

**From: Nick Dawe, LGSS Director: Finance**  
(prepared by Senior Accountant, Neil Goryn)

**Tel.: 01223 699236 / 01223 699816**

**Date: 12<sup>th</sup> January 2010**

**To: LGSS Management Board  
LGSS Joint Committee**

**Copy: CCC and NCC Cabinets**

**LOCAL GOVERNMENT SHARED SERVICE FINANCE AND PERFORMANCE REPORT  
(REVISED), OCTOBER 2010**

**October 2010**

**1.0 SUMMARY**

**1.1 Finance**

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

**1.2 Performance Indicators – Predicted Status at year end:**

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

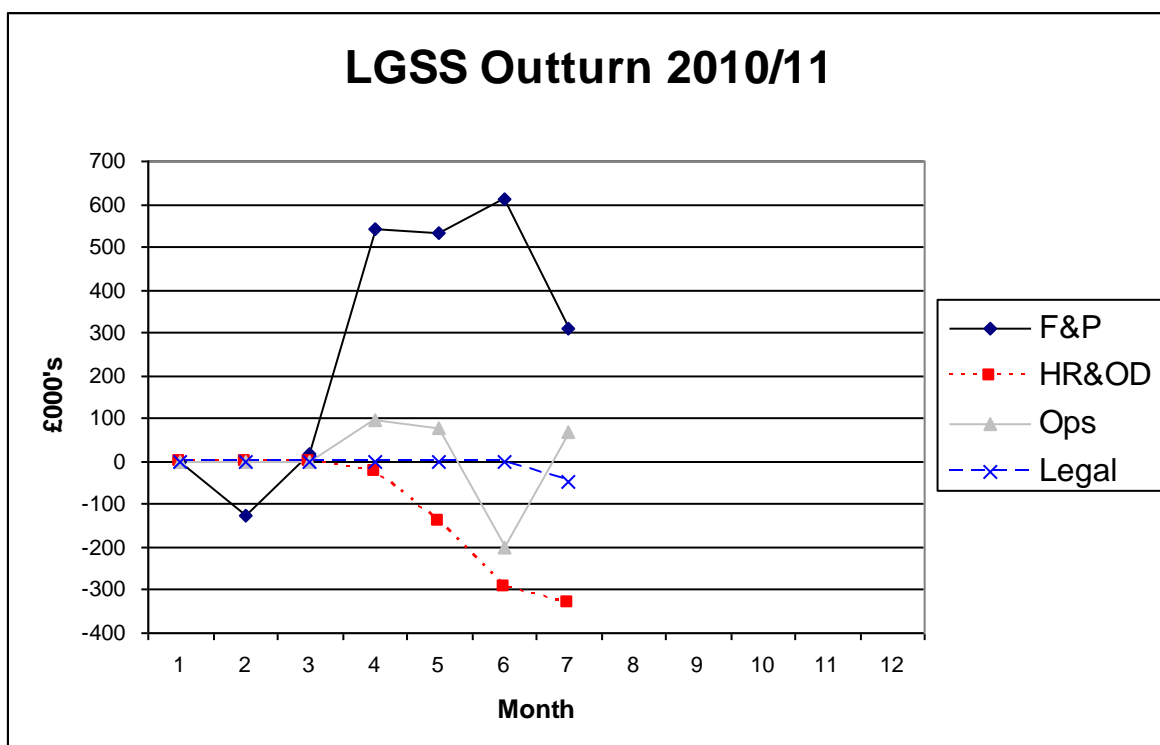
Matching performance indicators are to be developed as part of the Service Planning workstream.

## 2.0 REVENUE POSITION – INCOME & EXPENDITURE

### 2.1 Overall Position

Sept 10 Outturn Forecast		Service	Budget for	Expected to	Actual to	Oct-10 Variance		Forecast	
£000	%		2010-11	Oct-10	Oct-10	Oct-10	%	Outturn	
			£000	£000	£000	£000		£000	%
<u>Finance &amp; Procurement</u>									
174	4%	Cambridge Office	4,402	2,513	2,506	-8	0%	59	1%
438	6%	Northampton Office	4,554	2,931	2,839	-91	-3%	251	6%
174	4%	Finance & Procurement sub-total	8,956	5,444	5,345	-99	-2%	310	0
<u>HR &amp; OD</u>									
7	0%	Cambridge Office	2,588	1,467	1,466	-2	0%	-28	-1%
-300	0%	Northampton Office	6,258	3,200	2,840	-360	-11%	-300	-5%
7.227	0%	HR & OD sub-total	8,846	4,668	4,306	-362	-8%	-328	0
<u>Operations</u>									
0	0%	Cambridge Office	3,526	3,494	3,540	46	1%	192	5%
-200	0%	Northampton Office	13,112	8,107	8,401	295	4%	-121	-1%
0	0%	Operations sub-total	16,639	11,601	11,941	341	3%	71	0
<u>Legal</u>									
0	0%	Cambridge Office	-20	25	-17	-42	-167%	-45	-226%
0	0%	Northampton Office	-1,091	-301	-152	149	-49%	0	0%
0	0%	Legal sub-total	-1,110	-276	-169	107	-39%	-45	0
181.23	0%		33,330	21,437	21,422	-14	0%	8	0

### 2.2 Outturn Position



### 2.3 Significant Issues – Finance & Procurement

#### 2.3.1 Cambridge Office

- Research and Financial Strategy is currently forecasting an underspend of £85k. This is due to staffing vacancies within Financial Strategy that are not expected to be filled this financial year.

#### 2.3.2 Northampton Office

- There is a cross-service pressure of £444k relating to the payroll project and costs associated with the provision of ERP licenses.

This has decreased significantly from last month due to a re-assessment of costs which has indicated that the total forecast expenditure for this project can be reduced by £150k (forecast variance shown separately, actuals shown as part of finance). It is still expected that the revised phased programme of in-house provision will now occur with full implementation in April 2011.

- There has also been a further £68k improvement in the position of the Finance service, mainly attributable to an additional refund from HMRC in respect of the Fleming VAT claim.
- Internal Audit is forecasting an underspend of £69k for the year. This underspend is primarily due to vacancy management and computer audit costs being less than originally expected.
- There is a forecast underspend of £41k in Procurement due to vacancy management and a 15k saving forecast on the Redundancy budget.

### 2.4 Significant Issues – Human Resources & Organisational Design

#### 2.4.1 Cambridge Office

- The transfer of budgets from Corporate Development retained service into LGSS Organisational Development has been delayed by scoping issues. This will be resolved for the November report.

#### 2.4.2 Northampton Office

- Within Human Resources there is a managed reduction of £300k in expenditure on Adult Social Care Workforce training.
- There are salary pressures on the HR leadership budget, which are being offset by savings in salary costs on the HR Professional Services budget.

### 2.5 Significant Issues – Operations

#### 2.5.1 Cambridge Office

- The finance transactional teams are reporting a combined underspend of £63k. This is due to part year staffing vacancies within the Revenues team and Revenues IROs team (£40k) and general efficiencies across all teams (£23k).
- The Shared Services Programme team budget is showing an overspend of £262k resulting from delays in achieving targeted operational savings. However, this will be offset by savings elsewhere in LGSS.

#### 2.5.2 Northampton Office

- In HR Customer Services the previously reported pressure of £100k relating to anticipated redundancy costs has reduced to £50k. These costs have arisen from the restructuring of the HR Operations team into an integrated service incorporating payroll.
- Additionally there is a forecast overspend of £129k on the residual Excellence for our Customers (EfoC) programme as a result of the outcome of the calculation of Minimum Revenue Provision (MRP) - to fund EfoC capital expenditure.
- IT Services - a forecast underspend of £450k from the capitalisation of the cost of staff working on capital projects is offset by unforeseen expenditure on pension strain and skills shortage costs.

### **2.6 Significant Issues – Legal**

#### **2.6.1 Cambridge Office**

#### **2.6.2 Northampton Office**

## APPENDIX 1

### 3.0 Benefits Realisation 2010/11

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

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

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

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

## APPENDIX 1

### 3.2 Progress in 2010/11 against target:

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

### 3.3 Progress against 2011/12 target:

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

#### 4.0 Investment Programme

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

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

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

##### Business Case Funding 2010/11 (£)

	Budget	Committed	Remaining
<b>1) Programme Team</b>			
Programme Team Costs	48,000	0	48,000
Other general overheads	2,400	0	2,400
Communications	40,000	20,000	20,000
<b>Programme Team Total</b>	<b>90,400</b>	<b>20,000</b>	<b>70,400</b>
<b>2) Consultancy</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>
<b>3) Training</b>			
<b>Training Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4) Technical Infrastructure</b>			
WAN network upgrade installation	21,000	0	21,000
Virtual LAN	40,000	0	40,000
WAN maintenance	27,200	0	27,200
Virtual LAN maintenance	8,000	0	8,000
Annual Costs - Email/Exchange/SharePoint	37,000	0	37,000
Ongoing Scanning Support	7,180	0	7,180
Disaster Recovery - non ERP	10,000	0	10,000
Email/Messaging/SharePoint + 2TB + disk cap	77,500	0	77,500
Disaster Recovery (non EBS - EBS in supcont)	40,000	0	40,000
<b>Technical Infrastructure Total</b>	<b>267,880</b>	<b>0</b>	<b>267,880</b>
<b>5) Scanning Solution</b>	<b>300,000</b>	<b>300,000</b>	<b>0</b>
<b>6) Oracle Hosting Setup costs</b>	<b>250,000</b>	<b>250,000</b>	<b>0</b>
<b>7) LGSS Oracle R12 - includes Self-Serv funct</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>8) Legal - Lexcel Accreditation</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>9) People Transition</b>			
<b>People Transition Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>10) Contingency</b>			
<b>Contingency Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Business Case Investments 2010/11</b>	<b>958,280</b>	<b>620,000</b>	<b>338,280</b>

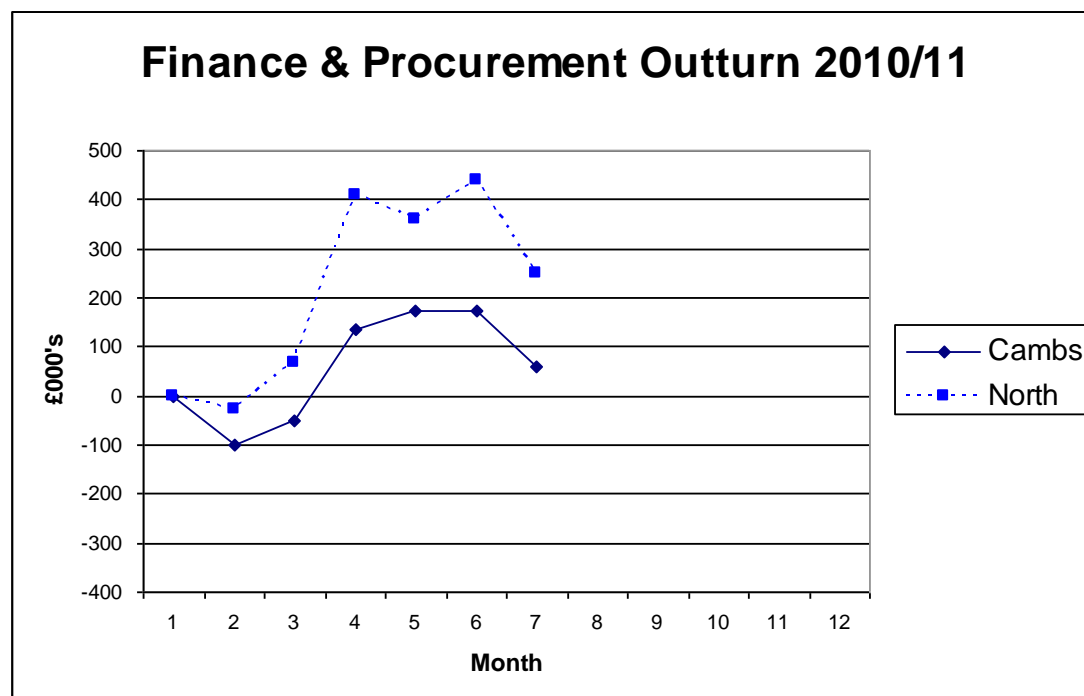
Note: Capital investment for Oracle R12 upgrade begins in 2012. See appendix 5 for full breakdown of investments over the next five years.

## Appendix 1: Finance & Procurement Service Level Budgetary Control Report

The variances to the end of October 2010 for Finance & Procurement are:

Sept 10 Outturn		Service	Budget for	Expected to	Actual to	Oct-10 Variance		Forecast	
Forecast	2010-11		Oct-10	Oct-10			Outturn		
£000	%		£000	£000	£000	£000	%	£000	%
Cambridge Office									
0	0%	Director of Finance	149	121	127	6	5%	0	0%
0	0%	Audit & Risk Management	371	410	402	-8	-2%	-20	-5%
0	0%	External Audit	298	74	64	-11	-15%	0	0%
-20	-4%	F&P ES, C&AS & CD	665	280	251	-29	-10%	-20	-3%
14	2%	F&P CYPS	928	360	397	37	10%	0	0%
-50	-5%	Research & Financial Strategy	979	618	557	-61	-10%	-85	-9%
0	0%	Procurement	87	51	4	-48	-93%	-25	-29%
0	0%	Performance Management	191	92	86	-6	-6%	-21	-11%
0	0%	Property Commissioning	0	208	191	-16	-8%	0	0%
0	0%	Strategy and Estates	939	395	399	4	1%	0	0%
230	112%	Better Utilisation of Property Assets	-205	-96	28	124	-129%	230	-112%
174	4%		4,402	2,513	2,506	-8	0%	59	1%
Northampton Office									
0	0%	Finance	2,821	1,918	1,946	28	1%	-68	-2%
-82	-13%	Internal Audit and Risk Management	654	385	310	-75	-19%	-69	-11%
0	0%	Freedom of Information	138	80	80	-1	-1%	0	0%
-21	-15%	Redundancy	137	80	71	-9	-11%	-15	-11%
582	582%	Cross Service Pressure (Payroll)	0	0	0	0	0%	444	444%
-41	-5%	Procurement	805	467	432	-35	-8%	-41	-5%
438	10%		4,554	2,931	2,839	-91	-3%	251	6%
Finance & Procurement Total			8,956	5,444	5,345	-99	-2%	310	3%

### Outturn Position



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

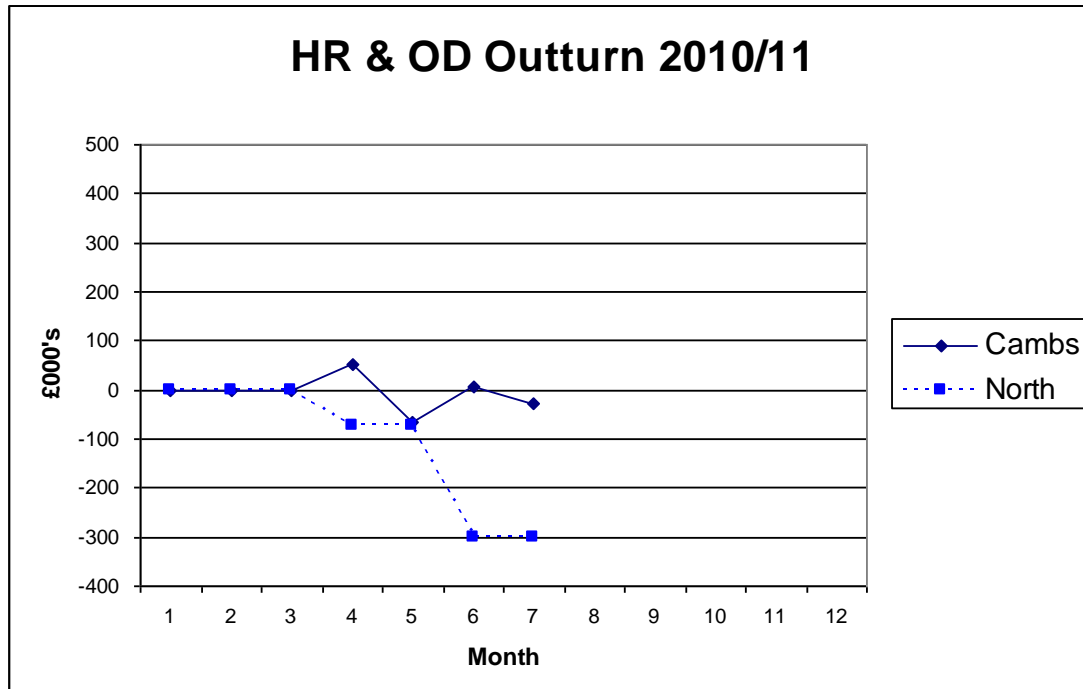


## Appendix 2: Human Resources & Organisational Design Service Level Budgetary Control Report

The variances to the end of October 2010 for Human Resources & Organisational Design are:

Sept 10 Outturn		Service	Budget for	Expected to	Actual to	Oct-10 Variance		Forecast	
Forecast	2010-11		Oct-10	Oct-10	Oct-10		Outturn		
£000	%		£000	£000	£000	£000	%	£000	%
<b><u>Cambridge Office</u></b>									
10	-7%	Director of People, Policy & Law	201	154	144	-10	-7%	-15	-7%
-15	-3%	HR - ES, C&AS & CD	563	313	286	-27	-9%	-15	-3%
-1	2%	HR - C&YPS	494	237	235	-2	-1%	9	2%
20	-1%	Policy & Business Services	1,330	763	801	38	5%	-8	-1%
0	0%	Organisational Development	0	0	0	0	0%	0	0%
<b>14</b>	<b>0%</b>		<b>2,588</b>	<b>1,467</b>	<b>1,466</b>	<b>-2</b>	<b>0%</b>	<b>-28</b>	<b>-1%</b>
<b><u>Northampton Office</u></b>									
0	0%	HR - Professional Services	2,503	1,482	1,315	-167	-11%	-50	-2%
0	0%	HR - Vocational Training Centre	-62	-187	-77	109	-59%	0	0%
0	0%	HR - Leadership	632	368	407	39	11%	50	8%
0	0%	HR - Organisation Development	889	519	401	-118	-23%	0	0%
-300	-18%	HR - Social Care Learning & Developmen	1,676	753	571	-182	-24%	-300	-18%
0	0%	ERP & Shared Service	620	265	223	-42	-16%	0	0%
<b>-300</b>	<b>-5%</b>		<b>6,258</b>	<b>3,200</b>	<b>2,840</b>	<b>-360</b>	<b>-11%</b>	<b>-300</b>	<b>-5%</b>
<b>Human Resource &amp; Organisation Design Total</b>			<b>8,846</b>	<b>4,668</b>	<b>4,306</b>	<b>-362</b>	<b>-8%</b>	<b>-328</b>	<b>-4%</b>

### Outturn Position



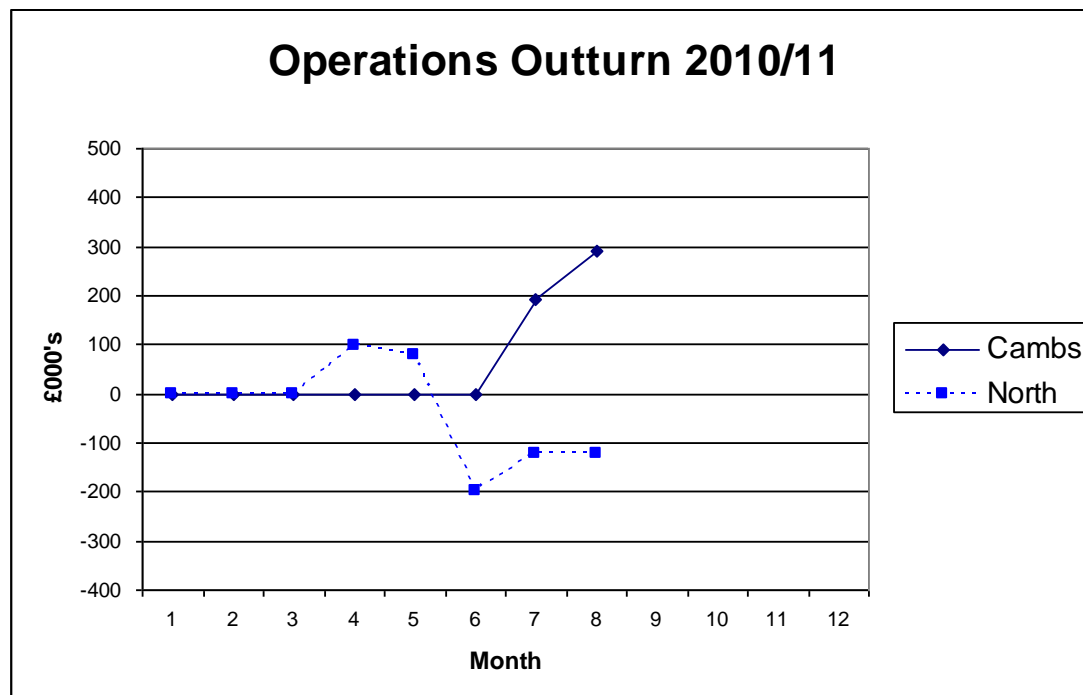
Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

### Appendix 3: Operations Service Level Budgetary Control Report

The variances to the end of October 2010 for Operations are:

Sept 10 Outturn Forecast		Service	Budget for	Expected to	Actual to	Oct-10 Variance		Forecast Outturn	
£000	%		2010-11 £000	Oct-10 £000	Oct-10 £000	£000	%	£000	%
<u>Cambridge Office</u>									
0	0%	Pensions Service	0	1,064	1,054	-10	-1%	0	0%
-7	230%	HR Transactions & Payroll	-305	18	2	-16	-91%	-7	2%
0	0%	Finance Transactions	1,748	1,095	1,091	-3	0%	-63	-4%
0	0%	Shared Services Programme	2,084	1,318	1,393	75	6%	262	13%
<b>-7</b>	<b>0%</b>		<b>3,526</b>	<b>3,494</b>	<b>3,540</b>	<b>46</b>	<b>1%</b>	<b>192</b>	<b>5%</b>
<u>Northampton Office</u>									
100	23%	HR - Customer Services	428	-15	-21	-6	38%	50	12%
0	0%	ERP & Shared Service	1,924	1,124	1,315	191	17%	129	7%
-300	-9%	Corporate IT	3,393	2,062	1,945	-117	-6%	-300	-9%
0	0%	Centralised IT Services Budgets	2,873	1,748	1,596	-152	-9%	0	0%
0	0%	Centralised Land Lines & Mobile Phones	2,755	1,174	1,424	250	21%	0	0%
0	0%	Finance	1,739	2,014	2,143	128	6%	0	0%
<b>-200</b>	<b>-2%</b>		<b>13,112</b>	<b>8,107</b>	<b>8,401</b>	<b>295</b>	<b>4%</b>	<b>-121</b>	<b>-1%</b>
<b>Operations Total</b>			<b>16,639</b>	<b>11,601</b>	<b>11,941</b>	<b>341</b>	<b>3%</b>	<b>71</b>	<b>0%</b>

### Outturn Position



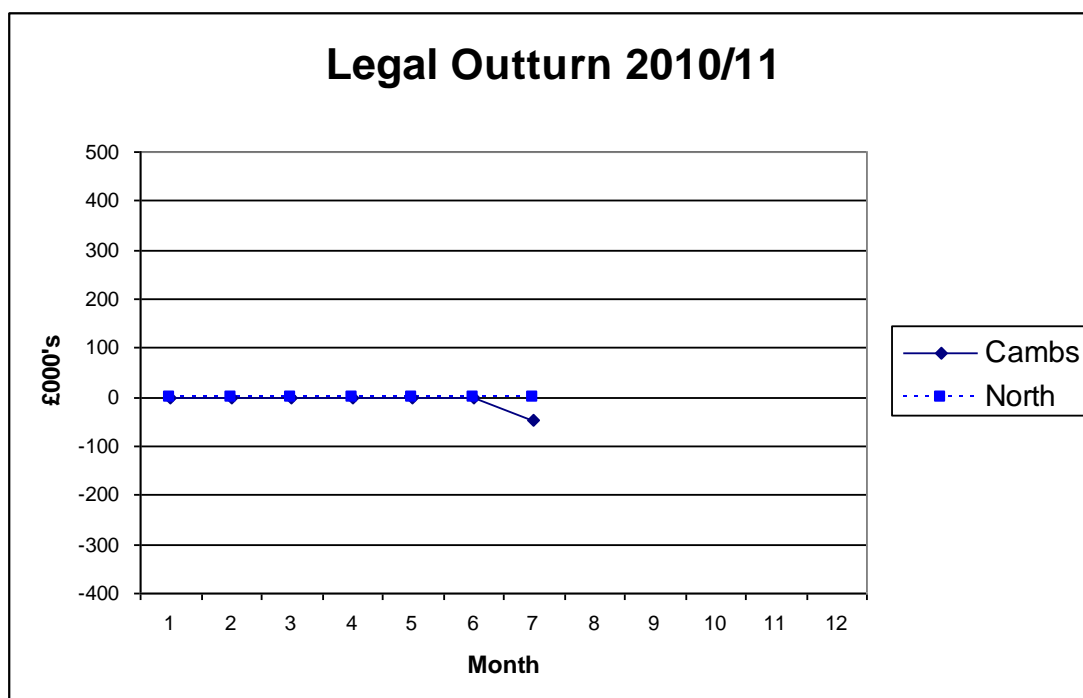
Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

#### Appendix 4: Legal Service Level Budgetary Control Report

The variances to the end of October 2010 for Legal are:

Sept 10 Outturn Forecast		Service	Budget for 2010-11	Expected to Oct-10	Actual to Oct-10	Oct-10 Variance		Forecast Outturn	
£000	%		£000	£000	£000	£000	%	£000	%
<u>Cambridge Office</u>									
0	0%	Legal Services	-20	25	-17	-42	-167%	-45	226%
<b>0</b>	<b>0%</b>		<b>-20</b>	<b>25</b>	<b>-17</b>	<b>-42</b>	<b>-167%</b>	<b>-45</b>	<b>226%</b>
<u>Northampton Office</u>									
0	0%	Legal Services	-1,091	-301	-152	149	-49%	0	0%
<b>0</b>	<b>0%</b>		<b>-1,091</b>	<b>-301</b>	<b>-152</b>	<b>149</b>	<b>-49%</b>	<b>0</b>	<b>0%</b>
<b>Legal Total</b>			<b>-1,110</b>	<b>-276</b>	<b>-169</b>	<b>107</b>	<b>-3%</b>	<b>-45</b>	<b>6%</b>

#### Outturn Position



Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %
Commentary to be included in next report					

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

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