

Presentation to the Finance & Property

22 May 2013

Overview of the Finance & Procurement Division

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Finance & Procurement**



**Nottinghamshire
County Council**

Purpose of Today's Session

- To brief the Committee on the roles & responsibilities of the Finance & Procurement Division.
- To outline the Structure and Service Overview for the Division.
- To present the key financial highlights of the revenue budget and capital programme.
- To highlight current issues

Our promises to the people of Nottinghamshire

Lead Nottinghamshire

Make it a place where businesses want to invest; tourists want to visit and stay; where people want to live and feel safe. These are our goals and we will work together with our partners to achieve them.

- [To foster aspiration, independence and personal responsibility](#)
- [To promote the economic prosperity of Nottinghamshire and safeguard our environment](#)
- [To make Nottinghamshire a safer place to live](#)

Deliver good services

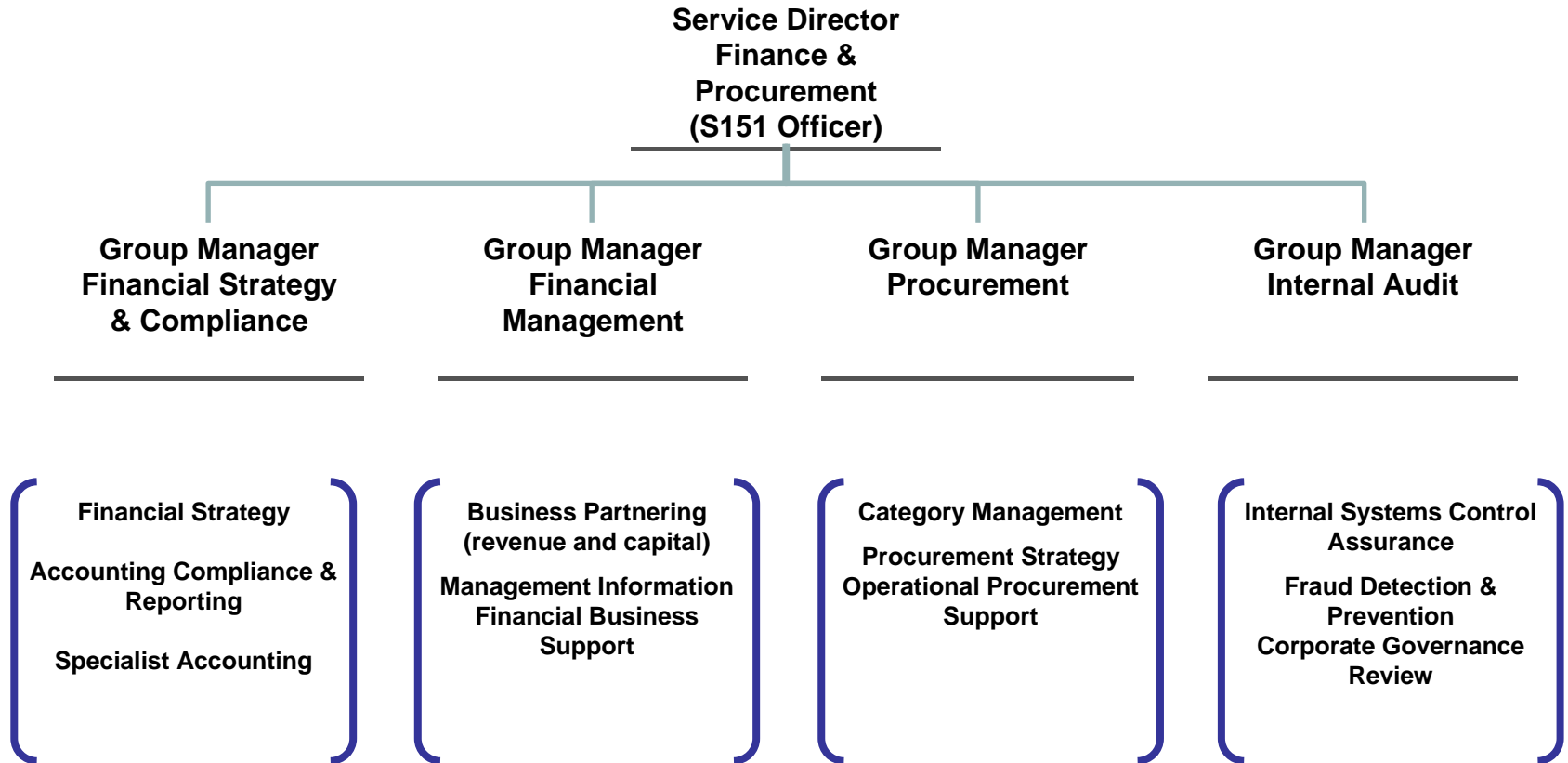
- [To secure good quality, affordable services](#)

Be an efficient Council

Be cost effective and remove inefficiencies. Reduce our running costs substantially to allow more to be spent on delivery of services.

- [To be financially robust and sustainable](#)

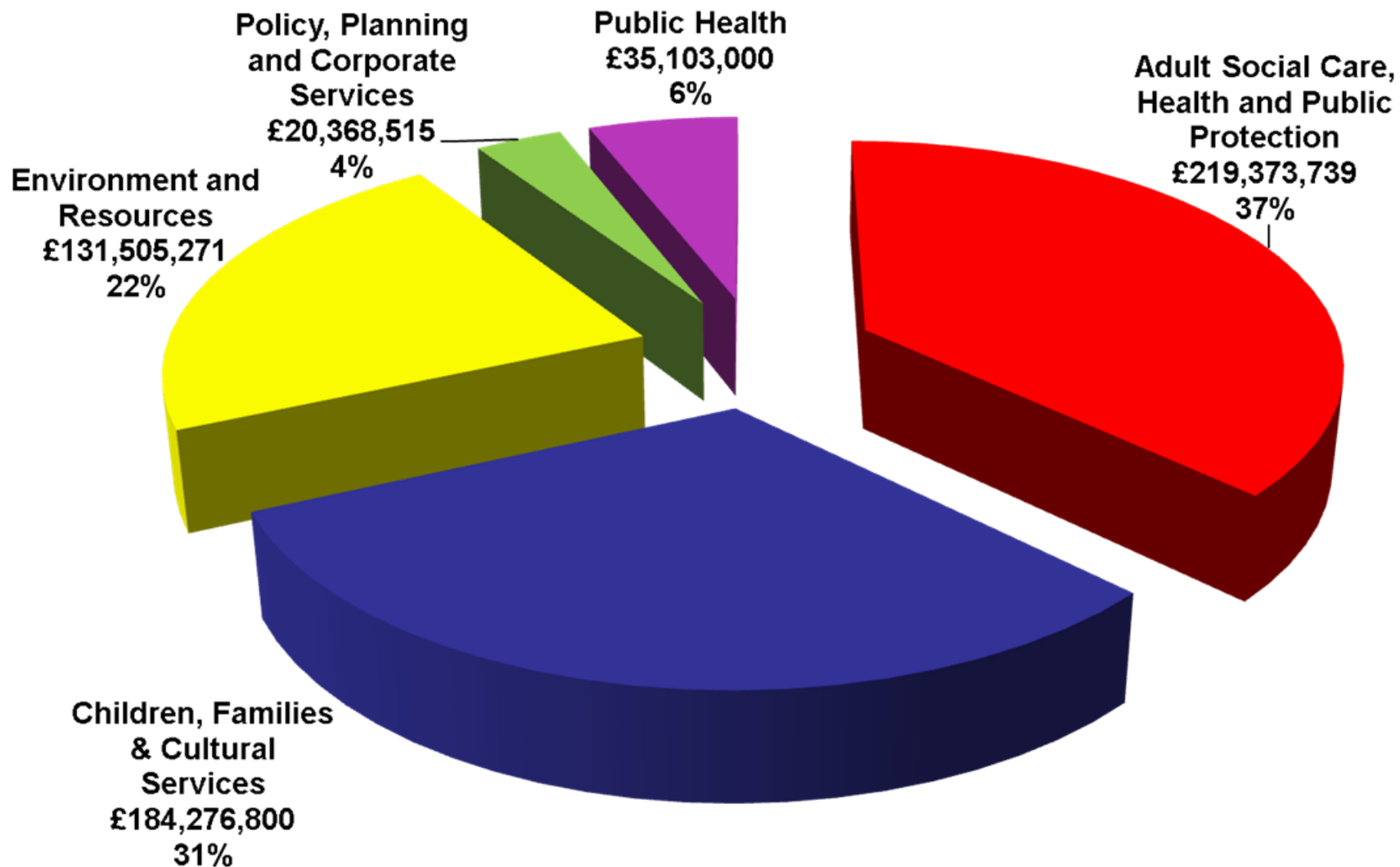
Finance & Procurement Division Structure



Service Overview

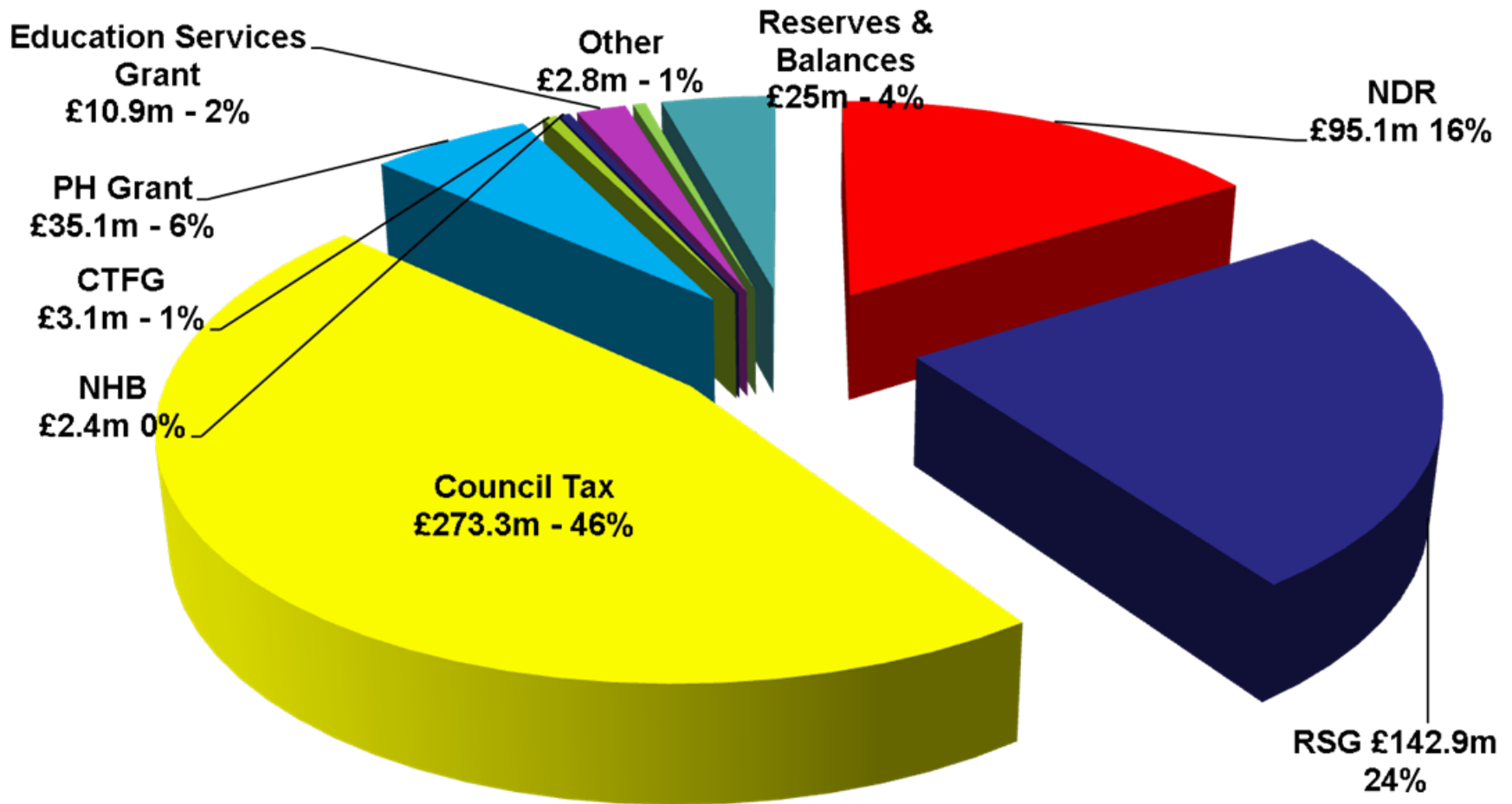
- 1. The overall purpose of the Finance & Procurement Division is to support the County Council in delivering its corporate priorities, through effective financial management and procurement support. The key outcomes of the Division are to:**
 - *Ensure the authority is financially robust and sustainable, and to safeguard public funds*
 - *Ensure the authority secures best value goods and services*
 - *Manage financial and commercial risk*
 - *Contribute to the delivery of effective Corporate Governance*
 - *Support the delivery of the County Council's Strategic Plan*
- 2. The key responsibilities of the Finance team are:**
 - *Providing high quality financial advice and information for decision makers i.e. Politicians, the Corporate Leadership Team and Departmental Management Teams, including the annual budget and Medium Term Financial Strategy;*
 - *Demonstrating accountability for public expenditure through the production of an annual Statement of Accounts*
 - *Providing financial management support to the Council's front-line service areas*
 - *Treasury management and financial management support to the Nottinghamshire Pension Fund*
- 3. Procurement provide both operational procurement (overseeing catalogues, contracts database, PO processing etc.) & the more strategic procurement support, via category management and supplier relationship management.**
- 4. Internal Audit carries out reviews of the Council's key systems and controls, and provides an assurance function to address issues such as fraud.**

What the Council's Revenue Budget is in 2013/14 – Total £590,627,325

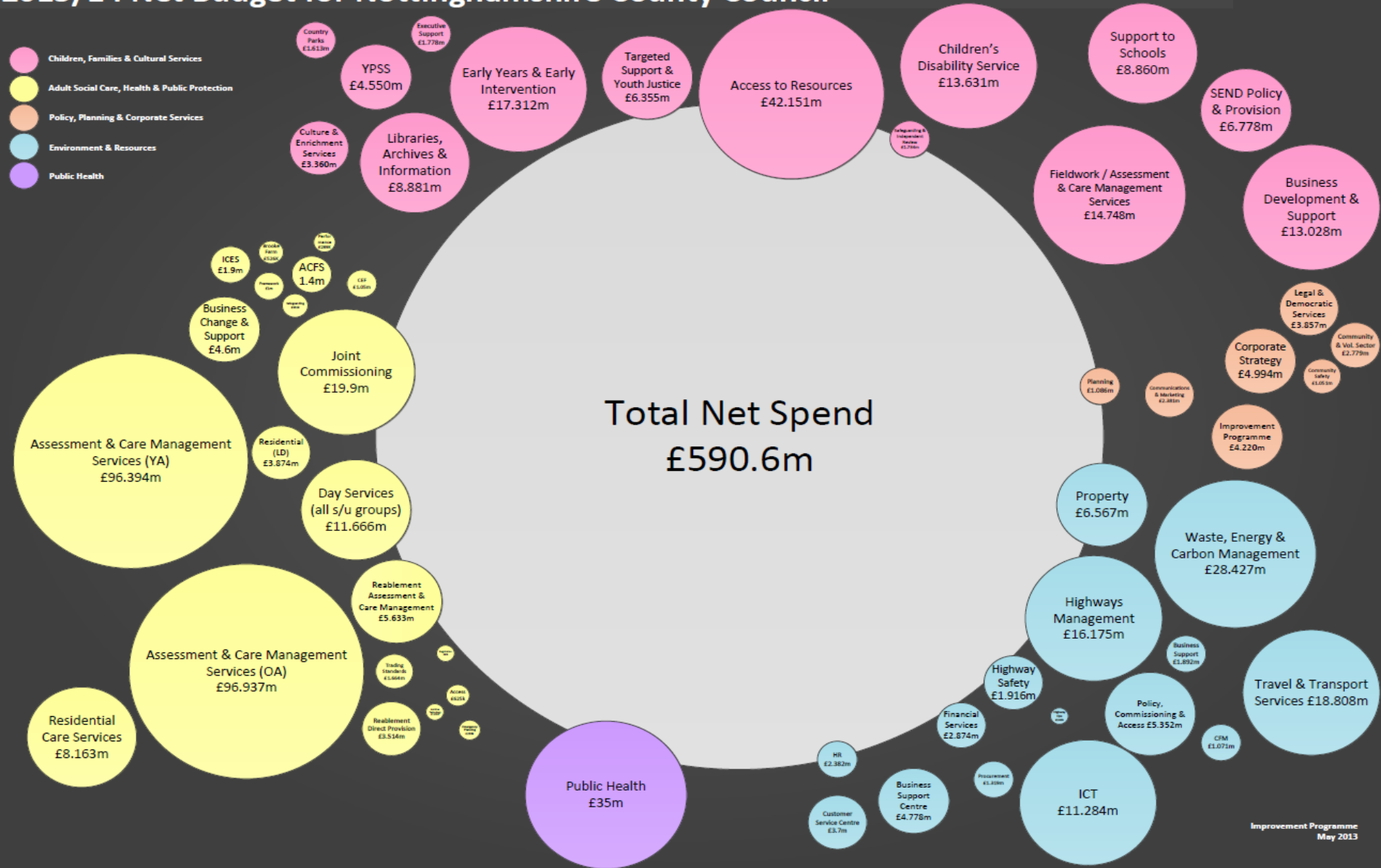


**Nottinghamshire
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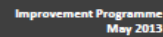
How the 2013/14 Budget is Funded



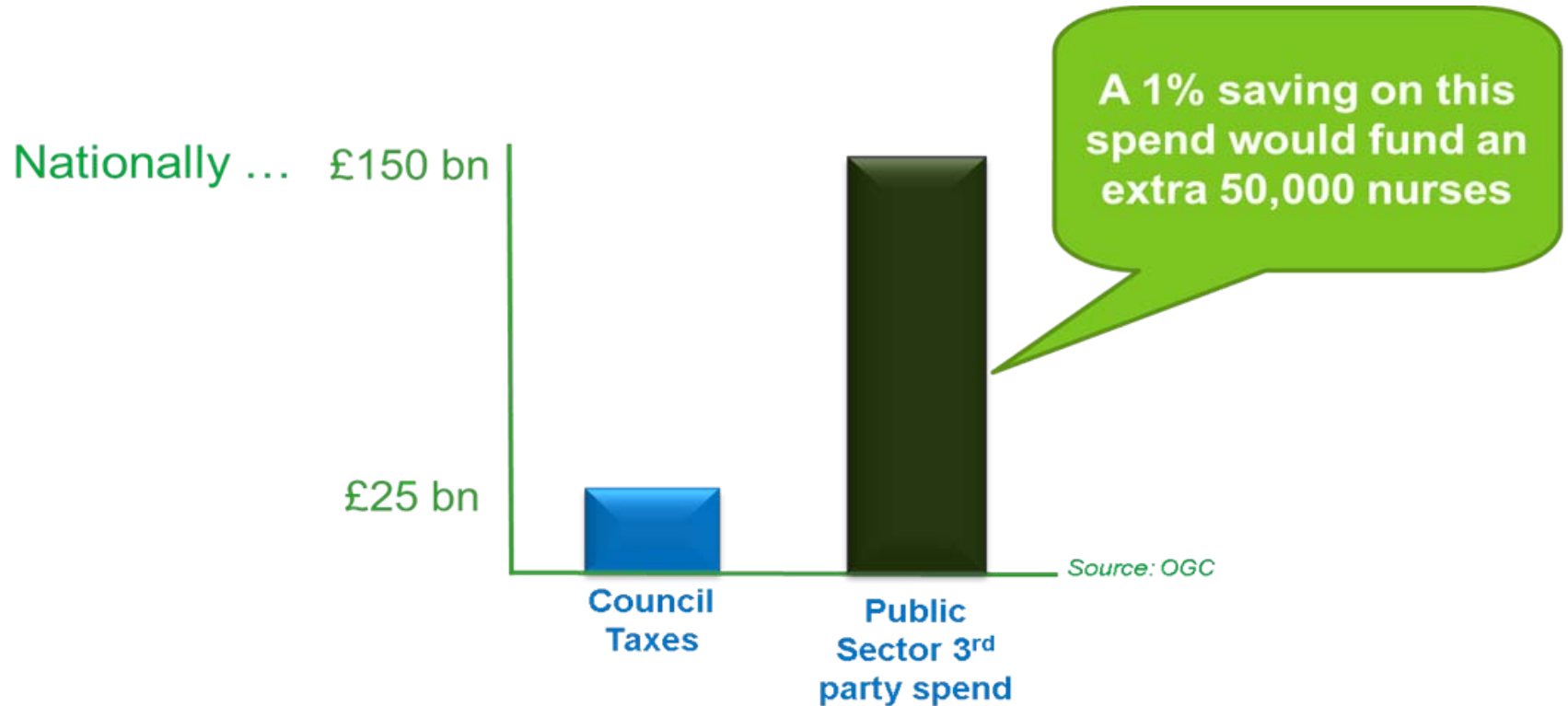
2013/14 Net Budget for Nottinghamshire County Council



- Children, Families & Cultural Services
- Adult Social Care, Health & Public Protection
- Policy, Planning & Corporate Services
- Environment & Resources
- Public Health

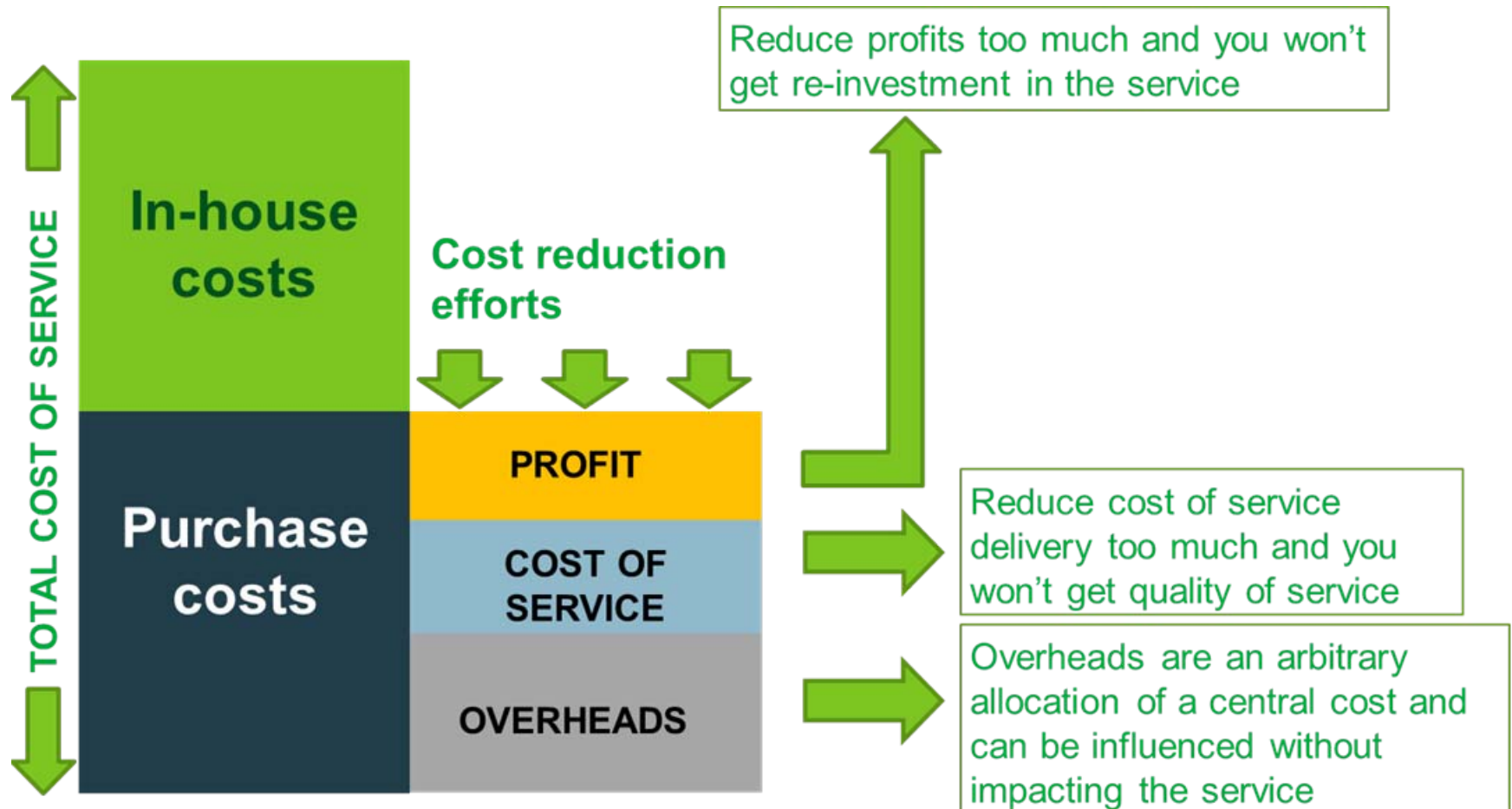


Some statistics

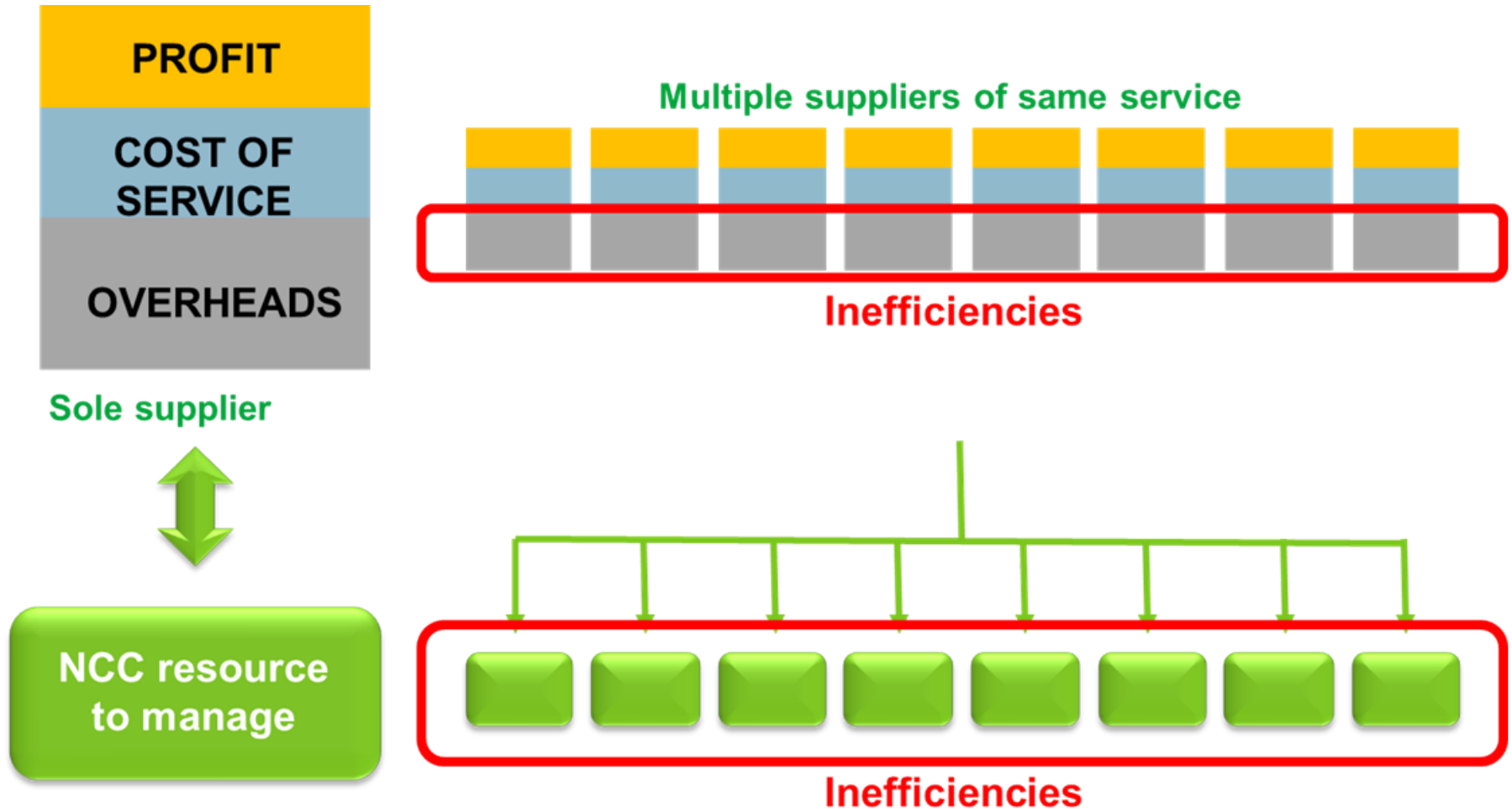


- This gives the public sector significant potential to achieve:-
 - o value for money
 - o innovation
 - o policies such as sustainability or diversity
- But it could distort markets and competition hence the need for EU rules

How should we make cost reductions?



Right-sized supply base



Summary Capital Programme

	Revised 2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	2016/17 £'m	TOTAL £'m
Committee:						
Children & Young People*	9.854	4.294	8.900	.500	.000	17 548
Adult Social Care & Health	.418	.104	.650	.000	.000	3 172
Transport & Highways	8.602	3.324	7.707	5.865	6.256	81 754
Environment & Sustainability	.171	.853	.574	.200	.000	2 798
Community Safety	.003	.297				300
Culture	.147	.930	.204	.450	.322	5 053
Policy	.902	.075				3 977
Finance & Property	4.880	1.180	.450	.650	.650	7 810
Personnel	.088	.070	.070	.070	.070	368
Contingency	.200	.829	.500	.000	.000	2 520
Capital Expenditure	20.265	32.956	2.055	4.735	5.298	35 309
Financed By:						
Borrowing	7.298	2.444	6.706	6.100	1.672	24 220
Capital Grants †	6.162	4.351	7.679	7.465	2.456	78 113
Revenue/Reserves	.805	6.161	.670	.170	.170	2 976
Total Funding	20.265	32.956	2.055	4.735	5.298	35.309

Current Balances and Reserves

	2012/13				2013/14		
	Balance BF	Use	Contribution	Balance CF	Use	Contribution	Balance CF
	01/04/2012 £'000	£'000	£'000	31/03/2013 £'000	£'000	£'000	31/03/2014 £'000
Available Reserves							
County Fund Balances	(29,688)	0	(10,930)	(40,618)	15,137	0	(25,481)
Traders Reserves	(3,161)	1,509	(2,054)	(3,706)	400	0	(3,306)
Earmarked Reserves	(21,807)	5,012	(14,595)	(31,390)	22,667	0	(8,723)
Grants Reserves	(9,376)	4,010	(1,926)	(7,292)	7,292	0	0
Sub-total	(64,032)	10,531	(29,505)	(83,006)	45,496	0	(37,510)
Corporate Reserves							
Capital Projects Reserve	(27,636)	2,268	(9,000)	(34,368)	18,891	0	(15,477)
Corporate Redundancy Reserve	(3,119)	0	0	(3,119)	3,119	0	0
Earmarked Reserves	(1,689)	297	0	(1,392)	0	0	(1,392)
Improvement Programme	(17,997)	6,594	0	(11,403)	2,666	0	(8,737)
Lifecycle Maintenance	(3,705)	0	(500)	(4,205)	0	0	(4,205)
Pay Review Reserve	(2,059)	0	(1,000)	(3,059)	1,000	0	(2,059)
Insurance Reserves	(7,571)	0	(2,790)	(10,361)	0	0	(10,361)
Sub-total	(63,776)	9,159	(13,290)	(67,907)	25,676	0	(42,231)
Unusable Reserves							
Bassetlaw PFI Reserve	(1,289)	429	0	(860)	0	(383)	(1,243)
East Leake PFI Reserve	(3,115)	131	0	(2,984)	0	(267)	(3,251)
Waste PFI Reserve	(26,739)	0	(1,598)	(28,337)	0	(222)	(28,559)
Schools Statutory Reserve	(39,151)	0	0	(39,151)	0	0	(39,151)
Sub-total	(70,294)	560	(1,598)	(71,332)	0	(872)	(72,204)
Total Reserves	(198,102)	20,250	(44,393)	(222,245)	71,172	(872)	(151,945)

Incl. £11.764m S256 and PH Grants

IP use in 2012/13 TBC

Figures TBC

Major Areas of Risk & Uncertainty

- Spending review scheduled for June 26th - unclear as to what will be announced and all likelihood will only be for one year i.e. 2015/16. Another CSR after General Election in 2015.
- Pressure from Ministers of "non-protected areas" for HMT to remove ring-fenced protection for schools and hospitals but Chancellor indicated "trajectory" of public spending reductions to continue as per SR2010
- Uncertain impact on local government of Welfare Benefit changes, Pensions reform and Care Bill - implement a cap on care costs as recommended by Dilnot Commission
- National Insurance changes - Government to introduce a single-tier national state pension, the system of "contracting out" will end. This means that, in particular, public sector employers and their staff will have to pay higher NICs from 2016-17.

Comments & Questions?