

Agenda Item 6

COUNTY COUNCIL MEETING – 21 FEBRUARY 2014

Statement from: Councillor M J Hill OBE– Leader and Executive Councillor for Policy, Finance, Property, Communications, Procurement and Commissioning

Finance Matters

Revenue Budget & Capital Programme 2014/15

This topic is covered in great detail both within the full budget report before the Council today and in my budget speech. I have provided an update below on three topics related to next year's budget which I believe justify separate comment. These are business rate pooling with the Lincolnshire District Councils, Council tax freeze grant and funding for rural councils.

Business Rate Pooling 2014/15

The new financial regime for local authorities that came into place from April 2013 allows for the concept of authorities to pool business rates in their area as a means of collectively avoiding paying a levy to Government on excess rates collected. It is a complicated regime but for the current year the County Council entered into such an agreement with North Kesteven and South Holland District Councils. The arrangement is likely to bring around £550k extra income this year to the County Council. An agreement has been entered into for 2014/15 with five of the seven Lincolnshire District Councils for next year which should generate around £950k extra business rate income for the County Council. The agreement is initially for one year only. In the case of two Districts, West Lindsey and South Holland, there exists some uncertainty about the levels of business rate income next which means it is not prudent for these two authorities to participate in the pool next year. The issue will be reviewed annually as part of the budget setting process.

Council Tax Freeze Grant

The budget proposals before the Council today will, if adopted, freeze our Council Tax for a fourth consecutive year and will entitle the Council to further freeze grant from Government. Historically the Council has, or will receive, the following amounts of freeze grant:

2011/12	£6.293m	(based on 2.5% of the council tax base)
2012/13	£6.332m	(based on 2.5% of the council tax base)
2013/14	£2.533m	(based on 1% of the council tax base)
2014/15	£2.567m	(based on 1% of the council tax base)

The grant for 2012/13 was a one-off allocation whereas it has been confirmed that grants for the other three years will now all be part of the base funding provided by Government to the Council going forward. In effect the grants will be subsumed into Revenue Support Grant for future years. However, it needs to be noted that Revenue

Support Grant is itself likely to reduce each year by between 10% and 20% going forward towards the end of this decade.

Funding for Rural Councils

A year ago, following representations from individual councils, rural council MP's and pressure groups such as the Rural Services Network, the Government provided a modest amount of additional funding for councils delivering services in predominately rural areas. Lincolnshire County Council received £0.755m which was stated as being a one year only allocation. However, in the settlement for next year this funding stream has been maintained and the allocation for this Council increased to £0.813m albeit the funding has been top-sliced from the total funding for local government. Whilst this is good news the grant represents only a small portion of the additional cost of delivering services in rural areas. In addition it is to be added into Revenue Support Grant for future years which, as already mentioned, faces significant year on year reductions over the medium term. This Council will continue to make representations for a fairer funding settlement for rural authorities.

Future Delivery of Support Services Programme – Replacement of SAP

This programme essentially retenders, or otherwise re-provides, all the services presently delivered under the Mouchel contract which terminates in March 2015. For finance, ICT and HR services the Executive will consider awarding preferred bidder status to one of the two remaining tenderers when they meet on 4th March 2014. However, we already know that whichever bidder is successful the Council will be replacing its SAP corporate finance and HR system with Agresso from 1st April 2015. A considerable amount of work needs to be undertaken to ensure a smooth transfer and I can report that has now commenced in terms of looking at the amount and nature of data that needs to be transferred to the new system and in visiting other users of the system to gain knowledge from their experiences in implementing and running the system.

Corporate Property Rationalisation Programme

The Corporate Property Rationalisation Programme has achieved £1million revenue savings from the office accommodation portfolio in advance of the April 2014 target date. Potential further savings targets are currently being investigated.

The recent closure of the Ida Road office in Skegness is anticipated to generate a capital receipt of around £350,000. The building would have required £750,000 in repairs and maintenance expenditure over the next 10 years.

Further opportunities are currently being analysed in Sleaford, Gainsborough, and East Lindsey to enable further savings and partnership working, building on the success of joint customer access hubs in Boston and Bourne.

Procurement Lincolnshire

The annual 'Meet the Buyer' event will take place on Tuesday 25th March 2014 at The Showroom, Tritton Road, Lincoln. This is a great opportunity for Lincolnshire

businesses to meet with buyers from the public and private sector and to find out about upcoming projects and contract opportunities.

Procurement Lincolnshire has recently celebrated the success of seventeen of its officers who have completed their studies to become fully qualified members of the Chartered Institute of Purchasing and Supply (MCIPS). MCIPS is recognised worldwide as the global standard for top quality procurement professionals and I extend my congratulations to these officers.

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