LGSS Joint Committee

Budget Planning Update

12 November 2015

CCC/NCC Budget Planning Ask v LGSS Planned Savings

	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000
CCC Planning	-1,242	-571	-803	-708	-351
NCC Matching	-1,090	-564	-803	-708	-351
Total	**-2,332**	**-1,135**	**-1,606**	**-1,416**	**-702**
LGSS Planned	-1,351	-1,353	-600	0	0
Shortfall	**981**	**-218**	**1,006**	**1,416**	**702**

Planned Operational Savings / Efficiencies (i)

	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	**£000**	**£000**	**£000**	**£000**
LPG					
Democratic Services	-20	-20	0	0	0
Procurement/Insurance	-103	-63	0	0	0
LGSS Law	0	0	0	0	0
Total LPG	**-123**	**-83**	**0**	**0**	**0**
FINANCE					
Strategic Assets	-75	-75	0	0	0
Finance	-210	-210	0	0	0
Pensions	-63	-63	0	0	0
Property Services	-183	-100	0	0	0
Audit & Risk Management	0	0	0	0	0
Total Finance	**-531**	**-448**	**0**	**0**	**0**

Planned Operational Savings / Efficiencies (ii)

	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	**£000**	**£000**	**£000**	**£000**
PTT			0	0	0
OWD	-60	-60	0	0	0
LGSS Programme Team	0	0	0	0	0
Revenues and Benefits	0	0	0	0	0
Transactional Services	-100	-100	0	0	0
Business Transformation Team	0	0	0	0	0
HR Professional	0	0	0	0	0
Total PTT	**-160**	**-160**	**0**	**0**	**0**
IT Services	**-180**	**-180**	**0**	**0**	**0**
Service Review sub-total c/f	**-994**	**-871**	**0**	**0**	**0**

Planned Operational Savings / Efficiencies (iii)

	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	**£000**	**£000**	**£000**	**£000**
Service Review sub-total b/f	**-994**	**-871**	**0**	**0**	**0**
CCC Democratic Services	-25	-7	0	0	0
CCC Employment Costs	-127	0	0	0	0
Contracts Review	-205	-75	0	0	0
ERP Contract Changes & New Platform	0	-400	-600	0	0
Total	**-1,351**	**-1,353**	**-600**	**0**	**0**

Service Review Timeline

	2014-15	2015-16 Q1	2015-16 Q2	2015-16 Q3	2015-16 Q4
PTT					
OWD	✓				
LGSS Programme Team		✓Follow up: 06/10/15			
Revenues and Benefits			✓ 28/07/15 Follow up: 01/09/15		
Transactional Services				✓19/10/15 Follow up: 03/12/15	
Business Transformation Team				✓24/11/15	
HR Professional				✓03/12/15	
SERVICE ASSURANCE	✓				
IT			✓25/08/15 & 10/09/15		

Service Review Timeline (cont'd)

	2014-15	2015-16 Q1	2015-16 Q2	2015-16 Q3	2015-16 Q4
LPG					
Property Services	✓				No Follow up required
Democratic Services		✓		Follow up: 11/11/15	
Procurement		✓			Follow up: TBA
Legal Services					✓09/02/16 Follow up: 05/04/16
Audit & Risk Management					✓12/01/16
FINANCE					
Strategic Assets	✓				No Follow up required
Finance	✓		Follow up: 02/08/15		
Pensions	✓		Follow up 03/09/15		

Potential Contract Opportunities

Area	2016-17	2017-18	Comments
	£000	£000	
Pensions System Hosting	-100	0	Based on LGSS hosting,
Soft FM *	-35	-75	New consolidated contracts
Hard FM *	-25	0	New consolidated contracts
Agency (Reduction in margin element of cost c£425k)	-15	0	Reduction in margin, potential additional savings by reduced use. Potential additional opportunity from creation of LGSS Agency
Consolidation of key software accounts *	-30	0	Single consolidated approach over key spend areas
Total	**-205**	**-75**	* denotes LGSS Managed Budgets

LGSS Trading Summary - November 2015

		2016-17	2017-18	2018-19
		£000	£000	£000
Trading Surplus Target		**2,493**	**2,493**	**2,493**
NBC (PDA)		994	980	980
Norwich (PDA)		389	389	389
Huntingdonshire (HR)		63	63	63
NHFT Phase 1 (IT)		439	508	597
LGSS Law		16	34	56
Total Potential Surplus		**1,901**	**1,974**	**2,085**
Best Case Shortfall		**592**	**519**	**408**
Worst Case Shortfall		**608**	**1,005**	**1,733**

LGSS Trading Assumptions

- Best case scenario assumes all existing contracts renewed and LGSS Law confirmed.
- Worst case assumes no new business and existing contracts not renewed.
- No increase in trading surplus target from 2016-17 onwards, (previously assumed at an additional £200k per annum).
- Based on end August 2015 monitoring there would be a minimum of £308k available in the smoothing reserve to offset 2016-17 forecast shortfall.

LGSS Subsidy and Risk

		2015-16	2016-17	2017-18	2018-19
		£000	£000	£000	£000
Expenditure Budget		63,893	61,261	60,126	58,520
Income Budget		-40,356	-39,844	-39,771	-39,660
Total		23,537	21,417	20,355	18,860
PDA Surplus/Subsidy	*	-1,689	-1,901	-1,974	-2,085
Net Budget		21,848	19,516	18,381	16,775

2016-17 Budget Planning Gap & Trading Shortfall

		2016-17
		£000
Budget Planning Shortfall (from Slide 2)		**981**
Trading Shortfall (from Slide 9)		608
Potential Carry Forward Mitigation		-308
Revised Trading Shortfall		**300**
Total Shortfall		**1,281**

Total Savings Requirement 2016-17

	Net Budget (excluding PDAs)	Service Reviews	To Meet Shortfall	Total Savings
	£000	£000	£000	£000
Finance	8,678	-531	-389	-920
People, Transformation & Transactions	13,456	-160	-579	-739
Law, Procurement & Governance	1,076	-123	-77	-200
IT	4,826	-180	-208	-388
Service Assurance, Customers & Strategy	652	0	-28	-28
Contracts Review and CCC Specific	0	-357	0	-357
Total	**28,688**	**-1,351**	**-1,281**	**-2,632**

Finance - Proposals to meet £389k shortfall target (i)

Description, Risks and Mitigations	NCC Impact	CCC Impact	Total Impact
	£000	£000	’000
Finance - Reduction of Group Accountant resource. In CCC this role supports the delivery of new initiatives and proposals that arrive on a regular basis. The capacity to manage new initiatives will therefore be extremely restricted and requests for support will require separate funding to be made available as part of project costs. In NCC the £50k will be achieved through the removal of the PHW Group Accountant post that will become vacant before 31st March 2016. The support to the PHW directorate will transfer to the newly created SFM and the Group Accountant supporting that SFM. This will further adversely impact on the capacity of the team, which needs to be recognised by CMT and the LGSS Management Board.	50	50	100
Sub-Total c/f	**50**	**50**	**100**

Finance - Proposals to meet £389k shortfall target (ii)

Description, Risks and Mitigations	NCC Impact	CCC Impact	Total Impact
	£000	£000	£000
Sub-Total b/f	**50**	**50**	**100**
IARM - Reduction of 225 Audit Days per founding partner will equate to around £50K each. This will be managed by constantly refocusing the Audit Plan but will still result in reduced assurance. It is intended to keep the A&RM at NCC and one Counter Fraud Trainee vacant to ensure the necessary reduction in staffing budget, (at current activity), can be met.	50	50	100
Sub-Total c/f	**100**	**100**	**200**

Finance - Proposals to meet £389k shortfall target (iii)

Description, Risks and Mitigations	NCC Impact	CCC Impact	Total Impact
	£000	£000	£000
Sub-Total b/f	**100**	**100**	**200**
Property Services – capitalisation of Northamptonshire Construction Project Management. Brings NCC practice into line with CCC, but impacts on NCC Schools capital programme budget, and will require agreement of NCC	143	0	143
Property Services – part year effect of reducing the number of caretaking staff post Angel. Dependent on exiting the 'Angel 12' buildings on programme, and part year impact only due to Angel Programme	26	0	26
Strategic Assets – reduction in budget for external professional support to Asset Valuations, Legal costs and Property Management and reduce funding of feasibility valuation work. Contained within operational budget but reduces ability to respond to in-year unknowns	10	10	20
Total	**279**	**110**	**389**

PTT - Proposals to meet £579k shortfall target (i)

Description, Risks and Mitigations	NCC Impact	CCC Impact	Total Impact
	£000	£000	£000
Additional savings ask on Transactions on top of planned 200k reduction in 2016-17 and 2017-18. Further exploitation of E Forms/K2 and Chorus.	25	25	50
Reduction in Project Manager/Business Analysts and greater capitalisation of project costs.	250	0	250
Additional savings ask on OWD on top of planned £180k by 2017-18 (and £500k on managed side)	50	50	100
LGSS Business Systems team to take over responsibility for ERP user re-sets to avoid annual IT recharge.	20	20	40
Sub-Total c/f	**345**	**95**	**440**

PTT - Proposals to meet £579k shortfall target (ii)

Description, Risks and Mitigations	NCC Impact	CCC Impact	Total Impact
	£000	£000	£000
Sub-Total b/f	**345**	**95**	**440**
Use of capital to fund ERP posts in LGSS Business Systems. This is a one-off reduction for 2016-17, which will be replaced by a base reduction of £200k in 2017-18 from the NCC BTT team.	70	70	140
Total	**415**	**165**	**580**

LPG - Proposals to meet £77k shortfall target

Description, Risks and Mitigations	NCC Impact	CCC Impact	Total Impact
	£000	£000	£000
CCC DS – Deleting Support to Leader Post – Agreed with Leader.		25	25
NCC DS - Offer up contingency for Police Commissioner Support.	35		35
NCC DS – Review of external costs & additional £5k income	15		15
Procurement/Insurance - Withdraw funding from sourcecambridgshire and sourcenorthamptonshire and advertise contracts via national contracts finder site.	1	1	2
Total	**51**	**26**	**77**

IT - Proposals to meet £208k shortfall target

Description, Risks and Mitigations	NCC Impact	CCC Impact	Total Impact
	£000	£000	£000
CCC Savings from proposed consolidation of retained ICT with LGSS IT team	0	208	208
CCC SAN Maintenance (insource to server team)	0	45	45
NOTE: This last saving to come from Managed Budgets by insourcing and this is additional to existing £200k managed target			
Total	**0**	**253**	**253**

SACS - Proposals to meet £28k shortfall target

Description, Risks and Mitigations	NCC Impact	CCC Impact	Total Impact
	£000	£000	£000
Reduction in the frequency of Performance Reporting of LGSS Services to NCC and CCC: • Every six months instead of quarterly monitoring and reporting of: - performance report including KPIs - LGSS service improvement plan - LGSS service provision update • delete 1 x fte Performance Analyst post ➢ Impact on the appropriate management of performance and associated issues ➢ Decrease in robust customer relationship management ➢ Diminished central visibility to address issues ➢ Remedial timely actions with performance will be diluted	14	14	28
Total	**14**	**14**	**28**