

LGSS Joint Overview & Scrutiny Working Group

3 April 2017

2.00 pm

Room 128, Cambridgeshire County Council
Shire Hall, Cambridge

AGENDA

* Papers enclosed > Papers to follow

Item	Subject	Lead Officer
1.	Introductions and apologies for non-attendance	James Edmunds Democratic Services Assistant Manager
2.	Notification of requests from members of the public to address the meeting <i>Any requests to speak on an item on the agenda should be notified to the chair (c/o the support officer) by 12 noon two working days before the date of the meeting.</i>	
3.	Declarations of members' interests, if any	
4.	Chair's Announcements	
5. *	Notes of the LGSS Joint Overview & Scrutiny Working Group meeting on 17 th October 2016 a) Meeting held in public b) Meeting held in private	James Edmunds Democratic Services Assistant Manager
6. *	Overview of LGSS Strategic Plan 2017-18 to 2021-22 [Presentation]	John Kane Managing Director
7.	LGSS Statement of Accounts – Update [verbal item]	Andrew Cardoza Director, KPMG
8.	Outcomes of the LGSS Customer Satisfaction Survey for 2016 [Presentation]	Claire Townrow Head of Customer Engagement, Business Development & Change
9. *	Future operation of the LGSS Joint Overview & Scrutiny Working Group	James Edmunds Democratic Services Assistant Manager

10.	Urgent Business	James Edmunds Democratic Services Assistant Manager
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Working Group membership

Councillor Robin Bradburn	Milton Keynes Council
Councillor David Hopkins (Co-Chair)	
Councillor Norman Miles	
Councillor Jim Hakewill (Co-Chair)	Northamptonshire County Council
Councillor Chris Lofts	
Councillor Mick Scrimshaw	
Councillor Paul Clapp	Cambridgeshire County Council
Councillor Lynda Harford (Co-Chair)	
Councillor Mike Mason	

For any queries relating to this agenda - please contact:

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LGSS Joint Overview & Scrutiny Working Group

17th October 2016

Northamptonshire County Council

Notes of the meeting held in public

Present:

Councillor Jim Hakewill (in the chair)	Northamptonshire County Council (NCC)
Councillor Chris Lofts	Northamptonshire County Council
Councillor Mick Scrimshaw	Northamptonshire County Council
Councillor Robin Bradburn	Milton Keynes Council (MKC)
Councillor David Hopkins	Milton Keynes Council [to Item 13/16]
Councillor Norman Miles	Milton Keynes Council
Councillor Lynda Harford	Cambridgeshire County Council (CCC) [from Item 10/16]
Councillor Mike Mason	Cambridgeshire County Council [from Item 10/16]

Also in attendance:

James Edmunds	Democratic Services Assistant Manager, LGSS Northampton Office
John Kane	Managing Director, LGSS
Jon Lee	Head of Finance, LGSS
Claire Townrow	Head of Customer Engagement & Business Development, LGSS

The meeting started at 10.00am

The Democratic Services Assistant Manager opened the meeting.

05/16 Introductions and Apologies for Non-Attendance

All those present introduced themselves. Apologies for non-attendance were received from Councillor Clapp (CCC).

06/16 Appointment of co-chairs from each participating authority

The Democratic Services Assistant Manager invited nominations for the NCC co-chair of the Joint Working Group (JWG). Councillor Hakewill was proposed and seconded by councillors Lofts and Scrimshaw respectively. There were no further nominations.

AGREED that:

- a) Councillor Hakewill be appointed as the co-chair of the Joint Working Group for Northamptonshire County Council.**

Councillor Hakewill took the chair for the remainder of the meeting. He welcomed all those present. He noted that no representatives from CCC were present and the JWG had previously proposed that all three participating

authorities should be represented for a JWG meeting to be quorate. However, given that the JWG was not a decision-making body he considered that there was a low risk in proceeding with the meeting.

The Chair invited nominations for the MKC co-chair. Councillor Hopkins was proposed and seconded by councillors Bradburn and Miles respectively. There were no further nominations.

b) Councillor Hopkins be appointed as the co-chair of the Joint Working Group for Milton Keynes Council.

The Chair proposed that the appointment of the remaining co-chair should be deferred as no CCC representatives were present at that point.

c) The appointment of the co-chair of the Joint Working Group for Cambridgeshire County Council be deferred.

07/16 Notification of requests from members of the public to address the meeting

None received.

08/16 Declarations of Members' Interests

None declared.

09/16 Notes of the LGSS Joint Overview & Scrutiny Working Group meeting on 27th July 2016

AGREED that:

a) The notes of the LGSS Joint Overview & Scrutiny Working Group meeting on 27th July 2016 be agreed.

Matters arising:

It was suggested that it would be helpful for future JWG meetings to start at 11.00am rather than 10.00am as the earlier start required members travelling by train to get peak rate tickets. Members felt that starting at 11.00am would not be a problem for NCC and might assist all members in travelling to meetings at different partner authorities.

AGREED that:

b) Future Joint Working Group meetings should start at 11.00am not 10.00am.

10/16 Overview of LGSS Priorities, Development and Performance: Objection to the 2014/15 LGSS Accounts

The Head of Finance gave an overview of an objection that had been received to the 2014/15 LGSS accounts, highlighting the following points:

- The accounting regime that applied to LGSS had changed over time. LGSS accounts had not been required before 2013/14. New government

requirements had resulted in externally audited accounts being produced for 2013/14 and 2014/15. These requirements had then changed again. LGSS accounts had been produced for 2015/16 as this represented good practice, but as private accounts that were not subject to public inspection.

- An objection to the 2014/15 accounts had been received from a Cambridgeshire resident. This objection was still outstanding. LGSS's external auditor considered that it was one of the most complex objections to a set of accounts that they had ever handled. They were required to investigate the objection following the set process for this.
- It was now anticipated that matters relating to the objection could be concluded in time for the LGSS Joint Committee meeting on 17th November 2016, which would enable it to sign off the audited 2015/16 accounts.
- The full costs of dealing with the objection were estimated at £46,000 for the external auditor and £10,000 for LGSS in staff costs of officer time. This cost had been accrued for in the 2014/15 accounts. This estimated cost did not include officer time spent in responding to numerous Freedom of Information (Fol) requests on similar related queries, which would increase the cost of internal officer time significantly.
- The 2015/16 LGSS accounts did not mention the objection on the basis that it was anticipated that no audit adjustments resulting from it would be necessary and that at the time of drafting the accounts it was expected that the matter would be concluded. If this position was changed by the audit of the 2015/16 accounts then a reference to the objection could be added.

Councillor Bradburn noted that the ongoing objection to the 2014/15 accounts had been raised at the last LGSS Joint Committee meeting and made the following points:

- The issue needed to be resolved.
- The objection had been referred to in negative terms but he understood that the external auditor's representative had said that it was a valid objection.
- The 2015/16 accounts would not be valid if they used balances from 2014/15 that had not been confirmed.

The Head of Finance subsequently advised that he understood that this view by the external auditor had been given at an early stage in the investigative process. The latest intelligence was that the 2014/15 accounts would not need to be adjusted, which would enable these to be signed off and then the 2015/16 accounts concluded quite quickly. A conclusion to the whole matter was in everybody's interest.

Councillors questioned whether further information about the objection could be provided to the JWG, noting the potential to move into private session to do this if necessary.

Subsequently, in respect of this item it was:

AGREED that:

- a) **Under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for this item of business on the grounds that if the public were present it would be likely that exempt information under Paragraph 1 of Part 1 of Schedule 12A to the Act would be disclosed to them.**

[Councillors Harford and Mason entered the meeting during discussion of this agenda item].

- b) **The Joint Working Group shares frustration at the time and resources required to resolve the objection to the 2014/15 LGSS accounts and encourages that the matter be resolved in November 2016 as currently anticipated.**
- c) **The Joint Working Group be provided with an off-agenda written briefing on the latest position concerning the objection to the 2014/15 LGSS Accounts ahead of the LGSS Joint Committee meeting on 17th November 2016.**
- d) **The Joint Working Group be provided with an off-agenda written briefing on the arguments for and against LGSS having its own bank account.**

11/16 Appointment of Cambridgeshire County Council Co-Chair

The Chair welcomed councillors Harford and Mason to the meeting and advised them of the JWG's previous resolution to defer the appointment of a CCC co-chair. He sought their views on whether this matter could be dealt with at the current meeting or should be put back to the next one.

Councillor Mason noted that he felt the JWG could proceed with the matter at the current meeting and proposed Councillor Harford. She was seconded by the Chair. There were no further nominations.

AGREED that: Councillor Harford be appointed as the co-chair of the Joint Working Group for Cambridgeshire County Council.

12/16 Overview of LGSS Priorities, Development and Performance: LGSS Senior Officers' Remuneration

The Managing Director gave an overview of officer remuneration over £100,000 during the period 2013/14 – 2015/16 in response to a query raised ahead of the JWG meeting, highlighting the following points:

- There had been three posts at this level – the Managing Director, Director of Finance and Director of People, Transformation & Transactions – at the start of 2013/14 and the Director of IT post had then been recruited in June 2013. This was reflected in the LGSS accounts.
- The number of posts at this level had increased to five in 2015/16 due to the addition of the Programme Director for Project Angel. However, this post was covered by the capital budget for the project and was not a cost to LGSS.

AGREED that: the overview of LGSS senior officers' remuneration 2013/14 – 2015/16 be noted.

13/16 Overview of LGSS Priorities, Development and Performance: LGSS Business Update

The Managing Director gave an overview of the current LGSS business strategy and plan, key projects, budgets and corporate risks, highlighting the following points:

- LGSS's business ethos was to deliver value for money, reflecting the concept 'think like a customer, act like a taxpayer'.
- LGSS sought to work only with like-minded customers or partners in the public sector in the 'LGSS region' surrounding the partner authorities.
- The OJEU process of putting functions out to tender was complex and time-consuming and could take organisations in a very commercial direction. The LGSS approach involving authorities delegating services to LGSS was considered to represent a more sustainable approach to partnership, whilst still providing rigour through agreed budgets, service level agreements (SLAs) and key performance indicators.
- Recent highlights in the continuing development of LGSS included Northamptonshire Healthcare NHS Foundation Trust joining, giving a link into the health sector; the launch of the new LGSS Law Ltd company; agreement to introduce a new, more effective ERP system that would save £9.6 million for the partner authorities over seven years; and MKC joining LGSS as a third partner.
- The four point strategic growth plan involved seeking a fourth shareholder; developing key LGSS service lines; potential growth in the health sector; and marketing an LGSS franchise model.
- The current LGSS Target Operating Model involved each partner authority's chief finance officer sitting on the LGSS Management Board as the commissioner for their authority.
- MKC still retained its own legal services but was discussing the future with LGSS. There could be scope to establish a preferred-provider relationship with LGSS Law Ltd for times when MKC needed additional capacity.
- The overall net budget for LGSS represented the financial parameters within which LGSS needed to operate, underpinned by agreed SLAs. The net budget was due to be reduced each year to 2020/21 by different amounts for the two original partners and MKC, reflecting that they had transferred different services to LGSS and that LGSS did not seek to apply a one size fits all approach to the partners.
- If projected traded income was not achieved then LGSS would need to make up the resulting gap in its net budget from services delivered to partners. It therefore took a prudent approach to setting income targets.
- LGSS did maintain a 'smoothing reserve', which could be used to assist it in managing corporate risks relating to income.

- Fundamentally, the future development of LGSS was not about pursuing growth for the sake of it.

The JWG considered the overview and councillors raised the following points:

- It was questioned whether the continued expansion of LGSS risked spreading expertise too thinly across the organisation. Consistency was needed from a function such as legal advice to local planning authorities.
- It would be useful for the JWG to have a list of LGSS's leading customers.

The Managing Director also provided additional information in response to points raised by councillors as follows:

- LGSS was intended to increase access to expertise not to dilute it. Financial pressures on local authorities could create the need to reduce support services. LGSS preserved subject-matter expertise by offering it on a shared basis. This was more sustainable, more resilient and offered career opportunities that could assist in retaining capable officers.
- If a councillor had a specific concern about the quality of a particular service provided by LGSS they should raise it with the relevant LGSS director in the first instance. If this did not produce a response then the matter could be raised with the Managing Director. The LGSS Customer Satisfaction & Performance Framework also surveyed councillors from partner authorities.
- LGSS had SLAs with each partner authority that set out annually-agreed service standards. SLAs were drawn up collaboratively. Once they were agreed LGSS's task was to deploy its resources to deliver them.
- He was confident in the capacity to deliver the savings anticipated from the new ERP system.
- A two-tier situation had developed at CCC in relation to IT as some functions were still carried out within directorates. CCC was now seeking to bring all provision back into the corporate centre and LGSS could consider how it was delivered best in future.
- It was hoped that a fourth LGSS shareholder could be secured within the next 18 months.
- New wholly-owned bodies established by the partner authorities would be tied into existing arrangements with LGSS. Joint ventures such as First for Wellbeing in Northamptonshire could choose whether to use LGSS. However, it was considered that LGSS could make a strong case for their business and it already had good experience of working with arms length bodies such as Olympus Care Services. The development of new service models was not seen as a significant business risk for LGSS.
- Any additional income that was generated above target levels was reported to the LGSS Joint Committee. The sustainability of LGSS did not rely on acquiring additional customers.
- A partner authority committed to a long term involvement with LGSS, unlike a customer, which was why the strategic growth plan took this approach.

AGREED that:

- a) **The Joint Working Group be provided with an off-agenda written briefing giving an overview of LGSS's 10 leading customers.**
- b) **Copies of the main LGSS IT Strategy and the strategies relating to each partner authority be circulated to Joint Working Group members.**

[Councillor Hopkins left the meeting at this point]

14/16 Overview of LGSS Priorities, Development and Performance: LGSS Customer Satisfaction & Performance Framework

The Head of Customer Engagement & Business Development gave an overview of the operation of the Customer Satisfaction & Performance Framework, highlighting the following points:

- The Framework applied to the partner authorities as well as to customers.
- A range of methods were used to engage with organisations served by LGSS including regular customer performance reports; direct contact through senior responsible officers and client service managers; other customer communications; and themed service reviews.
- The overall Framework was intended to reflect the importance that LGSS put on the customer experience.
- Two years' worth of customer satisfaction data had been obtained and a further survey was just being conducted. The outcomes of this could be reported back to the next JWG meeting if required.
- LGSS had a total of approximately 2.4 million customer interactions in 2015/16, representing 10,000 per day. This would increase further in future due to MKC joining LGSS.
- LGSS received 30 formal compliments and 80 complaints in 2015/16. This was a small proportion of the number of interactions but it was still important to follow them up to identify areas for improvement. The majority of complaints concerned transactional services. Complaints were generally about specific matters rather than the effectiveness of a whole service.
- 'In the moment' feedback forms were now used in all LGSS service areas. Usage and response rates were influenced by the type of service: for example, Learning & Development was able to get a high response rate as feedback forms were given out at the end of training courses. The overall response rate was 5 per cent, which was typical for corporate support services in the public sector.
- An annual satisfaction survey was carried out, which was sent out to individuals by email for a direct response. A councillors' survey had been introduced this year.
- Annual interviews with customers' chief executives formed another part of the Framework. Areas for improvement arising from interviews were also discussed at the LGSS Partner Board.

- Better communication and engagement with customers represented a particular focus for LGSS.

The JWG considered the overview. A member suggested that councillors generally preferred to give feedback on services more directly than through surveys. The Managing Director advised that the councillors' survey was a back-stop process and did not preclude councillors from contacting service-leads directly. However, it was essential that LGSS had a good evidence-base about the effectiveness of services and its processes for monitoring customer satisfaction needed to be as rigorous as those for setting SLAs and budgets.

The JWG considered whether there was scope for it to contact commissioners at key LGSS customers to engage with them concerning customer satisfaction and any issues or concerns they had. It was suggested that this could best be done after considering the outcomes of the latest customer satisfaction survey. It was also emphasised that any work by the JWG should complement the existing Framework.

AGREED that:

- a) The Joint Working Group be provided with information on the levels of satisfaction with LGSS in 2014 and 2015 that was included in the presentation broken down as percentages of the number of responses received to the annual satisfaction surveys.**
- b) The next Joint Working Group meeting be advised of the outcomes of the 2016 annual satisfaction survey.**
- c) The Head of Customer Engagement & Business Development be requested to give her views on potential questions that the Joint Working Group could use with commissioners when scrutinising customer satisfaction with LGSS.**
- d) Joint Working Group members from Milton Keynes Council and Cambridgeshire County Council be provided with further information about Northamptonshire County Council's Next Generation Council organisational model.**

15/16 Operation of the LGSS Joint Overview & Scrutiny Working Group

The Chair invited the JWG to consider any matters relating to the proposed Terms of Reference (ToR) and work programme that members wished to raise.

The JWG discussed whether the quorum should require all three participating authorities to be represented or whether this was too restrictive. However, members emphasised that the proposed quorum was intended to be inclusive. The fact that substitutes were permitted and that the JWG was not a decision-making body were also highlighted.

In response to a query the Democratic Services Assistant Manager advised that participating authorities' constitutions would not need to be amended to incorporate the ToR. The ToR could be presented to the parent committee at each participating authority that was responsible for overseeing the JWG.

AGREED that:

- a) The proposed Terms of Reference for the Joint Working Group be endorsed.**
- b) The proposed work programme for the Joint Working Group be endorsed.**
- c) Members be advised of the date for the next Joint Working Group meeting, which would be held at a suitable venue in Cambridgeshire.**

There being no further business the meeting ended at 12.35pm.

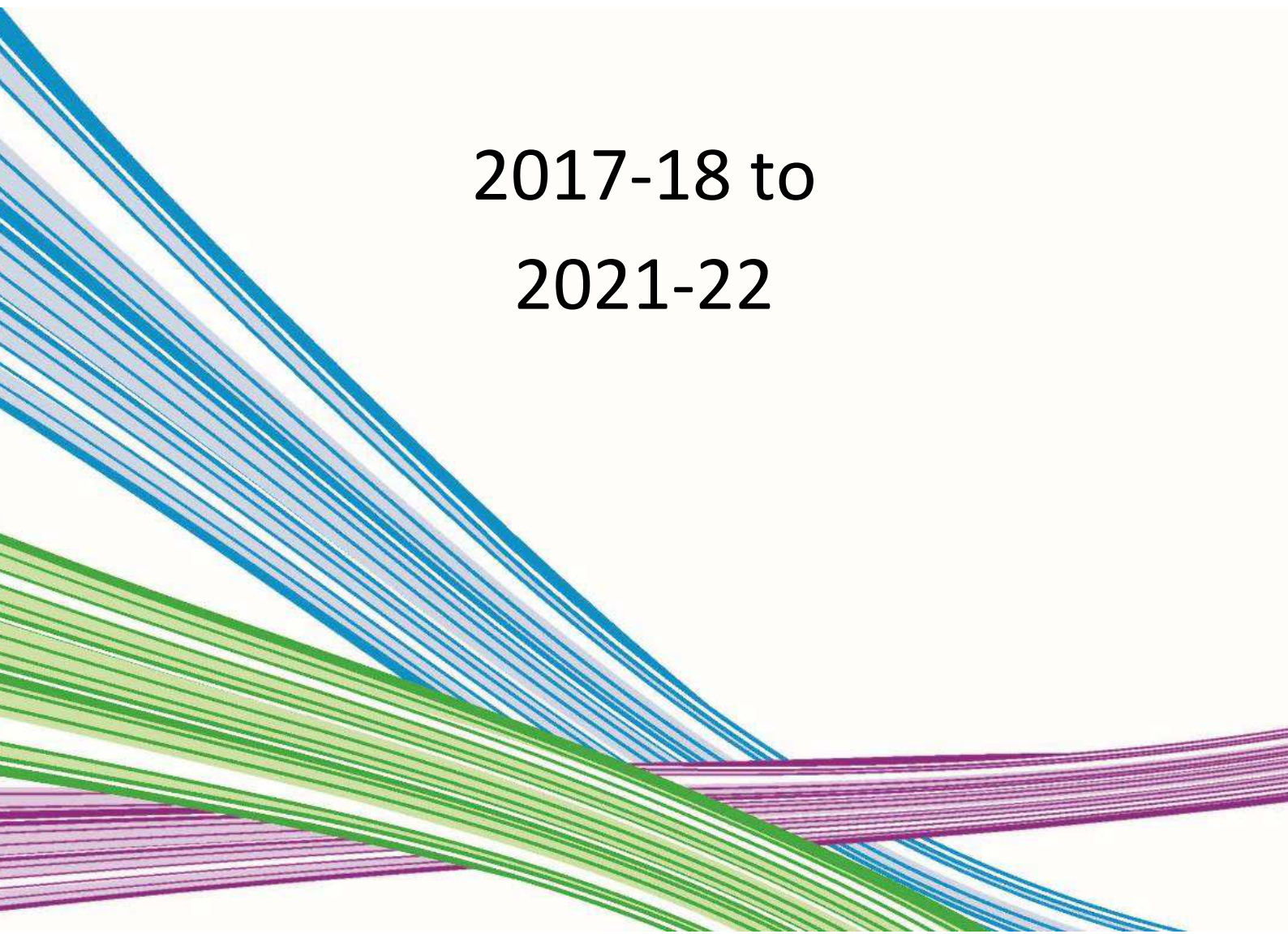
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LGSS Strategic Plan

2017-18 to
2021-22



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Approval of plan

This plan was approved by LGSS Joint Committee on the 23rd March 2017.

1. Introduction

LGSS is one of the largest public sector shared service operations in the UK and has grown significantly since it was originally created by Cambridgeshire and Northamptonshire County Councils in October 2010. LGSS has steadily expanded with many new, public sector partners choosing to join through delegation during the past few years, including Norwich City Council, Northampton Borough Council, Olympus Care Services and Northamptonshire Foundation Health Trust. Indeed Norwich City Council were the first major new partner to join LGSS following its creation and they very recently and happily renewed their LGSS relationship for a another 5 years as from April 2017.

Another landmark development for LGSS happened in April 2016 with Milton Keynes Council joining LGSS as a full scope partner and becoming a full member of the LGSS Joint Committee governance structure. LGSS also provides services to hundreds of local schools, several local emergency services, CCGs, and many district and borough councils. LGSS offers both full scope business support service agreements and single service offerings, including payroll, finance and transactions, HR Advisory and Recruitment, Revenues & Benefits, Internal Audit & Risk, Pensions Administration, Procurement, IT, Democratic and Legal Services.



LGSS core region focus

LGSS growth is focused in the region (as shown in the map above) and within the wider public sector which means staying very close to the customers and keeping staff local. This enables better joined up and interworking relationships to be developed with each customer, regardless of their location and the sector they operate within.

LGSS business ethos

The LGSS business ethos is ‘By the public sector, *for the public sector*’ operating as not for profit, shared risk and reward model between all LGSS partners. This ensures that all benefits

and savings from sharing remain within the public sector, and allows LGSS to operate as a genuine trusted, integrated shared services partner.

LGSS has around 1,725 full time equivalent (fte) staff located across major operations in Cambridge, Norwich, Northampton, Milton Keynes, Kettering and Wellingborough. LGSS continues to grow steadily with a regional focus on local authorities, health & care, schools and other local public services requiring good quality, resilient, yet flexible and cost effective business support services.

LGSS enters into bilaterally negotiated shared risk/reward delegation agreements for each Partner, allowing the increasing economies of scale, re-use of best practice, the elimination of duplication and optimally managed overheads to improve overall resilience of key services for all at a much lower cost for everyone. LGSS standardises processes and consolidates IT systems and services over time, and can more effectively renegotiate supplier contracts to generate more significant savings for all Partners and customers.

2. LGSS Vision, Mission and Strategy and Values

LGSS Vision

A vision usually aims to define the essence of ‘why’ any organisation exists and its overriding purpose for existing. LGSS was established as a public to public Shared Service by its original founding councils so that it would continue to operate as a trusted, integral part of their own public service organisations, whilst tasked with delivering major efficiency benefits of shared services and increasing scale, through locally focused growth with new public sector partners choosing to join LGSS.

Therefore the LGSS Vision is focused around ensuring and enabling each LGSS partner organisation to achieve their own vision and desired community outcomes, and it is for LGSS to help each partner to operate in the most cost effective ways possible.

Vision: Our Partners are renowned for delivering the best and most cost effective frontline services and Community Outcomes attainable

The LGSS vision is entirely focused on what is important and necessary to Partners and on what LGSS can do to enable our Partner organisations’ visions. The underpinning **LGSS Ethos** promoted across all employees is to **“Think like a customer, and act like a tax payer”** whenever called upon to provide services to partners.

LGSS Mission

The Mission of any organisation should summarise and explain ‘what’ the main role of the organisation is in delivering its overall vision. Therefore the LGSS mission is to be focused on being an invaluable and integral part of its partner organisations and to continue working seamlessly with front line and other retained and partner services and be totally focused on supporting the outcomes and priorities of the partners.

Mission: To be an invaluable and integral part of our Partner organisations, providing cost effective, resilient services and innovative expertise to help transform front line services focused on delivering desired Community Outcomes.

LGSS Strategy

The LGSS Strategy is a summary of ‘how’ LGSS as an organisation aims to achieve its declared vision and mission and outlining the overall strategic focus, choices and approach to be made along the way. Therefore the LGSS strategy emphasises a need to acquire increasing scale as a means of delivering primary benefits to LGSS Partners and not as an end in itself (nor for the sole benefit of LGSS). Hence LGSS growth is locally (i.e. regionally) focused and LGSS will seek ‘like minded’ public service organisations who choose to join LGSS for the overall benefit of all partners by increasingly choosing to share and invest together through LGSS.

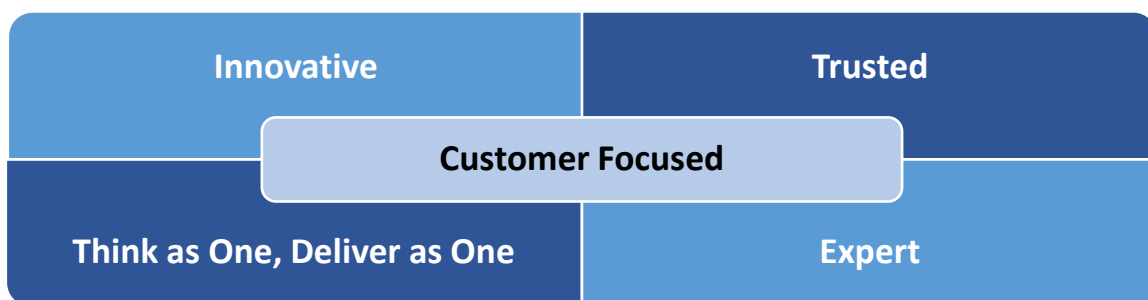
Strategy: To acquire and deliver economies of scale benefits for all Partners (as a leading public to public Shared Service) by continually exploiting greater sharing, convergence and service innovation

LGSS aims to innovatively combine economies of scale with increasing convergence of systems and processes, both within LGSS and across retained Partner organisations, to increasingly enable release of mutual benefits for all LGSS Partners by enabling more and easier public sector collaborations. LGSS will proactively and innovatively seek out beneficial, joint investment business cases for new approaches to more joined up public service delivery channels, services models and IT systems. LGSS will drive and facilitate innovation in public services for the benefit of all citizens served by the partner organisations.

LGSS Values

The LGSS Values are those attributes, knowledge and behaviours we expect all LGSS employees to actively seek to acquire and then display in their everyday workplace practices and interaction with their Partner colleagues.

These LGSS values are a common baseline for LGSS staff and are meant to both complement and align with the values of each Partner organisation in which our staff work and support. We would expect LGSS employees to be familiar with and support the additional specific values of their partner organisations in which they operate and support.



3. Key Goals and Objectives

To guide LGSS towards the delivery of its overall vision, mission and strategy for 2017-18 to 2021-22, there are six key goals which each have underpinning SMART objectives for achieving each goal.

Goal 1	To jointly plan with each Partner their required LGSS services and resources to fully support and align with their priorities and annual service plans and budgetary constraints.
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Enabling key objectives:

- To understand and agree with each partner via their LGSS Services Commissioner/Intelligent Client (IC) an annual LGSS budget and linked SLA and/or resource plan as appropriate. This is to be completed as an integral part of the medium term financial planning/business planning arrangements with each partner and the LGSS Business and Finance Planning team.
- Agree annual joint resource plans and budget plan procedures with each Partner - identifying and agreeing new resource demands jointly through PMO planning arrangements to be agreed with each Partner.

- Agree associated adjustments to SLAs/ KPIs and non-business as usual funded LGSS resource requirements with each Partner.
- Agree LGSS support requirements for major change programmes, transformation Programmes and capital projects.

Goal 2

To deliver the LGSS five year business plan and objectives as approved by the LGSS Joint Committee, and to jointly plan with each Partner through their annual medium term financial planning/business planning arrangements.

Enabling key objectives:

- Deliver the ERP Gold Programme - successfully implement and realise the subsequent £9.8m savings.
- Achieve the MKC OBC plan, projects and £4.2m savings over next five years.
- Renew and deliver the Norwich City Council, Northampton Borough Council (NBC) and Northamptonshire Healthcare Foundation Trust (NHFT) Partnership Delegated Agreement (PDA) commitments as per PDAs and Business Plans.
- Deliver the residual LGSS three years' Service Review savings.
- Achieve LGSS Law ABS OBC five year's incremental income plan.
- Achieve planned LGSS Revenues & Benefits five years OBC PDA savings, income and surpluses.

Goal 3

Continue to deliver economies of scale benefits for all Partners by growth, and LGSS doubling in scale over five years to deliver the planned additional £2m pa savings in current LGSS Net Budgets to directly benefit CCC, MKC and NCC (as per their PDAs).

Enabling key objectives:

- A continued strategic focus on identifying, developing and securing a fourth and fifth Full Partner ('Shareholder') within two and four years respectively, each based on compelling Business Cases.
- To develop and tactically pursue a five years growth and business development plan for each LGSS Service Line, with specific growth targets and objectives in the following areas:
 - To double the turnover and profits of LGSS Law by 2020-21 i.e. turnover up from circa £8m to £16m per annum.
 - Secure a third and fourth Full Partner for LGSS Revenues & Benefits and double in size i.e. within two and four years respectively.

- Double the scale of LGSS IT Services through growing existing and new partner services over the next five years.
- Secure the first LGSS Franchise partner for ERP Gold i.e. an ‘out of region’ partnership within two years, and a second by year four.
- To double the current trading income contributions from each professional service line within the next five years, with a specific focus on income growth plans for Pensions Services, Audit Services and especially for Strategic Procurement based on a greater self-funding model i.e. from generating additional supplier/contract savings for Partners than currently planned.

Goal 4	To be valued as an Innovator and Change Agent for Partners to help improve and transform their front line services to citizens.
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Enabling key objectives:

- To be a proactive enabler with the partners in the establishment of innovative models for their service delivery and financing
- For LGSS IT to proactively define and drive a convergent ICT Business Systems strategy with its Partners for all back office and front line systems and services, including a convergent ‘Health and Care Systems’ roadmap.
- Growing the capacity and skills capabilities of the LGSS Digital Services and Solution Group to help innovation and support for delivery of the ‘Digital First’ agenda.
- Creating a flexible and agile service delivery capability for supporting Business Change and Transformation with Partners.
- Successfully launch with CCC, MKC and NCC during 2017 the newly established, the jointly owned Opus LGSS Agency services capability and then significantly develop and grow it across the LGSS region.
- Proactively manage continuous service improvement and innovation with the ERP Gold solution through engagement with end users and user groups within key partners during the second half of 2017 onwards.
- Create and launch a more effective Strategic Sourcing capability with agreed increments from each partner involved (i.e. with each Partner CFO) to extend the value added offer by LGSS Procurement Services and the delivery of much greater savings from greater cooperation across all external Partners.

Goal 5	To be nationally recognised as the most cost effective, highly rated and agile Business Services provider to the UK public sector
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Enabling key objectives:

- Achieve ‘upper quartile’ cost/quality performance for all LGSS Services as measured against an appropriate and partner agreed benchmarked measure.
- Consistently achieve all agreed customer satisfaction (CSAT) ratings and measures for each Partner and Customer.
- Jointly plan with each Partner and Customer aligned to their MTFP/Business Planning requirements
- Always act in the wider interest of the Partners i.e. not restrained by an SLA/KPI ‘mind set’ – and to do so by acting in a way that is always ‘in the best interests’ of the Partners.
- Instil a ‘continuous improvement’ and ‘can do better’ culture in the LGSS workforce whilst operating as an integral part of the host partners and their cultures.

Goal 6

To be an attractive ‘employer of choice’ for recruiting and retaining the best people (by offering excellent career opportunities and developing their skills and talent)

Enabling key objectives:

- The LGSS Human Resources Director (HRD) and Managing Director (MD) in conjunction with the LGSS Management Board (MB) will develop and agree an overall LGSS Workforce Strategy during the first half of 2017-18 for the subsequent approval by the LGSS MB and the LGSS Joint Committee during the second half of 2017-18. This will bring a coherent and consistent approach for all of the LGSS workforce which will help lead and develop the LGSS workforce effectively in the future, identifying the main issues and challenges LGSS faces from further expansion, as well as the main options, including further workforce developments and investments in skills required through each key LGSS Professional Communities (including expanding Apprenticeships schemes and graduate programmes, as part of a more ‘grow our own’ talent plans).
- To develop and launch a plan for each LGSS Professional Community that has direct involvement and leadership from each relevant LGSS MB and their heads of service working with the LGSS HRD.

4. Future Developments

Business transformation and innovation are crucial elements of the strategic business plan. Where there is commonality between customers LGSS will investigate and assess current processes in order to identify best practice and integrate, streamline, standardise and deploy

the transformation across our customer base. This enables LGSS to offer superior service levels combined with economies of scale in terms of technology, resources and efficiencies.

LGSS aims to help transform front line services so they can deliver their desired community outcomes most cost effectively and to the highest quality attainable. LGSS support many public organisations both large and small with its skilled people, systems and knowledge of the public sector and its needs.

LGSS is constantly seeking ways to improve the services it delivers, and has a wide range of programmes in place which will bring improvements in service delivery whilst also meeting the needs of customers. Some of the key developments the team are working on are detailed below.

[Next Generation Working/Smarter Business Programmes](#)

The delivery of Smarter Business and Next Generation working principles across the partners is crucial to ensure the IT infrastructure, skills and training to fully embrace flexible working is provided.



The vision for the Next Generation Working programme is to create:

- A more flexible approach to how, when and where work gets done, with whom we work and the tasks we work on
- A more flexible, mobile and productive workforce who are IT confident and capable
- Office environments and IT resources suitable for more flexible and mobile ways of working
- A digital first approach which makes information more accessible off line and reduces the need for paper documents, duplicate entry and bureaucracy

[Enterprise Resource Planning \(ERP\) solution](#)

One of the key systems developments is the design, build and implementation of the Next Generation Enterprise Resource Planning (ERP) solution.

The LGSS ERP 'Gold Build' is a shared service ERP system being developed in partnership with Unit4 Business World software and has been designed around the principles of simplification, standardisation, automation and self-service. It will become a key offering of LGSS, which will bring potential customers both quantitative and qualitative benefits including:



- Enabling convergence to shared and common processes and procedures and greater use of self service.
- Single instance on shared infrastructure in the LGSS data centres/private cloud
- Shared service licence model with significant economies of scale and flexibility
- Full functionality across finance, purchasing, fixed assets, HR, payroll and management information
- Each organisation has their own separate 'client', a copy of the gold build, to ensure full data separation and security
- LGSS Business Systems provide functional management and support and a joint development roadmap, maintaining the Gold Build design principles with a single Design Authority
- Integration and interfaces with partner line of business systems through 'BizTalk' middleware technology.

[Health and Care IT and Systems](#)

A key area of development for LGSS is enhancing integration within the health and care sector by joining up health and care systems across different customers. The LGSS partnership with Northamptonshire Healthcare NHS Foundation Trust has enabled LGSS to develop its IT expertise within the health sector. An IT and Systems Strategy for health partners is being developed which will enable LGSS to create a Health and Care Systems Centre of Excellence.

[Pensions Systems upgrade](#)

The Pensions Service is currently implementing the latest payroll module of the Altair pensions administration system. This will enable LGSS to offer a fully integrated, modern payroll and administration solution and scalable shared systems platform ideal for supporting the Pooled Pensions Funds agenda, and it will immediately create efficiencies such as reduced inter-system reconciliations. It is anticipated that a merged payroll and administration database will be in place by March 2017. In addition there are plans to bring the hosting of the Altair platform in house.

LGSS Law Ltd – Next generation Legal Case Management systems

LGSS has selected its new case management system called DPS for LGSS Law Ltd, ICON, which will go live in early 2017 hosted and supported by LGSS IT as a private cloud based next generation system and service. Again this will create scalable, shared IT Systems platform offering the most modern, agile procedures for supporting a modern, secure and cost effective legal shared service.

LGSS Digital Solutions and Services

To help drive and deliver the Digital First agenda for LGSS Partners in common with aspirations by all UK public services, LGSS has taken the initiative and created a significant and flexible resource pool of very talented digital solutions developers using Agile development techniques to produce rapid and innovative digital solution and services within weeks (rather than taking months or years using more IT traditional methods). As a shared resource capability LGSS is able to develop once and then reuse its digital solutions, services and assets for the benefit of all LGSS partners, which dramatically speeds up the delivery of more digital solutions and services whilst significantly reduces costs for all LGSS partners. A digital service roadmap will be developed and launched during 2017 with partners by LGSS IT.

A few more examples of LGSS service improvement and innovation initiatives:



5. LGSS Financial Strategy

Approach

The original five year strategic plan and financial strategy for LGSS was based on the business case agreed by the both Councils at both Cambridgeshire and Northamptonshire County Councils. The initial years of that LGSS financial plan and strategy were based primarily on consolidating key business systems and rationalising senior management teams between the two founding authorities through the establishment of merged directorates and single heads of service and then subsequently consolidating business systems, standardising processes and merging service teams, and co-locating in the region certain transactional and operational services where most cost effective and sensible to do over time.

The initial merger plan was meant to quickly be followed by LGSS attracting its third and a fourth full scope 'shareholder' partner, and that was assumed to be other local county council scale partners attracted to join LGSS within subsequent years of the plan. This expansion in order to derive further savings from increased economies of scale and using the same approach to convergence of processes, systems and teams as used in the earlier years.

And whilst the originally planned expansion of LGSS did not happen as envisaged it still successfully delivered its savings and growth plans and did so with significant over achievements in most of its initial five years. This over achievement enabled LGSS to make several dividend style repayments to both CCC and NCC in recent years as well as allowing LGSS to be mostly self-funding for key LGSS investments, including all core transformation and workforce rationalisation costs to date.

The expansion of LGSS to date has therefore seen a mix of customers joining through fixed term delegation agreements (as LGSS customers) including Norwich City Council, Northampton Borough Council and Northamptonshire Healthcare Foundation Trust. More recently Milton Keynes Council joined LGSS as a full partner and member of the LGSS Joint Committee. The growth in LGSS customers has added to the trading income exposure and risk of the overall partnership whereby LGSS is subject to the uncertainties of renewals and tendering of delegated services as such customer agreements come to a natural end.

In addition, the lack of a third until recently and as yet no fourth 'shareholder' full partner has combined with further additional savings demanded by CCC and NCC over recent years to necessitate LGSS initiating a rolling programme of LGSS Service Reviews with the aim of identifying new savings in additional to the original LGSS five years Business Case reductions.

There have been five years of very major efficiency savings and integration, along with many new customers and a major new third shareholder Partner which has seen the original LGSS Plan delivered. This all combines to require much greater sophistication and transparency on LGSS service activity levels and their associated activity costs i.e. for each LGSS service per customer to enable a better and more informed annual service planning and funding discussion with each partner and customer. It will allow LGSS much greater alignment of resources to agreed funding levels, agreed with and for each Partner and customer as part of a more formal agreement with each regarding their specific SLAs/KPIs and service volumetrics.

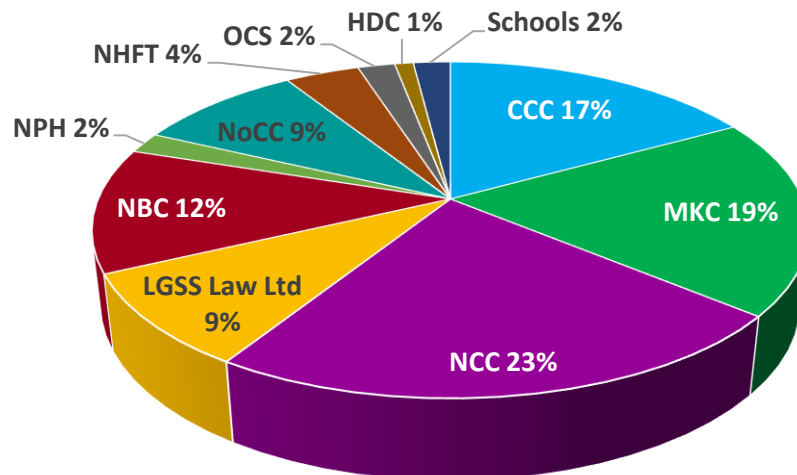
Therefore this Strategic Plan, and specifically the choices which need to be made on future efficiencies and potential service reductions, demands a greater connection between the SLAs/KPIs agreed with each partner and customer and their direct funding for each service line with LGSS. As part of the new LGSS Operating Model each partner CFO will act as the Strategic Commissioner (or Intelligent) Client for all LGSS services, and they have been part of the discussions on the formulation of this Financial Strategy and Strategic Plan primarily through their membership of the Formal LGSS Management Board and bilaterally as part of their own MTFP and Business Planning arrangements.

This planning approach was further tested informally with the Joint Committee in a workshop session in early 2017 and the Plans will also be reviewed with each partner Chief Executive and their Management Teams i.e. alongside discussions on their individual authority Service Level Agreements (SLAs) and to include consideration of both cost and service levels, resources and volumes of work as required. This final part of the process has taken place later than desired for 2017-18 and will in future be planned to take place earlier in a late August or early September i.e. for 2018-19. Also in place for 2017-18 will be a rolling programme of reviews of all services which will commence in spring 2017.

Before addressing the detail around the financial challenges and future funding gaps arising from inherited LGSS income streams and growth plans, it is worth exploring the extent of current trading income exposure (and inherent financial risk to LGSS budgets) included in the current plans as they stand as this time.

Chart 1, overleaf, presents a high level breakdown of LGSS's funding from both its three full 'shareholder' partners compared to the other trading and customer incomes it generates.

Chart 1: LGSS funding streams by partner/customer organisation



As can be seen only circa 59% of LGSS’s total £87m of funding is directly paid for by CCC, MKC and NCC collectively – this does not include some circa £5m paid annually to LGSS Law Ltd through ‘pay as you go’ turnover by CCC and NCC only. Even if the LGSS Law Ltd spend by CCC and NCC was included it still leaves around 35% of LGSS budgets/funding associated with, and exposed to, trading income (which benefits mainly CCC and NCC currently).

This high level of ongoing trading income risk at 35% is generated from various external customer revenue sources such as schools, districts and boroughs, and health trusts. In particular a few major exposures exist with key Partnering and Delegation Agreements with Northampton Borough Council, Norwich City Council and Northamptonshire Healthcare Foundation Trust and each is exposed to renewal loss every five years. Loss of any of these three customers for example would have a major impact on the funding levels and current levels of service provided by LGSS to CCC and NCC especially.

Hence there are two clear choices in meeting these trading income risks and projected future funding gaps detailed below for LGSS going forward – firstly LGSS could make commensurate service level quality reductions to compensate for the loss of these trading incomes but given that scale of internal efficiencies and savings taken to date this would mean major impacts to CCC and NCC on LGSS services quality. The second option is further LGSS growth and expansion to allow even more exposure to trading income risks for LGSS but it would allow for further economies of scale benefits to help close the LGSS financial planning gaps for future years. However, further LGSS growth not based on acquiring a fourth and fifth full ‘shareholder’ Partner will only increase LGSS trading income exposures and financial risks to unacceptable and financially imprudent levels.

Any LGSS strategy for growth should aim to achieve the 'right' balance of additional growth from (fourth and fifth) full shareholder partners alongside controlled growth from LGSS customers, and this new balanced approach should over the next five years aim to rebalance amount of non-shareholder (customer) to shareholder revenues and funding i.e. bring the proportions of non-shareholder revenues down from 35% to well under 20% within the five years.

And that is why a growth path for both LGSS Law Ltd and LGSS Revenues and Benefits has been pursued that is heavily based on them expanding through acquiring additional 'shareholder' based partnerships i.e. such as Central Bedfordshire Council for LGSS Law Ltd, and Northampton Borough Council for the LGSS Revenues and Benefits model, whereby these growth plans and partnership relationships are based on them being a shareholder and therefore they create a much greater 'built in' longevity and permanency to such partnership for all the parties concerned (hence it is a much lower financial risk).

That is why LGSS will need to continue to pursue a 'balanced' growth strategy and plan based around the Four Points LGSS Growth Strategy, as previously discussed and approved with the Joint Committee, summarised below as follows:

1. Strategic Focus on acquiring a fourth and fifth Full 'shareholder' partner within two and four years respectively from within the public sector in our region, in order to achieve the ideal 80%/20% balance of LGSS delegated budgets between shareholders and customers.
2. Pursue further tactical growth from key LGSS Service Lines again based on an 80%/20% balance of delegated budgets from shareholder/customer i.e. including LGSS Law, LGSS Revenues & Benefits and even the newly launched Opus LGSS Agency. This service line based tactical growth approach will also extend to include LGSS IT, LGSS Audit, and LGSS Business Systems.
3. Focused expansion and development of services and IT Solutions for integrated Health & Care, led by the LGSS IT Services Directorate.
4. Develop a LGSS Franchise Model that exploits the reuse of LGSS developed shared services assets, knowledge and systems with new public partners operating outside our region i.e. initially exploiting and offering LGSS ERP Gold 'as a hosted service' offered on a paid basis 'down a wire' into other public to public, shared service enterprises who are 'like minded' across the UK.

2017-18 to 2021-22 Position

The 2017-18 to 2021-22 position is driven by three key factors – emerging pressures across the partnership, the business planning demands of the partners and the need to deliver further traded income. This ask is summarised in Table 1 below.

Table 1: Financial Asks – 2017-18 to 2021-22

	2017-18	2018-19	2019-20	2020-21	2021-22
	£000	£000	£000	£000	£000
Pressures	1,563	0	0	0	0
Business Planning Commitments:					
CCC	468	706	619	607	TBD
MKC	830	770	715	665	TBD
NCC	564	803	708	351	TBD
Trading requirement	733	195	106	-37	TBD
Total ask	4,158	2,474	2,148	1,586	TBD

The specifics of the MKC five years Business Case which brought MKC into the LGSS partnership delivers the current MKC five years savings requirement. It also makes a significant contribution towards the planned LGSS shared services efficiencies for CCC and NCC from greater scale with new partners joining. In addition the LGSS business plan has further commitments which are partly addressed through the final year of the three year service review programme and from additional trading income from new customer and new business growth plans. The overall LGSS position is summarised in Table 2 below also highlights the gap in 2018-19 and future years.

Table 2: Delivery Plan – 2017-18 to 2021-22

	2017-18	2018-19	2019-20	2020-21	2021-22
	£000	£000	£000	£000	£000
Address Pressures	1,563	0	0	0	0
Service Reviews	1,103	600	0	0	0
MKC Business Case	1,460	1,237	717	355	187
Contributions from Trading Reserve	217	106	-37	-37	0
Contributions to (-)/from Business Case Profiling Reserve	-185	-94	271	583	187
Total	4,158	2,474	2,148	1,586	TBD
Residual Gap	0	625	1,197	685	TBD

Financial Plans

The summary level plans detailed within the Financial Strategy are supported by the following analysis:

- Budget build (table 3)
- Income/expenditure analysis (table 4)
- High level directorate by directorate/service by service analysis (table 5)
- Detailed savings/efficiency plans (tables 6a, 6b and 6c)

Over the past five years the emphasis has been on a top down approach and the presentation of the plan has been focused on the savings. Given the greater pressure for efficiency and reduction it's essential to ensure the base numbers are robust and the following budget build and income/expenditure analysis tables provide this greater assurance and linked to individually agreed partner SLA's linked to their MTFP/Business Plans. Further improved financial systems will enable improved assurance between employee budget and the agreed establishment to deliver services.

Table 3: Budget Build 2017-18

	CCC	MKC	NCC	Total
	£000	£000	£000	£000
Base budget 2016-17	12,617	16,279	18,574	47,470
Transfers to/(from) LGSS base	-1,728	277	-2,705	-4,156
Gross expenditure budget – base	10,889	16,556	15,869	43,314
Pressures	55	0	0	55
Expenditure inflation	51	0	246	297
Transfer to Reserves	0	0	447	447
Savings	-468	-830	-564	-1,862
Gross Expenditure budget – revised	10,527	15,726	15,998	42,251
Income	-2,802	-3,944	-4,539	-11,285
Income inflation	-48	0	0	-48
	-2,850	3,944	-4,539	-11,333
Net budget	7,677	11,782	11,459	30,918

During 2016/17 there have been a number of transfers in and out of the base budget. The key ones being Strategic Assets and Property Services and the Deputy Chief Executive in CCC. These are reflected in the revised opening base budget in table 3 above. The operational budget analysis shows how the budgets for LGSS have been created by taking the base budgets of the three authorities and adjusting them to arrive at the final budget. It should be noted that all 3 authorities are finalising apportionment of the Apprenticeship Levy will affect the figures above.

Pressures:

- In CCC there is a recognised pressure of £55k that has been added.

Inflation:

- Inflation for CCC has been calculated by budget line and totals £51k. There is a process to increase this if appropriate.
- In NCC the inflation has been included as 1% of the salary base which amounts to £246k.
- In MKC the inflation money is held centrally and will be allocated as appropriate during the year.

Transfer to Reserves:

- In NCC there is a £447k transfer to reserves in line with the MTFP which will be made in April 2017.

The savings that have been included in the 3 authorities MTFPs are included at the agreed amounts of £468k, £830k and £564k for CCC, MKC and NCC respectively. This gives an adjusted gross budget figure of £42,251k. The base budget for income is £11,285k and CCC have added inflation of £48k to their element. MKC and NCC have not included inflation for their income.

There is often too much emphasis placed on the combined net expenditure of the three shareholder councils when considering the activities of LGSS. It is now a considerable undertaking and it is important to have visibility on the total spend and various income streams, the risk attributable to the trading streams in particular was explored in the Financial Strategy above.

Table 4: Income/Expenditure Analysis

Income/Expenditure line	£000
Direct Employees	45,876
Indirect Employees	3,075
Premises Costs	34
Transport Costs	529
Supplies and Services	4,943
Third Party Contract Payments	83
Transfer Payments (grants to users)	-864
Other Expenditure	293
Recharge Income	-11,721
Gross Expenditure – Total	42,251
Income	11,333
Net Expenditure – Total	30,918

Sound financial planning drives accountability and the following table sets out the budgets which the directors and heads of service are bound to deliver.

Table 5: Directorate/Service Budgets

Please note these are draft budgets awaiting final confirmation.

LGSS Services by Directorate	Gross Expenditure Budget (000s)
Finance Services Directorate:	
Professional Finance CCC	2,134
Professional Finance MKC	1,787
Professional Finance NCC	1,560
Financial Operations	4,216
Integrated Finance Services	1,184
LGSS Business Planning & Finance	491
Audit & Risk	2,290
Total Directorate	13,662
Human Resources Directorate:	

LGSS Services by Directorate	Gross Expenditure Budget (000s)
HR Central Management	311
Policy & Strategy	1,399
HR Business Partners CCC	1,171
HR Business Partners NCC	1,042
Learning & Development	2,140
HR Transactional Services (NCC/CCC)	1,181
MKC HR Operations	925
MKC HR Transactions	807
Total Directorate	8,976
Business Services, Systems & Change Directorate:	
BSSC Leadership	154
Procurement & Insurance	1,235
LGSS Business Systems & Change	3,994
Customer Engagement	396
Business Development	122
Revenues & Benefits (MKC)	4,632
Total Directorate	10,533
IT Directorate:	
Cambridgeshire County Council	2,241
MKC IT	3,906
Northamptonshire County Council	1,177
Strategy & Architecture	253
Digital Services	716
Service Delivery	515
Total Directorate	8,808
LGSS Law and Governance Directorate:	
Democratic Support Services	1,192
CCC Corporate Legal Budget	105
Total Directorate	1,297
Managing Director & Support	
Managing Director & Support	221

LGSS Services by Directorate	Gross Expenditure Budget (000s)
Trading Account (Part)	
Central Trading	-1,246
TOTAL	42,251

Finally, delivering the budget will require delivering the transformation set out in the MKC Outline Business Case agreed by all of the Shareholder bodies' council and the LGSS Joint Committee and also third year of the three year service review programme. These are set out on a line by line basis with a brief explanation of the actions/change required and the impact.

Table 6a: Service Pressures

Service area	2017-18 £000	Proposed resolution
<u>Law & Governance</u>		
LGSS Law Ltd (NBC Contract)	62	To be resolved in LGSS Law Ltd.
<u>HR</u>		
HR (NBC Contract)	130	To be absorbed by HR service
HR (HDC Contract)	63	To be absorbed by HR service
Business Transformation	140	To be offset by planned £200k saving in BTT in 2017-18 as part of service realignment with NCC
Learning & Development (NCC)	350	
Schools Recruitment income (NCC)	350	
<u>IT Services</u>	200	To be met from reserves in 17-18. IT to find from 18-19 onwards
<u>General</u>		
MKC income budget pressure	268	£437k shortfall in HR, plus £51k in IT, offset by £220k currently in MKC MTFP. For discussion with CRD MKC.
	1,563	

Table 6b: Savings/Efficiency Plans – Service Reviews

	2017-18	2018-19	2019-20	2020-21	2021-22
	£000	£000	£000	£000	£000
<u>Business Services, Systems & Change</u>					
Procurement/Insurance	-63	0	0	0	0
ERP Contract Changes & New Platform	-400	-600	0	0	0
<u>LGSS Law & Governance</u>					
Democratic Services	-27	0	0	0	0
<u>Finance Services</u>					
Finance	-210	0	0	0	0
Pensions	-63	0	0	0	0
Finance Operations	-50	0	0	0	0
<u>HR</u>					
Learning & Development	-60	0	0	0	0
Payroll	-50	0	0	0	0
<u>IT Services</u>	-180	0	0	0	0
<u>TOTAL</u>	-1,103	-600	0	0	0

Table 6c: Savings/Efficiency Plans – MKC Business Case

	2017-18	2018-19	2019-20	2020-21	2021-22	Total
	£000	£000	£000	£000	£000	£000
Finance	-295	-275	-50	-50	0	-670
Audit	-75	-15	-15	-15	0	-220
Transactions	-470	-240	0	0	0	-734
HR Professional	-95	-95	0	0	0	-220
IT	-185	-220	-50	-50	0	-603
DSS	-30	-30	-30	-30	0	-120
Procurement	-40	-75	-60	-35	0	-230
Insurance	-26	-41	-20	-20	0	-127
Debt Recovery (Corporate)	0	0	0	0	0	0
Revenues and Benefits	-287	-370	-731	-260	-313	-1,961
TOTAL	-1,503	-1,361	-956	-460	-313	-4,885
NBC - Revenues & Benefits	43	124	239	105	126	637
Remaining	-1,460	-1,237	-717	-355	-187	-4,248
Original Ask/Requirement						
MKC – Core	580	520	465	415	0	1,980
MKC - Revenues & Benefits	250	250	250	250	0	1,000
LGSS – Core	300	300	200	200	0	1,000
LGSS - Revenues & Benefits	145	73	73	73	0	364
TOTAL	1,275	1,143	988	938	0	4,344
Balance	-185	-94	271	583	-187	96

6 Financial Monitoring, Planning and Governance Procedures

There has been a sound financial management framework in place. There is always room for improvement and there are some changes planned for 2017-18 especially with the move to the new Target Operating Model and the addition of Milton Keynes Council as our third 'shareholder' partner.

There is a self-service approach with LGSS directors, heads of service and senior managers being responsible for management of budgets, i.e. forecasting spend/income, controlling activity and taking mitigating action where necessary. They are supported, advised and challenged by the Business Finance Partners in this activity, including joint formation of savings proposals, presentation of the numbers and actions to the directorate management teams (DMT).

On a monthly basis the directors meet with the LGSS Managing Director, LGSS Finance Director and LGSS Head of Business Planning and Finance to review progress. This has previously focused on income and expenditure forecasts, delivery of savings programmes monitored through a detailed tracker and exploration of/progress on mitigation actions where there is variance. For 2017-18 there will additionally be greater analysis of the establishment particularly to ensure accurate reporting of vacancies.

The full financial position is considered by the LGSS Management Board. Given the background discussion with the directors which have already taken place the focus is on actions and direction of travel rather than validation of forecasts. The Chief Finance Officers of our 'shareholding' partners attend Management Board on a quarterly basis and in the intervening months will consider the financial position at the monthly Finance Community DMT. Joint Committee will be presented with the most up to date month's figures when they meet and will be sent the figures on other occasions, and the LGSS Finance Director or members of team will be available to brief individual members of the Joint Committee if required.

The financial management arrangements have become more complex as there has been greater integration and the delivery of further savings along with the addition of a third partner. The team will explore options for a fresh approach to improve the financial management and also the financial reporting of LGSS's performance during the first quarter of 2017-18. This review will naturally take note of the potential benefits available through the implementation of the Agresso 'Gold Build'.

7. Customer Satisfaction Framework

Central to our customer relationship management is our Customer Satisfaction and Engagement Framework. The key components of this are shown below. The framework ensures LGSS receives feedback ranging from chief executives strategic feedback to surveying end users for feedback immediately after a service experience. LGSS is also overlaying key performance indicator data to ensure a rounded view of how it's performing with delivering services to our customers is maintained and enables LGSS to proactively address service improvements to meet changing customer requirements.



The CFO as the lead commissioner has a significant role as the intelligent client within this framework. The role includes performance reporting, agreeing annual budgets, SLAs KPIs and maintaining close relationships as part of an integrated team approach.

An overview of each component of the framework is detailed below.

[Annual User Satisfaction Survey](#)

An online annual all end-users e-survey of overall user satisfaction is undertaken each September which provides any end-user with the opportunity to give direct feedback and the ability to formally rate their LGSS service experiences over the past year.

[Annual Executive Interview](#)

This happens each October and is a face to face structured interview undertaken by the LGSS Head of Service for Customer Engagement and Business Development with each Partner's Chief Executive (or nominee) to seek feedback on the strategic relationship, their customer

priorities, a view on matters such as the appropriateness of exiting LGSS governance arrangements including and specific key LGSS roles.

[End User Satisfaction feedback](#)

At the conclusion of each service provision with an end-user we offer each user a simple, e-survey based opportunity to rate their service experience of us at that time, and these feedback forms are used to enable LGSS to measure the ‘in the moment’ and ongoing customer satisfaction for each of the main service areas. This allows LGSS to pick up and address unsatisfactory trends in customer dissatisfaction well before they become a major issue for our partners.

[Comments, Compliments and Complaints](#)

Comments, compliments and complaints arrive via a single point of contact and are then provided to the relevant Heads of Service/Individual within 24 hours.

[Key Performance Indicators](#)

Each LGSS Service has performance measured by a set of Key Performance Indicators (KPIs) which look at specifically agreed targets in a RAG status format of regular reports to our partners SMT’s and review with the nominated Intelligent Client lead for their LGSS relationship.



[Customer Issue Log](#)

Customers can report contractual/performance issues to us at any time and we register and monitor all issues through to resolution and ensure customers are responded to in a timely fashion.

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LGSS Joint Overview & Scrutiny Working Group

3rd April 2017

Subject:	Future operation of the LGSS Joint Overview & Scrutiny Working Group
Recommendation:	<p>That the Joint Overview & Scrutiny Working Group:</p> <p>a) Considers and agrees the following meeting dates for 2017/18 as set out in paragraph 2.4 of the report:</p> <ul style="list-style-type: none"> • 24th July 2017 • 27th November 2017 • 19th March 2018 <p>b) Considers and identifies matters that it wishes to propose as potential topics for scrutiny in 2017/18.</p>

1. Purpose of Report

1.1 This report is intended to facilitate consideration by the Joint Overview & Scrutiny Working Group (JWG) of matters relating to its operation in 2017/18. The JWG is not a standing body and its continued operation will need to be agreed at the start of the year by the relevant 'parent' committees at each of the three LGSS partner authorities. However, there is still some merit in the existing JWG reviewing its operation so far and how it might proceed in future.

2. JWG meeting schedule

2.1 Experience has shown that it is impractical to try to schedule JWG meetings on a meeting-by-meeting basis, given the need to secure the involvement of representatives from four different organisations (Cambridgeshire, Milton Keynes and Northamptonshire councils and LGSS). It is therefore proposed that a schedule of future meetings is set as with a formal committee. This may need to be reviewed and re-confirmed at the start of 2017/18 if the membership of the JWG or any aspect of the way it operates changes. However, a schedule set by the current JWG could still form the basis for this.

2.2 The JWG's Terms of Reference (ToR) state:

The JWG will normally meet every 4 months, on appropriate dates and times selected to support the delivery of the work programme agreed by the JWG...As a general principle, JWG meetings will normally rotate in sequence between the participating authorities.

2.3 The following considerations can help to inform the identification of a future schedule for JWG meetings:

- The need for time at the start of 2017/18 for the three parent committees to consider the continuation of the JWG and the appointment of members to it.

NCC's Finance & Resources Scrutiny Committee, for example, is due to have its first meeting in 2017/18 on 12th July 2017.

- The question of how JWG meetings are scheduled relative to those of the LGSS Joint Committee. Recent experience has shown that it can help with the provision of information to the JWG if it meets after the Joint Committee. The current schedule of Joint Committee meetings for 2017/18 is as follows:
 - Thursday 1st June 2017
 - Wednesday 15th November 2017
 - Wednesday 21st February 2018
 - Wednesday 30th May 2018
- The current and previous JWG meetings have both taken place on a Monday. The JWG has requested that meetings take place in the late morning or afternoon to assist members travelling from outside the area where the meeting is being held.
- The need to take account of likely participants' existing commitments and other committee meetings and activities at LGSS partner authorities.

2.4 Taking this into account, the following JWG meeting schedule for 2017/18 is proposed:

- Monday 24th July 2017, 2.00pm, Northamptonshire County Council
- Monday 27th November 2017, 11.00am, Cambridgeshire, County Council
- Monday 19th March 2018, 11.00am, Milton Keynes Council

3. JWG work programme

3.1 This meeting also provides an opportunity for the JWG to consider the content of its future work programme and any matters that it wishes to identify at this stage as focus areas or topics for scrutiny in 2017/18. A future JWG will not be obligated to adopt any of these ideas. However, as with all Overview & Scrutiny, it will be helpful for its work programme to be informed by, and build upon, previous work.

3.2 The JWG's ToR state that the role of the JWG is:

- *Accountability – Holding the LGSS Joint Committee to account for the discharge of its functions.*
- *Improvement – Investigating issues associated with LGSS and making recommendations that seek to improve the quality of services delivered through LGSS.*

3.3 In practice, the work of the JWG might consist of some, or a combination of all, of the following approaches:

- Monitoring of existing LGSS performance, whether of LGSS as a whole or of specific directorate functions

- Forward-looking scrutiny of the strategic development of LGSS, for example of the Strategic Plan and annual budget
- More focussed scrutiny of particular matters connected with the above areas

3.4 When considering potential topics for scrutiny and working methods there are factors that the JWG should take into account in addition to delivering the role set out in its own ToR. Perhaps the most important of these is to consider how the work of the JWG can produce the most value, particularly given that the LGSS Joint Committee also has a role in overseeing the operation of LGSS and holding it to account for its effectiveness in a scrutiny-like way.

3.5 The operation of the JWG in 2016/17 has not reached the point where it has an established pattern of work and items of business that it expects to scrutinise as standard. If the JWG chooses to adopt the meeting schedule for 2017/18 proposed in paragraph 2.4 above then the following work programme of standing agenda items and core strategic items is suggested as a basis for discussion at the current meeting:

JWG Meeting	Standing items	Strategic items
July 2017	<ul style="list-style-type: none"> • Budget update • Business development update 	<ul style="list-style-type: none"> • Overview of LGSS Annual Report, development plans and priorities
Nov 2017	<ul style="list-style-type: none"> • Budget update • Business development update 	<ul style="list-style-type: none"> • Prospective budget and priorities for the year ahead
March 2018	<ul style="list-style-type: none"> • Budget update • Business development update 	<ul style="list-style-type: none"> • Overview of customer satisfaction feedback

3.6 It would be open to the JWG to consider the scope – within available capacity – to augment this work programme with other topics for more focussed scrutiny, whether identified by the JWG or suggested to it by issues that may arise from the operation and development of LGSS. The JWG meeting on 27th July 2016 identified the following potential focus areas for scrutiny:

- LGSS business plan and accounts
- Customer satisfaction with LGSS
- Effectiveness of LGSS financial control arrangements
- LGSS budget delivery
- LGSS capacity to deliver its contractual responsibilities
- Any common issues concerning LGSS experienced by partners or customers

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