

## **Annex to Minutes – Financial Principles**

Financial Principles adopted as being applicable for the apportionment of the costs of terminating the s.113 Agreement:

- i. The Councils will, acting reasonably, utilise the due diligence exercise to help identify and agree the costs that will be included in the costs of settlement calculation including any time frame for their inclusion in said calculation.
- ii. The s.113 Agreement indicates that the majority of costs of termination should, in the ordinary course, be borne equally by the two Councils.
- iii. It is acknowledged however, that the historic utilisation and therefore cost of the provision of the services has not been equally split and often utilisation is often weighted in favour of one council over the other. The Councils also recognise their size, and the future utilisation of arrangements will also not be equal as between them.
- iv. To this end the Councils will use all reasonable endeavours to agree the apportionment of settlement costs arising from the termination proportionately, fairly and taking into account historic or actual cost sharing percentages and any mutual provision that it is agreed will be put in place for discrete service areas
- v. Unless otherwise agreed, the Councils agree that any internal or external costs incurred by them in relation to the management of the transition period shall be borne by each Council
- vi. However, if in relation to any specific item of cost, it is not possible to agree a different apportionment of the cost utilising the earlier stages of the Dispute Resolution Process, the apportionment will be referred to mediation in accordance with the Dispute Resolution process.