

COUNTY COUNCIL MEETING – 17 FEBRUARY 2012

Statement from: Councillor K J Smith, Executive Councilor for Finance and Human Resources

Financial Statements of the Council

I reported in my last two statements that difficulties had been experienced in finalising the financial statements of the Council for financial year 2010/11.

A report on the subject was considered by the Audit Committee at its meeting on 19 December 2011. The key outcome was the agreement of an action plan that focused primarily, but not exclusively, on the actions required by Mouchel to ensure the situation does not arise again in future. A key feature of the action plan is that Mouchel are to supplement the technical accountancy resources available in future to both co-ordinate and undertake the necessary work in accounts preparation under the more challenging IFRS environment. Even closer working between the Council's accountancy resources and those of Mouchel will be introduced. The external auditors were fully consulted on the action plan.

Local Government Resource Review – Retention of Business Rate Income

A Government consultation which proposes that from April 2013 business rates are retained within the area in which they are generated closed on 24 October 2011. The Government published the outcome of that consultation on 19 December 2011. They confirmed their intention to introduce the local retention of business rates income model from April 2013 as, effectively, a replacement for formula grant as the main general source of funding for local government in England. The consultation has resulted in few changes from the original proposals but there are two changes of note. Firstly, the so called 'top-up' authorities (like Lincolnshire) where current business rate income is below formula grant will see that top-up uprated for inflation each year. The original proposal was detrimental in that no such uprating was envisaged. Secondly, in two tier areas, the Government considers that district councils have greater influence over business rate growth being planning authorities. Therefore, they should have the greater share of risk/reward related to business rate volatility. Districts will keep 80% of business rate growth in their area but with what amounts to an obligation to provide a minimum increase in funding to their County to protect social care related services. Much detail for the new regime is yet to be determined, but it is clear that an increased degree of financial interdependence will exist between the tiers in future.

Support to local businesses

At the January meeting of the Executive, it was agreed to amend our procurement procedures for smaller contracts to try to encourage at least one tender for these contracts from local suppliers/contractors.

Localising Support for the Council Tax in England

As well as the above response, the Government also published a response on 19 December 2011 to a consultation on a new regime to replace the District administered, but centrally funded, council tax subsidy scheme. The current national scheme is to be replaced by local schemes devised by each billing authority (ie district) from April 2013. In devolving this power the associated funding (less a 10% reduction) will also be devolved. However, the funding will go proportionately to all authorities and not just districts as administering authorities. As it is very likely that the reduced level of funding will fall short of the demand, this means that the County Council could suffer a loss in funding as a result of having to make up any shortfall. At present upper tier authorities have no interest or financial stake in council tax benefit schemes.

Budget Preparation

This aspect is covered in great detail in the papers before the Council today and in my budget speech.

Strategic Risk Management

Work is currently progressing with both elected members from the Value for Money Scrutiny and Audit Committees together with officers to update the Council's Risk Management Strategy and Strategic Risk Register. Two workshops were held in December which have assisted in moving these tasks forward. The approach has taken the priorities emerging from the new business plan of the Council as a start point. The final strategy will have less focus on process and less bureaucracy than at present. It will be more focused on seeking opportunities, responding to the pace of change and what will happen if something is not done. The product of this work will be presented to the appropriate member forums in due course.

Information Management & Technology

Government has just approved Lincolnshire's Local Broadband Plan.

That means we can now procure a private sector partner to implement our ambitious plans to achieve universal broadband coverage by the end of 2015 with 90% of premises accessing superfast broadband. We are aiming for universal superfast coverage by the end of 2017.

Improved broadband is vital for business growth, for all residents accessing services, including the growing number of silver surfers, and for young people looking to download learning materials.

The next five years will see around £57m of private and public sector money invested in broadband technology. At our last meeting, this council agreed to contribute £10m to the project, and I am delighted to report that our District Council partners have also agreed to contribute a total of £4m between them. Government and European Grants provide £14.6m, with the remainder to be funded by the private sector.

Work to update Council ICT through the Next Generation Platform (NGP) programme is progressing well. The programme is on track overall, with equipment and software refresh for all council employees and Members ahead of schedule. That work has been greatly assisted by the way that recent organisational changes to business support have enabled us to provide support teams to each location.

Workforce Change

Workforce change based on the 'core offer' budget has been a critical part of balancing the Council's budget and will save over £26m in a full year.

Major work on reducing the council's workforce started in January 2010.

- Fte employed has reduced from 5425.37 to 4574.82
- A reduction of 850.55 or 16% in the calendar year
- 56% of redundancies were voluntary
- One-off redundancy costs have a payback of around nine months
- Some reductions were by other means, such as vacant posts or resignations

Employees and Trades Unions expressed concerns that minority groups could be disproportionately affected by the changes. Ratios have remained broadly the same with the changes shown equivalent to less than four people across the workforce.

	% workforce at 01/01/11	% workforce at 01/01/12
Black / minority ethnic	2.39%	2.32%
Disability	2.02%	1.91%

Our workforce now comprises 61.66% female employees, which is 2.09% lower than last year. This is due mainly to the scale of changes in social care and business support. .

There has been a similar reduction in employees aged over 50, as older employees are more likely to apply for voluntary redundancy.

80 displaced employees have been successfully redeployed to other parts of the council, with 146 currently seeking redeployment.

Support was provided to employees to prepare for selection interviews and to secure other employment if needed. Over 1,000 employees have taken this up. Council support has gone considerably further than that provided by national agencies and extends until after our ex-employee has gained work.

Great care has been taken to ensure that the consultation and selection processes were fair and transparent. That has been successful as shown by:

- 22 appeals against dismissal have been lodged
- 14 were withdrawn
- 3 are to be rescheduled at the request of the appellant
- 1 is currently listed for hearing
- 3 appeals have been dismissed
- 1 appeal has been upheld

This has been a major change for the county council and our employees, but it needs to be set in context over time as shown in the graph below.