

SERVICE PLANS – OVERARCHING PRINCIPLES

DEFINITIONS

“Approved Budgets” means the disaggregated budget that was approved by each Council’s shadow authority prior to 1 April 2021 and includes financial disaggregation principles in relation to the Functions.

“Corporate Scorecard” means the performance management tool that will measure the delivery and performance of the Functions against Key Performance Indicators.

“Critical Service Failure” means an incident or outcome, specific to the discharge of the Functions, and specified in each Schedule 3 Service Plan, that constitutes a breach of this Agreement and which shall be managed in accordance with clause 2 of this Schedule (3). Critical Service Failures shall be deemed to include any non-performance, act, default, omission, breach or negligence of the Provider Authority, in respect of the discharge of the Function.

“Key Performance Indicator (KPI)” means the performance measures set out in this Schedule 3 and each individual Service Plan; KPIs include corporate measures, national / statutory measures, and locally agreed measures; such measures being agreed between the Parties as the tool to account for the discharge and performance of the Functions by the Provider Authority.

“Primary Service Contact” means the authorised representative in the Provider and / or Receiver Authority, in respect of the delegated Functions.

“Service Directors” means the responsible officers from each Council, in respect of the delegated Functions.

“Service Review” means a meeting between the Primary Service Contacts and Service Directors (or their nominated representatives) from each Party, to review the delivery of the Functions and which shall take place as a minimum, on a quarterly basis or otherwise at the request of either Party.

“Transformation Task and Finish Group” means a group of elected members from each Council, assigned to assess and set out the disaggregation plans for the delegated Functions.

1. OVERVIEW

- 1.1 The Service Plans in Schedule 3 set out the Approved Budgets and Key Performance Indicators (KPIs) in respect of the delegated Functions listed in Schedule 1 (and detailed in Schedule 2), of the Agreement.
- 1.2 The Provider Authority agrees to report on the performance of the discharge of the Functions, to the Receiving Authority, in accordance with the terms of the Agreement and this Schedule 3.

- 1.3 Nothing in Schedule 3 is intended to supersede the terms and conditions set out in the Administrative Agreement and no provisions in Schedule 3 shall prevent either Party from exercising their rights under the terms of the Agreement.

2. GOVERNANCE ARRANGEMENTS

- 2.1 As an overarching principle, day-to-day business management and any issues arising in relation to this Agreement will be dealt with and resolved at the most appropriate level within the Parties respective organisations, through normal management routes. In the event of a problem arising in relation to a specific Function, the following procedure should be followed:
 - 2.1.1 if the matter is not concluded on an informal basis within twenty (20) Business Days, either Party may escalate such matter to the Primary Service contact for that Function / Service;
 - 2.1.2 if the matter is not concluded in accordance with paragraph 2.1.1 within twenty (20) Business Days of escalation to such level, either Party may escalate such matter to the relevant Service Directors (or their nominated representatives), in either Council;
 - 2.1.3 the matter is not concluded in accordance with paragraph 2.1.2 within twenty (20) Business Days of escalation to such level, either Party may escalate such matter to the Joint Officer Board
 - 2.1.4 If the matter cannot be resolved by the Joint Officer Board and / or the Joint Committee, the matter shall be referred for resolution in accordance with provisions in clause 34 of the Agreement.
- 2.2 Critical Service Failures relevant to the discharge of each Function, are specified in each individual Schedule 3 Service Plan.
- 2.3 In the event of a Critical Service Failure, investigations will be led by the Primary Service Contact in the Provider Authority, and findings will be shared with the relevant Service Directors from both councils, who will jointly decide the remedial actions required and agree a timetable for resolution.
- 2.4 If there is a failure to remedy a Critical Service Failure within the agreed timescales, the matter shall be escalated to the Joint Officer Board in accordance with clause 2.1.3 and 2.1.4 of this Schedule 3.

3. SERVICE REVIEWS

- 3.1 Service reviews will take place, as a minimum, quarterly and will be attended by the Primary Service Contacts, representatives from the finance directorate and Service Directors, (or their nominated representatives), from the Provider and Receiver Authority.

4. REGULATORY COMPLIANCE

- 4.1 The Provider Authority agrees to provide evidence of regulatory compliance, as relevant to the Functions, to the Receiving Authority, on an annual basis or as otherwise agreed; such compliance to include details of maintenance of certifications, regulatory approvals and any other related compliance requirements and reporting to regulatory / other bodies.
- 4.2 If the Function is subject to external inspections, the Provider Authority shall;
 - 4.2.1 notify the Receiving Authority of the timetable for external inspections; and
 - 4.2.2 share inspection reports with the Receiver Authority in advance of submission to external bodies; and
 - 4.2.3 formally report the outcome of inspections to the Primary Service Contact in the Receiver Authority;
- 4.3 An inspection that yields a failure shall constitute a Critical Service Failure
- 4.4 An inspection outcome that requires improvement to the standards of delivery of the Functions shall warrant a Service Review.

5. APPROVED BUDGETS

- 5.1 Each Schedule shows the Approved Budget at the Commencement of the Agreement.
- 5.2 The Parties agree that the budgetary figures in each Schedule 3 may be subject to variation following, (where relevant and as set out in each Schedule 3 Service Plans), a reconciliation process or completion of the assessment of budgets.
- 5.3 Both local authority budgets were based upon a disaggregated Northamptonshire County Council (NCC) budget, aggregated with the base budgets from the relevant borough and district councils, then adjusted for anticipated pressures and efficiencies within 2021-22 financial year.
- 5.4 The disaggregation of the NCC budget was achieved by applying disaggregation principles, (such as population and activity-based metrics), to each service's budget.
- 5.5 The disaggregation metrics were approved by a Task and Finish Group of elected members and represented the respective unitary Council's financial baseline for NCC services and unless specific service metrics are identified, these disaggregation principles will inform the inter-authority charging regime.
- 5.6 In accordance with clause 6.6 of the Agreement, Extraordinary Work shall not apply to the Approved Budgets.

Recharging Principles

The following financial principles and invoicing approach is agreed between the Parties and will be effective from the date that each Schedule 3 Service Plan is approved;

- 5.7 For activity-based budgets where volumetric cost drivers have already been agreed through the delegation process, this will be the basis for cost recovery throughout the year.

- 5.8 For services where there is no specific volumetric data, relevant costs will be recovered during the financial year in line with the disaggregated budget or an agreed alternative which reflects the usage of the service, with a final payment in the last quarter to 'true up' or reconcile, based on actual levels of expenditure incurred to the Provider Authority; this will ensure the 'true cost of services' are incurred for each Council.
- 5.9 An 'open book' management accounting approach will be undertaken throughout the year, so that the Receiver Authority has early sight of any known budget variations identified by the Function; timing of this should be agreed between the Parties. This will enable transparency for financial reporting purposes, and also ensure cross Party working on potential mitigation options for any projected variances.
- 5.10 This approach will enable an efficient charging process throughout the year, but also provide a mechanism where risk and reward with respect to budget variations is appropriately discussed and understood by each Party, with an early warning system in place to enable action if there is forecast pressure on the budget.
- 5.11 It will be the responsibility of the Provider Authority to invoice the Receiving Authority on a quarterly basis as far as possible, unless complexities in the service area prevent this; such occurrences to be reviewed on an exception basis.
- 5.12 The budget and the amount to be recharged is included in each Schedule 3 Service Plan, following agreement with the respective Service Directors in each Authority, and Joint Officer Board and Joint Committee approval.
- 5.13 Any disagreements in respect of invoicing, or under/overspends shall be escalated to the relevant Assistant Directors and Finance Business Partners to seek to resolve in the first instance, with S151 Officers and the Monitoring Officers being made aware of the issue.
- 5.14 If the matter remains unresolved following initial escalation, the escalation procedures in this Schedule 3 shall apply.

6. CORPORATE REPORTING

- 6.1 Corporate reporting shall include a submission showing delivery against the KPIs on the Corporate Scorecard including, where relevant, narrative explaining any KPI outcome that is below the tolerance levels as set out in the relevant Schedule 3 Service Plan.
- 6.2 The Parties agree that the Provider Authority Service Directors (or their nominated representatives), shall present corporate performance reports in respect of the delivery of the Functions, to the Primary Joint Officer Board and Shared Services Joint Committee on a quarterly basis, or as otherwise reasonably requested by either Party.
- 6.3 Where reporting data shows a countywide delivery, the Provider Authority shall provide a summary and breakdown of the delivery of the KPIs specific to the Receiving Authority.
- 6.4 In addition, the Provider Authority shall provide reports on achievement against corporate performance measures, as set out in Table 1 below (clause 7.6);

7.6 Table 1 Corporate Measures

Ref	KPI description	Target	Performance threshold levels	Reporting frequency	Overview / Supporting notes
Complaints					
COM1	KPIs based on the Provider Authority's corporate complaints procedure; and all such complaints and how they have been resolved shall be notified to the Delegating Authority	NA	In accordance with the Provider Authority Corporate complaints policies and procedures	quarterly / annually	Report to include a summary of any complaints or investigations carried out by the Local Government and Social Care Ombudsman, the Information Commissioner or any other regulator relevant statutory body or statutory officer which shall include the Monitoring Officers and s151 Officers of the Parties.
Information Governance					
IG1	KPIs based on the Provider Authority's corporate IG policy and procedure;	NA	In accordance with the Provider Authority corporate IG policy and procedures	quarterly / annually	Report to include a summary of any complaints or issues in relation to data protection, involving the Information Commissioner, any council official, or third party in respect of the Functions and Services.
HR Workforce					
HR1	KPIs based on current Provider Authority HR corporate reporting measures.	NA	For information	Quarterly / annually	Report to include the following information subject to service size; <ul style="list-style-type: none"> • Staff Headcount • Staff FTE • Vacant posts – both headcount and FTE • Agency spend • Staff turnover • FTE days lost to sickness

Ref	KPI description	Target	Performance threshold levels	Reporting frequency	Overview / Supporting notes
Finance					
FIN1	Reporting on expenditure and income incurred	Service delivered within budget	Within budget	quarterly / annually	Report to break down details for; a. Activity based functions with volumetric cost drivers b. Nonvolumetric c. Income generating services d. Staffing
FIN2	Report of spend against forecast	Service delivered within budget	Within budget	quarterly / annually	Report to; a. to include details of overspend / underspend) b. Provide explanation of any overspend/ underspend c. Demonstrate forecast in relation to overspend / underspend
FIN3	Submission of revised annual forecast		For information	annually	This may be requested at any time by the Receiving Authority and will be required in the event of a significant overspend / underspend