

From: Nick Dawe (prepared by Neil Goryn)

Tel.: 01223 699236 / 01223 699816

Date: 01st March 2011

To: LGSS Management Board
LGSS Joint Committee

Copy: CCC and NCC Cabinets

LOCAL GOVERNMENT SHARED SERVICE FINANCE AND PERFORMANCE REPORT,
JANUARY 2011

January 2011

1.0 SUMMARY

1.1 Finance

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

1.2 Performance Indicators – Predicted Status at year end:

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

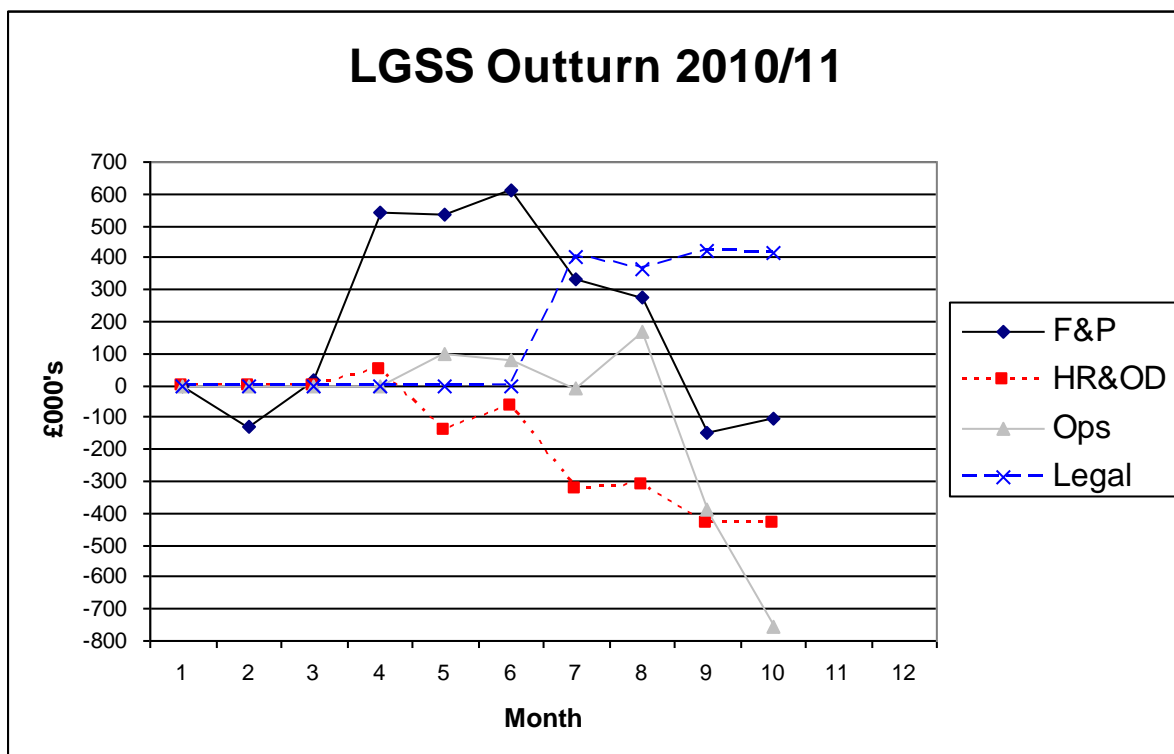
Matching performance indicators are to be developed as part of the Service Planning workstream.

2.0 REVENUE POSITION – INCOME & EXPENDITURE

2.1 Overall Position

Dec 10 Outturn		Service	Budget for	Expected to	Actual to	Jan-11 Variance		Forecast	
Forecast	2010-11		Jan-11	Jan-11			Outturn		
£000	%		£000	£000	£000	£000	%	£000	%
<u>Finance & Procurement</u>									
-233	-8%	Cambridge Office	2,919	1,160	984	-175	-15%	-167	-6%
83	2%	Northampton Office	4,554	4,405	3,937	-468	-11%	61	1%
-150	-8%	Finance & Procurement sub-total	7,473	5,564	4,921	-643	-12%	-106	0
<u>HR & OD</u>									
-23	0%	Cambridge Office	3,278	2,580	2,450	-130	-5%	1	0%
-412	0%	Northampton Office	6,258	5,034	4,333	-700	-14%	-436	-7%
-435	0%	HR & OD sub-total	9,537	7,614	6,783	-831	-11%	-435	0
<u>Operations</u>									
217	0%	Cambridge Office	3,293	4,900	4,786	-114	-2%	-133	-4%
-606	0%	Northampton Office	13,139	11,314	11,440	126	1%	-622	-5%
-389	0%	Operations sub-total	16,432	16,214	16,227	12	0%	-755	0
<u>Legal</u>									
-23	0%	Cambridge Office	-20	23	-193	-216	-957%	-32	-160%
446	0%	Northampton Office	-1,091	-625	-370	255	-41%	446	-41%
423	0%	Legal sub-total	-1,110	-602	-563	39	-7%	414	0
-551	0%		32,332	28,790	27,368	-1,422	-5%	-882	0

2.2 Outturn Position



See appendix for detailed service tables

Significant Issues – Finance & Procurement

2.2.1 Cambridge Office

- The Finance & Procurement Cambridge Office is predicting an outturn underspend of -£167k.
- There are no significant issues in January.

2.2.2 Northampton Office

- The Finance & Procurement Northampton Office is predicting an outturn overspend of £61k.
- There is an overall surplus of £299k in Finance, this has increased from last month by £19k and is mainly attributable to an increase in activity of services provided to other areas in the council resulting in a forecast increase in recharges and income.
- There is a cross-service pressure of £491k relating to the payroll project and costs associated with the provision of ERP licenses (an increase of 7k from last month).
- 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 £47k in Procurement due to vacancy management and a 15k saving forecast on the Redundancy budget.

2.3 Significant Issues – Human Resources & Organisational Design

2.3.1 Cambridge Office

- The Human Resources & Organisational Design Cambridge Office is predicting an outturn overspend of £1k.
- There are no significant issues in January.

2.3.2 Northampton Office

- The Human Resources & Organisational Design Northampton Office is predicting an outturn underspend of -£436k.
- Within Human Resources there is a managed reduction of £350k in expenditure on Adult Social Care Workforce training.
- There are salary pressures on the HR leadership budget of £65k, which are being offset by savings in salary costs on the HR Professional Services budget and an increase in recharges from services, resulting in a £150k underspend.

2.4 Significant Issues – Operations

2.4.1 Cambridge Office

- The Operations Cambridge Office is predicting an outturn underspend of -£133k.

- Shared Services invest to transform loan money has been transferred to cover shared services related expenditure in the year.

2.4.2 Northampton Office

- The Operations Northampton Office is predicting an outturn underspend of -£622k.
- In HR Customer Services there is a pressure of £50k relating to anticipated redundancy costs, 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 £178k on the residual Excellence for our Customers (EfoC) programme. This is as a result of the outcome of the calculation of Minimum Revenue Provision (MRP) - to fund EfoC capital expenditure (£129k), and also an increase in costs due to the parallel running on the Fujitsu contract.
- A forecast underspend of £850k, made up of the capitalisation of the cost of staff working on capital projects (£450k) and savings relating mainly to contract costs (£400k).

2.5 Significant Issues – Legal

2.5.1 Cambridge Office

- The Legal Cambridge Office is predicting an outturn underspend of -£32k.
- There are no significant issues in January.

2.5.2 Northampton Office

- The Legal Northampton Office is predicting an outturn overspend of £446k.
- There is a forecast overspend of £446k following a detailed review of the forecast position for Legal Services. Recharging to internal customers is taking place on a monthly basis, but there is a forecast under-recovery of income as a result of higher than predicted levels of non-chargeable hours. The reduced productivity in the first half of the financial year was due in part to activity being undertaken to achieve Lexcel accreditation. It was hoped that this shortfall would be redressed by increased productivity in the second half of the year but, to date, this has not been sufficient to offset the earlier shortfall. In addition, it is envisaged that the ongoing work on reorganisation and redesign of processes to enable the integration of the Northamptonshire and Cambridgeshire offices will impact upon productivity, although the extent of this is not certain at this point - minor change from last month.

3.0 Benefits Realisation 2010/11

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

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

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

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

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

3.2 Progress in 2010/11 against target:

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

3.3 Progress against 2011/12 target:

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

4.0 Investment Programme

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

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

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

Business Case Funding 2010/11 (£)

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

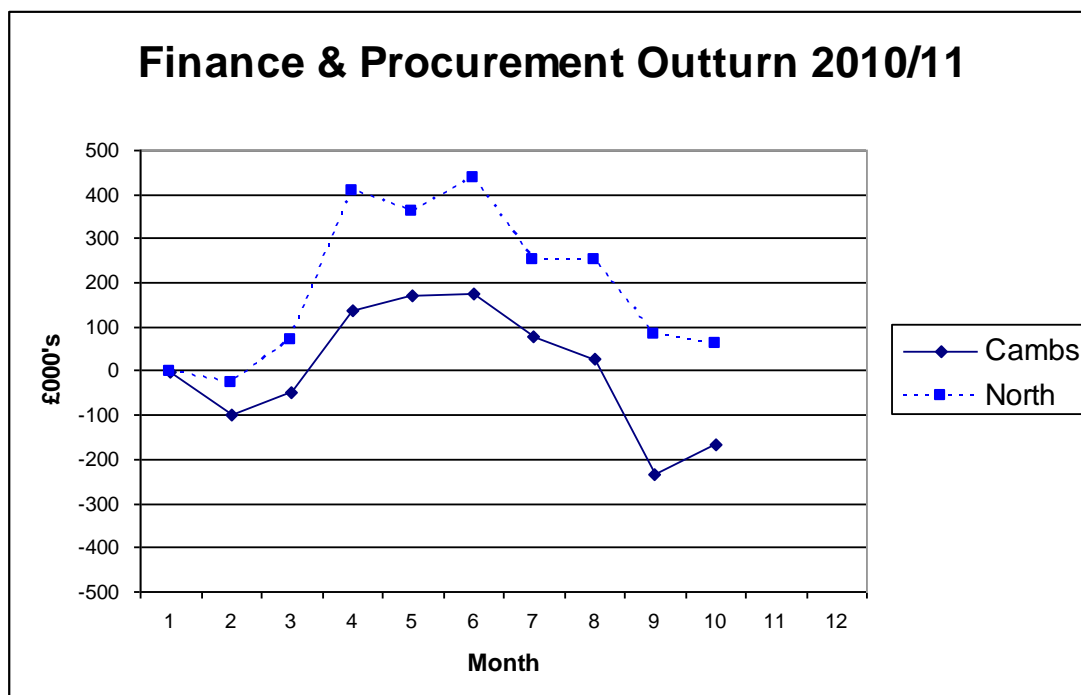
Note: Capital investment for Oracle R12 upgrade begins in 2012. See appendix 5 for full breakdown of investments over the next five years.

Appendix 1: Finance & Procurement Service Level Budgetary Control Report

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

Dec 10 Forecast Outturn £000	%	Service	Budget for 2010-11 £000	Expected to Jan-10 £000	Actual to Jan-10 £000	Jan-10 Variance £000	%	Forecast Outturn £000	%
Cambridge Office									
-22	0	Director of Finance	149	112	93	-20	-18%	-23	-15%
-13	0	Audit & Risk Management	371	610	583	-27	-4%	-11	-3%
0	0	External Audit	298	149	177	28	19%	0	0%
-35	0	F&P ES, C&AS & CD	797	639	550	-89	-14%	-40	-5%
-15	0	F&P CYPs	928	752	693	-59	-8%	-15	-2%
-125	0	Research, Performance & Financial Strat	1,169	1,022	935	-87	-9%	-116	-10%
-23	0	Procurement	87	92	69	-23	-25%	-20	-23%
0	0	Property Commissioning	0	283	250	-33	-12%	0	0%
0	0	Strategy and Estates	940	568	539	-29	-5%	0	0%
0	0%	County Farms	-2,061	-1,084	-1,085	-2	0%	0	0%
0	0%	Insurance	445	-1,959	-1,959	0	0%	0	0%
0	0	Better Utilisation of Property Assets	-205	13	40	27	211%	0	0%
40	0%	Authority-wide Miscellaneous	0	-38	101	139	-362%	59	59%
-193	4%		2,919	1,160	984	-175	-15%	-167	-6%
Northampton Office									
-252	0	Finance	2,821	2,957	2,675	-282	-10%	-299	-11%
-69	0	Internal Audit and Risk Management	654	551	454	-97	-18%	-69	-11%
0	0	Freedom of Information	138	115	110	-4	-4%	0	0%
-15	0	Redundancy	137	114	101	-13	-11%	-15	-11%
466	5	Cross Service Pressure (Payroll)	0	0	0	0	-100%	491	466%
-47	0	Procurement	805	668	596	-72	-11%	-47	-6%
83	10%		4,554	4,405	3,937	-468	-11%	61	1%
Finance & Procurement Total			7,473	5,564	4,921	-643	-12%	-106	-1%

Outturn Position



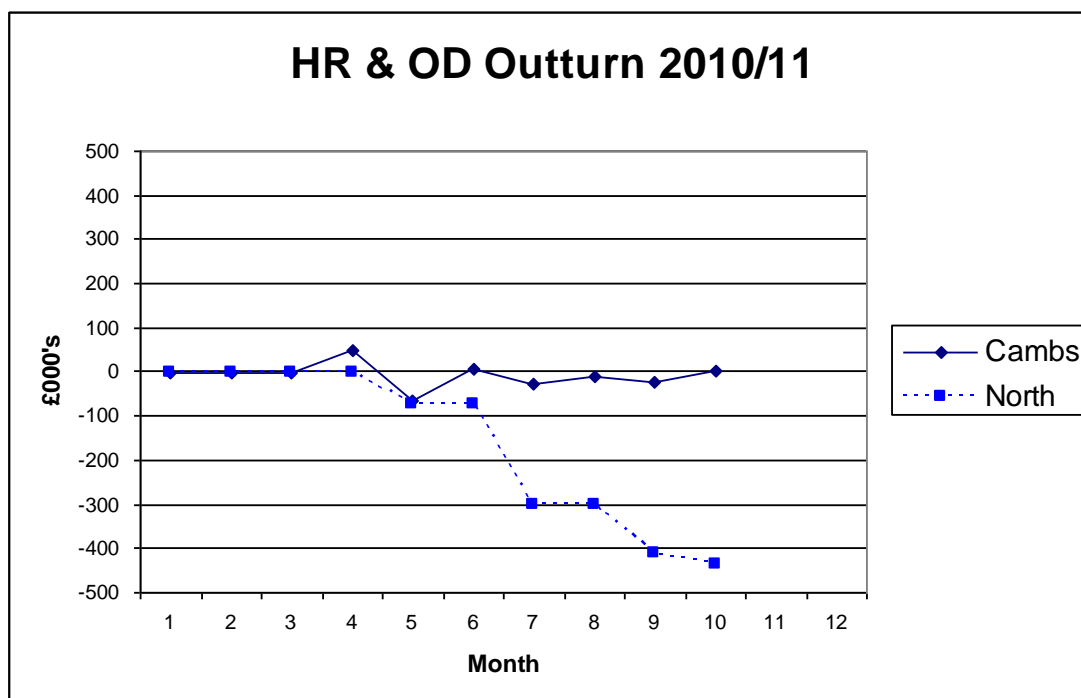
Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

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

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

Dec 10 Forecast		Service	Budget for	Expected to	Actual to	Jan-10 Variance		Forecast Outturn	
Outturn	2010-11		Jan-10	Jan-10			£000		
£000	%		£000	£000	£000	£000	%	£000	%
Cambridge Office									
-15	0	Director of People, Policy & Law	222	198	169	-28	-14%	-15	-7%
-42	0	HR - ES, C&AS & CD	563	460	427	-33	-7%	-29	-5%
13	0	HR - C&YPS	487	364	385	21	6%	26	5%
24	0	Policy & Business Services	1,336	1,113	1,137	24	2%	22	2%
-3	0	Organisational Development	670	445	331	-114	-26%	-3	0%
-23	0%		3,278	2,580	2,450	-130	-5%	1	0%
Northampton Office									
-125	0	HR - Professional Services	2,503	2,093	1,896	-197	-9%	-150	-6%
0	0	HR - Vocational Training Centre	-62	-112	-34	77	-69%	-1	2%
63	0	HR - Leadership	632	526	582	55	11%	65	10%
0	0	HR - Organisation Development	889	741	594	-147	-20%	0	0%
-350	0	HR - Social Care Learning & Developmen	1,676	1,307	970	-337	-26%	-350	-21%
0	0	ERP & Shared Service	620	478	326	-152	-32%	0	0%
-412	-5%		6,258	5,034	4,333	-700	-14%	-436	-7%
Human Resource & Organisation Design Total			9,537	7,614	6,783	-831	-11%	-435	-5%

Outturn Position



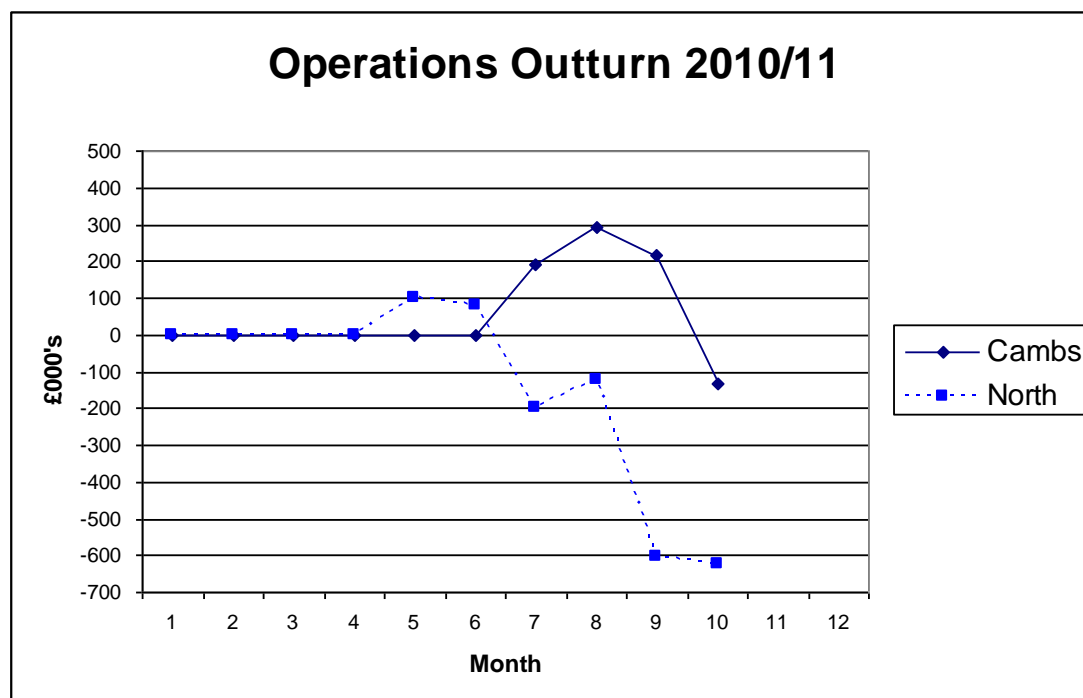
Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

Appendix 3: Operations Service Level Budgetary Control Report

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

Dec 10 Forecast		Service	Budget for	Expected to	Actual to	Jan-10 Variance		Forecast Outturn	
Outturn	2010-11		Jan-10	Jan-10					
£000	%		£000	£000	£000	£000	%	£000	%
<u>Cambridge Office</u>									
0	0	Pensions Service	0	1,543	1,494	-49	-3%	0	0%
-19	0	HR Transactions & Payroll	-305	-37	-2	36	-96%	-19	6%
-90	0	Finance Transactions	1,748	1,585	1,502	-84	-5%	-114	-5%
326	0	Shared Services Programme	1,850	1,808	1,792	-17	-1%	0	18%
217	0%		3,293	4,900	4,786	-114	-2%	-133	-4%
<u>Northampton Office</u>									
50	0	HR - Customer Services	428	268	306	37	14%	50	12%
194	0	ERP & Shared Service	1,924	1,584	1,870	286	18%	178	10%
-850	0	Corporate IT	3,393	2,860	2,629	-231	-8%	-850	-25%
0	0	Centralised IT Services Budgets	2,900	2,107	1,877	-230	-11%	0	0%
0	0	Centralised Land Lines & Mobile Phones	2,755	1,834	1,806	-28	-2%	0	0%
0	0	Finance	1,739	2,661	2,953	292	11%	0	0%
-606	-2%		13,112	8,107	8,401	126	2%	-622	-1%
Operations Total			16,405	13,006	13,188	12	0%	-755	-5%

Outturn Position



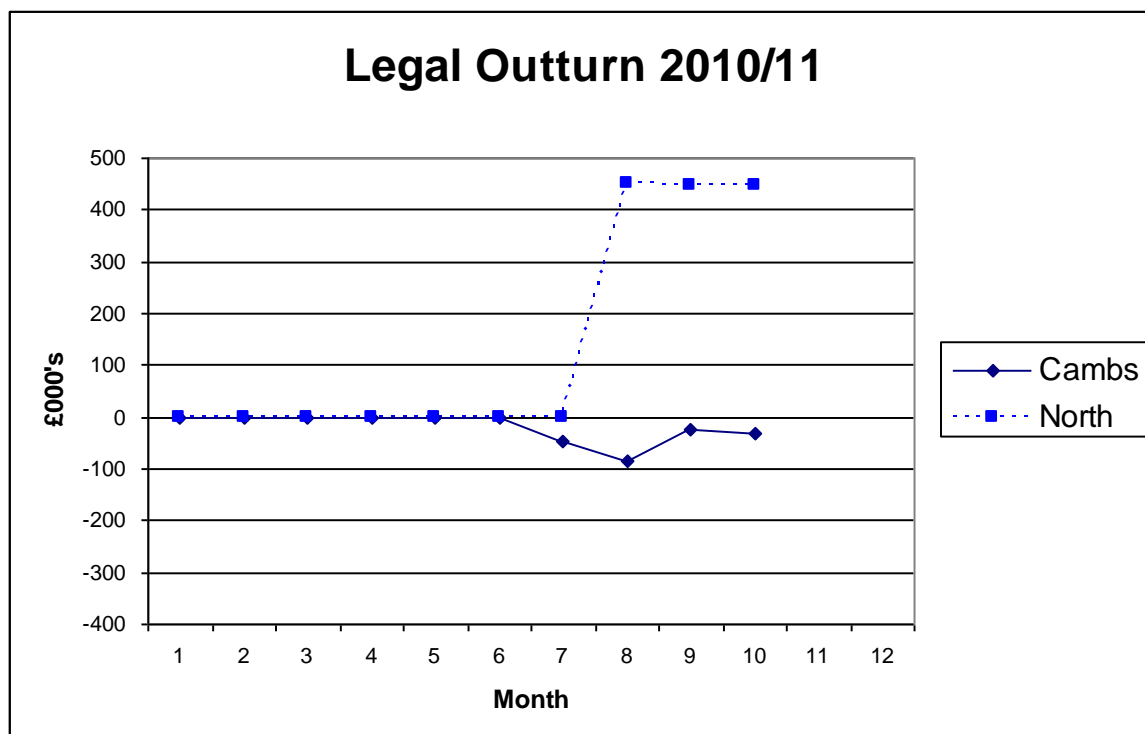
Commentary on Service Budgets					
Service	Budget £000	Variance £000	Variance %	Outturn £000	Outturn %

Appendix 4: Legal Service Level Budgetary Control Report

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

Dec 10 Forecast		Service	Budget for	Expected to	Actual to	Jan-10 Variance		Forecast Outturn	
Outturn			2010-11	Jan-10	Jan-10				
£000	%		£000	£000	£000	£000	%	£000	%
<u>Cambridge Office</u>									
-23	-416%	Legal Services	-20	23	-193	-216	-957%	-32	160%
<u>-23</u>	<u>-416%</u>		<u>-20</u>	<u>23</u>	<u>-193</u>	<u>-216</u>	<u>-957%</u>	<u>-32</u>	<u>160%</u>
<u>Northampton Office</u>									
446	41%	Legal Services	-1,091	-625	-370	255	0	446	0
<u>446</u>	<u>0%</u>		<u>-1,091</u>	<u>-301</u>	<u>-152</u>	<u>255</u>	<u>-49%</u>	<u>446</u>	<u>0%</u>
Legal Total			-1,110	-279	-346	39	-3%	414	6%

Outturn Position



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

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

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