

COUNTY COUNCIL MEETING – 22 FEBRUARY 2013

Statement from: Cllr K Smith, Executive Councilor for Finance and HR

County Council Budget 2013/14 and 2014/15

This topic is covered in great detail in both the full report before the Council today, and in my budget speech. I have provided an update below on two topics related to this year's budget which I believe warrant separate comment. These are, firstly, our response to the December 2012 consultation on the provisional local government finance settlement for the next two years and, secondly, business rate pooling.

Local Government Finance Settlement 2013/14 and 2014/15

The Council responded to the consultation on the above on 15 January 2013. The provisional settlement was published later in December than has been the case historically and, as expected, was challenging to comprehend, not just because of the new business rate based funding regime being introduced from April this year, but also because much of the detail was not available on the publication day. Our response indicated that we felt this to be a most unhelpful situation. However, in content terms, the most significant issue related to the non-materialization of additional funding for rural authorities to recognize the additional costs of providing services in rural areas. A Government consultation in summer 2012 indicated Lincolnshire could expect around £7.5m in additional funding for rurality and related matters albeit this would reduce to £1.5m as a result of a damping mechanism designed to spread the change over time given that urban councils would lose the equivalent funding. It is clear no such additional funding has accrued to rural authorities as a result of this settlement and, indeed, national research suggests rural authorities have actually lost funding relative to urban authorities mainly as a consequence of the damping regime. Strong representations have been made to Government on this issue by rural authorities and MPs representing rural areas have taken the issue up in Parliament. The final local government settlement was released on 4 February and this introduced the concept of a one year transition grant, of £8.5m nationally, for certain rural authorities which included Lincolnshire. The initial grant for Lincolnshire was £424k but this was amended on 5 February to £755k. This is only partial compensation for the loss in funding that has occurred and is funding for next year only. The Council will continue to press for this issue to be addressed in next years' settlement.

Business Rate Pooling

I have previously mentioned that under the new funding regime there may be modest financial advantages for certain authorities in an area to pool their business rate income to minimize the amount of excess growth in business rate income that has to be returned to Government. Work in late 2012 indicated there could be a modest financial advantage of around £550k collectively if the County, North Kesteven and South Holland District Councils

entered into such an agreement. This was done and although the option to withdraw from that agreement existed up until 15 January 2013 there was no reason to do so emerging from the provisional settlement data. The agreement is for 2013/14 only at present. Under the agreement half the excess income will go on economic regeneration activity in the areas concerned and the other half shared equally between the County and relevant District.

Future Delivery of Support Services

During December and January, the Executive and Value for Money Scrutiny Committee have considered options and progress in relation to the future provision of support services from April 2015. Further work on this will be progressed during 2013.

Support to local businesses

As part of our work to support local suppliers, Procurement Lincolnshire has commenced a programme of meetings with 'large but local' Lincolnshire businesses to build strong working relationships, and raise awareness of forthcoming contract opportunities. This programme complements the existing Training in Public Procurement programme, which is aimed primarily at small businesses. Procurement Lincolnshire is also working more closely with the Voluntary and Community Sector (VCS), and is planning a series of workshops designed with and for the VCS to help the sector prepare for future contract opportunities. This work will help the Council to meet the requirements of the Public Services (Social Value) Act which became law on 31 January 2013. The Act requires all public authorities to take account of the wider social, environmental and economic benefits that organisations in the VCS offer when awarding contracts for services.

Business Support

As a countywide service, this has been in place now for a period of 12 months. During this time, we have successfully brought together a wide range of support functions; streamlined corporate areas, such as purchasing and recruitment, to enable efficiencies to be realised; and are continuing to develop our hub model approach in line with service changes.

Over the last three years to 2012/13, £1.4M of staff savings has been achieved. As a result, savings targets planned up until 2015 have been brought forward. In addition to these savings, Business Support is on target to achieve another informal saving of 5% during 2013/14.

Business Support is working closely with Directorate areas to form centralised budgets for printing, stationary and postage. This will aid the implementation of the rationalisation of the property portfolio and other associated projects, such as Whitemail. Close working relationships with Procurement Lincolnshire have also seen changes in corporate contracts, such as the move to Daisy for phone lines, and the renegotiation with Vodafone producing

estimated savings in the region of a further £250K on an annual basis.

We have been commissioned by Adults Services to provide Customer Finance, and have provided both short and long term support to corporate projects such as Adults Transformation, Broadband, IMP and the Future Delivery of Support Services project.

One of our public facing areas is the assessment of disabled parking badge applications. This year we have been working closely with an external provider to improve the assessment process, ensuring applicants are assessed consistently and professionally. Over the last year we have issued 12,265 disabled parking badges.

Towards the end of last year, work began on establishing close links with the parking enforcement team to ensure fake badges are removed from circulation, and badge use is not abused. A number of badges being used illegally have already been removed, and this will aid disabled spaces being available when they are truly needed.

Information and Management Technology

Contract negotiations for major public/private investment in Lincolnshire's broadband are well advanced, and we are confident that they will be concluded next month. We will be able to share more information after the contract is signed.

Modernising the Council's IT estate through the Next Generation Platform (NGP) programme is nearing conclusion. Over 4,500 end user devices have been upgraded. Cost savings of £1.3M a year have been underwritten by our suppliers as we introduce improvements to managing our technology that could only come with the improved equipment and software.

Implementing the new combined Wide Area Network is complete. This will save around £15M for the Council and Schools over seven years, compared to previous arrangements using two separate networks, and savings have already been built into budgets.

Complexity and volume of Freedom of Information requests continues to increase. A recent costing exercise established that these cost just under £300k a year to manage. We continuing to respond well using improved approaches implemented a year ago.

People Management

Our managers have continued to control recruitment well to ensure that savings made last year are sustained. Overall, non-school full time equivalent employees have reduced by 96 in the last calendar year. We currently employ 4,453 fte. People Management processes continue to be streamlined and the most important have all been reviewed over the last year.