

16 June 2014

Agenda Item: 4

## **REPORT OF THE SERVICE DIRECTOR – FINANCE AND PROCUREMENT**

### **FINANCIAL MONITORING REPORT: PERIOD 1 2014/2015**

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

1. To provide a summary of the Committee revenue budgets for 2014/15
2. To request approval for contingency schemes submitted to date
3. To inform Members of the Council's Balance Sheet transactions

#### **Information and Advice**

##### **Background**

4. The Council approved the 2014/15 budget at its meeting on 27 February 2014. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.

#### **Summary Revenue Position**

5. The table below summarises the revenue budgets for each Committee for the forthcoming financial year. To date no variances have been reported.

**Table 1 – Summary Revenue Position**

<b>Committee</b>	<b>Annual Budget £'000</b>	<b>Actual to Period 1 £'000</b>	<b>Year-End Forecast £'000</b>	<b>Latest Forecast Variance £'000</b>
Children & Young People	153,860	2,855	153,860	-
Adult Social Care & Health	213,026	13,335	213,026	-
Transport & Highways	59,704	(831)	59,704	-
Environment & Sustainability	30,759	(1,988)	30,759	-
Community Safety	2,955	(933)	2,955	-
Culture	13,415	902	13,415	-
Policy	26,167	1,575	26,167	-
Finance & Property	27,784	2,676	27,784	-
Personnel	2,071	(569)	2,071	-
Economic Development	1,019	218	1,019	-
Public Health	-	(955)	-	-
<b>Net Committee (under)/overspend</b>	<b>530,760</b>	<b>16,285</b>	<b>530,760</b>	<b>-</b>

Committee	Annual Budget £'000	Actual to Period 1 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
Central items	(10,851)	(5,412)	(10,851)	-
Contribution to Schools Expenditure	6	6	6	-
Contribution to/(from) Traders	(330)	582	(330)	-
<b>Forecast prior to use of reserves</b>	<b>519,585</b>	<b>11,461</b>	<b>519,585</b>	<b>-</b>
Transfer to / (from) Corporate Reserves	(8,527)	-	(8,527)	-
Transfer to / (from) Departmental Reserves	(1,613)	-	(1,613)	-
Transfer to / (from) General Fund	(5,184)	-	(5,184)	-
<b>Net County Council Budget Requirement</b>	<b>504,261</b>	<b>11,461</b>	<b>504,261</b>	<b>-</b>

## Requests for contingency

6. The Council's budget includes a contingency budget of £4.6m to cover redundancy costs, slippage of savings and unforeseen events. To date one request has been submitted and Members are asked to approve the following scheme:

- £80,000 for accommodation costs of the Gilstrap centre (ongoing requirement)

## Progress with savings and risks to the forecast

7. Since 2010/11 the Council has delivered savings in excess of £110m. Given the continued financial challenge that the Council is facing, further savings proposals of £36m were approved at Council 27 February 2014 for delivery in 2014/15 (£81m in total over the medium term). Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn.

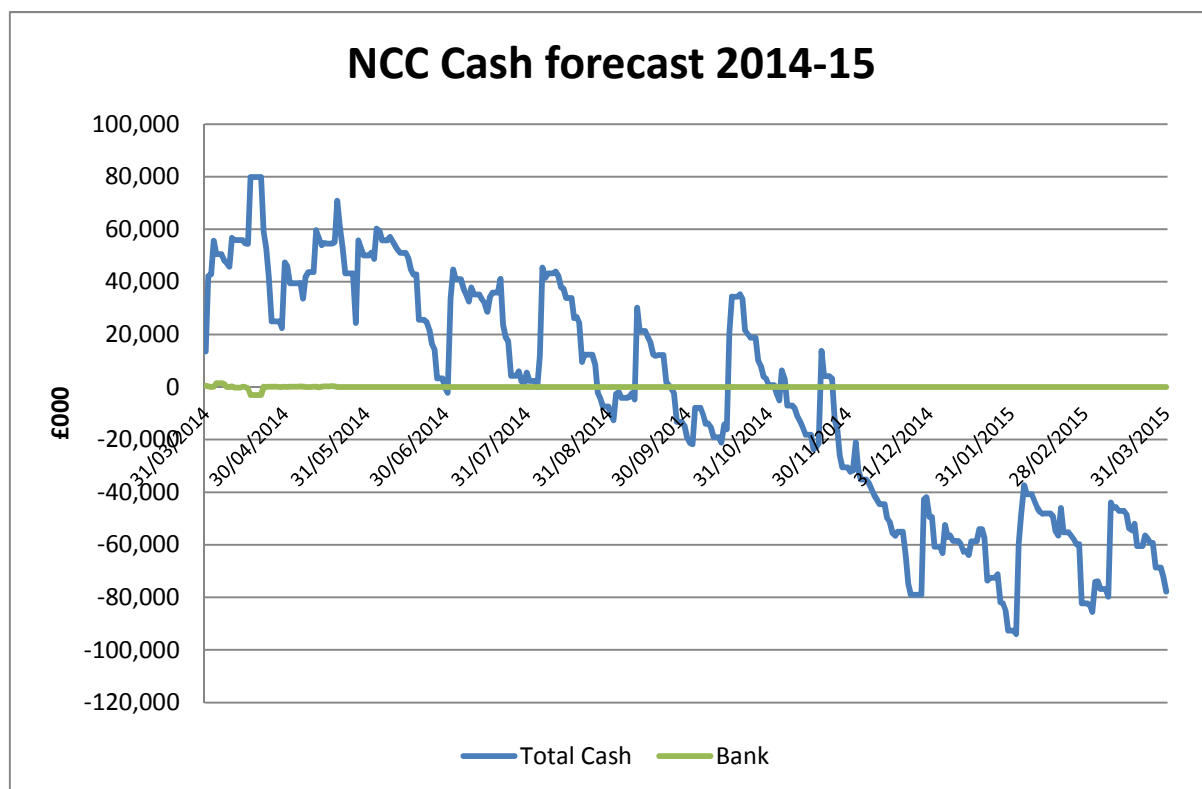
## Balance Sheet

### General Fund Balance

8. Members will be asked to approve the 2013/14 closing General Fund Balance of £29.1m at Council 26 June 2014. The 2014/15 budget approves utilisation of £5.2m of balances which will result in a closing balance of £23.9m at the end of the current financial year. This is 4.7% of the budget requirement.

## Treasury Management

9. Cash flow is kept under constant monitoring by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group. Cash inflows are typically higher at the start of the year due to the front loading of Central Government grants and the payment profile of precepts. Cash outflows, in particular capital expenditure, tend to occur later in the year. Detailed information will be included in future monitoring reports to this Committee.



### Debt Recovery Performance

10. Total debt has decreased by £13.4m during April as a result of a large number of high value non-statutory debt invoices being cleared which had been raised in the run up to year end. There are 140 invoices which were raised in March for an amount in excess of £10,000 which are outstanding. These have a total value in excess of £7.6m, £0.5m of this total has been disputed by various customers. The total debt should therefore continue to decrease quite quickly over the short term whilst the undisputed invoices are paid.
11. The Council has received £266.80 from Third Party Debt Collection Agencies, £1,719.99 from High Court and £900.00 as a result of Small Claims Court action.
12. There is a possibility that £21,000 of Adult Care Financial Services (ACFS) Residential debt which is over 6 months old will be recovered next month as a result of property sales. However, there is a high risk that a further £165,000 will fall into the over 6 months' debt this month as a result of property debt; £60,000 of this has been disputed and £15,000 is likely to be written off as the property value will not cover accrued charges. There is also a small risk that £17,000 in relation to school IT charges will fall into over 6 month's although IT have been working with the school to resolve the issues and, if fixed, payment will be made by the end of the month.

**Table 2 - Invoices raised Period 1 2014/15**

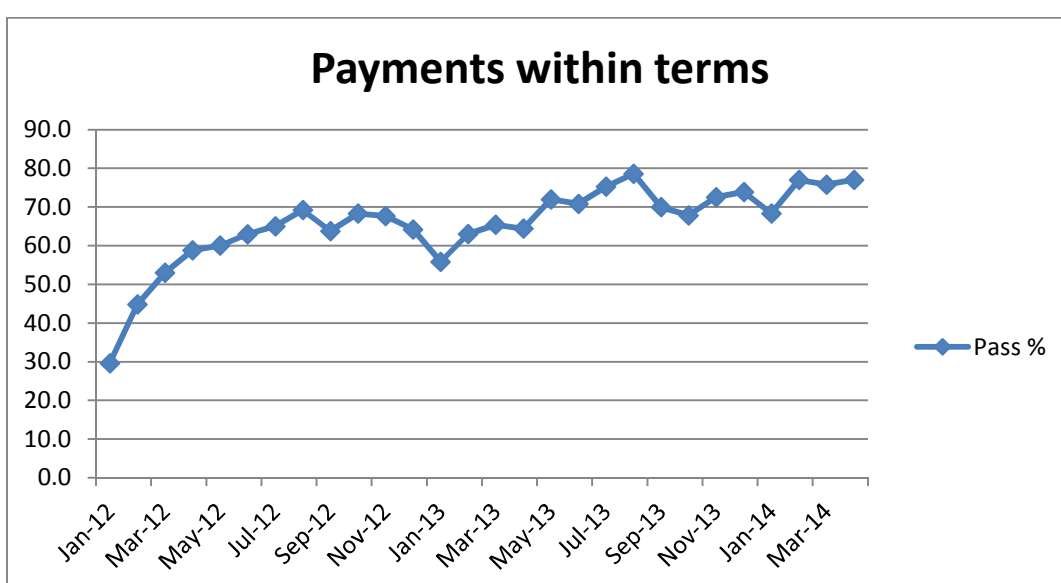
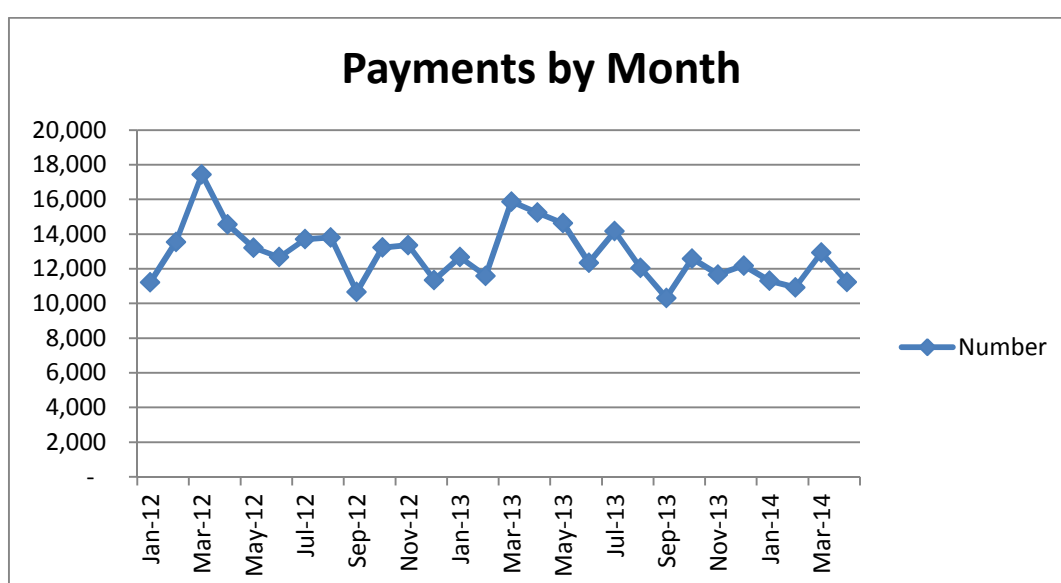
	Period 1
Number	19,965
Value	£15,560,312

**Table 3- Debt Position**

	Residential & Domiciliary Care	All other	Total
Total	£9,514,243	£16,226,140	£25,740,383
Over 6 months	£4,687,069	£569,343	£5,256,413
% over 6 months	49.3%	3.5%	20.4%

### Accounts Payable (AP) Performance

13. The payment within terms figure for April is 77.1% of 11,241 invoices paid. This shows a sustained improvement over the last 3 months with figures remaining above 75%.



14. A number of actions are ongoing to look to improve performance:-

- Corporate Procurement are continuing with the letting of the Managed Service Provider (MSP) contract for Agency staff. Agency staff invoices represent around 10% of the total invoices processed by AP staff and include suppliers with the largest number of failures. When in place the MSP contract should improve the ordering and payment process for Agency staff.
- AP / Corporate Procurement have finalised arrangement for issuing short term exemption numbers. AP have communicated numbers to business areas and suppliers. This will improve the time taken to pay invoices whilst a review is undertaken to determine the best procurement route for these suppliers.
- AP are continuing to work with specific business areas / suppliers who submit late invoices to attempt to identify the reasons and improve the processes for future invoices.
- A Lean+ review is being undertaken for the NCC P2P (procure to pay) process. This will enable best practice to be shared across Departments and will standardise the P2P process and reduce the scope for errors and delays.

## **Statutory and Policy Implications**

15. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATIONS**

- 1) To note the individual Committee revenue budgets for 2014/15
- 2) To approve the contingency requests received to date
- 3) To note the Council's Balance Sheet transactions

**Paul Simpson Service Director – Finance & Procurement**

**For any enquiries about this report please contact:**

Pauline Moore - Senior Accountant, Financial Strategy and Accounting

## **Constitutional Comments**

16. The proposals in this report are within the remit of Finance and Property Committee.

## **Financial Comments (PM 15/05/2014)**

17. The financial implications are stated within the report itself.

## **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- 'None'

## **Electoral Division(s) and Member(s) Affected**

- 'All'