

LGSS Joint Committee

27 May 2014

Subject: LGSS 2013-14 Outturn

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Actions:

- 1. Note the outturn position for 2013-14.**
- 2. Note the position on LGSS carryforwards agreed at Joint Committee on 23 April and the balance of Reserves.**
- 3. Agree the proposed dividend payable to host authorities of £350k each.**

1. Summary Financial Position

		2011-12 Outturn £000	2012-13 Outturn £000	2013-14 Outturn £000	2014-15 Planned £000
Brought Forward (1 April)		0	1,489	3,289	2,893
Reinvestment		0	-604	-2,402	-2,091
Repayment to Norwich City Council				-184	
Distribution of dividend				-700	
Actual/Forecast Surplus		1,489	2,404	2,009	
Carried Forward (31 March)		1,489	3,289	2,012	802
Reinvestment c/f		0	0	881	
LGSS Reserves (31 March)		1,489	3,289	2,893	802

The Table above summarises:

- The 2011-12 outturn and carry forward position as reported to Joint Committee on 18th May 2012.
- The 2012-13 outturn and carry forward position as reported to Joint Committee on 8th August 2013.
- The 2013-14 outturn position outlined in Section 2 of this report and detailed in Appendix 1. This is after the creation of a £284k provision for benefits share negotiations.
- The 2014-15 planned position including:
 - 2012-13 carryforwards to be rolled forward to 2014-15, (see Section 3).
 - Decisions on re-investment made by the Joint Committee at its meeting on 23 April,(see Section 3).

2. 2013-14 Financial Outturn

	Previous Forecast Variance £000	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Full Year Forecast Variance £000
Trading Account	292	3,257	-20,431	-185	-17,359	365
Service Assurance, Customers & Strategy	-47	1,848	0	-100	1,748	-64
Finance	-200	12,360	-4,578	-730	7,052	-233
People, Transformation and Transactions	-678	23,733	-1,099	-2,124	20,510	-711
Information Technology	-333	9,466	-32	-1,397	8,037	-492
Law, Property and Governance	-754	11,955	-986	-5,534	5,435	-874
Total LGSS	-1,720	62,619	-27,126	-10,070	25,423	-2,009

The underspend for 2013-14 is £2,009k, an increase of £289k from the last reported position.

There are still further adjustments to go through the accounts, such as insurance recharges and employee benefits adjustments, but these should have a nil net impact on the outturn position.

Further detail and commentary on the LGSS outturn position is provided at Appendices 1(a) and 1(b).

	Previous Forecast Variance £000	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Full Year Forecast Variance £000
Managed by LGSS on behalf of NCC:						
Finance	-570	3,819	-200	0	3,619	-709
People, Transformation and Transactions	-118	2,254	-680	0	1,574	-127
Information Technology	0	4,522	0	-46	4,476	-112
Law, Property and Governance	-114	5,841	-104	0	5,737	-643
Total	-802	16,436	-984	-46	15,406	-1,591
Managed by LGSS on behalf of NBC:						
Finance	0	368	0	0	368	6
People, Transformation and Transactions	-16	105	0	0	105	-15
Information Technology	-150	1,060	0	0	1,060	-160
Law, Property and Governance	0	477	0	0	477	21
Total	-166	2,010	0	0	2,010	-148
Managed by LGSS on behalf of CCC:						
Finance	-606	2,308	-4,055	-20	-1,767	-902
People, Transformation and Transactions	0	0	0	0	0	90
Information Technology	-141	4,405	0	-2,026	2,379	-220
Law, Property and Governance	466	9,068	-565	-1,134	7,369	542
Total	-281	15,781	-4,620	-3,180	7,981	-490

Further detail and commentary on the forecast outturn position for budgets managed by LGSS on behalf of others is provided at Appendix 2.

3. Reinvestment

Of the £2,402k carried forward to 2013-14 from 2012-13, £881k remains unused. However, £872k of this is required in 2014-15 and this is detailed in the Table below.

Additionally, the Joint Committee meeting on the 23 April 2014 considered new carry forward bids against the estimated available surplus for 2014-15, (based on revenue monitoring to the end of February). Bids of £1,219k were approved and are summarised in the Table below.

Directorate	Service Area	Title	2012-13 Carry Forward	2013-14 Carry Forward	Total
			£000	£000	£000
PT & T	PT & T	Business re-engineering	136		136
PT & T	PT & T	Business Change Analyst	12		12
PT & T	PMO	Project Manager to support transformation across LGSS	17		17
PT & T	PMO	Project Manager to support on-boarding of prospective customers	37		37
PT & T	OWD	IT training - Next Generation		100	100
PT & T	PMO	LGSS SharePoint rollout		50	50
PT & T	PMO	E Forms development		50	50
PT & T	PMO	Improvement to supplier maintenance automation		40	40
PT & T	PMO	OCR scanning		50	50
PT & T	PMO	Shared Service Solution		280	280
PT & T	Revs & Bens	Systems Development		109	109
LP & G	Democratic Support	CMIS		13	13
LP & G	Legal Services	Company VAT & tax advice		10	10
LP & G	Procurement	Selective Market Intelligence		10	10
Finance	SAM	Asset Management Database	150		150
Finance	Pensions	IT systems		100	100
SAC	SAC	Communications officer		100	100
SAC	SAC	Support delivery of trading targets		See above	
SAC	SAC	Think as One, Deliver as One		See above	
IT	IT	Benchmarking of IT Costs	20		20
IT	IT	In-sourcing		100	100
	Cross Cutting	Smoothing of trading income	500		500
	Cross Cutting	Redundancy reserve top-up		207	207
		Total	872	1,219	2,091

On the basis of the reported outturn position for 2013-14 and the carry forwards approved for use in 2014-15, (£872k and £1,219k), there remains an unallocated balance of £802k. It is therefore proposed to match last years' level of dividend payment and pay £350k to each host authority. It is also proposed that should some of the £284k provision for benefits share negotiations not be required, then this too will be considered for payment of a further dividend.

Appendix 1 (a)

2013-14 Outturn Detail – LGSS Budgets

Finance Directorate

	Previous Forecast Variance £000	Budget £000	Actual £000	Variance £000
Northampton Office:				
Strategic Asset Management	-40	959	916	-43
Pensions Operations	0	-386	-386	0
Finance	11	2,614	2,643	29
Total Northampton Office	-29	3,187	3,173	-14
Cambridge Office:				
Strategic Asset Management	0	651	657	6
Pensions Operations	-14	36	21	-14
Finance	-157	3,178	2,967	-211
Total Cambridge Office	-171	3,865	3,645	-219
Total Finance Directorate:				
Strategic Asset Management	-40	1,610	1,573	-37
Pensions Operations	-14	-350	-365	-14
Finance	-146	5,792	5,610	-182
Total Finance Directorate	-200	7,052	6,818	-233

The Directorate has an underspend of £233k, an increase of £33k from last month.

Northampton Office

There is a net £43k underspend in Strategic Asset Management. This is due to savings from lower than expected rent and lease renewal costs being partially offset by the cost of posts within the team being temporarily filled by interim and agency staff.

There is a net overspend of £29k on the Finance budget. A pressure of £136k from undeliverable efficiency savings from prior years, which have previously been mitigated by in-year actions, has been partially offset by a £107k underspend across team budgets due to in-year vacancies and income generated above budgeted levels.

Cambridge Office

The Teachers' Pensions budget is underspent by £14k due to an in-year vacancy.

There is an underspend of £211k on the Finance budget due to the deletion of two management posts in 2012-13 (£69k), an underspend from additional work being managed within existing resources in relation to Public Health (£20k), income from the Section 151 Officer's role with the Commercial Bank (£23k) and other underspends from over-recovery of income and in-year vacancies (£99k).

People, Transformation and Transactions Directorate

	Previous Forecast Variance £000	Budget £000	Actual £000	Variance £000
Northampton Office:				
PTT Central Management	-178	950	793	-145
Policy & Strategy	27	951	949	-2
HR Business Partners	-39	1,212	1,170	-42
Organisation Development	-68	1,372	1,324	-48
Business Transformation Team	28	811	840	29
Transactional Services	-56	2,275	2,079	-195
Revenue and Benefits	0	2,639	2,639	0
LGSS Programme Team	110	1,531	1,645	113
Total Northampton Office	-176	11,741	11,439	-290
Cambridge Office:				
PTT Central Management	0	1	1	1
Policy & Strategy	-108	568	466	-102
HR Business Partners	-199	1,148	949	-199
Organisation Development	28	657	655	-2
Transactional Services	-127	1,759	1,737	-22
Revenue and Benefits	0	2,418	2,418	0
LGSS Programme Team	-96	2,219	2,122	-97
Total Cambridge Office	-502	8,770	8,348	-421
Total P,T&T Directorate:				
PTT Central Management	-178	951	794	-144
Policy & Strategy	-81	1,519	1,415	-104
HR Business Partners	-238	2,360	2,119	-241
Organisation Development	-40	2,029	1,979	-50
Business Transformation Team	28	811	840	29
Transactional Services	-183	4,034	3,816	-217
Revenue and Benefits	0	5,057	5,057	0
LGSS Programme Team	14	3,750	3,767	16
Total P,T&T Directorate	-678	20,511	19,787	-711

The Directorate has an underspend of £711k, an increase of £33k from last month.

Northampton Office

The main element of the £290k underspend is savings relating to vacancy management (£195k) which have been offset by pressures on ad hoc budgets (£40k). There are also further benefits from income generating activities above budget of £135k.

Cambridge Office

The main element of the £421k underspend is savings relating to vacancy management (£309k) with additional savings on ad hoc budgets (£49k) and further benefits from income generating activities above budget of £63k.

Information Technology Directorate

	Previous Forecast Variance £000	Budget £000	Actual £000	Variance £000
Northampton Office	-167	3,068	2,879	-190
Total Northampton Office	-167	3,068	2,879	-190
Cambridge Office	-166	4,969	4,666	-302
Total Cambridge Office	-166	4,969	4,666	-302
Total Information Technology Directorate	-333	8,037	7,545	-492

The Directorate has an underspend of £492k, an increase of £159k from last month.

Northampton Office

The £190k underspend is due to staff vacancies throughout the year.

Cambridge Office

There is a net £302k underspend due to in-year vacancies following the restructure within the Directorate, lower Fujitsu costs than expected, savings on contractor spend and income generation above budgeted levels

Law, Property and Governance Directorate

	Previous Forecast Variance £000	Budget £000	Actual £000	Variance £000
Northampton Office:				
Legal Services	-218	-409	-646	-237
Audit and Risk Management	-50	438	382	-56
Procurement	-50	735	686	-50
Property Operations	-143	1,783	1,546	-237
Catering	53	42	71	29
Democratic Support Services	-6	451	451	1
Total Northampton Office	-414	3,040	2,490	-550
Cambridge Office:				
Legal Services	-180	-126	-284	-158
Audit and Risk Management	-67	890	824	-66
Procurement	-79	396	315	-80
Property Operations	33	745	820	75
Democratic Support Services	-47	490	395	-95
Total Cambridge Office	-340	2,395	2,070	-324
Total Law, Property and Governance Directorate:				
Legal Services	-398	-535	-930	-395
Audit and Risk Management	-117	1,328	1,206	-122
Procurement	-129	1,131	1,001	-130
Property Operations	-110	2,528	2,366	-162
Catering	53	42	71	29
Democratic Support Services	-53	941	846	-94
Total Law, Property and Governance Directorate	-754	5,435	4,560	-874

The Directorate has an underspend of £874k, an increase of £120k from last month.

Northampton Office

The Legal Services team have an over-achievement of £237k against their income target due to an increase in the volume of external work, more efficient handling of work and team members exceeding their target hours and thereby delivering a surplus

Audit and Risk Management have an underspend of £56k due to vacancy management and savings from reorganisation.

The Procurement Team have an underspend of £50k due to a combination of over-achievement of internal and external income targets, savings through vacancy management and savings on ad-hoc staffing expenditure.

There is an underspend of £237k on Property Operations. This relates to turnover and efficiency in staffing, and increased capital recharging.

The Catering function which transferred to LGSS part way through the year with a forecast budget pressure of £53k, has overspent by £29k. This better position is due to the improvement in the service provided and an associated increase in take up. Management are further reviewing the provision of the service in order to establish a cost neutral solution.

Cambridge Office

The Legal Services team have an over-achievement of £158k against their income target due to an increase in the volume of external work, more efficient handling of work and team members exceeding their target hours and thereby delivering a surplus.

The Procurement Team has an underspend of £80k due to a combination of over-achievement of internal and external income targets, savings through vacancy management and savings on ad-hoc staffing expenditure.

There is an overspend of £75k on Property Operations. This relates to internal income for property moves.

There is an underspend of £94k for Democratic Support Services and Scrutiny Services due to staff vacancies and reduced expenditure against general office and member training budgets.

Service Assurance, Customers and Strategy

	Previous Forecast Variance £000	Budget £000	Actual £000	Variance £000
Northampton Office:				
Service Assurance & Customer Engagement	-24	432	402	-31
Leadership Support & Governance	-58	249	191	-58
LGSS Customer Services / Helpdesk	88	625	706	81
Communications & Marketing	12	40	50	10
Total Northampton Office	18	1,346	1,349	2
Cambridge Office:				
Leadership Support & Governance	-100	189	96	-93
LGSS Customer Services / Helpdesk	35	213	240	27
Total Cambridge Office	-65	402	336	-66
Total Central Management Directorate:				
Service Assurance & Customer Engagement	-24	432	402	-31
Leadership Support & Governance	-158	438	287	-151
LGSS Customer Services / Helpdesk	123	838	946	108
Communications & Marketing	12	40	50	10
Total Service Assurance Directorate	-47	1,748	1,685	-64

The Directorate has an underspend of £64k an increase of £17k from last month.

Northampton Office

There is an underspend of £31k in Service Assurance & Customer Engagement and an underspend of £58k in Leadership Support & Governance due to in-year vacancies.

There is an £81k overspend on LGSS Customer Services / Helpdesk. A £107k underspend due to in-year vacancies is offset by agency staff costs (£132k), expenditure on the Helpdesk project (54k) and software configuration (£2k).

Communications and Marketing is overspent by £10k because the recharge for the Communications and Marketing Manager exceeds the earmarked carry forward.

Cambridge Office

There is a £93k underspend in Leadership Support & Governance, of which £87k is due to four in-year vacancies following implementation of the restructure and £6k relates to printing costs.

There is a £27k overspend for LGSS Customer Services / Helpdesk due to the residual costs of staff in post under the old structure.

Appendix 1(b)

Not for publication by virtue of paragraph 3 of Part 1 of schedule 12A of the Local Government Act 1972

Appendix 2

2013-14 Outturn Detail – Budgets managed by LGSS on behalf of others.

	Previous Forecast Variance	Budget	Actual	Variance
	£000	£000	£000	£000
Northamptonshire County Council:				
Property Operations	-114	4,253	3,857	-396
Strategic Asset Management	-481	3,275	2,685	-590
Finance	-89	344	225	-119
Policy and Strategy	-118	404	277	-127
Organisation Development	0	1,170	1,170	0
Information Technology	0	4,476	4,365	-112
Democratic Services	0	1,484	1,236	-247
Total	-802	15,406	13,815	-1,591
Northampton Borough Council:				
Finance	0	368	373	5
Policy and Strategy	-17	105	90	-15
Information Technology	-150	1,060	900	-160
Insurance	0	477	498	21
Total	-167	2,010	1,861	-149
Cambridgeshire County Council:				
Insurance	-500	13	-287	-300
Property Operations	1,142	6,378	7,432	1,054
External Audit	-95	240	112	-128
Strategic Asset Management	-643	-2,086	-2,829	-744
Members Allowances	-57	978	918	-60
Procurement Contract	-24	0	-24	-24
Finance	37	79	-80	-158
OWD	0	0	0	90
Information Technology	-141	2,379	2,159	-220
Total	-281	7,981	7,401	-490

Northamptonshire County Council

There is an underspend of £1,591k within the budgets managed by LGSS on behalf of Northamptonshire, an increase of £789k from last month.

Property Operations has an underspend of £396k due to:

- An underspend of £157k on the non-functioning estate made up of a £15k underspend on the NBC Heritage settlement, a £114k underspend on Heritage work, a £28k reduction in the cost of roof repairs.
- An underspend of £162k on Utility Services, partly due to usage being lower than expected as a result of a milder than average winter. In addition, efficiency schemes have been implemented, properties disposed of, leaks addressed and unbilled supplies reduced.
- An underspend of £99k in relation to office moves, (£50k), and a reduction in discretionary decorating, (£49k).
- A £47k overspend on planned maintenance.

- A £25k underspend on reactive maintenance.

Strategic Asset Management has a net underspend of £590k. There is an underspend of £355k as a result of one-off rates rebates and one-off credits partly relating to the Enterprise Zone and St John's, Tiffield. There is also a further underspend of £585k due to in-year savings on vacated properties ring-fenced to Project Angel. Additionally there is an £80k carry forward from 2012-13 which is no longer required. £430k of these underspends has been offset by a transfer to the Asset Utilisation Reserve.

There is an underspend of £119k in Finance due to a reduced number of audit days.

Policy and Strategy have an underspend of £127k. This is partly due to Medigold – £93k forecast underspend due to reduction in headcount and fewer placement referrals from schools due to the increase in the number of academies- and partly due to Relate – £11k forecast overspend due to an increased number of stress related referrals. There is also forecast underspend of £32k due to efficiencies in the way school health and safety audits are carried out, as well as an over-achievement of the income recovered from health and safety audits to schools, (£13k).

There is a £112k underspend on contract budgets within IT.

There is an underspend on Democratic Services of £247k of which £144k will be carried forward under the Empowering Councillors scheme and £68k relates to an underspend on grant relating to police and crime panel funding. The balance relates to Councillors allowances.

Northampton Borough Council

There is an underspend of £149k on budgets managed by LGSS on behalf of NBC, a decrease of £18k from last month.

There is an overspend of £ 5k on the Finance managed budgets due to the increase in cost of insurance, which has been offset by a decrease in the cost of bank charges.

There is an underspend of £15k on HR managed due to a decrease in activity with Medigold .

There is an underspend of £160k on IT managed due to a decrease in the cost of rents and leases.

Cambridgeshire County Council

There is an underspend of £490k within the budgets managed by LGSS on behalf of Cambridgeshire, an increase of £209k from last month.

There is an underspend of £300k on the Insurance budget resulting from ongoing work by the Insurance Section to minimise the cost of internal provision, coupled with significant savings on external insurances for the Authority.

Property Operations is forecasting a net overspend of £1,054k, which is due to:

- A net pressure of £152k resulting from business rates costs for the vacant Black Horse House wing of Castle Court (£79k), estimated dilapidation costs from vacating two leased properties (£65k) and an overspend of £8k on utilities across the portfolio.
- An unrealised savings target of £736k for reduction in the Council's property portfolio.
- £42k overspend on Carbon Trading due to purchasing higher numbers of credits in respect of 2012-13 emissions as a result of legislation changes.
- £124k overspend on building maintenance.

There is an underspend of £128k on the External Audit fees budget. This is due to a reduction in the External Audit scale fees and charging the cost of auditing the Pension Fund directly to the Fund.

Strategic Asset Management has an underspend of £744k, which is due to:

- County Farms generating an additional surplus of £381k from increased rental income following a series of rent reviews completed during 2012-13.
- An underspend on Effective Property Asset Management of £128k due to activity across the Making Assets Count partnership and, in relation to the Council's property rationalisation, progressing more slowly than anticipated.
- A £235k saving as a result of a change in policy regarding the disposal costs relating to capital receipt generation. These will be charged directly against the receipts, (up to a maximum value of 4%).

There is an underspend of £60k on members allowances due to a range of efficiencies on training, printing, travel and general office expenses.

Procurement is forecasting an underspend of £24k due to savings obtained on a cleaning contract.

Within Finance there is an overall underspend of £158k. There is a £146k underspend on the Authority-wide miscellaneous budget following an adjustment to the bad debt provision, offset by the annual ESPO rebate coming in at £33k higher than accrued for and a pressure of £86k from the correction of a historical VAT issue. Additionally, there is a £12k underspend on subscriptions.

Organisational Development is showing an overspend of £90k, relating to four National Management Trainees. There was no previous forecast variance as this was agreed to be met from CCC reserves. This expenditure is now to be offset by the overall underspend on LGSS managed. Funding for this programme is being applied for as part of Business Planning for 2014-15 onwards.

There is an overall net underspend of £220k on IT due to an underspend of £247k on CPSN development works offset by an overspend of £27k resulting from an increase in licensing costs and the transition between MFD contracts.

