

**LGSS Joint Committee**

**28<sup>th</sup> 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
<b>Total LGSS Services</b>	<b>875</b>	<b>55,441</b>	<b>1,138</b>	<b>-769</b>	<b>425</b>	<b>-56</b>
Trading Account	194	-18,702	474	-39	0	435
<b>Total LGSS Operational</b>	<b>1,069</b>	<b>36,739</b>	<b>1,612</b>	<b>-808</b>	<b>425</b>	<b>379</b>

### 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

	<b>Total MKC</b>	<b>412</b>
<b>Authority</b>	<b>Description of pressure</b>	<b>Amount £k</b>
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
	<b>Total NCC</b>	<b>250</b>

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.

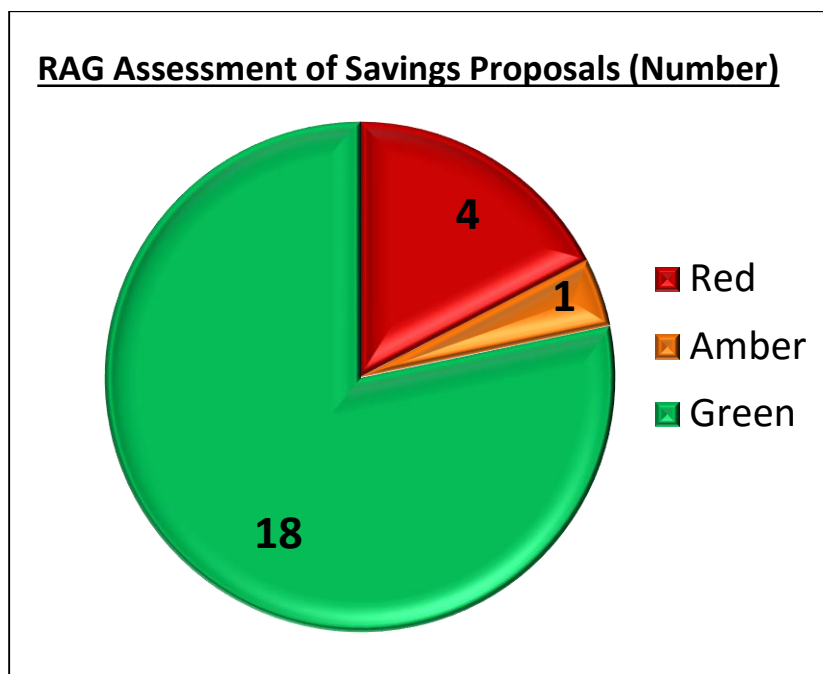
<b>NCC Additional Savings description</b>	<b>Target Amount £k</b>	<b>Delivered Amount £k</b>
Finance operations – reduced spend on MAP team	67	67
HR – cap on NCC HR advisory support, any additional support on a pay as you go basis	63	63
Procurement – charge to be made to successful bidders for NCC	65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

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
<b>Total</b>	<b>23</b>	<b>2,766</b>	<b>1,080</b>	<b>195</b>	<b>1,491</b>



**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
<b>TOTAL</b>	<b>31,100</b>	<b>23,896</b>	<b>2,920</b>	<b>2,854</b>	<b>2,339</b>	<b>32,009</b>	<b>909</b>	<b>753</b>	<b>30,347</b>	<b>31,100</b>

## 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
<b>Finance Services Directorate:</b>							
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
<b>Total Finance Services Directorate</b>	<b>180</b>	<b>21,611</b>	<b>-6,259</b>	<b>-1,183</b>	<b>14,168</b>	<b>15,427</b>	<b>231</b>

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**

	<b>Previous Forecast Variance £000</b>	<b>Gross Exp Budget £000</b>	<b>External Income Budget £000</b>	<b>Internal Income Budget £000</b>	<b>Full Year Budget £000</b>	<b>Actual to Jan £000</b>	<b>Full Year Forecast Variance £000</b>
<b>Human Resources Directorate:</b>							
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							
<b>Total HR Directorate</b>	<b>253</b>	<b>13,508</b>	<b>-3,662</b>	<b>-698</b>	<b>9,148</b>	<b>8,287</b>	<b>293</b>

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
<b>Business Services, Systems &amp; Change Directorate:</b>							
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
<b>Total BSSC Directorate</b>	<b>204</b>	<b>17,358</b>	<b>-1,639</b>	<b>-987</b>	<b>14,733</b>	<b>15,235</b>	<b>137</b>

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**

	<b>Previous Forecast Variance £000</b>	<b>Gross Exp Budget £000</b>	<b>External Income Budget £000</b>	<b>Internal Income Budget £000</b>	<b>Full Year Budget £000</b>	<b>Actual to Jan £000</b>	<b>Full Year Forecast Variance £000</b>
<b>IT Directorate:</b>							
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
<b>Total IT Directorate</b>	<b>152</b>	<b>19,965</b>	<b>-1,223</b>	<b>-3,022</b>	<b>15,721</b>	<b>17,303</b>	<b>334</b>

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
<b>LGSS Law and Governance Directorate:</b>							
Democratic Support Services	-27	1,505	-137	-19	1,349	1,071	-10
CCC Corporate Legal Budget	0	102	0	0	102	118	0
<b>Total LGSS Law and Governance Directorate</b>	<b>-27</b>	<b>1,607</b>	<b>-137</b>	<b>-19</b>	<b>1,451</b>	<b>1,189</b>	<b>-10</b>

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
<b>Total</b>			<b>551</b>		<b>-551</b>	<b>0</b>

#### **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
<b>Total</b>			<b>1,157</b>	<b>0</b>	<b>-996</b>	<b>-138</b>

#### **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
<b>Total</b>			<b>1,708</b>	<b>0</b>	<b>-1,547</b>	<b>-138</b>

## **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.
<b>Total</b>	<b>1,986</b>	<b>-279</b>	<b>477</b>	<b>-2,402</b>	<b>-241</b>	

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
<b>Cambridgeshire County Council:</b>							
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
<b>Total</b>	<b>-125</b>	<b>5,900</b>	<b>-318</b>	<b>-2,088</b>	<b>3,494</b>	<b>3,111</b>	<b>163</b>
<b>Milton Keynes Council:</b>							
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
<b>Total</b>	<b>0</b>	<b>1,426</b>	<b>-240</b>	<b>-696</b>	<b>490</b>	<b>-102</b>	<b>0</b>
<b>Northampton Borough Council:</b>							
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
<b>Total</b>	<b>-74</b>	<b>2,285</b>	<b>-2,312</b>	<b>26</b>	<b>0</b>	<b>1,381</b>	<b>-100</b>
<b>Northamptonshire County Council:</b>							
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
<b>Total</b>	<b>94</b>	<b>5,957</b>	<b>-44</b>	<b>-63</b>	<b>5,850</b>	<b>8,135</b>	<b>-158</b>

#### 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)

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

- 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
<b>Total</b>	<b>1,615</b>	<b>1,107</b>	<b>0</b>	<b>918</b>	<b>0</b>	<b>2,025</b>	<b>410</b>	<b>0</b>	<b>1,615</b>	<b>1,615</b>

- 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
<b>Total</b>	<b>7,838</b>	<b>3,952</b>	<b>-233</b>	<b>2,516</b>	<b>2,087</b>	<b>8,322</b>	<b>484</b>	<b>0</b>	<b>7,838</b>	<b>7,838</b>

- 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.