

REPORT OF THE CABINET MEMBER FOR FINANCE AND PROPERTY

KEY ISSUES AND ACTIVITIES IN FINANCE AND PROPERTY

1. The report seeks to update Members on various issues relating to the Finance and Property portfolio since the last report to Council.

FINANCE

2. The latest financial monitoring, as at the end of August, forecasts an overall revenue underspend of £2.3 million. Table one below sets out the summary position of the County Council.

Table 1 – Summary Revenue Position

Portfolios	Current Budget £'000	Forecast Actual £'000	Variance £'000
Children & Young People	164,401	169,306	4,905
Adult Social Care & Health	218,258	216,669	(1,589)
Transport & Highways	57,339	58,229	890
Environment & Sustainability	27,521	27,321	(200)
Community Safety	4,515	4,424	(91)
Culture & Community	15,143	15,433	290
Leader	6,460	6,460	0
Deputy Leader	15,730	17,730	2,000
Finance & Property	30,521	29,847	(674)
Personnel & Performance	2,655	2,655	0
Net Portfolio (under)/overspend	542,543	548,074	5,531
Corporate Items	(35,918)	(43,801)	(7,883)
Net County Council	506,625	504,273	(2,352)

3. As previously reported to Council in my Portfolio Holder report, the forecast underspend is primarily due to additional income in Adults Social Care & Health due to the governments Fairer Contribution Policy, and Local Services Support Grant (LSSG). Within the net

position, however, overspends have been identified and are being managed. Included in this is Looked After Children (circa £5 million) which will be funded through contingency in the current year and has been added as a budget pressure in the Medium Term Plan. In addition, Street Lighting energy costs of circa £1 million, Procurement savings shortfall of circa £2 million and a net reduction in interest paid due to capital slippage circa £1.1 million have also been projected.

4. Capital slippage of £21.5 million has been identified, although it is possible that this will increase further by year end. This will reduce the amount of borrowing the Council undertakes in the current year. A summary position is set out at Table 2 below.

Table 2 – Summary Capital Position

Portfolios	Current Budget £'000	Forecast Outturn £'000	Variance £'000
Children & Young People	52,839	38,507	(14,332)
Adult Social Care & Health	2,243	2,243	0
Transport & Highways	41,654	41,654	0
Environment & Sustainability	6,196	5,886	(310)
Culture & Community	8,332	8,332	0
Deputy Leader	5,378	2,561	(2,817)
Finance & Property	13,262	13,214	(48)
Personnel & Performance	840	840	0
Anticipated Future Schemes	9,026	5,000	(4,026)
Total	139,770	118,237	(21,533)

5. In my regular Portfolio meetings with Officers I have discussed a range of topics including the government's consultation papers on Localising Support for Council Tax and Repatriation of Business Rates, together with the Society of County Treasurers response.
6. Preparations for the Council's Business Management System (BMS) go live date are progressing well. Once the system is operational, it will enable financial information to be more easily accessible for staff and senior managers, which in turn will significantly improve on the time in which financial reports are produced, and therefore lead to better, more informed decision making and enhanced accountability.
7. Work has continued on the development of the 2012/13 budget and the on-going Medium Term Financial Strategy. Future uncertainties relating to demand driven services and central government grant funding remain a risk. Initial Budget and Capital Programme proposals will be submitted to Cabinet later this month.

PROPERTY

8. During the period 19 September to 18 October 2011 inclusive there were 3 Property Pre-Agenda Meetings at which 17 reports were considered and these were taken on to the Property Portfolio Meetings for decisions.
 - The following Capital projects are on site: Eastwood Primary (Springbank) which is in first stage fit-out, the County Hall Data Centre structural upgrade which has now commenced the construction of Machine Room 2, Mansfield Library which is nearing handover and the Carlton Digby Special School for which construction has commenced.
 - The land transfer for the Chuter Ede Primary extension at Fernwood has been successfully completed.
 - The Misterton Library move project has completed.
 - The first stage of the National Water Sports Centre fire remedial and asbestos removal work has completed.
 - The School Refurbishment Programme is now underway with the Year 1 design process ongoing and the completion of the works at the Hawtonville Primary School. Years 2 and 3 are in the planning stage.
 - The background data for the School Rebuild Programme grant applications has been completed.
 - The project for the replacement Children's respite centre at Edwinstowe is in detailed design. Options to access the site continue to be developed, with negotiations commencing with other landowners.
 - The Bassetlaw Specialist Facility project detailed design is underway as are the feasibility studies for the other projects in the Day Centre Review programme.

ICT SERVICES

9. The roll-out of the Microsoft Windows 7 operating system and Office 2010 to the pilot users commences in October 2011. This will inform the wider roll-out that will commence in early 2012. There is also a pilot of the IP telephony solution which provides modern telephony capabilities across the computer network. This will become more widely available as new data cabling is installed at the County Hall and Trent Bridge House sites, as part of the Ways of Working programme.
10. The refurbishment of the County Hall data centre is a technically complex property and ICT programme. Phase 1 is now complete with the first machine room in place, servers transferred into the machine room, upgraded power supply implemented, fire suppression solution implemented and new air conditioning solution fully operational. This has been achieved with minimal impact of ICT systems availability throughout normal business

11. ICT Services has connected 82% (206 of 250) of corporate sites to the new ICT network at upgraded and fit for purpose broadband speeds. Wayleaves and asbestos issues have caused some delays, but there are planned installation timelines for most sites.
12. The technical ICT strands for the delivery of the new Business Management System (BMS) remain on target for implementation by the due dates.
13. Now that the County Council has a fit for purpose ICT network, a refurbished data centre and use of a resilient second data centre, ICT Services is now reviewing business continuity improvements that can be made for the key ICT systems that are relied upon. The Business Management System implementation has already taken advantage of this improved ICT infrastructure. Our next phase of improvements includes reviewing arrangements for Framework (social care records system), internet and intranet sites, Customer Service Centre systems (Lagan and Rostvm), Meals at Home system and the Highways Asset Management System (HAMS). These have been prioritised by the Business Continuity Forum.
14. ICT Services operates a service level agreement (SLA) whereby it seeks to ensure that all business critical ICT systems are available for 98% of business hours. Over the last 3 months availability of these critical ICT systems has continued to exceed SLA requirements with an average of 99.76% "up-time".

STRATEGIC SERVICES

COUNTY SUPPLIES

Financial

15. Financial position, see latest Period 6 Budget Monitoring statement adverse by 34K or Trading Account position based on forecasted sales adverse by £17K. Actual Sales turnover 3.0% (£90K) for the year to date down on forecasted sales at end of Period 6, with Sales for September itself £151K down.

Operational

16. The County Supplies Offices were the victim of an arson attack on 10 September 2011. There was significant fire damage to a small office where WAN access was sited and smoke and water damage to the Customer Services office. There was considerable disruption to communications and electronic order receipt and processing, but due in the main to the positive attitude and flexibility of staff, disruption to customer service and delivery of goods was minimised.
17. Nevertheless delivery performance in September was affected but the overall performance holding up well, with Routine delivery (annual cumulative 95% within 3 days) suffering at 86.4%, but Next Day (annual, cumulative, over 50% next day) at 54.4% at end of Period 6.

18. Purchase price variance still favourable as expected.
19. Work is currently in progress to:
 - Complete the contribution to BMS cutover plans and dress rehearsal for the SAP to County Supplies (Chorus / Talent) systems integration
 - Plan in detail the County Supplies cutover arrangements and carry out advance data migration tasks for BMS go-live.

DESIGN AND PRINT

20. The benefits of a significant restructuring of the Council's Print, Graphic Design and Translation and Interpretation services continue to pay off with current forecasts indicating that all three services are predicted to meet their financial targets for the year.
21. The services continue to be provided for the whole authority and other public body organisations but the main customer is the central Communication and Marketing team.
22. Workloads are predicted to increase further as the new marketing campaigns start to filter through to the teams.

Translation and Interpretation (TIS)

23. Current forecast indicate that the service is predicted to meet its financial target.

Design

24. Current forecast indicate that the service is predicted to meet its financial target.

Print

25. Current forecast indicate that the service is predicted to meet its financial target.
26. Large format printing and wiro-binding is now being carried out in-house providing further efficiencies to the authority.

PROCUREMENT

27. The Procurement Centre is undertaking extensive work across the Council and has contributed to the delivery of procurement savings worth £3.87m so far in this financial year.
28. The Services and Supplies team is currently working on a new till system for Holme Pierrepont, a Democracy Management System for Members Services, a new Radio System for the Country Parks, Audio/Visual Requirements for Mansfield Library, a tender for Cotgrave Canal Bridge and a contract for A614 Speed Cameras. The team is also

29. The Care team is currently working on domestic violence service contracts worth £700K. The team is also working on Supporting People floating support proposals and has just negotiated the units and hours and hourly rates for all the Framework Housing Association services, which will take effect from November 2011. The team is also working on outsourcing Direct Services Supported Living which has an estimated saving £455K over 3 years.
30. The Procurement Centre is also providing procurement expertise and support to key projects such as Sherwood Forest Visitor Centre and National Water Sports Centre.
31. Most of these contracts are being managed via the new e-tendering system called www.nottscceu-supply.com.
32. One of the planned procurement exercises for November is an Advocacy Service, which is worth approximately £800K pa, and the Council is leading on this joint procurement exercise with Nottingham City Council and City, County and Bassetlaw PCTs to enable economies of scale. Other planned tenders for November include Partnership Homes, Solar Photovoltaic and Coin Operated Print System for Libraries.
33. In the last two months, we have awarded contracts for the GSM gateways contract, which has a saving of £95k. Other awarded contracts are for the supply and support of AppleMac equipment and also for the Audio Visual Solutions.

COUNCILLOR REG ADAIR
CABINET MEMBER FOR FINANCE AND PROPERTY