

BACKGROUND

The Shared Service Partnership Agreement contains mechanisms for ensuring the joint service can continue to operate to the satisfaction of all parties, including arbitration as a last resort. It is additionally best practice to develop an Exit Management Strategy. This should set out the liabilities and responsibilities of partners up to and after the shared service ending, including support to find a new provider, dealing with staff, handling licensing and inventory issues, and a host of other matters necessary to ensure a smooth transition.

This Exit Management Plan sets out a procedure for parties to follow that is fair and transparent. The guiding principles of the Plan are (1) that there will be equal treatment so that the Councils are restored to a position of parity should the Partnership be dissolved, and the Councils share the cost of such dissolution if it is initiated for reasons of poor performance, but that if it is initiated for strategic reasons (such as outsourcing as part of a service contract) the party initiating the exit should bear the costs; (2) that employees will be treated fairly and transparently; and (3) service levels will be maintained at all times.

Periodic review of the Exit Management Plan will take place to ensure it remains relevant to the shared service as it develops.

NOTICE OF WITHDRAWAL

The Shared Service Partnership Agreement states in section 3, "a partner may withdraw from the Partnership following the service, in writing of twelve months notice."

This Exit Management Plan (a) gives partners an idea of what to consider if they are contemplating serving notice of withdrawal, and (b) clarifies what must be done during the twelve months after notice is given.

Expiry of Notice. On the expiry of any such notice under section 3 of the Shared Service Partnership Agreement, that Agreement shall cease immediately but without prejudice to any rights or remedies that may have accrued to either party to it.

EFFECTS OF NOTICE

On the taking effect of any such written notice:

Assets and Liabilities. The moveable assets and liabilities relating to the Shared Service Partnership shall be distributed amongst the Councils in accordance with such reasonable method of distribution as will be agreed by the Joint Committee.

Staff and Contracts. In addition to compliance with the law on the Transfer of Undertakings (TUPE), the Council(s) which withdraw from the Shared Service Partnership Agreement shall consider reasonable requests from the other Council(s) for transfer of any employee to the withdrawing Council(s) from any other Council and for the assignment of any contract to any other Council.

In the event that fewer staff are required to carry out the ICT functions of the Councils the method of selection for redundancy in respect of the additional staff shall be decided by North East Derbyshire District Council. The Councils will allocate the cost of making any staff redundant (in the event of those staff not being transferred), together with any associated costs arising from the withdrawal, on the basis of the principles set out at the start of this document.

Payments. All outstanding payments owing under the Shared Service Partnership Agreement shall be paid. In addition, such sums as are necessary to indemnify the Councils in respect of any liabilities or additional costs that they may incur as a result of withdrawal shall be shared equally by the Councils.

TRANSFER PROCESS

The following process is based on the scenario where the Councils are returned to their original, separate positions. If an alternative service delivery model is chosen, the process below should be adapted accordingly:

1 Set up a Formal Project

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 joint project team, project plan and timetable with appropriate representation from officers at the Councils.

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

2 Engage an Independent Adviser

It is possible that the strong relationships that currently exist may be less harmonious and it may 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. Such an advisor would be

appointed in accordance with the Shared Service Partnership Agreement, and their role would include managing the transition to either separate in-house services or to an alternative provider(s).

3 Consider Timing Issues

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.

4 Identify the Key Issues

It is essential to quickly identify what may be the critical success factors or problems which need to be overcome. The Project Plan should allow for the legal, human resources, ICT and other issues to be resolved. A dedicated Risk Register for the wind-up of the Partnership should be included. The key issues should include whether to move to separate in-house services or to find an alternative service provider(s).

5 Obtain Member Approval

The Project Team would need to compile a report for the Joint Committee setting out the background and circumstance 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 needed to be made to each Council for formal approval.

6 Finalise the Handover

There will be a range of practical issues which need to be resolved at the point of handover. These could include:

- staff relocations
- record retention & transfer (paper & electronic)
- ongoing information & data access
- settlement of accounting transactions
- outstanding contractual and licensing liabilities
- payment of accounts
- transfer of assets
- joint contracts with vendors that will outlast the partnership

COMMUNICATIONS PLAN

In addition to 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. Reputational issues would be key for all partners and all communications would therefore be overseen by the Joint Committee.

TRANSFER OF STAFF

If it is decided to return the 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 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.

SEPARATION OF BUDGETS & ASSETS

The Joint Service's 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 Councils are in the same financial position rather than the assets simply being divided between the Councils on a per-user basis. All assets jointly procured would undergo a risk assessment which includes notional apportionment in the event of an exit.

SHARING OF JOINT COMMITTEE DATA

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

RETURN OF COUNCIL DATA AND DOCUMENTS

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

SEGREGATION OF SHARED NETWORKS & OTHER IT RESOURCES

As part of the ICT element of the Project Plan, arrangements will be made to provide independent ICT resources on behalf of each Council, including systems, data and support.

PROVISION OF CONTINGENT SUPPORT

The Councils will provide ongoing support to the others beyond the termination date to ensure the ongoing access to and transfer of essential information and for audit purposes.

POST-CLOSURE EVALUATION

The Councils will take part in a joint evaluation exercise to cover (1) benefits and problems of the joint service; (2) reasons for cessation and lessons learnt; and (3) the exit management project and lessons learnt.