 ACCESS TO INFORMATION AND CONFIDENTIALITY**

13.1 The Shared Services Team shall (and shall procure that any of its Personnel involved in the provision of the agreement shall) comply with any notification requirements under the DPA and all Parties shall duly observe all their obligations under the DPA, which arise in connection with the agreement.

13.2 Notwithstanding the general obligation in clause 13.1 where the Shared Services Team is processing Personal Data as a Data Processor for the Parties, the Shared Service Team shall ensure that it has in place appropriate technical and contractual measures to ensure the security of the Personal Data (and to guard against unauthorised or unlawful

processing of the Personal Data and against accidental loss or destruction of, or damage to, the Personal Data), as required under the Seventh Data Protection Principle in Schedule 1 to the DPA; and

(a) provide the Parties with such information as the Parties may reasonably require to satisfy itself that the Shared Services Team is complying with its obligations under the DPA;

(b) promptly notify the Parties of any breach of the security measures required to be put in place pursuant to *clause 13.2* and

(c) ensure it does not knowingly or negligently do or omit to do anything which places the Parties in breach of the Parties 's obligations under the DPA.

**13.3** The provisions of this clause shall apply during the continuance of the agreement and indefinitely after its expiry or termination.

**13.4** Subject to Clause 13.5, the Parties shall keep confidential all matters relating to this agreement and shall use all reasonable endeavours to prevent their Representatives from making any disclosure to any person of any matters relating hereto.

**13.5** Clause 13.4 shall not apply to any information;

**13.5.1** required by any applicable law,

**13.5.2** that is reasonably required by persons engaged by any Party or the Shared Services Team in performance of the obligations under this agreement;

**13.5.3** where a party can demonstrate that such information is already generally available and in the public domain otherwise than as a result of a breach of *clause 13.4*;



**13.5.4** by the Authority of any document to which it is a party and which the parties to this agreement have agreed contains no commercially sensitive information;

**13.5.5** Which is already lawfully in the possession of the receiving party, prior to its disclosure by the disclosing party;

**13.5.6** By the Authority to any other department, office or agency of the Government;

**13.5.7** By the Authority relating to this agreement and in respect of which the Service Provider has given its prior written consent to disclosure

#### **14 INDEMNITIES AND CONTRIBUTION**

14.1 With effect from the Commencement Date each of the Parties will indemnify the Shared Service Team against any claims arising out of this Agreement relating to the Functions (excluding any omission by an individual Party) and any failure to comply with the secondment arrangements agreed for staff employed by one of the Parties. In such situations the Host agrees to assume the lead for dealing with any such claim or proceedings on behalf of the other Parties ensuring that the Parties are fully consulted prior to any action taken, including the nature of any defence to be advanced, and or any settlement to any such claim or proceeding and to seek written approval of the other Parties to take any such actions (such approval not to be unreasonably withheld or delayed). The Host shall recharge the other Parties an equal amount via an invoicing system to cover the costs or any losses incurred for managing any such claim or proceeding on behalf of the Parties.

- 14.2 As a consequence of any events, acts, omissions or failures by an individual Party relating to the Functions of the Shared Service Team which contribute directly towards any liabilities losses and expenses claim or proceeding against said Shared Service Team, Host or one of the other Party(s) it is agreed that said Party responsible for such failure or act of omission shall assume full care and control of the claim or proceedings and be responsible for the full costs of any losses arising from such claim
- 14.3 During the Agreement period the Host agrees to take out appropriate insurance cover for any property and or associated equipment and or associated auxiliary services which are essential to the operation of the Shared Service Team.
- 14.4 A Party who previously seconded a member of staff (" Previously Seconded Staff") to the Shared Service Team will be responsible for indemnifying and keeping indemnified the Shared Service Team, Host and the other Parties from and against all claims and proceedings whatsoever arising from or in connection with any claim or demand by their member of Previously Seconded Staff at any time during the term of this Agreement (whether for unpaid remuneration, wrongful dismissal, redundancy, unfair dismissal, loss of office, sex, race or disability discrimination or otherwise,) or any claim on the basis that the Previously Seconded Staff member is or has become an employee of the Shared Service Team. This indemnity shall not apply to any claim arising from any failure by the Shared Service Team to comply with its

obligations under this Agreement (including the provisions of the secondment arrangement).

## **15 DISPUTES**

- 15.1 All disputes between the Parties on the interpretation of this Agreement and all disputes in any way or at any time arising in respect hereof shall be referred to the Management Board in the first instance
- 15.2 In the event that it remains unresolved, the matter will be referred to the Chief Executive of each of the Parties for determination.

## **16 VARIATION**

- 16.1 This Agreement cannot be varied without prior written consent of all Parties. Any variation will be annexed to this Agreement.

## **17 COMMUNICATIONS**

- 17.1 Any communication required to be in writing under the terms of this Agreement shall be sent to each Party at the addresses and marked for the attention of the person last notified in writing to the other Parties as being the person to receive communications for the purpose of this Agreement on behalf of that Party.

## **18 THIRD PARTY RIGHTS**

- 18.1 The Parties to this Agreement do not intend any provision of it to be enforceable by any other person pursuant to the Contract (Rights of Third Parties) Act 1999.

## **19 SEVERANCE**

- 19.1 If at any time any provision of this Agreement is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal invalid or unenforceable in any respect then:
- 19.2 If it would not affect or impair the legality, validity or enforceability of any other provision of this Agreement, this Agreement shall continue in full force and effect as if the Agreement had been executed with the invalid provision eliminated except where it deprives one of the Parties of a substantial part of the benefit to be derived by it from this Agreement without providing any corresponding benefit.
- 19.3 If Clause 19.1 shall apply the Parties shall in good faith amend and, if necessary, execute such further assurances in relation to this Agreement to reflect as nearly as possible the spirit and intention behind that illegal, invalid or unenforceable provision to the extent that such spirit and intention is consistent with the laws of that jurisdiction and so that the amended clause complies with the laws of that jurisdiction but if the Parties cannot agree upon the terms of any amendment or assurance within six months of the date upon which the provision was determined to be wholly or partly illegal or unenforceable by any court, tribunal administrative body then the dispute will be determined in accordance with clause 15 hereof.

## **20 WAIVER**

- 20.1 No term or provision of this Agreement shall be considered as waived by any Party unless a waiver is given in writing by the Party and any

failure by any of the Parties at any time to enforce any provision of this Agreement or to require performance by any of the other Parties of any of the provisions of this Agreement shall not be construed as a waiver of any such provision and shall not affect the validity of this Agreement or any part thereof or the right of any Parties to enforce any provision in accordance with its terms.

- 20.2 No waiver under clause 20.1 shall be a waiver of a past or future default or breach, nor shall it amend delete or add to the terms conditions or provisions of this Agreement unless (and then only to the extent) expressly stated in the waiver.

## **21 HUMAN RIGHTS, EQUALITY AND DISCRIMINATION**

- 21.1 The Project Manager shall ensure that the Shared Service Team staff, agents and sub-contractors shall, at all times act in a way which is compatible with the Convention rights within the meaning of Section 1 of the Human Rights Act 1998.
- 21.2 The Project Manager shall ensure that the Shared Service Team in undertaking its duties and in making any decision regarding the discharge of its functions, due consideration is given to gender, sexual orientation, religious persuasion, racial origin, cultural and linguistic background.

## **22 GOVERNING LAW AND JURISDICTION**

- 22.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of England and Wales.

This Document is signed on behalf of the respective Parties the day and year first before written.

Signed on behalf of CAERPHILLY )  
COUNTY BOROUGH COUNCIL )

Designation.....

Signed on behalf of MERTHYR TYDFIL )  
COUNTY BOROUGH COUNCIL )

Designation.....

Signed on behalf of MONMOUTHSHIRE )  
COUNTY BOROUGH COUNCIL )

Designation.....

Signed on behalf of NEWPORT )  
COUNTY BOROUGH COUNCIL )

Designation.....

Signed on behalf of RHONDDA CYNON )  
TAFF COUNTY BOROUGH COUNCIL )

Designation.....

Signed on behalf of THE VALE OF )  
GLAMORGAN COUNCIL )

Designation.....



**SCHEDULE 1**  
**FINANCIAL PROTOCOL**

1. This Financial Protocol governs the relationship between the Parties, the Host, the Shared Service Team and its Finances.
  
2. **Fund Arrangements**
  - 2.1 The Host will provide the financial / administrative / accounting systems and associated support for the Management Board and the Shared Service Team
  
  - 2.2 Each Party will contribute those Financial Contributions as are identified in sections 3 and 5 (below) commencing on the Commencement Date or on a pro-rata basis in the event of any delay.
  
  - 2.3 Any charges for goods or services incurred by any party relating to the 'function of' the Shared Service Team will be by means of official invoice claim reimbursement of actual costs from the Host quarterly in arrears.
  
  - 2.4 Cash releasing savings resulting from commissioning and contracting negotiations and activities undertaken by the Shared Service Team will be realised by each Party at source (i.e. within each Parties Financial Accounts). An exception to this will be where savings are realised and accrued at a regional level (e.g. Regional cost/volume discounts), in such cases, savings will be held centrally by the Host, until the Management Board agrees an appropriate and equitable distribution to each Party.
  
  - 2.5 The Fund will be managed by the Project Manager, under the direction of the Management Board. Regular reports will be provided to the Management Board.. These reports will include details of the Fund's annual budget, spend incurred to date, anticipated annual spend, variance to budget and an analysis of any variance.

### 3. **Contribution and Charging Mechanism**

3.1 To ensure that all costs incurred by the Shared Service Team are recovered, the following contribution and charging mechanism has been established. It should be noted that this mechanism will be subject to annual review.

3.2 Party contributions will be based on the following agreed percentages :

<b>Authority</b>	<b>Percentage</b>
RCT CBC	29.92
Caerphilly CBC	22.07
Newport CC	17.97
Vale of Glamorgan CBC	13.39
Monmouthshire	8.81
Merthyr CBC	7.84

3.3 Charges made for goods and services relating to the Function and/or Host Services of the Shared Service Team from any Party will be made by means of official invoice based on actual costs incurred, submitted to and paid by the Host quarterly in arrears.

3.4 Charges made for goods and services relating to the Function and/or Host Services of the Shared Service Team from any other company or external organisation will be submitted to and paid by the Host in accordance to the stipulated contract and payment terms.

### 4. **General Principles**

4.1 Changes in service delivery that lead to a variation in the Functions must only be made with prior approval from the Management Board.

4.2 The Fund shall not inherit any debt or liability incurred by any of the Parties prior to the Commencement Date.

4.3 Any additional funding streams targeted at the Shared Service Team must be considered by the Management Board. Permission to accept, expend or commit any monies from any new funding streams must be granted by the Management Board. It shall be the responsibility of the Project Manager or respective Party to bring such additional funding streams to the attention of the Management Board.

4.4 Budgets within the Fund will follow the Best Value Accounting Code of Practice (BVACOP) and be routinely monitored by the Project Manager. This financial performance will be reported to the Management Board on a quarterly basis in line with scheduled Management Board meetings.

**5. Anticipated cost of the Shared Service Team during the period of the Agreement**

5.1 The anticipated value of contributions to the Fund required for the operation of the Shared Service Team in the first year based on initial (updated) estimates is £353,515.92. The level of contribution required from each Party in its first year has been calculated using the original apportionment method (see paragraph 3.2 above) as agreed by Parties.

5.2 A full summary of the anticipated costs and apportionment of estimated Party contributions for year 1 is shown under Appendix 1.

**6. Payment Arrangements**

6.1 The Parties, shall be invoiced six monthly in advance by means of official invoice from the Host as per contribution and charging mechanism above

6.2 Payments shall be made in accordance with the Host's standard credit terms (i.e. 28 days)

6.3 Any late payment may invoke interest charges at the discretion of the Management Board. Any charge of interest will be applied on a daily basis at

the Bank of England base rate + 1 % from the due date of payment to the actual date of receipt.

## **7. Hosting and Administration of Contributions**

- 7.1 The Financial and Contract Procedure Rules of the Host shall apply to all contributions received from the Parties.
- 7.2 The Project Manager shall ensure that the finances are maintained to national and professional standards and that the payment of supplier's invoices complies with their payment terms, ensuring that no late payment charges are incurred.
- 7.3 The Project Manager shall be responsible for ensuring that appropriate financial systems are operational and in place in order to provide the necessary control and production of financial information.

## **8. Information Requirements**

- 8.1 The Project Manager shall ensure that all financial and other information required by the Management Board or Parties in relation to compiling performance statistics, statutory and other returns is made available by any relevant deadlines.
- 8.2 The Project Manager shall ensure that all financial and other information required to measure performance against the Services Specification, as set out in this Agreement, is made available by any relevant deadlines.
- 8.3 The Project Manager shall make available all financial and other information as requested by the Management Board or Officers of any Party.

## **9. Grants**

9.1 Where grant opportunities are identified, the Project Manager or the relevant Party(s), as appropriate shall be responsible for bringing this to the attention of the Management Board. The Project Manager shall be responsible for the completion of grant claims to the appropriate standard, within the required timescales and in accordance with the Host's procedures (unless specifically agreed otherwise by the Board). The Project Manager shall liaise with the relevant Party's Lead Officer, as required, to complete this task.

9.2 When new grants are made known in respect of the functions (the Project Manager) in liaison with the relevant Officer shall draw up spending plans for such grants along with an appropriate exit strategy, for approval by the Management Board.

## **10. Financial Insolvency**

10.1 If it is foreseen that the Shared Service Team cannot meet its liabilities and the Management Board is unable to agree a financial solution, then the Management Board shall be responsible for ensuring that termination procedures are followed.

## **11. Monitoring and Role of the Project Manager**

11.1 The Project Manager shall prepare a financial monitoring report on a quarterly basis to the Management Board who will in turn review expenditure, commitments and forecast outturn to ensure that the allocated budget is being appropriately adhered to.

11.2 The Project Manager shall prepare an annual report to be submitted to the Management Board at the end of each Financial Year. Such report would include:

11.3 An annual statement of Income & Expenditure

- 11.4 An evaluation of performance against any agreed performance measures, targets and priorities.
- 11.5 A review of targets and priorities for the forthcoming Financial Year.
- 11.6 Summary of Service delivery.
- 11.7 Such other information as shall be reasonably required by the Management Board from time to time.

**12. Variations Against Budget**

- 12.1 The Project Manager shall ensure that there are mechanisms in place to enable budgets to be managed in line with available resources and that any variations to budget are identified early.
- 12.2 The Shared Service Team is not authorised to operate nor budget at a cumulative deficit position. In the event that annual accounts are closed in a deficit position, Parties will be required to make appropriate contributions during the first quarter of the subsequent financial year. Contributions required to 'make good' such a deficit will be proportionate to the contribution made by each Party Member to the fund during the year in which the deficit occurred.
- 12.3 The Project Manager must submit a report to the Management Board, which details reasons for variation and recommended remedial action. An extraordinary general meeting of the Management Board will be held within 28 calendar days of the production of this report in order to agree the remedial action as necessary
- 12.4 If agreement cannot be reached in respect of the corrective action and treatment of budget variations (overspends and underspends) in the Pooled Fund the Parties shall follow the dispute procedure as set out in Clause 14 of the Agreement.

12.5 Where upon termination of the Shared Service Team there is a Surplus or Deficit this shall be apportioned on a just and equitable basis as agreed by the Management Board.

12.6 In the event of membership changes e.g. where there is an inclusion of a new Party or withdrawal of existing Party. An extraordinary general meeting of the Management Board will be held within 28 calendar days following formal notification of any Party membership change. The meeting should consider the ongoing financial viability of the work of the Shared Service Team and agree the necessary amendments to the Financial Schedule (incl. Party contributions) and operation of the service .

### **13. Record Keeping / Year-end Accounting Information**

13.1 The Project Manager must retain all records for a period of six full years following the Financial Year-end, or longer if required.

13.2 The Project Manager shall make available all financial and other information to the Party members as required to fulfill their statutory reporting requirements and to meet any specified deadlines.

### **14. VAT**

14.1. The Finances for the Shared Service Team shall be managed subject to the VAT regime of the Host.

### **15. Auditing Arrangements**

#### **15.1 External Audit**

15.1.1 The Host's external auditors, (currently The Wales Audit Office but subject to the appointment of the Auditor General for Wales, will be the external auditor of the Shared Service Team.

- 15.1.2 It shall be the responsibility of the Host to include the funds of the Shared Service Team in its end of year accounting processes, produce the required memorandum account and arrange for audit in time for its inclusion in all Parties' year end accounts.
- 15.1.3 Should the annual audit letter contain any direct reference to the finances of the Shared Service Team, the Host will send copies of the relevant excerpts of the letter to each of the Parties and to the Management Board.
- 15.1.4 The cost of any specific audits required shall be borne by the Shared Service Team.

## 15.2 **Internal Audit**

- 15.2.1 The Shared Service Team and its finances will be incorporated into the risk assessed Internal Audit Programme of the Host. Final reports shall be made available to the Management Board and to the Parties' internal auditors.
- 15.2.2 The costs of any required audits of the Shared Service Team shall be borne by the Shared Service Team.



## Appendix 1

### Shared Service Team – Estimated Costs Year 1

Description		Full Year Annual Budget
		£
<b><u>1. Expenditure</u></b>		
	<b><i>FTEs</i></b>	
Project Manager	1.00	41,616.00
Customer Relationship Manager	2.00	61,702.00
Development Officers	3.00	92,553.00
On Costs NI/Pensions etc		58,761.30
T& S, Training etc	N/A	18,000.00
Office Accommodation	N/A	30,000.00
Finance / Accountancy Support	N/A	4,244.87
Legal	N/A	4,244.87
HR	N/A	4,244.87
Commercial	N/A	5,000.00
IT re-charge costs	N/A	23,152.00
Consultancy	N/A	10,000.00
<b>Total Expenditure</b>		<b>353,515.92</b>

### Summary of Parties Contributions – Year 1

Local Authority / Party Member	%age contribution	Total Estimated Annual Charge - Year 1	1st Six Month Charge	Est. 2nd Six Month Charge
Caerphilly	22.07%	£78,020.96	£39,010.48	£39,010.48
Merthyr Tydfil	7.84%	£27,715.65	£13,857.83	£13,857.82
Monmouthshire	8.81%	£31,144.75	£15,572.38	£15,572.37
Newport	17.97%	£63,526.81	£31,763.41	£31,763.40
Rhondda Cynon Taff	29.92%	£105,771.96	£52,885.98	£52,885.98
The Vale of Glamorgan	13.39%	£47,335.78	£23,667.89	£23,667.89
<b>Total</b>	<b>100.00%</b>	<b>£353,515.92</b>	<b>£176,757.97</b>	<b>£176,757.95</b>

**NB:** Indicative contributions for Years 2 and 3 will be similar to Year 1 , however will be subject to any future budget amendments agreed by the Management Board, annual contractual uplifts and the agreement of future years distribution formula

## SCHEDULE 2

### **Shared Service Team Governance Structure**

#### 1. Management Board

The sponsoring Group for the Shared Service Team is the Management Board.

#### Responsibilities of the Management Board

A Memorandum of Understanding (MoU) defines their terms of reference, but in summary it is responsible for:

- The investment decision
- The direction of the business
- Overall alignment of the programme to the strategic direction of the six authorities that make up the Consortium

#### Frequency of Management Board Meetings

The Management Board will meet every 2 months.

#### Management Board Agenda

The following will be standard agenda items for the Management Board:

- Project Delivery Updates
- Risks and issues
- Budget
- Communication

#### 2. Operational Boards

The two main work programmes being carried out by the Consortium and to be continued on behalf of the Parties are the Integrated Children's System ("ICS") for children's services and the Unified Assessment Process ("UAP") for adult's services. At the direction of the Management Board the Shared Service Team will undertake other work programmes.

For each work programme a separate Operational Board will be set up which will be ultimately accountable for the programme, ensuring that it meets its objectives and realises the expected benefits. The Senior Responsible Officer (SRO) will lead each Operational Boards and have authority to direct the programme and take decisions, as well as be accountable for delivery.

### The SRO:

- Has overall responsibility for the programme vision
- Leads the programme, providing clear leadership and direction throughout its life
- Leads on securing the investment required to set up and run the programme
- Shares accountability with the Operational Board for the outcomes
- Accountable for the programme's governance arrangements
- Owns the business case
- Manages the interface with key senior stakeholders, keeping them engaged and informed
- Manages the key strategic risks facing the programme
- Maintains the alignment of the programme to the strategic direction of the Parties
- Chairs the Operational Board

### Responsibilities of the Operational Board

Membership of the Operational Board will be:

- Chair – Operational SRO
- Heads of -Service
- Project Manager

The key principles for effective leadership of the work programmes are:

- Creating, and communicating the vision in compelling ways to all stakeholders
- Empowered decision-making, giving individuals the autonomy to fulfil their roles effectively.
- Visible commitment and authority to:
  - Ensure the correct resources are available to the programme
  - Influence and engage with stakeholders
  - Balance/assimilate the programme's priorities with those of core operational business
  - Focus on realisation of the business benefits
- active management of:
  - cultural and people issues involved in change
  - programme's finances and the inevitable conflicting demands on resources
  - coordination of the projects within the programme to manage the transition to new services, while maintaining core business
  - risk identification, evaluation and management

Members of the Operational Boards are individually accountable for their areas of responsibility and delivery within the Programme as follows:

- Ensure the programme delivers within agreed parameters (e.g. cost, organisational impact, expected/actual benefits realisation and timescale)

- Resolve strategic and directional issues between projects, which need the agreement of senior stakeholders to ensure the progress of the programme
- Ensure benefits are evidenced accurately
- Provide assurance for operational stability and effectiveness through the programme delivery cycle

Each member of the Operational Board will commit to the following:

- Understand and manage the impact of change
- Estimate benefits and their achievement
- Own the resolution of risks and issues that the programme faces
- Resolve dependencies with other pieces of work, whether change or business operations
- Represent local strategy
- Support the application of and compliance with operating standards
- Make resources available for planning and delivery purposes

Others who attend the Operational Boards attend in an advisory capacity.

#### Delegated Attendance

There may be occasions when an Operational Board member is unable to attend. In this instance they should delegate an appropriate staff member who is able to direct, report and make decisions on their behalf, to attend in their place.

#### Operational Board Decisions

Only the Chair/SRO and Heads of Service (or their delegates) will be decision makers on the board in terms of strategic and directional decisions. Other board attendee's operate in an advisory capacity, but may be involved in making operational decisions within the parameters set by the Board. There may be occasions when advisors are asked not to be present when decisions are made.

#### Frequency of Operational Board Meetings

Operational Boards will meet every 2 months in the week preceding the Management Board meeting.

#### Operational Board Agenda

The following will be standard agenda items for the Operational Boards

- Project Delivery Updates
- Risks and issues
- Communication

## Project Manager

The Project Manager is responsible for leading and managing the programme through to delivery of the new capabilities and realisation of benefits. Responsibilities are:

- Day-to-day management of the programme, including taking the programme forward from appointment, supervising and closing the programme
- Being the day-to-day agent on behalf of the SRO, for successful delivery of the new capability
- Planning and designing the programme and proactively monitoring its overall progress, resolving issues and initiating corrective action as appropriate
- Defining the programmes governance framework
- Effective coordination of the projects and their interdependencies
- Managing and resolving any risks and other issues that may arise
- Maintaining overall integrity and coherence of the programme environment to support each individual project within it
- Managing the programmes budget, monitoring the expenditure and costs against benefits that are realised as the programme progresses
- Facilitating the appointment of individuals to project delivery teams
- Ensure that delivery of new products or services from the projects meet programme requirements and are to the appropriate quality, on time and within budget
- Ensure maximum efficiency in the allocation of resources and skills within projects
- Manage third party contributions to the programme
- Manage communications with stakeholders
- Initiate extra activities and other management interventions whenever gaps in the programme are identified or issues arise
- Report progress of the programme at regular intervals to the SRO, the Operational Boards and the Management Board.