

## **REPORT OF THE CABINET MEMBER FOR FINANCE & PROPERTY**

### **KEY ISSUES AND ACTIVITIES**

#### **Purpose of the Report**

1. I am pleased to present the key issues and activities as Portfolio Holder for Finance & Property, since the last report to Council.

#### **FINANCE**

##### **2011-12 Outturn**

2. It was recognised from the outset that this year would be one of major financial challenge for the County Council. Reductions in government funding, coupled with significant cost and inflationary pressures, resulted in a requirement to save in excess of £80 million to deliver a balanced budget.
3. In conjunction with the Improvement Programme, rigorous analysis of the delivery of these savings was undertaken to ensure programmes remained on-track, and over 94% of projects delivered the required savings.
4. Where variations were reported, and pressures experienced in other areas of the Council, efforts were made to identify compensating savings. The culture of avoiding non-essential spend and maximising underspends whilst ensuring essential service delivery is now firmly rooted within the Council.
5. As previously reported, the Authority will deliver an underspend for 2011-12 and final figures will be reported to Council in July. Overall this will contribute to balancing future budgets and the Medium Term Financial Plan.

##### **Insurance Team**

6. Savings of over £282,000 have been achieved by the Insurance Team on the renewal of the Council's main property, liability and motor policies.
7. Lengthy and complex negotiations were undertaken, with the insurers starting offer being an additional premium of £254,000. The final result was achieved by working with colleagues in Property Services to provide insurers with high quality data on which they were able to assess the Council's risk exposure.

8. The saving has allowed £150,000 to be ring fenced for risk management works to be undertaken at school sites and schools will be invited to bid for a share of this funding.
9. This is an excellent example of one of the ways, in which the One Council approach of teams working together is saving taxpayers' money without impacting on front line service delivery.

### **Financial Management Action Plan and Restructure**

10. Progress continues to be made with restructuring the finance service. The formal consultation period has now ended and the necessary delegated decision has been approved. The enabling process is underway for senior posts and appointments will be made in due course. Once these positions are filled, the newly appointed officers will then help shape the rest of the structure. The aim of restructuring is to support the necessary step change in financial management support to the County Council given the challenges we face and recognising the changes brought about from the introduction of the Councils Business Management System (BMS).

### **Key achievements for 2011-12**

11. The start of the financial year saw major changes to final accounts reporting with the introduction of International Financial Reporting Standards. The accounts were presented on time, were free from material error, and complied with the new requirements resulting in an unqualified opinion being issued from the External Auditor. The subsequent Audit letter also confirmed that the Council had put in place adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.
12. Over the summer the Medium Term Financial Strategy was refreshed taking into account new and revised cost pressures and building on the various assumptions regarding inflation and projected future funding reductions. This allowed a well informed risk analysis approach to be taken in constructing the Medium Term Financial Plan. Officers were pleased to present the report to Cabinet a month earlier than in the previous year, thus allowing more time for consultation and decision making. The finance team are currently planning a financial strategy away day to begin to look at a range of financial planning scenarios for 2013/14 and beyond.
13. Officers have also attended briefing sessions and networked with other local authorities to ensure Nottinghamshire is best placed to deal with the major changes to local government finance. These include the repatriation of business rates (NNDR) and how the two-tier split (County/District) will be managed, as well as changes to the Council Tax system with proposals to allow authorities local discretion in setting council tax benefits.
14. The impact of these changes still remains uncertain and further work will be undertaken over the summer to assess the likely financial implications, which will then be fed into the 2013/14 budget process.
15. After considerable effort across the Council, BMS was implemented in November. Initial challenges in accounts payable have now been overcome and performance has dramatically improved. Action plans are in place to further develop the forecasting module and ensure the benefits of the new technology are realised. Financial information will be

16. Looking ahead, finance are keen to use BMS to introduce a more commercial approach to financial management and reporting, including the implementation of monthly accruals accounting, the introduction of a “quarterly hard close” process and a new accountability framework.

## **PROPERTY**

17. During the period 9th March 2012 to 1st May 2012 inclusive there were seven Property Portfolio Meetings at which 38 reports were considered and went on to be approved.
18. The Data Centre refurbishment project is now complete.
19. The following Capital projects are on site:
  - The Carlton Digby Special School, which is now at the point of completion of the internal room spaces.
  - The Chuter Ede Primary School (Fernwood) is on site and progressing to plan. The steelwork frame has been installed and service provisions are being laid.
  - The West Bridgford Library refurbishment where the foundations are in the process of being laid.
  - The Bassetlaw Specialist Facility where the internal walls and rooms are now being created following the gutting of the building.
  - The Barncroft Day Centre where the internal restructuring is underway.
  - The Red Oaks Day Centre where the internal restructuring works have just commenced.
  - The Ernhale Lea Day Centre where the internal re-ordering is underway.
  - Mansfield bus station is on site and progressing to plan. The foundations are currently being laid.
  - Work continues at the National Water Sports Centre on the fire remedial and asbestos removal works which are due to complete in the first week of May.
20. Design work on the other projects within the Day Centre programme of works continues to schedule.
21. Options for the Worksop bus station continue to be evaluated.
22. The School Refurbishment Programme Year 1 has been seriously affected by the Priority School Building Programme decision, which is still awaited from the Department for Education (DfE); this delay has resulted in Property trying to action some fast track works from the Year 2 schools to boost the Year 1 spend. The initial 3 year programme has now been revisited by Children’s Families & Cultural Services (CFCS) Department and the Year 2 Schools list is currently being processed for delivery in 2012/13. Design briefs for

23. The project for the replacement Children's respite centre at Edwinstowe remains in detailed design. Negotiations with the other landowners over access requirements continue to make progress.
24. The Heyman Primary School (West Bridgford) extension has been out to competitive tender. A contractor has been appointed. Design work is ongoing.
25. The Kingsway Primary School (Kirkby in Ashfield) extension commences on site at the beginning of May.
26. The extension of the Jesse Gray Primary School (West Bridgford) is planned to start on site in early June.
27. Options around the extension and refurbishment of the County Archives building are being evaluated.

## **ICT SERVICES**

28. The main ICT priorities of the County Council are set out in the ICT Strategy 2011-14, which provides the overarching focus for the deployment of our resources. Significant progress has been made throughout 2011-12 with the main achievements including:
  - a substantial programme of departmental business change projects including some new ICT systems (Tell Us Once, room booking system, e-petitions, performance management system, traffic accident reporting system) plus a series of upgrades (Capita ONE, Frameworki social care records system, archives records management system, homecare management system, National Job Evaluation solution);
  - the design, planning, implementation and support of a new SAP Business Management System that will replace legacy bespoke ICT systems for our payroll, financial, procurement and HR processes;
  - the deployment of a new shared WAN (Wide Area Network) for school and corporate sites, plus upgraded broadband connectivity and new routers for all sites;
  - a new Internet and e-mail service for schools provided in tandem with Synetrix;
  - a modernisation programme to the County Hall data centre to provide a fit for purpose building, new air conditioning, upgraded power supply and back-up solution;
  - the addition of a second data centre at Node 4 with a second resilient internet feed;
  - a programme of updating and rationalising our server and storage estate;

- the piloting of new Microsoft technologies including Windows 7 operating system, Office 2010 and Lync;
  - the support for office moves as part of a buildings rationalisation programme;
  - the implementation of online fault mapping for highways queries and reporting (potholes, street lights, street furniture) enabling the public to report over the web. The introduction of the Confirm/Frontline integration and online fault mapping has reduced calls and reduced average call times from 11.5 minutes to 2.5 minutes.
29. The focus of current activity is to plan for and deliver a wider roll-out of the Microsoft technologies as part of the Ways of Working Programme. This will incorporate the Microsoft Windows 7 operating system, Office 2010, Exchange e-mail, SharePoint document management and collaboration tools, a new IP telephony solution (which runs the telephone system over the same data network as the computers) and the Microsoft Lync system which provides a range of communication tools (instant messaging, telephone conferencing, video conferencing). The programme will also incorporate the replacement and refresh of ICT equipment.

## **PROCUREMENT**

30. The Supplies and Services team is currently working on the following tenders:
- short term mobile Catering Concessions at NWSC
  - selection of a Fund Management Partner
  - Bridge Painting and Culvert Relining with a contract value of £60,000
  - Supply, Maintenance and Installation of Traffic Signal equipment with an annual total of £160,000
  - Public Analyst Services for Trading Standards
  - Supply of Digital Media for Libraries
  - Wet Printing Plates for Print Room
  - Framework upgrade to Mosaic and Aerial Photography
31. The team's work plan over the coming months includes contracts for the Supply of Building Maintenance Products, Roofing Services, Windows Services, a Corporate Print Tender and a Countywide Broadband Project. The team also continues to support the key projects for the National Water Sports Centre, Project Titan (Transportation Service), Highway Term Maintenance and Sherwood Forest Visitors Centre.
32. In the past two months the Supplies and Services team has awarded contracts for Traffic Signals Maintenance with savings of £36,000 over next three years, Display Energy Certificates (DECs) and Advisory Reports (ARs) with a saving of £14,000. The team has also completed the Framework Agreements for the Provision of Local Bus Mainstream Home to School and Curriculum Transport Services and for the Provision of Special Transport Services.

33. The Care team is currently working on contracting for the Direct Services Supported Living Service which will deliver an estimated saving of £455,000 over three years. They are also managing the tender processes for the following projects;
- Extra Care Housing contract which is an innovative approach for independent living
  - Homelessness Prevention Services, including Vulnerable Adults service and Mental Health Support Services.
34. In the past two months, the Care team has awarded contracts for Partnership Homes, Domestic Violence Services (contract value £700,000) and also Access to Advocacy (including Specialist Advocacy and Statutory Advocacy contract value £770,000 per annum), which has been put forward for consideration for the Chartered Institute of Purchasing and supply annual awards.

### **Key Achievements for 2011-12**

35. The Procurement Centre has undertaken extensive work across the Council and has contributed to the delivery of procurement savings worth £4.9 million in the 2011-12 financial year.
36. The team has facilitated a number of successful projects resulting in further savings to the authority. These include:
- The renegotiation of the IBM Software Management contract with savings of almost £50,000
  - Working with 'Transaction Analysts' who have reviewed historical payments made to our suppliers which has led to £400,000 being returned to the authority, including a refund from BT of £189,000; this project will continue into the new financial year.
37. In addition, the Procurement Centre has managed to negotiate away price increases on food thereby avoiding cost increase of £150,000 per year. The Team has also renewed the contract with Vodafone for a further two years. The contract has reduced the cost of phone tariffs we currently pay, generating annual savings of £106,000 with an additional £116,000 due to the analysis and change of tariffs. The Procurement Centre has also saved over £142,000 with an analysis of historical water bills and tariffs and has completed the e-auction process for Adhoc Taxi Services, which is worth £2.3 million per annum. Finally, just over £130,000 has been saved with a telecommunications contract, which includes mobiles and fixed lines.
38. Most of these contracts are being advertised on Source Nottinghamshire and managed via the new e-sourcing system called [www.nottscceu-supply.com](http://www.nottscceu-supply.com). This allows us to have opportunities of working with Local SMEs, also provides greater commercial awareness across the business and cultural change across the authority. Since the implementation of BMS and centralised Procurement Centre structure, team has contributed towards controlling spend more generally.

## **COUNTY SUPPLIES**

39. Financial outturn for 2011-12 was a surplus of £83,000; £20,000 above the budgeted surplus of £63,000. Annual Catalogue Sales turnover of £5.7 million was very similar to last year but close control of costs contributed to a better result.
40. Delivery performance, with Routine delivery (annual cumulative 95% within three days) at 91.9% and Next Day delivery (annual, cumulative, over 50% next day) at 58.3% was good; given the unscheduled disruption as a result of the damage caused by the fire in September 2011.
41. From go-live, County Supplies ICT systems have been successfully integrated with BMS such that Nottinghamshire County Council Purchase Orders are received fully electronically at County Supplies, goods delivered and sales invoice files returned electronically to BMS AP.

## **WAYS OF WORKING**

42. The contractor has a full site compound in place at both County Hall and Trent Bridge House. A goods hoist has been erected at County Hall and works to erect a similar hoist is nearing completion at Trent Bridge House.
43. Works to remove asbestos from the roof space, 4<sup>th</sup> Floor toilets and risers at County Hall H block offices has commenced under controlled conditions using specialist subcontractors.
44. The first phase of work on 4<sup>th</sup> floor County Hall and the 8<sup>th</sup> and 9<sup>th</sup> floors at Trent Bridge House has started and comprises a 'soft strip' of blinds and carpets. This will be followed by removal of stud partitions.
45. Works are progressing according to the programme with completion due in Autumn 2013.

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