

LGSS Joint Committee

28th February 2019

Subject: LGSS 2018-19 Budget Monitoring

Actions:

- 1. Note the financial monitoring position as at 31th December 2018**
- 2. Note the capital monitoring position regarding LGSS capital projects.**
- 3. Approve the use of £216k from the partnership contingency to meet the costs of:**
 - **Bacs system replacement**
 - **AP duplicate payment checker solution; and**
 - **the current data capture solution.**

Section 1 - Executive Summary

1. This report is the combined LGSS financial monitoring report consolidating the delegated budgets from the three core councils. The benefits to the councils are embedded within the budgets and a zero outturn position would mean that all benefits have been met for each authority's budget proposals for 2018-19. At the end of the year if there is a surplus, this would be considered by Joint Committee for reinvestment and future commitments. In the event of a deficit and no other reserves it would be split between the core councils on the basis of net budget, as per the partnering agreement.
2. LGSS Joint Committee agreed the repatriation of NCC Professional Finance and Democratic Services to NCC on 30th August and the budgets for these services have now been removed from this report.

Revenue position

3. The forecast variance for Operational Services at the end of December is an overspend of £185k, of which:
 - £125k is an NCC specific pressure - £150k pressure in relation to savings expectations for the Audit Service offset by £25k specific grant contribution to HR costs
 - £91k relates to shared service overspends
 - £25k is an NCC specific pressure in relation to a saving which has been delivered by LGSS for 2018-19 but the saving sits within the NCC Adult Social Care budget rather than in LGSS
 - £79k are pressures in relation to the set trading targets
 - -£73k is an agreed contribution from the partnership contingency to offset the additional costs of the interim Managing Director.
 - -£62k is a proposed contribution from the partnership contingency to offset the costs of the current data capture solution.

Of the forecast variance of £185k, £150k is NCC specific, leaving an LGSS partnership overspend of £35k. This is a very similar position to that reported for November but reflecting the greater proposed contribution from the partnership contingency. Further detail is set out in section 2 and Appendix 1.

	Previous LGSS Net Variance £000	Full Year Budget £000	Current LGSS Net Forecast Variance £000
Total LGSS Services	217	41,405	216
Trading Account / Partnership Contingency / Budget issues to be resolved	42	-12,628	-31
Total LGSS Operational	234	28,777	185

4. The main changes since the November report are summarised below (detail is contained in appendix 1):
 - LGSS Management Board, on 6th February 2019, endorsed the use of £216k of the LGSS partnership contingency to fund the following developments and costs for the benefit of the partner councils:
 - Bacs system replacement
 - AP duplicate payment checker solution; and

➤ remaining costs of the current data capture solution.

Joint Committee is recommended to approve the use of the contingency for these purposes. Of the £216k, £64k relates to costs to be incurred in the 2018-19 financial year which is reflected in the numbers above and has reduced the forecast overspend in the Finance Services Directorate.

- The Finance Directorate position has improved by £4k compared to last month in addition to the new partnership contingency contribution.
 - The HR Directorate position has worsened by £14k compared to last month.
 - The LGSS Managing Director and Support position has improved by £12k compared to last month.
 - The forecast contribution from the partnership contingency to fund the additional costs for the interim LGSS Managing Director has reduced by £14k reflecting the receipt of final invoices.
5. Robust action is being taken to mitigate the forecast overspend including: review of vacant posts to identify savings, revisiting trading targets particularly around digital and Learning and Development services, and further work on the Language Service to continue to improve the income position and reduce the forecast overspend.
6. The split of the forecast outturn between the 3 partner councils is shown below:

	CCC £'000	MKC £'000	NCC £'000	Total £'000
Forecast (under)/overspend position by Council	1	-5	188	185

LGSS are receiving the following funding from individual authorities in 2018/19 to fund specific work being undertaken on their behalf:

- £90k from NCC Children's for social care recruitment;
- £25k from NCC Public Health to fund Health and Safety work; and
- £90k transformation funding from CCC for HR support to the CCC transformation programme.

Any underspend arising as a result of these funding streams is assumed to be attributed to the Council from which the funding came.

7. Savings delivery – At this stage of the year the savings tracker is showing £413k of savings rated red, £54k rated amber and £2,393k rated green.

Reserves position

8. The balance in LGSS reserves at 1 April 2018 was £76k.
9. The partnership contingency has a budget during 2018-19 of £648k as set out in the LGSS Strategic Plan. Any remaining balance in the contingency budget at year-end will be transferred to LGSS reserves. As noted above, LGSS Management Board on 6th February endorsed the use of £216k of the LGSS partnership contingency to fund developments for the benefit of the partner councils and Joint Committee is recommended to approve these transfers. The remaining balance forecast to be transferred from the contingency budget to the LGSS general reserves at year-end is £59k. Further detail is provided in Appendix 3.
10. The forecast year end uncommitted balance in LGSS reserves is £135k.

Budget Reconciliation

11. The budgets for all 3 authorities have been reconciled to the Strategic Plan, and a summary of movements in the year to date can be seen in Appendix 4.

Capital Position

12. The capital position at the end of December can be seen in the table below, further detail is shown in Appendix 5.

Authority	Exp Budget	Forecast Total Life of Project	Over / (Under) Spend v Approved Exp
	£000	£000	£000
CCC	2,025	2,025	0
NCC	21,647	21,377	-270
MKC	6,885	6,885	0

Section 2 - LGSS Operational – December 2018

	Previous Forecast Variance £000	Full Year Budget £000	Full Year Forecast Variance £000	Transfers from contingency £000	Outturn Variance £000
Finance Services	211	13,287	207	-62	145
Human Resources	-70	9,044	-56	0	-56
Information Technology Services	0	17,395	0	0	0
Managing Director & Support	77	1,683	65	-73	-8
Total LGSS Services	217	41,405	216	-135	81
Trading Account	79	-13,251	79	0	79
Partnership Contingency	-87^	648	0	0	0
NCC Budget items to be resolved	25	-25	25	0	25
Total LGSS Operational	234	28,777	320	-135	185

^ The anticipated contributions from the partnership contingency are now shown in the "Transfers from contingency" column

Revenue position

- The forecast outturn variance on LGSS Services at the end of December is an overspend of £216k, of which £125k is directly attributable to NCC. In addition:
 - there is an anticipated pressure of £79k on the trading account, which will be split between CCC and NCC at year-end;
 - it has been agreed that a transfer will be made from the partnership contingency to cover the additional costs of the LGSS interim Managing Director £73k;
 - it is proposed that a further transfer is made from the partnership contingency in year to cover the costs of the current data capture solution £62k; and
 - there is a budget issue to be resolved with NCC of £25k. This relates to a savings target, which has been delivered in 2018-19 by LGSS, although the budget is held by NCC, thereby creating a pressure in the LGSS forecast.
- Overall, this gives a forecast LGSS operational overspend of £185k of which £150k is attributable to NCC and £35k to LGSS. Further detail and commentary is provided at Appendix 1.
- LGSS Management Board, on 6th February 2019, endorsed the use of £216k of the LGSS partnership contingency to fund the following developments and costs for the benefit of the partner councils:
 - Bacs system replacement
 - AP duplicate payment checker solution; and
 - remaining costs of the current data capture solution.

Further details of these funding requests are set out in Appedices 3 and 6. Joint Committee is recommended to approve the use of the contingency for these purposes.
- Of the £216k of additional partnership contingency funding, £64k relates to costs to be incurred in the 2018-19 financial year which is reflected in the numbers above. The remaining £152k relates to spend in future years and if approved will be transferred to LGSS earmarked investment reserves at year end.
- NCC has issued a Stabilisation Plan to address in year budget issues, including the £150k specific pressure referred to above. As part of that plan NCC has set a target for LGSS to deliver additional savings of £336k across delegated and managed budgets in 2018/19. LGSS is working to identify reductions to service provision to NCC to meet this target avoiding any impact to service provision to CCC and MKC. To date £220k has been delivered against the £336k savings target.

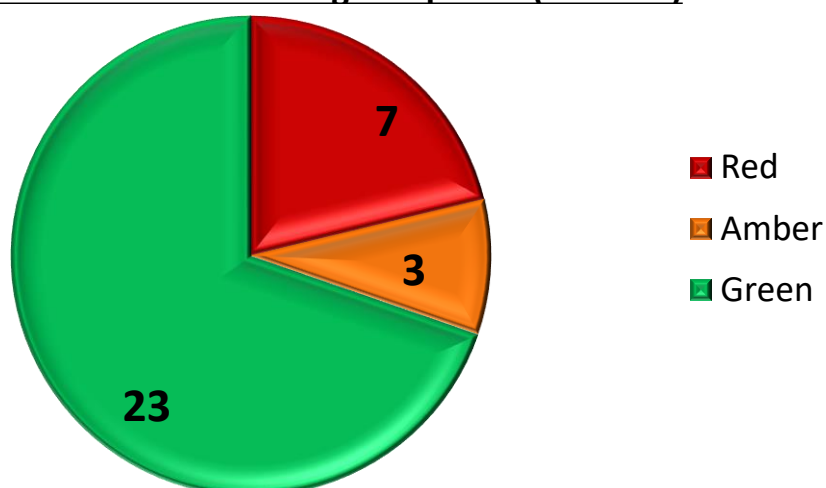
6. The Fire and Rescue service separated from NCC on 1st January 2019. As a result the budget from NCC to LGSS will reduce going forward, and income will be received from Northamptonshire Commissioner Fire and Rescue Authority. The budget transfers to effect this change have not yet been finalised with NCC and will be reflected in future reports.
7. CCC implemented 3 days of mandatory unpaid leave for all CCC staff for this financial year. The savings from this will be returned to CCC, except where there is impact on LGSS customers. As a result, £111k of savings will be returned to CCC in 2018/19.

Savings delivery

8. The Budget Savings Tracker enables service managers to give a monthly update on the delivery of 2018-19 savings and benefits as set out in the LGSS Strategic Plan. A summary of this information is given at paragraph 3 below. This is monitored and reviewed on a monthly basis with LGSS Directors, the Finance Director, and the Managing Director.
9. The tracker shows current savings at risk totalling £467k. A summary of the current RAG rating of budget proposals by Directorate is shown below):

Directorate Summary of Savings Proposals	Summary Proposal By Value and Directorate: LGSS savings				
	No. of proposals	Total Savings	Red	Amber	Green
Human Resources	2	189	0	0	189
Information Technology	9	1,265	225	0	1,040
Finance Services	10	592	90	18	484
Strategic Management	4	302	38	0	264
NCC specific savings	8	562	60	36	466
Total	33	2,910	413	54	2,443

RAG Assessment of Savings Proposals (Number)



Red = savings which are at significant risk of not being delivered in this financial year. Funding should be provided by NCC for the NCC specific ones.

Amber = savings where plans have not yet been identified for the full amount. Many will be delivered part way through the year delivering some of the savings target, and mitigating actions will be taken to offset any savings shortfall.

Green = savings expected to be fully deliverable in year.

Capital position

10. The table below summarises the capital projects within LGSS. LGSS projects are all fully funded either from external funding sources or by the individual authorities discretionary funding. Appendix 3 gives further detail on a scheme-by-scheme basis.

Authority	Expenditure Profile							Funding Profile		
	Exp Budget	Prev Year's Exp	Actuals 2018-19	Forecast 2018-19	Forecast Future Years	Total Life of Project	Over / (Under) Spend v Approved Exp	External	Discretionary	Total Funding of Project
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CCC	2,025	1,891	0	134	0	2,025	0	0	2,025	2,025
NCC	21,647	20,949	25	403	0	21,377	-270	753	20,806	21,559
MKC	6,885	5,675	164	193	853	6,885	0	0	6,885	6,885

Appendix 1

2018-19 Monitoring Detail – LGSS Operational Budgets

Finance Services Directorate

	Previous Forecast Variance £000	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to Dec £000	Full Year Forecast Variance £000
Finance Services Directorate:							
Finance Leadership	4	175	0	0	175	98	-60
Professional Finance	0						
CCC	10	1,884	0	-328	1,555	1,224	10
MKC	-22	1,939	-53	-64	1,822	1,299	-16
Financial Operations	108	3,740	-245	-65	3,430	3,067	163
Debt & Income Service	0	952	-2	-112	838	741	0
Integrated Finance Services	0	1,864	-625	-359	880	633	0
Audit & Risk	150	2,058	-422	-175	1,461	1,059	150
Pensions Operations	0	4,734	-4,734	0	0	-4,427	0
Norwich	0	1,067	0	0	1,067	821	0
NBC	0	681	-5	0	677	333	0
Procurement	18	1,428	-159	-12	1,256	872	18
Insurance	-57	452	-59	-271	122	385	-57
Total	211	20,974	-6,304	-1,387	13,283	6,104	207

The Directorate is currently forecasting an overspend of £57k and an agreed overspend in Internal Audit of £150k directly attributable to NCC.

The LGSS Director of Finance post is currently vacant awaiting the outcomes of the LGSS operating model review leading to a forecast underspend of £60k to year end.

The CCC Professional Finance team anticipate a £10k forecast overspend. Delivery of over 80% of the MKC business case saving is on track although this is predominantly through efficiencies in business partner activity rather than because of direct MKC collaboration. It has not been possible to hold vacancies seen at previous levels at the start of this year; a proactive response has been needed to address the additional workload associated with the faster closedown of final accounts nationally and the one-off impact of the changeover in financial system.

The MKC Professional Finance Team are forecasting a £16k underspend due to vacancies held at the beginning of the year; the majority of these posts have now been filled.

The NCC Professional Finance team has moved back to NCC and budgets will now be reported through NCC Monthly Finance Report.

Finance Operations are reporting a total pressure of £163k, which comprises of £19k due to the interim costs of the Head of Finance Operations role, £44k in Financial Assessments due to the legacy HUB team in MKC for salaries in April and May, £62k due to additional unbudgeted costs incurred through the launch of the new data capture solution and annual licence costs and £38k pressure in Payables. The Payables pressure is due to a shortfall in staffing budget, following the restructure, of £51k. However, underspends on other budget lines reduces this to £38k. It has been proposed that the data capture system pressure of £62k will be funded from the partnership contingency.

Since restructuring the Debt and Income Team has experienced problems in recruiting to new posts. Any underspend arising from vacancies has been offset by the use of agency staff. The team are almost now at full establishment and progress is being made in establishing itself as a separate service, which benefits all partners. The budget is expected to be achieved and further work is being undertaken to confirm this.

There are no changes to the break-even reported position for the Integrated Finance Service. However there are some risks to the forecast which remain and are linked to the recruitment to vacancies and the ability to secure suitable agency staff to provide cover. Recruitment processes are currently in progress and forecasts will be reviewed and updated on the conclusion of the recruitment campaigns.

Savings of £150k were required from Audit and Risk by NCC. The NCC Director of Finance recognised that this reduction would put the authority at risk in the current context and agreed its reversal. It was anticipated that a budget adjustment would be made to reverse this savings request and remove the reported pressure. However, this has not happened for 2018/19 and this is now an agreed overspend with NCC.

Pensions have an efficiency sharing SLA in place with the two funds and have delivered their target efficiencies early for the next three years.

There is an £18k pressure in Procurement due to a small delay in a planned restructure, which is now underway. Every effort is being made to eliminate this projected pressure by tightly controlling all expenditure.

Within Insurance an underspend of £57k is now being forecast as a result of the overachievement of income targets in respect of services to academies and MKC schools and underspends on other operational budgets.

Human Resources Directorate

	Previous Forecast Variance £000	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to Dec £000	Full Year Forecast Variance £000
Human Resources Directorate:							
HR Central Management	14	150	0	0	150	135	14
Policy & Strategy	-43	1,076	0	0	1,076	729	-46
Health, Safety & Wellbeing	-100	786	-132	-95	559	285	-105
HR Business Partners							
CCC	-33	1,190	0	-97	1,093	823	-33
NCC	-90	875	0	0	875	570	-93
MKC	-34	771	0	-55	716	628	-6
NCC Schools Income	52	168	-256	10	-78	-97	60
MKC Schools	49	156	-151	0	5	-10	26
Learning & Development	143	3,997	-990	-18	2,989	2,529	156
Transactional Services	-28	2,468	-699	-109	1,659	1,709	-28
Total	-70	11,636	-2,228	-364	9,044	7,302	-56

The HR Directorate is currently forecasting an underspend of £56k which is a reduction of £14k from last month.

The forecast underspend for Policy and Strategy is predominately due to 3 unfilled vacancies in the Workforce Planning and Strategy team, lower than expected car mileage claims and salary sacrifice costs.

Health, Safety and Wellbeing is forecasting an underspend of £105k due to; staff savings from delays in filling vacancies, additional income streams, and the expectation of specific one off grant funding from NCC for work done on behalf of Public Health.

The net underspend on HR Business Partners is due to vacancies. These are being partially offset by £86k shortfalls on the schools income targets. Additional budget of £90k was given to the NCC Business Partner team in 2018-19 to support recruitment of social workers in Children's. This is being delivered at lower cost in the current financial year due to vacancies, and £50k is being used to offset the additional NCC specific savings target for the year as it was specifically invested in year by NCC. In addition, CCC are providing additional funding for transformation work undertaken by the CCC HR Business Partner team to support their transformation programme. Any underspend against this funding will be returned to CCC.

There is a pressure on Learning and Development staffing caused by a reduction in grant funding. The service is currently investigating mitigations and continues to freeze vacant posts. There are £300k NCC specific savings within the L & D service, which will be achieved through a reduced service offering, or be borne directly by NCC.

It is estimated that there will be a shortfall in income of approximately £28k in the payroll service, as more schools convert to academies and use the payroll provider of their multi-academy trust. This is being offset by an increased underspend on staffing and baseline staffing will be re-adjusted.

Information Technology Directorate

	Previous Forecast Variance £000	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to Dec £000	Full Year Forecast Variance £000
IT Directorate:							
Cambridgeshire County Council	0	2,316	0	-974	1,342	1,697	0
MKC IT	0	2,495	-1	-50	2,444	1,794	0
MKC IT Schools	0	405	-219	-243	-57	-247	0
Northamptonshire County Council	0	2,692	-39	-618	2,035	1,877	0
Norwich	0	2,556	-250	0	2,306	1,970	0
NHFT	0	3,469	-253	0	3,217	3,715	0
Strategy & Architecture	0	887	-16	-109	761	595	0
Digital Services	0	2,011	0	-1,177	834	1,628	0
Service Delivery	0	1,334	0	-391	943	1,138	0
LGSS Business Systems & Change	0	3,813	0	-245	3,568	2,416	0
ERP Programme	0	0	0	0	0	66	0
Total	0	21,979	-777	-3,807	17,395	16,648	0

The Directorate is not currently forecasting any variances. There is now a full reconciliation of establishment with budget.

The service has undergone a rigorous zero based budgeting exercise to reconcile budgets, activity, income, and establishment. The last part of reviewing all income sources is still ongoing. This will document the range of income sources and standardise the mechanism for collection of income across the Directorate. Work on this review will finally complete in the next month.

Across the Directorate, where actuals are ahead of budget this is due to recharges yet to be processed and spend to be accrued into future years.

LGSS Business Systems and Change are mitigating the cost pressure on the annual systems licences costs as the budgets in NCC and CCC were not uplifted for inflation. Additional savings of £100k have been taken this year from the LGSS Programme team within this service. The risk of not meeting this through the recharging of programme resources to individual projects is being mitigated by not filling vacant posts until

future internal recharges can be secured, which will mean there may be limited resources for any future work requiring the programme team.

The ERP programme spend will be funded from the partnership contingency at year end.

Managing Director & Support

	Previous Forecast Variance £000	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to Dec £000	Full Year Forecast Variance £000
Managing Director & Support	106	320	-10	0	310	258	105
LGSS Business Planning & Finance	-76	449	0	0	449	264	-75
LGSS Restructures	105	0	0	0	0	98	98
Customer Engagement	37	387	0	0	387	317	35
Language Service	38	758	-738	-65	-45	-45	38
Business Development	-85	244	-69	0	174	27	-76
Democratic Support Services	-48	409	-3	0	406	203	-59
Total	77	2,568	-820	-65	1,683	1,122	65

The overall position for the Managing Director budgets is a forecast overspend of £65k.

The forecast overspend on Managing Director and Support reflects the additional costs of the interim Managing Director compared to the original budget £71k, the costs of the Operating Model review, and a forecast overspend on the LGSS audit fee. The additional costs of the interim Managing Director will be funded by the partnership contingency as set out in Appendix 3.

There is a £174k savings target included within the Managing Director budgets linked to the review of LGSS structures. This saving has been delivered for 2019/20 and beyond by the reorganisation of the LGSS Leadership Team, reduction of one Director post and structural savings within LGSS Business Planning and Finance. Because some of the structural savings have been delivered part way through this year, there is a forecast overspend of £98k against this savings target in year. This is being more than offset by underspends of £75k within LGSS Business Planning and Finance and £33k within Business Development from posts being held vacant.

Customer Engagement is forecasting a £35k pressure including the appointment of a fixed term Service Improvement Manager to work on a review of the Helpdesk and other LGSS core projects. In addition, the team have used a combination of agency staff to backfill vacancies, and incurred acting up payments until March 2019 to support delivery of business priorities. This overspend will be offset from the vacancy budget from the Business Development Team and increased income achieved from Schools, LGSS Law Ltd project work and OPFCC.

The Language Service is still forecasting a pressure against the £58k additional income target with a shortfall still expected of £38k. The Service are working hard to try and achieve this challenging target and continue to closely monitor it. There has been targeted marketing across the region during November and December which has not increased the customer activity. There is a formal review of the marketing plan for the last three months of the year which will be reported month on month. A report has been instigated to review the operating model to assess options for 2019-20.

Within DSS CCC, £59k underspend is due to vacancies and additional income from the Combined Authority and CCC Fire Service. NCC DSS have now returned to NCC and budgets will be reported within NCC Monthly Finance Report.

Appendix 2

2018-19 Monitoring Detail – Budgets managed by LGSS on behalf of others.

LGSS manages budgets on behalf of each authority and performance against these budgets is separately reported within each of the authority's monthly monitoring processes. As any under or overspend on these budgets are directly attributable to the individual authority, they do not form part of the partnering/sharing arrangements. However, for information purposes, the latest forecast outturn for budgets managed by LGSS on behalf of others is provided below. This information is also sent on a monthly basis to the CFO of each authority.

	Previous Forecast Variance	Gross Exp Budget	External Income Budget	Internal Income Budget	Full Year Budget	Actual to Dec	Full Year Forecast Variance
	£000	£000	£000	£000	£000	£000	£000
Cambridgeshire County Council:							
Insurance	0	2,139	0	0	2,139	42	0
Members Allowances	0	1,034	0	0	1,034	782	0
National Management Trainees	7	179	-203	0	-23	151	7
Health & Safety Counselling	0	36	0	0	36	4	0
Information Technology	140	4,655	-7	-1,459	3,189	3,481	140
Total	147	8,044	-210	-1,459	6,375	4,461	147
Milton Keynes Council:							
Human Resources	-34	144	0	0	144	350	-3
Information Technology	0	2,108	0	-451	1,657	1,877	0
Total	-34	2,252	0	-451	1,801	2,227	-3
Northampton Borough Council:							
Finance Managed	0	260	0	0	260	205	-41
Insurance	0	781	0	0	781	585	0
NBC Managed Income	0	0	-1,041	0	-1,041	298	0
Total	0	1,041	-1,041	0	0	1,088	-41
Northamptonshire County Council:							
External Audit	300	244	0	0	244	90	300
Social Care	0	0	0	0	0	185	0
Occupational Health	-70	320	0	0	320	82	-70
Information Technology	0	3,388	0	0	3,388	4,022	0
Total	230	3,952	0	0	3,952	4,380	230

Cambridgeshire County Council

There is a forecast overspend in National Management Trainees. This is due to the service needing new employees and not having the full budget to cover the costs.

There is a forecast overspend in IT of £140k due to changes in the desk phone contract and the increased cost in Microsoft Licences. This is expected to be a one off pressure in 2018-19.

Milton Keynes Council

There is an underspend of £3k relating to Trade Union within HR, due to vacancies.

Northampton Borough Council

There is a forecast underspend for NBC due to a reduction in the costs of bank charges.

Northamptonshire County Council

There is a forecast overspend of £300k resulting from KPMG fees on 2017-18 audit; the amount is currently in dispute and therefore this is based on an estimate.

The managed NCC Occupational Health budget underspend, includes a £45k specific (Triage process) savings target. This budget is demand led and is currently showing an underspend due to changes in the way we are managing it. The forecast is based on previous use and anticipated spend over the first quarter of 2019, where any increase in referrals would reduce the underspend if we cannot resource the volume in house.

NCC DSS have now returned to NCC and budgets will be reported within NCC Monthly Finance Report.

Appendix 3

Summary Position on LGSS Reserves

Reserve	Opening balance 1 April 2018 per Outturn report	Forecast Movements in year		Forecast Closing balance 31 March 2019	Commentary on expected movements
		Transfers to reserves	Transfers from reserves		
	£000	£000	£000	£000	
LGSS General reserve	76	59	0	135	Forecast movement reflects transfer in of the balance of the partnership contingency budget as set out below.
Committed reinvestments	0	202	0	202	Forecast movement reflects transfer in of the allocated partnership contingency budget as set out below.
Total	76	261	0	337	

At LGSS management Board on 6th February, the following proposals for use of £216k of the LGSS partnership contingency were endorsed:

- i) Bacs system replacement - £66,000
 - LGSS operates a Bacs Bureau to provide a service to its three partners, and to one customer. Annual transaction volumes are in excess of 3m, inclusive of Payroll, Accounts Payables, Receivables and Revenues & Benefits services. The current Bureau solution was procured under an exemption, for which the Total Contract Value will be reached in 2019, requiring open market competition for a replacement solution. In addition, the current system is nearing 'end of life' and there are system performance and security and support risks, that LGSS have to accept until replacement. Funding will cover 2 years costs with expected implementation from June/July 2019.
- ii) AP duplicate payments checker solution - £69,550
 - Prevention and management of duplicate payments/suppliers and facilitation of duplicate payment recovery. Funding will cover 3 years costs with expected implementation from March 2019.
- iii) To pay for data capture solution costs to the end of June 2019 - £80,246
 - The contract for the current data capture system was extended by one year by legacy LGSS managers to June 2019, but no budget was set aside to pay for the costs in 2018/19 or future years. A business case for a new, more cost-effective solution is currently being developed and soft market testing is in progress in readiness for a formal re-procurement exercise. This will require further funding in 2019/20 and a further request for use of the contingency will be brought forward in due course,

Joint Committee is recommended to approve the use of the partnership contingency to meet these costs.

Partnership contingency position

The table below includes the proposals above:

Partnership contingency	Agreed Usage	Forecast Movements in year 2018/19	Forecast Movements in future years	Commentary on expected movements
	£000	£000	£000	
Opening budget		648	261	In 2019/20 a further budget of £208k will be available in the partnership contingency.
Additional LGSS MD costs	-127	-73	0	To fund additional LGSS Managing Director costs – forecast usage reduced from £127k due to new arrangements for the LGSS MD post from December.
ERP Gold	-380	-250	0	Stabilisation and improvements to ERP Gold post implementation, optimisation of the ERP Gold configuration for user productivity, improvements in reporting, review and reprioritisation of current and future ERP Gold roadmap developments, whilst delivering immediate improvements for the benefit of all, and Increased face to face user support and learning. It is now expected that the full level of approved funding will not be needed to make these improvements.
Helpdesk	-65	0	-50	Redesign end to end processes to support self-service and demonstrably improve the customer experience. It is now expected that this work can be completed within current budgets in 2018/19 and no transfer from the partnership contingency will be needed this year. Funding of £50k may be required in 2019/20.
BACS system replacement	-66	0	-66	Replacement for existing solution essential to LGSS business continuity and associated risk/issue management. Funding will cover 2 years costs with expected implementation from June/July 2019.
AP duplicate payments checker solution	-70	-2	-68	Prevention and management of duplicate payments/suppliers and facilitation of duplicate payment recovery. Funding will cover 3 years costs with expected implementation from March 2019.
Data capture solution costs to the end of June 2019	-80	-62	-18	Costs for current data capture solution to June 2019.
Forecast Closing balance		261	59	To be transferred to LGSS general reserves

Appendix 4 – 2018-19 Budget Reconciliation

The below table shows how the 2018-19 LGSS budget has changed throughout the year, in relation to the budgets reported in the strategic plan.

	CCC £000	NCC £000	MKC £000	Total £000
Net budget as per Strategic Plan	8,871	10,636	8,784	28,292
<u>Movements</u>				
Health & Safety staff counselling moved to CCC Managed	-36			-36
Corporate legal budgets returned to CCC/NCC	-102	-90		-192
LGSS Law dividend/retained earnings income target returned to CCC/NCC	102	102		204
Removal of OCS income target		1,755		1,755
MKC Pay Inflation 2% (excluding R&B)			161	161
MKC Salary Increments			70	70
ESG Grant budget NCC PF & IFS		150		150
Apprenticeship Levy contributions from shareholders		45		45
NCC Professional Finance Team returned to NCC		-1,302		-1,302
NCC DSS Team returned to NCC		-371		-371
Budget as at 31st December 2018	8,835	10,926	9,016	28,777

Appendix 5 LGSS Capital Budget Monitoring – November 2018

The tables below show a summary of the Capital schemes for NCC, MKC & CCC as at December 2018.

NCC	Expenditure Profile							Funding Profile		
All Figures in £000's										
Scheme Name	Exp Budget	Prev Year's Exp	Actuals 2018-19	Forecast 2018-19	Forecast Future Years	Total Life of Project	Over/ (Under) Spend v Approved Exp	External	Discretionary	Total Funding of Project
Project Angel & NGW IT**	5,500	5,651	25	0	0	5,676	176	0	5,500	5,500
Microsoft ESA & ECI 2014-17	1,525	1,266	0	0	0	1,266	-259	0	1,525	1,525
Next Generation ERP*	2,024	2,079	0	5	0	2,084	60	100	1,836	1,936
Date Centre Refurbishment	994	1,009	-2	0	0	1,007	13	94	900	994
Civica ICON #	267	267	-1	0	0	266	-1	0	267	267
Next Generation / Model Office	383	181	21	202	0	404	21	0	383	383
(IT) Annual review of Core Applications	870	825	17	0	0	842	-28	0	870	870
(IT) Delivery of Corp & Dir Applications	7,013	6,935	0	78	0	7,013	0	0	7,013	7,013
NCC Wide Area Network (WAN)	900	901	-43	0	0	858	-42	0	900	900
Other Schemes less than £500k	2,171	1,835	8	118	0	1,961	-210	559	1,603	2,162
Total	21,647	20,949	25	424	0	21,398	-249	753	20,806	21,559

* There is a £60k overspend on the Next Generation ERP project, this is solely attributable to NCC as it relates specifically to the capitalisation of professional finance staff and funding is being sought for this overspend.

** Project Angel is complete and the expenditure showing in 2018-19 is to be moved.

MKC	Expenditure Profile							Funding Profile		
All Figures in £000's Scheme Name	Exp Budget	Prev Year's Exp	Actuals 2018-19	Forecast 2018-19	Forecast Future Years	Total Life of Project	Over/ (Under) Spend v Approved Exp	External	Discretionary	Total Funding of Project
Next Generation ERP*	2,718	2,561	2	155	0	2,718	0	0	2,718	2,718
Data Hosting & Storage	3,557	3,106	97	53	301	3,557	0	0	3,557	3,557
Replacement Frameworki	610	8	65	-15	552	610	0	0	610	610
Total	6,885	5,675	164	193	853	6,885	0	0	6,885	6,885

- Next Generation ERP - final payment due in 18/19

CCC	Expenditure Profile							Funding Profile		
All Figures in £000's Scheme Name	Exp Budget	Prev Year's Exp	Actuals 2018-19	Forecast 2018-19	Forecast Future Years	Total Life of Project	Over/ (Under) Spend v Approved Exp	External	Discretionary	Total Funding of Project
Next Generation ERP*	2,025	1,891	0	134	0	2,025	0	0	2,025	2,025
Total	2,025	1,891	0	134	0	2,025	0	0	2,025	2,025

- Next Generation ERP - final payment due in 18/19