

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