

## **COUNTY COUNCIL MEETING – 20 MAY 2016**

**Statement from: Councillor M Jones – Executive Councillor for Finance and Property**

### **FINANCE MATTERS**

#### **Outturn and Final Accounts Preparation**

Work is presently underway to close the accounts of the County Council and to prepare the formal financial statements for 2015/16. As members are well aware this has been the first year in which the Agresso system has been in use and it has presented a number of significant challenges to the Finance Team both during the year and now as the accounts are closed down. Initial work has focused on ensuring all relevant data, particularly from the payroll system, is complete and accurate within the ledger. This has taken additional time as this issue does not normally arise. The consequences of the issues with Agresso may mean some changes are required in due course to the timetable to both scrutinise and approve the outturn position and the financial statements. The ultimate approval dates are 16 September Full Council for the outturn position and 26 September Audit Committee for the financial statements. Members will be informed if it is necessary to alter any of these dates.

#### **The Four Year Funding Deal from Government**

Members may recall that as part of the Local Government Finance Settlement announced over last Winter the Government made an offer to all local authorities to sign up to accept a four year settlement covering essentially Revenue Support Grant, the top-up element of business rates and some other centrally provided funding like the rural services grant and the new component of the Better Care Fund. The deal would cover the four years until the end of 2019/20. The Government have now issued some guidance in terms of what is required in order to accept the four year deal. Authorities have until 14 October this year to accept the offer. The guidance requires the production of a document called an 'efficiency plan' which is in essence a high level medium term financial strategy. It is the intention to ask the Full Council meeting on 16 September to consider the issue of acceptance, or not, of the four year funding deal.

#### **Localisation of Business Rates**

In Autumn 2015 the Chancellor announced that all local authorities would see a change in their funding over the life of this Parliament away from direct Government grant and towards a funding mechanism based on full local retention of business rates income. This is a major change and has potentially significant implications for all local authorities in all regions of the county. Whilst the exercise is planned to be fiscally neutral from the HM Treasury perspective, it will result in more activity being decentralised to local from central government. A range of working groups at a national level is now being formed to take this work forward. These Groups operate at

both member and officer level and deal with both the principles of the changes and their technical detail. I will ensure Members are kept up to date on the progression of this key development.

### **Appointment of External Auditors**

Prior to its dissolution, the Audit Commission undertook a national tendering exercise to appoint external auditors on a regional basis to all major public sector bodies. These contracts were very effective in reducing the cost to authorities of their external audit service. The current external auditors of the Council are KPMG, who won the East Midlands contract offered by the Audit Commission. That contract ends with the audit of the 2017/18 financial statements and it is therefore necessary to award a new contract from April 2018. Whilst it is possible for the Council to appoint its own auditors, there is a general consensus within local government that the award of bulk contracts at a national level has resulted in good value for money and that new contracts should be awarded on that basis. The Council has therefore indicated to the LGA, who will coordinate the new tender exercise, that it supports a bulk procurement.

### **CORPORATE PROPERTY**

Capital receipts continue to be generated through the sale of surplus assets and this includes the recent successful sales of Boston County Hall and Castle Moat House in Lincoln.

An enhanced target for capital receipts is being put in place for the next three years to support the greater flexibility now provided to Local Authorities in the use of capital receipts for revenue costs of transformation projects.

The Property Services contract with VINCImouchel has been in place for twelve months and has performed to target. A key part of the contract is a continuous improvement programme.

The Council has been successful in its bid to Government for entry into the One Public Estate Programme. The bid was made on behalf of the Greater Lincolnshire Partnership and will provide £340,000 to enable local and national public bodies, including the MoD and NHS, to work together to utilise property assets more effectively in support of economic growth in the County.