

Agenda Item 5

COUNTY COUNCIL MEETING – 14 SEPTEMBER 2018

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

FINANCE

Financial Statements and Outturn 2017/18

During the spring/early summer of this year English local authorities were required to close their accounts, and have them externally audited, two months earlier than has previously been the case – by the end of July as opposed to the end of September. A considerable amount of work was undertaken to meet this tighter timetable and I can confirm that it was achieved with the financial statements being formally approved at the Audit Committee meeting on 23 July 2018. That Committee also received the report of the external auditors (KPMG) into their review of those statements. KPMG gave an unqualified opinion on the financial statements and on the Council's arrangements for ensuring it delivers value for money. Some minor issues were identified in their work, a number of which related to the consequences of this year being the first closedown under the shortened timescale. These issues will be addressed for next year when the Council's new external auditors (Mazars) will have taken over that role from KPMG.

Revenue Budget and Capital Programme for 2018/19 – Monitoring Report

The first budget monitoring report for the current financial year will be based on the position as at 31 August 2018. The report will be presented to the Overview & Scrutiny Board at its meeting on 27 September and the comments of the Board will be presented to the Executive on 2 October 2018.

Revenue Budget & Capital Programme for 2019/20 & Beyond

In February 2018 the Council approved both the budget for 2018/19 and a provisional budget for 2019/20. Work is underway to review and update the budget for next year and updated proposals will be presented to the Executive on 18 December 2018 and will then go for internal and external consultation. The Government issued a technical consultation in late July dealing with the parameters to apply to the forthcoming local government finance settlement for next year. In essence this will be in line with expectations as the final year of the four year deal on local government funding. The Government 'are minded' to allow the basic council tax to increase by a maximum of 3% next year prior to consideration of any adult care precept element which would be in addition. The adult care element is capped at 6% over a three year period of which next year is the last year. This Council has only used 4% of the maximum 6% increase over the first two years.

As far as a budget for 2020/21 and beyond is concerned, the key unknown is the amount of funding the Council will receive from central resources. The current four

year deal ends in March 2020. The Government are likely to use the Chancellor's upcoming autumn budget to announce it will undertake a full spending review in the first half of 2019 with the outcomes being announced later that year. That process will derive the central funding to be made available to this Council via the new processes driven by the combination of the Fair Funding Review and the move to 75% business rate localisation. This Council is about to commence work at looking at how it will deliver balanced budgets from 2020/21 onwards. All members will be involved, as appropriate, as that process moves forward.

Potential Business Rate Pilot Bid

As members will be aware the Council, along with the Lincolnshire Districts and North Lincs Council, were successful in a bid to become a business rate pilot in 2018/19 under the 100% localisation regime. That pilot is for one year only. Government are now inviting new bids for pilots for the 2019/20 financial year. The County Council is working with the aforementioned partners in compiling a submission in advance of the 25 September deadline. There are some important differences for the 2019/20 pilots when compared to the current pilots – for example:

- New pilots will be based on 75% business rates localisation as opposed to 100% for current pilots. The former percentage accords with that to be applied when the new regime goes live in April 2020. The potential financial gain will accordingly be lower for successful bids.
- There will no longer be a 'no detriment' clause in pilot agreements which mean pilots will not receive Government protection should business rate income fall over the pilot year. Such protection is in place for current pilots.
- The cost to Government of operating pilots means that there will be fewer successful bids next year than the ten approved this year.

The outcome of the bidding process will not be known until the provisional local authority grant settlement is announced in December 2018. Given the successful bid for the current year, it is perhaps less, rather than more, likely a new bid for next year will be successful as the Government is likely to want to review the impact of this initiative on other groups of councils.

PROPERTY

The Council continues to be an integral part of the Blue Light Programme where Fire & Rescue, Lincolnshire Police and East Midlands Ambulance Service are working together to exploit the opportunities of co-locating services across the County. The construction of the flagship project at South Park in Lincoln is progressing well. This will bring together all three services in a new operational hub; the site will become operational in the summer of 2019. Sleaford Ambulance and Fire Station opened in May 2018, with occupation of the first and second floor offices by Council staff later in the summer.

The Council is leading the One Public Estate programme on behalf of Greater Lincolnshire. Recent activity has included completion of phase 2 of Asset Challenge in each District and has identified further collaborative opportunities across the County. The Cabinet Office recently held the North East regional OPE seminar at the new Sleaford Fire & Ambulance station, sharing best practice with other regions from the Lincolnshire programme. Significant operational benefits have been achieved by co-locating, including shared training and also enhanced collaborative working.

The Council is developing partnerships with District Councils and Housing Associations to provide Extra Care Housing. The first scheme, which will be in Lincoln, is scheduled to be completed in 2020. The projects will be supported with funding from Homes England.

The County Council has established a wholly owned Holding company following Executive approval in March. The name of the company is Lincolnshire Future Ltd, and business cases will now be developed for subsidiary companies including a property company.

We are very proud to have built our first 2 form of entry primary school in Grantham. The school, called Poplar Farm, represents a £8.5m investment into the local area by providing 420 school places for a rapidly expanding urban environment. The design of the school builds upon best practise and has been recognised by the Education and Skills Funding Agency and the Academy Trust as an exemplar project. Building upon the successes of this project helps to position us for the future challenges of continued urban development.

COMMERCIAL TEAM

Homecare Zone Re-Procurement

Each of the twelve homecare zones went through a thorough performance review before their renewal dates in September 2018. As a result, two of the twelve contracts were re-procured with a new provider coming into the County. We are now moving into the transition and mobilisation period for the services to transfer in September and any disruption will be kept to a minimum.

Shared Lives

A review of our existing Shared Lives services contract has taken place so that the new service is effective in meeting service user need and is also able to grow. A new contract will be in place from January 2019.

NHS Health Checks

Lincolnshire County Council's NHS Health Check programme offers 42,000 people each year aged between 40 and 74 a preventative vascular disease check so that high risk individuals are referred for follow-up treatment. The programme is working well in Lincolnshire as recognised by Public Health England, and has recently been re-procured.

Commercialisation Strategy

The Council's Commercialisation Strategy was approved by the Executive in July 2018. The Commercial Team is now working with colleagues across the Council to develop an annual work plan which will focus on five objectives:

- Objective 1: Culture – create a commercial culture across the Council
- Objective 2: People – establish a commercial network to draw in and develop new ideas internally
- Objective 3: Process Framework – establish a framework for analysing and developing commercial ideas
- Objective 4: Project implementation – establish a framework for implementing, managing and monitoring commercial projects
- Objective 5: Research – create an awareness of commercial innovation, best practice and potential opportunities, capturing and disseminating lessons learnt

Serco Contract Management

The team has continued to monitor improved performance by Serco against the Key Performance Indicators (KPIs). Governance of the Contract has been simplified with the introduction of a monthly Partnership Board meeting consolidating the former Service Operations Board and Commercial meetings. The contract team has been turning its attention to future provision and how the Council and Serco might work together to provide better services at reduced cost. At the same time we have supported re-provision activities to better understand the current support services market.

Highways Alliance

The team is currently working in collaboration with Highways colleagues, providing substantial support to review and replace the existing high value Highways Alliance Contract, which is due to expire 31 March 2020.

Draft procurement documents have now been produced with an intention to commence the procurement on 21 September 2018. The team will contribute to the negotiation around key commercial factors as well as ensuring compliance with the regulations. A full year has been set aside to conclude the process allowing a six-month minimum implementation period for the successful tenderers.

Food Waste Trial

The Commercial Team has supported colleagues in Lincolnshire County Council's Environmental Service Team and South Kesteven District Council on a trial to collect food waste from over 4,700 households across South Kesteven District. The collected food waste will be processed via Anaerobic Digestion to generate electricity. The trial will run until the end of May 2019 with the results of the trial informing future collection and disposal strategies.

Fire Engine Replacement Programme

The Team supported Lincolnshire Fire & Rescue in their successful re-procurement of the fire engine programme (£7.8million) through to 2020/21. The phased replacement programme will commence in January 2019 with the first eleven engines arriving by April 2019 and the final engines being received in the first quarter of 2020/21. This will help the service area to manage its internal processes and training requirements.

Project Management

The team continues to support high priority projects within the Council:

- Blue Light will provide a modern, purpose-built blue light campus housing Fire and Rescue, Lincolnshire Police and the Ambulance Service. Construction at the South Park site moves on at pace with steel frame work being erected;
- Integration of Locality Working Programme within Children Services. This is managing and delivering the vision of an integrated workforce within the service removing unnecessary duplication of contacts with families;
- Corporate Support Services. Work is progressing on the future provision of support services with options and recommendations to be submitted for consideration by the Executive in October;
- Integrated Apprenticeship Reforms. An apprenticeship strategy, policy and process for using apprenticeships to develop the workforce are in place. Significant progress has been made both in recruiting apprentices and encouraging suppliers to provide apprenticeship training. We are "trail blazing" by creating apprenticeships in key priority areas such as Occupational Therapy, whilst promoting the opportunity to improve skills for current and future needs across all ages and levels in the organisation.

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