



LGSS JOINT COMMITTEE

Date: Wednesday, 28 March 2018

Democratic and Members' Services

Quentin Baker

LGSS Director: Law and Governance

Shire Hall

Castle Hill

Cambridge

CB3 0AP

11:00hr

Room 128

Shire Hall, Castle Hill, Cambridge, CB3 0AP

AGENDA

Open to Public and Press

- 1 Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
- 2 Minutes - 24th November 2017** **5 - 12**
- 3 Introduction from the New Interim Managing Director of LGSS**

Oral
- 4 LGSS Budget Monitoring Report - January 2018** **13 - 30**
- 5 LGSS Strategic Plan and 2018-19 Budget** **31 - 62**

6 External Audit Plan

To follow

7 Agresso (Unit 4 Business World Implementation) 63 - 66

8 Repatriation of Democratic Services to Milton Keynes Council 67 - 90

The LGSS Joint Committee comprises the following members:

Councillor Robin Brown (Chairman) Councillor Robert Middleton (Chairman) Councillor Paul Raynes (Vice-Chairman)

Councillor Ric Brackenbury Councillor Keith McLean Councillor Bill Parker and Councillor Bob Scott Councillor Chris Boden and Councillor Graham Wilson

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

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LOCAL GOVERNMENT SHARED SERVICES JOINT COMMITTEE: MINUTES

Date: Friday 24 November 2017

Time: 2.30pm – 4.45pm

Place: Room 1.02, Civic Offices, Milton Keynes Council

Present: Cambridgeshire County Council (CCC): Councillors Chris Boden, Paul Raynes and Graham Wilson

Milton Keynes Council (MKC): Councillors Ric Brackenbury, Keith McLean and Robert Middleton.

Northamptonshire County Council (NCC): Councillors Robin Brown, Bill Parker and Bob Scott

Others in attendance:

M Ashton (LGSS Director of Business Services, Systems and Change), P Borley-Cox (Head of LGSS Business Transformation), M Bowmer (LGSS Director of Finance), A Cardoza (KPMG), M Cox (LGSS HR Director), I Farrar (LGSS Director of IT Services), S Heap (Committee Services and Scrutiny Manager [Milton Keynes Council]), J Kane (LGSS Managing Director), J Lee (LGSS Head of Integrated Finance Services), C Malyon (S151 Officer Cambridgeshire County Council), D McLure (S151 Officer Milton Keynes Council), H Organ (KPMG), M Savage (Principal Accountant), J Smith (S151 Officer Northamptonshire County Council) and J Trueman (Business Planning Manager)

Apologies: None received

26/17 DECLARATIONS OF INTEREST

None.

27/17 MINUTES – 28 SEPTEMBER 2017

The minutes of the meeting held on 28 September 2017 were agreed as a correct record and signed by the Chairman.

28/17 LGSS BUDGET MONITORING REPORT – SEPTEMBER 2017

Members received the LGSS Budget Monitoring report for September 2017.

It was reported that the overall forecast outturn variance was an overspend of £1,004k on LGSS Services, £586k of which fell to Milton Keynes Council and Northamptonshire County Council to address, leaving a net balance of £418k for the Management Board to manage. Northamptonshire County Council had also asked for an additional £500k of one-off savings.

The Joint Committee noted that the budget savings tracker showed current savings at risk totalling £1,280k of which £870k was as a result of the

revised go live date of the new ERP system and that mitigating savings would need to be found to offset any non-deliverable savings.

It was also reported that capital projects within LGSS were all fully funded from either external funding sources or by discretionary funding from the individual authorities. The forecast overspend of £1,167k on capital was mainly due to the revised implementation date for the Agresso Gold Build and the additional specialist support required.

The Director of Finance indicated that historically the overspend position would improve and he anticipated that at year end the budget would be either in balance or showing an underspend.

In response to a question it was noted that the final outturn figure was dependent on the planned use of reserves.

It was resolved to note:

- (a) the financial monitoring position as at 30 September 2017;
- (b) the additional in year savings ask from Northamptonshire County Council;
- (c) the capital monitoring position regarding LGSS capital projects; and
- (d) the summary position on carry forward balances and reserves.

29/17

LGSS ANNUAL REPORT AND STATEMENT OF ACCOUNTS

Further to Minute 15/17 of the meeting held on 28 September 2017, the Joint Committee received the LGSS Annual Report 2016/17, which included the final LGSS Statement of Accounts. The report showed the combined position across all LGSS operational budgets and was produced in addition to the Statutory Accounts for the partner councils.

The Joint Committee noted that there had been a number of changes to the Annual Report and Statement of Accounts since the September meeting, specifically that:

- (a) the branding/design of the document had been updated to incorporate the latest LGSS branding and colour scheme;
- (b) the Managing Director's Introduction had been updated;
- (c) the format/layout of the Comprehensive Income and Expenditure Statement had been revised so that it more fully complied with the requirements of the CIPFA Code of Practice and LGSS Accounting Policies;
- (d) an additional note had been included to the Trading Accounts in order to help provide further information relating to the trading accounts line in the Comprehensive Income and Expenditure Statement; and

- (e) the disclosure relating to the Transactions with Related Parties had been expanded to show the value and nature of intercompany transactions between LGSS and LGSS Law Ltd.

Representatives from KPMG, LGSS's external auditors, reported that the audit of the 2016/17 Statement of Accounts had been concluded and that it was the intention to issue a non-statutory unqualified audit opinion.

The Joint Committee noted that the Audit Report included a number of recommendations and management responses which related to:

- (a) the General Ledger setup and the closure of the accounts;
- (b) Recharges;
- (c) how certain Milton Keynes Council cost centres were dealt with;
- (d) Audit readiness and timings;
- (e) approval of restructuring cost;
- (f) recognition of the LGSS Law Dividend; and
- (g) integration of an additional partner.

The Committee's attention was drawn to a number of adjustments which had been made to the Accounts during the Audit, together with the additional risk to LGSS incurred by adding a third partner.

The representatives from KPMG also drew the Committee's attention to outstanding recommendations from the 2015/16 Audit, which it was noted had now either been implemented, superseded or would be addressed once the Agresso system was operational.

The representatives from KPMG stressed the importance of dedicating adequate resources to manage the closure of the Accounts, particularly as a number of working papers had not been readily available and difficulties were incurred in sample testing which caused delays and additional work. It was pointed out that because of changes to Regulations governing the publication of accounts the timetable for the 2017/18 Accounts would be significantly tighter than that for 2016/17.

The representatives from KPMG brought to the Committee's attention the increase in Audit fee as a result of a need to undertake the additional work.

In response to questions it was noted that:

- (a) it was the view of the Auditor's that LGSS needed to review its financial reporting processes to ensure they were sufficiently robust for the size of the organisation;
- (b) the LGSS Law Dividend was recorded in the LGSS Accounts as LGSS had an income target from LGSS Law;
- (c) the implementation of a single ledger, which would be introduced with the new Agresso system, would significantly improve efficiency; and

- (d) Opus-LGSS People Solutions Limited was not consolidated into the LGSS Accounts as LGSS was not a majority stakeholder, other issues raised with regard to the governance of the company would be addressed in a report to the next meeting of the Joint Committee.

The Director of Finance apologised that it had not been possible to circulate the papers with the agenda for the meeting.

It was resolved to:

- (a) approve the 2016/17 LGSS Annual Report and Statement of Accounts;
- (b) receive a report at a future meeting in relation to the governance arrangements and treatment in the LGSS Accounts of Opus-LGSS People Solutions Limited; and
- (c) note the undertaking by officers to ensure that papers for consideration by the Joint Committee were supplied in a timely manner in line with statutory timescales.

30/17

AGRESSO (UNIT4 BUSINESS WORLD) IMPLEMENTATION

The Joint Committee received an update on the progress on the implementation of the Agresso (Unit4 Business World) system.

It was reported that the latest programme highlight report reflected an improving situation. The first phase of Payroll (PPR1) testing had started as planned and early indications were that the accuracy level thresholds set for successfully exiting of PPR1 would be achieved. This was seen as a significant milestone in particular considering its reliance on data migration.

It was also reported that data migration from the Oracle ERP system had continued to prove challenging due to its complexity, although significant progress had been made. Nearly all data sets had been migrated and reconciled for all clients and full user testing was underway for all system modules.

The Committee noted that the revised forecast cost of the programme was £8,709m which was an increase of £1.572m since June 2017. LGSS had identified a number of measures including further revenue contributions of £268k and other capital funds of £28k to mitigate the increased costs. After these measures were applied a shared pressure of £1.275m would remain. The increased cost was to be discussed with the partner authorities who would be requested to agree the required additional funding. The additional capital costs for both Cambridgeshire and Northamptonshire County Councils would continue to be part mitigated by in-year LGSS revenue savings of £75k pa with effect from 2019-20. Further savings of £75k pa, identified in future years from efficiencies in the Finance Operations and Payroll teams and the LGSS Business Systems team would also be embedded in the LGSS Strategic Plan. These additional savings represented a payback period, in respect of the

additional capital, of 5 years. The Committee was advised that, in order to provide a level of assurance as to the achievability of the revised delivery plan, an external organisation (Agilisys) had been engaged to undertake an independent review. The review resulted in a number of recommendations mainly in connection with the adequacy of the project plan, the associated documentation and the level of experience of the staff to manage what was a very complex project. Resulting from the recommendations from Agilisys the various existing project plans had been consolidated into one overarching Plan.

The Committee was informed that an experienced Senior Programme Manager had been identified and would be starting on 27 November 2017, in line with one of the recommendations in the Agilisys report.

Officers reminded the Committee of the complexity of the project that was considered unprecedented.

Members of the Committee, recognising the importance of the project for both the constituent authorities and LGSS, expressed concerns that an April 2018 'go live' date was still not certain.

In response to questions, the Committee noted that:

- (a) the threshold target for successfully exiting Payroll Parallel Running (PPR) 1 was 80% and that targets increased for PPR tests 2 and 3, with the target for PPR 3 being 99% accuracy with no more than a £1 deviation. If any of the tests did not meet their target it was likely that the contingency arrangement of retaining Oracle and SAP would need to continue beyond April 2018;
- (b) LGSS did not support the view of Agilisys with regard to having only two PPR tests, as it was not believed that two tests sufficiently tested the accuracy of the payroll system and it would mean starting the testing again which would likely add additional time into the project;
- (c) the S151 officers from each of the partner councils had always been members of the ERP Gold Programme Board and they were also briefed on progress on a monthly basis;
- (d) it was not possible to give a 100% assurance that an April 2018 'go live' date would be achieved, but there was some confidence that PPR 1 would continue to achieve its targets; and
- (e) the new Senior Programme Manager would have free rein to review the project and report on the achievability of an April 2018 'go live' date.

Members suggested that if the accuracy targets for the PPR 1 might not be stringent enough to give confidence to move to the next stage of testing.

The Committee considered how it should be advised of the Senior Programme Manager's findings on the 'go live' date, and what the decision

making arrangements should be to extend the implementation project beyond April 2018, if that date was unlikely to be achieved.

It was resolved to note:

- (a) progress on the implementation of Agresso (Unit4 Business World);
- (b) the additional funding requirement being requested of the partner councils;
- (c) the recommendations in the Agilisys report and the LGSS responses; and
- (d) that the new senior Programme Manager would review (and revise as he sees necessary) the current programme plan, which will then be scrutinised at the next ERP Gold Programme Board in December (with consideration being given that the current 21st date being brought forward, if required) and if the ERP Gold Programme Board is not confident that an April 2018 'Go Live' date is achievable then an action will be taken to convene the Joint Committee asap as soon as possible (in December) to review this matter again.

31/17 PROPOSED LGSS REVENUES AND BENEFITS JOINT COMMITTEE.

It was reported that the Chair of the Committee would usually represent LGSS on the LGSS Revenues and Benefits Joint Committee. However, as the Chair had been appointed by Milton Keynes Council as its representative to the Revenues and Benefits Joint Committee, he was unable to also represent LGSS.

The Joint Committee considered appointing an alternate.

It was resolved to:

- (a) co-opt the LGSS Vice Chair to the LGSS Revenues and Benefits Joint Committee;
- (b) note that the Vice Chair is co-opted as a substitute as a result of the current LGSS Chair (Councillor Middleton) also being the member for Milton Keynes Council on the Revenues and Benefits Joint Committee; and
- (c) note that the co-opting of the LGSS Vice-Chair to the Revenues and Benefits Joint Committee is in line with the governance arrangements for that Committee.

32/17 LGSS JOINT COMMITTEE LEAD MEMBERS

It was reported that prior to Milton Keynes Council joining LGSS and appointing members to the Joint Committee, the role of Chair and Vice Chair rotated between Cambridgeshire and Northamptonshire County Councils on an annual basis. This resulted in representatives from both partner Local Authorities being briefed on major issues affecting the Joint Committee. Since Milton Keynes Council joined LGSS in April 2016 it had

meant that one of the partner authorities did not occupying either the position of Chair or Vice-Chair.

The Joint Committee accordingly considered whether a Lead member should be appointed from the Partner Authority which neither held the Chair nor Vice-Chair position in order that the Lead Member might be involved in briefings with the Chair and Vice-Chair.

It was resolved to:

- (a) agree to the creation of the role of Lead Member for the partner Local Authority that is not occupying the Chair or Vice- Chair positions of the LGSS Joint Committee; and
- (b) confirm the appointment of Councillor R Brown as the Lead Member for Northamptonshire County Council for 2017/18.

33/17 EXCLUSION OF PRESS AND PUBLIC

It was unanimously resolved to exclude the press and public from the meeting for the following item on the grounds that the item contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed: information relating to the financial or business affairs of any particular person (including the authority holding that information).

34/17 NEW BUSINESS DEVELOPMENT

The Committee received an update on new business development activities and business activities with existing customers.

It was unanimously resolved to note the update provided.

Chairman

LGSS Joint Committee

28th March 2018

Subject: LGSS 2017-18 Budget Monitoring

Actions:

- 1. Note the financial monitoring position as at 31 January 2018.**
- 2. Note additional options are being explored to address the current £241k forecast shortfall.**
- 3. Note the summary position on carry forward balances and reserves.**
- 4. Note the capital monitoring position regarding LGSS capital projects.**
- 5. Note the additional in year savings ask from NCC.**

Section 1 - Overview

- 1 This report is the combined LGSS financial monitoring report consolidating the delegated budgets from the three partner authorities.
- 2 LGSS services are run in the majority of cases as integrated operations. The financial reporting for LGSS therefore combines the resources from each authority in order to provide an overall position for LGSS Operational Services.
- 3 Section 2 and Appendix 1 of this report show the summary and detailed financial position for LGSS Operational. The benefits to the partners are embedded within the budgets and a zero outturn position would mean that all benefits have been met with regard to each authority's budget proposals for 2017-18.
- 4 At the end of the year the LGSS Operational outturn variance will be considered by Joint Committee for reinvestment and future commitments. In the event of a deficit and no other reserves it would be split between partner authorities on the basis of net budget, as per the partnering agreement.
- 5 The Budget Savings Tracker enables service managers to give a monthly update on the delivery of 2017-18 savings and benefits. A summary of this information is given at paragraph 3 of Section 2. This is monitored and reviewed on a monthly basis with LGSS Directors, the Finance Director and the Managing Director.
- 6 Appendix 2 sets out the carry forward balances of LGSS in two separate schedules, first those that are ring fenced to CCC and NCC prior to 1 April 2016 when MKC joined the partnership, and secondly those held jointly by all three partners for activities post 1 April 2016. Appendix 3 sets out the current and forecast LGSS reserve balances for the year.
- 7 LGSS also manages budgets on behalf of each authority and performance against these budgets is separately reported within each of the authority's monthly monitoring processes. As any under or overspend on these budgets are directly attributable to the individual authority, they do not form part of the partnering/sharing arrangements. However, for information purposes, the latest forecast outturn for budgets managed by LGSS on behalf of others is provided at Appendix 4. This information is also sent on a monthly basis to the CFO of each authority.
- 8 Appendix 5 of this report shows the detailed financial position for LGSS capital projects 2017-18.

Section 2 - LGSS Operational – January 2018

| | Previous Forecast Variance £000 | Full Year Budget £000 | Full Year Forecast Variance £000 | Transfers from reserves £000 | Net Full Year Forecast Variance | |
|--|--|-----------------------------|---|---------------------------------------|------------------------------------|------------|
| | | | | | £000 | £000 |
| | | | | | Partner authorities | LGSS |
| Finance Services | 180 | 14,168 | 231 | -255 | -67 | 43 |
| Human Resources | 253 | 9,089 | 293 | -114 | 265 | -86 |
| Business Services, Systems & Change | 204 | 14,733 | 137 | -400 | -7 | -256 |
| Information Technology Services | 152 | 15,721 | 334 | 0 | 234 | 100 |
| LGSS Law & Governance | -27 | 1,451 | -10 | 0 | 0 | -10 |
| Managing Director & Support | 113 | 280 | 153 | 0 | 0 | 153 |
| Total LGSS Services | 875 | 55,441 | 1,138 | -769 | 425 | -56 |
| | | | | | | |
| Trading Account | 194 | -18,702 | 474 | -39 | 0 | 435 |
| | | | | | | |
| Total LGSS Operational | 1,069 | 36,739 | 1,612 | -808 | 425 | 379 |

Revenue position

1. The forecast outturn variance on LGSS Services is an overspend of £804k. However, £425k is Milton Keynes and Northamptonshire County Councils' responsibility to address as set out in paragraphs 3 and 5. There is a £379k forecast overspend for LGSS largely as a result of shortfalls on the trading account. A number of options are being considered to offset the overspend including keeping spend to a minimum for the remainder of the financial year, and reviewing vacancies and forecasts. In addition, £138k of carryforwards earmarked for reinvestment but not yet spent have been released to offset the overspend. This brings the current forecast year end position for LGSS reserves to a shortfall of £241k as per Appendix 3. If mitigating actions cannot be found to address the remaining trading pressure by year end this will be allocated between Cambridgeshire and Northamptonshire County Councils.
2. Further detail and commentary on the joint LGSS Operational outturn position is provided at Appendix 1. The £153k adverse variance within Managing Director & Support is due to: a delayed saving with regard to hosting of the new pensions payroll system which will now be delivered in 2018-19; external audit fees for the LGSS accounts; the additional costs for the change in Managing Director of LGSS; all offset by savings from the NCC policy for staff to take one day's unpaid leave which will be seen as lower spend in individual policy lines from February.
3. There are certain forecast outturns and pressures (in total £662k) that will be met by the partnering authorities, as they are known unfunded issues.

| Authority | Description of pressure | Amount £k |
|-----------|--|--------------|
| MKC | Underfunding of HR/Payroll targets – Historical unrealistic income budgets set via MKC MTFP process Offset in 2017-18 by additional income achieved. | 217 -39 |
| | Unachievable IT non schools income target – Historical unrealistic income budget set via MKC MTFP process. | 52 |
| | Historical grant income budget, grant is no longer received | 30 |
| | Data centre saving from MKC budget | 152 |
| | | |

| | | |
|------------------|---|----------------------|
| | Total MKC | 412 |
| Authority | Description of pressure | Amount £k |
| NCC | Loss of NCC schools income for Payroll Services delivered by LGSS through schools sourcing recruitment directly. Offset in 2017-18 by additional income achieved | 350 -100 |
| | Total NCC | 250 |

4. There is slippage on the delivery of the MKC partnership savings due to the jointly agreed revised go live date of ERP gold. It is anticipated that the impact will be mitigated by the use of the contingency, set aside for this purpose.
5. In addition, NCC have asked for the delivery of an additional £500k of one off savings in 2017-18. These savings can only arise from reduced service or increased income generation related to NCC and cannot impact on the delivery of services to CCC and MKC. £195k of savings have been agreed from budgets delegated to LGSS to meet this target.
6. Of the £195k, £63k saving from the HR budgets, £7k from procurement, and £67k of one-off savings from finance services to NCC have been secured to date as set out below, and are reflected in the forecasts in this report. There is an anticipated shortfall on the procurement savings because much of the tender work to generate these savings in 2017-18 had already been completed before the charge was confirmed. In addition, a further £100k of savings have been agreed with NCC from their Learning and Development spend and these are also reflected in the forecasts.

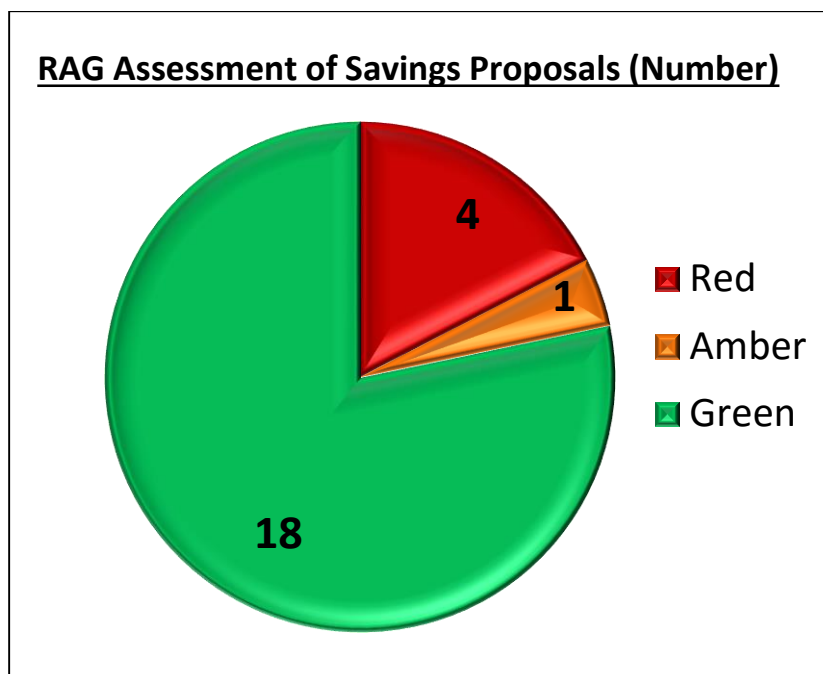
| NCC Additional Savings description | Target Amount £k | Delivered Amount £k |
|--|---------------------------------|------------------------------------|
| Finance operations – reduced spend on MAP team | 67 | 67 |
| HR – cap on NCC HR advisory support, any additional support on a pay as you go basis | 63 | 63 |
| Procurement – charge to be made to successful bidders for NCC | 65 | 7 |
| Learning and Development spend | 0 | 100 |
| Total savings from LGSS budgets | 195 | 237 |

7. A further £131k of savings from NCC budgets for IT managed by LGSS have been requested and have also now been delivered.
8. There is a £474k pressure on trading which will be partially offset through the remaining balance on the Trading Reserve, which has been purposely built up in previous financial years to address potential trading risk. A pressure of £217k was anticipated in the LGSS Strategic Plan to be funded from the Trading Reserve. The increased pressure arises from the expectation that LGSS Law will not now make a profit in 2017-18 and so no dividend will be payable. In addition, the dividend for 2016-17 will be deferred. There is insufficient balance remaining in the Reserve to offset the shortfall created by these pressures.

Savings delivery

9. The budget savings tracker shows current savings at risk totalling £1,130k of which £870k is as a result of the revised go live date of the new ERP system. Mitigating savings and transfers from reserves are planned to offset non deliverable savings to deliver services to budget. A summary of the current RAG rating of budget proposals by Directorate is shown below.

| Directorate Summary of Savings Proposals | Summary Proposal By Value and Directorate | | | | |
|--|---|---------------|--------------|------------|--------------|
| | No. of proposals | Total Savings | Red | Amber | Green |
| Human Resources | 6 | 633 | 235 | 0 | 398 |
| Law and Governance | 2 | 57 | 0 | 0 | 57 |
| Business Services, Systems and Change | 7 | 773 | 400 | 0 | 373 |
| Information Technology | 2 | 375 | 0 | 195 | 180 |
| Finance Services | 6 | 928 | 445 | 0 | 483 |
| Total | 23 | 2,766 | 1,080 | 195 | 1,491 |



Red = savings which are no longer deliverable in this financial year. Many will be deliverable in future years.

Amber = savings which are not fully deliverable in year. Many will be delivered part way through the year delivering some of the savings target, and mitigating actions will be taken to offset any savings shortfall.

Green = savings fully deliverable in year.

Capital position

- The table below summarises the capital projects within LGSS. LGSS projects are all fully funded from either external funding sources or by the individual authorities discretionary funding. There is a forecast overspend of £909k on capital with the majority of this being due to the revised implementation date of Agresso Gold Build and additional specialist support being required. Appendix 5 gives further detail on a scheme by scheme basis.

| | Expenditure Profile | | | | | | | Funding Profile | | |
|--------------|---------------------|-----------------|-----------------|------------------|-----------------------|-----------------------|-------------------------------------|-----------------|---------------|--------------------------|
| Authority | Exp Budget | Prev Year's Exp | Actuals 2017-18 | Forecast 2017-18 | Forecast Future Years | Total Life of Project | Over / (Under) Spend v Approved Exp | External | Discretionary | Total Funding of Project |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| NCC | 21,647 | 18,837 | 3,153 | -580 | 252 | 21,662 | 15 | 753 | 20,894 | 21,647 |
| CCC | 1,615 | 1,107 | 0 | 918 | 0 | 2,025 | 410 | 0 | 1,615 | 1,615 |
| MKC | 7,838 | 3,952 | -233 | 2,516 | 2,087 | 8,322 | 484 | 0 | 7,838 | 7,838 |
| TOTAL | 31,100 | 23,896 | 2,920 | 2,854 | 2,339 | 32,009 | 909 | 753 | 30,347 | 31,100 |

Appendix 1

2017-18 Monitoring Detail – LGSS Operational Budgets

Finance Services Directorate

| | Previous Forecast Variance £000 | Gross Exp Budget £000 | External Income Budget £000 | Internal Income Budget £000 | Full Year Budget £000 | Actual to Jan £000 | Full Year Forecast Variance £000 |
|---|--|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------|--------------------------|---|
| Finance Services Directorate: | | | | | | | |
| Professional Finance | | | | | | | |
| CCC | 0 | 1,965 | -28 | -310 | 1,627 | 1,384 | 0 |
| MKC | 0 | 1,884 | -53 | -64 | 1,767 | 1,269 | 0 |
| NCC | 6 | 1,434 | -57 | -163 | 1,214 | 1,296 | 4 |
| LGSS Director of Finance | -6 | 171 | 0 | 0 | 171 | 152 | -4 |
| Premature Retirement Costs | 0 | 133 | 0 | 0 | 133 | 100 | 0 |
| Financial Operations | 175 | 4,770 | -312 | -62 | 4,395 | 4,049 | 211 |
| Integrated Finance Services | 0 | 1,892 | -578 | -462 | 852 | 784 | 0 |
| LGSS Business Planning & Finance | 5 | 451 | 0 | 0 | 451 | 379 | 4 |
| Audit & Risk | 0 | 2,279 | -492 | -122 | 1,665 | 1,577 | 0 |
| Pensions Operations | 0 | 4,734 | -4,734 | 0 | 0 | 2,757 | 0 |
| Norwich | 0 | 1,142 | 0 | 0 | 1,142 | 1,041 | 0 |
| NBC | 0 | 755 | -5 | 0 | 750 | 639 | 16 |
| Total Finance Services Directorate | 180 | 21,611 | -6,259 | -1,183 | 14,168 | 15,427 | 231 |

The Directorate is forecasting a £231k variance.

There are pressures within Financial Operations due to the jointly agreed rescheduled Go Live date of ERP gold, as this has impacted on the ability to deliver the savings associated with this project. In addition to this, redundancy costs have now been confirmed at £225k which is slightly worse than original estimated. A management decision to temporarily increase the resource in debt recovery has created an overspend in the service but should reduce the debt and subsequent bad debt provision for the partner authorities. The majority of these pressures will be mitigated by the delay in implementing the finance operations restructure, vacancies in other areas of the service and the use of the partnership contingency. The forecast assumes the use of the £50k carryforward from 2016-17.

There is a pressure of £4k on the LGSS Business Planning and Finance team due to costs of agency staff and additional travel by staff whilst posts were vacant.

There is an outstanding issue of £72k within Audit due to redundancy and pension strain costs. The deletion of this post was a decision that was made during the business case stage of the partnership with MKC. The additional NCC in-year saving of £55k will not be achieved. The only way this could have been achieved is by a reduction in staffing, however it was too late in the financial year for any savings to have been realised in 2017-18 plus there would have been associated redundancy costs. Savings within Financial Operations services to NCC are anticipated to offset this.

There is a forecast overspend of £27k against the NBC contract due to the interim Section 151 officer appointment. This overspend will be split 60:40 LGSS:NBC in line with the current contract resulting in a pressure to LGSS of £16k.

The actual to January expenditure is behind profile in MKC Professional Finance due to year end accruals for pension strain costs. In NCC income will be received before year end. Pensions Operations has a zero net budget, therefore throughout the year the actual to date expenditure will always exceed the budget.

Human Resources Directorate

| | Previous Forecast Variance £000 | Gross Exp Budget £000 | External Income Budget £000 | Internal Income Budget £000 | Full Year Budget £000 | Actual to Jan £000 | Full Year Forecast Variance £000 |
|-------------------------------------|--|--|--|--|--|-----------------------------------|---|
| Human Resources Directorate: | | | | | | | |
| HR Central Management | 0 | 150 | 0 | 0 | 150 | 141 | 0 |
| Policy & Strategy | -48 | 1,919 | -113 | -170 | 1,637 | 1,199 | -14 |
| HR Business Partners | | | | | | | |
| CCC | -4 | 1,178 | 0 | -97 | 1,081 | 982 | -8 |
| NCC | -186 | 1,158 | 0 | 0 | 1,158 | 843 | -146 |
| MKC | 22 | 893 | 0 | -55 | 838 | 548 | 7 |
| NCC Schools Income | 0 | 0 | -250 | 0 | -250 | -207 | 12 |
| MKC Schools | 0 | 111 | -0 | 0 | 111 | 129 | 0 |
| Learning & Development | -100 | 5,669 | -2,107 | -214 | 3,348 | 2,893 | -100 |
| Transactional Services | 125 | 2,430 | -240 | -162 | 2,028 | 2,252 | 114 |
| NCC – loss of advertising income | 250 | 0 | -493 | 0 | -493 | -268 | 250 |
| MKC- undeliverable trading | 194 | 0 | -459 | 0 | -459 | -225 | 178 |
| Schools targets | | | | | | | |
| Total HR Directorate | 253 | 13,508 | -3,662 | -698 | 9,148 | 8,287 | 293 |

The Directorate is forecasting a £293k overspend.

£428k of this is due to being underfunded, as outlined directly below, and these pressures will be met by the individual partnering authorities. In addition, £163k of forecast underspend is in accordance with agreed reductions in service for NCC. £114k of overspend arising from the revised implementation date for the ERP system is anticipated to be met from the partnership contingency. The anticipated underspend to LGSS is therefore £86k.

NCC funded its Payroll Services using income from a schools portal that charged for advertising on it. A policy decision was taken by NCC to improve recruitment for teachers in Northamptonshire by offering this service to schools for free, at a loss of up to £350k for LGSS. The income for 2017-18 has been reviewed and with some temporary mitigations the shortfall is expected to be £250k, but is likely to increase in future years as more schools take up NCC's offer.

MKC set trading targets for schools of £217k (via MKSP) that were not deliverable. This was accepted at the point the LGSS Partnership started and suggested mitigations were not accepted so this has been accepted as an MKC responsibility for their MTFP. The underfunding within this trading for 2017-18 is £178k due to additional income generated in year. LGSS HR will be providing an integrated approach to schools to increase future income to the benefit of stakeholders.

The Policy & Strategy team are forecasting an underspend on staffing due to freezing the vacant Business Administrator post and savings due to staff turnover, however this is being partly offset by increased demand for staff counselling in CCC.

There is a planned underspend on the NCC HR Business Partner team due to delays in the implementation of the new proposed staff structure, which will meet the NCC request for additional in year savings of £63k. Services are being reduced and if demand is not manageable a PAYG offer is being made with wider HR resources.

Within Learning & Development, commitments have been reviewed to meet NCC's additional direct in year ask of £100k and this is reflected in the forecast. The forecast assumes the use of the £95k carry forward from 2016-17.

There are pressures within Transactional Services due to the jointly agreed revised go live date of ERP Gold. It is anticipated that this will be offset by the use of £114k partnership contingency. The forecast assumes that there will be no additional capitalisation to the ERP project.

Expenditure is incurred in advance of income being received within Transactional Services which is the reason for the actual to date being in excess of the full year budget.

Business Services, Systems & Change Directorate

| | Previous Forecast Variance £000 | Gross Exp Budget £000 | External Income Budget £000 | Internal Income Budget £000 | Full Year Budget £000 | Actual to Jan £000 | Full Year Forecast Variance £000 |
|---|--|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------|--------------------------|---|
| Business Services, Systems & Change Directorate: | | | | | | | |
| BSSC Leadership | 0 | 159 | 0 | 0 | 159 | 137 | 4 |
| Procurement | -60 | 1,481 | -141 | -22 | 1,318 | 1,040 | -60 |
| Insurance | -36 | 645 | -24 | -552 | 69 | 2,140 | -95 |
| LGSS Business Systems & Change | 400 | 4,243 | -24 | -160 | 4,059 | 4,049 | 400 |
| Customer Engagement | -14 | 402 | 0 | 0 | 402 | 339 | -24 |
| Language Service | -34 | 744 | -680 | -65 | -2 | -33 | -34 |
| Business Development | -52 | 174 | 0 | 0 | 174 | 172 | -54 |
| Revenues & Benefits (MKC) | 0 | 5,431 | -33 | -173 | 5,225 | 3,803 | 0 |
| Revenues & Benefits (NBC) | 0 | 4,079 | -737 | -15 | 3,328 | 3,588 | 0 |
| Total BSSC Directorate | 204 | 17,358 | -1,639 | -987 | 14,733 | 15,235 | 137 |

The Directorate is forecasting a £137k overspend.

There is a £60k underspend within procurement, £53k due to vacancies being held to meet planned future savings targets. £7k due to the new NCC initiative to charge for tender bidding.

There is a £95k underspend within insurance due to vacancies, and an increase in underspend from last month of £59k, due to an additional unanticipated recovery of costs from a contract and additional underspends on non staffing budgets. The spend on insurance exceeds the budget at this stage of the year due to costs incurred which will be recharged to the insurance fund.

The current E-forms solution is nearing end of life, and therefore alternative delivery options need to be developed as necessary. As a consequence there is currently a pressure of £111k for the cost of a

replacement mileage and expenses claims system. It is anticipated that this pressure will be mitigated within the Directorate, and therefore result in a cost neutral position.

There is a £400k pressure within Business Systems, due to the revised jointly agreed go live date of ERP gold. It is envisaged that this slippage in delivery of the 2017-18 saving will be mitigated by the partnership contingency.

There is a forecast underspend of £24k within Customer Engagement due vacancies being held for the remainder of the year. The additional £10k underspend from last month is due to the decision not to recruit a temporary post following the NCC spending review.

The Language service coss forecasting an outturn additional surplus of £34k. There is also expenditure relating to 2016/17 of £40k that was not accrued, and so has been paid in the current financial year. The forecast outturn additional surplus would therefore be £76k without this prior year expenditure.

There is a forecast underspend of £54k within Business Development due to vacancies, and a member of the team covering the team leader role within the Language Service area.

Information Technology Directorate

| | Previous Forecast Variance £000 | Gross Exp Budget £000 | External Income Budget £000 | Internal Income Budget £000 | Full Year Budget £000 | Actual to Jan £000 | Full Year Forecast Variance £000 |
|---------------------------------|--|--|--|--|--|-----------------------------------|---|
| IT Directorate: | | | | | | | |
| Cambridgeshire County Council | 100 | 2,247 | 0 | -887 | 1,360 | 1,310 | 100 |
| MKC IT | 82 | 4,105 | -103 | -50 | 3,952 | 3,881 | 234 |
| MKC IT Schools | 0 | 496 | -562 | 0 | -66 | -167 | 0 |
| Northamptonshire County Council | -30 | 3,259 | -39 | -618 | 2,602 | 2,223 | 0 |
| Norwich | 0 | 2,508 | -250 | 0 | 2,258 | 1,960 | 0 |
| NHFT | 0 | 3,324 | -253 | 0 | 3,072 | 4,963 | 0 |
| Strategy & Architecture | 0 | 879 | -16 | -100 | 763 | 619 | 0 |
| Digital Services | 0 | 1,857 | 0 | -970 | 887 | 1,361 | 0 |
| Service Delivery | 0 | 1,290 | 0 | -397 | 893 | 1,152 | 0 |
| Total IT Directorate | 152 | 19,965 | -1,223 | -3,022 | 15,721 | 17,303 | 334 |

The Directorate is forecasting an overspend of £334k

There are pressures within the CCC IT operational Budgets of £100k in this financial year. These stem primarily from the current funding model within CCC, with a high level of internal trading/cross charging and significant IT expenditure budgets still held outside of IT, as well as the increased costs from implementing the Platform Stability Plan, and interim Head of Operations costs. Work with colleagues in the IT & Digital Service is underway to review the overall IT budget and propose a new model for the funding of IT within CCC from next financial year.

There is a £52k unachievable income target in MKC non schools trading, and a historical £30k grant income budget which is no longer received, which will be mitigated by MKC. In addition, there is a pressure of £152k relating to the data centre saving being incorrectly attributed to IT, this pressure is being reported and covered by MKC.

NHFT spend is in excess of budget at this stage of the year due to recharges for costs incurred which have not yet been invoiced.

LGSS Law and Governance Directorate

| | Previous Forecast Variance £000 | Gross Exp Budget £000 | External Income Budget £000 | Internal Income Budget £000 | Full Year Budget £000 | Actual to Jan £000 | Full Year Forecast Variance £000 |
|--|--|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------|--------------------------|---|
| LGSS Law and Governance Directorate: | | | | | | | |
| Democratic Support Services | -27 | 1,505 | -137 | -19 | 1,349 | 1,071 | -10 |
| CCC Corporate Legal Budget | 0 | 102 | 0 | 0 | 102 | 118 | 0 |
| Total LGSS Law and Governance Directorate | -27 | 1,607 | -137 | -19 | 1,451 | 1,189 | -10 |

The Directorate is forecasting an underspend of £10k.

The underspend within Democratic Support Services is due to a reduction in non staff expenditure.

Although LGSS Law Ltd. is now a separate entity, LGSS budgets for the payment of a dividend which then reduces the net cost to the original partner authorities.

Appendix 2

Summary Position on LGSS Carry Forwards (pre MKC)

| Directorate | Service Area | Title | Total Carry Forward | Re-assigned | 2017-18 Forecast Drawn Down | Needed 2018-19 |
|---------------|--|---|---------------------|-------------|-----------------------------|----------------|
| | | | £000 | £000 | £000 | £000 |
| HR | Learning & Development | Infrastructure investment for the development of the Learning Pool – the online training system for all LGSS customers. | 95 | 0 | -95 | 0 |
| BSSC | Revenue & Benefits | LGSS R&B OBC / new systems development | 325 | 0 | -325 | 0 |
| Finance | Strategic Assets | Asset Management Database | 58 | 0 | -58 | 0 |
| BSSC | Customer Engagement & Business Development | Website development to support new business | 34 | 0 | -34 | 0 |
| Cross-Cutting | | Smoothing of planned trading income 17-18 | 39* | | -39 | 0 |
| Total | | | 551 | | -551 | 0 |

Notes:

* The trading reserve balance has been reduced following the audit of the LGSS 2016/17 accounts which required the removal of the accrual for the LGSS Law dividend for 2016-17 until such time as the LGSS Law accounts had been finalised and the dividend formally declared. This reduced the trading reserve by £279k. Subsequently a dividend of £148k has been declared and will be payable to LGSS in this financial year.

A provision of £284k was created in 2013-14 for benefits share negotiations. £209k was drawn down from t/his provision in 2014-15, but there were no draw downs in 2015-16 or 2016-17, leaving a current balance until such time as the LGSS Law accounts had been finalised and the dividend formally declared. Aof £75k.

Summary Position on LGSS Carry Forwards (post MKC)

| Directorate | Service Area | Title | Total Carry Forward | Re-assigned | 2017-18 Forecast Drawn Down | Balance at year end 2017-18 |
|-------------|--------------|--|---------------------|-------------|-----------------------------|-----------------------------|
| | | | £000 | £000 | £000 | £000 |
| IT | | Service Desk Replacement solution | 120 | 0 | -120 | 0 |
| IT | | Central Operations Programme and Resource Management | 85 | 0 | -85 | 0 |
| IT | | The LGSS Digital Service | 110 | 0 | -60 | -50 |

| | | | | | | |
|---------------|--|--|--------------|----------|-------------|-------------|
| IT | | The adoption of "Cloud" Services | 85 | 0 | -85 | 0 |
| Finance | Integrated Finance Service | Critical Short Term Resourcing Pressure to Deliver the Statutory Accounts to the LGSS Partners and NBC | 30 | 0 | -30 | 0 |
| Finance | Finance Operations | Increase debt recovery capacity | 50 | 0 | -50 | 0 |
| HR | Learning & Development | Learning Pool and Evolve | 30 | 0 | -30 | 0 |
| BSSC | Procurement | Implementation of strategic sourcing approach | 100 | 0 | -12 | -88 |
| BSSC | Revenues & Benefits | Benefit Recovery Funding | 240 | 0 | -240 | 0 |
| BSSC | Customer Engagement and Business Development | Website development to support new business | 15 | 0 | -15 | 0 |
| Cross Cutting | | MKC PDA Savings 2016-17 | 292 | 0 | -292 | 0 |
| Total | | | 1,157 | 0 | -996 | -138 |

Total of carry forwards pre and post MKC

| Directorate | Service Area | Title | Total Carry Forward | Re-assigned | 2017-18 Forecast Drawn Down | Needed 2018-19 |
|--------------|--------------|-------|---------------------|-------------|-----------------------------|----------------|
| | | | £000 | £000 | £000 | £000 |
| Total | | | 1,708 | 0 | -1,547 | -138 |

Appendix 3

Summary Position on LGSS Reserves

| Reserve | Opening balance 1 April 2017 | Adjustment following audit of the 2016-17 accounts | Forecast Movements in year | | Forecast Closing balance 31 March 2018 | Commentary on expected movements |
|--|------------------------------------|--|----------------------------|----------------------------|--|---|
| | | | Transfers to reserves | Transfers from reserves | | |
| | £000 | £000 | £000 | £000 | £000 | |
| Reserve for reinvestment in services | 1,376 | 0 | 0 | -1,215 | 138 | Transfers to reinvest in services as set out in Appendix 2 |
| Trading reserve | 318 | -279 | 0 | -39 | 0 | Forecast movements reflect LGSS Law dividend adjustments as noted below and transfer to support the trading shortfall in year as set out in the Strategic Plan |
| Partnership contingency | 292 | 0 | 477 | -769 | 0 | Forecast movements to offset pressures arising from revised ERP implementation date |
| Forecast LGSS overspend | 0 | 0 | 0 | -379 | -379 | As per section 2. |
| Total | 1,986 | -279 | 477 | -2,402 | -241 | |

Following the finalisation of the audit of the 2016-17 LGSS accounts the opening balances for reserves were restated, reducing the balance by £279k. This reflected the uncertainty around the LGSS Law dividend for 2016-17 payable to LGSS at the time the audit was completed. The LGSS Law management accounts for 2017-18 suggest no dividend will be received for this financial year and it has been agreed the payment of dividend for 2016-17 of £148 will be waived pending sufficient reserve balances to fund it.

Appendix 4

2017-18 Monitoring Detail – Budgets managed by LGSS on behalf of others.

| | Previous Forecast Variance £000 | Gross Exp Budget £000 | External Income Budget £000 | Internal Income Budget £000 | Full Year Budget £000 | Actual to Jan £000 | Full Year Forecast Variance £000 |
|---|--|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------|--------------------------|---|
| Cambridgeshire County Council: | | | | | | | |
| Insurance | 0 | -105 | 0 | | -105 | -2,096 | -60 |
| External Audit | 0 | 141 | 0 | 0 | 141 | 55 | 0 |
| Members Allowances | 0 | 1,032 | 0 | 0 | 1,032 | 807 | -5 |
| Finance | -193 | 259 | -118 | 0 | 141 | -52 | -190 |
| Information Technology | 68 | 4,573 | -200 | -2,088 | 2,285 | 4,398 | 418 |
| Total | -125 | 5,900 | -318 | -2,088 | 3,494 | 3,111 | 163 |
| Milton Keynes Council: | | | | | | | |
| Human Resources | 0 | 214 | 0 | -30 | 184 | 106 | 0 |
| Revenue & Benefits | 0 | 0 | -240 | 0 | -240 | -433 | 0 |
| Information Technology | 0 | 1,212 | 0 | -666 | 546 | 224 | 0 |
| Total | 0 | 1,426 | -240 | -696 | 490 | -102 | 0 |
| Northampton Borough Council: | | | | | | | |
| Finance Managed | 0 | 260 | 0 | 0 | 260 | 0 | -26 |
| Information Technology | 0 | 1,271 | 0 | 0 | 1,271 | 1,019 | 0 |
| Insurance | -74 | 754 | 0 | 26 | 781 | 362 | -74 |
| NBC Managed Income | 0 | 0 | -2,312 | 0 | -2,312 | 0 | 0 |
| Total | -74 | 2,285 | -2,312 | 26 | 0 | 1,381 | -100 |
| Northamptonshire County Council: | | | | | | | |
| External Audit | 0 | 324 | 0 | 0 | 324 | 247 | -31 |
| Pensions | 90 | 0 | 0 | 0 | 0 | 0 | 90 |
| Social Care | 0 | 0 | -44 | 0 | -44 | 1,276 | 0 |
| Policy and Strategy | 0 | 382 | 0 | -17 | 365 | 167 | -153 |
| Information Technology | 62 | 3,891 | 0 | -46 | 3,845 | 5,430 | 11 |
| Democratic Services | -58 | 1,360 | 0 | 0 | 1,360 | 1,023 | -45 |
| Procurement | 0 | 0 | 0 | 0 | 0 | -8 | -8 |
| Total | 94 | 5,957 | -44 | -63 | 5,850 | 8,135 | -158 |

Cambridgeshire County Council

There is a forecast underspend of £60k on Insurance due to the recent re-tendering process. There is a £190k underspend in Finance due to the ESPO surplus and reserves being written back to revenue. There is a forecast over spend of £418k due to an increase in cost of corporate telephony with CCC (£68k) An additional forecast overspend of £350k due to the end of the contract and the Enterprise agreement, which previously was to be met from capital. This has now been agreed to be met from Revenue, which in turn releases the capital funding.

Milton Keynes Council

There are no reported variances on the budgets managed by LGSS on behalf of Milton Keynes.

Northampton Borough Council

The forecast underspend within finance managed is due to lower banking charges. The forecast underspend of £74k on insurance is the result of the recent tender.

Northamptonshire County Council

There is a small underspend on the external audit fee. There is a £90k forecast variance with regard to unfunded pension costs for LGSS Law within NCC.

The forecast underspend on Policy and Strategy reflects the favourable rates secured on the new Occupational Health contract, along with more effective business partner roles to reduce the call on this budget. The forecast assumes the same usage levels to the end of the financial year however times of change and unsettlement are factors which may increase the demand.

There is a forecast underspend on Chairman's and Member's Allowances within Democratic Services.

The below additional NCC IT items have now been delivered. This is not included in the above forecast.

- | | |
|--|------|
| • Rationalisation of Wide Area circuits | £66k |
| • NCC managed budget consolidation | £25k |
| • Reduction in NCC Printers and Recharging for Colour Prints | £40k |

However there is an additional £11k cost due to NCC requiring investigatory work regarding moving their Data Centre, which incurred consultancy fees.

The small £8k underspend to date in Procurement is the bidding fee achieved this year.

Section 3 - LGSS Capital Budget Monitoring – January 2018

Appendix 5

Approved Capital Programme 2017-18 onwards

LGSS Jointly funded schemes are:

Next Generation ERP (NCC, CCC, MKC)

Civica ICON (NCC CCC MKC NBC)

| NCC | Expenditure Profile | | | | | | | Funding Profile | | |
|--|----------------------------|------------------------|------------------------|-------------------------|------------------------------|------------------------------|---|------------------------|----------------------|---------------------------------|
| All Figures in £000's Scheme Name | Exp Budget | Prev Year's Exp | Actuals 2017-18 | Forecast 2017-18 | Forecast Future Years | Total Life of Project | Over/ (Under) Spend v Approved Exp | External | Discretionary | Total Funding of Project |
| Project Angel & NGW IT | 5,500 | 5,355 | 647 | -386 | | 5,616 | 116 | 0 | 5,500 | 5,500 |
| Microsoft ESA & ECI 2014-17 | 1,525 | 1266 | 0 | 259 | | 1,525 | 0 | 0 | 1,525 | 1,525 |
| Next Generation ERP* | 2,024 | 546 | 2076 | -836 | | 1,786 | -238 | 100 | 1,924 | 2,024 |
| Date Centre Refurbishment | 994 | 860 | 157 | 19 | | 1,036 | 42 | 94 | 900 | 994 |
| Civica ICON # | 267 | 221 | 39 | 23 | | 283 | 16 | 0 | 267 | 267 |
| Next Generation / Model Office | 383 | 151 | 30 | 0 | 202 | 383 | 0 | | 383 | 383 |
| Other Schemes less than £200k 2016-17 | 10,954 | 10,438 | 204 | 341 | 50 | 11,033 | 79 | 559 | 10,395 | 10,954 |
| Total | 21,647 | 18,837 | 3,153 | -580 | 252 | 21,662 | 15 | 753 | 20,894 | 21,647 |

- The capital expenditure outturn for 2017-18 is forecast at £2,573k.
- The Project Angel & NGW IT project is forecast to overspend by £116k.
- The ERP (Agresso Gold Build) expenditure budget has been increased by £381k which is fund the additional expenditure caused by the further ERP Gold go-live delay to April 2018.

| CCC | Expenditure Profile | | | | | | | Funding Profile | | |
|-----------------------|---------------------|-----------------|-----------------|------------------|-----------------------|-----------------------|------------------------------------|-----------------|---------------|--------------------------|
| All Figures in £000's | Exp Budget | Prev Year's Exp | Actuals 2017-18 | Forecast 2017-18 | Forecast Future Years | Total Life of Project | Over/ (Under) Spend v Approved Exp | External | Discretionary | Total Funding of Project |
| Next Generation ERP* | 1,615 | 1107 | 0 | 918 | 0 | 2,025 | 410 | 0 | 1,615 | 1,615 |
| Total | 1,615 | 1,107 | 0 | 918 | 0 | 2,025 | 410 | 0 | 1,615 | 1,615 |

- The ERP (Agresso Gold Build) expenditure budget has been increased by £187k to reflect the already agreed additional pressure. It has since been announced that there is a further ERP Gold go-live delay to April 2018, and the additional capital costs for CCC is £410k, this is currently in the process of being approved.
- Next Generation ERP* is not currently showing any 2017-18 actual spend to date as expenditure is to be recharged from within NCC accounts in March.
- Civica ICON is currently being reported as part of a Corporate Scheme called 'Citizen First'.

| MKC | Expenditure Profile | | | | | | | Funding Profile | | |
|-----------------------------|---------------------|-----------------|-----------------|------------------|-----------------------|-----------------------|------------------------------------|-----------------|---------------|--------------------------|
| All Figures in £000's | Exp Budget | Prev Year's Exp | Actuals 2017-18 | Forecast 2017-18 | Forecast Future Years | Total Life of Project | Over/ (Under) Spend v Approved Exp | External | Discretionary | Total Funding of Project |
| Data Hosting | 3,557 | 2254 | -86 | 1,061 | 328 | 3,557 | 0 | 0 | 3,557 | 3,557 |
| ERP Gold | 2,234 | 1551 | 0 | 1,137 | 30 | 2,718 | 484 | 0 | 2,234 | 2,234 |
| Revenue and Benefits System | 900 | 0 | 0 | 147 | 753 | 900 | 0 | 0 | 900 | 900 |
| Frameworkki | 1,000 | 0 | 0 | 24 | 976 | 1,000 | 0 | 0 | 1,000 | 1,000 |
| Civica Icon | 147 | 147 | -147 | 147 | 0 | 147 | 0 | 0 | 147 | 147 |
| Total | 7,838 | 3,952 | -233 | 2,516 | 2,087 | 8,322 | 484 | 0 | 7,838 | 7,838 |

- Data Hosting will now continue into 2018/19 to complete server de-commissioning and further shared infrastructure work.
- The ERP Gold go-live date was moved, initially to 2 October, and together with the need for more specialist support has resulted in an overrun on the project budget. The overall costs and split have been agreed with the respective s151's at £634k for MKC, additional funding has been requested and is progressing for approval. It has since been announced that there is a further ERP Gold go-live delay to 1 April 2018, additional costs and their split between the Partners has been agreed.
- Replacement Frameworkki project has requested Spend Approval and is awaiting formal Cabinet approval. Option appraisal being finalised.
- The Civica Icon project is complete, awaiting invoice. £3k of funding has been returned to source.

LGSS Joint Committee**28th March 2018**

| | |
|------------------------|---|
| Subject: | LGSS Strategic Plan and 2018-19 Budget |
| Recommendation: | That the LGSS Joint Committee considers the update to the LGSS Strategic Plan and approves the proposed budget for 2018-19. That the LGSS Joint Committee notes that the Strategic Plan will be reviewed mid-year. |

1. Purpose of Report

- 1.1 This report is intended to enable the LGSS Joint Committee to consider the update to the LGSS Strategic Plan and to approve the 2018-19 budget

2. Background

- 2.1 The LGSS Strategic Plan for 2017-18 to 2021-22 was published in 2017 and included the LGSS budget for 2017-18.
- 2.2 The LGSS Operating Model and therefore the Strategic Plan will be undergoing a comprehensive review over the next 6 months led by the new LGSS Managing Director. All stakeholders including the Joint Committee will be engaged in this process. The current Strategic Plan therefore remains as is, but with an updated financial strategy and budget for 2018-19.
- 2.3 Work on the 2018-19 budget has been ongoing since the autumn of 2017 working alongside the financial planning processes of CCC, MKC and NCC. Formal budget planning sessions were held with each of the core council Chief Finance Officers in October 2017. Following on from these sessions a budget workshop was held with Joint Committee members in November 2017 to review the draft budget proposals for 2018-19. The papers from this workshop were also reviewed by LGSS Joint Overview and Scrutiny Committee in November 2017.
- 2.4 In addition, NCC asked LGSS for savings options above and beyond those reflected in the LGSS Strategic Plan for 2018-19, and a Star Chamber session was held with NCC in October 2017 to look at additional savings that might be deliverable. These savings options were NCC specific and identified as areas where services could be reduced for NCC leading to cost savings, but with no impact on services to CCC and MKC.
- 2.5 Since the November budget workshop, there have been a number of changes in the forecast trading position for LGSS for 2018-19 which have impacted on the

proposed budget. These are set out in further detail below along with mitigating actions proposed to ensure a balanced budget for LGSS for 2018-19.

3. Changes in the forecast trading position

3.1 LGSS has been working with a number of potential new customers over the past year. Until agreements are finalised the forecast trading position is subject to change and the main changes since LGSS Joint Committee reviewed the budget proposals in November are as follows:

| Customer | Change details | £000 |
|--------------------------|--|-------------|
| LGSS Law | Removal of increased dividend and SLA charges anticipated from the expansion of LGSS Law | 145 |
| LGSS Law | Following the LGSS law results for 2016-17 and 2017-18 reduction in the expectation for future dividends | 204 |
| Borough Council services | Reduced service provision | 35 |
| New IT Provision | Reduced income forecast for two potential new customers | 125 |
| | A number of other minor changes | 15 |
| | Total | 524 |

3.2 To offset this reduction in anticipated trading income, the following new savings and income generation proposals have been included in the draft budget:

| Proposal | Notes | £000 |
|--|---|-------------|
| Business Systems – Transformation team provided on a pay as you go basis | Change in approach for partners | 100 |
| New trading income | From a variety of new/ additional customer work streams | 145 |
| Review of LGSS Structures | Following Interim MD's Review | 174 |
| Reduction in Strategic Management budgets | | 50 |
| Removal of trading contingency | | 55 |
| | | 524 |

3.3 These proposals have been built into the Strategic Plan budget update and result in a balanced budget for LGSS for 2018-19.

4. Overview and Scrutiny Working Group

4.1 The LGSS Strategic Plan – 2018-19 Financial Strategy Update was reviewed at LGSS Overview and Scrutiny Working Group on 19th March 2018. Some comments were received and these have been reflected in the final document.

5. Recommendation

5.1 It is recommended that:

- the LGSS Joint Committee notes that the Strategic Plan will be reviewed mid-year; and
- the LGSS Joint Committee considers the update to the LGSS Strategic Plan 2017-18 to 2021-22 and approves the proposed budget for 2018-19.

5.2 The LGSS Finance Director will attend the Joint Committee to present the document and contribute to any resulting discussion.

List of Appendices

Draft LGSS Strategic Plan – Financial strategy Update 2018-19



LGSS Strategic Plan

2017-18 to
2021-22

2018-19 Financial Strategy Update

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Approval of plan

This plan updating the financial strategy and budget will be considered for approval by LGSS Joint Committee on Wednesday 28th March 2018.

1. Introduction

LGSS Strategic Plan Update

The LGSS Strategic Plan is currently under review and is expected to be revised in Summer 2018 following consultation with key stakeholders including partners, customers and staff. In the meantime this document updates the financial strategy and budget figures for the period 2018-19 to 2022-23.

Background

LGSS is one of the largest public sector shared service operations in the UK and has grown significantly since it was originally created by Cambridgeshire County Council (CCC) and Northamptonshire County Council (NCC) in October 2010.

LGSS has steadily expanded with many new public sector organisations choosing to join through delegation during the past few years, including Norwich City Council (NoCC), Northampton Borough Council (NBC), Olympus Care Services and Northamptonshire Healthcare NHS Foundation Trust (NHFT). Indeed NoCC was the first major new customer to join LGSS following its creation and they very recently and happily renewed their LGSS relationship for another five years as from April 2017.



Figure 1: LGSS regional focus

Another landmark development for LGSS happened in April 2016 with Milton Keynes Council (MKC) joining LGSS as a full scope partner and becoming a full member of the LGSS Joint Committee governance structure.

LGSS also provides services to hundreds of local schools, several local emergency services, Clinical Commissioning Groups (CCGs), and many district and borough councils. LGSS offers both full scope business support service agreements and single service offerings, including: payroll, finance and transactions, human resource (HR) advisory and recruitment, revenues & benefits, internal audit and risk, pensions administration, procurement, information technology (IT), democratic and legal services.

LGSS Core Region Focus

LGSS growth is focused in the region (as shown in Figure 1) and within the wider public sector which means staying very close to our partners and customers and keeping teams local. This enables better joined up and interworking relationships to be developed with each customer, regardless of their location and the sector they operate within.

LGSS Business Ethos

With a business ethos of 'think like a customer, act like a tax payer' LGSS operates through a shared not-for-profit risk and reward model between all LGSS partners, ensuring that all benefits and savings from sharing remain within the public sector and allow LGSS to operate as a genuine, trusted and integrated shared services partner.

LGSS has around 1,696 full time equivalent employees located across major operations in Cambridge, Norwich, Northampton, Milton Keynes, Kettering and Wellingborough. LGSS continues to grow steadily with a regional focus on local authorities, health and care, schools and other local public services requiring good quality, resilient, yet flexible and cost effective business support services.

LGSS enters into bilaterally negotiated shared risk and reward delegation agreements for each partner, allowing the increasing economies of scale, re-use of best practice, the elimination of duplication and optimally managed overheads to improve overall resilience of key services at a much lower cost for everyone. LGSS standardises processes and consolidates IT systems and services over time, and can more effectively renegotiate supplier contracts to generate more significant savings for all partners and customers.

2. LGSS Vision, Mission, Strategy and Values

LGSS Vision

A vision usually aims to define the essence of 'why' any organisation exists and its overriding purpose for existing. LGSS was established as a 'by the public sector, for public sector' shared service by its original founding councils. The reasoning was that it would continue to operate as a trusted, integral part of their own public service organisations while tasked with delivering major efficiency benefits of shared services and increasing scale, through locally focused growth with new public sector partners choosing to join LGSS.

The LGSS vision is focused around ensuring and enabling each LGSS partner to achieve their own vision and desired community outcomes and it is for LGSS to help each partner to operate in the most cost effective way possible.

Vision: Our partners are renowned for delivering the best and most cost effective frontline services and community outcomes attainable

The LGSS vision is entirely focused on what is important and necessary to partners and on what LGSS can do to enable our partner organisations' visions. The underpinning LGSS ethos promoted across all employees is to 'think like a customer, act like a tax payer' whenever called upon to provide services.

LGSS Mission

The mission of any organisation should summarise and explain 'what' the main role of the organisation is in delivering its overall vision. The LGSS mission is to be focused on being an invaluable and integral part of its partner organisations and to continue working seamlessly with frontline and other retained and partner services and be totally focused on supporting the outcomes and priorities of the partners.

Mission: To be an invaluable and integral part of our partner organisations, providing cost effective, resilient services and innovative expertise to help transform frontline services focused on delivering desired community outcomes

LGSS Strategy

The LGSS strategy is a summary of 'how' LGSS as an organisation aims to achieve its declared vision and mission and outlining the overall strategic focus, choices and approach to be made along the way. The LGSS strategy emphasises a need to acquire increasing scale as a means of delivering primary benefits to LGSS partners, and not as an end in itself (nor for the sole benefit of LGSS). LGSS growth is locally (regionally) focused and LGSS will seek likeminded public service organisations who choose to join LGSS for the overall benefit of all partners by increasingly choosing to share and invest together through LGSS.

Strategy: To acquire and deliver economies of scale benefits for all partners (as a leading public to public shared service) by continually exploiting greater sharing, convergence and service innovation

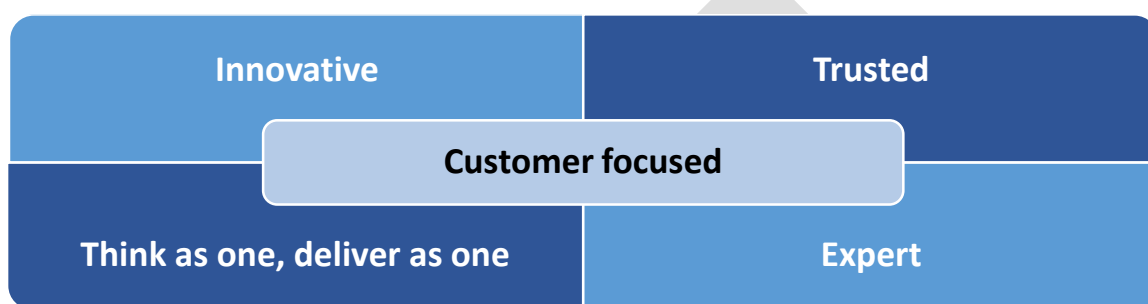
LGSS aims to innovatively combine economies of scale with increasing convergence of systems and processes, both within LGSS and across retained partner organisations, to increasingly enable release of mutual benefits for all LGSS partners by enabling more and easier public sector collaborations.

LGSS will proactively and innovatively seek out beneficial, joint investment business cases for new approaches to more joined up public service delivery channels, services models and IT systems. LGSS will drive and facilitate innovation in public services for the benefit of all citizens served by the partner organisations.

LGSS Values

The LGSS values are those attributes, knowledge and behaviours we expect all LGSS employees to actively seek to acquire and then display in their everyday workplace practices and interaction with their partner colleagues.

These LGSS values are a common baseline for LGSS personnel and are meant to both complement and align with the values of each partner organisation in which our teams work and support. We would expect LGSS employees to be familiar with and support the additional specific values of their partner organisations in which they operate.



3. Key Goals and Objectives

To guide LGSS towards the delivery of its overall vision, mission and strategy for 2017-18 to 2021-22, there are six key goals which each have underpinning SMART objectives for achieving each goal.

| | |
|---------------|---|
| Goal 1 | To jointly plan with each partner their LGSS services and business support requirements aligned to their priorities, annual service plans and Medium Term Financial Plan needs. |
|---------------|---|

Enabling key objectives:

- To understand and agree with each partner via their LGSS services commissioner/intelligent client an annual LGSS budget and linked service level agreement (SLA) and/or resource plan as appropriate. This is to be completed as an integral part of the Medium Term Financial Planning/Business Planning arrangements with each partner and the LGSS Business Planning and Finance team.
- Agree annual joint resource plans and budget plan procedures with each partner - identifying and agreeing new resource demands jointly through Project Management Office planning arrangements to be agreed with each partner.
- Agree associated adjustments to SLAs/key performance indicators (KPIs) and non-business as usual funded LGSS resource requirements with each partner.

- Agree LGSS support requirements for major change programmes, transformation programmes and capital projects.

Goal 2

To deliver the LGSS five year business plan and objectives as approved by the LGSS Joint Committee.

Enabling key objectives:

- Deliver the Enterprise Resource Planning (ERP) Gold programme - successfully implement and realise the subsequent £9.8m savings.
- Achieve the (MKC) outline business case (OBC), projects and £4.2m savings up to 2021-22.
- Renew and deliver the NoCC, NBC and NHFT partnership delegation agreement (PDA) commitments as per PDAs and business plans.
- Deliver the residual LGSS three years' service review savings.
- Achieve LGSS Law alternative business structure OBC five year's incremental income plan.
- Achieve planned LGSS Revenues and Benefits five years' OBC PDA savings, income and surpluses.

Goal 3

Continue to deliver the planned economies of scale benefits for all partners through continued growth and doubling in scale of LGSS over five years.

Enabling key objectives:

- A continued strategic focus on identifying, developing and securing a fourth and fifth full partner (shareholder) within two and four years respectively, each based on compelling business cases.
- To develop and tactically pursue a five year growth and business development plan for each LGSS service line, with specific growth targets and objectives in these areas:
 - To double the turnover and profits of LGSS Law by 2020-21 i.e. turnover up from circa £8m to £16m per annum.
 - Secure a third and fourth full partner for LGSS Revenues and Benefits and double in size within two and four years respectively.
 - Double the scale of LGSS IT services through growing existing and new partner services over the next five years.
- Secure the first LGSS franchise partner for ERP Gold – an 'out of region' partnership within two years and a second by year four.
- To double the current trading income contributions from each professional service line within the next five years, with a specific focus on income growth plans for pensions services, audit services and especially for strategic procurement based on a greater self-

funding model, from generating additional supplier/contract savings for partners than currently planned.

Goal 4

For LGSS to be valued as an innovator and change agent for its partners to help improve and transform their frontline services to citizens.

Enabling key objectives:

- To be a proactive enabler with partners in the establishment of innovative models for their service delivery and financing.
- For LGSS IT to proactively define and drive a convergent IT Business Systems Strategy with its partners for all back office and frontline systems and services, including a convergent Health and Care Systems roadmap.
- Growing the capacity and skills capabilities of the LGSS Digital Services and Solution Group to help innovation and support for delivery of the Digital First agenda.
- Creating a flexible and agile service delivery capability for supporting business change and transformation with partners.
- Build on the launch with CCC, MKC and NCC during 2017 of the newly established, jointly owned Opus LGSS recruitment agency services capability to significantly develop and grow it across the LGSS region.
- Proactively manage continuous service improvement and innovation with the ERP Gold solution through engagement with end users and user groups within key partners.
- Create and launch a more effective strategic sourcing capability with agreed increments from each partner involved (with each partner Chief Finance Officer) to extend the value added offer by the LGSS Procurement Service and the delivery of much greater savings from greater cooperation across all external partners.

Goal 5

For LGSS to be nationally recognised as the most cost effective, highly rated and agile business services provider within the UK public sector.

Enabling key objectives:

- Achieve 'upper quartile' cost/quality performance for all LGSS services as measured against an appropriate and partner agreed benchmarked measure.
- Consistently achieve all agreed customer satisfaction ratings and measures for each partner and customer.
- Jointly plan with each partner and customer aligned to their Medium Term Financial Plan (MTFP)/Business Planning requirements.
- Always act in the wider interest of partners, i.e. not restrained by an SLA/KPI mindset and to do so by acting in a way that is always in the best interests of partners.
- Instil a 'continuous improvement' and 'can do better' culture in the LGSS workforce whilst operating as an integral part of the host partners and their cultures.

Goal 6

To be an attractive 'employer of choice' for recruiting and retaining the best people (by offering excellent career opportunities and developing their skills and talent).

Enabling key objectives:

- The LGSS HR Director and Managing Director, in conjunction with the LGSS Management Board will develop and agree an overall LGSS Workforce Strategy for the subsequent approval by the LGSS Management Board and the LGSS Joint Committee. This will bring a coherent and consistent approach for all of the LGSS workforce which will help lead and develop the LGSS workforce effectively in the future, identifying the main issues and challenges LGSS faces from further expansion, as well as the main options, including further workforce developments and investments in skills required through each key LGSS Professional Community (including expanding apprenticeships schemes and graduate programmes, as part of a more 'grow our own' talent plans).
- To develop and launch a plan for each LGSS Professional Community that has direct involvement and leadership from each relevant LGSS Director and their heads of service working with the LGSS HR Director.

4. Future Developments

Business transformation and innovation are crucial elements of the strategic business plan. Where there is commonality between customers and partners, LGSS will investigate and assess current processes in order to identify best practice and integrate, streamline, standardise and deploy the transformation across all. This enables LGSS to offer superior service levels combined with economies of scale in terms of technology, resources and efficiencies.

LGSS aims to help transform front line services so they can deliver their desired community outcomes more cost effectively and to the highest quality attainable. LGSS supports many public sector organisations both large and small with its skilled people, systems and knowledge of the public sector and its needs.

LGSS is constantly seeking ways to improve the services it delivers and has a wide range of programmes in place which will bring improvements in service delivery whilst also meeting the needs of customers. Some of the key developments are detailed below.

Next Generation Working/Smarter Business Programmes

The delivery of Smarter Business and Next Generation Working principles across the partners is crucial to ensure the IT infrastructure, skills and training to fully embrace flexible working is provided.



The vision for the Next Generation Working programme is to create:

- A more flexible approach to how, when and where work is done, with whom we work and the tasks we work on.
- A more flexible, mobile and productive workforce who are IT confident and capable.
- Office environments and IT resources suitable for more flexible and mobile working.
- A digital first approach which makes information more accessible offline and reduces the need for paper documents, duplicate entry and bureaucracy.

Enterprise Resource Planning (ERP) Solution

One of the key systems developments is the design, build and implementation of the next generation ERP solution.

The LGSS ERP 'Gold Build' is a shared service ERP system being developed in partnership with Unit4 Business World software. It has been designed around the principles of simplification, standardisation, automation and self-service.

It will become a key offering of LGSS, which will bring potential customers both quantitative and qualitative benefits including:



- Enabling convergence to shared and common processes and procedures and greater use of self-service.
- Single instance on shared infrastructure in the LGSS data centres/private cloud.
- Shared service licence model with significant economies of scale and flexibility.
- Full functionality across finance, purchasing, fixed assets, HR, payroll and management information.
- Each organisation has their own separate 'client', a copy of the Gold Build, to ensure full data separation and security.
- LGSS Business Systems provide functional management and support and a joint development roadmap, maintaining the Gold Build design principles with a single design authority.
- Integration and interfaces with partner line of business systems through 'BizTalk' middleware technology.

Health and Care IT and Systems

A key area of development for LGSS is enhancing integration within the health and care sector by joining up health and care systems across different customers. The LGSS partnership with NHFT has enabled LGSS to develop its IT expertise within the health sector. An IT and Systems Strategy for health customers is being developed which will enable LGSS to create a Health and Care Systems Centre of Excellence.

Pensions System Upgrade

The Pensions Service has implemented the latest payroll module of the Altair pension administration system. This will enable LGSS to offer a fully integrated, modern payroll and administration solution and scalable shared systems platform ideal for supporting the pooled pensions funds agenda and it will immediately create efficiencies such as reduced inter-system reconciliations. In addition there are plans to bring the hosting of the Altair platform in house.

LGSS Law Ltd – Next Generation Legal Case Management Systems

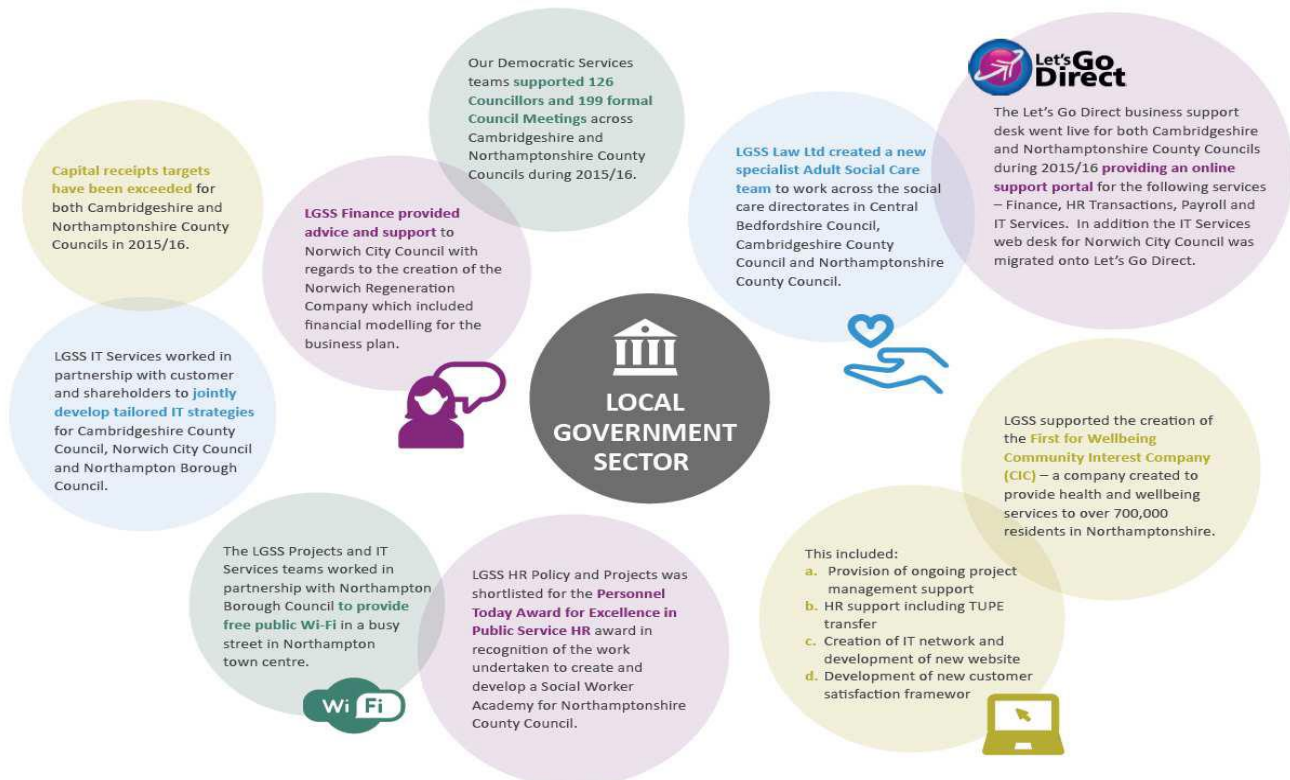
LGSS Law Ltd selected its new case management system which went live in early 2017, hosted and supported by LGSS IT as a private cloud based next generation system and service. This created a scalable, shared IT systems platform offering the most modern, agile procedures for supporting a secure and cost effective legal shared service.

LGSS Digital Solutions and Services

To help drive and deliver the Digital First agenda for LGSS partners in common with aspirations by all UK public services, LGSS has taken the initiative and created a significant and flexible resource pool of very talented digital solutions developers using Agile development techniques to produce rapid and innovative digital solution and services within weeks (rather than taking months or years using more traditional IT approaches).

As a shared resource capability LGSS is able to develop once and then reuse its digital solutions, services and assets for the benefit of all LGSS partners/customers, which dramatically speeds up the delivery of more digital solutions and services whilst significantly reducing costs for all LGSS partners. A digital service roadmap was developed and launched during 2017 with partners by LGSS IT.

More examples of LGSS service improvement and innovation initiatives:



5. LGSS Financial Strategy Approach

The original five year strategic plan and financial strategy for LGSS was based on the business case agreed by both Cambridgeshire and Northamptonshire County Councils. The initial years of the LGSS financial plan and strategy were based primarily on consolidating key business systems, rationalising senior management teams between the two founding authorities and establishing merged directorates and single heads of service; and subsequently consolidating business systems, standardising processes, merging service teams and co-locating in the region certain transactional and operational services where most cost effective and sensible to do over time.

The initial merger plan was meant to be quickly followed by LGSS attracting its third and fourth full scope 'shareholder' partners, assumed to be other local county councils attracted to join LGSS within the later years of the plan. This expansion was in order to derive further savings from increased economies of scale using the same approach to converge processes, systems and teams as in earlier years.

While the original planned expansion of LGSS did not happen as envisaged, it still successfully delivered its savings and growth plans and did so with significant over achievement in most of its initial five years. This over achievement enabled LGSS to make

several dividend style payments to both CCC and NCC in recent years, as well as allowing LGSS to be mostly self funding for key LGSS investments including all core transformation and workforce rationalisation costs to date.

The expansion of LGSS has seen a mix of customers joining through fixed term delegation agreements (as LGSS customers) including NoCC, NBC and NHFT. More recently MKC joined LGSS as a full partner and member of the LGSS Joint Committee. The growth in LGSS customers has added to the trading income exposure and risk of the overall partnership, whereby LGSS is subject to the uncertainties of renewals and tendering of delegated services as such customer agreements come to a natural end. It is important to note that MKC, as part of its Partner Delegation Agreement, has no liability to the outstanding budget demands of LGSS as at 1 April 2016 and its only exposure is the delivery of the £4.248m in the business case.

The lack of a third, until recently, and as yet no fourth 'shareholder' full partner, combined with additional savings demanded by CCC and NCC over recent years has necessitated LGSS initiating a rolling programme of LGSS service reviews which aim to identify new savings in addition to the original LGSS five year business case reductions.

Five years of major efficiency savings and integration, along with many new customers and a third shareholder partner joining LGSS, has seen the original LGSS plan delivered. This combines to require much greater sophistication and transparency on LGSS service activity levels and their associated activity costs i.e. for each LGSS service per customer/partner to enable a better, more informed annual service planning and funding discussion. This will allow LGSS much greater alignment of resources to funding levels, agreed *with* and *for* each partner and customer as part of a more formal agreement regarding their specific SLAs/KPIs and service volumetrics.

This strategic plan, and specifically the choices which need to be made on future efficiencies and potential service reductions, demands a greater connection between the SLAs/KPIs agreed with each partner and customer and their direct funding for each service line with LGSS.

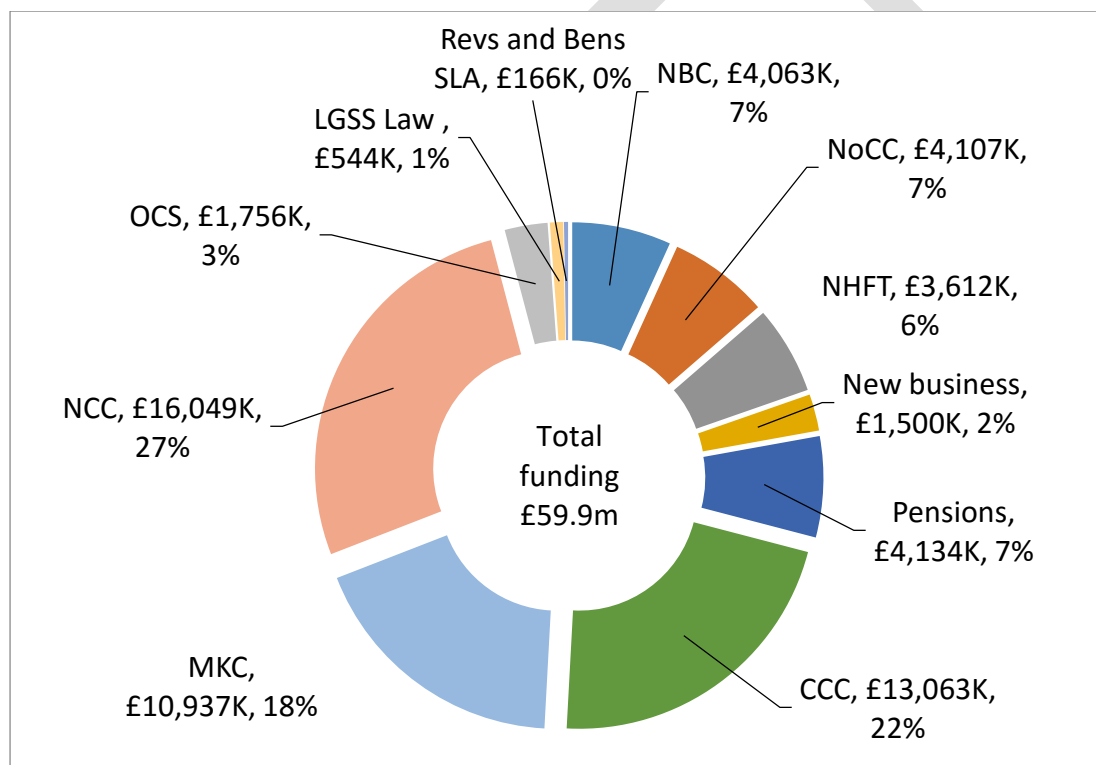
As part of the LGSS target operating model, each partner's Chief Financial Officer acts as the lead commissioner (or intelligent client) for all LGSS services; they have been part of the discussions on the update of this Financial Strategy, primarily through their membership of the LGSS Management Board and bilaterally as part of their own MTFP and Business Planning arrangements.

This planning approach was further tested informally with the LGSS Joint Committee in a workshop session in late 2017. Also in place since 2017-18 is a rolling programme of reviews of all services which commenced in autumn 2017.

Before addressing the detail around the financial challenges and future funding gaps arising from inherited LGSS income streams and growth plans, it is worth exploring the extent of ongoing trading income exposure (and inherent financial risk to LGSS budgets) included in the current plans as they stand at this time.

Chart 1 presents a high level breakdown of LGSS's funding from its three full 'shareholder' partners compared to the other trading and customer incomes it generates.

Chart 1: LGSS funding streams by partner/customer organisation



Only circa 67% of LGSS's total £59.9m of funding is directly paid for by CCC, MKC and NCC collectively. This leaves around 33% of LGSS budgets/funding associated with, and exposed to, trading income (which benefits mainly CCC and NCC currently).

This high level of ongoing trading income risk at 33% is generated from various external customer revenue sources such as schools, districts and boroughs, and health trusts. In particular a few major exposures exist with key partner delegation agreements with NBC,

NoCC and NHFT and each is exposed to renewal loss every five years. Loss of any of these three customers for example would have a major impact on the funding levels and current levels of service provided by LGSS to CCC and NCC especially.

There are two clear choices in meeting these trading income risks and projected future funding gaps for LGSS going forward. Firstly LGSS could make commensurate service level quality reductions to compensate for the loss of these trading incomes, but given the scale of internal efficiencies and savings taken to date, this would mean major impacts to CCC and NCC on LGSS service quality.

The second option is further LGSS growth and expansion. This would lead to even more exposure to trading income risks for LGSS but would allow for further economies of scale benefits to help close the LGSS financial planning gaps for future years. However, further LGSS growth not based on acquiring a fourth and fifth full 'shareholder' partner will only increase LGSS trading income exposures and financial risks to unacceptable and financially imprudent levels.

Any LGSS strategy for growth should aim to achieve the 'right' balance of additional growth from (fourth and fifth) full shareholder partners alongside controlled growth from LGSS customers. This approach should over the next five years aim to rebalance the amount of non-shareholder (customer) to shareholder revenues and funding, i.e. bring the proportions of non-shareholder revenues down from 35% to under 20% within five years.

This is why a growth path for both LGSS Law Ltd and LGSS Revenues and Benefits has been pursued that is heavily based on expansion through acquiring additional 'shareholder' based partnerships, such as Central Bedfordshire Council for LGSS Law Ltd, and NBC for the LGSS Revenues and Benefits model. These growth plans and 'shareholder' partner relationships create much greater 'built in' longevity and permanency to such partnerships for all concerned, and hence it is a much lower financial risk.

LGSS will continue to pursue a 'balanced' growth strategy and plan based around the Four Point LGSS Growth Strategy, as previously discussed and approved with the Joint Committee, summarised as follows:

1. Strategic focus on acquiring a fourth and fifth full 'shareholder' partner within two and four years respectively from within the public sector in our region, in order to achieve the ideal 80%/20% balance of LGSS delegated budgets between shareholders and customers.
2. Pursue further tactical growth from key LGSS service lines, again based on an 80%/20% balance of delegated budgets from shareholder/customer, including LGSS Law, LGSS Revenues and Benefits and even the newly launched Opus LGSS

recruitment agency. This service line based tactical growth approach will also extend to include LGSS IT, LGSS Audit, and LGSS Business Systems.

3. Focused expansion and development of services and IT solutions for integrated Health and Care, led by the LGSS IT Services Directorate.
4. Develop an LGSS franchise model that exploits the reuse of LGSS developed shared services assets, knowledge and systems with new public partners operating outside our region, initially exploiting and offering LGSS ERP Gold as a hosted service offered on a paid basis 'down a wire' into other public sector shared service enterprises who are likeminded across the UK.

2018-19 to 2022-23 Position

The 2018-19 to 2022-23 position is driven by three key factors – emerging pressures across the partnership, the business planning demands of the partners and the need to deliver further traded income. This ask is summarised in Table 1 below.

Table 1: Financial Asks – 2018-19 to 2022-23

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--------------------------------|--------------|--------------|--------------|------------|------------|
| | £000 | £000 | £000 | £000 | £000 |
| Business planning commitments: | | | | | |
| CCC | 706 | 619 | 607 | 566 | 284 |
| MKC | 520 | 465 | 415 | TBD | TBD |
| NCC | 803 | 708 | 351 | TBD | TBD |
| Total ask | 2,029 | 1,792 | 1,373 | 566 | 284 |

The following Revenues and Benefits savings have been removed from these asks as they are now within the planning remit of the Revenues and Benefits Joint Committee.

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--------------------------------|---------|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 | £000 |
| Business planning commitments: | | | | | |
| MKC | 246 | 492 | 155 | 187 | 0 |

The specifics of the MKC five year business case which brought MKC into the LGSS partnership delivers the current MKC five years' savings requirement. It also makes a significant contribution towards the planned LGSS shared services efficiencies for CCC and NCC from greater scale with new partners joining.

In addition, the LGSS business plan has further commitments which are partly addressed through the final year of the three year service review programme and from additional

trading income from new customers and new business growth plans. The overall LGSS position is summarised in Table 2 and highlights the gap in 2018-19 and future years.

Table 2: Delivery Plan – 2018-19 to 2022-23

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Service reviews | 924 | 0 | 0 | 0 | 0 |
| MKC business case | 992 | 225 | 200 | 0 | 0 |
| Increased trading income | 96 | 38 | 0 | 0 | 0 |
| Service Line additional income targets | 188 | 169 | 120 | 220 | 220 |
| Contributions to (-)/from business case profiling reserve | -171 | 440 | 415 | -207 | 0 |
| TOTAL | 2,029 | 872 | 735 | 13 | 220 |
| Residual gap | 0 | 920 | 638 | 553 | 64 |

The following Revenues and Benefits savings have been removed from these asks, and the increased SLA charges for services provided by LGSS to Revenues and Benefits have been included.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| MKC business case savings | 245 | 492 | 155 | 187 | 0 |
| Less: Increased LGSS SLA trading income | 89 | 143 | 0 | 0 | 0 |
| TOTAL | 156 | 349 | 155 | 187 | 0 |

Financial Plans

The summary level plans detailed within the Financial Strategy are supported by the following analysis:

- Budget build (Table 3)
- Income/expenditure analysis (Table 4)
- High level directorate by directorate/service by service analysis (Table 5)
- Detailed savings/efficiency plans (Tables 6a, 6b and 6c)

Over the past five years the emphasis has been on a top down approach and the presentation of the plan has been focused on the savings.

Given the greater pressure for efficiency and reduction, it is essential to ensure the base numbers are robust. The following budget build and income/expenditure analysis tables provide this greater assurance and are linked to individually agreed partner SLAs linked to their MTFP/business plans.

Further improved financial systems will enable improved assurance between employee budget and the agreed establishment to deliver services.

Table 3: Budget Build 2018-19

| | CCC £000 | MKC £000 | NCC £000 | Total £000 |
|------------------------------------|---------------------|---------------------|---------------------|-----------------------|
| Base budget 2017-18 | 16,838 | 10,838 | 29,314 | 56,989 |
| Transfers to/(from) LGSS base | 871 | 118 | 0 | 989 |
| Gross expenditure budget – base | 17,709 | 10,956 | 29,314 | 57,978 |
| Pressures | 76 | 501 | 350 | 927 |
| Expenditure inflation | 91 | TBA | 6 | 97 |
| Transfer from Reserves | 0 | 0 | -447 | -447 |
| Savings | -706 | -520 | -803 | -2,029 |
| Customer specific savings | 0 | 0 | -562 | -562 |
| Gross expenditure budget – revised | 17,170 | 10,937 | 27,858 | 55,964 |
| Income | -8,277 | -1,675 | -17,222 | -27,174 |
| Income inflation | -22 | 0 | 0 | -22 |
| | -8,299 | -1,675 | -17,222 | -27,196 |
| Net budget 2018-19 | 8,871 | 9,262 | 10,636 | 28,769 |

During 2017/18 there have been a number of transfers in and out of the base budget, the key one being Learning and Development in CCC.

These are reflected in the revised opening base budget in Table 3 above. The operational budget analysis shows how the budgets for LGSS have been created by taking the base budgets of the three authorities and adjusting them to arrive at the final budget.

Pressures:

- In CCC there are recognised pressures of £76k that have been added relating to the apprenticeship levy (£15k) and the impact of the National Living Wage on pay costs.
- In MKC pressures of £217k for HR traded income, £82k for IT traded and grant income, and £152k data hosting savings which will be delivered in MKC budgets

rather than LGSS have been addressed. In addition, MKC have funded £50k to reduce the agreed savings in the professional finance team.

- In NCC the pressure of £350k from loss of NCC schools income has been addressed for the future.

Inflation:

- Inflation for CCC has been calculated by budget line and totals £69k net
- In MKC the inflation money is held centrally and will be allocated as appropriate during the year
- In NCC there is no salary inflation for 2018-19 and just a small amount of £6k non salary inflation

Transfer to reserves:

- In NCC there is a £447k transfer to reserves in line with the MTFP.

The savings that have been included in the three authorities MTFPs are included at the agreed amounts of £706k, £520k (excluding Revenues and Benefits) and £803k for CCC, MKC and NCC respectively. A further £157k of savings in the MKC MTFP relate to Revenues and Benefits and are excluded from the numbers above. In addition, Council specific savings of £562k have been included for NCC impacting only on services to that Council, giving an adjusted gross budget figure of £51,986k. The base budget for income is £23,155k and CCC have added inflation of £22k. MKC and NCC have not included inflation for income.

There is often too much emphasis placed on the combined net expenditure of the three shareholder councils when considering the activities of LGSS. It is now a considerable undertaking and it is important to have visibility on the total spend and various income streams, the risk attributable to the trading streams in particular was explored in the Financial Strategy above.

Table 4: Income/Expenditure Analysis

| Income/expenditure line | Net budget £000s |
|----------------------------------|---------------------|
| Direct employees | 52,890 |
| Premises costs | 119 |
| Transport costs | 554 |
| Supplies and services | 5,137 |
| Recharge income | -2,736 |
| Gross expenditure – total | 55,964 |
| Income | 27,196 |
| Net expenditure – total | 28,769 |

Sound financial planning drives accountability and the following table sets out the budgets which the directors and heads of service are bound to deliver.

Table 5: Directorate/Service Budgets

| LGSS services by directorate | Gross expenditure budget £000 | Income budget £000 | Net expenditure budget £000 |
|---|-------------------------------|--------------------|-----------------------------|
| Finance Services Directorate: | | | |
| LGSS Director of Finance | 171 | 0 | 171 |
| Professional Finance – CCC | 2,735 | -38 | 2,697 |
| Professional Finance – MKC | 1,830 | -53 | 1,777 |
| Professional Finance – NCC | 1,259 | -57 | 1,202 |
| Financial Operations | 4,273 | -293 | 3,980 |
| Integrated Finance Services | 1,332 | -624 | 708 |
| LGSS Business Planning & Finance | 449 | -6 | 443 |
| Audit & Risk | 1,717 | -277 | 1,439 |
| Pensions Operations | 4,734 | -4,734 | 0 |
| Finance Customers and Other | 1,928 | -24 | 1,905 |
| Total Directorate | 20,427 | -6,106 | 14,321 |
| Human Resources Directorate: | | | |
| HR Central Management | 150 | 0 | 150 |
| Policy & Strategy | 1,519 | -132 | 1,388 |
| HR Business Partners – CCC | 1,093 | 0 | 1,093 |
| HR Business Partners – MKC | 870 | 0 | 870 |
| HR Business Partners – NCC | 1,139 | 0 | 1,139 |
| NCC Schools | 0 | -256 | -256 |
| MKC Schools | 111 | -89 | 22 |
| Learning & Development | 3,274 | -271 | 3,004 |
| HR Transactional Services | 2,351 | -713 | 1,638 |
| Total Directorate | 10,507 | -1,460 | 9,047 |
| Business Services, Systems & Change Directorate: | | | |
| BSSC Leadership | 159 | 0 | 159 |
| Procurement & Insurance | 1,378 | -202 | 1,176 |
| LGSS Business Systems & Change | 3,235 | 0 | 3,235 |
| Customer Engagement | 387 | 0 | 387 |
| Business Development | 174 | 0 | 174 |
| BSSC Customers and other | 465 | 0 | 465 |

| LGSS services by directorate | Gross expenditure budget £000 | Income budget £000 | Net expenditure budget £000 |
|---|-------------------------------|--------------------|-----------------------------|
| Language Service | 679 | -680 | -2 |
| Total Directorate | 6,478 | -883 | 5,595 |
| IT Directorate: | | | |
| Cambridgeshire County Council | 1,492 | -250 | 1,242 |
| Milton Keynes Council | 2,893 | -582 | 2,311 |
| Northamptonshire County Council | 1,037 | 0 | 1,037 |
| IT Customers | 7,166 | -291 | 6,875 |
| Strategy & Architecture | 778 | -16 | 761 |
| Digital Services | 834 | 0 | 834 |
| Service Delivery | 993 | 0 | 993 |
| Total Directorate | 15,193 | -1,139 | 14,054 |
| LGSS Law and Governance Directorate: | | | |
| Democratic Support Services | 1,362 | -110 | 1,252 |
| CCC Corporate Legal Budget | 102 | 0 | 102 |
| Total Directorate | 1,464 | -110 | 1,354 |
| Managing Director & Support | | | |
| Managing Director & Support | 66 | -10 | 56 |
| Trading Account (Part) | | | |
| Central Trading | 1,830 | -19,799 | -17,969 |
| TOTAL | 55,964 | -27,196 | 28,769 |

Finally, delivering the budget will require achieving the transformation set out in the MKC outline business case agreed by all shareholder bodies' councils, LGSS Joint Committee and also the third year of the three year service review programme. These are set out on a line by line basis with a brief explanation of the actions/change required and impact.

Table 6a: Savings/Efficiency Plans – Service Reviews and Other non MKC Business Case savings

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Business Services, Systems & Change | | | | | |
| ERP contract changes & new platform | -600 | 0 | 0 | 0 | 0 |

| | | | | | |
|---|-------------|----------|----------|----------|----------|
| Transformation team provided on a pay as you go basis | -100 | 0 | 0 | 0 | 0 |
| Strategic Management | | | | | |
| Strategic Management | -50 | 0 | 0 | 0 | 0 |
| Review of LGSS Structures | -174 | 0 | 0 | 0 | 0 |
| TOTAL | -924 | 0 | 0 | 0 | 0 |

Table 6b: Savings/Efficiency Plans – MKC Business Case

| | Prior Years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | Total £000 |
|-------------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Finance | -295 | -145 | -50 | -50 | 0 | -670 |
| Audit | -175 | -150 | -15 | -15 | 0 | -220 |
| Finance Transactions | -247 | -142 | 0 | 0 | 0 | -389 |
| Transactions | -247 | -98 | 0 | 0 | 0 | -345 |
| HR Professional | -125 | -95 | 0 | 0 | 0 | -220 |
| IT | -283 | -220 | -50 | -50 | 0 | -603 |
| DSS | -30 | -30 | -30 | -30 | 0 | -120 |
| Procurement | -60 | -75 | -60 | -35 | 0 | -230 |
| Insurance | -46 | -41 | -20 | -20 | 0 | -127 |
| TOTAL | -1,508 | -991 | -225 | -200 | 0 | -2,924 |
| Original Ask/Requirement | | | | | | |
| MKC – Core | 580 | 520 | 465 | 415 | 0 | 1,980 |
| LGSS – Core | 300 | 300 | 200 | 200 | 0 | 1,000 |
| TOTAL | 880 | 820 | 665 | 615 | 0 | 2,980 |
| Balance | -628 | -171 | 440 | 415 | 0 | 56 |

The following revenues and benefits savings and asks have been excluded:

| | Prior Years £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | Total £000 |
|---------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Revenues and Benefits | -287 | -370 | -731 | -260 | -313 | -1,961 |
| NBC - Revenues & Benefits | 43 | 124 | 239 | 105 | 126 | 637 |
| TOTAL | -244 | -246 | -492 | -155 | -187 | -4,248 |
| Original Ask/Requirement | | | | | | |
| MKC - Revenues & Benefits | 250 | 250 | 250 | 250 | 0 | 1,000 |
| LGSS - Revenues & Benefits | 145 | 73 | 73 | 73 | 0 | 364 |
| TOTAL | 395 | 323 | 323 | 323 | 0 | 1,364 |
| Balance | 151 | 77 | -169 | 168 | -187 | 40 |

Table 6c: NCC Specific savings

| Service area | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | Description |
|-----------------------------|-----------------|-----------------|-----------------|--|
| Democratic Services | 71 | 0 | 0 | Reprocurement of webcasting services and reduction in posts supporting the Cabinet, Chairman and Lord Lieutenant |
| Audit | 60 | 0 | 0 | Reduction of 200 days in the audit plan |
| Finance Operations | 0 | 33 | 0 | Reduction in posts following ERP implementation – NCC portion as savings shared with CCC and MKC |
| Health,safety and wellbeing | 45 | 0 | 0 | |
| Learning and development | 300 | 0 | 0 | Reduced training spend across NCC |
| HR and payroll | 0 | 63 | 0 | Reduction in posts following ERP implementation – NCC portion as savings shared |

| Service area | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | Description |
|---------------------|-----------------|-----------------|-----------------|--|
| IT | 71 | 0 | 0 | Rationalisation of posts supporting NCC |
| Customer engagement | 15 | 0 | 0 | Cease all customer satisfaction and performance framework activity |
| Business Systems | 0 | 20 | 25 | Savings post ERP implementation |
| | 562 | 116 | 25 | |

Table 6d: Trading income - Service charges

| Customer type | 2018/19 £000 |
|-------------------|-----------------|
| Current customers | 2,037 |
| New customers | 304 |
| Total | 2,341 |
| Trading target | 2,245 |
| Increase | 96 |

Table 6e: Service Line additional income targets

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | 2022-23 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Finance | | | | | |
| Audit | -30 | -20 | -20 | -20 | -20 |
| Pensions | -50 | -50 | -50 | -100 | -100 |
| Business Services, Systems & Change | | | | | |
| Language service new business | -58 | 0 | 0 | 0 | 0 |
| OPUS LGSS recruitment agency (LGSS 49% share) | 0 | -49 | 0 | 0 | 0 |

| | | | | | |
|--------------|-------------|-------------|-------------|-------------|-------------|
| IT | | | | | |
| Digital | -50 | -50 | -50 | -100 | -100 |
| TOTAL | -188 | -169 | -120 | -220 | -220 |

6. Financial Monitoring, Planning and Governance Procedures

There has been a sound financial management framework in place. There is always room for improvement and there are some changes planned especially with the addition of MKC as our third 'shareholder' partner.

There is a self-service approach with LGSS directors, heads of service and senior managers being responsible for the management of budgets including forecasting spend/income, controlling activity and taking mitigating action where necessary. They are supported, advised and challenged by the Finance Business Partners in this activity, including joint formation of savings proposals, presentation of the numbers and actions to the directorate management teams (DMT).

On a monthly basis the directors meet with the LGSS Managing Director, LGSS Finance Director and LGSS Head of Business Planning and Finance to review progress. This has previously focussed on income and expenditure forecasts, delivery of savings programmes monitored through a detailed tracker and exploration of/progress on mitigating actions where there is variance. For 2018-19 there will additionally be greater analysis of the establishment particularly to ensure accurate reporting of vacancies.

The full financial position is considered monthly by the LGSS leadership Team. Given the background discussion with the directors which have already taken place the focus is on actions and direction of travel rather than validation of forecasts. The full financial position is also considered monthly by the LGSS Management Board which is attended by the Chief Finance Officers of our 'shareholding' partners.

The LGSS Joint Committee receives every monthly budget monitoring report and is presented with the most up to date monthly figures when they meet; the LGSS Finance Director or appropriate Finance team member are available to brief members of the Joint Committee if required.

The financial management arrangements have become more complex as there has been greater integration and the delivery of further savings along with the addition of a third partner. The team will explore options for a fresh approach to improve the financial management and also the financial reporting of LGSS's performance during 2018-19. This

review will naturally take note of the potential benefits available through the implementation of ERP Gold.

7. Customer Satisfaction Framework

Central to our customer relationship management is our Customer Satisfaction and Engagement Framework, the key components of which are shown in the diagram below. The framework ensures that LGSS receives a range of feedback, from Chief Executives at the strategic level, to surveying end users immediately after a service experience.

LGSS overlays key performance indicator data to ensure a rounded view of its performance and delivery of services to customers and partners; this enables LGSS to proactively develop and deliver service improvements where required and to meet changing requirements.

The Chief Financial Officers, as lead commissioners, have a significant role within this framework. The role includes performance reporting, agreeing annual budgets, SLAs, KPIs and maintaining close relationships as part of an integrated team approach.



An overview of each component of the framework follows:

Annual End-user Satisfaction Survey

An annual, online all end-user satisfaction survey is undertaken each September which provides every end-user with the opportunity to give direct feedback and formally rate their LGSS service experiences over the past year.

Annual Strategic Executive Interviews

The executive interview with CEOs and Directors takes place during February and March, with councillor interviews being held in March/April where appropriate. These are face to face structured interviews held by the LGSS Head of Service for Customer Engagement, Business Development and Change. The interviews aim to seek feedback on our strategic relationship, the value for money LGSS delivers, our customers priorities, and on matters such as the existing LGSS governance arrangements.

Service User Feedback Forms

At the conclusion of each service provision with an end-user, we offer a simple e-survey based 'in the moment' opportunity to rate their service experience. These feedback forms are used to measure customer satisfaction for each of the main service areas and enables LGSS to identify and address any issues as they arise.

Comments, Compliments and Complaints

Comments, compliments and complaints are captured via a single point of contact and provided to the relevant heads of service/individual within 24 hours to action accordingly.

Customer Issues Log

Customers can report contractual and/or performance issues at any time. All issues are registered, responded to in a timely manner and monitored through to resolution.

Key Performance Indicators

Performance is measured in each LGSS service through a set of KPIs. These consist of specifically agreed targets which are reported regularly to our partners management teams and reviewed with the lead commissioners.

Agenda Item No: 7**Agresso (Unit4 Business World) Implementation**

To: **LGSS Joint Committee**

Meeting Date: **28 March 2018**

From: **LGSS Director of Business Services, Systems and Change**

Electoral division(s): **All.**

Purpose: **To update Joint Committee on the progress of the programme to implement the Agresso (Unit4 Business World) ERP system**

Recommendation: **That Joint Committee note progress on the implementation of the Agresso (Unit4 Business World) ERP system**

Officer contact:

| | |
|--------|--|
| Name: | Mark Ashton |
| Post: | LGSS Director of Business Services, Systems & Change |
| Email: | mashton@northamptonshire.gov.uk |
| Tel: | |

1. BACKGROUND

- 1.1 Joint Committee received an update in relation to this programme on 24th November 2017, highlighting an improving situation, with progress being made following the re-planning activity undertaken. The overall status of the programme had been reduced from red to amber.
- 1.2 Cambridgeshire and Northamptonshire county councils (CCC and NCC) signed off the business case for the replacement of their shared ERP (Enterprise Resource Planning – large scale business system integrating HR, Payroll and Finance) Oracle system in May 2015, followed by a procurement process and planned implementation for April 2017. During the second half of 2015 LGSS began working on a joint business case for an extended shared service with Milton Keynes Council (MKC). MKC were also in the process of considering their options to replace their old SAP system which was out of support from July 2017. It was jointly agreed between the three Councils that there are major business benefits from a common ERP systems implementation, so the project was expanded to include the ERP systems for all three councils which included an updated ERP business case delivering £9.86m of cumulative savings over 7 years (excluding the £4.2m of shared services saving benefits from the jointly agreed business case for all three councils resulting from MKC joining). In addition, the replacement of SAP afforded MKC additional savings within their retained budgets. At the time and despite the additional complexity of adding a third Council and a SAP system migration requirement, it was agreed to still re-plan and resource but to try hold the original 'Go-Live' date of April 2017 (which was primarily driven to help mitigate the July 2017 MKC SAP out-of-support service constraints at that time).
- 1.3 Over the past two years a number of factors contributed to make the original April 2017 'Go- Live' date become progressively unrealistic. With MKC joining the ERP Gold programme and factoring in their SAP replacement requirements into the programme since October 2015, it is clear that the project was made more complex than originally envisaged and subsequently put additional pressures on LGSS Business Systems development resources. Implementing across three partners has been a greater challenge given the need to migrate three legacy data sets from two very different legacy ERP systems (i.e. SAP for MKC and Oracle for CCC and NCC). This was somewhat exacerbated by the lack of any inherited, in-house SAP expertise from MKC which necessitated LGSS to seek alternative external SAP support for MKC as a more cost effective interim arrangement for MKC. In addition, the ERP project has had to accommodate unforeseen major changes in Northamptonshire County Council's organisation for its newly formed federated vehicles, and this has added very significant new demands onto the existing LGSS ERP 'business as usual' resources. In CCC the already stretched LGSS IT resources had to be prioritised during late 2016 / early 2017 to stabilise core IT Infrastructure problems affecting all existing CCC systems and services during the October 2016 to April 2017 period.
- 1.4 There has also been some change to the scope of the project since its inception, which although limited did place an additional burden on delivery and cost for an already very aggressive original go-live of April 2017, which when all taken together with hindsight was perhaps too challenging to have held the original April 2017 go live date for so long.
- 1.5 On 24th November, the Joint Committee received a further update on progress with the programme, a revised cost forecast and the findings of an external review by Agilisys to

provide assurance on the achievability of the revised delivery plan. Following that meeting, an update was provided by email to Joint Committee members on 14th December, which included a report from the new Senior Programme Manager. The report outlined the outcome of a major review of the revised programme plan. The plan, supporting the April 2018 delivery date, was endorsed by the Programme Manager and approved by the December meeting of the ERP Programme Board.

2 CURRENT PROGRAMME UPDATE

- 2.1 The latest programme highlight report reflects an improving situation from the previous update, showing progress being made with both data migration and test phase completion. The overall status of the programme has been moved from amber to green.
- 2.2 The 'Payroll Parallel Run' (PPR) testing of the system successfully completed its second phase tests during February and phase 3 commenced within the production environment (the system environment which will be used when live) on 7th March. This is a genuine parallel test of the March payrolls being run in SAP and Oracle for all organisations and successful completion will enable sign off of the new payroll system, allowing the April payrolls to run from the new system.
- 2.3 Despite previous challenging and unsuccessful data migration deliveries there is now confidence in the data migration approach and process which has been successfully proven for the December User Acceptance Testing (UAT) phases, Re-Test and Regression Test phases in January and February and in preparation of the Payroll Parallel Run in January, February and March. At the time of writing this report, the programme is on plan for completion of the migration of all data in to the live environment in preparation for both go live and for the third and final Payroll Parallel Run phase (PPR3) which commenced to plan on 7th March.
- 2.4 An upgrade of the ERP system (Milestone 6) has been successfully tested and installed in the production environment.
- 2.5 The fourth User Acceptance Test phase (UAT4) successfully completed its exit criteria which was formally agreed at the Programme Board in January. The Re-Test phase (testing the resolution of priority 1 and most critical priority 2 defects, as agreed by the Business Work Stream Leads at the UAT4 exit sign off) completed to plan in February. At the time of writing this report, the Regression Test phase had completed to plan but with 13 resolved defects requiring re-testing. The re-testing will be undertaken from 7th March within the system test environment with the expectation that formal exit criteria will be met from this phase.
- 2.6 A separate detailed plan to cover the move from the legacy systems to the new systems ('cut over') is in place and has commenced. Cut over effectively commenced in February with the migration of HR and payroll data into the live environment for the Payroll Parallel Run (PPR3) phase. Over the course of the next month, key milestones will be delivered enabling the Programme Board to approve the final 'Go-Live' decision following successful completion of PPR3 and formal testing success criteria. Although a phased approach is being taken for cut over, 'Go-Live' for most of our user community is expected from 3rd April 2018.

- 2.7 To support our users getting ready to use the new system, since January 2018, 31 articles have been published through 'ERP Gold Latest' which is accessible to all employees across the partner organisations and is regularly promoted through each organisation's corporate communications channels. There have been well over 5,000 views since the first week of January and almost 16,000 views since it was first published in March 2017. On a weekly basis, staff updates are provided to each organisation's communications teams for publication through their internal communications channels covering key messages from each business area – Accounts Payable, Accounts Receivable, Finance and HR – plus key deadline dates and important updates from the programme. Also included are weekly updates to the 300 ERP Gold Network members across all our partner organisations who will help to support their teams when ERP Gold is live.
- 2.8 34 demonstration sessions for ERP Gold Network members across CCC, MKC and NCC, reaching 223 attendees have been undertaken during January and February. There has also been targeted engagement of users who will use ERP Gold differently, led by business areas (Accounts Payable, Accounts Receivable, Finance and HR) plus targeted engagement of managers via HR Business Partners and targeted engagement of budget holders via Finance Business Partners.
- 2.9 There have been 'face to face' classroom training courses delivered to LGSS back office users by an external training provider. 61 courses were delivered to 432 delegates across Finance, AR, AP, HR Advisory, HR Transactions and Payroll teams between July and October 2017. Refresh training for those users is being undertaken by work stream in March ready for 'Go Live'. A blended range of online 'bite size' training resources, hosted on the LGSS iLearn system, are now accessible to all users. Resources include: reference guides supplied by the external training provider and finalised to match our system by work stream leads; eLearning modules; screencasts to show how the system works; and 'quick card' summaries of key processes. Suggested learning sessions have now been launched, based upon the principles that 'bite size' learning is timed at 3-15 minutes and users will only complete the relevant modules to their role. The iLearn system is available 24/7 and via any internet connection, so that it can be accessed at the convenience of the user.

3 COST FORECAST

- 3.1 The previously revised forecast cost of the programme was agreed by the three partner authorities and it is currently expected that the programme will deliver within that revised budget.

Title: The Repatriation of the Democratic Services Team to Milton Keynes Council

To: Joint Committee

Date: 28th March 2018

From: Quentin Baker, Director of Law

Purpose: To agree the following change to the Shareholders' Partnering Agreement – The Repatriation of the Democratic Services Team to Milton Keynes Council

Recommendation: That Joint Committee agree that the Democratic Services Team will return to Milton Keynes Council from the 1st April 2018.

Background

The Monitoring Officer has requested that the Democratic Services team is returned to Milton Keynes Council (MKC) from the 1st April 2018. This will allow MKC to receive the full financial benefit from a proposed restructure.

Proposal

That the Milton Keynes Democratic Services team returns to Milton Keynes Council and reports into the Milton Keynes Monitoring Officer.

The Democratic services team delivers the following functions:

- Support to formal decision making meetings, including Full Council, Cabinet and regulatory committees in accordance with statutory provisions and locally adopted standards;
- Delivery of an effective overview and scrutiny function which operates in accordance with statutory principles and makes an effective contribution to the development of services by reviewing and improving their effectiveness, holding decision makers to account and supporting openness in the way the council operates;
- Provision of high quality advice and expertise relating to the Council's constitutional, governance and scrutiny processes;
- Delivery of an effective petitions scheme for the Council, including the coordination of responses to petitions from different departments across the Council;
- Oversight of the nomination of councillors to outside bodies, including national, regional and local organisations;

- Provision of online information about Councillors and Committees via the Council's website;
- Member training and development, maintaining a relationship with the Member Development Panel and Group Member Development Champions.
- Management/maintenance/monitoring and review of the Members' Allowance scheme, including co-ordination of the work of the Independent Remuneration Panel.

The team is made up of

1 Committee Services and Scrutiny Manager

3 Committee Managers

2 Overview and Scrutiny Officers

1 Mayor and Conservative Group Assistant

2 Political Assistants

This team currently reports into the LGSS Director of Legal Service.

This change will result in a few minor changes to the MKC Partnering Agreements and these are attached as an appendix showing deletions as struck through and additions in red.

Financial Implications

The budget for the MKC Democratic Services team for 2018/19 is as follows:

| Description | Staffing | Non Staffing | Total |
|------------------------|----------------|---------------|----------------|
| Council Support | 230,539 | -15,610 | 214,929 |
| Scrutiny Support | 99,732 | 2,290 | 102,022 |
| Mayor & Member Support | 166,410 | 11,213 | 177,623 |
| | 496,681 | -2,107 | 494,574 |

List of Appendices

Appendix 1 Changes to Schedule 2 LGSS Scheme of Delegation

Appendix 1 The LGSS Joint Committee Scheme of Delegation - Shared Services and Delegated Functions

Deletions shown as ~~struck through~~ and additions show in **red**.

1. The Shared Services

- 1.1 Cambridgeshire County Council (CCC), Northamptonshire County Council (NCC) & Milton Keynes Council (MKC):
- Finance;
 - Internal Audit and Risk;
 - Information Systems and Communication Technology;
 - Procurement;
 - Insurance;
 - ~~Democratic Services~~;
 - Human Resources;
 - Learning and Development;
 - HR Transactions and Payroll;
 - Financial Transactions – accounts payable, accounts receivable & financial assessments;
 - Enterprise Resource Planning (ERP) and business systems; and
 - Business Support Service to schools.
- 1.2 Cambridgeshire County Council and Northamptonshire County Council:
- Pensions - Administering Authority and Employer;
 - Legal Services;
 - **Democratic Services**
- 1.3 Milton Keynes Council:
- Revenues and Benefits.
- 1.4 Client Authorities:
- See section 4.

2. Delegation of Functions and Responsibilities

General Principles

- 2.1 The Councils each agree that the Shared Services listed above will be provided under the auspices of the Joint Committee (LGSS) which shall be responsible for the provision of the Shared Service under delegated authority from the Councils to the Joint Committee, which is set out below at Section 6.1 in respect of all of the Councils, at Section 6.2 in respect of CCC and NCC only, at Section 6.3 in respect of CCC only, at Section 6.4 in respect of NCC only and at Section 6.5 in respect of MKC only. These delegations are subject to the conditions,

limitations and the specific reservations, set out below.

- 2.2 In order to facilitate the efficient and effective conduct of the Shared Services, the Joint Committee shall delegate certain functions and responsibilities to the LGSS Managing Director and to the LGSS Service Directors. The LGSS Managing Director and the LGSS Service Directors, where they consider it necessary, may sub-delegate to officers within their respective service Directorates. Such delegations must be made in writing and must be available for inspection by the Monitoring Officers and Section 151 Officers of the Councils.
- 2.3 Where an Officer listed in this scheme of Delegation is absent for any period, the LGSS Managing Director may nominate in writing another officer to act in his/her place during his/her absence and shall make a record of all such nominations. Without prejudice to the generality of the above and to any specific delegation listed below, the officers listed in this section are authorised to exercise the following functions of the Council, the Leader and the Head of Paid Service, which relate to their area of responsibility.

Conditions Relating to the Exercise of Delegated Authority

- 2.4 The exercise of functions delegated to officers under this scheme must comply with:
- i) any legal requirement or restriction
 - ii) the relevant Council's Constitution
 - iii) the relevant Council's policy framework and any other plans and strategies approved by the relevant Cabinet or Full Council/relevant Committee
 - iv) the relevant in-year budget
 - v) the relevant officers code of conduct
 - vi) relevant Procurement standing orders and financial regulations
 - vii) all other relevant policies, procedures, protocols and provisions.

Limitations to the Exercise of Delegated Powers

- 2.5 Officers in the exercise of functions delegated by this scheme may not:
- i) make Key Decisions as defined in the relevant Council's Constitution, unless where specifically provided for by that Council's constitution;
 - ii) change or contravene policies or strategies approved by the Council/Committee (in the case of CCC) or the Council/Cabinet (in the case of MKC or NCC) in the absence of specific delegated authority to do so;
 - iii) create or approve new policies or strategies, in the absence of specific delegated authority to do so;
 - iv) take decisions to withdraw public services, in the absence of specific delegated authority to do so;
 - v) take decisions to significantly modify public services without consulting the appropriate Cabinet Member (in the case of MKC and NCC) or Full Council/Committee Chairman/woman (in the case of CCC) before exercising the delegated power.

Consultation

- 2.6 Where an officer takes a decision under delegated authority on a matter which has significant policy, service or operational implications or is known to be politically sensitive,

the officer shall first consult with the appropriate Cabinet Member and Section 151 Officer (MKC or NCC) or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman) and Section 151 Officer (CCC) before exercising the delegated powers. When exercising delegated powers, officers shall ensure that local Members are kept informed of matters affecting their divisions or wards.

3. Specific Delegations

The delegations are listed as follows:

- Section 6.1 – All authorities (CCC, NCC and MKC);
- Section 6.2 – CCC and NCC only;
- Section 6.3 – CCC only;
- Section 6.4 – NCC only; and
- Section 6.5 – MKC only;
- Section 6.6 Monitoring Officer (CCC only).

and in the following order:

- Not delegated;
- Delegated to Chief Executives;
- Delegated to all LGSS Directors;
- Delegated to LGSS Managing Director;
- Delegated to Specific LGSS Directors; and
- Delegated to Monitoring Officer(**CCC only**)

4. Powers and Duties delegated by client authorities

- 4.1 The LGSS Joint Committee shall be responsible for the provision of shared services under delegated authority from the councils concerned to the Joint Committee. The nature of services provided and the conditions, limitations and the specific reservations which apply are set out below. Where a council has delegated authority to the LGSS Joint Committee, those powers and duties shall be set out either generally or specifically in that council's constitution or scheme of delegation.
- 4.2 Under the auspices of the Partnership and Delegation Agreements in place between the client authorities and the Delegation and Joint Committee Agreement between Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council (LGSS) and by virtue of Sections 101, 112 and 113 of the Local Government Act 1972,

officers of the aforementioned authorities are authorised to undertake any and all of the specified functions on behalf of the client authorities.

5. Financial Limitations

The following table sets out the financial limits of powers delegated to the LGSS Joint Committee and directors:

| Limits of powers delegated to the LGSS Joint Committee | £ |
|--|------------------------------------|
| Key decision threshold | 500k (CCC, NCC) 100k (MKC) |
| Issuing orders for goods and services | Unlimited (CCC), 500k (NCC, MKC) |
| Capital virement | 250k (CCC), 100k (NCC), N/A (MKC) |
| Revenue virement | 160k (CCC), 100k (NCC), N/A (MKC)* |
| Loans to people or organisations | 5k (CCC), N/A (NCC)**, N/A (MKC)** |
| Loans and expenditure of client funds | 300k (CCC), N/A (NCC), N/A (MKC) |
| Property transactions, capital value | 500k (CCC), 100k (NCC), N/A (MKC) |
| Property transactions, Revenue value | 150k (CCC), 100k (CCC), N/A (MKC) |
| Debt write off | 25k (CCC), N/A (NCC), 20k (MKC) |

*** Revenue Virements reserved to Chief Finance Officer at MKC, in accordance with the Financial Scheme of Delegation**

****Power to make loans reserved to Chief Finance Officer at NCC and MKC**

Exceptions: decisions relating to the management of services and resources where the matter is likely to lead to controversy or have an impact beyond that considered usual for a managerial decision. These decisions must be referred back to the Cabinet (MKC, NCC) or the relevant Service Committee (CCC).

6.1 Delegations from all authorities

| Delegation to LGSS Joint Committee - General | Delegation to Officer | Condition |
|--|-----------------------|--|
| To have overall responsibility for the provision, to the Councils, of the Shared Services. | None | In accordance with all relevant financial, accounting, constitutional and legal requirements |
| To consider and approve the annual report for LGSS. | None | |
| To consider and approve the annual service plan for each Shared Service and make recommendations to the Councils as to the provision of financial and other resources. | None | |
| To instigate and undertake the selection, recruitment and appointment to the post of LGSS Managing Director. | None | In accordance with any protocol agreed by the Joint Committee and in consultation with the LGSS Director responsible for Human Resources or their nominee and the Chief Executives of the Partner Authorities. |

| Delegation to LGSS Joint Committee - General | Delegation to Officer | Condition |
|---|------------------------------|--|
| <p>In respect of the LGSS Managing Director to:</p> <p>a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal, and</p> <p>b) implement all other relevant HR policies and exercise any associated decision-making powers.</p> | Chief Executive | Where the authority concerned is the employing authority for LGSS Managing Director and in consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant councils HR policies and procedures. |

| Delegation to LGSS Joint Committee - General | Delegation to Officer | Condition |
|--|---|---|
| LGSS Directors have responsibility for the operational management of the Shared Services, including authority to determine the number, grade, title and nature of staff deployed and all other terms and conditions, in addition to ensuring their proper management within the remit of those services for which they are allocated responsibility by the LGSS Managing Director. | <p>LGSS Managing Director for all Shared Services.</p> <p>All LGSS Directors in respect of the services within their remit.</p> | Subject to budget and in accordance with the relevant Council's policies and procedures and in consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures. |
| To arrange for and undertake the recruitment and appoint of all relevant employees with the exception of the LGSS Managing Director and LGSS Service Directors. | LGSS Managing Director and/or LGSS Directors. | In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures. |
| <p>In respect of Relevant Employees other than the LGSS Managing Director and LGSS Directors, to:</p> <p>a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal, and</p> <p>b) implement all other relevant HR policies and exercise any associated decision-making powers.</p> | LGSS Managing Director and LGSS Directors (in relation to posts within their Directorate). | In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures. |
| To invite tenders and to enter into contracts In respect of goods or services directly relating to the provision of the Shared Services. | LGSS Managing Director and/or LGSS Directors. | In accordance with relevant procurement standing orders and any financial limits in place. |

| Delegation to LGSS Joint Committee - General | Delegation to Officer | Condition |
|---|------------------------------|--|
| To arrange for and undertake the recruitment and appoint to, the posts of LGSS Directors. | LGSS Managing Director | In consultation with the LGSS Joint Committee Chair and Vice Chairperson(s), and with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures. |
| In respect of the LGSS Directors, to a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal and appeal, and b) implement all other relevant HR policies and exercise any associated decision-making powers. | LGSS Managing Director | In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures and subject to the provisions of the Local Authority (Standing Orders) Regulations. |

| Delegation to LGSS Joint Committee – Finance Services | Delegation to Officer | Condition |
|--|--|--|
| Authority for management of Finance Services. | LGSS Director responsible for Finance | Subject to budget and in accordance with the relevant Council's policies and procedures. |
| To determine and implement arrangements for Treasury Management in accordance with the (CIPFA) Treasury Management in the Public Services Code of Practice. | LGSS Director responsible for Finance | |
| To be responsible for operating banking arrangements including determining arrangements for the signing and security of cheques and the operation of the BACS, CHAPS and Direct Debit processes. | LGSS Director responsible for Finance | |
| To undertake investigations and reports, where appropriate, in support of Anti-Fraud Policy and financial governance arrangements. | LGSS Director responsible for Finance | |
| Authority for management of Finance Operations | LGSS Director responsible for Finance Operations | Subject to budget and in accordance with the relevant Council's policies and procedures. |

Specific Reservations

The Delegated functions relating to Finance do not include the following Reserved Functions:

- approving financial strategies and plans on behalf of the councils;
- approval of corporate plans on behalf of the councils;
- approving schemes for the use of (non-LGSS) earmarked reserves or contingency provision;
- approval of the annual statement of accounts on behalf of the councils;
- approval of renewal terms for insurances; and
- approval of Financial Procedure Rules, Standing Orders and Procedures.

| Delegation to LGSS Joint Committee – Internal Audit and Risk Management | Delegation to Officer | Condition |
|--|---|---|
| Authority for management of Internal Audit and Risk Management Services. | LGSS Director responsible for Internal Audit and Risk | In accordance with the Audit and Accounts Regulations 2003 or any successor legislation. Subject to budget and in accordance with the relevant Council's policies and procedures. |
| To maintain an adequate and effective system of internal audit of the accounting records and control systems in accordance with proper internal audit practices and be authorised to visit all establishments and have access to all documents, other records, computer systems and property and to require relevant information or explanation from any officer in connection with the above. | LGSS Director responsible for Internal Audit and Risk | |

Specific Reservations

The Delegated Functions relating to Internal Audit and Risk Management do not include the following Reserved Functions:

- Approval of each authority's Annual Governance Statement

| Delegation to LGSS Joint Committee – Insurance | Delegation to Officer | Condition |
|---|---|---|
| Authority for management of Insurance Services. | LGSS Director responsible for Insurance | Subject to budget and in accordance with the relevant Council's policies and procedures and any relevant legislation. |

Specific Reservations

The Delegated Functions relating to Insurance do not include the following Reserved Functions:

- Policy and strategy decisions on Insurance and decisions which fall outside of the principles of decision making set out in Article 12 (CCC) and Article 14 (MKC and NCC) of the relevant authority's constitution.

| Delegation to LGSS Joint Committee - IT | Delegation to Officer | Condition |
|---|----------------------------------|--|
| Authority for management of IT Services. | LGSS Director responsible for IT | Subject to budget and in accordance with the relevant Council's policies and procedures. |
| Strategic and operational accountabilities for management of Information Technology development and systems administration. | LGSS Director responsible for IT | |
| Responsibility for the security of information technology and infrastructure. | LGSS Director responsible for IT | |

Specific Reservations

The Delegated Functions relating to IT do not include the following Reserved Function:

- Approval of IT Strategy and Policies where these are under the remit of the Cabinet (MKC and NCC) or Service Committee concerned (CCC).

| Delegation to LGSS Joint Committee - Procurement | Delegation to Officer | Condition |
|---|---|--|
| Authority for management of procurement services. | LGSS Director responsible for Procurement | Subject to budget and in accordance with the relevant Council's policies and procedures. |

Specific Reservations

The Delegated Functions relating to Procurement do not include the following Reserved Function:

- approval of the contract procedure rules and schemes of delegation relating to any Council's procurement activity.

| Delegation to LGSS Joint Committee – Democratic & Members' Services | Delegation to Officer | Condition |
|--|---|--|
| Authority for management of Democratic & Members' Services. | LGSS Director responsible for Democratic Services & Members' Services | Subject to budget and in accordance with the relevant Council's policies and procedures. |

- ~~Reservation on changes to the constitution and other matters which must be approved by Cabinet/ Council~~

| Delegation to LGSS Joint Committee - Human Resources, Learning and Development and Transactional Services | Delegation to Officer | Condition |
|---|--|--|
| Authority for management of Human Resources, Learning and Development, Payroll and HR Transactions | LGSS Director responsible for Human Resources, Learning and Development, Payroll and HR Transactions | Subject to budget and in accordance with the relevant Council's policies and procedures. |
| To co-ordinate the Council's response to national consultations on terms and conditions of employment, in consultation with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman) | LGSS Director responsible for Human Resources | |
| To implement national and local pay awards/ changes to terms and conditions of employment for employees. | LGSS Director responsible for Human Resources | |
| To negotiate recognition agreements and local agreements with the trade unions on behalf of the councils, in consultation with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman) | LGSS Director responsible for Human Resources | |
| To consult and negotiate agreements and local agreements with the trade unions on behalf of all 3 shareholding councils through the LGSS Joint Consultation Forum for all staff working for services under the remit of the LGSS Joint Committee. Full delegation to consult and negotiate on changes to local agreements, protocols, changes to LGSS structures and roles across all LGSS employees irrespective of which their employing council is. In the event of a dispute this would be referred to the LGSS Joint Committee. Any proposed changes to terms and conditions of employment affecting all LGSS staff would be routed back to each Council's local consultation forums | LGSS Director responsible for Human Resources | |

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|--|--|--|
| To co-ordinate the Council's response to retention/recruitment problems within the agreed financial and policy framework, in consultation with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman) | LGSS Director responsible for Human Resources | |
| To advise the Chief Executive on the Council's response to any industrial action affecting Council services, in consultation with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)), so that he/she can determine the Council's response. | LGSS Director responsible for Human Resources | |
| To mediate on individual cases or collective disputes to attempt to resolve issues before they are referred to members either at appeal or via the collective disputes procedure | LGSS Director responsible for Human Resources | |
| To implement national and local pay awards and increase payments under the Pension Increase Acts. | LGSS Director responsible for Human Resources, Learning and Development, Payroll and HR Transactions | |

Specific Reservations

The Delegated Functions relating to Human Resources do not include the following Reserved Functions:

- appointment of Officers other than Relevant Employees
- decision making on disciplinary, grievance, dismissal and appeals against dismissal, relating to Officers other than Relevant Employees
- decision making on disciplinary, grievance, dismissal and appeals against dismissal for the Head of Paid Service and Chief Officers of the Councils.

6.2 Delegations from CCC and NCC only

| Delegation to LGSS Joint Committee - Pensions | Delegation to Officer | Condition |
|--|--|---|
| Responsibility for the operations management of the shared services within the remit of Pension Service (LGPS only) and in accordance with the requirements of the Pension Fund Committee (CCC) and Pension Committee (NCC) and the Investment Sub-Committee (CCC/NCC), including authority to determine the number, grade and nature of staff deployed and all other terms and conditions, the collection of contributions, payment of benefits and investment of assets in addition to ensuring their proper management. | LGSS Director responsible for Pensions | Subject to budget and in accordance with the relevant Council's policies and procedures and in consultation with the LGSS Director responsible for Pensions or their nominee. |

| Delegation to LGSS Joint Committee – Legal Services | Delegation to Officer | Condition |
|--|--|--|
| Authority for management of Legal Services. | LGSS Director responsible for LGSS Law | Subject to budget and in accordance with the relevant Council's policies and procedures. |
| Obtaining information or serving statutory notices to ascertain the legal interest of any person in land. | LGSS Director responsible for LGSS Law | |
| To authorise the institution, defence, withdrawal, compromise or any other action relating to claims or legal proceedings at common law or under any enactment, statutory instrument, order or bylaw conferring functions upon the authorities or in respect of functions undertaken by the authorities. | LGSS Director responsible for LGSS Law | |
| To authorise officers to prosecute or defend or appear in any legal proceedings by virtue of the provisions of Section 223 of the Local Government Act 1972. | LGSS Director responsible for LGSS Law | |
| To affix the common seal to all documents necessary to bring into effect decisions of the Councils or any Committee, Sub-Committee or officer in pursuance of powers delegated by or on behalf of the Council. | LGSS Director responsible for LGSS Law | |

| Delegation to LGSS Joint Committee – Democratic & Members’ Services | Delegation to Officer | Condition |
|--|---|--|
| Authority for management of Democratic & Members’ Services. | LGSS Director responsible for Democratic Services & Members’ Services | Subject to budget and in accordance with the relevant Council's policies and procedures. |

- Reservation on changes to the constitution and other matters which must be approved by Cabinet/ Council

6.3 Delegations from CCC only

| Delegation to JC from CCC – Legal Services | Delegation to Officer | Condition |
|--|--|-----------|
| To make applications for the grant of Letters of Administration for the use and benefit of children in the care of CCC. | LGSS Director responsible for LGSS Law | |
| To determine whether an application for planning permission is required for CCC Matters (Minerals and Waste); and to determine whether planning permission is required in respect of development to be carried out by CCC. | LGSS Director responsible for LGSS Law | |

6.4 Delegations from NCC only

| Delegation to JC from NCC – Legal Services | Delegation to Officer | Condition |
|---|--|------------------|
| Confirming orders if no objections are received to proposals for the stopping up or diversion of public footpaths and bridleways to enable development to take place following the granting of planning permission. | LGSS Director responsible for LGSS Law | |
| Affixing NCC's seal to agreements where developers or landowners propose to provide or make contributions to the provision of education or other facilities required as a result of the proposed development. | LGSS Director responsible for LGSS Law | |
| Determining appeals by firefighters. | LGSS Director responsible for LGSS Law | |
| Acting as the Appointed Person under the Local Government Pension Scheme Regulations 1997. | LGSS Director responsible for LGSS Law | |
| Discharging the Council's functions under the Data Protection Act 1998, Freedom of Information Act 2000 and regulations made thereunder and under the Environmental Information Regulations 2004 and under all associated legislation | LGSS Director responsible for LGSS Law | |
| Power to authorise the instigation of a formal complaint or similar, with regards to any individual or organisation to a professional body. | LGSS Director responsible for LGSS Law | |
| To make representations in the name of the Council in the interests of the inhabitants of Northamptonshire at any public inquiry held by or on behalf of any minister or public body under any enactment. | LGSS Director responsible for LGSS Law | |

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|--|---|--|
| <p>Power, on behalf of the Council:</p> <p>(i) To prepare all contracts, leases and agreements affecting NCC land or property and in any case where the LGSS Director responsible for LGSS Law considers it necessary a formal contract for the supply of goods and materials, the provision of services or the execution of works;</p> <p>(ii) To enter into any agreement or deed granting any wayleave or easement or similar right over or appurtenant to any property of NCC;</p> <p>(iii) To attest the affixing of NCC's seal in circumstances where this is required;</p> <p>(iv) To approve the form of agreements under hand relating to matters of ordinary administration;</p> <p>(v) To enter into all legal documents other than those under seal and those to which the above item (iv) bullet point applies.</p> | <p>LGSS Director responsible for LGSS Law</p> | |
| <p>Instituting and conducting on behalf of NCC proceedings for offences under the provisions of the Safety of Sports Grounds Act 1975 in consultation with the Chief Fire Officer.</p> | <p>LGSS Director responsible for LGSS Law</p> | |
| <p>Conveying to the appropriate trustees the sites and buildings of any voluntary school.</p> | <p>LGSS Director responsible for LGSS Law</p> | |
| <p>In consultation with the Director for Adult Social Services, recovering charges due to the Council under Part III of the National Assistance Act 1948 from a person in residential accommodation or third parties liable for the charges under the Health and Social Security Adjudications Act 1983 and to create a charge on the land of the resident pursuant to the last mentioned Act and to enter into or discharge any Agreement or Deed with the resident or an interested third party relating to the recovery of the charges.</p> | <p>LGSS Director responsible for LGSS Law</p> | |

| | | |
|--|--|--|
| In consultation with the Director for Adult Social Services, giving a discharge or postponement of any Legal Charge in NCC's favour on property the subject of a grant for adaptation works under the Chronically Sick and Disabled Persons Act 1970. | LGSS Director responsible for LGSS Law | |
| Determining applications for NCC development of land or buildings under The Town and Country Planning General Regulations 1992. Any application to which the Director considers objections should be raised to be referred to the Development Control Committee for determination. | LGSS Director responsible for LGSS Law | |
| Carrying out the Council's powers and duties concerning the giving of directions to persons residing unlawfully in vehicles on land without consent to remove their vehicles on pain of prosecution and authority to enter into arrangements with neighbouring local authorities under Section 101 of the Local Government Act 1972, in this respect when such action is considered to be expedient. | LGSS Director responsible for LGSS Law | |
| Agreeing appointments to the Northamptonshire Valuation Tribunal on behalf of the Council. | LGSS Director responsible for LGSS Law | |
| Power to execute transfers of land and other property and any documents ancillary to the transfer of staff where those documents are required to be made under the following enactments: The School Standards and Framework Act 1998, The Education Act 2002 and The Academies Act 2010. | LGSS Director responsible for LGSS Law | |
| Power to affix the Council's seal to any document necessary as a result of a scheme made under Schedule 2 of the Courts Act 2003 for the transfer of property used by Magistrates Courts | LGSS Director responsible for LGSS Law | |

6.5 Delegations from Milton Keynes Council

| Delegation to JC from MKC – Revenues and Benefits Services | Delegation to Officer | Condition |
|---|---|--|
| Authority for management of Revenues and Benefits Services. | LGSS Director responsible for Revenues and Benefits | Subject to the Council's policies and procedures |

Specific Reservations

The Delegated Functions relating to Revenues and Benefits from Milton Keynes Council do not include the following Reserved Function:

- The approval of the Council Tax base, Business rates baseline, Local Welfare Reform Policy and Local Council Tax reduction Policy.

6.6 Monitoring Officer (CCC Only)

Each authority is responsible for assigning the roles of Monitoring Officer to a specific posts within their structures. This role may be designated to LGSS officers but this need not be the case. For this reason, the powers and duties associated with this-roles-have been separated from those allocated to LGSS Officer. The posts to which this roles is designated is set out in each authority's articles.

Monitoring Officer - Cambridgeshire County Council

| Power or Duty | Delegation to Officer | Condition |
|---|--------------------------|---|
| To make such amendments to the CCC Constitution and related Documents, as may from time to time become necessary to reflect and take account of changes in legislation, guidance, Council Policy, decisions of the Council and any drafting changes or improvements. This shall not include any changes of substance. | Monitoring Officer (CCC) | In consultation with Group Leaders. Not to be exercised if any Group Leader objects to the proposed change. |
| To act as the Proper Officer for the purposes of the Local Government Act 2000 and regulations made there under, except where legislation or the Scheme of Delegation names another officer. | Monitoring Officer (CCC) | |
| In cases of dispute, to decide upon a Member's "need to know". | Monitoring Officer (CCC) | |
| To agree procedures for the conduct of all appeals heard by the CCC Service Appeals Sub-Committee. | Monitoring Officer (CCC) | |
| To agree procedures for the conduct of CCC Education Admission and Exclusion Appeals and the selection and appointment of members to CCC appeals panels. | Monitoring Officer (CCC) | |

Northamptonshire County Council and Milton Keynes Council have not delegated any Monitoring Officer powers to any LGSS Officer.

