

report



meeting **COUNTY COUNCIL**

date **31 JULY 2003**

agenda item number

REPORT OF THE CABINET MEMBER FOR FINANCE AND PROPERTY

A. FINANCE

1. As part of Charles Clarke's announcement on education funding for 2004/5, it was indicated that the announcement on the Revenue Support Grant for next year will be brought forward to mid-November. This is welcome for our budget planning purposes, because it gives more time for Cabinet to consider the budget proposals on which it will consult in January 2004. It is unlikely that there will be any changes to the formula for distributing grant next year, although calculations will be updated for changes in data such as pupil numbers. We also know that the 2004/5 grant settlement will have to take into account the separate precepting arrangements for fire authorities and also the funding changes for the flood defence levy which is to be administered in the future through the Environment Agency.
2. I was also pleased by the Chancellor of the Exchequer's announcement of consultation on a proposal to allow local authorities to retain a proportion of the increase in non-domestic rateable value. It is likely that any increase will need to be shared with the District Council, recognising the roles that both types of authority have in generating increases in the tax base in their area. The Government have requested responses to the consultation by September and it is hoped that access to this additional source of

funding might be allowed from 2005/6 onwards. The Consultation Paper envisages a cap on the maximum benefit set at about £6million for the County area, so there is the potential for some significant extra resources from this changed approach.

3. We are still hopeful that the relaxation of the capital controls will be introduced from April 2004, accompanied by the Prudential code on borrowing which will introduce new responsibilities for local authorities to demonstrate that they can manage their financial affairs satisfactorily. Our External Auditors have consistently referred to our sound financial management arrangements.
4. The Government's Balance of Funding review is now under way, and we have been invited to respond to a Consultation Paper by the end of September 2003. This will allow us to explain once again the distortions that can arise in the present local government finance system when only 25% of income is raised by local decision.
5. I am pleased to report that we have reached the end of the first stage of a major project to replace our financial systems. We knew that the software previously in use would not be supported by the provider beyond June 2003, and in the run-up to the replacement of these systems, there was the added complication of the software provider going into receivership and being acquired by another software provider. Members will be aware that changes in computer systems can lead to significant problems, as evidenced by many high-profile examples at national level. The change-over has not been without its teething problems, but staff from all departments have worked together to ensure that the impact on customers and the users of financial information has been kept to a minimum.
6. The impact of the reduction in the stock market in the last financial year shows through in the Pension Fund accounts where the overall Fund value has fallen by over £200million, despite net new money of £75million coming in from investment income and net contributions from employers and employees. During the first quarter of this financial year, there has been some improvement in the stock market, and this contributed to a rise of over £100million in the value of the Pension Fund at the end of the June quarter. An increase in the value of the Fund during this year will be very

helpful in the period prior to the next actuarial valuation on the Fund which takes place at March 2004.

(B) STRATEGIC PROPERTY

1. In the period from 16 June 2003 to 24 July 2003 2 Property Progress Meetings took place at which 41 separate reports were discussed. These went on to the next Finance and Property Portfolio Meetings at which 21 separate reports were presented for discussion with a total value of £8.5million.
2. The lease for a new county office in Ruddington is being finalised for a target occupation date of January 2004. We are finalising negotiations concerning the purchase of a site in Sutton in Ashfield for the proposed new Ashfield Area Office.
3. Guidance on compliance with the Health and Safety Commission Approved Code of Practice on Legionellosis in water systems has been given to all Service Departments, and information seminars have taken place. The Central Safety Adviser is preparing guidance for the County Council's Safety Manual.
4. The buildings access audits associated with the requirements of the Disability and Discrimination Act 1995 have been completed and this information is being electronically entered into the corporate asset management plan database. A start has been made on the works projects for the £1million DDA Works allocation for 2003/04.
5. The annual Resources Department Corporate Property Tour for Elected Members took place on 30 June 2003. Six sites were visited including the new Harry Carlton PFI Community Secondary School at East Leake, and the new office extension and touch down facility at Meadow House, Mansfield. The official opening ceremony for Meadow House took place at the end of a successful day.
6. The replacement of the County Hall boilers with new gas boilers is progressing satisfactorily for commissioning in early October 2003.

7. The Corporate Property Strategy has been presented to COMT and recommendations for property reviews and flexible working were approved.
8. Ongoing development of Asset Management Plan will be included within the Property Strategy consultation. Negotiations for Extra Care schemes in partnership with District Councils and Housing Associations is ongoing in Ashfield, Mansfield and Rushcliffe. Detailed work relating to site finding and project funding is being undertaken. The Southwell scheme has now been signed off for a start on site in July.
9. The Gedling Local Plan Inquiry has recently been completed with the County Council as land owner promoting Top Wighay Farm. The Inspector's report is due in early 2004.
10. A substantial tender has been received from residential developers for surplus land at the East Leake Schools PFI Scheme. It is anticipated that this will provide a capital contribution in both this and the next financial year.

COUNCILLOR JOHN CARTER
CABINET MEMBER FOR
FINANCE AND PROPERTY