

Presentation to the Finance & Property Committee

Overview of the Finance & Procurement Division

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**Nottinghamshire
County Council**

Purpose of Today' s Session

- To brief the Committee on the roles & responsibilities of the Finance & Procurement Division.
- To outline the new Draft Structure for the Division.
- To present the key financial highlights of the revenue budget/MTFS and capital programme.
- To highlight major risks and uncertainties

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](#)

Roles & Responsibilities (1)

Finance & Procurement Division

•The Finance & Procurement Division is responsible for ensuring that robust financial management arrangements are in place, that support the County Council's business and that public money is directed, controlled and influenced in a way that supports the delivery of the County Council's goals.

Key activities

- Developing the Annual Budget and Medium Term Financial Strategy
- Completing the Annual Statutory Statement of Accounts
- Provide information to the Council to aid decision making

•It is also responsible for improving how we buy goods and services, maximising value for money whilst also ensuring the goods and services the County Council buys from its suppliers and service providers, are of the appropriate quality.

Key activities

- Supporting the Council to deliver cost savings
- To work with suppliers/providers (local and others) to procure requisite goods and services of appropriate quality

Roles & Responsibilities (2)

The Division's key activities are:

- Supporting the organisation to deliver a balanced budget and Medium Term Financial Strategy
- Providing high quality financial advice and information for decision makers i.e. Politicians, the Corporate Leadership Team and Departmental Management Teams
- Promoting and delivering good financial management
- Enabling the Council to deliver Value for Money and promoting improvements in value creation and performance
- Safeguarding public money through maintaining and applying an appropriate framework of financial controls
- Demonstrating accountability for public expenditure through the production of an annual Statement of Accounts
- Ensuring that the County Council's procurement activities are conducted in a manner that satisfies the requirements of accountability and internal control, fulfils the County Council's legal and financial obligations and effectively manages commercial risk.
- Achieving best possible value for the Council
- Providing effective and efficient commercial arrangements for standard products and services.
- Building and maintaining effective supplier relationships

Key Targets and Deliverables for 2012-13

Finance

- Complete restructure of Finance by May 2012
- Carry out review of Internal Audit by June 2012 & deliver Internal Audit Plan for 2012-13
- Complete office co-location of Finance and Procurement by January 2013
- Maximise the benefits of BMS:
 - Complete monthly budget monitoring within 10 working days (to reduce to 5 after 6 months)
 - Process 95% of invoices within terms by June 2012
 - Collect 95% of all income due within 45 days
- Complete closure of accounts by June 2012 & achieve clean audit opinion by September 2012
- Carry out review of MTFS by June 2012 and present scenarios and options to CLT by July 2012
- Prepare 2013/14 annual budget by February 2013
- Implement commercial accounting practices (accruals accounting/quarterly hard close etc) by December 2012
- Develop an accountability framework by March 2013 (to be implemented in April 2013.)
- Raise the profile of Nottinghamshire CC Finance & Procurement – participation in national work; article in professional press; speaking events at conferences etc.

Key Targets and Deliverables for 2012-13

Procurement

Cost Reduction Performance

- £6m full year savings
- Support and Contribute to Improvement Programme cost reduction target of £40m
- 75% of savings to be cash releasing

Category Strategy

- A comprehensive category strategy to be developed for all procurement centre categories

Sourcing Compliance

- 75% of SAP orders to be processed via the 'green route'
- A minimum of 50% of 'green route' spend to be contracted

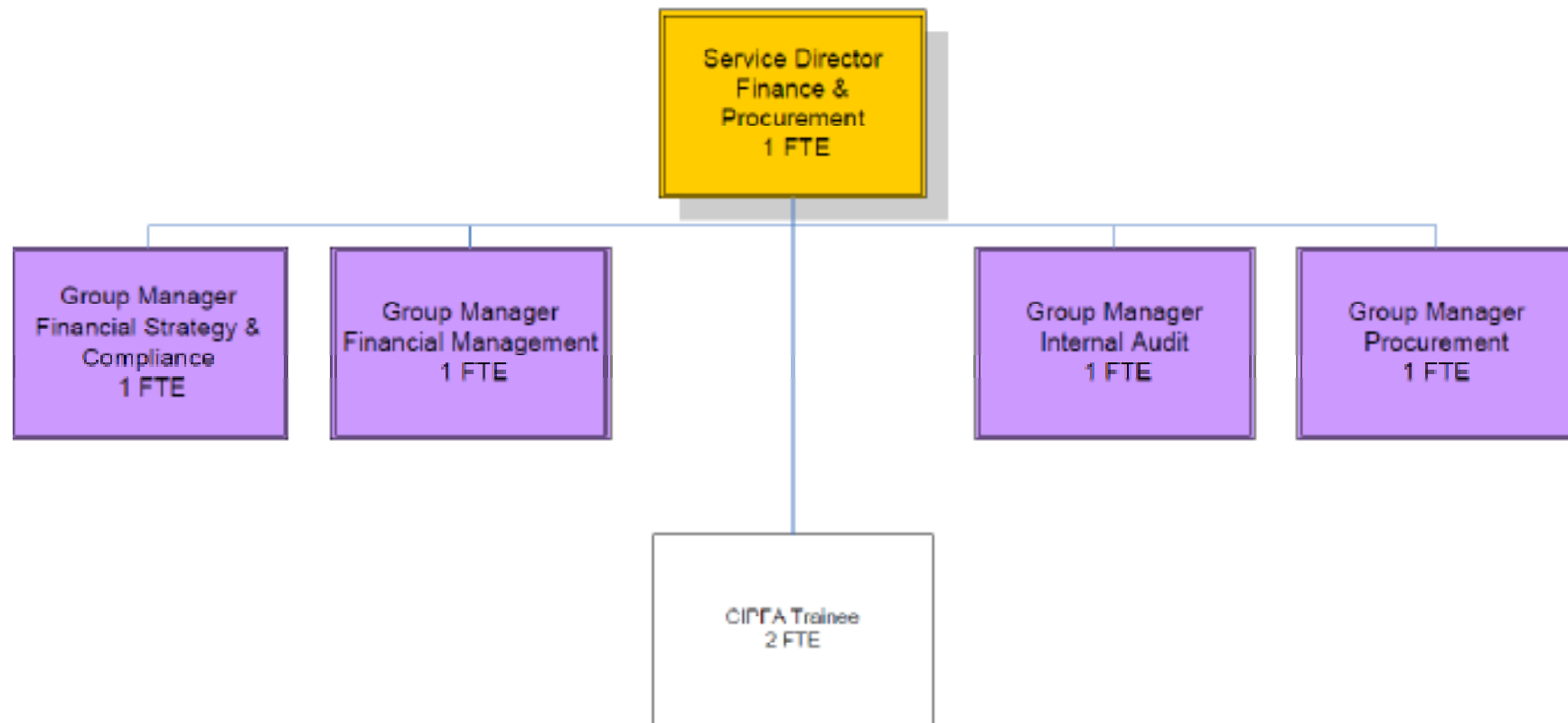
Vendor Management

- Existing vendor base to be reduced by 25%
- Supplier Relationship Strategy to be developed for critical suppliers
- Minimum of 60% of total spend should be with Nottinghamshire based Suppliers

Purchase to Pay Efficiency

- Move towards Zero retrospective purchase orders – step down target <15%
- Red Route Shopping Carts Processed within 48 hours
- Total number of invoices to be reduced by 25%

New Draft Finance & Procurement Structure



MTFS Refresh

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	TOTAL
Previous Shortfall (+)/ Surplus (-) @ 9/11/11	0.0	2.4	19.3	73.6	95.3
New Pressures	(0.1)	(1.5)	(0.0)	0.0	(1.6)
Inflation/Pay/Pensions	(6.2)	(5.3)	(4.7)	(0.4)	(16.5)
Changes to the Improvement Programme	3.2	2.7	(0.6)	0.0	5.3
Other Items	2.0	3.3	10.0	(6.1)	9.2
Changes in Taxbase	(0.8)	(0.0)	(0.0)	(0.0)	(0.8)
Reduction in government grant	(3.0)	3.5	1.6	7.4	9.5
Council Tax Freeze Grant	-	-	-	-	-
MTFS Changes – subtotal	(5.1)	2.6	6.2	0.8	4.8
Post Consultation Changes:					
Library Opening Hours	0.0	0.0	0.0	0.0	0.0
Blue Badges	0.1	0.0	0.0	0.0	0.1
Meals on Wheels Charges	0.1	0.0	0.0	0.0	0.1
Post consultation changes - subtotal	0.2	0.0	0.0	0.0	0.2
Revised Shortfall (+)/ Surplus (-)	(4.9)	5.0	25.5	74.4	100.3

Major Capital Schemes in the Programme

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	TOTAL
School Condition Initiative	22.133	20.921	15.750	5.750	65.554
School Basic Need Programme	10.799	1.800	2.500	2.500	17.599
Aiming for Excellence (Mixed Care)	2.000	4.000	6.650	-	12.650
Mansfield Public Transport Interchange	5.609	1.321	-	-	6.930
Hucknall IRR	0.510	3.691	4.457	1.213	9.871
Road Maintenance & renewals	10.877	13.000	13.000	13.000	49.877
Street Lighting Renewal	2.925	2.387	1.502	1.000	7.814
Local Transport Plan	9.481	6.700	7.281	7.200	30.662
A453	-	10.000	10.000	-	20.000
Local Improvement Schemes	3.684	3.000	3.000	3.000	12.684
West Bridgford Library	4.551	-	-	-	4.551
Archives Extension	0.800	0.900	0.400	-	2.100
WoW Programme	7.453	4.297	1.364	0.272	13.386
Building Works	6.084	6.598	2.400	2.400	17.482
ICT Infrastructure Replacement Programme	1.176	1.000	1.000	1.000	4.176

Note: Total Capital programme over next 4 years estimated to be £370.6m.

Major Areas of Risk & Uncertainty

- Currently in the 2nd year of a 2 year settlement; no indication yet what grant from Government will be in 2013/14 and beyond
- Major review of Local Government Finance – changes to Non Domestic Rates (NDR) and Council Tax Benefit (CTB)
- Potential Changes to Local Authority Central Spend Equivalent Grant (LACSEG)
- Potential further funding reductions post current Comprehensive Spending Review (CSR) – 2015/16 onwards

Work programme over coming weeks

- Finalise the 2011/12 final out-turn - to be reported to F&P Committee on 18th June; statutory year end accounts to Full Council on 5th July; Political Group briefings scheduled
- Review of MTFS - reaffirm known pressures and savings proposals; also reflect potential impact of risks and uncertainties in previous slide
- Appoint Interim Group Manager and Team Manager for Procurement team; commence recruitment process for permanent appointments
- Conclude appointment process for Finance Group Managers.
- Budget monitoring for 2012/13 – First Quarters performance

Comments & Questions?