

## North Yorkshire County Council

16 May 2012

### Statement of the Financial Services Portfolio Holder (Financial Services including Assets, IT and Procurement)

County Councillor John Watson OBE

#### Trading Companies

##### (a) Veritau

The budgeted income for the company in 2011/12 was £1.295m with a planned net profit (before tax) of £100. The outturn turnover is £1.347m with a net profit (before tax) realised of £20k. The company has undertaken additional work for a number of its clients which is a positive sign (for the company at least) in the current environment.

The turnover budget for 2012/13 is approximately £1.3m which reflects reductions in audit days required by the two principal clients (ie NYCC and CoYC).

From the 1 February 2012, Veritau has extended through the formation of a new company, Veritau North Yorkshire, to include the North Yorkshire Audit Partnership (NYAP). Final agreement was reached with each of the five district councils who were members of the Partnership, and the services and staff were successfully transferred to Veritau on the 1 April.

##### (b) NYnet

The provisional 2011/12 outturn for turnover of the company is £8.38m, approximately £200k greater than the budget. More significantly the operating profit has improved from £1.5m in 2010/11 to £2.1m enabling the company to post a small retained profit for the first time. As Members will be aware, the annual net profitability of the company is projected to improve over the 'life' of the current contracts as the front-loading of one-off expenditure (to build the network) passes through the accounts.

As profits improve in subsequent years, the County Council loan (effectively for working capital) gradually diminishes and is due to be extinguish in 2016/17 (ie when the existing contracts come to an end).

However, as Members will be aware, NYnet is also acting as the 'agent' for the County Council in the BDUK/ERDF funded Connecting North Yorkshire (CNY) project that will bring universal broadband to the North Yorkshire sub region. The outcome of this procurement process will clearly have a significant impact on the company and its future operational arrangements – whilst a number of 'impacts' have been modelled, a formal review will need to be undertaken by the Board later this year once the successful tenderer has been selected and their plans for roll-out etc are clear.

#### Yorkshire Purchasing Organisation (YPO) Performance in 2011

YPO's accounts are prepared on a calendar year basis, and we now have information on the performance of the organisation in 2011. It had been clear during the course of the year that some of the initial budget targets had proved to be optimistic because of the impact of budget constraints on many of YPO's customers. So whilst the hoped for significant growth in turnover did not occur, it is pleasing to note that both turnover and profit exceeded the figures achieved in 2010.

Over the last couple of years, the dividend distribution policy has changed and now includes an element of loyalty bonus that is made available directly to customers of YPO in the form of a loyalty voucher that can be offset against future purchases. The main part of the dividend however, is paid in cash. The total amount, including the value of loyalty vouchers, that will be received by the County Council in respect of the 2011 trading year is £771k, which includes a figure of £78k in respect of additional adjustments from 2010.

The YPO Management Committee has recently signed off a new three year strategy for the organisation. This reflects a number of realistic, albeit challenging targets for the organisation, both in terms of expanding its business base, and addressing the continuing need to modernise the way the organisation operates to ensure that it is fit for the future.

### **Microsoft Migration Project**

Members will be aware that we are standardising and upgrading, where appropriate, the IT applications we use across the County Council. This is a big project but with big rewards: by moving away from the Novell systems to Microsoft we will be able to reduce our costs and improve our service.

The ICT team has now completed the migration from GroupWise to Outlook 2010 as the County Council's email system. Members and Officers are now using Outlook and the old GroupWise system is being decommissioned. The next stage in the programme will be the migration to a new system based on Windows 7 and Office 2010; the ICT team has been running systems tests to identify potential 'glitches' before the next roll-out.

A procurement process to select an external Deployment Partner to provide on-site technicians to perform the migration support is now complete. Initial user support will be provided by floor-walkers and "super-users". A pilot deployment of the new desktop using the Deployment Partner will take place in May.

Planning for the installation of the new system across the County Council is now underway and the programme team is working with managers to minimise the impact on service areas. Where possible training will take place at the same time as the migration of the PC's to reduce the officer time away from the desk. We will be contacting Members later in the year to make arrangements to migrate their PCs and laptops.

The move to Windows 7 and Office 2010 will continue throughout the rest of the year and is planned to be complete by December 2012. Final decommissioning of the Novell systems will take place in early 2013. The overall change programme is expected to deliver savings of around £300,000 on ICT product licences and other areas.

### **Catering/Staff Restaurant**

The catering contract with Sodexo for County Hall was terminated on 31<sup>st</sup> March 2012 and County Catering now provides catering services in the staff restaurant and hospitality for meetings. The corridor leading to the staff restaurant, now called "Brierley's", has been refurbished to make it a pleasant environment for staff and for informal meetings. The catering service has been revamped too to encourage use of the restaurant at prices that offer excellent value for money.

### **County Farms**

Local authority owned farms have attracted press interest recently. The County Council owns over 1900 ha of farmland and leases out 48 operational farms.

The long-standing policy of the County Council is to dispose of farms either when tenancies end or to tenant farmers, at their request, during the life of their tenancies. As the leases approach the end of their term, we consider several options before deciding what will happen to the farm or land.

These include sale of the whole site on the open market, splitting the site into lots, seeking planning permission on all or part of the site, adding parts to other farms.

The proceeds from sales are used to help finance the Capital Plan of the County Council.

## **One Council**

### **Financial Management Workstream**

Work is underway to develop a consistent approach to budget management, which will be related to risk and complexity of individual budgets. This will be supported by updated ICT systems. Finance officers will concentrate more on areas of highest risk ensuring that support is concentrated where required. Full implementation is scheduled by April 2013 with a savings target of £175k.

### **Property Workstream:**

The proposed single management approach will ensure consistency in dealing with all property related issues in a timely way. This will include a programme of area reviews of property which will challenge the use of properties and will identify opportunities to intensify their use, and/or share with partners and/or identify properties for disposal.

Good progress is being made consolidating policies for the management of flexible working and developing ICT approaches to enable staff to work flexibly. As demand for desk space reduces, property will be rationalised.

Energy savings will also be achieved by active programmes to reduce carbon emissions.

The target saving is £250k.

### **Systems and Data Workstream**

The Systems and Data workstream is now moving into its implementation phase across its 5 main themes. Emails, Applications, Data and Files, System Support and Discovery.

There has been significant progress made on reducing by over 50% the number of applications being used across the County Council, and further reductions are anticipated. Aided by the Microsoft programme significant progress has also been made in removing over 200 remotely based servers from the infrastructure. Email storage costs have also been reduced.

There is an ongoing review to ensure that there is adequate and appropriate levels of IT support for the key applications with the potential that Directorate based support staff may transfer to ICT Services.

The target saving is £175k.

### **Procurement and Contract Management Workstream**

The move towards the revised management arrangements for Procurement and Contract Management are underway including the procurement of a new contracted procurement service due to be in place by 1st November 2012. Work is underway to consider a business case for introducing a Purchase to Pay system.

It is expected that the target of £2.5m for this workstream can be exceeded.

**4 May 2012**