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Date: 18th May 2011
To: LGSS Management Board
 LGSS Joint Committee
Copy: CCC and NCC Cabinets

LGSS FINANCE AND PERFORMANCE REPORT, MARCH 2011 & YEAR END 2011/12
(next report will be based on May 2011 figures)

February 2011

1.0 SUMMARY

1.1 Finance

Previous Status	Measure	Target	Current Status	Section Ref.
N/A	Revenue Position – Income & Expenditure	Balanced year-end position	Orange	
N/A	Benefits Realisation	Achieve targets set in business case / IP / MTP	Green	
N/A	Investment Programme	On track - Progress against timelines	Green	
N/A	Capital Programme	On track - Progress against timelines	N/A	

1.2 Performance Indicators – Predicted Status at year end:

Measure	Red	Amber	Green	No Status	Total
Overall LGSS performance	-	-	-	-	-
Finance & Procurement	-	-	-	-	-
Human Resources & Organisational Design	-	-	-	-	-
Operations	-	-	-	-	-
Legal	-	-	-	-	-

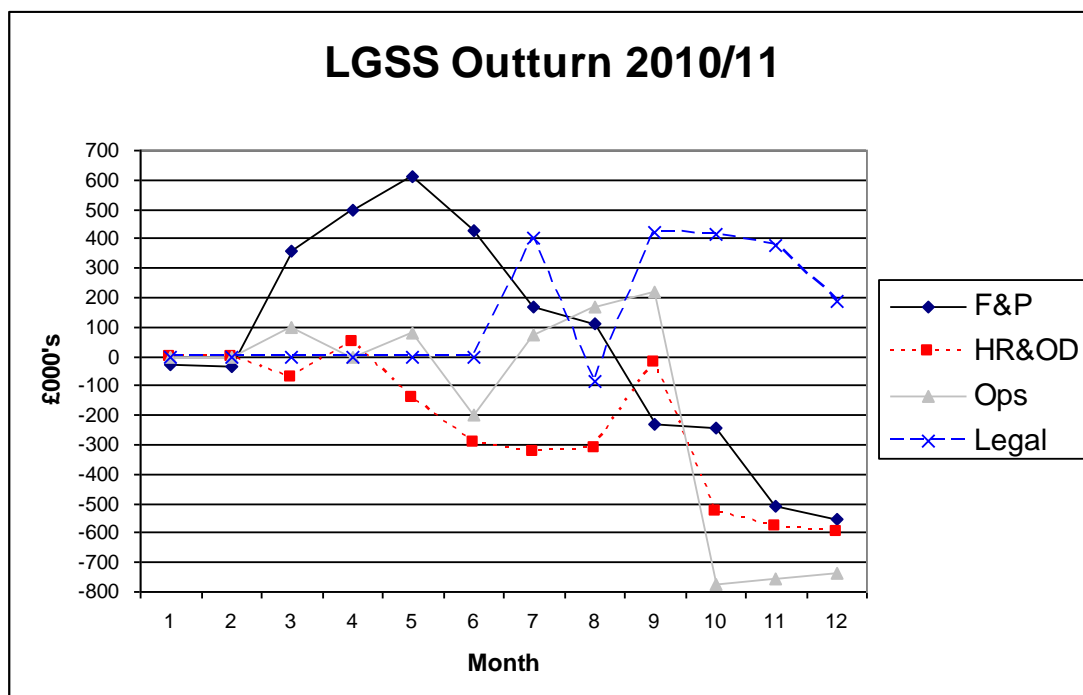
Matching performance indicators are to be developed as part of the Service Planning workstream.

2.0 REVENUE POSITION – INCOME & EXPENDITURE

2.1 Overall Position

Feb 11 Forecast Outturn		Service	Budget for 2010-11	Expected to Mar-11	Actual to Mar-11	Mar-11 Variance		Forecast Outturn	
£000	%		£000	£000	£000	£000	%	£000	%
<u>Finance & Procurement</u>									
-279	-5%	Cambridge Office	3,198	3,198	2,879	-319	-10%	-319	-10%
-79	-2%	Northampton Office	4,630	4,630	4,398	-232	-5%	-232	-5%
-358	-5%	Finance & Procurement sub-total	7,828	7,828	7,278	-550	-7%	-550	-7%
<u>HR & OD</u>									
-1	0%	Cambridge Office	3,303	3,303	3,284	-20	-1%	-20	-1%
-526	-8%	Northampton Office	6,446	6,446	5,870	-576	-9%	-576	-9%
-527	-5%	HR & OD sub-total	9,750	9,750	9,154	-596	-6%	-596	-6%
<u>Operations</u>									
-19	-1%	Cambridge Office	3,293	3,293	3,293	0	0%	0	0%
-641	-5%	Northampton Office	13,135	13,135	12,396	-739	-6%	-739	-6%
-660	-4%	Operations sub-total	16,429	16,429	15,690	-739	-4%	-739	-4%
<u>Legal</u>									
-32	-160%	Cambridge Office	-20	-20	-240	-220	1103%	-220	-1103%
446	41%	Northampton Office	-1,091	-1,091	-683	408	-37%	408	37%
414	37%	Legal sub-total	-1,110	-1,110	-922	188	-17%	188	17%
-1,131	-3%		32,896	32,896	31,199	-1,697	-5%	-1,697	-5%

2.2 Outturn Position



2.3 Significant Issues – Finance & Procurement

2.3.1 Cambridge Office

- The Finance & Procurement Cambridge Office has achieved an outturn underspend of -319k for the year.
- This includes underspends in Research, Performance and Financial Strategy (-£228k) and Finance and Performance ES, CAS & CD (including Energy Management) (-£50k) resulting from part year vacancies and over-recovery of income against budgeted levels. These underspends are partially offset by an overspend on the Authority-wide Miscellaneous budget (£59k).

2.3.2 Northampton Office

- The Finance & Procurement Northampton Office has achieved an outturn underspend of -£232k for the year.
- The finance service has underspent in the year by £21k. There has been a significant cross-service pressure this year relating to the payroll project and costs associated with the provision of ERP licences of £485k, but this has been primarily mitigated by an increase in income in the service both externally and from internal recharges. Included in this is a successful reclaim of VAT from HMRC relating to the Fleming case. In addition savings have been achieved this year on vacancy management and the external audit fee.
- Internal Audit and Procurement have achieved underspends of £94k and £102k respectively, this is primarily due to vacancy management and computer audit costs. Savings in other areas of the directorate are £41k.

2.4 Significant Issues – Human Resources & Organisational Design

2.4.1 Cambridge Office

- The Human Resources & Organisational Design Cambridge Office has achieved an outturn underspend of -20k for the year.
- There are no significant issues.

2.4.2 Northampton Office

- The Human Resources & Organisational Design Northampton Office has achieved an outturn underspend of -576k for the year.
- In Human Resources there is a managed reduction of £491k in expenditure on Adult Social Care Workforce training as a result of streamlining courses for essential training. There is a saving of £62k as a result of recharging of services to other areas within the County Council and a further saving of £23k has been identified on non-essential expenditure.

2.5 Significant Issues – Operations

2.5.1 Cambridge Office

- The Operations Cambridge Office is predicting a breakeven position for the year.
- The shortfall against targeted operational savings has been offset by underspends from staffing vacancies and general efficiencies across the Directorate.

2.5.2 Northampton Office

- The Operations Northampton Office has achieved an outturn underspend of -739k for the year.
- In Human Resources there is an overspend of £50k relating to redundancy costs, arising from the restructuring of the HR Operations team into an integrated service incorporating payroll, this is offset by minor savings in other areas of the budget.
- In Information Technology, £907k of savings were made on a variety of contract costs, as well as ensuring that the costs for staff working on capital projects were appropriately capitalised.
- There is an overspend of £136k on the residual Excellence for our Customers (EfoC) programme. £129k of this is as a result of the outcome of the calculation of Minimum Revenue Provision and there is a further pressure of £58k relating to the parallel running of the Fujitsu contract between November 2010 and March 2011, allowing for the design and configuration of the new hosting service. There have been further savings achieved in this area of £51k.

2.6 Significant Issues – Legal

2.6.1 Cambridge Office

- The Human Legal Cambridge Office has achieved an outturn underspend of -220k for the year.
- This is due to the over-recovery of income against budgeted levels whilst carrying a number of vacancies.

2.6.2 Northampton Office

- The Legal Northampton Office has an outturn overspend of 408k for the year.
- There was a pressure of £408k in Legal Services as a result of an under-recovery of income in the first half of the financial year, partly due to activity undertaken to achieve the Lexcel accreditation.

3.0 Benefits Realisation 2010/11

Savings identified in the Detailed Business Case are scheduled to be realised within the year of transition. It should be noted that within some authority Tier 0/1 costs have continued beyond the go-live date for LGSS.

More detail needs to be obtained for the next report regarding any savings over and above the Business Case, as well as more detail on the on-going Tier 0/1 expenditure.

Below is a summary of progress against the savings targets for 2010/11:

3.1 Summary of savings targets for 2010/11 and 2011/12:

Targeted Savings Breakdown over two years				
	Target	Type of Saving	2010/11	2011/12
Finance & Procurement	Alpha	Financial Strategy & Corporate Accounting	0	-88,000
		Procurement	-40,000	0
		Audit & Risk Management / Increased income generation	0	-88,000
	Beta	Procurement Template	0	-280,000
		External Audit Fees (Systems) (ND/DL) (297k CCC + 430k NCC @20%)	0	-145,580
	Gamma	CCC IPP - Finance Professional: managed reduction confirmed	0	-121,000
		CCC IPP - Research: managed reduction confirmed	0	-24,000
		CCC IPP - Property, Estate & Performance: managed reduction confirmed	0	-9,000
		CCC IPP - Audit, Insurance and Risk Management: managed reduction confirmed	0	-9,000
	All	NCC Vacancy Factors - Professional/Transactional Finance, IT & Legal	0	-154,000
	Finance & Procurement Total		-40,000	-918,580
HR&OD	Alpha	Single OD & Learning	0	-60,000
		Strategy & Policy - Pay & Reward	0	-50,000
	Gamma	CCC IPP - OD & HR: fundamental review and change to service delivery	0	-107,000
	All	NCC Vacancy Factors - Professional/Transactional Finance, IT & Legal	0	0
	HR&OD Total		0	-217,000
Operations		FABA personal budget reduction	0	-30,000
		Reorganisation of eBusiness Systems Admin, Development & Testing Functions	0	-33,000
		Reorganisation GL & Admin Support	0	-29,000
		Single Transactional Services	0	-60,000
		Reduced NCC team following implementation	0	-250,000
		Integrated HR/payroll solution	0	-25,000
		Shared Hosting / Procurement of ERP Hosting	0	-558,861
	Beta	FABA - Business Processes	0	-137,801
	All	NCC Vacancy Factors - Professional/Transactional Finance, IT & Legal	0	-141,730
	Operations Total		0	-1,265,391
Legal	Alpha	Legal increase external income generation	0	-200,000
	Beta	Legal zero based budgeting exercise at NCC	0	-370,000
	All	NCC Vacancy Factors - Professional/Transactional Finance, IT & Legal	0	-35,000
	Legal Total		0	-605,000
T0/1		Tier 0-1 Mgmt	-90,000	-141,526
	Tier 0/1 Total		-90,000	-141,526
	TOTAL		-130,000	-3,147,497

3.2 Progress in 2010/11 against target:

Achieved Savings Breakdown 2010/11				
	Target	Type of Saving	Target	Actual
E&P		Procurement	-40,000	-40,000
		Finance & Procurement Total	-40,000	-40,000
T0/1		Tier 0-1 Mgmt	-90,000	-90,000
		Tier 0/1 Total	-90,000	-90,000
	TOTAL		-130,000	-130,000

3.3 Progress against 2011/12 target:

Steps are being taken via the integrated planning process to ensure 2011/12 savings are achieved including the publication of the S188 notice for LGSS. Also, it has been identified that the planned saving from the joint procurement of the ERP hosting contract will be greater than estimated by approx £440k.

4.0 Investment Programme

The investment costs for 2010/11 identified in the Detailed Business Case are shown in the table below.

Further discussions need to take place with workstream leads and project managers regarding the committed expenditure for the current year.

For example the timing of 5) Scanning Solution and 7) Oracle Hosting Setup Costs, could overlap into next financial year and not all happen in the current year. In addition, there is work happening within the IT department that is linked to 4) Technical Infrastructure.

Business Case Funding 2010/11 (£)

	Budget	Committed	Remaining
1) Programme Team			
Programme Team Costs	48,000	9,000	39,000
Other general overheads	2,400	0	2,400
Communications	40,000	20,000	20,000
Programme Team Total	90,400	29,000	61,400
2) Consultancy	50,000	50,000	0
3) Training			
Training Total	0	0	0
4) Technical Infrastructure			
WAN network upgrade installation	21,000	0	21,000
Virtual LAN	40,000	0	40,000
WAN maintenance	27,200	0	27,200
Virtual LAN maintenance	8,000	0	8,000
Annual Costs - Email/Exchange/SharePoint	37,000	0	37,000
Ongoing Scanning Support	7,180	0	7,180
Disaster Recovery - non ERP	10,000	0	10,000
Email/Messaging/SharePoint + 2TB + disk cap	77,500	0	77,500
Disaster Recovery (non EBS - EBS in supcont)	40,000	0	40,000
Technical Infrastructure Total	267,880	0	267,880
5) Scanning Solution	300,000	300,000	0
6) Oracle Hosting Setup costs	250,000	250,000	0
7) LGSS Oracle R12 - includes Self-Serv funct	0	0	0
8) Legal - Lexcel Accreditation	0	0	0
9) People Transition			
People Transition Total	0	0	0
10) Contingency			
Contingency Total	0	0	0
Total Business Case Investments 2010/11	958,280	629,000	329,280

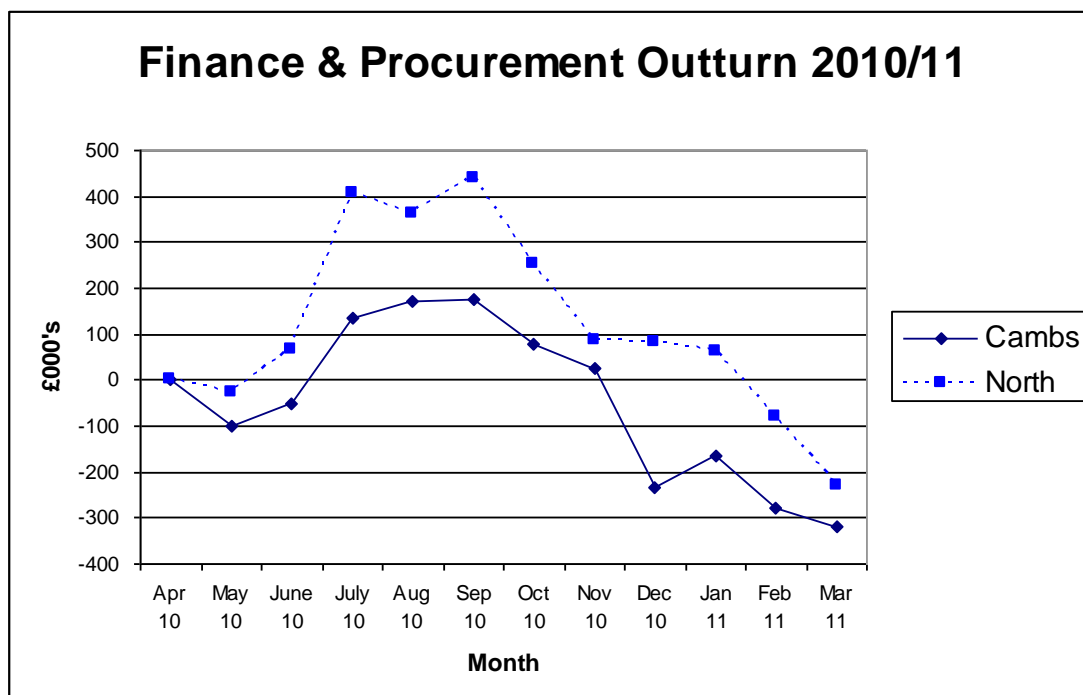
Note: Capital investment for Oracle R12 upgrade begins in 2012. See appendix 5 for full breakdown of investments over the next five years.

Appendix 1: Finance & Procurement Service Level Budgetary Control Report

The variances to the end of March 2011 for Finance & Procurement are:

Feb 11 Forecast		Service	Budget for	Expected to	Actual to	Mar-11 Variance		Forecast Outturn	
Outturn			2010-11	Mar-11	Mar-11				
£000	%		£000	£000	£000	£000	%	£000	%
<u>Cambridge Office</u>									
-75	-11%	Director of Finance	201	201	158	-43	-21%	-43	-21%
-11	-3%	Audit & Risk Management	371	371	359	-11	-3%	-11	-3%
0	0%	External Audit	298	298	298	0	0%	0	0%
-40	-5%	F&P ES, C&AS & CD	797	797	747	-50	-6%	-50	-6%
-15	-2%	F&P CYPS	928	928	913	-15	-2%	-15	-2%
-176	-10%	Research, Performance & Financial Strate	1,169	1,169	941	-228	-20%	-228	-20%
-20	-23%	Procurement	87	87	57	-30	-35%	-30	-35%
0	0%	Property Commissioning	0	0	0	0	0%	0	0%
0	0%	Strategy and Estates	940	940	940	0	0%	0	0%
0	0%	County Farms	-2,061	-2,061	-2,061	0	0%	0	0%
0	0%	Insurance	443	443	443	0	0%	0	0%
0	0%	Better Utilisation of Property Assets	25	25	25	0	0%	0	0%
59	0%	Authority-wide Miscellaneous	0	0	59	59	0%	59	59%
-279	4%		3,198	3,198	2,879	-319	-10%	-319	-10%
<u>Northampton Office</u>									
-424	-15%	Finance	2,897	2,897	2,391	-506	-17%	-506	-17%
-69	-11%	Internal Audit and Risk Management	654	654	565	-89	-14%	-89	-14%
0	0%	Freedom of Information	138	138	133	-5	-3%	-5	-3%
-15	-11%	Redundancy	137	137	122	-15	-11%	-15	-11%
487	487%	Cross Service Pressure (Payroll)	0	0	485	485	0%	485	466%
-58	-7%	Procurement	805	805	703	-102	-13%	-102	-13%
-79	-2%		4,630	4,630	4,398	-232	-5%	-232	-5%
Finance & Procurement Total			7,828	7,828	7,278	-550	-7%	-550	-7%

Outturn Position



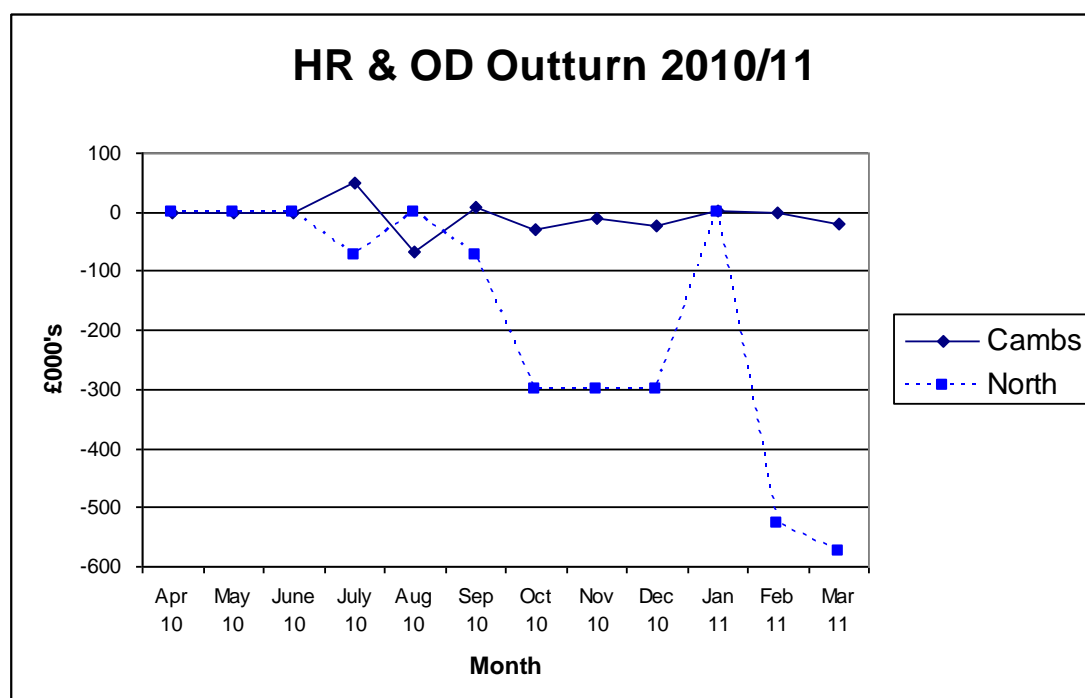
Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

Appendix 2: Human Resources & Organisational Design Service Level Budgetary Control Report

The variances to the end of March 2011 for Human Resources & Organisational Design are:

Feb 11 Forecast		Service	Budget for	Expected to	Actual to	Mar-11 Variance		Forecast Outturn	
Outturn	2010-11		Mar-11	Mar-11			£000	%	
£000	%		£000	£000	£000	£000	%	£000	%
Cambridge Office									
-14	-7%	Director of People, Policy & Law	209	209	198	-11	-5%	-11	-5%
-29	-5%	HR - ES, C&AS & CD	585	585	538	-47	-8%	-47	-8%
26	5%	HR - C&YPS	503	503	515	11	2%	11	2%
22	2%	Policy & Business Services	1,336	1,336	1,359	22	2%	22	2%
-6	-1%	Organisational Development	670	670	675	5	1%	5	0%
-1	0%		3,303	3,303	3,284	-20	-1%	-20	-1%
Northampton Office									
-140	-6%	HR - Professional Services	2,641	2,641	2,472	-169	-6%	-169	-6%
-1	2%	HR - Vocational Training Centre	-32	-32	-32	0	0%	0	0%
65	10%	HR - Leadership	632	632	698	66	10%	66	10%
0	0%	HR - Organisation Development	909	909	927	18	2%	18	2%
-450	-27%	HR - Social Care Learning & Developmen	1,676	1,676	1,185	-491	-29%	-491	-29%
0	0%	ERP & Shared Service	620	620	620	0	0%	0	0%
-526	-5%		6,446	6,446	5,870	-576	-9%	-576	-9%
Human Resource & Organisation Design Total			9,750	9,750	9,154	-596	-6%	-596	-6%

Outturn Position



Commentary on Service Budgets

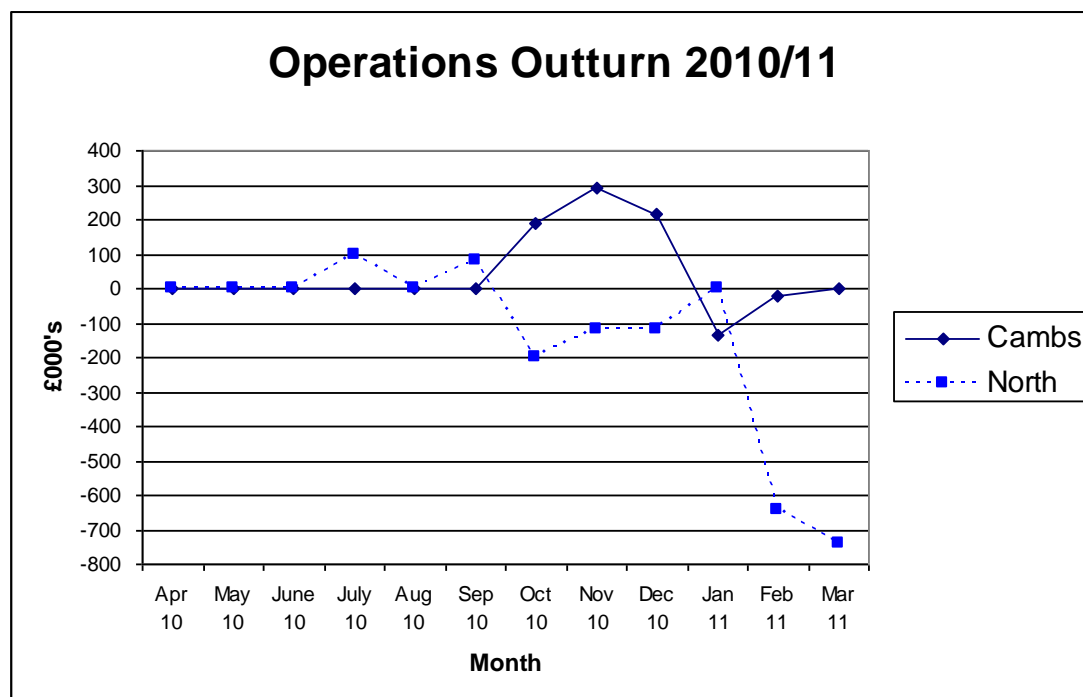
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

Appendix 3: Operations Service Level Budgetary Control Report

The variances to the end of March 2011 for Operations are:

Feb 11 Forecast		Service	Budget for	Expected to	Actual to	Mar-11 Variance		Forecast Outturn	
Outturn			2010-11	Mar-11	Mar-11				
£000	%		£000	£000	£000	£000	%	£000	%
<u>Cambridge Office</u>									
0	0%	Pensions Service	0	0	0	0	0%	0	0%
-19	6%	HR Transactions & Payroll	-305	-305	-332	-27	9%	-27	9%
-114	-7%	Finance Transactions	1,748	1,748	1,639	-109	-6%	-109	-6%
114	0%	Shared Services Programme	1,850	1,850	1,986	136	7%	136	7%
-19	0%		3,293	3,293	3,293	0	0%	0	0%
<u>Northampton Office</u>									
31	7%	HR - Customer Services	428	428	460	32	7%	32	7%
178	9%	ERP & Shared Service	1,996	1,996	2,132	136	7%	136	7%
-850	-25%	Corporate IT	3,393	3,393	2,486	-907	-27%	-907	-27%
0	0%	Centralised IT Services Budgets	2,900	2,900	2,900	0	0%	0	0%
0	0%	Centralised Land Lines & Mobile Phones	2,755	2,755	2,755	0	0%	0	0%
0	0%	Finance	1,664	1,664	1,664	0	0%	0	0%
-641	-2%		13,112	8,107	8,401	-739	-9%	-739	-1%
Operations Total			16,405	11,400	11,695	-739	-6%	-739	-5%

Outturn Position



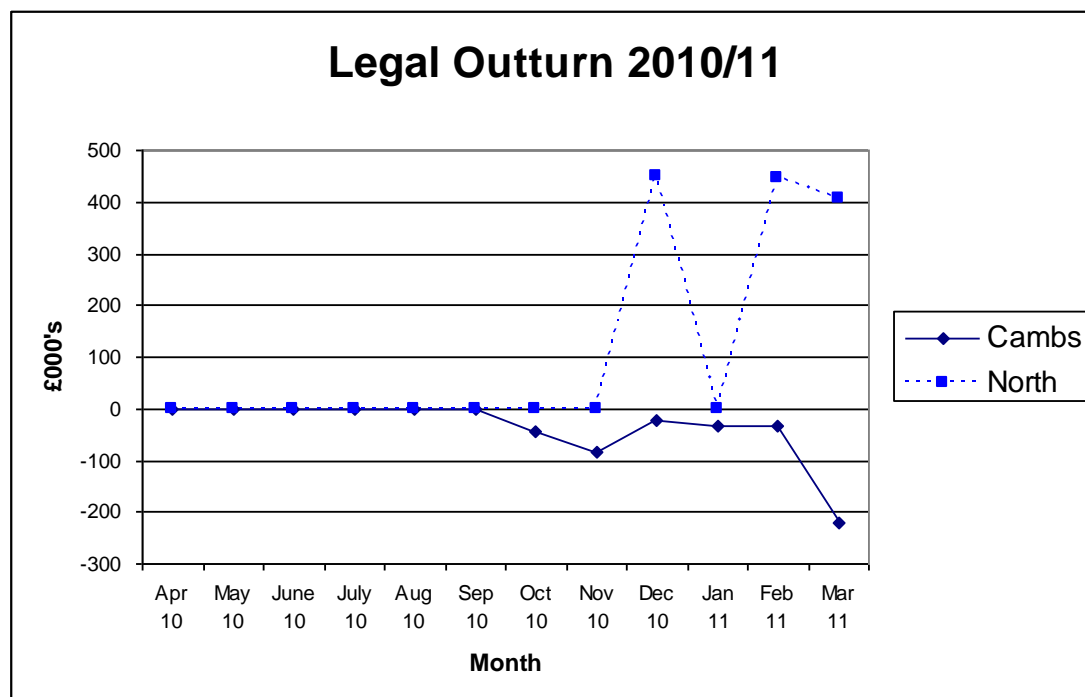
Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

Appendix 4: Legal Service Level Budgetary Control Report

The variances to the end of March 2011 for Legal are:

Feb 11 Forecast		Service	Budget for	Expected to	Actual to	Mar-11 Variance		Forecast Outturn	
Outturn			2010-11	Mar-11	Mar-11				
£000	%		£000	£000	£000	£000	%	£000	%
<u>Cambridge Office</u>									
-32	-416%	Legal Services	-20	-20	-240	-220	1103%	-220	1103%
<u>-31.925</u>	<u>-416%</u>		<u>-20</u>	<u>-20</u>	<u>-240</u>	<u>-220</u>	<u>1103%</u>	<u>-220</u>	<u>1103%</u>
<u>Northampton Office</u>									
446	41%	Legal Services	-1,091	-1,091	-683	408	0	408	446
<u>446</u>	<u>41%</u>		<u>-1,091</u>	<u>-301</u>	<u>-152</u>	<u>408</u>	<u>-49%</u>	<u>408</u>	<u>0%</u>
Legal Total			-1,110	-321	-392	188	-3%	188	6%

Outturn Position



Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

Appendix 5: Investments over the life of the hosting contract
Business Case Funding (to 2014/15)

	10/11	11/12	12/13	13/14	14/15
1) Programme Team					
Programme Team Costs	48,000	96,000	48,000	0	0
Other general overheads	2,400	4,800	2,400	0	0
Communications	40,000	40,000	40,000	0	0
Programme Team Total	90,400	140,800	90,400	0	0
2) Consultancy	50,000	50,000	0	0	0
3) Training					
Train the Trainers	0	4,000	3,000	0	0
Drop in Clinics	0	36,000	18,000	0	0
Self Service Modules (UPK development)	0	25,000	12,500	0	0
AP Module System Training	0	3,000	0	0	0
AR Module System Training	0	3,000	0	0	0
GL, FA & Reporting Module System Training	0	3,000	0	0	0
HR Module System Training	0	0	4,800	0	0
Payroll Module System Training	0	0	4,800	0	0
AP Process Training	0	39,400	0	0	0
AR Process Training	0	33,800	0	0	0
GL, FA & Reporting Process Training	0	38,000	0	0	0
HR Process Training	0	0	142,800	0	0
Payroll Process Training	0	7,000	7,000	0	0
Training Total	0	192,200	192,900	0	0
4) Technical Infrastructure					
WAN network upgrade installation	21,000	0	0	0	0
Virtual LAN	40,000	0	0	0	0
Knowledge Base - policies, procedures, OLAs, SLAs	0	0	0	0	0
Intranet/internet	0	0	0	0	0
Helpdesk	0	0	0	0	0
Desktop Branding	0	0	0	0	0
Business Group Setup in Oracle EBS	0	0	0	0	0
WAN maintenance	27,200	27,200	27,200	27,200	27,200
Virtual LAN maintenance	8,000	8,000	8,000	8,000	8,000
Annual Costs - Email/Exchange/SharePoint	37,000	37,000	37,000	37,000	37,000
Ongoing Scanning Support	7,180	7,180	7,180	7,180	7,180
Disaster Recovery - non ERP	10,000	10,000	10,000	10,000	10,000
Email/Messaging/SharePoint + 2TB + disk cap	77,500	0	0	0	0
Disaster Recovery (non EBS - EBS in supcont)	40,000	0	0	0	0
Technical Infrastructure Total	267,880	89,380	89,380	89,380	89,380
5) Scanning Solution	300,000	0	0	0	0
6) Oracle Hosting Setup costs	250,000	250,000	0	0	0
7) LGSS Oracle R12 - includes Self-Serv funct	0	205,131	205,131	205,131	205,131
8) Legal - Lexcel Accreditation	0	50,000	0	0	0
9) People Transition					
LGSS - Redundancy	0	151,885	151,885	0	0
LGSS - Early Retirement	0	49,686	49,686	0	0
People Transition Total	0	201,571	201,571	0	0
10) Contingency					
ERP hosting contract	0	150,000	150,000	150,000	150,000
Redundancy Contingency	0	100,785	100,785	0	0
Programme Cost	0	33,333	33,333	33,334	0
Contingency Total	0	284,119	284,118	183,334	150,000
Total Business Case Investments	958,280	1,463,200	1,063,500	477,845	444,511