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| Report To: | Education & Lifelong Learning Committee | Date: 07 September 2010 |
| Report By: | Corporate Director Education & Communities | Report No: EDUC/47/10/LC |
| Contact Officer: | Albert Henderson | Contact No: 01475 712761 |
| Subject: | SEEMIS transfer to a Limited Liability Partnership | |

1.0 PURPOSE

- 1.1 The purpose of the report is to gain approval for Inverclyde Council to become a partner in the SEEMIS Limited Liability Partnership.
- 1.2 SEEMIS (Strathclyde Educational Establishments Management Information System) is the provider of a wide range of systems used by Education Services. The range of systems includes the following:
- Pupil Database/Staff Database
 - CSP (Coordinated Support Plans for pupils with Additional Support Needs)
 - EMA (Education Maintenance Allowance)
 - Warehouse (Custom Report on all pupil data recorded)
 - Clothing Grants
- 1.3 SEEMIS also share data with other agencies such as:
- The Scottish Government (ScotXed)
 - SQA
 - Careers Scotland
 - Health Board
 - GLOW
 - Cashless Catering

2.0 SUMMARY

- 2.1 It is proposed that a Limited Liability Partnership (LLP) would provide the most effective legal framework for SEEMIS to minimise risk to all member authorities.

3.0 RECOMMENDATIONS

- 3.1 The Committee is asked to approve the following recommendation(s):-
- that Inverclyde Council join the Limited Liability Partnership as a partner.
 - that the current financial contribution from Inverclyde Council to SEEMIS will be consistent with future payments to the LLP.
 - that the current pension commitments of SEEMIS staff are shared by partners of the LLP proportionate with the level of annual membership contribution.

Albert Henderson
Corporate Director Education & Communities

4.0 BACKGROUND

- 4.1 In 1997, twelve Local Authorities entered into a Joint Agency Agreement to form SEEMIS in order to provide information technology solutions to support electronic education administration within headquarters and establishments. East Lothian has recently entered into a Joint Agency Agreement with SEEMIS increasing current local authority membership of SEEMIS to 28 (see Appendix 1).
- 4.2 In July 2009, the Executive Committee of South Lanarkshire Council approved that an appraisal be undertaken by Grant Thornton Consultants to identify the most appropriate future service delivery model for SEEMIS. Grant Thornton recommended that member councils adopt the LLP model for the purposes of owning and operating SEEMIS. Other structure options considered and subsequently discounted include charitable status (not applicable), community interest company (complexity in complying with community interest test), limited partnership (partners do not enjoy limited liability), not for profit company (less participation by member councils) and a company limited by shares (focus on shareholding ownership for commercial benefit).
- 4.3 An LLP has a culture with a closer affinity to the current structure of SEEMIS, but with the addition of being a separate legal entity with limited liability.

Appendix
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A major benefit of a Limited Liability Partnership structure has identified that ownership of assets including Intellectual Property will be clarified.

- 4.4 The future service delivery by SEEMIS as a Limited Liability Partnership will address the key risks that member authorities are currently exposed to including:
- Unlimited liability for Member Councils
 - Transparency in ownership and contract risk
 - Structural clarity

5.0 PROPOSALS

- 5.1 In November 2008, the DMG (Direct Management Group) agreed to engage legal advisors, Dundas and Wilson, to undertake an options appraisal of the most appropriate future structure of the SEEMIS group to address the issues highlighted in paragraphs 3.3 and 3.4 above. Dundas and Wilson recommended that a Limited Liability Partnership (LLP) would provide the most effective legal framework for SEEMIS as an organisation.

The benefits would include:

- a separate legal entity;
- limit liability;
- allow each Member Council to be a member (if required);
- be taxed as a partnership;
- it has organisational flexibility and transparency which, again, can replicate the existing BM and DMG infrastructure. Unlike the not for profit company above with members and directors, the LLP only has members. However, the members can appoint officers for management and operational purposes;
- mean any contractual arrangements amongst members are private and do not require to be filed at Companies House;
- have accounting requirements broadly the same as those of a company;
- allow future funding;
- allow differing degrees of membership, in keeping with the current membership arrangement in SEEMIS; and
- allow new members to be admitted at any time.

5.2 Other structure options considered and subsequently discounted to date include:

- (1) not for profit company, limited by guarantee
- (2) charitable status
- (3) company limited by shares
- (4) limited partnership
- (5) community interest company

5.3 In July 2009, the Executive Committee of South Lanarkshire Council approved that an appraisal be undertaken by Grant Thornton to identify the most appropriate future service delivery model for the SEEMIS Group and the work undertaken to date would be subsumed into the expanded review.

5.4 At the October 2009 DMG meeting, Grant Thornton gave a presentation outlining the stages in transferring SEEMIS to a Limited Liability Partnership framework.

The options available and to be decided by member councils are as follows:

- (1) Partnership
Councils may become a partner in the Limited liability Partnership which will bring both benefits and responsibilities. The Partners will elect the Board of Directors and the proposed constitution of the Board will be set out in the Outline Business Case in January 2010.
- (2) Customer
Customers will be purchasers only of services from SEEMIS and will have no role in the management of the organisation.
- (3) Other
Councils who do not wish to be a Partner or Customer will cease to be provided with services from SEEMIS and will require to seek an alternative education management information solution.

5.5 To date, 20 member authorities have indicated support for the transfer to the LLP as a partner (see Appendix 2). No member has indicated they wish to be a customer or leave the organisation.

Appendix
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6.0 IMPLICATIONS

6.1 Financial

The annual operating budget for SEEMIS for 2010/2011 is £70,000 which includes £10,000 for the hardware which is stored at Hamilton, this enables us to refresh the hardware on a 3-yearly basis. There are no financial implications in becoming a 'Partner'. However, there may be a slight inflationary increase of 1.5%.

| Cost Centres | Budget Heading | Funding | Virement From (if applicable) | Other Comments |
|---------------|---------------------------|---------|----------------------------------|----------------|
| Central Admin | SEEMIS Group Admin Charge | £70,000 | Contained within existing budget | |

6.2 Legal

This has been approved by Legal Services.

6.3 Human Resources

None

6.4 Equalities

An equality impact assessment has been undertaken. The conclusion of this impact assessment is that there are no adverse impacts on any part of the community covered by equalities legislation or on community relations.

7.0 CONCLUSION

7.1 The proposal outlined above will ensure that Inverclyde become a partner in the Limited Liability Partnership giving a role in the management of the organisation.

7.2 Committee is asked to approve Inverclyde Council becoming a partner in SEEMIS LLP.

8.0 LIST OF BACKGROUND PAPERS

8.1 Outline Business Case Report for SEEMIS move to LLP.

Local Authority membership of SEEMIS for 2009/10

Authority

Aberdeenshire

Angus

Argyll & Bute

Clackmannanshire

Dumfries & Galloway

Dundee

East Ayrshire

East Dunbartonshire

East Renfrewshire

Edinburgh

Falkirk

Glasgow

Inverclyde

Midlothian

Moray

North Ayrshire

Orkney

North Lanarkshire

Perth & Kinross

Renfrewshire

Scottish Borders

Shetland Islands

Stirling

South Ayrshire

South Lanarkshire

West Dunbartonshire

West Lothian

East Lothian

Local Authorities who have indicated support for the transfer to the LLP as a partner

Authority

Aberdeenshire

Angus

Argyll & Bute

Clackmannanshire

Dumfries & Galloway

Dundee

East Ayrshire

East Dunbartonshire

East Renfrewshire

Glasgow

Inverclyde

Moray

North Ayrshire

Orkney

North Lanarkshire

Perth & Kinross

Shetland Islands

South Lanarkshire

West Lothian

East Lothian