

meeting COUNTY COUNCIL

date 19th May 2011

agenda item number **11a viii.**

REPORT FOR THE CABINET MEMBER FOR FINANCE AND PROPERTY

FINANCE

1. Work on the close-down of the 2010/11 accounts are progressing well and are on target for completion in-line with the statutory deadline of 30th June 2011. Early indications are that there will be a substantial under spending relative to budget in 2010/11; these results partly from the in-year savings exercise whereby all non-essential expenditure was curtailed during the year and partially as a result of the early implementation of some of the 2011/12 budget savings. Virtually all of the under spending will need to be utilised to pay for the costs of redundancies and car user buy-out costs as was agreed earlier in the year.
2. In accordance with the new International Financial Reporting Standards (IFRS) the previous year accounts have had to be re-stated in accordance with the new financial rules and this information has already been presented to the external auditors for independent verification.
3. In my regular Portfolio meetings with Officers I have discussed a range of topics: including the final out-turn for the Councillors' Divisional Fund budget, proposals regarding insurance arrangements for Academies, an update on Treasury Management Activity and early budget monitoring for the first month of the current financial year. I have also been briefed on the recently enacted accounts and audit regulations which introduced some fairly minor changes in the reporting of the accounts and the arrangements for external audit.
4. Within the Finance team work on the 2012/13 budget and the on-going Medium Term Financial Strategy is clearly very early days at this stage and much work was already carried out as part of the 2011/12 budget round. However we will need to continually review budget pressures in light of changing circumstances and also keep a close eye on the implementation of the 2011/12 budget reductions which feeds through into the following financial years.

PROPERTY

5. During the period 23rd March 2011 to 18th April 2011 inclusive there were 3 Property Pre-Agenda Meetings at which 15 reports were considered and these were taken on to the Property Portfolio Meetings for decisions.

- Westfield Folk House (Mansfield) has practically completed and been handed over to the end-user. The official opening is scheduled for the 3rd June.
- Construction works on the following Capital projects has started: Ryton Park (Worksop), Eastwood (Springbank) and Greasley Beauvale Primary Schools; Mansfield Library refurbishment, Eastwood (Sunnycroft) Young Person's Centre and the County Hall Data Centre structural upgrade.
- The Primary Capital Programme is now complete with the exception of the new build Ryton Park Primary School. Some further remedial works that came to light during the PCP projects at Walkeringham and Beeston Fields Primary Schools are now being corrected.
- Feasibility and preparatory work to deliver the 3 year school capital programme has already started. The programme will go along way towards addressing the backlog of essential refurbishment in many of the schools in the County. A Respite Centre in Edwinstowe for children with disabilities is to replace the new centre which will be superior to the Big House.
- The Holme Pierrepont (Water Sports Centre) remedial project is now at the point of works commencing.
- The West Bridgford Library project has been submitted for planning consent.
- The Carlton Digby Special School rebuild project has been re-submitted for planning consent. Objections by Gedling Borough Council and Sport England have been withdrawn.
- The section 106 Primary School at Fernwood (Newark) is in detailed design.
- The relocation of Misterton Library is in detailed design.
- The project for the replacement Children's respite centre at Edwinstowe is in detailed design.
- The Bassetlaw Specialist Facility project feasibility study is underway.
- The section 106 Primary School at Sharphill (Edwalton) is at the feasibility stage.

ICT SERVICES

6. ICT Services has completed 10 ICT projects over the last 2 months and has a further 34 currently in progress, which are monitored by the ICT Strategy Board. There are also several larger programmes of work with updates summarised below.

Data Centre Refurbishment

7. All of the pre-construction work has been completed including the power upgrade. The construction has commenced but has been extended by three weeks following the identification of some additional asbestos. This will not delay the installation of the external chillers or impact contingency plans for the existing room overheating. The first machine room is due to be available July 2011 and servers will be migrated through to September 2011.

One County One Network

8. A range of new 1C1N services have been designed and implemented, initially for access by schools e.g. Microsoft Exchange email platform, email filtering, filtered internet access, internet caching, Wired portal and content, website hosting, Active Directory management solution, virtual tape library back-up, network monitoring tools and Node 4 data centre hosting solution.
9. The network strand of this project is to develop a Wide Area Network across the county, link school and corporate sites into the WAN through upgraded broadband connections, and to install new routers into all sites. The new WAN is installed and all schools are now connected to it. Some 200 schools had received their upgraded broadband connections and routers by the end of March 2011, with all schools due to have upgrades by the end of June 2011.
10. The roll-out of upgraded broadband connections and routers to corporate sites has commenced and is currently planned for completion by the end of August 2011.

Ways of Working

11. A lot of preparatory work has been undertaken for the introduction of Microsoft technologies (Exchange, SharePoint, Office 2010, Windows 7). Following completion of the technical design and testing a pilot implementation will take place.

Business Management System

12. Work continues to plan on all ICT strands of the BMS programme with the implementation of phase 1 planned for 3rd October 2011.
13. The technical hardware design has been agreed with Logica and the build of the production service will begin soon. Work on the system

interfaces is well under way and data migration milestones are being achieved. The BMS related activities on invoice management (Kofax and Opentext) and cash management (Civica) are also progressing well. Two staff from the ICT training team will be involved in the design and delivery of BMS related training.

STRATEGIC SERVICES

COUNTY SUPPLIES

Financial

14. Financial position, see latest Period 13 Budget Monitoring statement adverse 29K. This is due to annual sales turnover down 7.8% to £5677K against hypothesized sales of £6160K. This comprises Sales to NCC (not including schools) down by 11% and Sales to external customers (inc. NCC schools) down by 5.7%. Costs had been contained e.g. Staff Costs to 91% of budget and Supplies & Services costs to 86% of budget but nevertheless County Supplies has delivered a surplus of only 47K, 29K behind budget. In the circumstances this is a very good result and a reflection of very strong management control.

Operational

15. Delivery performance good with Routine delivery (annual cumulative 95% within 3 days) at 93.6% and Next Day (annual, cumulative, over 50% next day) at 59.1%
16. Work is currently in progress to:
 - implement the County Supplies new content management system and ecommerce project scheduled to be live in 1st quarter 2011-12.
 - ensure County Supplies systems not subsumed by SAP are integrated effectively with SAP to SAP standards.

DESIGN AND PRINT

17. The service was included in the communications and marketing restructure and has been split. The design team has been transferred over to the marketing and engagement section while the print section remains under its own line.
18. Design and Print is showing a reduction in income and job requests which reflects the further reduction in corporate spends. A predicted £500k deficit was forecasted with the 'actual' closely matching this forecast. The service has gone through restructure and reduced its fixed costs that will significantly contribute towards the efficiencies required.
19. The department will continue to take positive steps to reduce expenditure, gain more business from other organisations and the

corporate office environment. Early feedback, from the office environment, on the quality and service delivery has been positive.

20. Design and Print activity, that had previously bi-passed the corporate gateway is now being captured and redirected to the in-house service. With known benefits of reduced design and print cost by up to 25%.
21. The manager is continuing to take a business minded approach to the financial climate we are in and the upcoming challenges.

Translation and Interpretation (TIS)

22. The service was included in the communications and marketing restructure and been service has been transferred over to the marketing and engagement line.
23. Leading up to this, the business continued as usual with a 16% growth in the number of jobs processed. On current prediction the service is on target for a small surplus.

2009/2010 - 1505 jobs
2010/2011 - 1751 jobs

PROCUREMENT

24. The Procurement Centre enabling process is now complete and 10 team members have transferred from ICT, Adult Social Care and Children and Families to join the procurement team. There are a number of key category management positions which need to be filled – the recruitment process for these is now underway and should be complete by July.
25. Focus can now turn to achievement of the 2011/12 cost reduction targets and the implementation of BMS later in the year. 58 Procurements Projects have been identified to contribute to the planned £3m cost reduction. These have been assigned to members of the team to be delivered this financial year - £71k was achieved during April. The primary projects are
 - Forensic Bill Checking of Utility Invoices
 - External Service support for children with SEN
 - Hard FM Property Maintenance
 - Highways Maintenance
 - Supported Living
 - Day Care Services
 - One Stop Shop supply for travel services
 - Managed provision of telecoms

Marketplace and BMS

26. According to the Council's 'no purchase order; no pay' policy from the 1st July 2010 all purchase orders to suppliers need to be raised via the IDeA marketplace. The overall value of spend on the Idea Marketplace in 2010-11 budget year was £76million with a total of 34,000 orders. The Procurement Centre continues to work with departments to reduce the number of retrospective orders and rationalise the Council's supplier base.
27. 'How to Buy' guides have been published on the Intranet to ensure that our procurement activity achieves optimal value at the most cost effective price and conforms to the highest social, environmental, and ethical standards.
28. The second phase of implementing BMS is underway. This is a formal activity, where current processes are being reviewed to allow workshop attendees the opportunity to discuss and contribute towards the development of new end to end processes; these processes will be adopted throughout the Authority. The Procurement Team is a major contributor to this process.
29. A Procurement overview will be delivered as part of the BMS Training. The material is to be developed by the Procurement Centre and be delivered by a senior member of the team. This is expected to take place over an 11 week period to commence July 2011. The material will include information highlighting the wider benefits of BMS.

**CLLR REG ADAIR
CABINET MEMBER FOR FINANCE AND PROPERTY**