

<b>To:</b>	<b>LGSS Joint Committee</b>
<b>Date:</b>	26 <sup>th</sup> July 2019
<b>Lead:</b>	Mark Ashton, LGSS managing Director
<b>Author:</b>	Justine Hartley, Head of LGSS Business Planning and Finance
<b>Subject:</b>	<b>LGSS Budget 2019-20</b>
<b>Purpose:</b>	<b>To update LGSS Joint Committee on development of the LGSS Budget for 2019-20</b>
<b>Recommendation</b>	<p>LGSS Joint Committee is asked to:</p> <ul style="list-style-type: none"><li>i) review and approve the draft Operational Update for LGSS for 2019-20 as set out at Appendix A;</li><li>ii) note that the Update focuses on business as usual service delivery for 2019-20 and no assumptions have been made about the future LGSS operating model, or the ability to deliver savings beyond 2019-20; and</li><li>iii) note that the savings asks for MKC and NCC have plans in place to meet in full but there remains a residual gap for CCC which the Council have made provision to cover.</li></ul>

## Development of the LGSS Budget

1. At Joint Committee on 28th February 2019, a draft budget for LGSS for 2019-20 was discussed and approved subject to further work needed. The budget at that time included a residual gap of £604k split between CCC and NCC. The savings ask for Milton Keynes was fully met for 2019-20.
2. Following further work the proposed Operational update for 2019-20, including the budget, is now at Appendix A. The update focuses on business as usual service delivery for 2019-20 whilst the operating model for LGSS is under review. No assumptions have been made about the future LGSS operating model, or the ability to deliver savings beyond 2019-20. It is assumed these will be covered within the outcomes of the operating model review work.

## Savings asks

3. The savings asks of LGSS reflected in the medium term financial plans of the three core councils for 2019-20 are set out in Table 1 below and on page 14. These include:
  - the shared savings set out in the business case for Milton Keynes joining LGSS up to 2020-21;
  - additional savings asks requested by all three councils.
  - known pressures within LGSS budgets that require savings to offset in 2019-20.

**Table 1: Financial Asks – 2019-20**

	2019-20 £000
<u>LGSS shared operational savings from MKC joining LGSS</u>	
CCC	619
MKC	465
NCC	248
<u>Additional savings asks</u>	
CCC	300
MKC	25
NCC (includes £50k ask brought forward from 2018-19)	196
<u>Pressures</u>	
LGSS Trading	229
Fire and Rescue	9
<b>Total ask</b>	<b>2,091</b>

## Delivery Plan

4. The delivery plan to achieve the above asks is summarised in Table 2 below. There are full plans to address the savings asks of MKC and NCC but a residual gap in savings plans remains for CCC.

**Table 2:** Delivery Plan – 2019-20

	<b>2019-20 £000</b>
Shared savings proposals	316
Council specific savings	350
Increased trading income	102
Service Line additional income targets	99
Savings already delivered	648
<b>TOTAL</b>	<b>1,515</b>
Residual gap	<b>576</b>

5. Further detail of the Delivery Plan is set out in Tables 6a to 6d of Appendix A.
6. The residual gap in the savings plans is set out in table 7 of Appendix A and replicated below. For NCC, savings in managed budgets have been secured to offset the small residual gap. For CCC, the residual gap remains but the Council have made provision to cover this gap whilst the LGSS operating model review is ongoing.

**Table 3:** Split of residual gap against savings targets and actions to address

<b>Authority</b>	<b>Residual Gap 2019-20 £000</b>	<b>Actions to address</b>
CCC	582	CCC have made provision to cover this residual risk which is made up of: <ul style="list-style-type: none"> <li>➤ £460k shortfall on previous trading target (NCC removed the equivalent amount from their savings ask)</li> <li>➤ £122k shortfall on additional CCC specific savings ask</li> </ul>
MKC	-33	Overdelivery against target will be returned to MKC
NCC	27	Will be addressed by agreed savings from NCC managed budgets
	<b>576</b>	

## **Conclusion**

7. LGSS Joint Committee is asked to:

- iv) review and approve the draft Operational Update for LGSS for 2019-20 as set out at Appendix A;
- v) note that the Update focuses on business as usual service delivery for 2019-20 and no assumptions have been made about the future LGSS operating model, or the ability to deliver savings beyond 2019-20; and
- vi) note that the savings asks for MKC and NCC have plans in place to meet in full but there remains a residual gap for CCC which the Council have made provision to cover.



# **LGSS Strategic Plan**

2019-20 Operational Update

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### Approval of plan

This plan updating the operational focus and budget for 2019-20 will be considered by the LGSS Joint Committee on Friday 26<sup>th</sup> July 2019.

## 1. Introduction

### LGSS Strategic Plan Update

The operating model for LGSS is currently under review and is expected to be revised during 2019 following consultation with key stakeholders including partners, customers and staff. In the meantime, LGSS is focussing on business as usual service delivery and this document updates the LGSS goals and budget figures for 2019-20 in that context.

### Background

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 County Council (CCC) and Northamptonshire County Council (NCC) in October 2010.

Up to 2018, LGSS steadily expanded with many new public sector organisations choosing to join through delegation, including Norwich City Council (NoCC), Northampton Borough Council (NBC), Olympus Care Services and Northamptonshire Healthcare NHS Foundation Trust (NHFT).

Another landmark development for LGSS happened in April 2016 with Milton Keynes Council (MKC) joining LGSS as a full scope partner and becoming a full member of the LGSS Joint Committee governance structure.



Figure 1: LGSS regional focus

LGSS also provides services to hundreds of local schools, several local emergency services, Clinical Commissioning Groups (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, human resource (HR) advisory and recruitment, revenues & benefits, internal audit and risk, pensions administration, procurement, information technology (IT) and democratic services.

## **LGSS Core Region Focus**

LGSS growth has been focused in the region (as shown in Figure 1) and within the wider public sector which means staying very close to our partners and customers and keeping teams 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**

With a business ethos of 'think like a customer, act like a tax payer' LGSS operates through a shared not-for-profit risk and reward model between all LGSS partners, ensuring that all benefits and savings from sharing remain within the public sector and allow LGSS to operate as a genuine, trusted and integrated shared services partner.

LGSS has around 1,274 full time equivalent employees located across major operations in Cambridge, Norwich, Northampton, Milton Keynes, Kettering and Wellingborough with a regional focus on local authorities, health and 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 and 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 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.

## **Key Developments and Challenges**

LGSS is supporting the three core councils around a number of key developments:

- A review of the LGSS operating model commenced in May 2018 with independent support. In February 2019 the LGSS Joint Committee agreed to explore a lead authority model for the delivery of LGSS services in the future. Work on this model is currently underway and LGSS is supporting its development, and will continue to support with the implementation of future changes and transformation to the new model;
- LGSS has supported NCC through its recent financial challenges and the operation of controls introduced following the issuance of the s114 notice;
- Looking forward NCC and the District Councils in Northamptonshire will be replaced by two new Unitary authorities for Northamptonshire. LGSS will be supporting with the planning and transformation needed for this change; and



- The Unitary change in Northamptonshire will also impact current trading with Northampton Borough Council whose functions will be taken into one of the new Unitary Councils. LGSS will also be supporting this transition.

## **2. LGSS Vision, Mission, 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 'by the public sector, for public sector' shared service by its original founding councils. The reasoning was that it would continue to operate as a trusted, integral part of their own public service organisations while 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.

The LGSS vision is focused around ensuring and enabling each LGSS partner 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 way 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, act like a tax payer' whenever called upon to provide services.

### **LGSS Mission**

The mission of any organisation should summarise and explain 'what' the main role of the organisation is in delivering its overall vision. The LGSS mission is to be focused on being an invaluable and integral part of its partner organisations and to continue working seamlessly with frontline 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 frontline 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.

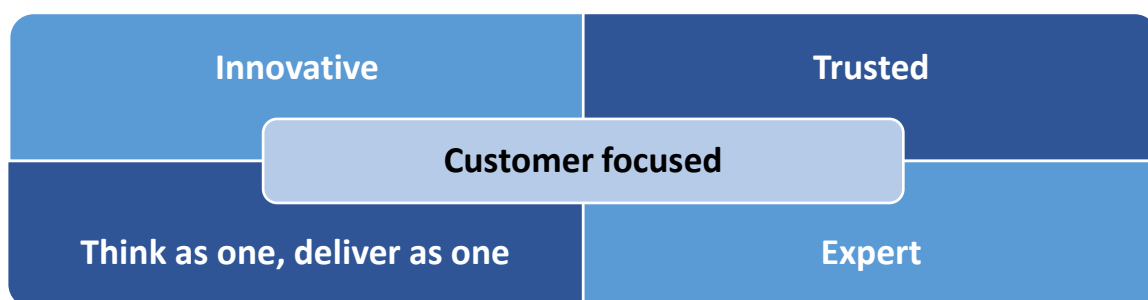
***Strategy: To deliver economies of scale benefits for all partners (as a leading public to public shared service)***

LGSS aims to innovatively combine economies of scale and improve practice of systems and processes, both within LGSS and across retained partner organisations, to increasingly enable release of mutual benefits for all LGSS partners.

## 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 personnel and are meant to both complement and align with the values of each partner organisation in which our teams 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.



## 3. Key Goals and Objectives

Focussing on business as usual service delivery for 2019-20, there are four key goals for LGSS which each have underpinning SMART objectives for achieving each goal.

**Goal 1**

To jointly plan with each partner their LGSS services and business support requirements aligned to their priorities, annual service plans and Medium Term Financial Plan needs.

**Enabling key objectives:**

- To understand and agree with each partner via their LGSS services commissioner/intelligent client an annual LGSS budget and linked service level agreement (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 Planning and Finance team.
- Agree LGSS support requirements for major change programmes, transformation programmes and capital projects.
- Agree annual service plans for all LGSS services reflecting agreements with partners.

**Goal 2**

To deliver the LGSS service plans, budget and objectives for 2019-20 as approved by the LGSS Joint Committee.

**Enabling key objectives:**

- Renew and deliver the NoCC, NBC and NHFT partnership delegation agreement (PDA) commitments as per PDAs and business plans.
- Deliver the annual LGSS service plans, budget and objectives reflecting agreements with partners and customers.
- Achieve planned LGSS Revenues and Benefits five years' OBC PDA savings, income and surpluses.

Note: The partner councils have agreed that there is no expectation of growth within LGSS services during 2019-20 whilst the operating model for LGSS is reviewed. Plans beyond 2019-20 will be dependent on the outcomes of the current review.

**Goal 3**

For LGSS to be valued as an innovator and change agent for its partners to help improve and transform their frontline services to citizens.

**Enabling key objectives:**

- To be a proactive enabler with partners in the establishment of innovative models for their service delivery and financing.
- For LGSS IT to proactively define and drive a convergent IT Business Systems Strategy with each partner for all back office and frontline systems and services.
- Build on the successful delivery of the Enterprise Resource Planning (ERP) Gold solution to deliver the full £9.8m of savings. Proactively manage continuous service improvement

and innovation with the ERP Gold solution through engagement with end users and user groups within key partners.

- Developing the capacity and skills capabilities of the LGSS Digital Services and Solution Group in line with the partner councils' transformation agendas.
- Build on the launch with CCC, MKC and NCC during 2017 of the jointly owned Opus LGSS recruitment agency services capability to significantly develop and grow it across the LGSS region.
- Always act in the wider interest of partners, i.e. not restrained by an SLA/KPI mindset and to do so by acting in a way that is always in the best interests of 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 4**

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:**

- Aim to support and retain employees within LGSS during the uncertainty of the operating model review.
- Recruitment policy that reflects the challenges posed by the review, but looks to bring in quality employees to support the work of the partner councils.
- Support team development through 2019-20 including through training and use of apprenticeships.
- Support staff through change when the outcomes of the operating model review are finalised.

## **4. LGSS Financial Strategy**

### **Approach**

The original five year strategic plan and financial strategy for LGSS was based on the business case agreed by both Cambridgeshire and Northamptonshire County Councils. The initial years of the LGSS financial plan and strategy were based primarily on consolidating key business systems, rationalising senior management teams between the two founding authorities and establishing merged directorates and single heads of service; and subsequently consolidating business systems, standardising processes, 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 be quickly followed by LGSS attracting its third and fourth full scope 'shareholder' partners, assumed to be other local county councils attracted

to join LGSS within the later years of the plan. This expansion was in order to derive further savings from increased economies of scale using the same approach to converge processes, systems and teams as in earlier years.

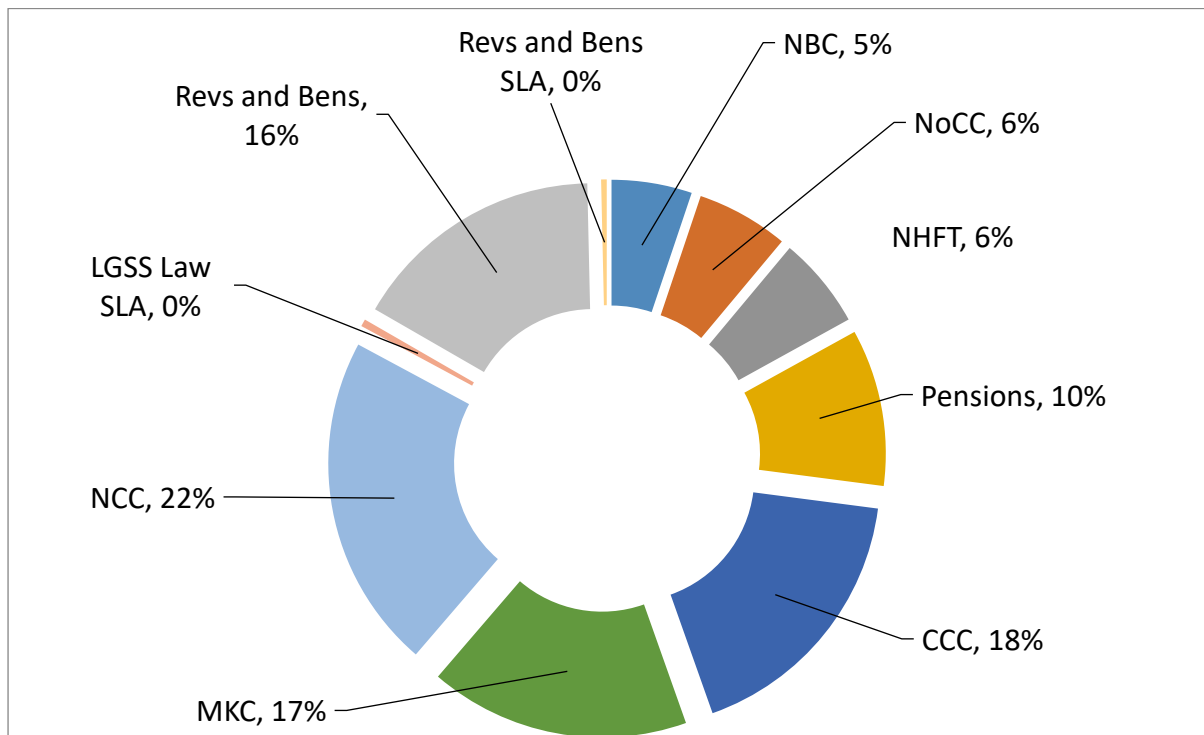
While the original planned expansion of LGSS did not happen as envisaged, it still successfully delivered its savings and growth plans and did so with significant over achievement in most of its initial five years. This over achievement enabled LGSS to make several dividend style payments to both CCC 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 has seen a mix of customers joining through fixed term delegation agreements (as LGSS customers) including NoCC, NBC and NHFT. More recently MKC 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. It is important to note that MKC, as part of its Partner Delegation Agreement, has no liability to the outstanding budget demands of LGSS as at 1 April 2016 and its only exposure is the delivery of the £4.248m in the business case.

Five years of major efficiency savings and integration, along with many new customers and a third shareholder partner joining LGSS, has seen the original LGSS plan delivered. Going forward the future savings asks of LGSS will be determined as part of the current review of the LGSS operating model.

It is worth exploring the extent of ongoing trading income exposure (and inherent financial risk to LGSS budgets) included in the current plans as they stand at this time.

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

**Chart 1:** LGSS funding streams by partner/customer organisation 2019/20

Only circa 71% of LGSS's total £64.8m of funding is directly paid for by CCC, MKC and NCC collectively. This leaves around 29% 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 29% is generated from various external customer revenue sources such as districts and boroughs, and health trusts. In particular a few major exposures exist with key partner delegation agreements with NBC, NoCC and NHFT.

For 2019-20 the financial strategy will focus on delivering value for money services in lines with the LGSS agreed service plans and budgets for the year. There will also be a focus on debt collection and minimising the level of debt outstanding to LGSS on behalf of the Councils. In particular, there is over £3m of debt with LGSS Law on behalf of CCC and NCC which we are working to resolve.

### **2019-20 to 2023-24 Position (excluding Revenues and Benefits)**

The 2019-20 to 2023-24 budget position is set out in the tables below. The financial asks are those reported in the budgets of the three core councils and do not reflect any changes that might arise from the current review of the operating model for LGSS. In particular, many of

the savings for 2020-21 and beyond were predicated on growth in the partnership. The outcomes of the review will need to reflect the deliverability of these growth targets.

The savings asks for 2019-20 are summarised in Table 1 below.

**Table 1:** Financial Asks – 2019-20

	2019-20 £000
<u>LGSS shared operational savings from MKC joining LGSS</u>	
CCC	619
MKC	465
NCC	248
<u>Additional savings asks</u>	
CCC	300
MKC	25
NCC (includes £50k ask brought forward from 2018-19)	196
<u>Pressures</u>	
LGSS Trading	229
Fire and Rescue	9
<b>Total ask</b>	<b>2,091</b>

The delivery plan to achieve these asks is summarised in Table 2 and highlights the outstanding residual gap in 2019-20. There are full plans to address the savings asks of MKC and NCC but a residual gap in savings plans remains for CCC.

**Table 2:** Delivery Plan – 2019-20

	2019-20 £000
Shared savings proposals	316
Council specific savings	350
Increased trading income	102
Service Line additional income targets	99
Savings already delivered	648
<b>TOTAL</b>	<b>1,515</b>
Residual gap	<b>576</b>

## 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, 6c and 6d)

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 is essential to ensure the base numbers are robust. The following budget build and income/expenditure analysis tables provide this greater assurance and are linked to individually agreed partner SLAs 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 2019-20

	CCC £000	MKC £000	NCC £000	Total £000
Base budget 2018-19	18,454	10,479	25,709	54,617
Transfers to/(from) LGSS base	-14	253	-668	-429
Gross expenditure budget – base	18,440	10,732	25,041	54,188
Pressures	45	432	470	947
Expenditure inflation	178	169	13	360
Savings	-619	-465	-248	-1,332
Customer specific savings	-300	-25	-146	-446
Gross expenditure budget – revised	17,744	10,843	25,130	53,717
Income	-9,583	-1,674	-14,876	-26,133
Income inflation	0	-2	0	-2
	<b>-9,583</b>	<b>-1,676</b>	<b>-14,876</b>	<b>-26,135</b>
<b>Net budget 2019-20</b>	<b>8,161</b>	<b>9,166</b>	<b>10,254</b>	<b>27,582</b>

During 2018/19 there have been a number of transfers in and out of the base budget, the key ones being the removal of Fire and Rescue service from the NCC base with services now being



paid for by the Fire and Rescue Commissioner Authority, and the addition of inflation in year by MKC.

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.

Pressures:

- In CCC a pressure of £27k has been funded in Professional Finance and additional costs to be incurred as a result of increases to the National Living Wage have been funded.
- In MKC £382k of additional funding has been put into ICT for increased licensing costs, plus £50k of Data Centre savings have been pushed back to 2021/22.
- In NCC the previously agreed saving of £150k from Internal Audit has now been reversed, and £320k of funding has been provided to fund pressures arising from the transfer of fire and rescue services to the Northamptonshire Commissioner Fire and Rescue Authority.

Inflation:

- Inflation for CCC and MKC has been calculated by budget line and totals £178k for CCC and £169k for MKC. This includes inflation of -£2k applied to MKC income budgets.
- In NCC there is no salary inflation for 2019-20 and just a small amount of non salary inflation (£13k).

The savings that have been included in the three authorities MTFPs are included in the LGSS budget at £919k for CCC, £465k (excluding Revenues and Benefits) for MKC, and £444k for NCC. In addition, trading pressures arising in 2018/19 totalling £229k have been addressed within the 2019-20 budget.

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	Net budget £000s
Direct employees	50,067
Premises costs	28
Transport costs	614
Supplies and services	8,156
Recharge income	-5,148
<b>Gross expenditure – total</b>	<b>53,717</b>
Income	26,135
<b>Net expenditure – total</b>	<b>27,582</b>

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

LGSS services by directorate	Gross expenditure budget £000	External Income budget £000	Net expenditure budget £000
<b>Finance Services Directorate:</b>			
Finance Leadership	10	0	10
Professional Finance – CCC	1,631	0	1,631
Professional Finance – MKC	1,915	-53	1,862
Financial Operations	3,680	-305	3,375
Debt and Income	872	-25	847
Integrated Finance Services	1,599	-627	972
Audit & Risk	2,056	-422	1,634
Pensions Operations	6,543	-6,543	0
Procurement and Insurance	1,684	-293	1,391
Finance Customers and Other	3,209	-24	3,186
<b>Total Directorate</b>	<b>21,738</b>	<b>-8,273</b>	<b>13,465</b>
<b>Human Resources Directorate:</b>			
HR Central Management	150	0	150
Policy & Strategy	1,073	0	1,073
Health, Safety and Wellbeing	693	-132	561
HR Business Partners – CCC	1,096	0	1,096
HR Business Partners – MKC	762	0	762

LGSS services by directorate	Gross expenditure budget £000	External Income budget £000	Net expenditure budget £000
HR Business Partners – NCC	915	0	915
NCC Schools	178	-256	-78
MKC Schools	159	-151	8
Learning & Development	3,839	-880	2,959
HR Transactional Services	2,242	-699	1,543
<b>Total Directorate</b>	<b>11,063</b>	<b>-2,118</b>	<b>8,967</b>
<b>IT Directorate:</b>			
IT Leadership	60	0	60
Cambridgeshire County Council	1,568	0	1,568
Milton Keynes Council	2,835	-1	2,834
Northamptonshire County Council	1,558	-39	1,519
IT Customers	7,108	-556	6,552
Strategy & Architecture	781	-16	765
Digital Services	439	0	439
Commercial Management	580	0	580
LGSS Business Systems & Change	3,549	0	3,549
<b>Total Directorate</b>	<b>18,960</b>	<b>-1,074</b>	<b>17,886</b>
<b>Managing Director &amp; Support</b>			
Managing Director & Support	282	0	282
LGSS Business Planning & Finance	413	0	413
Customer Engagement	387	0	387
Business Development	181	-87	94
Language Service	704	-738	-34
Democratic Support Services	477	-92	385
<b>Total Directorate</b>	<b>2,444</b>	<b>-917</b>	<b>1,527</b>
<b>Trading Account (Part)</b>			
Central Trading	40	-13,741	-13,701
Savings to be allocated	-550	-12	-562
<b>TOTAL</b>	<b>53,695</b>	<b>-26,135</b>	<b>27,582</b>

Finally, delivering the budget will require the delivery of the following savings and increased income targets.

**Table 6a:** Shared savings proposals

	<b>2019-20 £000</b>
<b>Strategic Management</b>	
Further rationalisation of the LGSS Leadership team and support	200
Reduced Business Planning & Finance team	31
Delete vacant posts in Customer Engagement and Business Development teams	85
<b>TOTAL</b>	<b>316</b>

**Table 6b:** Council specific savings

<b>Service area</b>	<b>2019/20 £000</b>	<b>Description</b>
Finance Operations	100	Reduction in posts following ERP implementation
HR and payroll	125	Reduction in posts following ERP implementation
Business Systems	100	Savings post ERP implementation
Internal Audit MKC	25	Being Smarter saving
<b>TOTAL</b>	<b>350</b>	

**Table 6c:** Trading income - Service charges

<b>Customer type</b>	<b>2019/20 £000</b>
Current customers	1,937
Increased revenues	102
<b>Total</b>	<b>2,039</b>

**Table 6d:** Service Line additional income targets

	<b>2019-20 £000</b>
<b>Finance</b>	
Pensions (2019-20 and 2020-21 amounts already delivered)	50
<b>LGSS Trading</b>	
OPUS LGSS recruitment agency (LGSS 49% share)	49
<b>TOTAL</b>	<b>99</b>

The residual gap of £576k shown in Table 2 above is broken down as set out in Table 7 below:

**Table 7:** Split of residual gap against savings targets and actions to address

<b>Authority</b>	<b>Residual Gap 2019-20 £000</b>	<b>Actions to address</b>
CCC	582	CCC have made provision to cover this residual risk which is made up of: <ul style="list-style-type: none"> <li>➤ £460k shortfall on previous trading target (NCC removed the equivalent amount from their savings ask)</li> <li>➤ £122k shortfall on additional CCC specific savings ask</li> </ul>
MKC	-33	Overdelivery against target will be returned to MKC
NCC	27	Will be addressed by agreed savings from NCC managed budgets
	<b>576</b>	

## 2020-21 to 2023-24 Position

Table 8 below sets out the position for 2020-21 to 2023-24 as set out in the budget plans of the three partner councils. There are minimal plans in place to address these savings asks and further work will be needed once the outcomes of the operating model review are finalised. There is a known pressure on Trading in 2020-21 from the end of the partnership agreement with NoCC and there may be further pressures on trading from the local government changes in Northamptonshire.

**Table 8:** Financial Asks – 2020-21 to 2023-24

	2020-21	2021-22	2022-23	2023-24
	£000	£000	£000	£000
<u>LGSS shared operational savings from MKC joining LGSS</u>				
CCC	607	0	0	0
MKC	415	0	0	0
NCC	351	0	0	0
<u>Additional savings asks</u>				
CCC	300	566	284	0
MKC	0	353	0	0
NCC	25	0	0	0
<u>Pressures</u>				
LGSS Trading	265	0	0	0
<b>Total ask</b>	<b>1,963</b>	<b>919</b>	<b>284</b>	<b>0</b>

## 6. Financial Monitoring, Planning and Governance Procedures

There is a self-service approach with LGSS directors, heads of service and senior managers being responsible for the management of budgets including forecasting spend/income, controlling activity and taking mitigating action where necessary. They are supported, advised and challenged by the Finance Business 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 focusses on income and expenditure forecasts, delivery of savings programmes monitored through a detailed tracker, exploration of/progress on mitigating actions where there is variance, and analysis of the establishment particularly to ensure accurate reporting of vacancies.

The full financial position is considered monthly by the LGSS Leadership Team. 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 full financial position is also considered monthly by the LGSS Management Board which is attended by the Chief Finance Officers of our 'shareholding' partners.

The LGSS Joint Committee receives every monthly budget monitoring report and is presented with the most up to date monthly figures when they meet; the LGSS Finance Director or

appropriate Finance team member are available to brief members of the Joint Committee if required.

## **7. Customer Satisfaction Framework**

Central to our customer relationship management is our Customer Satisfaction and Engagement Framework, the key components of which are shown in the diagram below. The framework ensures that LGSS receives a range of feedback, from Chief Executives at the strategic level, to surveying end users immediately after a service experience.

LGSS overlays key performance indicator data to ensure a rounded view of its performance and delivery of services to customers and partners; this enables LGSS to proactively develop and deliver service improvements where required and to meet changing requirements.

The Chief Financial Officers, as lead commissioners, have a significant role 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 follows:

### **Annual End-user Satisfaction Survey**

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

### **Annual Strategic Executive Interviews**

The executive interview with CEOs and Directors takes place during February and March, with councillor interviews being held in March/April where appropriate. These are face to face structured interviews held by the LGSS Head of Service for Customer Engagement, Business Development and Change. The interviews aim to seek feedback on our strategic relationship, the value for money LGSS delivers, our customers priorities, and on matters such as the existing LGSS governance arrangements.

### **Service User Feedback Forms**

At the conclusion of each service provision with an end-user, we offer a simple e-survey based 'in the moment' opportunity to rate their service experience. These feedback forms are used to measure customer satisfaction for each of the main service areas and enables LGSS to identify and address any issues as they arise.

### **Comments, Compliments and Complaints**

Comments, compliments and complaints are captured via a single point of contact and provided to the relevant heads of service/individual within 24 hours to action accordingly.

### **Customer Issues Log**

Customers can report contractual and/or performance issues at any time. All issues are registered, responded to in a timely manner and monitored through to resolution.

### **Key Performance Indicators**

Performance is measured in each LGSS service through a set of KPIs. These consist of specifically agreed targets which are reported regularly to our partners management teams and reviewed with the lead commissioners.