

# Agenda Item 7

## **COUNTY COUNCIL MEETING – 16 DECEMBER 2016**

**Statement from: Councillor M J Hill OBE – Leader of the Council**

### **DEVOLUTION**

On 20 October, I presented a paper to this Council for discussion on the Greater Lincolnshire devolution deal. The public consultation, held as part of the process, showed that, whilst most backed devolution in principle, a majority opposed the idea of a Mayoral Combined Authority. After a lengthy debate, this Council voted by 43 to 17 to reject the deal.

As requested by Council, I then contacted the Government again, but was told that a mayor was still regarded as a "must". Furthermore, some emerging fixed elements in the order did not meet the expectations set in the original agreement. I wrote to the Secretary of State expressing my intention not to consent to a Mayoral Combined Authority. That – and the fact that South Kesteven District Council also voted against – ended any hopes of the deal going through. I have received confirmation from the Secretary of State that the deal is now off the table.

Discussions with the ten local authorities continue to determine what elements of the proposed agreement might still be possible even without a deal (and mayor) in place. The Joint Committee continues to meet as a vehicle for future collaborative working across the Greater Lincolnshire geography.

### **FINANCE**

#### **External Audit Opinions for 2015/16**

The external auditors of the authority are required to give an opinion each year on both the financial statements of the Council and its arrangements for securing value for money in its operations. The requirement is that these opinions are to be given by 30<sup>th</sup> September each year. The well-known problems with Agresso have meant that the information that the Council needs to provide to external audit for them to form their view was late this year and the 30<sup>th</sup> September deadline was missed. There is no specific sanction placed on the authority as a consequence of this situation. The opinion on the financial statements was unqualified as was the value for money opinion apart for the element of that work which relates to the availability of information for informed decision making during the year. Specifically the lack of accurate and timely budget management information for most of 2015/16 has led to this conclusion on the part of the auditors. In the wake of the problems with Agresso this must be considered a satisfactory outcome and I would wish to express my gratitude to all the finance team in delivering unqualified statements despite the significantly challenges they faced.

## **Revenue Budget and Capital Programme for 2017/18**

Members will recall that the last meeting of the Council resolved to apply for the four year funding deal offered by Government which covers our mainstream financial support from that source for the current and next three financial years. I have now received formal confirmation that our application has been approved. On that basis it is therefore expected that the provisional local government grant settlement, likely to be published in the week commencing 12<sup>th</sup> December, will simply reflect the 2017/18 element of that deal. It is therefore proposed to revert to the previous practice and to ask the Executive, at a special meeting on 20<sup>th</sup> December 2016, to approve a budget as a basis for internal and external consultation during January 2017. All members have recently received a briefing note on the overall financial position of the Council and have had the opportunity to attend a series of Scrutiny Committee budget workshops dealing with budget options for next year. The next edition of County News will include a significant feature on our financial situation and invite comments from the public as part of our budget consultation process.

## **Business Rate Pooling 2017/18**

The present financial regime for local government allows groups of local authorities, generally a County Council and some (or all) its Districts, to pool business rate income in their area as a means of collectively avoiding paying a levy to Government on excess rates collected above Government predictions. The mechanics of the arrangement are quite complicated but in 2013/14 the County Council entered a pooling arrangement with South Holland and North Kesteven. In 2014/15 a pool was established with North Kesteven, South Kesteven, East Lindsey, City of Lincoln and Boston Borough. For last and this year the pool comprises all Districts apart from South Holland. The pools have been successful in retaining some business rates locally that otherwise would have gone to central government. It is likely that the existing pool will continue into 2017/18 and the Executive will be asked to consider this at its meeting on 20<sup>th</sup> December.

## **Internal Audit and Risk Management – Outcome of External Review**

I am pleased to share with you the success of our Audit and Risk Teams. Both have recently been subject to independent external quality reviews measuring how well they work to professional best practice standards. The reports gave us some really positive feedback on the work they do – stating that both were examples of exemplar practice and conformed to professional standards. Well done to Lucy Pledge and her team and the Audit Committee who provide member oversight of the function.

## **PROPERTY**

### **One Public Estate**

Greater Lincolnshire's One Public Estate (OPE) programme was awarded £340,000 funding in phase 3 of the Cabinet Office programme to enable the OPE concept to be established as a way of working in Greater Lincolnshire. LCC is the accountable body for the programme whose aims are to promote better utilisation of public sector land,

with the key objectives being to deliver more integrated public services, economic growth, reducing running costs and generating capital receipts.

There are in the region of thirty public bodies signed up to the programme including all Greater Lincolnshire Local Authorities and key national bodies such as NHS and MoD. The key themes are housing, improving public services, health, asset challenge, regeneration, and depots. A further bid has recently been placed by the partnership to the phase 5 round of the programme, to support development of a variety of projects submitted by partners.

### **Schools Capital Programme**

The start of the new school year in September is a key date for the expansion and delivery of new school places to meet rising demand across the County. For September 2016, 750 new school places were delivered on time, with a new school in Lincoln and a further seven across the County in Spalding, Lincoln and Gainsborough. The total investment was £12 million.

## **COMMERCIAL TEAM – PEOPLE SERVICES**

### **Block Transitional Care and Reablement Beds**

When procuring the block purchase of transitional care and re-ablement beds on behalf of the Council, the Commercial Team were also asked to procure and contract manage beds on behalf of Lincolnshire Community Health Services Trust under a section 75 agreement. This integrated approach to commissioning is beneficial to the sector which already works closely with the Council's contract managers. It is also beneficial to LCHS, enabling it to access the Council's strong relationships with the sector and provides the Council with much needed additional contract management resource.

### **Public Health Services**

The opportunity has been taken to integrate the Public Health procurement and contract management functions into the Commercial Team, with staff being welcomed into the team from 31 October 2016.

### **Contract Management**

Work continues on the new contract management framework, which will ensure that the best use is made of scarce resources in the contract management of the Council's 600 Adult Care and Community Wellbeing contracts whilst managing risk and helping to ensure high quality record keeping to support and record appropriate decision making.

## **Wellbeing Service**

Work is underway for the new Wellbeing Service and it is likely that the Council will follow a procurement procedure which allows it to talk to the providers within the procurement. This worked well on the libraries procurement as it allowed the providers to share their experience of what worked well elsewhere. With Wellbeing we hope to use that experience to come up with innovative ways of getting the very best value services helping to keep people living independently for as long as possible.

## **COMMERCIAL TEAM – INFRASTRUCTURE**

The Team is currently supporting in excess of 50 projects, including projects for the shared procurement service, ranging in scope from the provision of extra care housing, flood defence works, agency staff, body removals and the continued work in supporting document storage.

A recent procurement has seen the introduction of a new e-tendering and contracts register platform. The system will deliver great benefits to local suppliers who register on the system, providing them with access to business opportunities across the East Midlands region as well as aiding in the procurement application process. The platform will also provide benefits to staff through greater flexibility in workflows whilst saving money.

The procurement environment continues to be challenging in the light of successful high value legal claims elsewhere and as a result the Team is focusing attention on high risk procurement activity in particular on the evaluation process. The suite of procurement documentation is being reviewed and amended to address lessons learnt from the recent case law.

## **Agency Staff**

The Team are currently delivering the procurement of the Agency Staff requirement across the organisation. Work is underway to establish a procurement strategy that will best meet the authority's needs in covering a diverse range of provision whilst addressing pressing difficulties in filling social worker and legal roles without increasing cost.

## **Sercos Contract Management**

The Team supported the KPMG review by providing documents and information. The review was commissioned by the Council's Audit Committee as an independent evaluation of the contract procurement and implementation process. KPMG found that the options appraisal and procurement process carried out by the Chief Information and Commissioning Officer and the Commercial Team was sound and that there was a high level of confidence that the procurement process was compliant and well-designed to obtain value for money for the Council. The review found that the liability for choosing, implementing and running the Enterprise Resource Planning (ERP) solution was entirely with the bidders and that the Council had Programme

and Project Governance in place. KPMG has set out 15 recommendations for the future which the Council will consider and respond to.

The Council's Serco Contract Manager has worked hard over the last few months to carry out a review of the 43 Key Performance Indicators (KPIs) in the contract with Serco to ensure that the KPIs remain relevant and meaningful throughout the life of the contract. It is believed that this will encourage good performance and focus attention on those areas of service which matter most to the Council. Principles were adopted to support the review as follows:

- The KPIs following the review would be as challenging in the round as the existing 43 KPIs;
- The KPIs measured the things that mattered most;
- Changes which increased the contract management burden would be avoided;
- Serco would be measured on things they had control or influence over.

Those principles were met and the outcome of the review was taken to the Value for Money Committee. It is expected that the new suite of KPIs will be used to measure performance in December.

## **COMMERCIAL TEAM – CORPORATE PROJECTS AND PERFORMANCE TEAM**

The team is fully deployed supporting Council priority projects including those set out below:

### **Emergency Services Network**

The emergency services mobile communications programme (ESMCP) will provide the next generation communication system for the three emergency services and other public safety users.

The new system will provide all the functionality expected from a 4G mobile phone network but with the security and coverage of the old Airwave system and for a much lower cost. It will be called the emergency services network (ESN).

ESN will be a mobile communications network with extensive coverage, high resilience, appropriate security and public safety functionality allowing users to communicate under the most challenging circumstances. Project support is being provided to assist the transition and delivery of the ESN within Lincolnshire Fire and Rescue in accordance with the defined specification and timescales from central government.

### **Children's Health Services**

This is a large-scale project to deliver the new model for Children's Health Services, including the 'in-sourcing' of the Lincolnshire Health Visiting services and the School Nursing Service.

## **Contract Management Framework**

The new contract management framework for the Commercial Team primarily for adult care contracts continues to be developed though parts of it have now been phased into use. This is a step change in the way in which contract management is delivered and provides better oversight for management as well as ensuring a consistent approach across all contracts. When complete the framework will include:

- Contract Management Visit Process
- Reporting
- Poor Practice Concerns
- Learning and Development
- Standard Operating Procedures
- Suspensions
- Provider Guidance Notes
- Out of County
- Contract Management System
- Office Processes, Procedure and Practices.