

LGSS JOINT COMMITTEE

Date: Friday, 26 July 2019

Democratic and Members' Services

Fiona McMilan
Monitoring Officer
Shire Hall
Castle Hill
Cambridge
CB3 0AP

14:00hr

Room 1.02

Civic Offices, Milton Keynes Council, Saxon Gate, MK9 3EJ

AGENDA

Open to Public and Press

- | | | |
|-----------|--|----------------|
| 1 | Apologies for absence and declarations of interest | |
| | <i>Guidance on declaring interests is available at</i> | |
| | http://tinyurl.com/ccc-conduct-code | |
| 2 | Minutes & Action Log - 28th February 2019 | 5 - 12 |
| 3a | LGSS Budget Monitoring Report - March 2019 | 13 - 32 |
| 3b | LGSS Budget Monitoring Report - May 2019 | 33 - 48 |
| 4 | LGSS Strategic Plan & Budget Update 2019-20 | 49 - 72 |
| 5 | Repatriation of Professional Finance and Democratic Services to
Cambridgeshire County Council and Milton Keynes Council | 73 - 94 |

6 Exclusion of Press and Public

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed; information relating to the financial or business affairs of any particular person (including the authority holding that information)

7 Update on the LGSS Operating Model Review

To follow

The LGSS Joint Committee comprises the following members:

Councillor Chris Boden (Chairman) Councillor Robert Middleton (Vice-Chairman)

Councillor Lizzy Bowen Councillor Robin Bradburn Councillor Peter Geary Councillor Malcolm Longley and Councillor Bob Scott Councillor Sebastian Kindersley and Councillor Terence Rogers

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

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Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon

three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <https://tinyurl.com/CCCprocedure>.

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LGSS JOINT COMMITTEE: MINUTES

Date: Thursday, 28th February 2019

Time: 2.00pm – 4.00 pm

Place: Room 214, Angel Square, Northamptonshire County Council, Northampton.

Present: Cambridgeshire County Council (CCC):
Councillors Chris Boden (Chairman) and Sebastian Kindersley

Milton Keynes Council (MKC):
Councillors Ric Brackenbury and Robert Middleton (Vice Chairman)

Northamptonshire County Council (NCC):
Councillors Andy Mercer and Malcolm Longley

Others in attendance:

Mark Ashton (Interim Managing Director, LGSS), Dawn Cave (Democratic Services Officer), Steven Day (Acting Director of IT Services), Ian Duncan (S151 Officer Northamptonshire County Council), Justine Hartley (Head of Business Planning and Finance LGSS), Chris Malyon (S151 Officer Cambridgeshire County Council) and Paul Simpson (S151 Officer Milton Keynes Council)

Apologies: Councillors Terry Rogers, Bob Scott and Catriona Morris

74/19 DECLARATIONS OF INTEREST

None.

75/19 MINUTES – 14TH DECEMBER 2018

The minutes of the meeting held on 14th December 2018 were agreed as a correct record and signed by the Chairman, with the following corrections:

p1 – Chris Malyon should be listed as present.

p4/third bullet point – delete “...so that it was inevitable” from the end of the last sentence.

76/18 LGSS BUDGET MONITORING REPORT – DECEMBER 2018

Members received the December 2018 iteration of the LGSS Budget Monitoring Report. In presenting the report, officers highlighted the £185K overspend, £150K of which related to NCC specific pressures, leaving the partnership with a £35K overspend.

It was noted that there was a new proposed contribution of £62K from the partnership contingency, to offset the costs of the current data capture solutions.

The main changes since the previous month were noted. This included the proposal to use £216K of the LGSS partnership contingency to fund development and costs for:

- Bacs system replacement
- Accounts Payable (AP) duplicate payment checker solution
- Remaining costs for the current data capture solution.

The report had been revised so that it was clearer whether contingencies related to individual authorities or were collective.

LGSS were funding 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.

During discussion of the report, Members:

- commented that it was their priority that their respective authorities received their fair share;
- noting that CCC had required staff to take mandatory unpaid leave, asked if that had impacted on LGSS i.e. were any of those CCC staff delivering LGSS services? Officers explained that in the same way any partner authority which gave pay increases would be expected to fund the additional cost, the opposite applied in this case i.e. the savings would be returned to CCC. The CCC S151 Officer advised in terms of materiality, the impact on LGSS was very small, and every effort was being made to ensure it did not impact on the provision of services and LGSS partners. A Member also observed that this move had been unpopular;
- noted that the plans around efficiencies for the future operating model were in a very embryonic form;
- asked why the Bacs system needed replacing with some urgency. Officers gave the background, which was set out in greater detail in the confidential appendix to the report. Whilst it was possible to opt for an upgrade of the current system, it was noted that this was not the best option, as it was preferable to move to a cloud based solution, so that LGSS was not tied in to the two data centres.

It was resolved unanimously to:

- a) Note the financial monitoring position as at 31st December 2018

- b) Note the capital monitoring position regarding LGSS capital projects.
- c) Approve the use of £216k from the partnership contingency to meet the costs of:
 - i. BACS system replacement
 - ii. Accounts Payable (AP) Duplicate payment checker solution; and
 - iii. The current data capture solution.

77/19

LGSS BUDGET 2019-20 UPDATE

The Joint Committee received an update on the 2019-20 budget. Members were reminded that the budget preparation process for 2019-20 had been delayed awaiting the outcome of the operating model review. However, as the review had not been concluded, and a budget was needed for LGSS for 2019-20.

The proposed budget took into consideration the medium term financial plans of the core Councils for 2019-2024, and additional savings requested by all three Councils. The latest request for savings from MKC were outside the business plan timeframe. There was also an in-year pressure relating to trading. A refresh had been carried out to ascertain what was deliverable. Following discussion at the LGSS Management Board, it was also agreed that the full available partnership contingency budget of £648K should be applied in 2019-20 to meet the savings asks of the partner councils. However, this would mean that there would be no access to this budget to meet savings asks in future year, but it would help to balance the 2019/20 budget, whilst the operating model review was ongoing. This created a residual gap, and if the savings were approved, the implications of that gap, and potential solutions to it, needed to be considered. Possible actions included further rationalisation of the LGSS management team and other posts. Further work needed to be undertaken with the partner authorities' S151 Officers to deliver those options.

At the invitation of the Chairman, S151 Officers were asked to give their views. It was suggested that the core authorities' savings asks had been built into their business plans and were aligned with the overall financial challenges those authorities were facing, so it made sense that the LGSS budget was proportionate in terms of its allocation methodology, based on gross turnover. The overall size of the financial challenges faced by the core authorities should not be underestimated, and needed to be fed in to the later item on the Operating Model. As it was not long before the start of the new financial year, action needed to be taken quickly, without undermining the services provided to the core authorities.

A Member commented that he looked forward to a constructive discussion later in the meeting on the Operating Model, as given the residual gap, and the lack of detailed delivery plans for that gap, core authorities needed some certainty.

Members discussed the sequencing issue: whilst core authorities' savings asks had been included in their respective business plans, additional savings were now required. LGSS Officers stressed that it was an exceptional year, and there had been meetings with S151 Officers up front to attempt to align with the core authorities' budget planning processes. A S151 Officer commented that it would be undesirable to build in to core budgets savings that could not be delivered and were not based on reality. There was therefore a risk relating to the delivery of these savings.

A Member asked for more detail on the negotiation that had taken place and resulted in the imposition of savings targets from the member authorities, bearing in mind that LGSS was a completely separate entity, managed, run and reported on differently: he asked what the negotiating process was between LGSS and its constituent authorities. LGSS Officers explained that when MKC joined LGSS, the core authorities had signed up to a five year plan. Whenever any of the core authorities asks for any saving above what was agreed in the five year plan, this was categorised as a specific saving for that authority, as was the case when individual authorities subsequently set their annual budgets i.e. it must not impact on the other core authorities, so it was practically hypothecated authority by authority.

It was resolved unanimously to:

Note the update provided.

78/19

OPERATIONAL UPDATE – ERP GOLD

The Joint Committee received an update on the ERP Gold system. Members noted that the system had stabilised and was in a much better position. A number of upgrades were required over the coming period, including an annual update and a patch update for the financial year end. Members' attention was drawn to the section on Key Performance Indicators (KPIs) requested at the previous meeting, which could be updated with any additional metrics. Members also noted the governance changes that had taken place, and the relationship between the Programme Board and other bodies.

Given the well documented problems over the last year with this project, a Member asked if officers still felt that the cashable savings target was realistic. Officers confirmed that they very much expected the savings targets to be met, and whilst there were operational issues initially, which had impacted on performance, the situation had now stabilised. It was noted that £9.86M would be saved through Licence and hosting costs alone.

In response to a Member request, it was agreed that the Quarter 3 KPIs would be circulated to Committee Members as soon as they were available.
Action required.

There was acknowledgement not only of the staff who had helped to implement ERP Gold, but also the work done more broadly by other staff across the core authorities, whose contribution to the implementation of ERP Gold was applauded and recognised.

It was resolved to:

Note the update provided

79/19

SUCCESSION PLANNING FOR NORTHAMPTONSHIRE

Members received an oral presentation regarding the succession planning that was underway for when Northamptonshire County Council was abolished in 2020.

It was noted that under the Partnership Delegation Agreement, there were specific clauses around the rights and obligations going to the successor bodies. Responding, the NCC S151 Officer advised that the LGSS contract would be one of many contracts that needed to be considered, and there had been no specific discussions on any of those contracts at this point in time. NCC Members endorsed these comments, and stated that NCC cannot bind or commit on behalf of successor bodies, but recognised that it was normal for successor bodies to inherit title to existing assets and liabilities and therefore contract obligations.

Other Members acknowledged this point, but advised that their authorities were keen to know what progress was being made, and when they could expect further progress. NCC Members advised that nothing had been decided as the Secretary of State was still considering the response to the Northamptonshire authorities' request, which was submitted in August 2018. Those authorities were about to submit to government their suggestions for the Structural Change Order which would redesign local government in Northamptonshire. Before any of this had been agreed, it would be very difficult to know what the ground rules were and likely outcomes.

Responding, it was suggested given the close partnership of the three core authorities, the timescales for this process was an important consideration. The expectation was that MKC and CCC would work with the successor authority, which was critical e.g. as ERP Gold was currently managed from Northamptonshire.

It was resolved:

To note the update provided.

80/19 EXCLUSION OF PRESS AND PUBLIC

It was resolved that the press and public be excluded from the meeting for the following items on the grounds that the items contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for the information to be disclosed: information relating to the financial or business affairs of any particular person (including the authority holding that information).

82/19 BUSINESS DEVELOPMENT UPDATE

An update was presented on new business development.

It was resolved to note the update provided.

81/19 LGSS ANNUAL REPORT AND STATEMENT OF ACCOUNTS UPDATE

Members received report that sought the Joint Committee to reconsider the continuation of the audit of the 2017-18 LGSS Annual Report including the statement of accounts.

(The decision on this item was made after the Operating Model item)

It was resolved to:

- a) Agree to the cessation of the external audit of the 2017-18 Statement of Accounts; and
- b) Agree that once the outcome of the CIPFA Review is known the Joint Committee should consider whether the production of the Annual Report with key financial disclosures rather than an audited set of accounts should be continued.

83/19 UPDATE ON THE LGSS OPERATING MODEL AND CIPFA REVIEW

The Joint Committee considered an oral update on the LGSS operating model review.

It was resolved to:

Agree the recommendations proposed by the Committee Chairman, and seconded by the Vice-Chairman, as amended.

LGSS JOINT COMMITTEE

Minutes-Action Log



Agenda Item No: 2a
Cambridgeshire
County Council

Introduction:

This log captures the actions arising from the LGSS Joint Committee on 14th December 2018 and updates Members on progress in delivering the necessary actions.

Minute No.	Item	Action to be taken by	Action	Comments	Status & Estimated Completion Date
67/18	LGSS Internal Audit Plan 2018/19	Duncan Wilkinson	Members requested that a report be presented to the next meeting of the LGSS Joint Committee that considered the various options	To be brought to first meeting of 2019/20 pending outcome of the CIPFA review	Complete
67/18	LGSS Internal Audit Plan 2018/19	Duncan Wilkinson	Members requested that the Chairs and Vice-Chairs of each of the partner council's Audit Committees be consulted and their views sought in relation to possible governance options	To be brought to first meeting of 2019/20 pending outcome of the CIPFA review	Complete
67/18	LGSS Internal Audit Plan 2018/19	Duncan Wilkinson	Request cyber security and LGSS governance be included within the proposed audit plan	To be brought to first meeting of 2019/20 pending outcome of the CIPFA review	Complete
78/19	ERP Gold Update	Steve Day	Q3 KPIs to be circulated when available	Covered by annual report on ERP Gold circulated to Members	Complete
83/19	Update on the LGSS Operating Model and CIPFA review.	S151s	S151 Officers to deal with the communications involved in this process, so that Members and staff were kept informed in a timely way	Scheduled item on the July agenda for the July Joint Committee	Complete

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

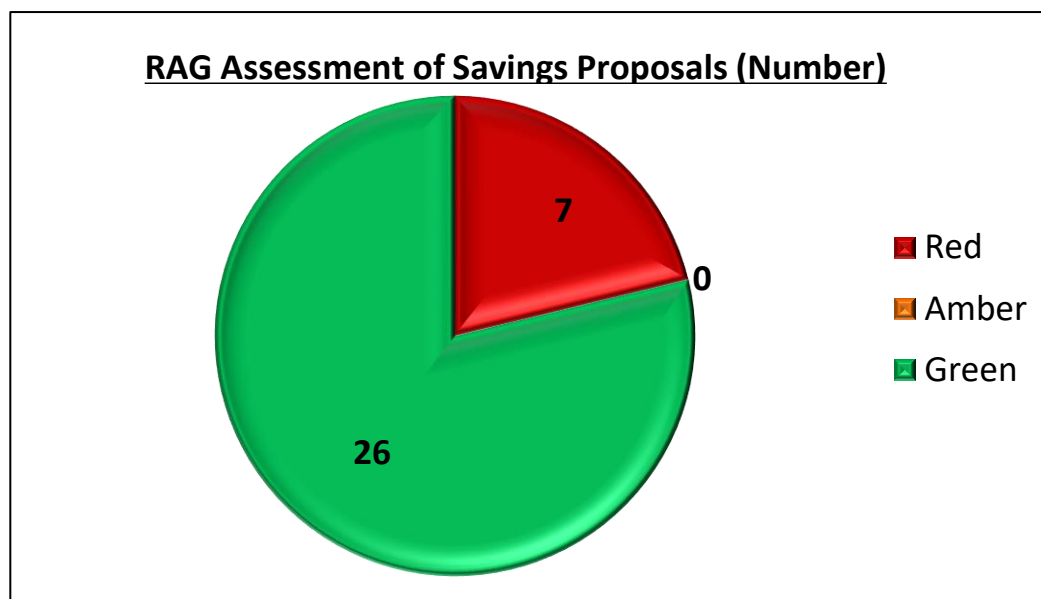
- The outturn variance on LGSS Services at the end of March 2019 is an underspend of £161k. In addition:
 - there is a pressure of £80k on the trading account, which is split between CCC and NCC;
 - there is a budget issue with NCC of £25k which has been resolved for 2019-20. This relates to a savings 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.

- 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

- 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.
- 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.
- 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.
- 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 £000	Movements in year 2018/19 £000	Forecast Movements in future years £000	Commentary on expected movements
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	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	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

LGSS Joint Committee

26th July 2019

Subject: LGSS 2019-20 Budget Monitoring

Actions:

- 1. Note the financial monitoring position as at 31st May 2019**
- 2. Note the capital monitoring position regarding LGSS capital projects.**
- 3. Approve the use of LGSS reserves to fund support for the current LGSS helpdesk 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 2019-20. At the end of the year if there is a surplus as forecast, this will 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.

Revenue position

2. The variance for Operational Services at the end of May 2019-20 is an overspend of £561k, of which:

LGSS Services

- £21k relates to shared service underspends

Trading Account / CCC shortfall on savings

- £582k is a CCC specific pressure in relation to an agreed shortfall against the £919k savings target asked of LGSS by CCC for 2019/20. Some savings have been identified and agreed, but the remainder have been put on hold pending the outcomes of the review of the LGSS operating model.

Further detail is set out in section 2 and Appendix 1.

	Full Year Budget £000	Current LGSS Net Forecast Variance £000
Total LGSS Services	41,867	-21
Trading Account / CCC shortfall on savings	-14,263	582
Total LGSS Operational	27,604	561

3. 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 forecast underspend for LGSS, but are also impacting on service delivery.
4. The split of the forecast outturn between the 3 partner councils is shown below:

	CCC £'000	MKC £'000	NCC £'000	Total £'000
(Under)/overspend position by Council	575	-7	-7	561

5. Savings delivery – At this stage of the year the savings tracker is showing £1,341k of savings rated green, £100k rated amber and £582k of savings rated red. The red savings are all in relation to the shortfall in the savings plans against the £919k savings target for CCC.

Reserves position

6. The balance in LGSS reserves at 1 April 2019 was £764k of which £365k was committed and £399k uncommitted.
7. LGSS Management Board on 3rd July 2019 considered a request for the use of up to £214k of LGSS reserves to fund continuing support for the LGSS helpdesk solution LANdesk to 2022. The request was endorsed by the Board for approval by LGSS Joint Committee, subject to further work to minimise costs. Further detail is provided in Appendix 3.
8. Approval of this request for use of LGSS reserves will reduce uncommitted reserves to a minimum of £185k.

Budget Reconciliation

9. 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

10. The capital position at the end of May 2019-20 for NCC can be seen in the table below, further detail is shown in Appendix 5. There are no CCC capital schemes for 2019/20. MKC schemes will be reported in future months.

Authority	Exp Budget	Forecast Total Life of Project	Over / (Under) Spend v Approved Exp
	£000	£000	£000
NCC	540	540	0

Section 2 - LGSS Operational – May 2019

	Gross Exp Budget	External Income	Internal Income	Full Year Budget	Actuals to end May	Full Year Forecast Variance
	£000	£000	£000	£000	£000	£000
Finance Services	22,854	-8,273	-1,117	13,464	3,167	83
Human Resources	11,445	-2,118	-339	8,989	1,045	39
Information Technology	22,576	-1,073	-3,616	17,887	2,503	56
Services						
Managing Director & Support	2,510	-918	-65	1,527	288	-199
Total LGSS Services	59,386	-12,382	-5,137	41,867	7,004	-21
Trading Account	-500	-13,741	-11	-13,701	-432	0
Shortfall on CCC savings target	-550	-12	0	-562	0	582
Total LGSS Operational	58,336	-26,135	-5,148	27,604	6,571	561

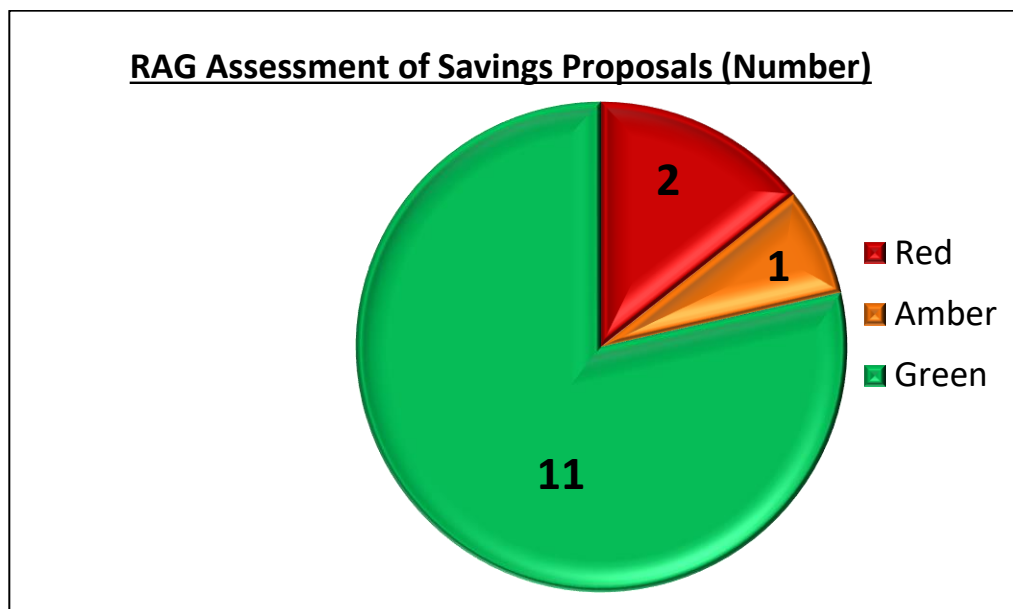
Revenue position

1. The forecast outturn variance on LGSS Services at the end of May 2019 is an underspend of £21k. In addition, there is an agreed CCC specific pressure of £582k from a shortfall on the £919k savings target for LGSS from CCC. Some savings have been identified and agreed against the CCC target, but the remainder have been put on hold pending the outcomes of the review of the LGSS operating model. The overspend position has been agreed with the CCC s151 officer.
2. Overall, this gives an LGSS operational overspend of £561k representing a forecast overspend for CCC and forecast underspends for MKC and NCC as set out in para 4 above. Further detail and commentary on forecast over and underspends is provided at Appendix 1.

Savings delivery

3. The Budget Savings Tracker enables service managers to give a monthly update on the delivery of 2019-20 savings and benefits as set out in the LGSS Strategic Plan. A summary of this information is given at paragraph 5 below. This is monitored and reviewed on a monthly basis with LGSS Directors and the Managing Director.
4. At this stage of the year the savings tracker is showing £1,341k of savings rated green, £100k rated amber and £582k of savings rated red. The red savings are all in relation to the shortfall in the savings plans against the £919k savings target for CCC.
5. A summary of the RAG rating of budget proposals by Directorate is shown overleaf:

Directorate Summary of Savings Proposals	Summary Proposal By Value and Directorate: LGSS savings				
	No. of proposals	Total Savings	Red	Amber	Green
Human Resources	0	0	0	0	0
Information Technology	0	0	0	0	0
Finance Services	3	152	0	0	152
Strategic Management	5	1,013	0	0	1,013
Council specific savings	6	943	582	100	261
Total	14	2,108	582	100	1,426



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

6. 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 2019-20	Forecast 2019-20	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
NCC	540	0	113	540	0	540	0	0	540	540

Appendix 1

2019-20 Monitoring Detail – LGSS Operational Budgets

Finance Services Directorate

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to May £000	Full Year Forecast Variance £000
Finance Services Directorate:						
Finance Leadership	10	0	0	10	1	0
Professional Finance						
CCC	1,776	0	-145	1,631	316	0
MKC	1,978	-53	-64	1,862	301	31
Financial Operations	3,725	-305	-45	3,375	1,011	50
Debt & Income Service	887	-25	-15	847	230	5
Integrated Finance Services	1,959	-627	-359	972	65	0
Audit & Risk	2,231	-422	-175	1,634	223	0
Pensions Operations	6,543	-6,543	0	0	410	0
Norwich	1,067	0	0	1,067	201	0
NBC	681	-5	0	677	101	0
Procurement	1,514	-234	-12	1,267	206	0
Insurance	485	-59	-302	124	103	-2
Total	22,854	-8,273	-1,117	13,464	3,167	83

The Finance Services Directorate is currently forecasting an overspend of £83k.

The MKC Professional Finance Team are forecasting a £31k overspend due to unachievable income target and salary pressure due to restructure - vacancies have now been filled.

Finance Operations are reporting a pressure of £50k related to a delay in the delivery of 2019/20 strategic plan savings.

Human Resources Directorate

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to May £000	Full Year Forecast Variance £000
Human Resources Directorate:						
HR Central Management	150	0	0	150	26	8
Policy & Strategy	1,073	0	0	1,073	161	-3
Health, Safety & Wellbeing	788	-132	-95	561	15	-79
HR Business Partners						
CCC	1,123	0	-27	1,096	182	1
NCC	915	0	0	915	152	88
MKC	817	0	-55	762	149	8
NCC Schools Income	168	-256	10	-78	-53	51
MKC Schools	159	-151	0	8	-79	12
Learning & Development	3,901	-880	-63	2,959	588	-3
Transactional Services	2,352	-699	-109	1,543	-96	-44
Total	11,445	-2,118	-339	8,989	1,045	39

The HR Directorate is currently forecasting an overspend of £39k which the Directorate expect to be able to manage in year.

Health, Safety and Wellbeing is forecasting an underspend of £79k due to; additional income relating to recharge of support on NCC OH referrals and NCC Public Health contributions, staff savings related to turnover and part time recruitment on business co-ordinators.

NCC HR advisory requires more resource in 19/20 to meet the demands of CFN (Children First Northamptonshire). There is also pressure on schools income for NCC with a reported £51k shortfall due to a significant drop in schools income in 19/20. These pressures are partially offset by not recruiting to a vacant post.

It is estimated that there will be an underspend of approximately £44k in the payroll service. Vacancies are being held to offset anticipated shortfalls in schools income, and whilst plans to deliver agreed savings are finalised.

Information Technology Directorate

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to May £000	Full Year Forecast Variance £000
IT Directorate:						
IT Leadership	85	0	-24	60	22	20
Cambridgeshire						
County Council	2,613	0	-1,045	1,568	434	250
MKC IT	2,885	-1	-50	2,834	225	0
MKC IT Schools	482	-462	0	20	-247	0
Northamptonshire						
County Council	3,864	-39	-1,258	2,567	410	70
Norwich	2,609	-303	0	2,306	1,144	0
NHFT	3,450	-253	0	3,198	-618	0
Strategy &						
Architecture	885	-16	-104	765	107	-285
Digital Services	1,075	0	-637	439	519	0
Commercial						
Management	833	0	-253	580	102	0
LGSS Business						
Systems & Change	3,794	0	-245	3,549	404	0
ERP Programme	0	0	0	0	0	0
Total	22,576	-1,073	-3,616	17,887	2,503	56

The IT Directorate is forecasting a net overspend of £56k.

IT Leadership is forecasting a pressure as a result of the use of agency staff facilitating handover to the new Head of CCC IT.

The CCC IT team is forecasting a £250k overspend due to the additional costs of the Head of Service post being covered by agency in the early part of the year, shortfalls in expected income compared to budget, and additional costs in the helpdesk team to maintain service provision levels. Underspends are being held elsewhere within IT to largely offset this forecast overspend.

The NCC IT team is forecasting a £70k overspend due to a shortfall in anticipated recharges to the NCC capital programme.

Within Strategy and Architecture there is a forecast underspend of £285k due to several posts being held vacant. This includes the Head of Service post which is being covered by another member of the IT Leadership team. These vacancies will be held pending the outcomes of the LGSS operating model review and whilst pressures elsewhere in the IT Directorate are addressed.

There are potential shortfalls on the income targets for the Digital service and work is being undertaken to ensure costs incurred remain aligned to income expectations.

ERP programme spend will be funded from LGSS reserves at year end as set out in Appendix 3.

Managing Director & Support

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to May £000	Full Year Forecast Variance £000
Managing Director & Support	282	0	0	282	37	-50
LGSS Business Planning & Finance	413	0	0	413	47	-42
LGSS Restructures	0	0	0	0	0	0
Customer Engagement	387	0	0	387	53	-68
Language Service	769	-738	-65	-34	48	-21
Business Development	181	-87	0	94	27	-18
Democratic Support Services	477	-92	0	385	76	0
Total	2,510	-918	-65	1,527	288	-199

The forecast on the Managing Director and Support line reflects a £20k forecast underspend on Managing Director and PA support costs compared to the budget, and a £30k forecast underspend assuming there is no external audit undertaken of the LGSS accounts for 2018/19 and 2019/20.

There is a forecast underspend of £42k on the LGSS Business Planning and Finance line as a result of posts held vacant whilst the review of the future LGSS operating model is concluded. The team have also delivered savings of £40k across 2018/19 and 2019/20.

Customer Engagement are forecasting a £68k underspend as a result of posts held vacant whilst the review of the future LGSS operating model is concluded.

£85k of savings have been taken from the Business Development team in 2019/20. One post has been deleted and the remainder of the savings will be more than covered by underspends from vacant posts whilst the operating model work continues.

The Language Service had a really successful year in 2018/19 exceeding their income target by over £100k. Business has remained up for the start of 2019/20 resulting in a forecast over recovery of income of £21k at this stage of 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.

Appendix 2

2019-20 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 overspends 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.

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Actual to May £000	Full Year Forecast Variance £000
Cambridgeshire County Council:						
Insurance	2,139	0	0	2,139	17	0
Members Allowances	1,046	0	0	1,046	174	0
National Management Trainees	186	-9	0	177	28	0
Health & Safety Counselling	36	0	0	36	3	0
Greater Cambridgeshire Teaching Partnership	0	0	0	0	64	0
Information Technology	6,030	-195	-1,459	4,376	1,683	0
Total	9,438	-204	-1,459	7,775	1,969	0
Milton Keynes Council:						
Human Resources	146	0	0	146	57	-2
Information Technology	2,115	0	-451	1,664	145	-6
Total	2,261	0	-451	1,810	203	-8
Northampton Borough Council:						
Finance Managed	260	0	0	260	-60	0
Insurance	781	0	0	781	302	0
NBC Managed Income	0	-1,041	0	-1,041	0	0
Total	1,041	-1,041	0	0	242	0
Northamptonshire County Council:						
Social Care	0	0	0	0	-174	0
Occupational Health	293	0	0	293	-39	-76
Information Technology	3,588	0	0	3,588	1,037	0
Total	3,881	0	0	3,881	824	-76

Northamptonshire County Council

Savings on the NCC occupational health managed budget were seen in 2018-19 and a saving of £27k was taken from the budget for 2019-20. Savings in the area are continuing into the current financial year and the budget is forecast to underspend by £76k. This is a demand led budget and can vary significantly according to staff needs but savings have been achieved by using the in-house Physician Associate to triage cases which has resulted in only the most complex cases being referred externally.

Appendix 3

Summary Position on LGSS Reserves

Reserve	Opening balance 1 April 2019 per Outturn report	Forecast Movements in year		Forecast closing balance 31 March 2020	Commentary on expected movements
		Transfers to reserves	Transfers from reserves		
	£000	£000	£000	£000	
LGSS General reserve	399	0	214	185	Forecast movement reflects request to use reserves to fund support costs for the LGSS helpdesk
Committed reinvestments	365	214	412	167	Forecast movement reflects spend against committed reserves as set out below.
Underspend	0	14	0	14	Forecast movement reflects forecast transfer to reserves of underspend.
Total	764	228	626	366	

Committed reserves

	Agreed Usage	Prior Year Movements	Forecast Movements in year 2019/20	Forecast Movements in future years	Commentary on expected movements
	£000	£000	£000	£000	
ERP Gold	250	89	161	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.
Helpdesk	50	0	50	0	Redesign end to end processes to support self-service and demonstrably improve the customer experience.
BACS system replacement	66	0	26	40	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	23	47	Prevention and management of duplicate payments/suppliers and facilitation of duplicate payment recovery. Funding will cover 3 years from April 2019.
Data capture solution costs	80	62	18	0	Costs for current data capture solution to June 2019.
Helpdesk solution support costs	214	0	134	80	New request for use of up to £214k of LGSS reserves to provide continued support for the LGSS helpdesk solution LANdesk to March 2022. A project

					commenced to review the Service Desk function and source and implement a replacement Service Management tool in 2018. However, this project is on hold whilst future operational arrangement for LGSS are considered. This request is to provide continued support until such time as new arrangements are brought into effect.
TOTAL	730	151	412	167	

Appendix 4 – 2019-20 Budget Reconciliation

The below table shows how the 2019-20 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	8,161	10,254	9,166	27,582
<u>Movements</u>				
Funding transferred to Local Safeguarding Children Board for staff training	-50			-50
Delivery of new NCC saving from occupational health managed budget		27		27
Delivery of NCC saving from occupational health managed budget in 2018-19 permanently built into budget		45		45
Budget as at 31st May 2019	8,111	10,326	9,166	27,604

Appendix 5 LGSS Capital Budget Monitoring

The tables below show a summary of the Capital schemes for NCC as at May 2019. There are no LGSS capital schemes for CCC in 2019/20. Information is not yet available for MKC.

NCC	Expenditure Profile							Funding Profile		
All Figures in £000's Scheme Name	Exp Budget	Prev Year's Exp	Actuals 2019-20	Forecast 2019-20	Forecast Future Years	Total Life of Project	Over/ (Under) Spend v Approved Exp	External	Discretionary	Total Funding of Project
Eastnet/WAN (Jan19 cabinet)	540	0	113	540	0	540	0	0	540	540

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

Development of the LGSS Budget

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

Savings asks

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

Table 1: Financial Asks – 2019-20

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

Delivery Plan

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

Table 2: Delivery Plan – 2019-20

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

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

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

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

Conclusion

7. LGSS Joint Committee is asked to:

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



LGSS Strategic Plan

2019-20 Operational Update

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Approval of plan

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

1. Introduction

LGSS Strategic Plan Update

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

Background

LGSS is one of the largest public sector shared service operations in the UK and has grown significantly since it was originally created by Cambridgeshire County Council (CCC) and Northamptonshire County Council (NCC) in October 2010.

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

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



Figure 1: LGSS regional focus

LGSS also provides services to hundreds of local schools, several local emergency services, Clinical Commissioning Groups (CCGs), and many district and borough councils. LGSS offers both full scope business support service agreements and single service offerings, including: payroll, finance and transactions, human resource (HR) advisory and recruitment, revenues & benefits, internal audit and risk, pensions administration, procurement, information technology (IT) and democratic services.

LGSS Core Region Focus

LGSS growth has been focused in the region (as shown in Figure 1) and within the wider public sector which means staying very close to our partners and customers and keeping teams local. This enables better joined up and interworking relationships to be developed with each customer, regardless of their location and the sector they operate within.

LGSS Business Ethos

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

LGSS has around 1,274 full time equivalent employees located across major operations in Cambridge, Norwich, Northampton, Milton Keynes, Kettering and Wellingborough with a regional focus on local authorities, health and care, schools and other local public services requiring good quality, resilient, yet flexible and cost effective business support services.

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

Key Developments and Challenges

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

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

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

2. LGSS Vision, Mission, Strategy and Values

LGSS Vision

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

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

Vision: Our partners are renowned for delivering the best and most cost effective frontline services and community outcomes attainable

The LGSS vision is entirely focused on what is important and necessary to partners and on what LGSS can do to enable our partner organisations’ visions. The underpinning LGSS ethos promoted across all employees is to ‘think like a customer, act like a tax payer’ whenever called upon to provide services.

LGSS Mission

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

Mission: To be an invaluable and integral part of our partner organisations, providing cost effective, resilient services and innovative expertise to help transform frontline services focused on delivering desired community outcomes

LGSS Strategy

The LGSS strategy is a summary of ‘how’ LGSS as an organisation aims to achieve its declared vision and mission and outlining the overall strategic focus, choices and approach to be made along the way.

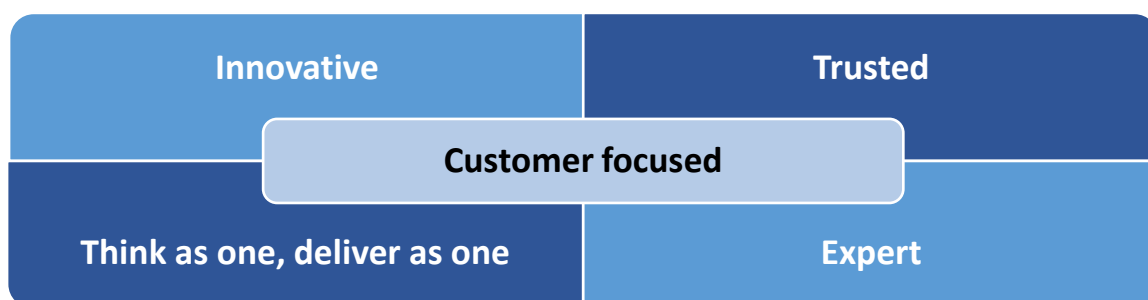
Strategy: To deliver economies of scale benefits for all partners (as a leading public to public shared service)

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

LGSS Values

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

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



3. Key Goals and Objectives

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

Goal 1

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

Enabling key objectives:

- To understand and agree with each partner via their LGSS services commissioner/intelligent client an annual LGSS budget and linked service level agreement (SLA) and/or resource plan as appropriate. This is to be completed as an integral part of the Medium Term Financial Planning/Business Planning arrangements with each partner and the LGSS Business Planning and Finance team.
- Agree LGSS support requirements for major change programmes, transformation programmes and capital projects.
- Agree annual service plans for all LGSS services reflecting agreements with partners.

Goal 2

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

Enabling key objectives:

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

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

Goal 3

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

Enabling key objectives:

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

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

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

Goal 4

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

Enabling key objectives:

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

4. LGSS Financial Strategy

Approach

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

The initial merger plan was meant to be quickly followed by LGSS attracting its third and fourth full scope 'shareholder' partners, assumed to be other local county councils attracted

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

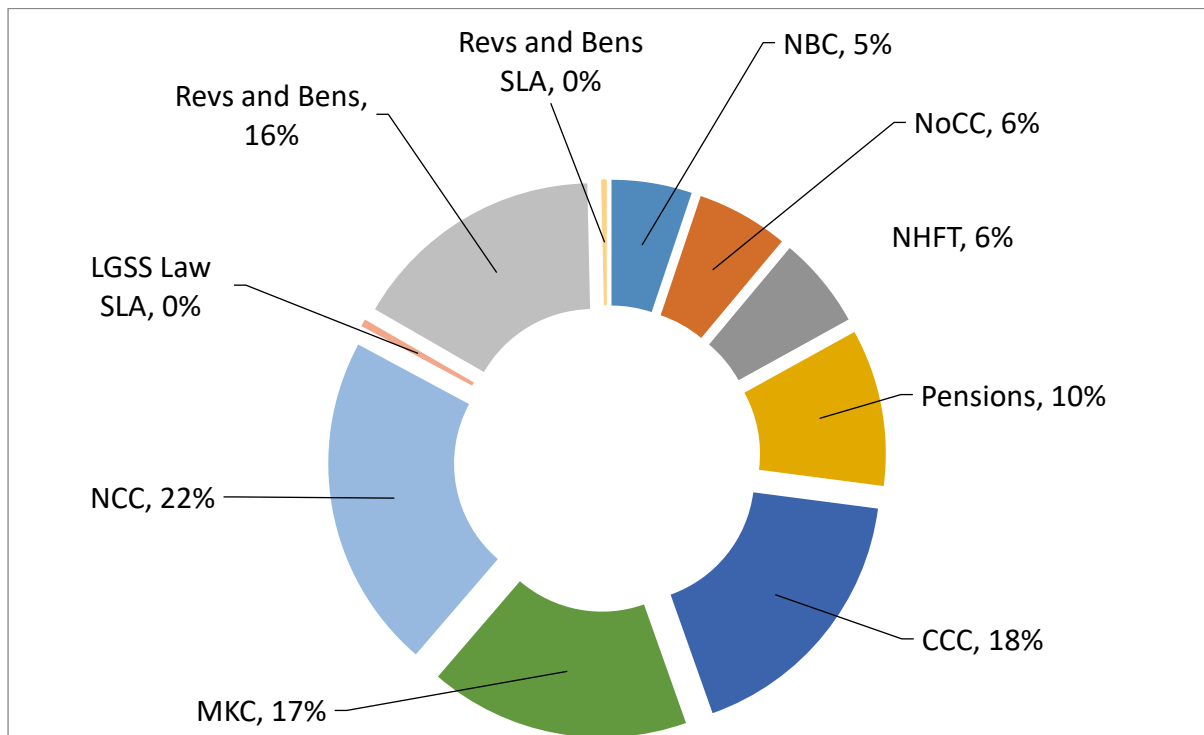
While the original planned expansion of LGSS did not happen as envisaged, it still successfully delivered its savings and growth plans and did so with significant over achievement in most of its initial five years. This over achievement enabled LGSS to make several dividend style payments to both CCC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

The expansion of LGSS has seen a mix of customers joining through fixed term delegation agreements (as LGSS customers) including NoCC, NBC and NHFT. More recently MKC joined LGSS as a full partner and member of the LGSS Joint Committee. The growth in LGSS customers has added to the trading income exposure and risk of the overall partnership, whereby LGSS is subject to the uncertainties of renewals and tendering of delegated services as such customer agreements come to a natural end. It is important to note that MKC, as part of its Partner Delegation Agreement, has no liability to the outstanding budget demands of LGSS as at 1 April 2016 and its only exposure is the delivery of the £4.248m in the business case.

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

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

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

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

Only circa 71% of LGSS's total £64.8m of funding is directly paid for by CCC, MKC and NCC collectively. This leaves around 29% of LGSS budgets/funding associated with, and exposed to, trading income (which benefits mainly CCC and NCC currently).

This high level of ongoing trading income risk at 29% is generated from various external customer revenue sources such as districts and boroughs, and health trusts. In particular a few major exposures exist with key partner delegation agreements with NBC, NoCC and NHFT.

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

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

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

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

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

Table 1: Financial Asks – 2019-20

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

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

Table 2: Delivery Plan – 2019-20

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

Financial Plans

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

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

Over the past five years the emphasis has been on a top down approach and the presentation of the plan has been focused on the savings. Given the greater pressure for efficiency and reduction, it is essential to ensure the base numbers are robust. The following budget build and income/expenditure analysis tables provide this greater assurance and are linked to individually agreed partner SLAs linked to their MTFP/business plans.

Further improved financial systems will enable improved assurance between employee budget and the agreed establishment to deliver services.

Table 3: Budget Build 2019-20

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

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

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

These are reflected in the revised opening base budget in Table 3 above. The operational budget analysis shows how the budgets for LGSS have been created by taking the base budgets of the three authorities and adjusting them to arrive at the final budget.

Pressures:

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

Inflation:

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

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

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

Table 4: Income/Expenditure Analysis

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

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

Table 5: Directorate/Service Budgets

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

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

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

Table 6a: Shared savings proposals

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

Table 6b: Council specific savings

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

Table 6c: Trading income - Service charges

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

Table 6d: Service Line additional income targets

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

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

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

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

2020-21 to 2023-24 Position

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

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

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

6. Financial Monitoring, Planning and Governance Procedures

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

On a monthly basis the directors meet with the LGSS Managing Director, LGSS Finance Director and LGSS Head of Business Planning and Finance to review progress. This focusses on income and expenditure forecasts, delivery of savings programmes monitored through a detailed tracker, exploration of/progress on mitigating actions where there is variance, and analysis of the establishment particularly to ensure accurate reporting of vacancies.

The full financial position is considered monthly by the LGSS Leadership Team. Given the background discussion with the directors which have already taken place the focus is on actions and direction of travel rather than validation of forecasts. The full financial position is also considered monthly by the LGSS Management Board which is attended by the Chief Finance Officers of our 'shareholding' partners.

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

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

7. Customer Satisfaction Framework

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

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

The Chief Financial Officers, as lead commissioners, have a significant role within this framework. The role includes performance reporting, agreeing annual budgets, SLAs, KPIs and maintaining close relationships as part of an integrated team approach.



An overview of each component of the framework follows:

Annual End-user Satisfaction Survey

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

Annual Strategic Executive Interviews

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

Service User Feedback Forms

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

Comments, Compliments and Complaints

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

Customer Issues Log

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

Key Performance Indicators

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

Agenda Item No: 5

Title: The Repatriation of the Professional Finance Teams to Cambridgeshire County Council and Milton Keynes Council and the Cambridgeshire Democratic Services team to Cambridgeshire County Council

To: Joint Committee

From: Chris Malyon and Steve Richardson, Section 151 Officers for Cambridgeshire County Council and Milton Keynes Council

Date: 26 July 2019

Author: Chris Malyon and Steve Richardson

Purpose: To agree the following change to the Shareholders' Partnering Agreement – The Repatriation of the Professional Finance Teams to Cambridgeshire County Council and Milton Keynes Council and the Cambridgeshire Democratic Services team to Cambridgeshire County Council

Recommendation: That Joint Committee agree that the Professional Finance and Democratic services Teams return to Cambridgeshire County Council and Milton Keynes Council from the 1st October 2019.

Background

The respective Section 151 Officers have requested that the Professional Finance teams and the Cambridgeshire Democratic Services team are returned to Cambridgeshire County Council (CCC) and Milton Keynes Council (MKC) from the 1st October 2019. This will allow both CCC and MKC to receive the full financial benefit from a proposed restructure and will result in the three partners Council's having aligned arrangements for provision of Professional Finance and Democratic Services with these services no longer in LGSS.

Proposal

That the Professional Finance teams at CCC and MKC and the Democratic Service Team at CCC return to CCC and MKC and report to their respective Section 151 Officers from October 2019.

Professional Finance – Proposed Repatriation

The Professional Finance teams deliver the following functions:

- Lead and co-ordinate the budget setting process, including the Capital Strategy, Capital Programme, Medium Term Financial Strategy and Plan;
- Monitor and support the delivery of Council budgets working with budget holders, directors and the respective corporate leadership teams and Members.
- Professional Finance Business Partnering to support Service Manager and Teams deliver high quality services, transformation and change;
- Provision of high quality advice and expertise relating to the business and financial arrangements of the respective Council's;
- Produce the Council's Statutory Accounts and other financial returns to government to meet statutory obligations and ensure that the Authority meets the Transparency Code (MKC only);
- Provide Elected Members with advice and support to discharge their responsibilities and support effective and transparent decision making with effective scrutiny.

The MKC team is made up of:

- 2 Head of Finance (Deputy Section 151 Officers)
- 3 Senior Finance Business Partners
- 1 Housing Finance Strategy Manager
- 1 Financial Strategy and Planning Manager
- 1 Corporate Financial Control Manager
- 1 Financial Systems and Performance Manager
- 8 Finance Business Partners
- 3 Accountants

- 1 Senior Accounting Technician
- 8 Assistant Finance Business Partners
- 3 Graduate Trainees

The CCC team is made up of

- 1 Head of Finance (Deputy Section 151 Officer)
- 4 Strategic Finance Managers
- 6 Senior Finance Business Partners
- 10 Finance Business Partners
- 6 Assistant Finance Business Partners
- 1 Accounting Technician Trainee
- 3 Graduate Trainees

These teams currently report into the LGSS Managing Director, following the departure of the LGSS Director of Finance.

Democratic Services – Proposed Repatriation

Cambridgeshire County Council's Democratic and Members' Services Team:

- Works efficiently and effectively, safeguarding the Council's decision making process whilst adding value;
- Supports councillors to be effective in their roles by providing clear, accurate advice or signposting where appropriate;
- Supports officers in their roles by providing accurate, timely advice on the decision making process, protocols for dealing with councillors etc.;
- Provides governance support and advice to the Cambridgeshire and Peterborough Combined Authority, Cambridgeshire and Peterborough Fire Authority and other organisations via a Service Level Agreement;
- Arranges education appeals and reviews according to statutory principles, providing a high quality, cost effective service;
- Provides online information about Councillors and Committees via the Council's website; and
- Acts as the Local Government Ombudsman Link Officer for the Council.

This is currently the only remaining Democratic Services team within LGSS and currently reports to the Head of Customer Engagement and Business Development.

These changes will result in a few changes to the MKC and CCC Partnering Agreements and these are attached as an appendix showing changes in red.

Implications of service transfers

Financial implications

When a service is removed from LGSS this requires the transfer of:

- the related share of the LGSS budget;
- the committed savings in the LGSS Strategic Plan related to these areas; and
- consideration of a share of any unidentified savings already in the MTFP proportionate to that service.

These budget transfers will form part of the Deed of Variation. The budget share for an individual partner may not be simply the budget in that partners books. Many LGSS teams are located more in one location than another and a series of “equalisation” adjustments is made to get back to the true share of the LGSS budget paid for by that partner.

Consideration also needs to be given to the costs of transfer. For some services where staff are not moving location or changing employers the costs of transfer may be minimal, but for others the transfer could incur significant costs.

This means that when services transfer, partner Councils may be receiving back budget and unfunded pressures from future savings into their base budget as a consequence.

Timing of transfer

For ease of transfer it has been agreed that once the deed of Variation has been finalised, the transfers back to CCC and MKC of the Professional Finance Service and Democratic Services CCC will be effected from 1 October 2019. The full year budget and related spend is transferred. The alternative would be to split the budget and related spend between LGSS and CCC and MKC through the year but this would require accruals to be undertaken at the point of transfer which would not otherwise be needed. A transfer of the full year budget and related spend at 1st October is also simpler for reporting than part year reporting in both LGSS and CCC and MKC reports.

Budgets

The 2019/20 budgets for CCC and MKC Professional Finance Services and CCC Democratic Services as set out in the current LGSS budget monitoring report total £3,878k net, as shown below. As these teams are only focused on provision of services to their respective Council's no equalisation adjustments are required to these budgets. The Professional Finance team in MKC is currently forecasting a £31k overspend for 2019-20 and this will return to MKC with the budget. The Professional Finance and Democratic Services teams in CCC are currently forecasting a balanced budget for 2019-20.

Table 1: Professional Finance and Democratic Services budgets in LGSS

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000
Professional Finance CCC	1,776	0	-145	1,631
Professional Finance MKC	1,978	-53	-64	1,862
Democratic Services CCC	477	-92	0	385
TOTAL Delegated Budgets	4,231	-145	-209	3,878

There is also a managed budget of £1,046k for Member Allowances in CCC, the management of which will return to CCC with the Democratic Services function.

Savings commitments

When NCC repatriated Professional Finance and Democratic Services in 2018, there were discussions at LGSS Management Board about the impact on the ability of LGSS to delivery future savings from a diminished service base. The principle was discussed of repatriating services returning to partner Councils with a share of future LGSS savings allocated to them to reflect this. In the context of the current review of the LGSS operating model, final decisions were not reached on the application of this principle and it was agreed that it should be resolved as part of the operating model review work.

If the Professional Finance and Democratic Services teams which have already repatriated over the past 18 months, and those included in this paper, were to take a proportionate share of the unallocated savings for the authority to which they provide services these would be equivalent to the amounts set out in Table 3. Note: these savings amounts vary significantly between individual authorities because of the variance in the level of savings requested of LGSS by each authority. In particular, the savings ask from CCC is significantly higher than that from MKC and NCC.

Table 3: Proportionate share of unidentified savings for Professional Finance and Democratic Services

	2019-20	2020-21	2021-22	2022-23	Total savings allocation to repatriated services
	£000	£000	£000	£000	£000
CCC Dem Services	27	38	27	13	105
CCC Prof Finance	116	162	113	57	448
CCC Total	143	200	140	70	
MKC Dem Services	0	23	18	0	41
MKC Prof Finance	0	86	68	0	154
MKC Total	0	109	86	0	
NCC Dem Services	0	22	0	0	22
NCC Prof Finance	0	72	0	0	72
NCC Total	0	94	0	0	
Overall Total	143	403	226	70	842

Costs of transfer

There are no costs of transfer of these services back to CCC and MKC because all staff are employed and located in their respective authorities.

Summary

Delegated budgets

The total LGSS delegated budget transfer back to CCC in 2019-20 should be £1,873k as set out below, and to MKC £1,862k:

Table 4: Budget transfer from LGSS to CCC and MKC 2019-20

	Gross Exp Budget £000	External Income Budget £000	Internal Income Budget £000	Full Year Budget £000	Forecast Variance 2019-20 £000
Professional Finance CCC	1,776	0	-145	1,631	0
Less: savings share of unspecified saving in 2019-20				-116	116
Democratic Services CCC	477	-92	0	385	0
Less: savings share of unspecified saving in 2019-20				-27	27
TOTAL CCC	2,253	-92	-145	1,873	143
Professional Finance MKC	1,978	-53	-64	1,862	31
Less: savings share of unspecified savings in 2019/20				0	
TOTAL MKC	1,978	-53	-64	1,862	31

The CCC unidentified savings for 2019-20 are currently being reported as forecast overspends in LGSS reporting and the proportionate share of this for repatriating services is £143k. The MKC Professional Finance budget is subject to a current forecast overspend of £31k.

Future savings shares

The future year's savings ask of LGSS to deliver for MKC will be reduced in the MKC MTFP to £306k in 2020-21 and £267k in 2021-22 as set out in Table 5 below. For CCC the adjustment is to £707k for 2020-21, £426k for 2021-22 and £214k in 2022-23 as set out in Table 6 below:

Table 5: Adjustment required to MKC MTFP savings asks for LGSS

	2020-21	2021-22
	£000	£000
MKC Business Planning commitments		
Per current LGSS Strategic Plan (Table 8)	415	353
Less: MKC share of future savings (Table 3 above)	-109	-86
Revised LGSS saving to MKC	306	267

Table 6: Adjustment required to CCC MTFP savings asks for LGSS

	2020-21	2021-22	2022-23
	£000	£000	£000
CCC Business Planning commitments			
Per current LGSS Strategic Plan (Table 8)	907	566	284
Less: CCC share of future savings (Table 3 above)	-200	-140	-70
Revised LGSS saving to CCC	707	426	214

List of Appendices

Appendix 1 Changes to Schedule 2 LGSS Scheme of Delegation

Schedule 2 The LGSS Joint Committee Scheme of Delegation - Shared Services and Delegated Functions

1. The Shared Services

- 1.1 Cambridgeshire County Council (CCC), Northamptonshire County Council (NCC) & Milton Keynes Council (MKC):
- Integrated Financial Services;
 - Internal Audit and Risk;
 - Information Systems and Communication Technology;
 - Procurement;
 - Insurance;
 - Human Resources;
 - Learning and Development;
 - HR Transactions and Payroll;
 - Financial Transactions – accounts payable, accounts receivable & financial assessments;
 - Enterprise Resource Planning (ERP) and business systems; and
 - Business Support Service to schools.
- 1.2 Cambridgeshire County Council and Northamptonshire County Council:
- Pensions - Administering Authority and Employer;
- ~~1.3 Cambridgeshire County Council and Milton Keynes Council:~~
- ~~• Finance Business Partners~~
- ~~1.4 Cambridgeshire County Council:~~
- ~~• Democratic Services~~
- 1.3 Client Authorities:
- See section 4.

2. Delegation of Functions and Responsibilities

General Principles

- 2.1 The Councils each agree that the Shared Services listed above will be provided under the auspices of the Joint Committee (LGSS) which shall be responsible for the provision of the Shared Service under delegated authority from the Councils to the Joint Committee, which is set out below at Section 6.1 in respect of all of the Councils, **and** at Section 6.2 in respect of CCC and NCC only, ~~at Section 6.3 in respect of CCC only~~. These delegations are subject to the conditions, limitations and the specific reservations, set out below.
- 2.2 In order to facilitate the efficient and effective conduct of the Shared Services, the Joint Committee shall delegate certain functions and responsibilities to the LGSS Managing Director and to the LGSS Service Directors. The LGSS Managing Director and the LGSS Service Directors, where they consider it necessary, may sub-delegate to officers within their respective service Directorates. Such delegations must be made in writing and must be available for inspection by the Monitoring Officers and Section 151 Officers of the Councils.
- 2.3 Where an Officer listed in this scheme of Delegation is absent for any period, the LGSS Managing Director may nominate in writing another officer to act in his/her place during his/her absence and shall make a record of all such nominations. Without prejudice to the generality of the above and to any specific delegation listed below, the officers listed in this section are authorised to exercise the following functions of the Council, the Leader and the Head of Paid Service, which relate to their area of responsibility.

Conditions Relating to the Exercise of Delegated Authority

- 2.4 The exercise of functions delegated to officers under this scheme must comply with:
- i) any legal requirement or restriction
 - ii) the relevant Council's Constitution
 - iii) the relevant Council's policy framework and any other plans and strategies approved by the relevant Cabinet or Full Council/relevant Committee
 - iv) the relevant in-year budget
 - v) the relevant officers code of conduct
 - vi) relevant Procurement standing orders and financial regulations
 - vii) all other relevant policies, procedures, protocols and provisions.

Limitations to the Exercise of Delegated Powers

- 2.5 Officers in the exercise of functions delegated by this scheme may not:
- i) make Key Decisions as defined in the relevant Council's Constitution, unless where specifically provided for by that Council's constitution;
 - ii) change or contravene policies or strategies approved by the Council/Committee (in the case of CCC) or the Council/Cabinet (in the

- case of MKC or NCC) in the absence of specific delegated authority to do so;
- iii) create or approve new policies or strategies, in the absence of specific delegated authority to do so;
- iv) take decisions to withdraw public services, in the absence of specific delegated authority to do so;
- v) take decisions to significantly modify public services without consulting the appropriate Cabinet Member (in the case of MKC and NCC) or Full Council/Committee Chairman/woman (in the case of CCC) before exercising the delegated power.

Consultation

- 2.6 Where an officer takes a decision under delegated authority on a matter which has significant policy, service or operational implications or is known to be politically sensitive, the officer shall first consult with the appropriate Cabinet Member and Section 151 Officer (MKC or NCC) or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman) and Section 151 Officer (CCC) before exercising the delegated powers. When exercising delegated powers, officers shall ensure that local Members are kept informed of matters affecting their divisions or wards.

3. Specific Delegations

The delegations are listed as follows:

- Section 6.1 – All authorities (CCC, NCC and MKC);
- Section 6.2 – CCC and NCC only;
- ~~Section 6.3 – CCC only;~~

and in the following order:

- Not delegated;
- Delegated to Chief Executives;
- Delegated to all LGSS Directors;
- Delegated to LGSS Managing Director;
- Delegated to Specific LGSS Directors

4. Powers and Duties delegated by client authorities

- 4.1 The LGSS Joint Committee shall be responsible for the provision of shared services under delegated authority from the councils concerned to the Joint Committee. The nature of services provided and the conditions, limitations and the specific reservations which apply are set out below. Where a council has delegated authority to the LGSS Joint Committee, those powers and duties shall be set out either generally or specifically in that council's constitution or scheme of delegation.

- 4.2 Under the auspices of the Partnership and Delegation Agreements in place between the client authorities and the Delegation and Joint Committee Agreement between Cambridgeshire County Council, Northamptonshire County Council and Milton Keynes Council (LGSS) and by virtue of Sections 101, 112 and 113 of the Local Government Act 1972, officers of the aforementioned authorities are authorised to undertake any and all of the specified functions on behalf of the client authorities.

5. Financial Limitations

The following table sets out the financial limits of powers delegated to the LGSS Joint Committee and directors:

Limits of powers delegated to the LGSS Joint Committee	£
Key decision threshold	500k (CCC, NCC) 100k (MKC)
Issuing orders for goods and services	Unlimited (CCC), 500k (NCC, MKC)
Capital virement	250k (CCC), 100k (NCC), N/A (MKC)
Revenue virement	160k (CCC), 100k (NCC), N/A (MKC)*
Loans to people or organisations	5k (CCC), N/A (NCC)**, N/A (MKC)**
Loans and expenditure of client funds	300k (CCC), N/A (NCC), N/A (MKC)
Property transactions, capital value	500k (CCC), 100k (NCC), N/A (MKC)
Property transactions, Revenue value	150k (CCC), 100k (CCC), N/A (MKC)
Debt write off	25k (CCC), N/A (NCC), 20k (MKC)

*** Revenue Virements reserved to Chief Finance Officer at MKC, in accordance with the Financial Scheme of Delegation**

****Power to make loans reserved to Chief Finance Officer at NCC and MKC**

Exceptions: decisions relating to the management of services and resources where the matter is likely to lead to controversy or have an impact beyond that considered usual for a managerial decision. These decisions must be referred back to the Cabinet (MKC, NCC) or the relevant Service Committee (CCC).

6.1 Delegations from all authorities

Delegation to LGSS Joint Committee - General	Delegation to Officer	Condition
To have overall responsibility for the provision, to the Councils, of the Shared Services.	None	In accordance with all relevant financial, accounting, constitutional and legal requirements
To consider and approve the annual report for LGSS.	None	
To consider and approve the annual service plan for each Shared Service and make recommendations to the Councils as to the provision of financial and other resources.	None	
To instigate and undertake the selection, recruitment and appointment to the post of LGSS Managing Director.	None	In accordance with any protocol agreed by the Joint Committee and in consultation with the LGSS Director responsible for Human Resources or their nominee and the Chief Executives of the Partner Authorities.

Delegation to LGSS Joint Committee - General	Delegation to Officer	Condition
In respect of the LGSS Managing Director to: a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal, and b) implement all other relevant HR policies and exercise any associated decision-making	Chief Executive	Where the authority concerned is the employing authority for LGSS Managing Director and in consultation with the LGSS Director responsible for Human Resources or their

powers.		nominee and in accordance with the relevant councils HR policies and procedures.
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Delegation to LGSS Joint Committee - General	Delegation to Officer	Condition
LGSS Directors have responsibility for the operational management of the Shared Services, including authority to determine the number, grade, title and nature of staff deployed and all other terms and conditions, in addition to ensuring their proper management within the remit of those services for which they are allocated responsibility by the LGSS Managing Director.	LGSS Managing Director for all Shared Services. All LGSS Directors in respect of the services within their remit.	Subject to budget and in accordance with the relevant Council's policies and procedures and in consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures.
To arrange for and undertake the recruitment and appoint of all relevant employees with the exception of the LGSS Managing Director and LGSS Service Directors.	LGSS Managing Director and/or LGSS Directors.	In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures.
In respect of Relevant Employees other than the LGSS Managing Director and LGSS Directors, to: a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal, and b) implement all other relevant HR policies and exercise any associated decision-making powers.	LGSS Managing Director and LGSS Directors (in relation to posts within their Directorate).	In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures.
To invite tenders and to enter into contracts In respect of goods or services directly relating to the provision of the Shared Services.	LGSS Managing Director and/or LGSS Directors.	In accordance with relevant procurement standing orders and any financial limits in place.

Delegation to LGSS Joint Committee - General	Delegation to Officer	Condition
To arrange for and undertake the recruitment and appoint to, the posts of LGSS Directors.	LGSS Managing Director	In consultation with the LGSS Joint Committee Chair and Vice Chairperson(s), and with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures.
In respect of the LGSS Directors, to a) instigate disciplinary and capability investigations and proceedings and to take action up to and including dismissal and appeal, and b) implement all other relevant HR policies and exercise any associated decision-making powers.	LGSS Managing Director	In consultation with the LGSS Director responsible for Human Resources or their nominee and in accordance with the relevant Council's HR policies and procedures and subject to the provisions of the Local Authority (Standing Orders) Regulations.

Delegation to LGSS Joint Committee – Finance Services	Delegation to Officer	Condition
Authority for management of transactional and integrated Finance Services, excluding Section 151 responsibilities and excluding Finance Business Partners except those supporting LGSS budgets for NCC	LGSS Director responsible for Finance	Subject to budget and in accordance with the relevant Council's policies and procedures.
To determine and implement arrangements for Treasury Management in accordance with the (CIPFA) Treasury Management in the Public Services Code of Practice.	LGSS Director responsible for Finance	
To be responsible for operating banking arrangements including determining	LGSS Director responsible for	

Delegation to LGSS Joint Committee – Finance Services	Delegation to Officer	Condition
arrangements for the signing and security of cheques and the operation of the BACS, CHAPS and Direct Debit processes.	Finance	
To undertake investigations and reports, where appropriate, in support of Anti-Fraud Policy and financial governance arrangements.	LGSS Director responsible for Finance	
Authority for management of Finance Operations	LGSS Director responsible for Finance Operations	Subject to budget and in accordance with the relevant Council's policies and procedures.

Specific Reservations

The Delegated functions relating to Finance do not include the following Reserved Functions:

- approving financial strategies and plans on behalf of the councils;
- approval of corporate plans on behalf of the councils;
- approving schemes for the use of (non-LGSS) earmarked reserves or contingency provision;
- approval of the annual statement of accounts on behalf of the councils;
- approval of renewal terms for insurances; and
- approval of Financial Procedure Rules, Standing Orders and Procedures.

Delegation to LGSS Joint Committee – Internal Audit and Risk Management	Delegation to Officer	Condition
Authority for management of Internal Audit and Risk Management Services.	LGSS Director responsible for Internal Audit and Risk	In accordance with the Audit and Accounts Regulations 2003 or any successor legislation. Subject to budget and in accordance with the relevant Council's policies and procedures.
To maintain an adequate and effective	LGSS Director	

Delegation to LGSS Joint Committee – Internal Audit and Risk Management	Delegation to Officer	Condition
system of internal audit of the accounting records and control systems in accordance with proper internal audit practices and be authorised to visit all establishments and have access to all documents, other records, computer systems and property and to require relevant information or explanation from any officer in connection with the above.	responsible for Internal Audit and Risk	

Specific Reservations

The Delegated Functions relating to Internal Audit and Risk Management do not include the following Reserved Functions:

- Approval of each authority's Annual Governance Statement

Delegation to LGSS Joint Committee – Insurance	Delegation to Officer	Condition
Authority for management of Insurance Services.	LGSS Director responsible for Insurance	Subject to budget and in accordance with the relevant Council's policies and procedures and any relevant legislation.

Specific Reservations

The Delegated Functions relating to Insurance do not include the following Reserved Functions:

- Policy and strategy decisions on Insurance and decisions which fall outside of the principles of decision making set out in Article 12 (CCC) and Article 14 (MKC and NCC) of the relevant authority's constitution.

Delegation to LGSS Joint Committee - IT	Delegation to Officer	Condition
Authority for management of IT Services.	LGSS Director responsible for IT	Subject to budget and in accordance with the relevant Council's policies and procedures.
Strategic and operational accountabilities for management of Information Technology development and systems	LGSS Director responsible for IT	

administration.		
Responsibility for the security of information technology and infrastructure.	LGSS Director responsible for IT	

Specific Reservations

The Delegated Functions relating to IT do not include the following Reserved Function:

- Approval of IT Strategy and Policies where these are under the remit of the Cabinet (MKC and NCC) or Service Committee concerned (CCC).

Delegation to LGSS Joint Committee - Procurement	Delegation to Officer	Condition
Authority for management of procurement services.	LGSS Director responsible for Procurement	Subject to budget and in accordance with the relevant Council's policies and procedures.

Specific Reservations

The Delegated Functions relating to Procurement do not include the following Reserved Function:

- approval of the contract procedure rules and schemes of delegation relating to any Council's procurement activity.

Delegation to LGSS Joint Committee - Human Resources, Learning and Development and Transactional Services	Delegation to Officer	Condition
Authority for management of Human Resources, Learning and Development, Payroll and HR Transactions	LGSS Director responsible for Human Resources, Learning and Development, Payroll and HR Transactions	Subject to budget and in accordance with the relevant Council's policies and procedures.
To co-ordinate the Council's response to national consultations on terms and conditions of employment, in consultation	LGSS Director responsible for Human	

with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)	Resources	
To implement national and local pay awards/ changes to terms and conditions of employment for employees.	LGSS Director responsible for Human Resources	
To negotiate recognition agreements and local agreements with the trade unions on behalf of the councils, in consultation with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)	LGSS Director responsible for Human Resources	
To consult and negotiate agreements and local agreements with the trade unions on behalf of all 3 shareholding councils through the LGSS Joint Consultation Forum for all staff working for services under the remit of the LGSS Joint Committee. Full delegation to consult and negotiate on changes to local agreements, protocols, changes to LGSS structures and roles across all LGSS employees irrespective of which their employing council is. In the event of a dispute this would be referred to the LGSS Joint Committee. Any proposed changes to terms and conditions of employment affecting all LGSS staff would be routed back to each Council's local consultation forums	LGSS Director responsible for Human Resources	
To co-ordinate the Council's response to retention/recruitment problems within the agreed financial and policy framework, in consultation with the relevant Cabinet Member or Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)	LGSS Director responsible for Human Resources	
To advise the Chief Executive on the Council's response to any industrial action affecting Council services, in consultation with the relevant Cabinet Member or	LGSS Director responsible for Human Resources	

Committee Chairman/woman (or in his/her absence the Vice-Chairman/woman)), so that he/she can determine the Council's response.		
To mediate on individual cases or collective disputes to attempt to resolve issues before they are referred to members either at appeal or via the collective disputes procedure	LGSS Director responsible for Human Resources	
To implement national and local pay awards and increase payments under the Pension Increase Acts.	LGSS Director responsible for Human Resources, Learning and Development, Payroll and HR Transactions	

Specific Reservations

The Delegated Functions relating to Human Resources do not include the following Reserved Functions:

- appointment of Officers other than Relevant Employees
- decision making on disciplinary, grievance, dismissal and appeals against dismissal, relating to Officers other than Relevant Employees
- decision making on disciplinary, grievance, dismissal and appeals against dismissal for the Head of Paid Service and Chief Officers of the Councils.

6.2 Delegations from CCC and NCC only

Delegation to LGSS Joint Committee - Pensions	Delegation to Officer	Condition
Responsibility for the operations management of the shared services within the remit of Pension Service (LGPS only) and in accordance with the requirements of the Pension Fund Committee (CCC) and Pension Committee (NCC) and the Investment Sub-Committee (CCC/NCC), including authority to determine the	LGSS Director responsible for Pensions	Subject to budget and in accordance with the relevant Council's policies and procedures and in consultation with the LGSS Director responsible for

Delegation to LGSS Joint Committee - Pensions	Delegation to Officer	Condition
number, grade and nature of staff deployed and all other terms and conditions, the collection of contributions, payment of benefits and investment of assets in addition to ensuring their proper management.		Pensions or their nominee.

~~6.3 — Delegations from CCC only~~

Delegation to LGSS Joint Committee – Democratic & Members’ Services	Delegation to Officer	Condition
Authority for management of Democratic & Members’ Services.	LGSS Director responsible for Democratic Services & Members’ Services	Subject to budget and in accordance with the relevant Council's policies and procedures.

- ~~• Reservation on changes to the constitution and other matters which must be approved by Cabinet/ Council~~

