

## **COUNTY COUNCIL MEETING – 26 SEPTEMBER 2014**

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

### **Finance Matters**

#### **Outturn of Accounts and Financial Statements for year ended 31<sup>st</sup> March 2014**

The financial statements of the Council for the year ended 31<sup>st</sup> March 2014 were approved by the Audit Committee on 22<sup>nd</sup> September and received a positive report from the Council's external auditors, KPMG, with no material issues arising. There is a separate paper on the agenda for today's meeting seeking approval to a range of decisions arising from the budget outturn from 2013/14. Members will be well aware that there was a significant underspend on revenue budgets for last year of around £41m, excluding schools. The financial pressures the Council will experience over the next few financial years are very significant on the back of known and expected reductions in direct government funding. It is therefore prudent to maintain reserves at a healthy level to allow for a smooth transition of services to revised levels, reflecting the reduced funding available.

#### **Fundamental Budget Review**

Members will be aware that an exercise is underway to undertake a fundamental review of the Council's service priorities and underlying budgets in light of the above mentioned sustained reduction in government funding over the medium term. The Council will shortly consult external stakeholders on its future priorities, with all Members receiving information on this exercise in due course. In early 2015 there will be a further consultation on the detailed budget proposals necessary to balance the budget of the Council over the medium term. In early December 2014 a finance briefing will be held for all Members to outline the current issues in local government finance and the financial standing of the County Council. All detailed budget proposals will go through the relevant scrutiny committees in January 2015. This will follow the 6<sup>th</sup> January meeting of the Executive which is expected to approve a provisional budget as a basis for consultation.

#### **Future Delivery of Support Services Programme – Replacement of SAP**

The award of the contract for corporate support services, including finance, to Serco also includes the replacement, from April 2015, of the Council's corporate finance and people management system SAP with a new system called Agresso. The implementation project is well underway using resources from the Council, Serco and the system supplier, a company called Unit 4. System redesign work has been completed for finance and people management processes on time and the Agresso system is now being built to reflect our requirements. An extensive testing and training programme will then follow over the autumn and winter. The system will be made available to all non-academy schools on a buy-back basis. The move to Agresso will result in significant transformation of the business processes used by the Council and will require a significant element of cultural change in the way users

interface with the system as new processes incorporate significant elements of self-service.

### **Independent Commission on Local Government Finance**

An independent commission on local government finance, chaired by Darra Singh, has been set up by the LGA and Cipfa to impartially examine:

- The current position of the local government finance system;
- A potential new system that enables better public services and encourages economic growth;
- Practical options for changing the system that could be implemented by an incoming government.

The Commission is presently at the evidence gathering stage and the County Council has contributed to a collective response submitted by the Society of County Treasurers. An interim report will be produced this autumn and a final report in early 2015 in order to be available to the incoming government in May 2015.

### **Corporate Property Rationalisation Programme**

The reduction of office accommodation continues with the relinquishing of the lease on City Hall, Lincoln, which the Council will have vacated by June 2015. This will achieve savings in the region of £500k in year 2016/2017 and will contribute significantly towards the Fundamental Budget Review savings required to be met by the service.

Corporate Property is working with services to plan the relocation of staff to other properties.

### **Future Delivery of Support Services Programme – Delivery of Property Services**

In July the Executive approved the recommendation to award a contract for the delivery of property services to VINCIMouchel. The contract will start in April 2015 and in September resources from the Council's Corporate Property service, Vinci and Mouchel will commence work on the transition and mobilisation plan.