



Dated

2025

CAMBRIDGE CITY COUNCIL

and

HUNTINGDONSHIRE DISTRICT COUNCIL

and

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**PARTNERSHIP AGREEMENT FOR SHARED
SERVICES**

Contents

Clause	Page
1. Definitions	5
2. Commencement and Term	9
3. Principles of Collaboration	10
4. Governance	10
5. The Services	12
6. Shared Service Budget	12
7. Shared Service Costs Indemnity	12
8. Role and Responsibilities of the Shared Service Accountant	12
9. Premises and Resources	13
10. Shared Service Teams	13
11. TUPE and Employees	14
12. Pensions	15
13. Indemnities and Insurance	15
14. Intellectual Property	16
15. Termination	16
16. Confidentiality and Data	18
17. Data Protection, Freedom of Information and Environmental Information Regulations	18
18. Press Releases	19
19. Planning, Review and Monitoring of the Shared Services and this Agreement	19
20. Force Majeure	20
21. Notices	20
22. Status of the Parties	20
23. Assignment	21
24. Waiver	21
25. Best Value	21
26. Rights of Third Parties	21
27. Variations to the Agreement	21
28. Default	21
29. Disputes	21
30. Governing Law	22

Schedule		Page
1	The Shared Services	24
2	Governance	25
3	Costs and Management of Shared Service Budget	27
4	Assets	30
5	Exit Plan	31

THIS AGREEMENT is made the day of 2025

BETWEEN

- (1) **CAMBRIDGE CITY COUNCIL** of the Guildhall, Market Square, Cambridge CB2 3QJ ("**City Council**"); and
 - (2) **HUNTINGDONSHIRE DISTRICT COUNCIL** of Pathfinder House, St Mary's Street, Huntingdon, Cambridgeshire PE29 3TN ("**Huntingdonshire**"); and
 - (3) **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL** of South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge CB23 6EA ("**SCDC**")
- (each a "Party" and together "the Parties").

BACKGROUND

- (A) The Parties have agreed that their respective strategies and objectives will be best achieved by the continued operation of a shared service arrangement for the delivery of the following services:
 - Building Control services;
 - ICT services;
 - Legal Services.

(each a "Shared Service" and together "the Shared Services").
- (B) This Agreement sets out the terms and conditions for the continued operation of the Shared Services between the Parties, including:
 - the key objectives of the Shared Services;
 - the principles of collaboration;
 - the governance structures for the Shared Services; and
 - the respective roles and responsibilities the Parties will have during the duration of this Agreement
- (C) This Agreement is one that establishes co-operation between public bodies in order to carry out a public task, governed solely by considerations and requirements relating to the pursuit of objectives in the public interest and pursuant to the Procurement Act 2023.
- (D) In addition the Parties have entered into this Agreement in reliance on their powers under Local Authorities (Goods and Services) Act 1970 and the exclusive rights given to local authorities to undertake administrative arrangements of this nature in Sections 101, 102, 112 and 113 of the Local Government Act 1972, and the regulations made under these Acts; together with the general power within Section 1 of the Localism Act 2011 and the supporting provisions within Section 111 Local Government Act 1972.

IT IS AGREED as follows:

1. DEFINITIONS

1.1 The definitions and rules of interpretation in this clause apply in this Agreement.

Executive Board	means the 3C Chief Executive Board constituted by the Parties pursuant to clause 4 comprising the Head of Paid Service and Shared Service Lead of each Party;
3C Management Board	means the programme board constituted by the Parties pursuant to clause 4, comprising the corporate directors, or other nominee of the Chief Executive of each party with responsibility for the Shared Service function;
Agreement	means this Partnership Agreement;
Annual Report	means the annual report prepared by the Shared Service Lead Officer/Head of Service as specified in clause 4.10;
Assets	means the assets of each Party and the Shared Service to be used in the provision of the Shared Service;
Business Plan	means the annual business plan for each Shared Service;
Claims	means all demands, claims and liabilities (whether criminal or civil, in contract, tort or otherwise) for losses, damages, legal costs and other expenses of any nature whatsoever and all costs and expenses (including without limitation legal costs) incurred in connection therewith;
Commencement Date	means 1 st October 2025;
Confidential Information	means all information disclosed by one Party to another Party provided that such item of information would appear to a reasonable person to be confidential or is clearly marked as confidential or is accompanied by a written statement that the same is confidential or proprietary;
Consents	means all permissions, consents, approvals, certificates, permits, licences and authorisations required for the performance of the relevant Shared Service in accordance with this Agreement;
Data Protection Legislation	means— (a) the GDPR, (b) the applied GDPR, (c) Data Protection Act 2018, (d) regulations made under the Data Protection Act 2018.

Data Processor	shall have the same meaning as set out in the DPA;
Default	means a failure to comply with any provision of the Agreement with which the Party is required to comply;
DPA	means the Data Protection Act 2018;
EIR	means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such regulations;
Employment Liabilities	means all claims, including claims without limitation for redundancy payments, unlawful deduction of wages, unfair, wrongful or constructive dismissal compensation, claims made under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended), compensation for sex, race, disability, age, religion or belief, gender reassignment, marriage or civil partnership, pregnancy or maternity, or sexual orientation discrimination, claims for equal pay, compensation for less favourable treatment of part-time workers and any claims (whether in tort, contract, statute or otherwise), demands, tribunal awards, fine loss, order, penalty, disbursement, payment made by way of settlement and costs and expenses reasonably incurred in connection with a claim or investigation (including any Investigation by the Equality and Human Rights Commission or other enforcement regulatory or supervisory body), and of implementing any requirements which may arise from such investigation, and any legal costs and expenses;
Employee Liability Information	has the meaning given in Regulation 11 of TUPE;
Employment Authority	means: <ul style="list-style-type: none"> (a) for the Building Control shared Service, the City Council; (b) for the ICT Services shared Service, Huntingdonshire; and (c) for the Legal Services Shared Service, the City Council;

Exit Plan	means the plan for the dissolution of the Shared Service in the event of the expiry or termination (in whole or in part) of this Agreement for any reason;
Expiry Date	means 30 th September 2030;
Financial Year	means a year beginning on 1 st April and ending on the following 31 st March;
FOIA	means the Freedom of Information Act 2000 and any subordinate legislation made under that Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation;
Information	has the meaning given under Section 84 of FOIA;
Intellectual Property	means any and all intellectual property rights of any nature anywhere in the world whether registered, registerable or otherwise, including patents, utility models, trademarks, registered designs and domain names, applications for any of the foregoing, trade or business names, goodwill, copyright and goods in the nature of copyright, design rights, rights in databases, moral rights, know-how and any other intellectual property rights which subsist in computer software, computer programs, websites, documents, information, techniques, business methods, drawings, logos, instruction manuals, lists and procedures and particulars of customers, marketing methods and procedures and advertising literature, including the “look and feel” of any websites;
Losses	means all damages, losses, liabilities, costs, expenses (including legal and other professional charges and expenses) and charges whether arising under statute, contract or at common law, or in connection with judgments, proceedings, internal costs or demands but excluding any loss of profits, loss of use, loss of production, loss of business opportunity, or any claim for consequential loss or for indirect loss of any nature;
Originating Authority	means, for the purposes of; (a) the Building Control Shared Service – Huntingdonshire and / or SCDC; (b) the ICT Shared Service – the City Council and / or SCDC; and

	(c) the Legal Services Shared Service – Huntingdonshire and / or SCDC;
Original Commencement Date	Means September 2015
Relevant Transfer	means a relevant transfer for the purposes of TUPE;
Shared Service	means separately each of the Shared Services for Building Control, ICT and Legal Services as described in Schedule 1;
Shared Service Accountant	means the officer appointed by the Employing Authority to support the shared service Lead Officer to manage the accounts of the Shared Service;
Shared Service Budget	means the income and expenditure for each Shared Service as agreed by the Parties, to cover the costs of the Shared Service as set out or to be agreed in Schedule 3;
Shared Service Lead Officer	means the officer appointed by the Employing Authority to lead and manage the relevant Shared Service;
Shared Service Team	means the people employed or engaged by the Employing Authority to work in the relevant Shared Service;
Term	means the period from the Commencement Date to: <ul style="list-style-type: none"> (a) the Expiry Date; or (b) such other date as may be agreed by the Parties pursuant to clause 2; or (c) such earlier date of termination of the Agreement as may arise pursuant to the terms of the Agreement;
Transferring Employees	means any employee of the relevant Originating Authority whose contract of employment becomes, by virtue of a Relevant Transfer, a contract of employment with the Employing Authority;
TUPE	means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI No.2006/246);
Working Days	means all days except Saturdays, Sundays and public holidays in England.
1.2	A reference to one gender shall include a reference to the other gender and words in the singular shall include the plural and vice versa.
1.3	A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

- 1.4 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.5 References to clauses and schedules are to the clauses and schedules of this Agreement; references to paragraphs are to paragraphs of the relevant schedule.
- 1.6 Clause, schedule and paragraph headings shall not affect the interpretation of this Agreement.
- 1.7 The schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement and any reference to this Agreement includes the schedules.
- 1.8 Where there is any conflict or inconsistency between the provisions of the Agreement, such conflict or inconsistency shall be resolved according to the following order of priority;
 - 1.8.1 the clauses of this Agreement;
 - 1.8.2 the schedules to this Agreement.

2. COMMENCEMENT AND TERM

- 2.1 This Agreement shall commence on the Commencement Date and shall continue until the Expiry Date unless terminated earlier pursuant to and in accordance with clause 15 (Termination) or extended pursuant to clause 2.3.
- 2.2 Not later than the fourth anniversary of the Commencement Date the Parties shall engage in discussions to agree whether to extend the Term for a further period of twelve months or such other period as may be agreed pursuant to clause 2.3.
- 2.3 The Parties may by written agreement extend the Term for a further period of twelve months or such other period as may be agreed in writing. The provisions of the Agreement shall apply throughout any such extended period. For the avoidance of doubt there shall be no limitation on the number of times that the Parties may by written agreement extend the Term for a period of twelve months or such longer period as the Parties may agree pursuant to this clause.
- 2.4 The Term may be extended under clause 2.3 in respect of the Shared Services together or the Parties may agree to extend the term in respect of one or more of the Shared Services but not one of the other Shared Services.

3. PRINCIPLES OF COLLABORATION

- 3.1 The Parties agree;
 - 3.1.1 to work together in the development and operation of the Shared Services;
 - 3.1.2 to co-operate fully with each other in relation to the Shared Services and to act at all times in such a way as to safeguard and further the common interests of the Parties in respect of the Shared Services;
- 3.2 The Parties agree to co-operate as follows:
 - 3.2.1 agreeing, maintaining and measuring performance against a Business Plan for each of the Shared Services;
 - 3.2.2 where appropriate, harmonising administrative and other relevant policies, procedures and structures within the partnering organisations;
 - 3.2.3 developing and sharing resources where appropriate;
 - 3.2.4 developing and sharing any other common facilities;

3.2.5 engaging in any further activities to facilitate or which are conducive or incidental to their respective responsibilities to the Shared Service or as agreed from time to time by the Parties;

3.3 The Parties agree that the following principles apply:

3.3.1 All three Councils are committed to continuing to represent the needs, priorities and ambitions of local people in their neighbourhoods.

3.3.2 The Parties are intending to reduce costs by working together to ensure Best Value.

3.3.3 Commissioning or delivering services together is specifically designed not to change how residents or staff experience services. It is about working to deliver more efficiently.

For the avoidance of doubt, to safeguard local autonomy, the Parties confirm that:

- local residents will continue to elect councillors to each Council;
- each Council will retain its own constitution, setting out how it makes decisions, organises scrutiny and delegates authority;
- each Council will continue to set its own council tax and publish its own budget and accounts; and
- each Council will continue to be able to set its own spending priorities.

3.4 **Objectives**

The Parties agree to operate in partnership and support the objectives of the three Councils, through the delivery of the shared services as set out in Schedule 1.

4. **GOVERNANCE**

4.1 The Parties shall establish Governance arrangements as set out at Schedule 2.

4.2 The Employing Authority shall appoint a Shared Service Lead Officer and a Shared Service Accountant for each of the Shared Services. All partners will be involved in the recruitment process of each Shared Service Lead. The Shared Service Lead Officer shall be the Head of Service for the Shared Service and shall be responsible for:

- delivery of the approved Business Plan;
- staffing, financial and other resource management.

4.3 The Shared Service Lead Officer shall prepare the Business Plan in good and sufficient time for consideration by the relevant board(s) and inclusion in each Party's budget-setting process for the following Financial Year. It shall include

- (a) a proposed Shared Service Budget for the following Financial Year;
- (b) a proposed Business Plan for the following Financial Year;
- (c) any proposals for future Shared Service development.

All parties will work with the Shared Service Lead Officer to provide timely feedback on these plans to ensure prompt delivery.

- 4.4 In addition to the Annual Report, each Shared Service Lead Officer shall prepare quarterly reports to the 3C Management Board as follows:
- (a) The Shared Service Lead Officer shall agree with the Shared Service Accountant a report of all the income and expenditure of the Shared Service during that quarter and any other financial matters that the Shared Service Lead Officer believes should be reported to the 3C Management Board in respect of that quarter.
 - (b) The Shared Service Lead Officer shall prepare quarterly performance reports, allowing comparison of information for each of the Parties' administrative areas and including:
 - (i) Overview – A brief overview of the operation of the Shared Service;
 - (ii) Performance – A report on performance against the performance targets agreed within the Shared Service's Business Plan from time to time;
 - (iii) Complaints and user feedback – Brief details of any feedback and complaints received and how these have been dealt with;
 - (iv) Staffing – A summary of any staffing changes or issues arising during the quarter;
 - (v) Financial – A report on operational costs, fee income, revenue accounting, out-turn forecast etc.
- 4.5 Oversight of the operational day to day considerations of the Shared Services in relation to wider client-Council activity will be undertaken by nominated Intelligent Clients for each Service. These roles will help to ensure smooth co-ordination and communication of issues, and to monitor operational performance issues with regard to the Shared Services. The core elements of the Intelligent Client Role are set out in Schedule 2.

5. THE SERVICES

- 5.1 The Parties agree that the Shared Services shall operate in accordance with this Agreement and with the agreed Business Plans, agreed key performance indicators and other arrangements agreed from time to time between the Parties.
- 5.2 The Shared Service Governance structure shall agree the annual Business Plans setting out the priorities, objectives and performance measures for each of the Shared Services.
- 5.3 Each Employing Authority shall ensure that the relevant Shared Service is provided in accordance with the obligations set out in this Agreement and with all the skill, care and diligence to be expected of a competent local authority carrying out the relevant Shared Service.

6. SHARED SERVICE BUDGET

- 6.1 The principle behind funding the Shared Services is that the Parties meet the operating costs and capital expenditure of each Shared Service, to be incorporated in Schedule 3 when agreed by the Parties.
- 6.2 The Shared Service Budget shall be managed in accordance with Schedule 3.
- 6.3 The Parties agree that the Employing Authority for the relevant Shared Service shall be responsible for managing the relevant Shared Service Budget and accounting for income and expenditure.

- 6.4 A full audit trail of income and expenditure relating to the Shared Service Budget shall be kept by the Employing Authority in accordance with the provisions in Schedule 3. All financial information will be made available to the other two authorities on request.
- 6.5 VAT shall be charged between the Parties, where it is applicable, at the standard rate.
- 6.6 The Parties agree that savings or overspends made by the implementation and operation of the Shared Services shall be distributed in proportion to the cost share for the Shared Service in question for the year or years in which the savings/overspend are realised. The cost share for each Party shall be calculated in accordance with Schedule 3.

7. SHARED SERVICE COSTS INDEMNITY

- 7.1 Subject to clauses 11.2, 11.5, 11.7, 12.4, 12.5 and 13.1, the other Parties shall indemnify and keep the Employing Authority indemnified in proportion to the cost share for each Party which is set out in Schedule 3 of all liabilities, costs and expenses incurred in relation to any contract, activities or commitments undertaken by the Employing Authority relating to the Shared Service, where the Employing Authority acts in accordance with this Agreement including the management of the Shared Service Budget arrangements set out in Schedule 3.

8. ROLE AND RESPONSIBILITIES OF THE SHARED SERVICE ACCOUNTANT

- 8.1 The role of the Shared Service Accountant in respect of each of the Shared Services includes (without limitation):
- 8.1.1 liaison with the Parties to establish and maintain the Shared Service Budget; and reporting at least quarterly to the 3C Management Board on all income and expenditure in relation to the Shared Service;
- 8.1.2 reviewing and reconciling the accounts of the Shared Service on an annual basis and reimbursing the Parties or making good any deficit in relation to the Shared Service in accordance with the provisions of Schedule 3 and with the relevant Business Plan;
- 8.1.3 maintaining and completing the Shared Service's annual accounts.

9. PREMISES AND RESOURCES

- 9.1 Each Party's contribution to the resources required for the provision of the shared service will be based on the agreed business cases, subject to any variations subsequently agreed. The Parties will keep this under review at least annually through the budget setting and business planning process.
- 9.2 The Parties shall (so far as is reasonably practicable) commit such non-monetary resources and assistance and in-kind support (including staff time of those of their respective staff who are not members of the Shared Service Team) to the Shared Service as shall be reasonably requested by the Executive Board from time to time.

10. SHARED SERVICE TEAMS

- 10.1 The 3C Management Boards shall advise the Executive Board and the respective Councils of material operational changes needed to ensure the efficient and effective running of the Shared Services, provided that the Parties agree that it shall be the responsibility of the Employing Authority to determine the number of staff to be employed to provide the Shared Service.
- 10.2 The Employing Authority shall ensure that:

- 10.2.1 sufficient competent and appropriately trained staff, with the requisite levels of skill and experience, shall be deployed to ensure that the relevant Shared Service is provided at all times during the Term; and
- 10.2.2 all staff receive continual training and supervision as is necessary to ensure the proper performance of the relevant Shared Service under this Agreement.
- 10.3 The Parties agree that where members of the Shared Service Team for each of the Shared Services are engaged on work for a Party other than the Employing Authority, then the provisions of Section 113 of the Local Government Act 1972 will apply, so that those team members will be placed by the Employing Authority at the disposal of the relevant other Party for the purposes of their functions. Such team members shall be treated at all times as an officer of the relevant Party whose function is being exercised whilst so engaged and the Employing Authority undertakes that it shall have duly consulted such team members prior to placing them at the other Party's disposal and that the Employing Authority shall continue to treat such employees as its own employee.
- 10.4 For the purposes of employment legislation, the Employing Authority shall be the employer of employees in the Shared Service Team for the relevant Shared Service and shall be reimbursed from the relevant Shared Service Budget for all expenses reasonably and properly incurred in the employment or engagement of all members of the Shared Service Team.

11. TUPE AND EMPLOYEES

Relevant Transfers

- 11.1 The Parties acknowledge that the provision of a relevant Shared Service by the Employing Authority to the other relevant Parties from the Original Commencement Date, shall constitute a Relevant Transfer and the contracts of employment (together with any collective agreement) of any Transferring Employees shall have effect (subject to Regulation 4(7) of TUPE) thereafter as if originally made between those employees and the Employing Authority except in so far as such contracts relate to any benefits for old age, invalidity or survivors under the Local Government Pension Scheme.
- 11.2 Each Originating Authority and Employing Authority shall comply with its respective obligations under TUPE in respect of each Relevant Transfer pursuant to this Agreement (including without limitation the obligations under Regulation 13 of TUPE) and shall indemnify the other against any Losses sustained as a result of any breach of this clause 11.2 by the Party in default.

Emoluments and Outgoings

- 11.3 The Originating Authority shall be responsible for all remuneration, benefits, entitlements and outgoings in respect of its Transferring Employees, including without limitation all wages, holiday pay, bonuses, commissions, payments of PAYE, national insurance contributions, pension contributions and otherwise, up to the Original Commencement Date.
- 11.4 Subject to clause 11.9, the Employing Authority shall be responsible for all remuneration, benefits, entitlements and outgoings in respect of the relevant Transferring Employees and any other person who is or will be employed or engaged by the Employing Authority in connection with the provision of the relevant Shared Service, including without limitation all wages, holiday pay, bonuses, commission, payment of PAYE, national insurance contributions, pension contributions and otherwise, from and including the Original Commencement Date.

Originating Authority employee indemnities

- 11.5 The Originating Authority shall indemnify and keep indemnified in full the Employing Authority against all Losses incurred by the Employing Authority in connection with or as a result of:
- 11.5.1 a breach by the Originating Authority of its obligations under clause 11.3; and
- 11.5.2 any claim or demand against the Employing Authority by (i) any of its Transferring Employees or (ii) any trade union or staff association or employee representative in respect of all or any of its Transferring Employees, in either case that arises out of the employment of any such Transferring Employee, provided that such claim or demand arises from any act or omission of the Originating Authority in relation to any such employee prior to the date of the Relevant Transfer.
- 11.6 Where any liability in relation to any Transferring Employee, in respect of his or her employment by the Originating Authority, which transfers in accordance with TUPE, arises partly as a result of any act or omission occurring before the Original Commencement Date and partly as a result of any act or omission occurring on or after the Original Commencement Date, the Originating Authority shall indemnify and keep indemnified in full the Employing Authority against only such part of the Losses sustained by the Employing Authority in consequence of the liability as is reasonably attributable to the act or omission occurring before the Original Commencement Date.

Employee Indemnities arising after TUPE Transfers

- 11.7 Subject to clauses 11.5, 11.6 and 11.9, any Losses incurred by the Originating Authority in connection with or as a result of:
- 11.7.1 a breach by the Employing Authority of its obligations under clause 11.4;
- 11.7.2 any claim or demand against the Originating Authority by (i) any person who is or has been employed or engaged by the Employing Authority in connection with the provision of any of the Shared Services or (ii) any trade union or staff association or employee representative in respect of any such person, in either case where such claim arises as a result of any act or omission of the Employing Authority after the Original Commencement Date;
- shall be treated as an operating cost of the Shared Service and shall be met in accordance with the provisions of this Agreement.
- 11.8 The indemnities in clause 11.9 shall not apply in respect of any sum for which the relevant Originating Authority is to indemnify the Employing Authority pursuant to clause 11.7 or to the extent that the claim arises from a wrongful act or omission of the relevant Originating Authority.
- 11.9 Any other costs arising from a restructure shall be borne by the Shared Service Budget, and the provisions for such are laid out in this document.

12. PENSIONS

- 12.1 The Parties are all scheme employers within the Cambridgeshire Local Government Fund ("the Fund") for which Cambridgeshire County Council is the administering authority.
- 12.2 The Transferring Employees are either active members of the Fund at the Original Commencement Date or have a right to become members of the Fund.
- 12.3 Following the Relevant Transfer, the Employing Authority shall provide pension benefits for the relevant Transferring Employees within the Fund, including (without

limitation) paying employer contributions at the rate determined by the Fund's actuaries.

- 12.4 Losses incurred by the Originating Authority which arise from claims by Transferring Employees relating to pension rights in respect of periods of employment on or after the Original Commencement Date shall be treated as an operating cost of the Shared Service and shall be met in accordance with the provisions of this Agreement.
- 12.5 The Originating Authority indemnifies the Employing Authority from and against all Losses suffered or incurred by the Employing Authority which arise from claims by Transferring Employees relating to pension rights in respect of periods of employment before the Original Commencement Date.

13. INDEMNITIES AND INSURANCE

- 13.1 Subject to clauses 7.1, 11.2, 11.5, 11.7, 12.4 and 12.5 each Party ("the Indemnifying Party") shall indemnify and keep indemnified the other Parties ("Indemnified Parties") fully against all third party claims that may be brought against or suffered by an Indemnified Party arising out of any breach of this Agreement by the Indemnifying Party.
- 13.2 The Parties shall each identify any particular risks either as a risk specific to themselves as a Party or as a risk specific to a Shared Service or both. The Parties shall notify the relevant Shared Service Lead Officer of any identified risks, and such risks shall be managed by the Parties in accordance with strategies developed by the Executive Board.
- 13.3 The Employing Authority shall effect and maintain with a reputable insurance company an appropriate policy or policies of insurance providing appropriate professional indemnity, public liability, employer's liability and any such other insurances as may be required by applicable law in relation to the relevant Shared Service at all times. This shall include any risks which the Executive Board may identify against which it requires the Employing Authority to obtain insurance under this Agreement. The cost of maintaining insurance shall be recharged directly to the relevant Shared Service Budget.
- 13.4 Each of the Parties undertakes to the other that it shall provide to the other upon the Commencement Date and thereafter upon reasonable demand sight of all insurance documentation relevant to the Shared Service and this Agreement including policies, cover notes, premium receipts and any other documents, provided that no Party shall have to comply with this Clause if to do so would invalidate any terms of its insurance, in which case the relevant Party shall provide confirmation in writing that it complies with this clause 13 (Indemnities and Insurance).
- 13.5 Each of the Parties shall hold the others harmless from all actions, claims, demands, liabilities, damages, costs, losses or expenses resulting from any circumstances in which an insurance claim can be made.

14. INTELLECTUAL PROPERTY

- 14.1 Each Party grants to the others or shall procure the grant to the others of a non-exclusive, royalty-free, worldwide, irrevocable, perpetual licence of any Intellectual Property owned by that Party or licensed to it which is necessary or desirable for the effective and efficient operation of the Shared Services. Ownership of such Intellectual Property shall not be affected by this Agreement and accordingly, to the extent that such Intellectual Property exists at the Commencement Date, ownership of it shall remain with the Party which owns it at that date.

- 14.2 All Intellectual Property created after the Commencement Date and during the term of this Agreement which is wholly or substantially connected with the Shared Services shall be owned by the Parties jointly and each Party undertakes that it will, at its own cost, execute such further documents and do such acts as may be necessary for securing, confirming or vesting right, title and interest in such Intellectual Property in other Parties.

15. TERMINATION

- 15.1 Any Party may terminate its participation in any or all of the Shared Services upon giving to the others at least twelve months' notice in writing to expire at 00.00 hours on the second, third, fourth, fifth or subsequent anniversary of the Commencement Date.
- 15.2 This Agreement may be terminated in whole at any time if the Parties so agree.
- 15.3 Subject to clause 20 (Force Majeure), this Agreement may be terminated by two of the Parties ("the Terminating Parties") giving the other ("the Party in Breach") at least three months' notice in writing if the Party in Breach has committed a material breach of any of its obligations under this Agreement and (in the case of a breach which is capable of remedy) has failed to remedy the same within a period of sixty (60) days after receipt of written notice from the Terminating Parties giving full particulars of the breach and the steps required to remedy it.
- 15.4 For the purposes of clause 15.3, a breach shall be considered capable of remedy if the Party in Breach can comply with the obligation in question in all respects other than as to the time of performance (provided that time of performance is not of the essence).
- 15.5 In the event that this Agreement is terminated in accordance with the provisions of clause 15.1 or 15.3, then to the extent that such action results in either or both of the other Parties incurring additional costs that it or they would not otherwise have incurred, then the Party giving notice pursuant to clause 15.1 or the Party in Breach pursuant to clause 15.3 (as applicable) shall be liable for such additional costs, provided that it receives a full and complete breakdown and justifications of the additional costs from the other Parties.
- 15.6 Any work in progress for a Party, or agreed but yet to be started, as at the termination of this Agreement (either in whole or in part) shall be valued by the Employing Authority according to the time spent on the work, the hourly rates of the Shared Service Team members undertaking the work and any other expected income, costs and expenses and the relevant Party shall pay this amount to the Employing Authority as appropriate.
- 15.7 Should a decision of one or more parties to exit the agreement be taken, all Parties will be bound by the terms of the exit agreement as laid out in clause 15.5. and 15.6 and Schedule 5.
- 15.8 Upon the termination of this Agreement in whole for whatever reason or upon the expiry of this Agreement the Parties shall take such steps as may be necessary in order to wind up the Shared Service in a fair and orderly manner in accordance with this Agreement and the Exit Plan set out at Schedule 5.
- 15.9 Following the service of a notice of termination for any reason, the Shared Services shall continue to be provided in accordance with this Agreement and the Employing Authority shall ensure that there is no degradation and diminution in the Shared Service between the date of the notice of termination and the date of termination.
- 15.10 Between the service of a notice of termination and the date of termination, the Employing Authority shall use its best endeavours to ensure that comprehensive

handover notes are compiled, all correspondence, deeds, files, records, documents and other information in whatever format which are part of and connected with the provision of the relevant Shared Service for the other Parties shall be filed; either electronically or as paper documents and the Employing Authority shall put into good and proper order for handover to whichever officer or other agent the other Parties shall notify to the Employing Authority and such officer or agent shall make arrangements for the collection of such files and documents.

- 15.11 Each Party hereby undertakes to the others that in the event of such termination and the return of such documents, records and files, these same shall be stored in accordance with the DPA, whether by the Party or by its agents and that each Party shall allow the relevant Employing Authority reasonable access on reasonable prior notice, free of charge, to such documents, records and files, however held and whether electronic or paper documents.
- 15.12 Each Party hereby undertakes to reimburse the relevant Employing Authority in respect of each Shared Service for any reasonable, proper and mitigated costs which may arise in respect of the transfer of electronic or other data from the Shared Service which costs have arisen as a result of the early termination of the Agreement.
- 15.13 In the event of termination of this Agreement (in whole or in part), the Parties agree that they will share all of the financial liabilities (other than any liability owed to another Party under the terms of this Agreement) which have arisen as a result of the Agreement, save for any financial liabilities resulting from the Employing Authority's fraudulent or negligent act or omission. Financial liabilities shall be shared proportionately based on the overall cost share of the parties over the period of this Agreement pursuant to Annex 1 to Schedule 3. Financial liabilities shall include, but not be limited to, the following:
- 15.13.1 leasehold or tenancy payments where the Employing Authority has by prior agreement between the Parties taken on additional premises;
- 15.13.2 payments for the leasing of equipment or provision of information and communications technology systems for the Shared Service where a liability arises on the early termination of the Agreement.
- 15.14 The Parties shall individually and collectively use reasonable endeavours to reduce and mitigate the amount of financial liabilities which may arise in the event of termination.
- 15.15 Within ninety Working Days after termination (in whole or in part), the Employing Authority shall repay to the other Parties pro rata their input any element of the Shared Services Budget attributable to any part of the Service which will not be provided because of termination of the Agreement.

16. CONFIDENTIALITY AND DATA

- 16.1 The Employing Authority for each Shared Service undertakes to the other Parties that the relevant Shared Service shall respect the confidentiality of information provided to it. Exceptionally, the Shared Service may need to disclose this information where required to do so by the Court or under the FOIA or EIR, in which case the Employing Authority shall inform the relevant other parties of such proposed disclosure as soon as reasonably practicable.
- 16.2 The Employing Authority shall permit all information connected with the Shared Service that it holds to be examined and copied from time to time by the auditors for each other Party (whether internal or external) and their representatives upon reasonable notice.

17. DATA PROTECTION, FREEDOM OF INFORMATION AND ENVIRONMENTAL INFORMATION REGULATIONS

- 17.1 The Parties shall comply with any notification requirements under Data Protection Legislation and will duly observe all their respective obligations under the GDPR / DPA 2018, the FOIA and the EIR, which arise in connection with this Agreement.
- 17.2 The Parties will enter into respective data sharing/processing agreements detailing their respective obligations.
- 17.3 The Parties acknowledge that they are each subject to the requirements of FOIA and EIR and shall assist and co-operate with each other (at their own expense) to enable each Party to comply with the information disclosure requirements of FOIA and EIR and acknowledge that Confidential Information may be disclosed to comply with FOIA and/or EIR obligations.
- 17.4 Each Party shall use its best endeavours to keep in strict confidence and shall ensure that its employees and agents keep in strict confidence, all and any Confidential Information acquired by it (whether directly or indirectly), concerning the other Parties in consequence of this Agreement.
- 17.5 No Party shall use or disclose any Confidential Information received by it other than for the purpose of the Shared Service, provided that a Party may otherwise use or disclose Confidential Information which:
 - 17.5.1 at the time of disclosure is generally available to the public;
 - 17.5.2 after disclosure becomes generally available to the public through no fault of the disclosing Party;
 - 17.5.3 the disclosing Party can show was in its possession prior to the disclosure without any restriction on disclosure and which was not acquired directly or indirectly from the owning Party; or
 - 17.5.4 is required by law to be disclosed.
- 17.6 The provisions of this clause 17 shall apply during the continuance of the Agreement and indefinitely after its expiry or termination.
- 17.7 Each Party shall co-operate with and provide assistance to an Employing Authority at its own cost in enabling the Employing Authority to comply with this clause 17 relating to disclosure of information arising from the performance of the Shared Service.
- 17.8 On receipt of a request for information pursuant to the FOIA or the EIR that relates to another Party, a Party should promptly refer the request to that other Party for comments before a decision whether to disclose is made.
- 17.9 The Party subject of any request for information pursuant to the FOIA or the EIR will decide whether information should be disclosed and will make disclosure when that Party considers that such disclosure is proper and in accordance with this clause.
- 17.10 The Parties will ensure that the information requested and comments sought are supplied to the relevant Party within sufficient time to comply with the timescales and set out in the FOIA or the EIR.

18. PRESS RELEASES

- 18.1 All press or other public announcements concerning a Shared Service shall be made only by the person or persons authorised from time to time by the Executive Board to make such announcements.

19. PLANNING, REVIEW AND MONITORING OF THE SHARED SERVICE AND THIS AGREEMENT

- 19.1 The Parties shall comply with the monitoring and assurance framework set out in the Business Plans in respect of each Shared Service.
- 19.2 The 3C Management Boards shall on a quarterly basis review and monitor the Shared Services and their respective future development, including, without limitation, financial and performance management of the Shared Services.

20. FORCE MAJEURE

- 20.1 A Party shall not be considered in breach of its obligations under this Agreement or be responsible for any delay in the carrying out of such obligations, if the performance thereof is prevented or delayed wholly or in part as a consequence, whether direct or indirect, of war (whether war be declared or not), emergency, accident, pandemic, fire, earthquake, flood, storm, act of God or any other cause beyond the reasonable control of the Party affected and which that Party could not with reasonable prudence have foreseen and avoided.
- 20.2 If the performance of Party's obligations under this Agreement is in the reasonable opinion of that Party likely to be hindered, delayed or affected by a reason falling within this clause 20, then the Party so affected shall promptly notify the other Parties in writing.

21. NOTICES

- 21.1 All and any notices which are required to be given under this Agreement shall be in writing and shall be sent to the address of the relevant Party given in this Agreement or to such other address as the relevant Party may designate by notice given in accordance with the provisions of this clause. Any such notice may be delivered personally or by special delivery letter post and shall be deemed to have been served if by personal delivery when delivered in exchange for a timed and dated receipt and if by special delivery letter post on the second Working Day after posting. Service of notices will not be accepted by e-mail.

22. STATUS OF THE PARTIES

- 22.1 The Shared Services shall have no legal existence apart from the Parties and the commitments between them under this Agreement. All Parties may agree to the establishment of some form of legal entity, should that be deemed to be in the best interest of the service at the time.
- 22.2 Save as is expressly stated and provided for in this Agreement, nothing in this Agreement shall be construed as establishing or implying a merger of institutions, the establishment of a corporation, a partnership or any other form of entity having a legal personality whatsoever and nothing in this Agreement shall be deemed to constitute any of the Parties as the agent of another or authorise or entitle a Party to (or represent itself as having authority or power to):
 - 22.2.1 incur any expenses on behalf of another Party;
 - 22.2.2 enter into any engagement or make any representation or warranty on behalf of another Party;
 - 22.2.3 to pledge the credit of, or otherwise bind or oblige another Party; or
 - 22.2.4 undertake any liability or obligation on behalf of or commit another Party in any way whatsoever; without in each case obtaining the prior written consent of the other Party.

23. ASSIGNMENT

- 23.1 This Agreement is personal to the Parties and shall not be assigned or transferred (nor the performance of any obligation hereunder subcontracted) by a Party without the prior written consent of the other Parties.

24. WAIVER

- 24.1 If a Party fails to exercise or delays in exercising any right or remedy to which it is entitled under this Agreement or at law that shall not constitute a waiver of any such right or remedy.
- 24.2 If a Party waives a Default on the part of any Party, that shall not constitute a waiver of any future Default.
- 24.3 No waiver shall be effective unless it is:
- 24.3.1 expressly stated to be a waiver;
 - 24.3.2 in writing; and
 - 24.3.3 signed by the relevant member of the 3C Management Boards as appropriate.

25. BEST VALUE

- 25.1 The Employing Authority for each Shared Service undertakes to the other Parties that, under the direction of the 3C Management Boards, it will seek to achieve a continuous improvement in economy, efficiency and effectiveness (including productivity of the Shared Service Team) in carrying out its obligations throughout the term of this Agreement to deliver the savings agreed by the Parties and will seek to deliver outcomes in less time and at less cost whilst maintaining quality. Each Party undertakes that it will use its reasonable endeavours to assist the Employing Authority in achieving best value, on the basis that the improvements will benefit the communities of all Parties.

26. RIGHTS OF THIRD PARTIES

- 26.1 A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

27. VARIATIONS TO THE AGREEMENT

- 27.1 A variation to this Agreement shall only be valid if it has been agreed in writing and signed by duly authorised representatives of all Parties.

28. DEFAULT

- 28.1 If a Party commits a Default then it shall as soon as reasonably practicable notify the other Parties in writing and take such steps as are necessary to rectify the Default.
- 28.2 If the Default has not been rectified within thirty (30) Working Days (or such longer period as the other Parties may agree) to the reasonable satisfaction of the other Parties, then the matter shall be referred as a dispute to the procedure in clause 29.

29. DISPUTES

- 29.1 If there is a dispute between the Parties concerning the interpretation or operation of this Agreement, then a Party may notify the other Parties in writing that it wishes the dispute to be referred to a meeting of the 3C Management Board to resolve, negotiating in good faith.

- 29.2 If after twenty (20) Working Days (or such other period as the Parties may agree) of the date of referral to the 3C Management Board pursuant to clause 29.1, the dispute has not been resolved, then a Party may notify the other Parties that it wishes the dispute to be referred to the Executive Board to resolve, negotiating in good faith.
- 29.3 If after twenty (20) Working Days (or such other period as the Parties may agree) of the date of referral to the Executive Board pursuant to clause 29.2, the dispute has not been resolved, then a Party may notify the other Parties that it wishes to attempt to settle the dispute by mediation, in accordance with the CEDR Model Mediation Procedure (the "Model Procedure") as may be in force from time to time.
- 29.4 If the Parties do not agree on the identity of the mediator within ten Working Days of the notice referred to in clause 29.3, then any Party may request CEDR to appoint one.
- 29.5 The procedure in the Model Procedure shall be amended to take account of:
- 29.5.1 any relevant provisions in this Agreement; or
- 29.5.2 any other agreement which the Parties may enter into in relation to the conduct of the mediation.
- 29.6 The Parties must:
- 29.6.1 use their reasonable endeavours to ensure that the mediation starts within twenty (20) Working Days of service of the notice referred to in clause 29.4; and
- 29.6.2 pay the mediator's fee in equal shares.
- 29.7 Any agreement the Parties reach as a result of mediation shall be binding on them, as set out in the Model Procedure, but if the dispute has not been settled by mediation within ten (10) Working Days of the mediation starting then a Party may commence litigation proceedings (but not before then).
- 29.8 Any Party shall not be precluded by clause 29.7 from taking such steps in relation to court proceedings as it may deem necessary or desirable to protect its respective position. This shall include:
- 29.8.1 issuing or otherwise pursuing proceedings to prevent limitation periods from expiring; and
- 29.8.2 applying for interim relief.
- 29.9 The use of the dispute resolution procedure set out in this clause 29, shall not delay or take precedence over the provisions for termination set out in clause 28 (Default) and clause 15 (Termination).

30. GOVERNING LAW

- 30.1 This Agreement is made and shall be governed by and construed in accordance with English Law and the Parties hereby submit to the exclusive jurisdiction of the English Courts.
- 30.2 If any conflict shall arise between the provisions of this Agreement and the law relating to local government in England from time to time, the latter shall prevail.

IN WITNESS WHEREOF the Parties have executed this Agreement in a manner legally binding on them the day and year first above written.

SCHEDULE 1
THE SHARED SERVICES

1. Summary specification

A. BUILDING CONTROL

1. The provision of a comprehensive service across the administrative areas of the Parties in connection with¹:
 - a. Procedural requirements under the building regulations for:
 - i. the giving of notices under the building regulations;
 - ii. the making of applications to building control authorities under the building regulations;
 - iii. the giving or receiving of certificates;
 - iv. requiring a prescribed person, in prescribed circumstances, to consult such other person as may be prescribed.
 - b. Applications for building control approval and;
 - i. The imposition and varying of requirements when granting an application;
 - ii. Applications for approval of a change;
 - c. The granting of certificates under an approved scheme and any requirements of the approval;
 - d. The power in prescribed circumstances to require a person to provide information ;
 - e. The power to extend by agreement any prescribed period in connection with an application made to it;
 - f. The issuing of compliance notices for contravention of the building regulations;
 - g. The issuing of stop notices for contravention of the building regulations;

And to approve applications and carry out inspections in accordance with the Building Regulations 2010 and any subsequent amendments and give guidance and assistance to those carrying out building projects, so as to ensure that buildings are constructed properly, safely and meet relevant construction standards.

2. Compliance with the relevant registration requirements for Registered Building Inspectors:
 - a. To ensure the registration of individual building inspectors ('RBI') employed by the Parties in accordance with Section 58C and Section 58D of the Building Act 1984;
 - b. To ensure that RBIs apply to vary or cancel their registration as appropriate in accordance with Section 58E of the Building Act 1984;
 - c. To ensure that the RBIs employed by the Parties apply any code of conduct published by the regulatory authority in accordance with Section 58F of the Building Act 1984;
 - d. To ensure that RBIs only carry out work that is within the scope of their registration

¹ Schedule 1 of the Building Act 1984 as amended by s.33 Building Safety Act 2022

- e. To ensure that restricted activities are carried out only through an RBI whose registration has effect in relation to work of that description.
3. Compliance with “operational standards rules”:
- a. To act in accordance with any “operational standards rules” and any practices, procedures or methods to be adopted made by the regulatory authority in relation to the exercise of building control functions (s.58Z);
 - b. To provide specified reports, returns and other information relating to the exercise of their building control functions as directed by the relevant authority (s.58Z1);
 - c. To follow any improvement notice issued by the relevant authority in relation to any apparent contravention of the operational standards rules (s.58Z4);
 - d. To follow any serious contravention notice issued by the relevant authority in relation to any apparent contravention of the operational standards rules which puts the safety of persons in or about buildings at risk (s.58Z5).
4. Higher risk building work:
- a. To cancel an initial notice if it appears that some or all of the work specified in the initial notice has become higher-risk building work and give notice of that cancellation to the regulator (s.52A).
5. Cancellation of Initial Notices under s.52 Building Act 1984
- a. To cancel an initial notice if the registered building control approver is given a disciplinary order under s.58U(2)(b) (variation of registration) of the Building Act 1984 such that the registered building control approver is no longer able to carry out the registered building control approver’s functions with respect to the work to which the initial notice relates;
 - b. To cancel an initial notice if a registered building control approver is given a disciplinary order under Section 58U(2)(c) (suspension of registration) or an order under Section 58V (interim suspension for suspected serious contravention) of the Building Act 1984;
 - c. To cancel an initial notice if the registered building control approver is given a disciplinary order under Section 58U(2)(d) (cancellation of registration);
 - d. To cancel an initial notice if the registered building control approver has their registration cancelled under Section 58Z6(2) (serious contravention notices);
 - e. To cancel an initial notice if a prescribed circumstance exists;
 - f. Before cancelling an initial notice on any of the grounds listed at a-e:
 - i. To give the person shown in the initial notice as the registered building control approver a notice in the prescribed form at least seven days before the day on which the initial notice is to be cancelled, and
 - ii. To have regard to any representations made to the local authority during that period.

6. To have regard to guidance issued by the national authority about the process for:
 - a. The giving of new initial notices where the original initial notice ceases to be in force (s53(14)).
7. Consideration of transfer certificate and report
 - a. By notice accept or reject a transfer certificate and report before the end of any relevant period (s53C(2));
 - b. During the period of 21 days beginning with the day on which the transfer certificate and transfer report is given or such other period as may be prescribed require the registered building control approver to give such information as may be specified in the notice (s53C(4));
8. Cancellation of initial notice where there has been a change of registered building control approver:
 - a. To cancel the initial notice where a transfer report has not been given or the transfer certificate is rejected (s.53D(2));
9. Information gathering
 - a. Where an initial notice ceases to be in force, to require a registered building control approver to provide any information that would have been obtained for the function of enforcing building regulations or any other information that may reasonably be required (s.52);
10. Fees and Charges
 - a. To Charge fees and recover charges for or in connection with the performance of any of the functions under, or under an instrument made under, the Building Act 1984 (s.105B);

Under The Building Act 1984 (as amended by the Building Safety Act 2022 and any subsequent amendments and other allied legislation), to

also carry out works including Competent Person Scheme, Initial Notices, Dangerous Structures, Demolitions, and Street Naming and Numbering.

B. ICT

The provision of a service to the Parties (and, where appropriate, to companies wholly owned by a Party) to assist them to deliver better services through improved use of ICT and information, including:

- digital and technology leadership, advice and guidance,
- digital project and technical capability to support partner councils with their digital transformation programmes and ambitions,
- consistent and reliable user focussed operational ICT services,
- Advice on and ensuring compliance with data protection legislation.

C. LEGAL SERVICES

The provision of a comprehensive legal service to the Parties and to those third parties for whom a local authority lawyer is entitled to act, including (without limitation):

- advice and representation in civil and criminal court proceedings;
- advice to officers and elected members on housing, planning, regulatory and other local authority functions;
- advice and assistance on conveyancing, contracts and procurement, employment and governance and decision-making.

2. Detailed specification

- 2.1 The Parties commit to delivery against the agreed detailed specifications/service catalogues and the contents of the annual Business Plans for the Shared Services.

3. Business Plans

- 3.1 Each of the Shared Services will produce for approval an Annual Business Plan to meet the objectives outlined in Section 3.4 of this Partnership Agreement. To the extent that these are compatible with this Schedule and to the more detailed specifications listed under Paragraph 2 of this Schedule they may be relied upon in determining the scope of the specifications for the Shared Service.

SCHEDULE 2

GOVERNANCE

Executive Board

1. The executive board shall consist of the Chief Executives, Shared Service Directors and Shared Service Lead Officers
2. The chair of the board shall be rotated between the three Chief Executives
3. The board shall meet at minimum twice yearly.
4. The Executive Board shall be responsible for:
 - a. Ensuring alignment with each Council's organisational objectives and strategies and facilitating effective shared direction, in line with the respective constitutions of the three Councils
 - b. Strategic direction and decision-making authority for high level initiatives
 - c. Approving budgets and major investments, subject to each Council's budgetary processes
 - d. High level oversight of the services finance, performance and risk (via escalation as needed from the Management Boards)

Management Boards

1. Each shared service shall have a Management Board, consisting of the Shared Service Lead Officer, the Shared Service Directors, Intelligent Clients and shared service accountants
2. The chair of the board shall be rotated between the three Shared Service Directors
3. The Management Boards shall meet at minimum quarterly.
4. The Management Board for each shared service shall be responsible for:
 - a. Fostering joint initiatives and innovation
 - b. Oversight of finance, performance and risk
 - c. Approval, direction and oversight of shared programmes and projects, and key investments (subject to each Council's constitution and delegations).

SCHEDULE 3

COSTS AND MANAGEMENT OF SHARED SERVICE BUDGET

1. Financial Responsibility

- 1.1 The Employing Authority will be responsible for the financial administration of the Shared Service Budget and will account for income and expenditure using its own regulations and controls. The Employing Authority will also ultimately be accountable to external funding agencies for the use of these funds but shall be entitled to be indemnified by the other Parties in accordance with the provisions of clause 7 of this Agreement.
- 1.2 The computerised finance system of the Employing Authority must separately identify the transactions, assets and liabilities of the Shared Service and the Employing Authority shall provide a complete audit trail for income and expenditure purposes.

2. Budgeting

- 2.1 As part of the Annual Report, the Shared Service Lead Officer, in consultation with the Shared Service Accountant, shall prepare an annual draft Shared Service Budget, incorporating separate budgets for capital and revenue expenditure as defined in the Code of Practice for Local Authority Accounting.
- 2.2 The Shared Service Lead Officer shall present the draft Shared Service Budget to the 3C Management Boards in sufficient time to meet the budget timetables of each Party and the requirements of paragraphs 2.3 and 2.4 of this Schedule.
- 2.3 The Executive Board shall review the draft Shared Service Budget and for inclusion in the respective budget setting processes for each Council.
- 2.4 Having regard to the need of the Parties to set their respective budgets, the Shared Service Budget shall be considered by the Member Oversight Board before, and in sufficient time to meet, the budget timetables of the Parties.
- 2.5 In the event that at any time the Shared Service Lead Officer forecasts that either the revenue budget or the capital budget for the Shared Service will be exceeded, the Shared Service Lead Officer shall propose to the next meeting of the 3C Management Board how this forecast expenditure should be addressed and, if such proposals include spending more than the approved revenue budget or approved capital budget, if deemed significant, the matter shall be referred, first, to the 3C Executive Board for approval to progress to each Party's Executive function, subject to the budget rules and processes of the Parties.
- 2.6 Paragraph 2.5 of this Schedule 3 shall not preclude the Shared Service Lead Officer from taking any reasonable steps to mitigate costs whilst the forecast in excess of the Shared Service Budget is being considered.
- 2.7 In the event that the shared service delivers savings in the budget for the following year, that are not clearly subject to a consumption model, these savings will be split between the partners on the basis of the previous year's % cost share of the overall budget (so for example council A pays 30% of the budget, council B pays 35% of the budget and council C pays 35% of the budget, the savings will be split 30%:35%:35%, thereby reducing each council's budget for the following year by the corresponding amount). The same split will apply for overspends.

3. Income

- 3.1 All sources of Shared Service income will be paid directly into the Employing Authority's nominated bank account. Receipt of all sources of income will be checked by the Employing Authority against the Shared Service Budget and any discrepancies investigated and reported to the 3C Management Board by the Shared Service Accountant.
- 3.2 Income due from bodies other than the Parties will be claimed by the Employing Authority in consultation with the Shared Service Lead Officer at the appropriate time. Financial contributions due from third parties will be invoiced from time to time through the Employing Authority's sales ledger.

4. Overhead Cost Sharing by the Shared Service Parties

- 4.1 The host council will recharge overhead costs to partner councils on the basis of additional, marginal costs. The intention is that the host council will recover costs over and above what it would have suffered had the service had not been shared and that the non-host council(s) will reimburse the host council for these costs. The basis for charging will be agreed by the S151 officers for each shared service on an annual basis.
- 4.2 The annual schedule in relation to shared service recharges will be as follows:
- For budgetary purposes, the charges between councils will be agreed by 31 October preceding the year of the charge
 - For financial management purposes, the actual charge to date and the forecast outturn charge will be reported to the non-host council quarterly during the year
 - For financial close, the actual charge for the year will be reported to the non-host council by 30 April in the year following the year of the charge.

5. Reporting

- 5.1 The Employing Authority shall produce a quarterly statement of accounts showing current income and expenditure against budget to date, together with associated variances. This statement will be included in the quarterly reports to the 3C Management Boards.
- 5.2 The other parties shall have a right upon reasonable notice to inspect all records and documentation held by the Employing Authority from time to time relating to the Shared Service income and expenditure.

6. Internal Audit

- 6.1 The Employing Authority's internal auditors shall undertake internal audit reviews of the Shared Service. The programme of internal audit work will be agreed with the 3C Management Boards. The 3C Management Boards will be responsible for considering audit reports issued and overseeing the implementation of all agreed internal audit actions. Copies of all final internal audit reports will be shared with the other Parties.
- 6.2 The Parties will co-operate and assist internal auditors and provide access to all records and/or documentation requested by internal auditors. The reasonable costs of internal audits will be recharged to the Shared Service Budget either directly or through corporate recharges.

7. Review

- 7.1 These financial management arrangements may be reviewed at intervals by the 3C Management Boards. Any revisions shall be recorded in writing for approval by all Parties.

SCHEDULE 4

ASSETS

1. Assets existing prior to the commencement of this Agreement shall remain in the ownership of the authority that owned them subject to any contrary agreement made by the Parties in respect of any asset or class of assets.
2. The nature of the services provided by the shared services covered by this arrangement, is that physical assets are extremely limited beyond the IT service. Where termination as laid out in Section 15 was triggered any limited physical assets would be distributed proportionately amongst the constituent councils as allowed for in Section 15.14.
3. Within the IT service, all desktop and mobile device hardware remains the property of the relevant purchasing authority. The assets held in common therefore relate predominantly to network and infrastructure equipment. All such assets are owned jointly and proportionately as a core element of service delivery infrastructure, on a depreciating basis. The physical assets held in common represent a shared environment that is used by all three councils and is managed on their behalf by the IT Service.
4. The IT Service manages cloud-based environments that are also shared by all three councils, these include Microsoft environments (Tenancies). Whilst the assets (licences) are owned by the relevant authority the environment is fully integrated and used equally by all of the authorities.
5. The shared physical and cloud environments cannot be split into constituent parts were termination to be triggered; rather the exiting authority would be required to make alternative arrangements for each infrastructure and migrate services to it/them.
6. The exercise of a Termination under Section 15 of this document, would see the execution of the Exit Plan as listed in Schedule 5. This would involve either the fair transfer of related assets, or where this is impractical given the shared working arrangements, the development of a formal management agreement for the assets in common, either as a lasting solution or as an intermediate step to the development of alternative arrangements. It would not be possible for the exiting authority to continue to utilise the shared physical or cloud environments after exiting the shared services arrangement ends unless the shared IT Service continued to provide the support and management as the security and integrity of the environment requires it to be fully managed by the shared IT Service and cannot be delegated to other parties including staff employed by the exiting authority.

EXIT PLAN

1 Preamble

1.1 Background

This Exit Plan forms part of the Partnership Agreement for Shared Service (the Agreement). The Agreement originally commenced on 1 October 2015, renewed and revised with effect from 31 October 2020, varied in respect of Building Control on 24 June 2024 and renewed and revised again from 31 October 2025.

1.2 Situations where the Exit Plan will be used

The Exit Plan sets out the principles for early termination under a range of situations and on expiry.

The early termination scenarios are in summary:

- Termination by one party under Voluntary Termination or of one Party under Termination for Breach, with a two-Party Shared Service arrangement continuing
- Termination by two parties leading to the relevant Shared Service as a whole ending
- Termination by Mutual Consent leading to the relevant Shared Service as a whole ending.
- Termination under any of the above in respect of one, two or all services.

1.3 Application of the Exit Plan to each service

The Agreement covers three services (ICT, Building Control and Legal Services). The principles set out in this Exit Plan are applicable to each Shared Service with appropriate tailoring having regard to the nature, scope and operational design of each service. By way of example service specific considerations include

- ICT: the service has a significant degree of technical integration into the operations of each Party and notwithstanding the termination notice periods, a longer period may be required to migrate the service².
- Building Control: the delivery of the service is geographically based and has been built up to include services beyond the boundaries of the three Parties.
- Legal Services: legal matters can have a long duration and are subject to legal regulations so the transfer of work on Exit may present specific complications.

² The shared physical and cloud environments cannot be split into constituent parts where termination to be triggered, rather the exiting authority would be required to make alternative arrangements for each infrastructure and migrate services to it/them.

With respect to the shared IT environments, both physical (e.g. Network and server related equipment) and cloud based (e.g. Microsoft Office) a period of three years will be required to allow for exit works. It will not be possible or practical to partition or disaggregate the shared environments so it is expected that the exiting authority will set up new environments and migrate services from the existing shared ones. As detailed in 15.1 the exiting authority will need to pay for any setup and migration costs of moving to a new environment as well as continuing to pay for the ongoing support costs and overheads into the existing environment.

1.4 Allocation of Liabilities and Costs

The Exit Plan sets out principles which may be applied in allocating costs and liabilities related to an Exit situation. In summary, the main elements are:

- Costs of setting up new post-Exit services which generally are the responsibility of the Party setting up the new “insourced” service provision.
- Incremental Exit Costs (i.e. unbudgeted costs of implementing the Exit) should be shared between the Parties, unless they are
- Additional Costs which would not have arisen but for a party electing for Voluntary Termination or acting such that there was a Termination for Breach, in which case that Party is liable for the costs.

The basis for sharing liabilities will depend on the nature of the costs and might be volume driven where a measure such as share of direct cost budget over contract life might be applicable or fixed irrespective of volume (e.g. the Shared Service Lead Officer post) in which case an equal share may be appropriate. In practice the sharing ratios will be contingent on the specific situation and type of cost. Part of the Exit Implementation Plan will be a process facilitated by the Exit Implementation Manager for the Parties to agree any cost share on fair and reasonable basis having regard to relevant evidence.

2 Definitions within this Exit Plan

These definitions are supplementary to those included in the Agreement. Clause references refer to the Agreement.

Additional Costs – costs as specified in Annex A to the Exit Plan recoverable under clause 15.5 by the other Parties from the Party causing a Voluntary Termination or a Termination for Breach

Exit – the ending of the services to one or more Parties under the Agreement either by early termination, on expiry or other legal reason³

Exit Implementation Manager – an individual appointed by the 3C Management Board(s) to act on their behalf to prepare the plan for and manage the implementation of the Exit including liaison with each Party’s Service Insourcing Manager, providing information, co-ordinating approvals in accordance with the Shared Service governance provisions and arranging the measures necessary for the orderly and fair transition of the service from a shared to an inhouse basis

Exit Implementation Plan – the project plan based on the principles and requirements of this Exit Plan for implementing Exit

³ Although unlikely this would cover frustration of a contract leading to the services ending.

Host –the Employing Authority for the purposes of the relevant Shared Service in its role as host to that Shared Service and employer of the Shared Service staff and contracting party for relevant third-party contracts both for supply by third parties and provision by the Shared Service team of services to third parties

Incremental Exit Cost – the necessary costs incurred attributable to the activities collectively required to implement the Exit over and above the resource costs included in the Shared Service Budget for the relevant period and as further defined in Section 7 – Financial consequences of Exit

Incremental Exit Cost Budget – the budget for the Incremental Exit Cost approved by the Executive Board and monitored by the 3C Management Board(s)

Non-host – the Originating Authorities as defined in the Agreement

Service Insourcing Manager – an individual appointed by each Party to act on their behalf and to liaise with the Exit Implementation Manager in the planning and implementation of the Exit including providing information, co-ordinating approvals within the Party and arranging the measures necessary for the orderly and fair transition of the service from a shared to an inhouse basis

Termination for Breach – early termination by the Terminating Parties of participation of one Party or in the Agreement under clause 15.3 due a material and unremedied breach of the obligations under the Agreement

Termination by Mutual Agreement early termination by the agreement of all the Parties under clause 15.2

Transferor – Host in respect of the relevant Shared Service

Transferee – the Party taking the service back in house, including the council which is Host in respect of its post Exit arrangements when the Shared Service has ended

Voluntary Termination – early termination of its participation in the Shared Service by a Party under clause 15.1.

3 Notice of termination or expiry

3.1 Voluntary Termination

A notice for Voluntary Termination is to be submitted by the 30 September in any year (being the anniversary of the Commencement Date). The Voluntary Termination notice period is at least 12 months. A Voluntary Termination will not necessarily lead to the end of the Shared Service where only one party is seeking termination and the remaining Parties are minded to continue.

3.2 Termination for Breach

The notice period for Termination for Breach is 3 months. If the breach is capable of remedy, that remedy must be effected, or a plan to effect a remedy of the breach within a reasonable time agreed by the Terminating Parties, no later than 60 days of the issue of the notice. If the plan to remedy the breach is confirmed by the Terminating Parties, that notice will be suspended until the end of the period set out in the plan for the breach to be remedied (but not otherwise extended⁴). If a plan to remedy the breach is not accepted this must be communicated in writing within 7 days with any dispute resolved under clause 29 (Disputes).

The Parties are required to agree to extend the Agreement under which the Shared Services are delivered at least 12 months prior to the Expiry Date (as extended) or the Agreement will expire on that date.

It should be noted that the notice periods represent the maximum formal planning horizon for carrying out the steps required under this Exit Plan. This is very short in the case of Termination for Breach, especially having regard to the formal requirements in respect of employment matters, and the Parties will need to take this into account in issuing and/or responding to a termination notice.

Notices are to be issued in accordance with clause 21 and to be set out as follows:

Voluntary Termination: the terminating Party shall issue a notice addressed to the Chief Executives of the other Parties in writing. The notice shall specify:

- the reason for the notice of termination;
- the proposed date (if different from the end of the notice period);
- any matter which if addressed may lead to withdrawal of the notice;
- details of the officer(s) designated to act for the party seeking termination in implementing the termination; and,
- any other matters of relevance to the orderly and fair implementation of the termination.

Termination for Breach: the Terminating Parties shall issue a notice in writing to the Chief Executive of the Party in breach. The notice shall specify:

- details of the breach giving causing the notice of termination;
- the proposed termination date (if different from the end of the notice period)
- whether it is considered that the breach is capable of remedy;
- any remedy which if agreed with a deliverable plan may lead to withdrawal of the notice;
- details of the officer(s) designated to act for the party issuing the notice in implementing the termination; and
- any other matters of relevance to the orderly and fair implementation of the termination.

⁴ ie based on" stopping the clock" rather than resetting the notice period.

4 Governance and transition management arrangements

This Exit Plan is reviewed and updated annually as required by the 3C Management Boards with review and confirmation by the Executive Board.

4.1 Governance

Upon receipt by a Chief Executive/Chief Executives of a notice of Voluntary Termination, the Executive Board shall meet/discuss how to proceed as soon as possible and no later than 10 working days. They will instruct the 3C Management Board(s) accordingly. The Executive Board will approve the Incremental Exit Cost Budget within one month of instructing the 3C Management Board(s) to proceed.

Note: there will potentially be three distinct management activities during the Exit period:

- *Business as usual management up to the termination date where full service standards are required (clause 15.10.)*
- *Establishing the post Exit delivery arrangements within each authority.*
- *Implementing the Exit itself.*

The objectives and interests of the Parties will in some regards be different in terms of accountability and focus and this should be reflected in the management and reporting arrangements adopted to manage conflicts of interest.

4.2 Planning and Management

The 3C Management Board(s) shall, in consultation with the Party they represent, appoint an Exit Implementation Manager to act for all of the Parties in managing implementation of the Exit. The individual should have sufficient delegated authority to be able to act effectively.

The Exit Plan Implementation Manager will have a duty of care to act in accordance with clause 15.9 to ensure the plan is executed in a fair and orderly manner and in accordance with 15.15 to mitigate the financial costs. The manager will prepare an Exit Implementation Plan and Incremental Exit Cost Budget on behalf of the 3C Management Board(s) for approval by the Executive Board. The budget shall be prepared based on appropriate consultation with the Shared Service Budget Manager and the approval of the s151 officers of each Party.

Other specific responsibilities will include making arrangements for the Exit on the basis of the Agreement and this Exit Plan including:

- liaison with each Party's Service Insourcing Manager;
- facilitating the transfer out of any relevant assets⁵ ;
- co-ordinating employment matters with HR input from all partners;
- identification and transfer of records;
- facilitating IT requirements; and,

⁵ No material assets have been identified when this Exit Plan was approved, but to be reviewed for changes annually and when a notice of termination is issued, or expiry is confirmed.

- facilitating other practical and contractual arrangements required to implement the Exit.

All Councils⁶ shall also each designate a Service Insourcing Manager whose role is to ensure their council is able to co-operate with the Exit Implementation Manager as required.

The responsibilities of the Service Insourcing Managers include:

- provision of relevant information;
- co-ordinating the transfer in of assets, records and other intellectual property and staff;
- ensuring, with legal and HR input, that the relevant information and consultation with staff is carried out (see Section 6 - Employment)
- agreeing and managing the Incremental Exit Cost Budget;
- arranging consents and approvals as required within the relevant council; and,
- dealing with any other matters arising required for an orderly Exit.

Each Party will need to determine the resource required in addition to the existing Shared Service managers, in the context potentially of those managers posts being impacted. The activities will differ according to whether

- all services or just one is affected,
- the Shared Service is ending in whole or just one party is exiting and it will continue with two
- in the latter case whether the host remains the same.

4.3 Reporting

Monthly reporting will be provided following notice of termination and prior to the last three months of Shared Service delivery. In the three months prior to termination, weekly updates will be reported by the Exit Implementation Manager, in consultation with the Services Insourcing Managers, to the 3C Management Board(s) who will report as required to the Executive Board.

4.4 Individual council governance arrangements

Each council shall plan to meet its own internal governance requirements consistent with the requirement for an orderly winding up of the Shared Service arrangement and the establishment of new arrangements including:

- political authorisation
- legal approvals
- financial approvals (s151 agreement)
- contractual arrangements between the Parties and with third parties

⁶ unless only one Party is leaving a Shared Service arrangement

- procurement processes where required
- staff consultation and employment matters

Details of these arrangements will be made available to the extent required to the Host for the purposes of Exit implementation planning.

5 Implementation plans

5.1 Overview

The main strands of planning the Exit once confirmed in principle will be:

- to assess the Shared Service portfolio of work on hand (including services provide to the Parties and third-party services) to be completed before or potentially transferred out for in house delivery by each Party;
- for each council to determine the future arrangements for delivering services and the potential staff, assets (including intellectual property) and contractual rights that are to be transferred as a basis for,
- preparing the Exit Implementation Plan and Incremental Exit Cost Budget.

There is likely to be a degree of iteration between these strands both during the planning and implementation stages and this should be accounted for in the Exit Implementation Plan.

The process of developing the plan and implementing it will be complex and require committed resource. The Parties will generally bear their own costs of establishing their own new service, but the Incremental Exit Costs will be shared based on the Direct Cost Share over the life of the contract to Exit, (subject to the Additional Cost provisions). The Incremental Exit Costs and Additional Costs are defined in more detail in Annex A.

5.2 Portfolio of Shared Service delivery obligations in the period up to and on Exit

The project/case base of the relevant Shared Service will need to be assessed.

The Exit Implementation Plan and the plans of each Party following the transfer of the service back to in house delivery will require the information and analysis set out below.

Step	Key activities	Key Factors
SERVICE DELIVERY		
Identify active projects/cases	Prepare inventory of activities and classify: <ul style="list-style-type: none"> • Will be complete by exit • Will/may be ongoing at exit 	Inventory should include: <ul style="list-style-type: none"> • timescale/resource to complete,

Step	Key activities	Key Factors
	<ul style="list-style-type: none"> • Specific council • Cross council • Third party • “Contentious” projects/cases 	<ul style="list-style-type: none"> • current responsible officer(s), • location of files etc, • risk assessment (e.g. challenge)
Allocate active projects/cases	<p>Allocate completion responsibility pre and post termination</p> <p>For third party chargeable work allocate fees (with apportionment where transferred)</p>	<p>Select between:</p> <ul style="list-style-type: none"> • Host retains and runs off case post exit (with recharge) • Progressively migrate to “shadow” service in Council that will complete project/case • “Hard transfer” on termination date • Cases/projects follow staff – shared run off (with recharge for cross council work)
Process for take on of new projects/cases	<p>Define cut off point for taking on work that may continue post termination.</p> <p>Define process for transition to post termination arrangements</p>	<p>Either treat as above or allocate to “shadow service”.</p>
Identify and allocate legacy projects/cases	<p>Prepare inventory of activities and classify:</p> <ul style="list-style-type: none"> • Specific council • Cross council • Third party • “Contentious” projects/cases 	<p>Rights, responsibility and liability for legacy/closed cases would be default be “retained” by host. Those affecting a specific other Council might be transferred there on termination.</p>
Define resources for Shared Service delivery until termination	<p>Migrate staff allocation to match post exit position where possible</p> <p>Identify additional resource for exit activities</p>	<p>Include in business plan for termination identifying resource demand on each council</p>

5.3 Post Exit Planning by individual councils

5.3.1 The Transferee Exit Plan

Each council will need to decide what post exit arrangements to adopt: alternatives include insourcing so services are taken back in house, outsourcing some or all of the services or a shared service arrangement with another local authority. A business plan⁷ will be required for internal purposes and the requirements arising from the business plan will need to be shared in order the Exit Implementation Manager, can prepare and deliver the Exit Implementation Plan. These requirements shall be set out in the Transferee Exit Plan.

The information to be included in the Transferee Exit Plan is:

- 1) The Transferee Party's management and governance arrangements for the Exit process
- 2) The management structure and number and level of other staff posts
 - a) On the basis that
 - i) the level of activity continues materially at the current level;
 - ii) the approach to delivery is based on the minimum change to the current approach.
 - b) On the basis (if different) of the actual planned approach where that gives rise to material changes to staffing requirement (e.g. technological change to use AI, outsourcing, process reengineering etc)

[Note: this is required to inform the staff consultation process and to assess the attribution of any reorganisation costs: see Section 6 – Employment and Section 7 Finance for further details]
- 3) Details of staff terms and conditions and pension arrangements
- 4) Details of the office arrangements for staff post Exit
- 5) IT systems details for data transfer (and any information required for physical transfer of non-digital records)
- 6) The identity of any third parties that require notification of changes (to the extent the transferee Party requires assistance)
- 7) Confirmation of which intellectual property, subscriptions, licences that are required (Host to provide record in advance)
- 8) Any other matters considered necessary to facilitate the service transfer from the Shared Service

The full details for finalising the Transferee Exit Plan may take some time to prepare. The timetable will therefore be that parts 1) to 5) at least are provided on a provisional basis within 4 weeks and all parts within three months of the notice of Voluntary Termination or Termination by Mutual Agreement. As full details as possible of all elements should be

⁷ Note: It is likely that in order to determine the value for money and affordability of voluntary termination the council issuing the termination notice at least will have developed a business case comparing the cost of continuing the Shared Service with standalone provision which would form the starting point for the more detailed business plan.

provided no later than two months before termination in the case of Termination for Breach. In each case the Exit Implementation Manager and the Service Insourcing Managers will need to collaborate to programme the sharing of information.

The host council will be in a different position with a greater degree of continuity, especially in terms of systems and data. The information requirements will nevertheless parallel each of those set out above.

Where the Host and one Non-Host Party continue a Shared Service, they will need to revise the Shared Service Business Plan and Shared Service Budget. The Exit Plan will reflect the continuation of the service without transfer.

5.4 Contents of the Shared Service Exit Implementation Plan

The Exit Implementation Manager will be responsible for the Exit Implementation Plan working with each other Party's Service Insourcing Manager. The Exit Implementation Plan will be the basis for the Incremental Exit Cost Budget. The plan will include an overall project timetable and critical path and a critical risk register. It will be based on the information on services, projects and cases to be transferred (4.2 above) and the Transferee Exit Plan (4.3 above). The arrangements for cooperation between the Parties individual responsibilities will be identified.

The plan will set out main steps as set out below

Step	Key activities	Key Factors
Exit project plan		
Confirm allocation of services, projects and cases	Analyse situation based on conclusions under 4.2 above	Based on conclusions under 3.2 above
Staff and employment	(1) Confirm current staff profile (including any staff on parental leave, long term sickness etc) (2) Collate future post Exit Requirements (3) Analyse potential redeployment options (4) Arrange consultation	Based on current staff plan and the potential post Exit staff plans. See Section 5

Step	Key activities	Key Factors
	<p>(5) Implement outcomes</p> <p>(6) Assess and account for financial liabilities</p>	
Staff records	Transfer information on staff including performance and service records required for payroll and pension requirements, subject to GDPR.	Co-ordination with host who may recharge under Clause 15.13
Legal records (cases and projects)	Confirm/update relevant records and organise with non-host councils for physical and/or digital transfer of records	Have regard to secure storage requirements etc of legal records
Assets (if any)	Arrange for transfer or disposal of any relevant assets and account for proceeds/unrecovered costs (see Annex A)	
Premises	Most staff are (understood to be) located across offices but need to assess space implications and physical relocations requirements.	
IT provision	<p>Compare current provision and ownership v future need: Assess extent to which current IT equipment is embedded (and e.g. PCs/laptops owned by transferee) v new capacity / systems change.</p> <p>Identify any equipment owned by host that may be transferred in.</p>	Continuity of service v future functionality. Identify any need for dual system access etc
Procedure manuals, management records, technical and legal reference databases/manuals.	See above. Prepare intellectual property for transfer. Confirm legal arrangements are completed (see Section 4)	

Step	Key activities	Key Factors
(Intellectual property)		
Financial settlement	See Section Error! Reference source not found. and Annex A	

6 Legal, Contract and Commercial

6.1 Legal advice and support through the termination process

The Parties have individually and collectively the professional capability within the Shared Legal Service to receive advice and carry out necessary legal processes. However, in the case that the legal service is subject to Exit the service itself may will be restructured as part of the termination/expiry process and the parties may have different interest leaving an individual legal officer with a potential conflict of interest

The Parties shall decide at the outset whether to appoint their own external legal advisors (with the attendant additional costs) or nominate officers to represent each Party's interests.

6.2 Legal aspects of termination

The provisions of the Agreement set out the legal basis for the termination and expiry process including financial consequences and the responsibilities of the Parties to one another. *This Exit Plan forms part of the Agreement and in approving the Exit Plan the Parties have agreed that it shall be used as a basis where relevant to interpret the practical and financial implications of the provisions in the Agreement.*

The Agreement is acknowledged to have continuing effect after termination or expiry in respect of:

- transfer and continuing access to records transferred to users by the host;
- settlement of amounts due at the termination date, whether invoiced or not, between the parties arising from the cost sharing recharges under the Agreement;
- recovery of liabilities/financial commitments and unrecovered shared asset costs (if any) incurred by one party (generally the host) for the benefit of the Shared Service;
- recovery of Additional Costs arising from early termination from the party responsible for causing the termination; and
- settlement of the Incremental Exit Costs based on the Direct Cost Share of the Parties over the life of the contract

The Host will prepare⁸, and the Parties commit under this Exit Plan to agree, a written statement of discharge of these obligations within 90 days of termination, or such other period as is agreed by all Parties.

6.3 Contractual matters arising from termination

Whilst the Parties will largely be carrying out activities in house and/or have their own contractual arrangements for third party services, the Parties will make the following provisions where required:

- contractual agreements between the Parties for transitional or residual services between them (e.g. to complete projects on hand, for continued access to systems, for temporary secondment of staff etc);
- cancellation of third-party contracts where services are no longer required finalisation of financial charges and ability to enforce warranties, claims etc;
- amendment or novation of contracts where there is an ongoing requirement; and,
- updating or replacing licences for software, subscriptions etc.

The host authority will prepare a schedule of such contracts and facilitate the actions required prior to termination/expiry.

7 Employment

The activities under this Section will be carried out with appropriate HR support and legal advice on employment matters.

7.1 Prior considerations in relation to the staffing situation at Exit are as follows:

- 7.1.1** Exit will result in the relevant services being taken in house by each exiting Non-Host council which will be a service provision change for the purposes of TUPE. The Host will also have to consider the impact of an Exit on staff who will remain employed by the Authority, possibly within a different organisational structure and revised job descriptions.
- 7.1.2** The basis for the Parties' approach to employment matters will be COSoP (Cabinet Office Statement of Practice – Staff Transfers in the Public Sector) and TUPE principles. The process will reflect analysis of the service transfer as a whole and in some cases of the situation of individual employees. As the law is complex in this area and there is a risk of challenge by employees who are not content with the changes proposed, legal and HR advice will be taken on the detailed approach at the outset in order to minimise employment liabilities.
- 7.1.3** To the extent that any Party generates the same work volume and carries out the post Exit Service in house in a broadly similar way, the overall staff requirement is unlikely to be less (and may be greater) post Exit. However, the precise allocation of Shared

⁸ Working with the Exit Implementation Manager in respect liabilities and costs arising from the Exit.

Service employees post Exit between the Parties, particularly those carrying out work for all parties, for third parties and/or with specialist skills, may give rise to staff being dismissed/made redundant/claiming unfair dismissal. In these circumstances staff changes will most likely, but not inevitably, arise whilst the staff are employed by the Employing Authority. The financial implications of Employment Liabilities Arising out of Exit are set out below.

- 7.1.4 Where a Party materially changes the approach to service delivery Post Exit such as by changing the scope of service, use of different technology, third party outsourcing or alternative Shared Service arrangements the resulting staff changes will be a result of an economic, technical or organisational change *within that Party's organisation* and not a result of the transfer arising from Exit. The financial implications Transferee Reorganisation Employment Liabilities are set out below.
- 7.1.5 Whether only one Party exits and whether one or more than one service is ending will be taken into account in designing the arrangements.
- 7.1.6 There may be implications *outside the Shared Service staff cohort* for certain support service staff of the Host, potentially reducing the need for them. The impact may be greater in the case of full contract expiry or termination across all services than either where only one Party exits or only one Shared Service ends. Where relevant the staff related processes will be designed to include affected staff.
- 7.1.7 Charged services to third parties which are not necessarily tied to the offer by one of the Parties may not fall under TUPE, unless that third party service is transferred.
- 7.1.8 There are some differences in the terms and conditions of the Parties which will need to be considered in terms of alignment. There is a presumption under TUPE that employees will be no worse off as a result of transfer. and the Parties are scheme employers with the Cambridgeshire Local Government Fund.

7.2 Principles for addressing employment matters on Exit

The Parties agree to follow the relevant COSoP principles in respect of employee matters arising on Exit. This applies TUPE rules to the Public Sector.

For this purpose the Parties agree that all staff employed within the Shared Service shall be treated according to TUPE principles and all such employees shall be included in any provision of information and consultation as, even if not transferring to another employer, their jobs may be affected where they move out of the Shared Service or a two Party Shared Service which continues. The consultation process should be extended as appropriate to support staff whose jobs are potentially affected by the change.

For the avoidance of doubt, it is expected that all parties would consult on their new structures at the same time, and all employees of the existing Shared Service would be included in each consultation simultaneously. This is to avoid any of the parties having a 'first mover advantage'.

7.3 Employment liabilities

Clause 15.7.1 of the Agreement requires that this Exit Plan includes details of in respect of “the mitigation of any Employment Liabilities that may arise including the implications of TUPE.”

The principles for the attribution of liabilities shall be as follows:

- 7.3.1** Employment Liabilities Arising from Exit **(as set out above) shall be funded by the Parties on a fair and reasonable basis (see Error! Reference source not found.) (and subject to the application of the principles in respect of Additional Costs – See Annex A);**
- 7.3.2** Transferee Reorganisation Employment Liabilities **(as set out above in Error! Reference source not found.) shall be met by the transferee Party.**
- 7.3.3** Other employment commitments and liabilities outstanding at the Exit Date and relating to an employee or employees within the **Shared Service including staff on sick leave, staff in employment disputes, staff on parental leave and other similar staff shall be apportioned based on their Direct Cost Budget shares over the duration of the Agreement to the point of Exit**
- 7.3.4** The parties will document the agreed position in respect of any liabilities arising out of past service, staff on long term leave e.g. for sickness) and/or existing disputes. The apportionment of such Employment Liabilities shall be dealt with applying as relevant the methodology set out in Annex A. (The treatment of any liabilities or commitments arising from the establishment of the service and dealt with under clauses 11 and 12 of the Agreement will not change).

7.4 Post Exit employment implementation process

A detailed plan shall be prepared setting out how the following steps will be taken:

1. Under the 3.3 above Post Exit Planning, the provisional plans of the Parties to determine their Post Exit staffing arrangements will be reviewed in relation to the staff affected within the Host.
2. A provisional analysis of the Shared Service staff will be prepared to identify the potential impact on each member of staff, assessing whether they are by virtue of the work they have carried out presumed to be a transferee to a particular party (or to a simple in-house role within the host) or not.
3. Information shall be prepared, and a consultation process determined by the Host (transferor) council and the respective Non-Host transferee councils, including identification of how staff will be represented.
4. The consultation process will proceed, with the intended outcome to allocate all staff.

5. To the extent staff contracts lead to termination the allocation of liability will be agreed based on the principles set out above and the policy for the compensation package shall be agreed with a presumption that this is based on the policy of the Host.
6. Staff records will be prepared for transfer to the transferee employer.
7. As far as possible staff within the Shared Service and before the Exit Date will be organised to facilitate changes to their Post Exit responsibilities.
8. The process shall be designed with due regard to GDPR rules.

8 Financial consequences of Termination

The detailed financial provisions under the Agreement are set out in Annex A.

The host council is responsible for maintaining the financial, contractual and employment records of the share service including;

- Income and expenditure including the direct service costs and overhead recovery
- Records of amounts due to and from third parties
- Records of external contracts and financial commitments
- Asset records, separate from its own asset records (to the extent there are Shared Service Assets)
- Records of licences and other intellectual property which the Shared Service is entitled to use and upon which it relies
- Staff records for employees within the Shared Service

The host council will prepare on behalf of and for the approval of the parties a Termination/Expiry Financial Settlement Statement. The statement will be prepared within 90 days of the termination date in final form if the information is available or if not in provisional form with a plan to finalise the statement. The statement (including nil returns) will include:

- Final accounts for the last operational Shared Service period including the amounts due by any Party to another Party
- A statement of Employment Liabilities with the allocation as between the Parties
- A statement of any contingent or actual liabilities to third parties
- A statement of Shared Service Asset costs to be recovered
- A statement of the Additional Costs submitted by any Party having a claim under the Agreement
- A statement of the Incremental Exit Costs with the allocation as between the Parties.

ANNEX A – contractual provisions for Financial costs

The Parties should confirm how the principles and definitions set out below will apply in the context of an actual Exit at the time of agreeing the Exit Implementation Cost Budget with approval of the s151 officers of each Party.

The main types of cost for which the principles of attribution of liability on termination are set out in the Agreement are set out below.

- **The Incremental Exit Costs** are;
 - necessary costs that only arise due to the Exit;
 - costs that are not incurred solely for specific requirement of a particular Party; and,
 - result in additional disbursement (whether directly or indirectly⁹) and are not in relation to resources already accounted for within the Shared Services Budget.
 - Examples of such costs might include but are not limited to:
 - the Exit Implementation Manager (if not already covered by the Shared Service Budget);
 - employee consultation costs;
 - external legal advice on the employment process;
 - consulting advice on “unbundling” data files, records¹⁰ and systems.
- **“Additional costs”** which arise due by a Party causing early termination the other Party/Parties.
 - In the case of Voluntary Termination, the party seeking such termination is liable
 - Under Termination for Breach the Party in breach is liable
 - The liability to the other party is “to the extent” that they would “not otherwise have incurred” such costs.

Additional costs are agreed by the Parties to be based on the following principles:

- Disbursements (such as professional fees) that arise on early termination but not on expiry shall be recoverable.
- Other costs which “would not otherwise have been incurred” shall generally not be recoverable if they would arise in any case on expiry *except to the extent these are higher due to material disruption, resource costs being higher due to being required at shorter notice.*
- Asset cost recovery and employment liability costs which may not have otherwise arisen shall be considered additional costs.
- The implied financing cost (based on the Party’s relevant PWLB rate), of material expenditure necessarily brought forward due to early termination may also be recoverable, if material.

⁹ E.g. where a staff member is redeployed but this gives rise to a temporary hire to cover.

¹⁰ Subject to the ability of the Host to recover costs from other Parties of the actual transfer to them of data and records on Exit under clause 15.3 in the case of early termination.

- Where the Party causing the Exit is the only party to exit and the Shared Service continues, the reasonable additional expenditure to restructure the remaining Shared Service may be recoverable. Evidence of costs is required. (clause 15.5)

- **Costs incurred in the normal operation of the contract** (including under clause 15.6 work in progress at the point of Termination). These continue to be recoverable as if the contract were continuing (clause 15.14 distinguishes “liability owed to another party under the terms of this Agreement” from liabilities arising “in the event of termination” (which might be third party contract breakage costs, the financial liabilities identified immediately below etc).
- **Employment liabilities** – this Exit Plan sets out the principles for attribution and sharing on a fair and reasonable basis between the Parties under **Error! Reference source not found.** and **Error! Reference source not found.**
- **Assets** – At the time of drafting there are no material Shared Service Assets identified, nevertheless, should such Assets be acquired, the Party investing in an asset agreed by the parties to be for the purposes of the Shared Service under the Agreement is entitled to recover the investment cost plus financing costs (interest) over the life of the asset. The notional charge is to be based on MRP (on an agreed basis) plus interest.

In the case that there are unrecovered costs these will be recovered based on the following illustrative calculation

Original cost	100	
Amount included in recharge to recover asset cost (MRP based)	(50)	
Amount recoverable by party financing asset	50	
Disposal proceeds	(20)	
Recoverable from the Parties	30	

- **Financial liabilities (including committed and unavoidable future third party contractual commitments or contract cancellation costs)** arising due to the agreement including property leases and investment in IT and outstanding at the point of termination are to be shared in proportion to the overall cost share on a fair and reasonable basis having regard to clause 15.14.
- **Costs of transferring data and records** from the host to users are recoverable by the host

- The host is granted free of charge **access to records transferred** (possibly needed e.g. as it might have legal responsibility for actions at the time the record was created)
- Clause 15.15 places on obligation on the Parties individually and collectively to mitigate liabilities on termination.
- Clause 15.16 provides for payments for services not provided as a result of termination to be refunded within 90 days.

Annex B – checklist for insourcing planning

The key steps include those identified below.

Step	Key activities	Key Factors
Non-user post termination plan		
Confirm “home” within council for service	Directorate, reporting lines, budget responsibility to be agreed	Probably aligns with Shared Service “home”
Determine activities following repatriation of service	<ul style="list-style-type: none"> • Cases/projects transferred in • Potential flow of work • Variation to activities • Interfaces with other services (e.g. procurement, planning etc) with legal service requirements 	
Determine resource levels	Organisational design, workflow analysis	
Determine management structure	<p>Organisational design.</p> <p>External and internal recruitment process</p>	
Staff requirement	<p>Map potential transferred in staff resource v activities</p> <p>Identify gaps/surpluses as basis for recruitment and/or redeployment</p>	Approach to organisational design
IT provision	<p>Identify IT systems infrastructure requirements. Assess extent to which already embedded (and e.g. PCs/laptops owned) v new capacity / systems change.</p> <p>Identify any equipment owned by host that may be transferred in.</p>	System compatibility

Step	Key activities	Key Factors
Premises	Most staff are (understood to be) located across offices but need to assess space requirement.	May require identification of space, new FF&E including data security/privacy relating to legal activities
Legal records (cases and projects)	Physical records may be on site in any case. Digital records to be identified and classified for data transfer.	Co-ordination with host who may recharge under clause 15.13. File structures for transfer in to be made compatible, with appropriate security arrangements for compliance with legal rules.
Staff records	Transfer information on staff including service records required for payroll and pension requirements	Co-ordination with host who may recharge under clause 15.13
Procedure manuals, management records, technical and legal reference databases/manuals. (Intellectual property)	Internally generated materials may be replicated and transferred in digital form. Third party services may require replacement by purchase of relevant publications, entering into new arrangements or novating Shared Service arrangements/subscriptions.	Co-ordination with host who may recharge under clause 15.13 Although provided for under the Agreement, specific contractual arrangements may be required/desirable.
Other	New stationery, business cards, phone numbers. Update websites for contact details. Notify third parties.	

Signed for an on behalf of **CAMBRIDGE CITY COUNCIL**

Signature:

Name IN CAPITALS:

Position:

Signed for an on behalf of **HUNTINGDONSHIRE DISTRICT COUNCIL**

Signature:

Name IN CAPITALS:

Position:

Signed for an on behalf of **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Signature:

Name IN CAPITALS:

Position: