

For the public sector



Agenda Item No: 3a

LGSS Joint Committee

26th July 2019

(previously circulated by email 31st May 2019)

Subject: LGSS 2018-19 Budget Monitoring

Actions:

- 1. Note the financial monitoring position as at 31st March 2019**
- 2. Note the capital monitoring position regarding LGSS capital projects.**

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 there is a surplus for CCC and MKC, this has been transferred to LGSS reserves for future consideration by Joint Committee for reinvestment and future commitments. The year end position for NCC is a deficit which has been charged to NCC.
2. The positive year end position showing an underspend of £189k has been achieved through the adoption of rigorous spending controls, aligned to similar processes that NCC implemented to support its Section 114 notice. In addition, there has been close management of vacancies which in part has been required due to the uncertainty that has been created due to the ongoing Target Operating Review of LGSS. Despite this uncertainty, the services across LGSS have continued to deliver a business as usual service and have also worked extremely hard to deliver this outstanding financial performance under difficult circumstances.

Revenue position

3. The variance for Operational Services at the end of 2018-19 is an underspend of £189k, of which:

LGSS Services

- £323k relates to shared service underspends
- £162k are offsetting NCC specific pressures in relation to: internal audit savings no longer being delivered £150k offset by in year savings of £13k; the delay in the delivery of an IT specific saving to 2019/20 £36k; all offset by reduced HR spend funded by grant £11k

Trading Account / Partnership Contingency / Budget issues to be resolved

- £25k is a further 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
- £80k are pressures in relation to the set trading targets
- -£133k are contributions from the partnership contingency to shared service pressures arising from additional costs of the interim Managing Director and the costs of the data capture solution.

With the exception of 2017-18 where the LGSS underspend was more than offset by overspends for CCC and NCC as a result of shortfalls in the dividends received from LGSS Law, LGSS has underspent in every year since its inception.

Of the variance of -£189k, £187k is NCC specific overspends, leaving an LGSS partnership underspend of £376k including contributions from the partnership contingency. This is an improved position to that reported for February. Further detail is set out in section 2 and Appendix 1.

	Previous LGSS Net Variance £000	Full Year Budget £000	LGSS Outturn Variance £000
Total LGSS Services	-3	41,438	-161
Trading Account / Partnership Contingency / Budget issues to be resolved	-31	-15,608	-28
Total LGSS Operational	-34	25,830	-189

4. The main changes since the February report are summarised below (detail is contained in appendix 1):
- The HR Directorate underspend has decreased by £42k compared to the forecast last month but the Directorate remains underspent by £149k.
 - The LGSS Managing Director and Support position has improved by £191k compared to the forecast last month, principally as a result of additional income generated by the Language service, and increased underspends in the central LGSS teams.
 - Within the Finance and IT Directorates there have been some changes at service line level, but the forecasts for the Directorates as a whole have changed little.
5. In the context of the current review of the LGSS operating model, a number of posts are being held vacant. In addition, LGSS are trying to avoid making new commitments whilst awaiting the outcomes of the review. The underspends arising from these actions are reflected in the underspend for LGSS, but are also impacting on service delivery.
6. The split of the outturn between the 3 partner councils is shown below:

	CCC £'000	MKC £'000	NCC £'000	Total £'000
(Under)/overspend position by Council	-112	-148	71	-189

LGSS received 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;
- £11k 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 attributed to the Council from which the funding came.

7. Savings delivery – At the end of the year the savings tracker is showing £2,499k of savings delivered and rated green, and £411k of savings not delivered and rated red. The pressures arising from savings not delivered are reflected in the outturn numbers in this report.

Reserves position

8. The balance in LGSS reserves at 1 April 2018 was £76k.
9. The partnership contingency had a budget during 2018-19 of £648k as set out in the LGSS Strategic Plan. Transfers to services of £222k have been made from this contingency as set out in Appendix 3 leaving a balance of £426k. This remaining balance in the contingency budget at year-

end has been transferred to LGSS reserves. Of the £426k balance, £365k is committed for spend in future years.

10. The underspends of £260k at year end, as set out in the Table at para 6, have been transferred to LGSS reserves. The total balance in LGSS reserves at year end is £764k of which £365k is committed and £399k is uncommitted. Further detail is provided in Appendix 3.

Budget Reconciliation

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

Capital Position

12. The capital position at the end of 2018-19 can be seen in the table below, further detail is shown in Appendix 5.

Authority	Exp Budget £000	Forecast Total Life of Project £000	Over / (Under) Spend v Approved Exp £000
CCC	2,025	2,025	0
NCC	10,218	10,196	-21
MKC	6,885	6,887	2

Section 2 - LGSS Operational – March 2019

	Previous Forecast Variance	Full Year Budget	Full Year Variance before transfers	Transfers from contingency	Full Year Outturn Variance	Outturn Variance Breakdown	
	£000	£000	£000	£000	£000	NCC £000	LGSS £000
Finance Services	145	13,199	146	-62	84	137	-53
Human Resources	-191	9,069	-149	0	-149	-11	-138
Information Technology Services	61	17,510	53	0	53	36	17
Managing Director & Support	-18	1,661	-211	-71	-282	0	-282
Total LGSS Services	-3	41,438	-161	-133	-294	162	-456
Trading Account	79	-13,237	80	0	80	0	80
Partnership Contingency	0	648	0	0	0	0	0
NCC Budget items to be resolved	25	25	25	0	25	25	0
Total LGSS Operational	-34	28,824	-56	-133	-189	187	-376

Revenue position

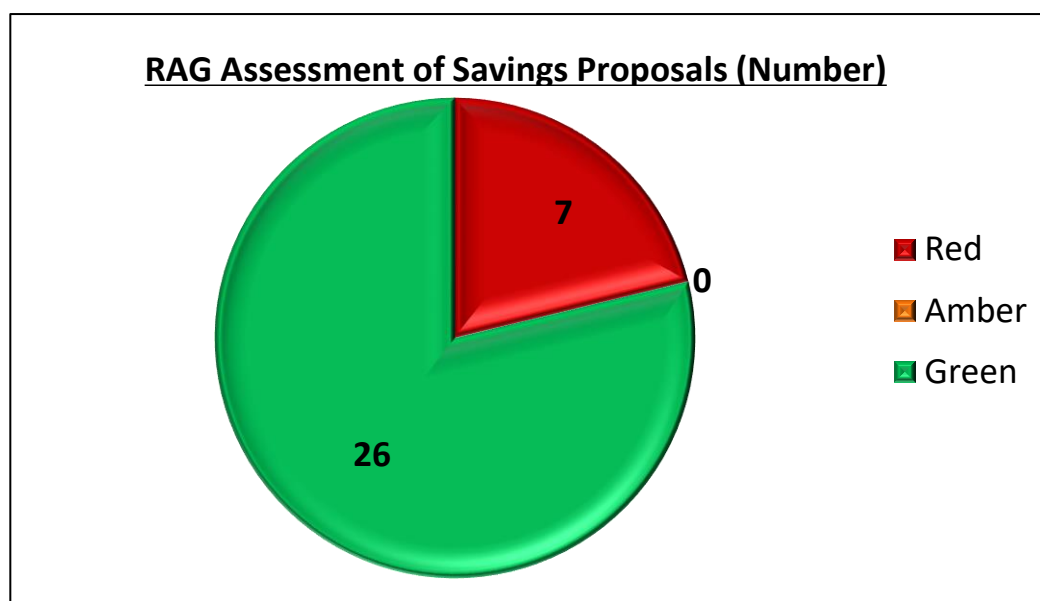
- The outturn variance on LGSS Services at the end of March 2019 is an underspend of £161k. In addition:
 - there is a pressure of £80k on the trading account, which is split between CCC and NCC;
 - there is a budget issue with NCC of £25k which has been resolved for 2019-20. This relates to a savings target, which has been delivered in 2018-19 by LGSS, although the budget is held by NCC, thereby creating a pressure in the LGSS position; and
 - transfers of £133k have been made from the partnership contingency to cover the additional costs of the LGSS interim Managing Director and the in year costs of the data capture solution.
- Overall, this gives an LGSS operational underspend of £189k of which £187k are overspends attributable to NCC and -£376k are LGSS underspends and contributions from the partnership contingency. Further detail and commentary is provided at Appendix 1.
- NCC issued a Stabilisation Plan to address in year budget issues, including the £150k specific pressure referred to above. As part of that plan NCC set a target for LGSS to deliver a balanced budget for 2018/19. LGSS has worked to identify reductions to service provision to NCC to meet this target avoiding any impact to service provision to CCC and MKC. For March 2019, LGSS is reporting an overall underspend for NCC made up of the £71k overspend shown in the outturn split table for NCC in para 6 above, offset by £142k of managed budget underspend shown in Appendix 2. The target to balance the budget for NCC has therefore been achieved.
- The Fire and Rescue service separated from NCC on 1st January 2019. LGSS has an agreement for the provision of service to the new Northamptonshire Commissioner Fire and Rescue Authority at an annual cost of £603k. The first 3 months income of £151k is reflected in the trading account. Of the £151k income, £87k has been returned to NCC to reflect the reduction in their costs from the transfer. The remaining £64k relates to services provided by LGSS at additional cost and is retained within LGSS. For 2019-20 the reduction in LGSS costs for NCC is reflected in the NCC budget and no charges will be necessary.

5. CCC implemented 3 days of mandatory unpaid leave for all CCC staff for this financial year. The savings from this has been returned to CCC, except where there would have been impact on LGSS customers. As a result, £111k of savings were returned to CCC in 2018/19.

Savings delivery

6. 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 and the Managing Director.
7. At the end of 2018-19 the tracker shows savings not delivered totalling £411k. This is made up of £186k of savings on behalf of NCC, and £225k shortfall on IT trading income targets split between CCC and NCC. All other savings have now been delivered.
8. Where savings have not been delivered these are reflected in the outturn position for LGSS services and have been addressed in the LGSS budget for 2019-20.
9. A summary of the final 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	0	502
Strategic Management	4	302	0	0	302
NCC specific savings	8	562	96	0	466
Total	33	2,910	411	0	2,499



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 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
CCC	2,025	1,891	134	0	2,025	0	0	2,025	2,025
NCC	10,218	9,649	7	540	10,196	-21	194	10,024	10,218
MKC	6,885	5,675	408	804	6,887	2	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	Outturn £000	Outturn Variance £000
Finance Services Directorate:							
Finance Leadership	-65	174	0	0	174	108	-66
Professional Finance							
CCC	10	1,884	0	-328	1,555	1,562	7
MKC	-35	1,939	-53	-64	1,822	1,744	-78
Financial Operations	162	3,749	-245	-65	3,438	3,625	186
Debt & Income Service	93	953	-2	-112	839	988	149
Integrated Finance Services	-40	1,868	-625	-359	884	868	-15
Audit & Risk	119	1,940	-422	-175	1,343	1,439	96
Pensions Operations	0	4,745	-4,734	0	11	11	0
Norwich	0	1,067	0	0	1,067	1,067	0
NBC	0	684	-5	0	679	679	0
Procurement	-13	1,435	-159	-12	1,264	1,237	-27
Insurance	-86	452	-59	-271	122	15	-107
Total	145	20,980	-6,304	-1,387	13,199	13,345	146

	Full Year Variance £000	Transfer from cont'gy £000	Net variance £000	Net variance breakdown			
				LGSS £000	CCC £000	MKC £000	NCC £000
Finance Services Directorate	146	-62	84	-53	0	0	137

The Finance Services Directorate has ended 2018-19 with an overspend of £146k before transfers from the partnership contingency – made up of an LGSS overspend of £9k plus an agreed overspend in Internal Audit of £137k directly attributable to NCC. After the agreed transfer from the partnership contingency to fund the pressure for the costs of the current data capture solution, the Directorate has ended with an LGSS underspend of £53k.

The LGSS Director of Finance post is currently vacant awaiting the outcomes of the LGSS operating model review leading to an underspend of £66k to year end.

The CCC Professional Finance team have a £7k overspend. Delivery of over 80% of the CCC share of the MKC business case saving is achieved although this is predominantly through efficiencies in CCC business partner activity rather than as a result 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 have a £78k underspend due to vacancies held at the beginning of the year; the majority of these posts have now been filled.

Finance Operations are reporting a total pressure of £186k which mainly comprises of £17k due to the interim costs of the Head of Finance Operations role, £62k due to additional costs incurred through the launch of the new data capture solution and annual licence costs, £40k pressure on printing costs, £50k shortfall on income recharges, plus £38k pressure on staffing costs in the Helpdesk team due to agency costs and overtime worked. These overspends have been partially offset by an underspend of £26k in financial assessments. The data capture pressure has been funded from the partnership contingency.

Since restructuring in 2018, the Debt and Income Teams have experienced problems in recruiting to new posts and any underspends arising from vacancies have been more than offset by the use of agency staff. In addition, the teams have seen a shortfall in internal recharges compared to expectations, and printing costs have exceeded budget by £23k. This has created a total pressure of £149k across the service. The Debt and Income teams have now been separated with the responsibility for Income moving to the Head of Finance Operations, and for Debt to the Head of Revenues and Benefits. The budget changes to reflect these responsibility changes will be reflected in 2019/20.

The Integrated Finance Service has underspent by £15k due to the recent recruitment campaign to fill a number of vacancies across the service not returning the required quality of candidates resulting in only one successful candidate being appointed into a fixed term role. The service continues to operate with vacancies.

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. There is an in year underspend against this pressure in 2018-19 of £13k reducing the pressure to £137k. In addition, there are underspends across the Audit and Risk service of £41k reducing the overall overspend to £96k.

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

There is an £27k underspend in Procurement due to delays in recruiting to vacant posts and an improved position on income.

Within Insurance there is an underspend of £107k 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	Outturn £000	Outturn Variance £000
Human Resources Directorate:							
HR Central Management	12	150	0	0	150	167	16
Policy & Strategy	-67	1,039	0	0	1,039	996	-44
Health, Safety & Wellbeing	-80	786	-132	-95	559	478	-81
HR Business Partners							
CCC	-21	1,190	0	-97	1,093	1,046	-48
NCC	-100	879	0	0	879	762	-118
MKC	5	812	0	-55	757	791	34
NCC Schools Income	24	168	-256	10	-78	-36	42
MKC Schools	5	156	-151	0	5	12	8
Learning & Development	60	4,006	-990	-18	2,997	3,056	59
Transactional Services	-28	2,474	-699	-109	1,666	1,649	-18
Total	-191	11,661	-2,228	-364	9,069	8,920	-149

	Full Year Variance £000	Transfer from cont'gy £000	Net variance £000	Net variance breakdown			
				LGSS £000	CCC £000	MKC £000	NCC £000
Human Resources Directorate	-149	0	-149	-138	0	0	-11

The Human Resources Directorate has ended 2018-19 with an under spend of £149k of which £11k is directly attributable to NCC.

The partner Councils have all had financial challenges and have had controls in place in areas like recruitment, which the HR teams have reflected in creating underspends and in posts that are critical and need formal approvals for recruitment which can delay. The service does not always appoint if the quality of applicants is not appropriate. The HR directorate naturally plans for a neutral budget and in all years show a small underspend (this year the underspend 1.2% of budget).

Workforce Policy & Strategy's underspend was planned as shared service resources were moved temporarily to Advisory and L&D to cover specialist pieces of work and for this period not backfilled.

Health, Safety and Wellbeing is underspent due to increasing income in-year from Academies and Community schools in Cambridgeshire and Northamptonshire, additional funding from Public Health in NCC and some impact from de-Minimis rules for accruals >£25k in NCC.

The underspend of £131k on HR Business Partners is due to vacancy management. NCC spending has been held in response to the S114 where possible and 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 has been 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.

The L&D budget overspend is £59k and has been managed with the other HR Directorate underspends during the year, there have been two main challenges. The first to reduce the NCC spending by £300k for 2018-19, which in the majority has been achieved. The second a number of historical grants inherited in the transfer of CCC social care training, which have individually had to be sorted out and ended/used

appropriately. The level of apprenticeship spending has become disproportionate to the other L&D areas, due to demand, and will be subject of a future paper to senior leadership teams.

Payroll Services have underspent by £18k in the year of implementing ERP Payroll, which has required a significant inward focus on system implementation and transition, which has affected the planned restructure and new operating model (for which some vacancies were held or appointed temporarily).

Information Technology Directorate

	Previous Forecast Variance £000	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Outturn £000	Outturn Variance £000
IT Directorate:							
IT Leadership	0	139	0	-140	-1	95	96
Cambridgeshire County Council	39	2,316	0	-974	1,342	1,426	84
MKC IT	0	2,493	-1	-50	2,442	2,392	-50
MKC IT Schools	0	474	-462	0	13	-129	-142
Northamptonshire County Council	180	2,576	-39	-478	2,059	2,265	206
Norwich	0	2,556	-250	0	2,306	2,306	0
NHFT	0	3,482	-253	0	3,230	3,230	0
Strategy & Architecture	-60	888	-16	-109	762	702	-61
Digital Services	0	2,016	0	-1,177	839	836	-4
Service Delivery	-19	1,334	0	-391	943	941	-2
LGSS Business Systems & Change ERP Programme	-79	3,819	0	-245	3,574	3,500	-74
	0	0	0	0	0	0	0
Total	61	22,094	-1,020	-3,564	17,510	17,563	53

	Full Year Variance	Transfer from reserves	Net variance	Net variance breakdown			
				LGSS	CCC	MKC	NCC
	£000	£000	£000	£000	£000	£000	£000
IT Directorate	53	0	53	17	0	0	36

The IT Directorate has ended 2018-19 with a net overspend of £53k of which £36k is directly attributable to NCC.

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.

The IT leadership line was previously reported within the Cambridgeshire and Northamptonshire operational teams, but are a cost to the whole of the directorate. The pressure of £96k is in relation to the one off leave cost of the previous Director of IT and additional temporary resource employed in the IT directorate through the year.

The CCC IT team has a £83k overspend due to a shortfall in recharge income.

The NCC IT team has a £205k overspend due to the non delivery of an NCC specific saving of £36k which is now not expected to be deliverable until 2019/20, and due to a shortfall in the anticipated recharges to the NCC capital programme.

Within Strategy and Architecture there is an underspend of £61k due to vacancies held pending a restructure. Recruitment is now underway.

LGSS Business Systems and Change have a £74k underspend due to vacancies in the project management and business systems teams. The service has mitigated 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 has been 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 of £89k has been 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	Outturn £000	Outturn Variance £000
Managing Director & Support	105	321	-10	0	311	394	83
LGSS Business Planning & Finance	-90	465	0	0	465	357	-107
LGSS Restructures	98	-15	0	0	-15	84	99
Customer Engagement	29	390	0	0	390	418	28
Language Service	-33	758	-738	-65	-45	-170	-125
Business Development	-77	244	-69	0	174	57	-117
Democratic Support Services	-49	383	-3	0	380	310	-70
Total	-18	2,546	-820	-65	1,661	1,452	-209

	Full Year Variance £000	Transfer from reserves £000	Net variance £000	Net variance breakdown			
				LGSS £000	CCC £000	MKC £000	NCC £000
Managing Director & Support	-209	-71	-280	-280	0	0	0

Across the Managing Director and Support there is an underspend of £209k which is after the transfer from the partnership contingency of £71k to fund the additional costs of the interim Managing Director.

The overspend on the Managing Director and Support reflects the additional costs of the interim Managing Director compared to the original budget (£71k), and the costs of the Operating Model review. The additional costs of the interim Managing Director have been funded by the partnership contingency as set out in Appendix 3.

There was a £174k savings target included within the Managing Director budget 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 were delivered part way through this year, there is an

overspend of £99k against this savings target in year. This is more than offset by underspends of £107k within LGSS Business Planning and Finance and £117k within Business Development from posts being held vacant.

Customer Engagement have a £28k overspend including the appointment of a fixed term Service Improvement Manager to work on a review of the Helpdesk and other LGSS core projects. Also, 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 is 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 had a busy month in March and ended the year with an over performance on income of £125k against the £45k budget. This is well in excess of the £58k additional income target set for the year. The service are working on a business development plan whilst assessing the market, which has seen an increase in adhoc bookings. We are also currently monitoring other spend, due to potential reduction and/or channel shift from face to face to telephone assignments.

Within DSS CCC, £70k underspend is due to vacancies and additional income from the Combined Authority and CCC Fire Service.

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 outturn position 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	Outturn	Outturn Variance
	£000	£000	£000	£000	£000	£000	£000
Cambridgeshire County Council:							
Insurance	0	-60	0	0	-60	54	115
Members Allowances	0	1,034	0	0	1,034	1,040	6
National Management Trainees	7	179	-8	0	172	189	18
Health & Safety Counselling	0	36	0	0	36	11	-25
Information Technology	115	4,655	-202	-1,459	2,994	3,183	188
Total	121	5,844	-210	-1,459	4,176	4,478	302
Milton Keynes Council:							
Human Resources	-22	144	0	0	144	69	-75
Information Technology	-56	2,108	0	-451	1,657	1,469	-188
Total	-78	2,252	0	-451	1,801	1,538	-263
Northampton Borough Council:							
Finance Managed	-36	260	0	0	260	244	-16
Insurance	0	781	0	0	781	631	-150
NBC Managed Income	0	0	-1,041	0	-1,041	-875	166
Total	-36	1,041	-1,041	0	0	0	0
Northamptonshire County Council:							
Social Care	0	0	0	0	0	0	0
Occupational Health	-168	320	0	0	320	145	-175
Information Technology	0	3,388	0	0	3,388	3,421	33
Total	-168	3,708	0	0	3,708	3,566	-142

Cambridgeshire County Council

The final position for the Insurance budget was an overspend of £115k, which is an increase of £115k from the previous forecast. This is because the cost of the internal and external insurance premiums exceeded the amount that could be charged to services in 2018/19.

There is a £6k overspend on Members Allowances which is largely due to the new apprenticeship levy charges.

There is an overspend in National Management Trainees of £18k due to the service needing new employees and not having the full budget to cover the costs.

Occupational Health (Employee Assistance Programme) spend in 2018-19 has totalled £32k against the budget of £36k. However, one off credits relating to the transfer of balances from the old finance system are offsetting this reducing the net spend for the year to £11k.

There is an overspend of £188k in IT due to changes in the desk phone contract and an increased cost for Microsoft Licences.

Milton Keynes Council

There is a £22k underspend on HR professional fees and computer costs due to spend anticipated on software which was later decided to be too costly. In addition, there are net underspends of a further £17k in the MKC HR managed budget, a £19k underspend on the trade union budget, and a £17k underspend on the occupational health budget.

There is a £188k underspend on the IT managed budget principally due to: a restructure and vacant posts in the print team leading to an underspend of £70k; and an underspend on the copier budget of £99k due to the requirement to realign the print budgets.

Northampton Borough Council

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

There is an underspend on Insurance for NBC due to lower premiums.

Northamptonshire County Council

The occupational health managed budget is demand led and can vary significantly according to staff needs (schools in particular are high demand users). This is still a relatively new contract and certain elements are more expensive than previously. However, significant savings are being achieved by using the in-house Physician Associate to triage cases which has resulted in only the most complex ones being referred to external OH.

There is a £33k overspend in IT as a result of agreed expenditure of £66k for the DRUPS Generator refurbishment. This has been partially absorbed within the budget but the level of recharging achieved has not allowed the pressure to be absorbed in full. This is expected to be a one off pressure in 2018/19.

Appendix 3

Summary Position on LGSS Reserves

Reserve	Opening	Movements in year	Closing	Commentary on expected movements
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	balance 1 April 2018 per Outturn report	Transfers to reserves	Transfers from reserves	balance 31 March 2019	
	£000	£000	£000	£000	
LGSS General reserve	78	61	0	139	Movement reflects transfer in of the balance of the partnership contingency budget as set out below.
Committed reinvestments	0	365	0	365	Movement reflects transfer in of the allocated partnership contingency budget as set out below.
Underspends	0	260	0	260	Movement reflects transfer to reserves of actual underspends.
Total	78	686	0	764	

Partnership contingency position

Partnership contingency	Agreed Usage	Movements in year 2018/19	Forecast Movements in future years	Commentary on expected movements
	£000	£000	£000	
Opening budget		648	426	
Additional LGSS MD costs	-127	-71	0	To fund additional LGSS Managing Director costs – usage reduced from £127k due to new arrangements for the LGSS MD post from December.
ERP Gold	-380	-89	-161	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	0	-70	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.
Closing		426	61	Transferred to LGSS general reserve

balance				
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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		-384		-384
NHB funding for MKC IT			70	70
Additional funding for MKC IT			17	17
Insurance budgets transferred at year end with actuals		117	6	123
Audit budget reduction			-118	-118
Returned funding MKC IT			-20	-20
Net LGSS Law adjustment to be resolved with NCC in 2019-20		-12		-12
Budget as at 31st March 2019	8,835	11,017	8,970	28,824

Appendix 5 LGSS Capital Budget Monitoring

The tables below show a summary of the Capital schemes for NCC, MKC & CCC as at March 2019.

NCC	Expenditure Profile at Provisional Outturn						Funding Profile		
All Figures in £000's Scheme Name	Exp Budget	Prev Year's Exp	Actuals 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*	6,092	6,092	0	0	6,091	0 (£592k funded from Angel budget for related overspend)	0	6,092	6,092
Next Generation ERP**1	2,024	2,081	3	0	2,084	60	100	1,924	2,024
Date Centre Refurbishment	994	1,009	-28	0	981	-13	94	900	994
Civica ICON #	267	267	-1	0	267	0	0	267	267
Exchange 2010	170	95	12	0	107	-63	0	170	170
Tradeshift	131	105	21	0	126	-5	0	131	131
Eastnet/WAN	540	0	0	540	540	0	0	540	540
Total	10,218	9,649	7	540	10,196	-21	194	10,024	10,218

* Project Angel is complete. £592k funded from the Angel budget for related overspend.

**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 NCC professional finance staff.

Note: old capital schemes have now been closed down and removed from this summary reducing the total spend from previous reports.

MKC	Expenditure Profile						Funding Profile		
All Figures in £000's									
Scheme Name	Exp Budget	Prev Year's Exp	Actuals 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	159	0	2,720	2	0	2,718	2,718
Data Hosting & Storage	3,557	3,106	156	295	3,557	0	0	3,557	3,557
Replacement Frameworki	610	8	93	509	610	0	0	610	610
Total	6,885	5,675	408	804	6,887	2	0	6,885	6,885

- Next Generation ERP - final payments 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 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	134	0	2,025	0	0	2,025	2,025
Total	2,025	1,891	134	0	2,025	0	0	2,025	2,025

- Next Generation ERP - final payments in 18/19