

Finance and Major Contracts Management Committee

Monday, 19 June 2017 at 14:00

County Hall, County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- 1 To note the appointment by the County Council on 25 May 2017 of Councillor Richard Jackson as Chairman and Councillor Roger Jackson and Councillor John Ogle as Vice Chairmen of the Committee.
- 2 Terms of Reference and Membership 3 - 6
- 3 Minutes of the last meeting of the Finance & Property Committee 20 Mar 2017 7 - 10
- 4 Apologies for Absence
- 5 Declarations of Interests by Members and Officers:- (see note below)
 - (a) Disclosable Pecuniary Interests
 - (b) Private Interests (pecuniary and non-pecuniary)
- 6 Draft Management Accounts 2016-17 11 - 28
- 7 Financial Monitoring Report Period 1 2017-18 29 - 42
- 8 Management of Major Contracts - Presentation
- 9 Work Programme 43 - 46

10 None

Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Peter Barker (Tel. 0115 977 4416) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

19 June 2017

Agenda Item: 2

REPORT OF THE CORPORATE DIRECTOR, RESOURCES

TERMS OF REFERENCE AND MEMBERSHIP

Purpose of the Report

1. To note the membership and terms of reference of the Finance and Major Contract Management Committee.

Information and Advice

2. The following councillors have been appointed to the committee:

Chairman – Councillor Richard Jackson
Vice-Chairman – Councillor John Ogle
Vice-Chairman – Councillor Roger Jackson

Councillor John Clarke
Councillor Keith Girling
Councillor Tom Hollis
Councillor Eric Kerry
Councillor Diana Meale
Councillor Mike Pringle
Councillor Mike Quigley
Councillor Andy Wetton

3. The County Council on 25 May 2017 established the committee with the following terms of reference:

The exercise of the powers and functions set out below are delegated by the Full Council to the Committee in relation to finance and major contracts management:

- a. All decisions within the control of the Council including but not limited to those listed in the Table below
- b. Policy development in relation to finance and major contracts management, subject to approval by the Policy Committee or the Full Council
- c. Review of performance in relation to the services provided on a regular basis
- d. Review of day to day operational decisions taken by Officers

- e. Approval of relevant consultation responses except for responses to day-to-day technical consultations which will be agreed with the Chairman and reported to the next available Committee following their submission.
 - f. Approval of relevant staffing structures as required
 - g. Approving all Councillor attendance at conferences, seminars and training events within the UK mainland for which a fee is payable including any expenditure incurred, within the remit of this Committee and to receive quarterly reports from Corporate Directors on departmental officer travel outside the UK within the remit of this Committee.
4. If any report comes within the remit of more than one committee, to avoid the report being discussed at several committees, the report will be presented and determined at the most appropriate committee. If this is not clear, then the report will be discussed and determined by the Policy Committee.
 5. As part of the detailed work programme the Committee will receive reports on the exercise of powers delegated to Officers.
 6. The Committee will be responsible for its own projects but, where it considers it appropriate, projects will be considered by a cross-committee project steering group that will report back to the most appropriate Committee.

Table
Responsibility for the financial management of the Authority including recommending to Council the financial strategy, annual revenue budget, annual capital budget, and precept on billing authorities
Responsibility for corporate procurement
Responsibility for the Council's internal trading organisations
Responsibility for the strategic overview and management of all Council contracts in excess of £10 million or otherwise of major significance
Responsibility for developing and implementing a Commercial Strategy for the Council subject to Policy Committee approval

Other Options Considered

7. None.

Reason/s for Recommendation/s

8. To inform the committee of its membership and terms of reference.

Statutory and Policy Implications

9. 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 services), the public sector equality duty, safeguarding of children and adults at risk, 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.

RECOMMENDATION

That the committee's membership and terms of reference be noted.

Jayne Francis-Ward
Corporate Director, Resources

For any enquiries about this report please contact:

Paul Davies, Democratic Services
T: 0115 977 3299

Constitutional Comments

10. As this report is for noting, no constitutional comments are required.

Financial Comments (NS 6/6/17)

11. There are no financial implications arising from this report.

Background Papers and Published Documents

None.

Electoral Division(s) and Member(s) Affected

All.

Meeting FINANCE AND PROPERTY COMMITTEE

Date 20 March 2017 (commencing at 2pm)

Membership

Persons absent are marked with an 'A'

COUNCILLORS

Councillor David Kirkham (Chair)
Councillor Darren Langton (Vice Chair)

Reg Adair	Mike Pringle
Pauline Allan	Darrell Pulk
Richard Butler	Ken Rigby
Kay Cutts	Andy Sissons
Liz Plant	

OFFICERS IN ATTENDANCE

Pete Barker	Democratic Services
Mike Barnett	Team Manager, VIA (Item 7a)
Joanna Cooper	Better Care Fund Programme Manager (Item 5)
Jas Hundal	Service Director, Environment, Transport & Property
Adrian Smith	Corporate Director, Place
Andrew Stevens	Group Manager, Property
Nigel Stevenson	Service Director, Finance & Procurement

MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 20 February 2017, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

Some thought to be given as to how the minutes might better reflect the meeting's proceedings.

APOLOGIES FOR ABSENCE

Councillor Pauline Allan replaced Councillor Meale and Councillor Sissons replaced Councillor Garner, both for this meeting only.

DECLARATIONS OF INTERESTS

No declarations of interest were made.

FINANCIAL MONITORING REPORT: PERIOD 10 2016/2017

A short report on the implications of the budget proposals will be brought to Committee once the details have been made available by Government.

RESOLVED: 2017/020

- 1) That the revenue budget expenditure to date and year end forecasts be noted.
- 2) That the Capital Programme expenditure to date and year end forecasts be noted and the variations to the Capital Programme be approved.
- 3) That the Council's Balance Sheet transactions be noted.
- 4) That the performance of the Procurement Team be noted.
- 5) That the performance of the Accounts Payable and Accounts Receivable teams be noted.

BETTER CARE FUND POOLED BUDGET – Q2 AND Q3 RECONCILIATION AND APPROVAL OF POOLED FUND AGREEMENT

RESOLVED: 2017/021

- 1) That the findings of the reconciliation of the BCF Pooled Fund for Q2 and Q3 2016/17 be noted.
- 2) That the variation to the Better Care Fund section 75 pooled budget for 2017/18 be approved, subject to amendments proposed by the Governing Bodies of the Clinical Commissioning Groups (CCG).

ENERGY COSTS AND PROCUREMENT

RESOLVED: 2017/022

That the contents of this report be noted and in particular that:

- Overall energy costs for buildings and street lighting are predicted to increase by just over 7% in 2017-18
- Non-energy costs are contributing an ever increasing percentage of final delivered energy costs.
- The Council has made significant reductions over the last 5 years in its emissions of carbon dioxide from energy use in its buildings and street lighting.
- The Council has a number of key programmes in place to support energy efficiency measures and carbon savings in its buildings (including schools) and street lighting, which will help limit the impact of energy price increases.

GEDLING ACCESS ROAD (GAR) PROPERTY ACQUISITION – CARLTON LE WILLOWS ACADEMY, GEDLING

The date of the relevant Transport and Highways Committee report referred to in Background Papers should be 16th March 2017, not 2016.

RESOLVED: 2017/023

That the acquisition of 0.7626 Hectares of land at Carlton le Willows Academy be approved on the terms as set out in the report and exempt appendix.

TRANSFER (DISPOSAL) OF LAND AT ELM AVENUE, NEWARK

RESOLVED: 2017/024

That the disposal of land at Elm Avenue, Newark to Newark and Sherwood District Council be approved on the terms as set out in the report and exempt appendix. Councillor Cutts requested that her vote dissenting against the above decision be recorded.

PROPERTY GROUP – STRUCTURE

RESOLVED: 2017/025

That the changes to the structure, as outlined in sections 14 to 20 of the report and represented diagrammatically in Appendix 1.0, be approved.

WORK PROGRAMME

In the event that the meeting scheduled for 20 April is cancelled members of the Committee will still receive a copy of the latest Financial Monitoring Report.

RESOLVED: 2017/026

That the Committee's work programme be noted.

EXCLUSION OF THE PUBLIC

RESOLVED: 2017/027

That the public be excluded from the remainder of the meeting on the grounds that discussions are likely to involve the disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

EXEMPT INFORMATION ITEMS

GEDLING ACCESS ROAD (GAR) PROPERTY ACQUISITION – CARLTON LE WILLOWS ACADEMY, GEDLING

RESOLVED: 2017/028

That the information set out in the exempt appendix be noted.

TRANSFER (DISPOSAL) OF LAND AT ELM AVENUE, NEWARK

RESOLVED: 2017/029

That the information set out in the exempt appendix be noted.

The meeting closed at 2.47pm

CHAIR

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

DRAFT MANAGEMENT ACCOUNTS 2016/17

Purpose of the Report

1. To inform the Committee of the year end position for the 2016/17 draft Management Accounts.
2. To request that the Committee recommends the transfer to the General Fund Balances of £3.7m, for approval by County Council.
3. To inform the Committee of the position on other reserves of the Authority.
4. To inform the Committee of the final position on 2016/17 contingency requests.
5. To inform the Committee on the year end position for the 2016/17 Capital Programme and it's financing.
6. To request approval of variations to the Capital Programme.

Information and Advice

Background

7. The financial position of the County Council has been monitored throughout the financial year, with monthly reports to Corporate Leadership Team and the Finance and Property Committee providing an update of progress, thus ensuring decision makers had access to financial information on a timely basis. At the Finance and Property Committee meeting of the 24 April 2017, Members were informed of the forecast as at period 11. This report is the draft out-turn for 2016/17. The final figures will be confirmed at the County Council meeting on the 13 July 2017.

Summary Financial Position

8. Through continued prudent financial management, Committee budgets have achieved a net underspend of £11.4m or 2.2% of net Committee budgets. This compares to a period 11 forecast of £6.6m.
9. The level of General Fund balances, subject to approval by County Council, will increase by £3.7m to £27.7m. This results in a closing balance that is £7.4m higher than originally planned.
10. The detailed figures are summarised in the appendices to this report. Table 1 shows the summary revenue position of the County Council.

Table 1 – Summary Financial Position

Committee	Final Budget £'000	Draft Out-turn £'000	Draft Variance £'000	Percentage Variance to Annual Budget
Children & Young People	129,985	133,412	3,427	2.6%
Adult Social Care & Health	214,095	206,423	(7,672)	(3.6%)
Transport & Highways	59,495	58,916	(579)	(1.0%)
Environment & Sustainability	32,547	32,283	(264)	(0.8%)
Community Safety	3,096	3,196	100	3.2%
Culture	13,204	12,947	(257)	(1.9%)
Policy	23,219	22,202	(1,017)	(4.4%)
Finance & Property	29,253	28,757	(496)	(1.7%)
Personnel	11,150	10,614	(536)	(4.8%)
Economic Development	1,545	1,443	(102)	(6.6%)
Public Health	5,360	1,389	(3,971)	(74.1%)
Net Committee (under)/overspend	522,949	511,582	(11,367)	(2.2%)
Central items	(23,489)	(29,652)	(6,163)	
Contribution to Schools Expenditure	621	621	-	
Contribution to/(from) Traders	155	(31)	(186)	
Forecast prior to use of reserves	500,236	482,520	(17,716)	
Transfer to / (from) Corporate Reserves	(11,847)	(7,724)	4,123	
Transfer to / (from) Departmental Reserves	(5,752)	412	6,164	
Transfer to / (from) General Fund	(3,741)	3,688	7,429	
Net County Council Budget Requirement	478,896	478,896	-	

Net Committee Spend

11. The overall net underspend within the Committees is £11.4m and the principal reasons for the variations are detailed below.

Children & Young People (£3.4m overspend, 2.6% of Committee budget)

12. The Children's Social Care Division has overspent by £2.7m. This net position includes overspends of £2.6m on Provider Services (Looked after Children placements), £0.3m on staffing in social work and safeguarding teams, £0.1m on transport and £0.2m on various other budgets across the Division. These variances have been offset by a £0.3m underspend on non LAC placements and a £0.2m underspend on the Children with disabilities homes budget.

13. The final outturn for Education Standards and Inclusion Division is a net overspend of £1.7m. Within this, there is an overspend of £2.0m on Special Education Needs and Disability (SEND) home to school transport where demand has exceeded the budget. This has been partly offset by a £0.2m underspend on the Virtual School, with expenditure being charged to the Pupil Premium Looked after Children grant, together with a £0.1m over-achievement of sold service income.

14. A net underspend of £0.6m has been delivered in the Youth, Families and Culture Division. This is due to a £0.4m underspend across the Family Service and Youth Justice budgets, arising primarily from savings within employee costs and activities and support budgets, together with a £0.2m underspend in the Integrated Children's Disability Service.

15. There is also an underspend of £0.4m in Business Support which relates to savings associated with holding vacancies in anticipation of future years' budget savings.

Adult Social Care and Health (£7.7m underspend, 3.6% of Committee budget)

16. The Strategic Commissioning, Access and Safeguarding Division has underspent by £0.8m which is mainly due to a £0.4m underspend due to the new Advocacy contract let in October, a £0.3m underspend on Learning Disability Commissioning and a £0.5m underspend on the ICELS pooled budget. This has been partially offset by a £0.4m overspend due to an investigation into an external provider and Direct Payment Support Service (DPSS) transfer fees.
17. A net underspend of £1.9m has been achieved in the North and Direct Services budgets. This is mainly due to a £0.7m underspend on Day Services and Employment Services, primarily on staffing, a £0.2m underspend on Care and Support Centres and a £0.3m underspend on the Short Breaks units, primarily on staffing. In addition there is a £0.7m underspend on Bassetlaw Care Packages due to an underspending on Younger Adults, partially offset by an overspend in Older Adults.
18. The Mid and South Nottinghamshire Divisions have underspent by £5.0m which is mainly due to an underspend of £3.1m on Older Adults Care Packages, together with an underspend of £1.7m on Younger Adults Care Packages. This underspend has increased by £1.4m since Period 11 as a result of further reductions to Older Adult commitments and increased Continuing Healthcare income.

Transport & Highways (£0.6m underspend, 1.0% of Committee budget)

19. The net underspend above is made up of a £0.6m underspend in the Transport Division due to the reduction of concessionary fare payments, through reduced patronage, beneficial contractor agreements and changes in eligibility criteria.

Environment and Sustainability (£0.3m underspend, 0.8% of Committee budget)

20. The net underspend is due to a £0.5m underspend on non-PFI contract costs, due to trade waste income and energy rebates, partially offset by a £0.1m shortfall in planning fee income and a £0.1m revenue contribution to capital expenditure on the Eastcroft Plant.

Community Safety (£0.1m overspend, 3.2% of Committee budget)

21. The Committee overspend is due to a small variance on the Coroners Service.

Culture (£0.3m underspend, 1.9% of Committee budget)

22. The net underspend of £0.3m is due mainly to commercial activity during the year in Country Parks, together with the vigilant use of the temporary transition budget during the first year of the Inspire contract.

Policy (£1.0m underspend, 4.4% of Committee budget)

23. This net underspend is due mainly to reduced insurance costs and increased income in Democratic Services, together with reduced external legal fees, vacancy savings in the Business Support Centre and a reduced use of agency staff in the Programmes and Projects Team. £0.3m relates to a payment which was anticipated in the 2015/16 accounts and which has now been confirmed as not outstanding. The above underspends are offset by some of the costs associated with the May 2017 local elections which would have previously been funded by contingency.

Finance and Property (£0.5m underspend, 1.7% of Committee budget)

24. The County Offices and Facilities Management Division underspent by £0.2m due mainly to reduced utility charges and reduced business rates payable on County Offices premises. A net underspend of £0.1m has been achieved in Property due to an underspend on planning consultancy and the Finance and Procurement Division has delivered further underspends of £0.2m due to staff vacancies.

Personnel (£0.5m underspend, 4.8% of Committee budget)

25. The underspend is due mainly to staff vacancies and a reduction in running costs, together with a reduction in training fees due to lower than expected in-year training requests.

Economic Development (£0.1m underspend, 6.6% of Committee budget)

26. The underspend of £0.1m has occurred due to the contract surplus for the Innovation Centre.

Public Health (£4.0m underspend, transferred in full to the Public Health Reserve)

27. Expenditure in this area is met in full by a government grant, with underspends transferred to an earmarked reserve for use in subsequent years. The underspend increased by £1.9m since Period 11 and is mainly due to slippage in activity against the Health Check Programme, together with an underspend against the Smoking and Tobacco Programme and the Public Health Directorate. In addition the service has been able to secure further section 256 funding towards a number of public health programmes.

Carry Forwards

28. In previous years the Council has considered requests to allow planned savings to be carried forward into the following financial year to support Committee priorities. This approach has been suspended since 2014/15 due to the financial pressures that the authority faces in forthcoming years.

Central Items (£6.2m underspend)

29. Central Items primarily consists of interest on cash balances and payments on borrowing, contingency, capital charges and various grants. Key variances are outlined below. There are various minor under and overspends (net total £0.5m underspend) within the rest of central items category, details of which can be found in Appendix A.

Contingency (£5.2m underspend) (for detail please refer to Appendix C)

30. The total 2016/17 contingency budget was originally set at £5.8m to cover both redundancy and general contingency requirements. Further adjustments increased this by £2.5m during 2016/17. Requests are received throughout the year from Committees and are approved through the budget monitoring reports presented to finance and property Committee or by the Section 151 Officer.

Government Grants (£3.6m underspend)

31. Several non-ring fenced grants sit centrally, but values are not normally confirmed until after the budget is set in the February of each year, which results in year end variances to budget. Overall these grants have resulted in a £1.6m underspend.

32. As previously reported the Council's membership of the Nottinghamshire Business Rates Pool results in a proportion of local growth being retained by the Council. In 2016/17 there is a £1.4m pool contribution to the N2 reserve as agreed and reported at Economic Prosperity Committee. There is also a £0.6m contribution which is the Authority's share of the 2016/17 pool surplus.

Statutory Provision for Debt Redemption (£3.1m overspend)

33. The Council is under a statutory duty “to determine for the current financial year an amount of MRP which it considers to be prudent”. The Minimum Revenue Provision (MRP) charged to the General Fund in 2016/17 has been determined at £3.1m.

Movements on Balances and Reserves (for detail please refer to Appendix B)

General Fund Balances

34. The Council meeting on 25 February 2016 approved the use of £3.7m of General Fund Balances. Given the underspend that has been achieved, it is recommended that a contribution of £3.7m is made to the General Fund. Subject to Council approval, the closing balance of the Council’s General Fund will increase from £24.0m to £27.7m.

Other Earmarked Reserves

35. At the end of 2016/17 other ‘earmarked’ reserves totalled £111.7m, a decrease of £10.0m since 31 March 2016. This consists of the following:

• PFI Reserves

36. £29.5m of reserves are held for PFI schemes and this equates to 26.4% of other earmarked reserves. The arrangements for calculating PFI grant result in more grant being received in the early years of a PFI scheme than is needed to meet the payments to providers of the service. These surpluses need to be kept in an earmarked reserve to cover the corresponding deficits in later years. The amounts set aside at the end of 2016/17 are shown in the table below.

Table 2 – PFI set aside as at 31/03/2017

PFI Scheme	£'000
East Leake Schools	3,241
Bassetlaw Schools	569
Waste	25,651
Total	29,461

• Insurance Reserve

37. The Authority operates a self-insurance scheme and covers risks up to an agreed amount. External insurers cover risks in excess of this figure. The Insurance Reserve is set aside to cover possible insurance claims losses that are not yet known. The closing balance of this reserve is £16.3m.

• Capital Projects Reserve

38. The Capital Projects Reserve supports the Medium Term Financial Strategy as well as current and future capital commitments. In 2016/17 there was a net contribution to the reserve of £1.5m. As at 31 March 2017, the balance on the Capital Projects Reserve is £13.6m.

• Strategic Development Fund

39. It was approved that the Strategic Development Fund (SDF) reserve would be brought together with the Improvement Programme reserve (Finance and Property Committee, June 2016) to fund on-going transformational costs. In 2016/17, £3.0m was drawn

down to fund costs associated with the Programmes and Projects team in addition to specific transformational projects. In 2017/18 and 2018/19, it has been agreed that costs associated with the Programme and Projects team are funded from the capital receipts flexibility directive.

• **Redundancy Reserve**

40. The Redundancy Reserve was created in 2009/10 and, since then, a proportion of year end underspends, combined with the release of the former Corporate Pay Review Reserve have increased the reserve value resulting in an opening balance of £5.0m. As reported in the 20th March 2017 Finance and Property report any underspending on the amount set aside from contingency for redundancy in year would be transferred into this reserve. A contribution of £1.2m has therefore been made to this reserve.

• **Earmarked for Services Reserves**

41. All departments have reserves for identified purposes. In addition, Financial Reporting Standards require grant income to be carried on the Balance Sheet as a reserve balance. This includes Public Health and Section 256 grants. During the year, these departmental balances decreased by a net £8.1m to £41.6m.

• **NDR Pool Reserve**

42. The pool was established in April 2013 when a new funding mechanism was introduced with the seven District and Borough Councils. There was a net increase of £0.7m in 2016/17. Of the £6.0m year-end balance £1.7m is the County's share of the pool surplus, the remaining balance (£4.3m) is the money set aside for N2.

• **Earmarked Reserve**

43. Earmarked reserves contain balances of reserves previously held under services but have been deemed no longer required for their original purpose. As part of the reserves strategy a budget of £7.3m was set. One off income and write offs during the year has reduced the call on this budget so only £6.6m was used in 2016/17. Following an exercise in the summer additional earmarked for services reserves have transferred in to leave the balance at £9.6m.

Capital Expenditure

44. Capital Expenditure in 2016/17 totalled £74.931m.

Table 3 shows the final 2016/17 Capital Programme broken down by Committee.

Table 3 – 2016/17 Capital Expenditure

Committee	Original Budget £'000	Revised Budget £'000	Total Outturn £'000	Variance £'000
Children & Young People	39,465	25,711	19,687	(6,024)
Adult Social Care & Health	7,060	4,011	2,732	(1,279)
Transport & Highways	36,030	39,496	35,200	(4,296)
Environment & Sustainability	2,745	2,724	2,934	210
Community Safety	100	100	-	(100)
Culture	4,912	975	309	(666)
Policy	244	255	240	(15)
Finance & Property	14,948	11,235	9,214	(2,021)
Personnel	70	252	225	(27)
Economic Development	4,731	4,425	4,390	(35)
Contingency	2,000	-	-	-
Total	112,305	89,184	74,931	(14,253)

Note: These figures exclude any expenditure incurred directly by schools.

45. The major areas of investment in 2016/17 are listed in Table 4 below.

Table 4 – Major investment areas 2016/17

Committee	Scheme	2016/17 Capital Expenditure £'000
Children & Young People	School Places Programme	14,505
	School Capital Refurbishment Programme	2,977
	Clayfields House	1,429
Transport & Highways	Road Maintenance & Renewals	14,029
	Integrated Transport Measures	3,382
	Hucknall Town Centre Improvement Scheme	6,621
	Street Lighting	2,707
	Rolls Royce Development	3,245
	A57 Roundabout	2,244
	Adult Social Care & Health	Living at Home
Finance & Property	Various IT Capital Projects	2,805
Economic Development	Superfast Broadband	3,529

Capital Programme Variations

46. The changes in the gross Capital Programme for 2016/17, since its approval at Council (25/02/16) are summarised in Table 5 below.

Table 5 2016/17 Capital Programme

	£'000
Approved per Council (Budget Report 2016/17)	112,305
Variations funded from County Council Allocations : Net slippage from 2015/16 and financing adjustments	(23,574)
Variations funded from other sources : Net slippage from 2015/16 and financing adjustments	453
Revised Gross Capital Programme	89,184

47. To comply with financial regulations, every item of capital expenditure incurred by the Council has to be approved, irrespective of how it is funded. The following variation to the Capital Programme require approval by Finance and Property Committee as it is in excess of £0.250m:-

It is proposed that the Children and Young People's Committee Capital Programme is varied to reflect the recently announced capital grant allocations as follows:-

Grant	Current Capital Programme Estimate (£000)	Confirmed Capital Allocation (£000)	Variation (£000)
Schools Places Grant 2017/18	677	505	(172)
School Maintenance Grant 2017/18	6,078	5,504	(574)
School Places Grant 2019/20	2,000	-	(2,000)
Early Years Capital Grant	-	3,800	3,800
Total Variation Required	8,755	9,809	1,054

48. A number of other minor variations to the capital programme have been approved by the Service Director – Finance, Procurement and Improvement. These variations are set out in Appendix D.

Maximising the use of grants in 2016/17

49. Sometimes when there is slippage on a scheme funded by grant, rather than slipping the grant funding for use in the next year, it is possible to use the grant to finance the expenditure on a different scheme in the current year. This does not affect the total expenditure on individual schemes, nor their phasing, but delays the use of prudential borrowing and the consequent impact on the revenue budget of having to set aside a minimum revenue provision (MRP).
50. Grant funding unapplied totalling £14.8m has been used to fund capital expenditure on projects in 2016/17 that would otherwise have been funded from borrowing.

Slippage/re-phasing of Capital Schemes

51. In addition to the slippage and re-phasing of schemes incorporated into the Budget Report 2016/17 there has been £14.3m further slippage.

Main Areas of Slippage

- Schools Capital Refurbishment Programme (£1.8m)
- School Places Programme (£3.5m)
- Integrated Transport Measures (£1.4m)
- Harworth Access Link (£0.8m)

52. The main reasons for slippage on the Schools Capital Programme are:-

- Schools are increasingly at capacity with no decant space resulting in works being re-scheduled to minimise disruption.
- Maintenance of a strong position on standardised specifications and design solutions to generate funds to support the future School Places programme.

53. The main reasons for slippage on the Transport and Highways Capital Programme are:-

- External funding used to fund the Harworth Access Link capital project has been re-profiled into 2017/18.
- Unforeseen railway works have delayed a capital project funded from within the Roads Maintenance and renewals programme which will now be delivered in 2017/18..
- The nature of consultation involved in a number of projects within the Integrated Transport Measured Programme has resulted in funding being re-profiled into 2017/18.

54. Despite slippage on both the Schools Capital Programme and the Transport and Highways Capital Programme it is still expected that the programmes will be delivered as agreed and within approved budgets.

Capital Financing

55. The following Table outlines how the 2016/17 capital expenditure has been financed.

Table 6 - 2016/17 Capital Financing

	Original Budget £'000	Revised Budget £'000	Total Outturn £'000	Variance £'000
Funding Source:				
Prudential Borrowing	54,723	31,149	8,964	(22,185)
Capital Grants	56,877	55,560	62,575	7,015
Revenue / Reserves	705	2,475	3,392	917
Gross Capital	112,305	89,184	74,931	(14,253)

56. Capital receipts for 2016/17 totalled £4.3m, which is £10.8m less than anticipated in the 2016/17 budget report. This is mainly as a result of a small number of high value capital receipts that were not completed in 2016/17. The capital receipts have been set against the principal of borrowing in previous years. Analysis has determined that this application of funding sources is optimum in terms of reducing the impact of the Capital Programme on the revenue account.
57. Total borrowing for the year is £9.0m, which is £22.1m less than the revised borrowing for 2016/17 of £31.1m. This is primarily as a result of the slippage/re-phasing of capital expenditure to be funded from prudential borrowing. The corresponding funding (capital allocations) will be carried forward and incorporated into the Capital Programme for 2016/17.
58. The Capital Programme for 2017/18 will be monitored to ensure that borrowing for 2017/18 is managed within the prudential limits for the year. Funding by borrowing in 2017/18 is now projected to be £80.1m. Although this is £23.2m more than the budgeted borrowing figure in the Budget Report 2017/18, any new capital expenditure slippage in 2017/18 will offset this and the Council's overall level of indebtedness is not expected to exceed previous forecasts. The size of the revised Capital Programme for 2017/18 is £123.1m.

Statement of Accounts

59. The pre-audited Statement of Accounts will be certified by the S151 Officer before 30th June to meet the statutory requirements, and be published on the Council's website. The external audit will take place over the summer months and therefore figures will be provisional, pending the completion of the audit.

Statutory and Policy Implications

60. 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 provisional 2016/17 year end revenue position.
- 2) To recommend the level of County Fund Balances for approval by County Council as set out in section 7.1 and Appendix B.
- 3) To note the movements in reserves as detailed in section 7 and Appendix B.
- 4) To note the final position on contingency requests as detailed in Appendix C.
- 5) To approve the capital variations outlined in section 8.2.
- 6) To note the capital programme and it's financing.

Nigel Stevenson

Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:

Keith Palframan – Group Manager, Financial Strategy & Compliance

Constitutional Comments (KK 05/06/2017)

The proposals in this report are within the remit of the Finance and Major Contracts Management Committee.

Financial Comments (GB 26/05/2017)

The financial implications are set out in the report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All

MANAGEMENT ACCOUNTS SUMMARY 2016/17

	2016/17 Final Budget £'000	2016/17 Draft Out-turn £'000	Variance £'000
Committee			
Children & Young People	129,985	133,412	3,427
Adult Social Care & Health	214,095	206,423	(7,672)
Transport & Highways	59,495	58,916	(579)
Environment & Sustainability	32,547	32,283	(264)
Community Safety	3,096	3,196	100
Culture	13,204	12,947	(257)
Policy	23,219	22,202	(1,017)
Finance & Property	29,253	28,757	(496)
Personnel	11,150	10,614	(536)
Economic Development	1,545	1,443	(102)
Public Health	5,360	1,389	(3,971)
Net Committee Total	522,949	511,582	(11,367)
Schools Budget (after Dedicated Schools Grant)	621	621	-
Net Schools total	621	621	-
Trading Services	155	(31)	(186)
Central Items Managed through Finance & Property Committee			
Capital Charges included in Committees	(40,835)	(40,835)	-
Statutory Provision for Debt Redemption	-	3,100	3,100
Interest	18,865	19,031	166
Contingency	5,235	-	(5,235)
Flood Defence Levies	276	276	-
Pension Enhancements	2,205	2,220	15
Write Offs	-	(318)	(318)
New Homes Bonus	(3,544)	(3,774)	(230)
Education Services Grant	(6,480)	(6,301)	179
Transition Grant	(1,980)	(1,980)	-
Other Government Grants	-	(1,590)	(1,590)
Trading Organisations	1,500	1,219	(281)
Business Rate returned growth to Partners	1,269	1,269	-
Additional Business Rate Growth Due to Pooling	-	(2,059)	(2,059)
Single Status Costs	-	279	279
Miscellaneous	-	(189)	(189)
Central Items	(23,489)	(29,652)	(6,163)
Expenditure before Use of Reserves	500,236	482,520	(17,716)

Reserves and Balances

Transfer to /(from) Corporate Reserves

PFI Reserves:

East Leake PFI	4	10	6
Bassetlaw PFI	53	1	(52)
Waste PFI	110	87	(23)
Strategic Development Fund	(3,487)	(3,160)	327
Pay Review	-	(250)	(250)
Earmarked Underspendings	(7,258)	(6,607)	651
Historic Abuse Enquiry	-	341	341
Corporate Redundancy	-	1,182	1,182
Additional Business Rate Growth Due to Pooling	-	2,059	2,059
Business Rate returned growth to Partners	(1,269)	(1,269)	-
Pensions (Surplus) / Deficit Contribution	-	(118)	(118)

Net transfer to /(from) Corporate Reserves	(11,847)	(7,724)	4,123
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Transfer to /(from) Departmental Reserves

Children & Young People	(52)	(52)	-
Adult Social Care & Health	(136)	842	978
Transport & Highways	143	355	212
Environment & Sustainability	(1,221)	(1,318)	(97)
Community Safety	(49)	(35)	14
Culture	(239)	(191)	48
Policy	154	304	150
Finance & Property	1,595	1,948	353
Personnel	-	-	-
Economic Development	(432)	(208)	224
Public Health	(5,360)	(1,389)	3,971
Traders Reserves	(155)	156	311

Net transfer to /(from) Departmental Reserves	(5,752)	412	6,164
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Transfer to/(from) General Fund	(3,741)	3,688	7,429
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Funding Required	478,896	478,896	-
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Funding

Council Tax/Surplus on Collection	314,700	314,700	-
Revenue Support Grant/Business Rates	164,196	164,196	-

Total Funding	478,896	478,896	-
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SUMMARY OF REVENUE RESERVES

	Brought Forward 01/04/2016 £'000	Use (-) in 2016/17 £'000	Contribution (+) 2016/17 £'000	Transfers 2016/17 £'000	Carry Forward 31/03/2017 £'000
General Fund Balances	24,017	-	3,688	-	27,705
Schools Reserves	34,380	(8,559)	215	-	26,036
Insurance Reserves	11,884	-	4,401	-	16,285
Other Earmarked Reserves					
Corporate Reserves					
Earmarked Reserves	9,665	(6,608)	-	6,559	9,616
Capital Projects	12,088	(1,385)	2,445	460	13,608
NDR Pool Reserve	5,312	(1,368)	2,059	-	6,003
East Leake PFI	3,213	-	28	-	3,241
Bassetlaw Schools PFI	304	-	265	-	569
Waste PFI	27,773	(2,209)	87	-	25,651
Corporate Pay Review	710	(250)	-	(460)	-
Surplus Pension Contributions Reserve	302	(118)	-	-	184
Corporate Redundancy Reserve	5,053	-	1,182	-	6,235
Historic Abuse Enquiry Reserve	-	-	341	-	341
Strategic Development Fund	7,652	(3,160)	-	200	4,692
Earmarked for Services Reserves					
Trading Activities	3,631	(1,880)	1,310	(475)	2,586
Earmarked for Services Reserves	14,525	(1,965)	1,612	(6,284)	7,888
Revenue Grants	14,664	(4,174)	5,462	(8)	15,944
Section 256 Grants	16,824	(2,240)	552	8	15,144
Subtotal Other Earmarked Reserves	121,716	(25,357)	15,343	-	111,702
Total Usable Revenue Reserves	191,997	(33,916)	23,647	-	181,728

EARMARKED FOR SERVICES RESERVES DETAIL

	Brought Forward 01/04/2016 £'000	Use (-) in 2016/17 £'000	Contribution (+) 2016/17 £'000	Transfers 2016/17 £'000	Carry Forward 31/03/2017 £'000
Adult Social Care and Health & Public Protection					
Trading Activities	-	-	-	-	-
Earmarked for Services Reserves	10,502	(408)	-	(5,795)	4,299
Revenue Grants	2,685	(85)	2,292	-	4,892
Section 256 Grants	13,849	(1,467)	459	-	12,841
Children, Families & Cultural Services					
Trading Activities	644	(330)	56	(102)	268
Earmarked for Services Reserves	125	(199)	-	274	200
Revenue Grants	4,494	(1,700)	496	-	3,290
Section 256 Grants	550	-	-	-	550
Place					
Trading Activities	2,841	(1,462)	1,254	(315)	2,318
Earmarked for Services Reserves	3,479	(1,338)	986	(645)	2,482
Revenue Grants	1,467	(133)	493	-	1,827
Section 256 Grants	-	-	-	-	-
Resources					
Trading Activities	146	(88)	-	(58)	-
Earmarked for Services Reserves	419	(20)	626	(118)	907
Revenue Grants	6	(6)	-	-	-
Section 256 Grants	-	-	-	-	-
Public Health					
Trading Activities	-	-	-	-	-
Earmarked for Services Reserves	-	-	-	-	-
Revenue Grants	6,012	(2,250)	2,181	(8)	5,935
Section 256 Grants	2,425	(773)	93	8	1,753
Total Earmarked For Services Reserves	49,644	(10,259)	8,936	(6,759)	41,562

ALLOCATIONS FROM CONTINGENCY

	2016/17	
	£000	£000
Opening Contingency Budget		5,820
Add on departmental transfers:		
ASCH Ctte- Base Budget	2,050	
Finance & Property & Policy Ctte - inc recharge to Pension Fund	477	2,527
Revised contingency Total		8,347
Approved contingency requests		
Healthwatch	(50)	
Social Work Support Officer	(300)	
Historic Abuse Claims team	(415)	
Sexual Abuse Groups	(50)	
Tree Diseases	(500)	
Highways Pay Award	(40)	
D2N2	(63)	
Insurance costs related to Historic Abuse	(400)	
Redundancy / Strain Costs - Various Cttes	(1,295)	
Total Approved contingency requests		(3,113)
Reported under/ (over) spend on contingency		5,235

MINOR VARIATIONS TO THE CAPITAL PROGRAMME

Committee	Project/ Programme	Value (£000)	Funded by:
Adult Social Care & Health	Supported Living	3	Revenue
Adult Social Care & Health	ASCH Strategy	221	Revenue
Children & Young People	Edwinstowe Respite Centre	99	Revenue
Children & Young People	Clayfields House	162	Reserves
Environment & Sustainability	Waste Management	79	Revenue
Finance & Property	Risk Management	73	Reserves
Finance & Property	CLASP Block	16	Revenue
Finance & Property	Planned Maintenance	120	Revenue
Finance & Property	Sir John Robinson House	30	Revenue
Finance & Property	Replacement of Soil Stacks	(100)	Borrowing
Finance & Property	Sherwood Energy Village	(4)	Borrowing
Finance & Property	Top Wighay Farm	(14)	Borrowing
Finance & Property	Sun Volt Programme	(50)	External Funding
Personnel	SCAPE	11	External Funding
Transport & Highways	Transport & Travel Services	9	Revenue
Transport & Highways	Bilsthorpe Modular	156	Reserves
Transport & Highways	Gedling Access Road	112	External Funding

19 June 2017

Agenda Item: 7

**REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT AND
IMPROVEMENT**

FINANCIAL MONITORING REPORT: PERIOD 1 2017/2018

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2017/18.
2. To request approval for contingency schemes submitted to date.
3. To request approval for additional use of the 2016/17 underspend.
4. To inform Members of the Council's Balance Sheet transactions.
5. To provide Members with an update from the Procurement Team.
6. To provide Members with an update from the Accounts Payable and Accounts Receivable teams.

Information and Advice

Background

7. The Council approved the 2017/18 budget at its meeting on 23 February 2017. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.
8. This report is based on the old Committee structure. Future financial monitoring reports will be based upon the revised Committee structure that was approved at Full Council on 25 May 2017.

Summary Revenue Position

9. 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

Committee	Annual Budget £'000	Actual to Period 1 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
Children & Young People	132,321	2,795	132,321	-
Adult Social Care & Health	217,166	6,584	217,166	-
Transport & Highways	58,406	4,394	58,406	-
Environment & Sustainability	33,153	-	33,153	-
Community Safety	3,048	34	3,048	-
Culture	12,427	778	12,427	-
Policy	20,852	648	20,852	-
Finance & Property	31,030	3,082	31,030	-
Personnel	10,651	828	10,651	-
Economic Development	1,074	228	1,074	-
Public Health*	518	(11,024)	518	-
Net Committee (under)/overspend	520,646	8,347	520,646	-
Central items	(16,452)	(6,554)	(16,452)	-
Schools Expenditure	(40)	(40)	(40)	-
Contribution to/(from) Traders	1	(376)	1	-
Forecast prior to use of reserves	504,155	1,377	504,155	-
Transfer to / (from) Corporate Reserves	(22,683)	-	(22,683)	-
Transfer to / (from) Departmental Reserves	(1,693)	-	(1,693)	-
Transfer to / (from) General Fund	(4,500)	-	(4,500)	-
Net County Council Budget Requirement	475,279	1,377	475,279	-

* The actual net expenditure for Public Health is skewed depending upon the timing of the receipt of grant.

10. In March 2017, the Government announced that local authorities with responsibility for Adult Social Care will receive additional temporary funding (subject to meeting certain criteria) to help address the current funding crisis. The Authority will receive £15.3m in 2017/18 (with a further £10.0m in 2018/19 and £5.0m in 2019/20). This announcement was made after Full Council approved the 2017/18 budget. A sizeable amount of the 2017/18 budget is supported by temporary money, such as the use of corporate reserves. A significant amount of work will be undertaken to ensure that the Authority meets the criteria associated with the grant, re-aligns budget accordingly and reviews temporary funding arrangements. As such, this additional grant has not been reflected in Table 1 above. On conclusion of this work, an update and request to approve a material budget transfer will be sought at a future meeting of the Finance and Major Contract Management Committee.

Requests for contingency

11. The Council's budget includes a contingency budget of £5.1m to cover redundancy costs, slippage of savings, the November increase of the Living Wage Foundation rates paid to Authority employees, Business Rates Revaluations, the Apprenticeship Levy and unforeseen events.

12. There is already a call on the 2017/18 contingency budget from requests that have been previously approved by the former Finance and Property Committee. These are as follows :-
- Apprenticeship Levy posts – Personnel Committee £0.1m
 - Historic Abuse Team – Children & Young People Committee £0.4m, with an additional £0.1m allocation requested at November 2016 Children and Young People Committee.
13. In addition, a bid of £62,500 has been submitted by the Economic Development Committee to meet Nottinghamshire's share of D2N2 Local Enterprise Partnership match funding. Each of the four upper tier Local Authorities contribute the same amount to lever in £250,000 from central government in 'core funds'.
14. It is proposed to use £1.0m of the contingency budget to fund the fine levied by the Health and Safety Executive following the recent prosecution into safety failings. This will be paid from Central Items rather than an individual committee.
15. A request for contingency has been submitted by Finance and Property Committee to fund £20,000 per annum for additional costs associated with the public WIFI system.
16. A request for £50,000 from contingency has been submitted by Culture Committee to fund the Authority's share of the staging costs associated with Nottinghamshire hosting the fourth stage of the Tour of Britain cycling race on 6th September 2017.

Progress with savings and risks to the forecast

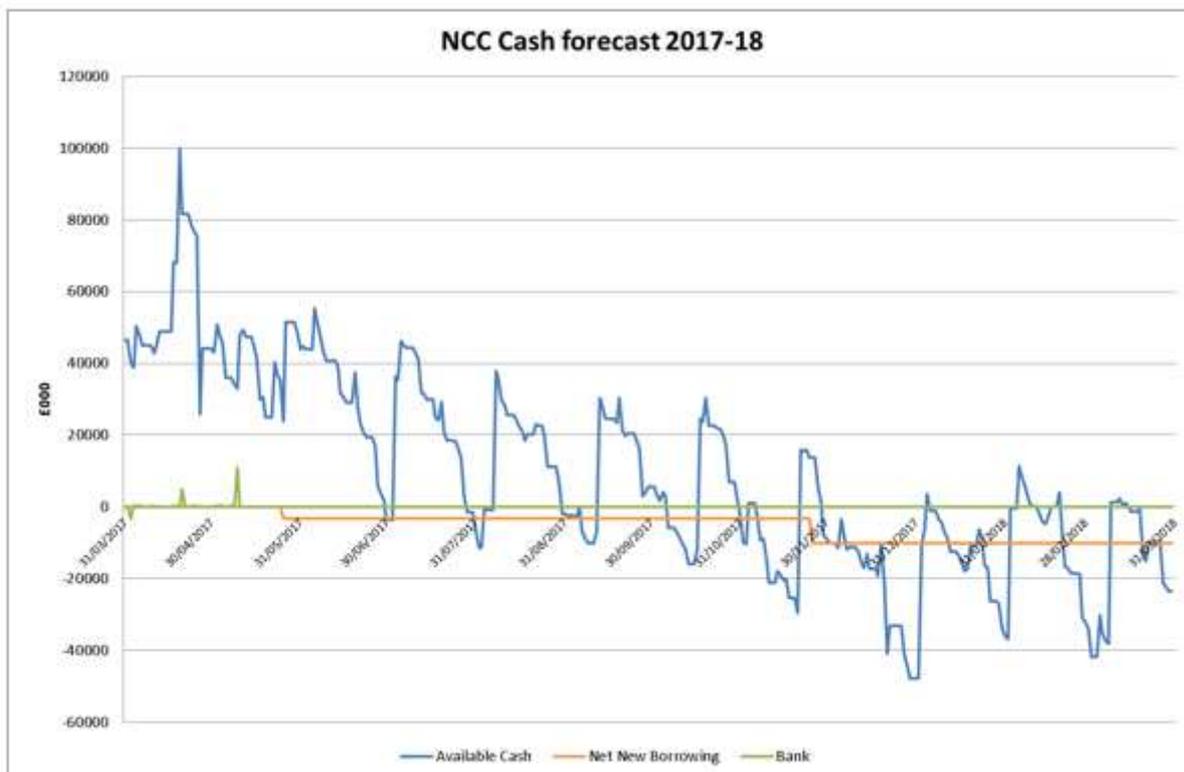
17. Council on 23 February 2017 approved savings proposals of £1.6m for delivery over the four year period 2017-21. These proposals are in addition to those approved previously by County Council. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn.
18. Issues associated with the achievement of savings relating to Adult Social Care Transport are being reviewed. The outcome of the reviews will be reported to the Corporate Leadership Team and subsequently to Finance and Major Contracts Management Committee.

Balance Sheet General Fund Balance

19. Members will be asked to approve the 2016/17 closing General Fund Balance of £27.7m at Council on 13 July 2017. The 2017/18 budget approves utilisation of £4.5m of balances which will result in a closing balance of £23.2m at the end of the current financial year. This is 4.9% of the budget requirement.
20. It is proposed to utilise £1.0m of the underspend from 2016/17 to provide additional funding for the repair of pot holes on the Authority's roads, therefore increasing the use of General Fund Balance in 2017/18 to £5.5m. It is anticipated that the additional £1.0m should repair approximately 19,000 potholes in the current financial year.

Treasury Management

21. Daily cash management aims for a closing nil balance across the Council's pooled bank accounts with any surplus cash invested in accordance with the approved Treasury Management Policy. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group. The Cash forecast chart below shows the actual cash flow position for the financial year 2017/18. Cash inflows are typically higher at the start of the year due to the front loading receipt of Central Government grants, and the payment profile of precepts. Cash outflows, in particular capital expenditure, tend to increase later in the year, and the chart shows a clear need for the Council to borrow during the course of the year.

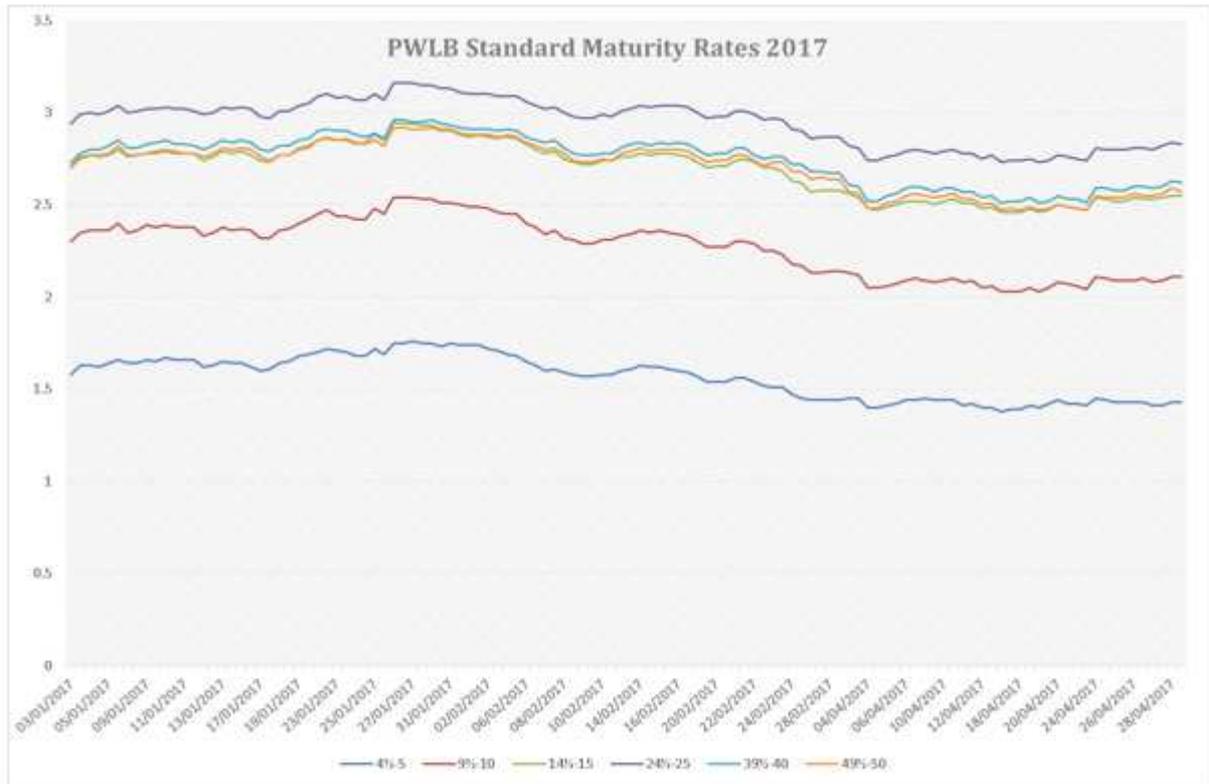


22. The chart above gives the following information:

Available cash	Surplus cash (invested in call accounts or money market funds) or a shortfall of cash indicating a need to borrow.
Net new borrowing	New loans taken during the year net of principal repayments on existing borrowing.
Bank	That element of surplus cash held in the Council's Barclays Bank account.

23. The Treasury Management Strategy for 2017/18 identified a need to borrow approximately £30m over the course of the year to fund the capital programme, replenish internal balances and to replace maturing debt. It is likely that the first tranche of this will be taken prior to the

end of June (at which point the forecast shown in the chart above dips below zero). PWLB interest rates continue to be monitored closely to allow dips in rates to feed into decisions on new borrowing. The Council remains able to take advantage of the PWLB “certainty rate” which is 0.2% below the standard rates. The chart below shows the movement in standard PWLB maturity rates over the course of 2017 so far.



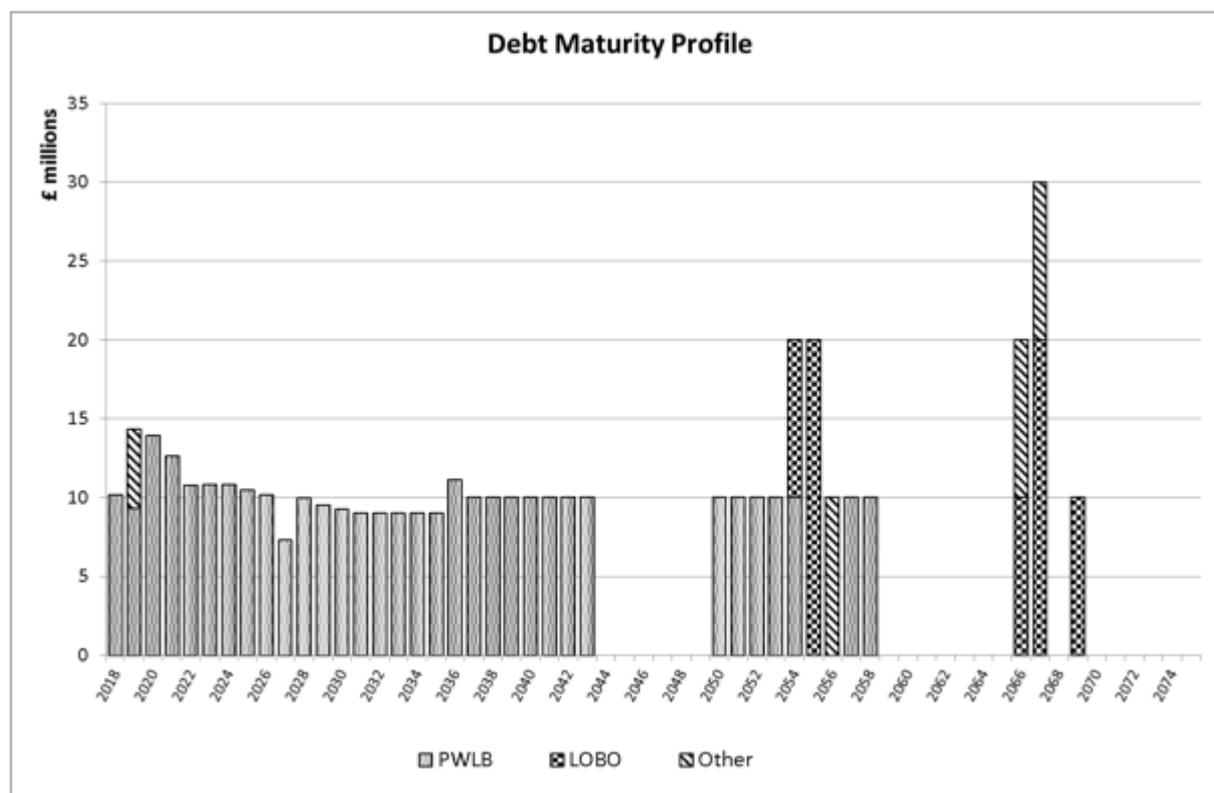
24. Borrowing decisions will take account of a number of factors including:

- expected movements in interest rates
- current maturity profile
- the impact on revenue budgets and the medium term financial strategy
- the treasury management prudential indicators.

25. The maturity profile of the Council's debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 41 years. When deciding on the lengths of future loans the Council will factor in any gaps in its maturity profile, with a view to minimising interest rate risk, but will consider this alongside other financial factors.

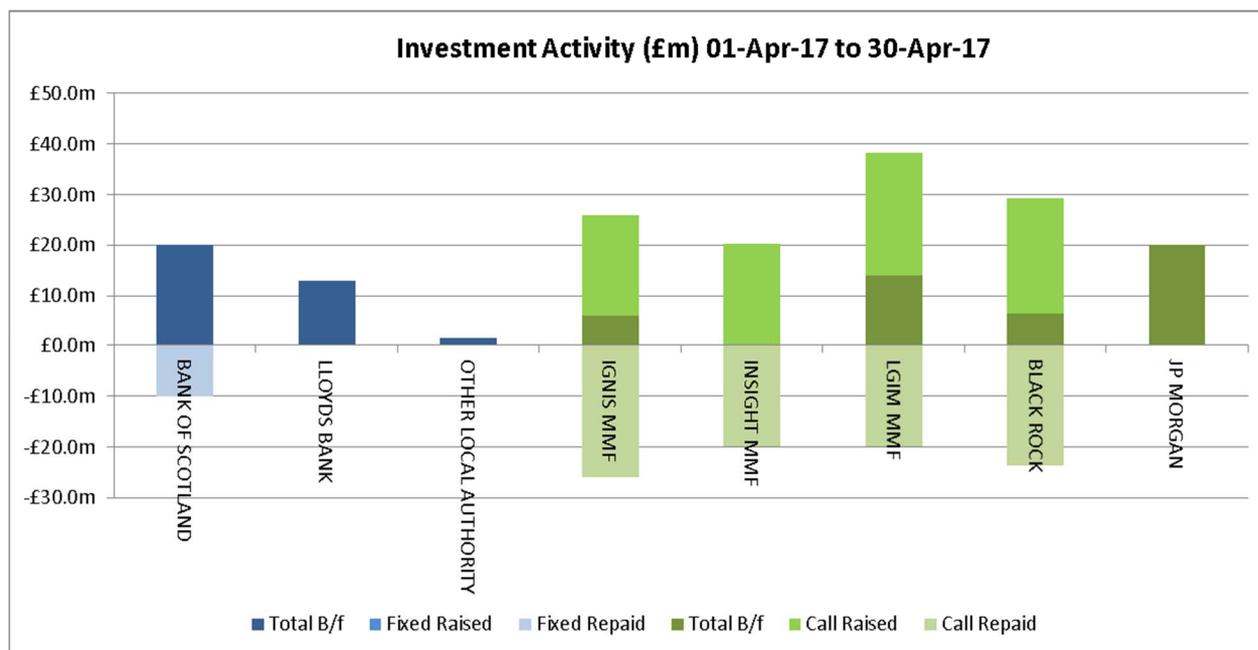
26. Longer-term borrowing (maturities up to 52 years) was obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken at rates lower than the prevailing PWLB rate at the time. However, LOBOs could actually mature at various points before then, exposing the Council to some refinancing risk.

27. The 'other' loans denote borrowing from the money markets where the main objective was to minimise interest costs, and also includes loans from Barclays Bank that were converted from LOBOs to fixed-term loans.



28. The investment activity for 2017/18 to the end of April 2017 is summarised in the chart and table below. Outstanding investment balances totalled £81m at the start of the year and approximately £69m at the end of the period. This reduction includes the effect of making a £39m contribution to the Nottinghamshire Pension Fund in order to reduce the deficit.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
Bank of Scotland	20,000	-	(10,000)	10,000
Lloyds Bank	13,000	-	-	13,000
Other Local Authority	1,500	-	-	1,500
IGNIS MMF	6,000	20,000	(26,000)	-
Insight MMF	-	20,200	(19,900)	300
LGIM MMF	13,950	24,300	(20,000)	18,250
Black Rock	6,500	22,750	(23,700)	5,550
JP Morgan	20,000	-	-	20,000
Total	80,950	87,250	(99,600)	68,600



29. As part of the Council's risk management processes all counterparty ratings are regularly monitored and lending restrictions changed accordingly.

Debt Recovery Performance

30. The overall debt at the end of 2016/17 is showing expected increases as cyclical and year-end income is raised prior to 31st March. In comparison, these levels are lower than in 2015/16, some of the decrease can be attributed to the introduction of Alternative Service Delivery Models.

31. Statutory debt over 6 months continues to be influenced by full cost invoices to services users that have not yet joined the deferred payments scheme. These users charged full costs for their care which they have no funds to make payments. The levels of debt for both Statutory and Non Statutory debts are, however, lower than Quarter 3.

32. The write off total as at the end of Quarter 4 was £436,000

Invoices Raised

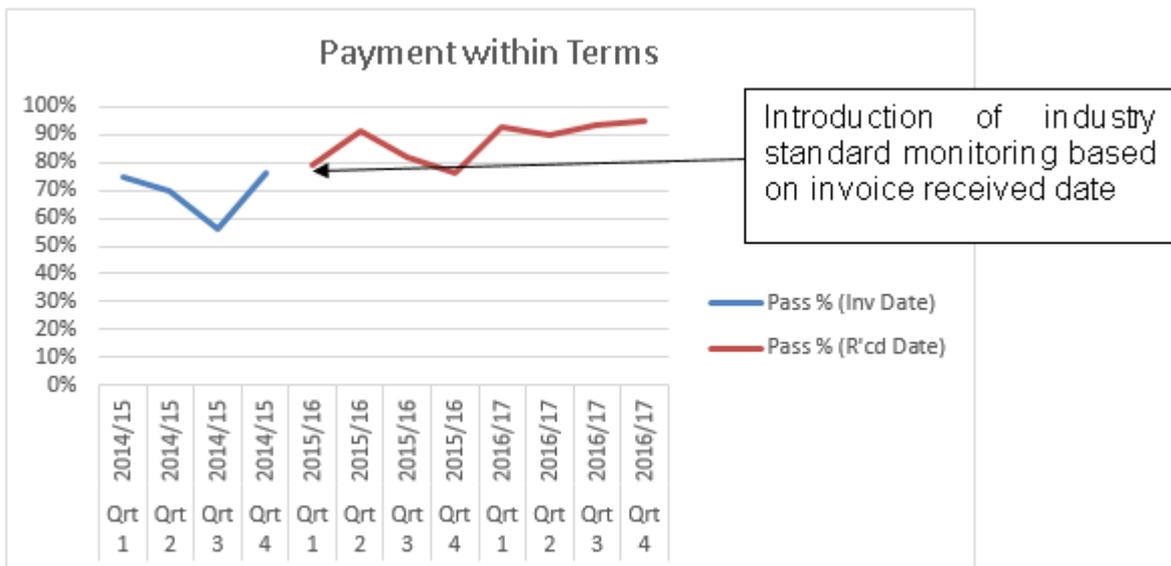
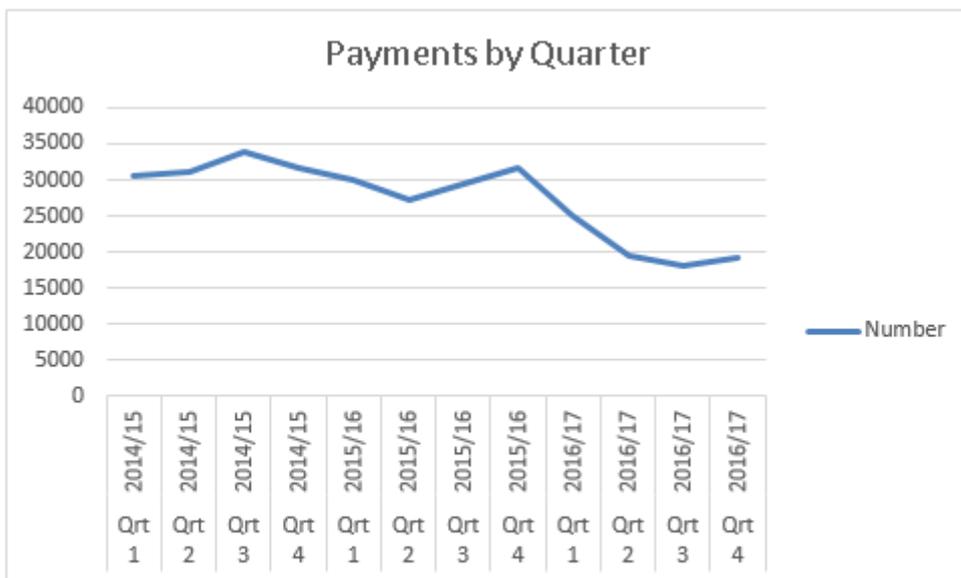
	Quarter 4	Year to date
Number	45,941	177,410
Value	£48,522,321	£182,769,514

Debt Position

	Statutory	Non-Statutory	Total
Total	£9,953,652	£12,730,782	£22,684,435
Over 6 months	£4,633,575	£887,126	£5,520,877
% over 6 months	46.7%	7.0%	24.3%

Accounts Payable (AP) Performance

33. Payment within terms are being maintained above 90% with Quarter 4 being recorded as 95%. The main reason for the increase is the resolution of legacy invoices from Arc. As reported previously, the annual volume of invoice transactions in respect of commercial spend has reduced from 120,000 to 82,000. This is attributed to the use of consolidated invoices and ASDM's going live during this financial year.
34. The two Procure to Pay (P2P) pilot hubs now has the approval to increase to three. They are still working well and a great deal of positive feedback has been received. Each P2P hub is expanding the scope of services that they can include within their processes and continue to refine these at each locality.

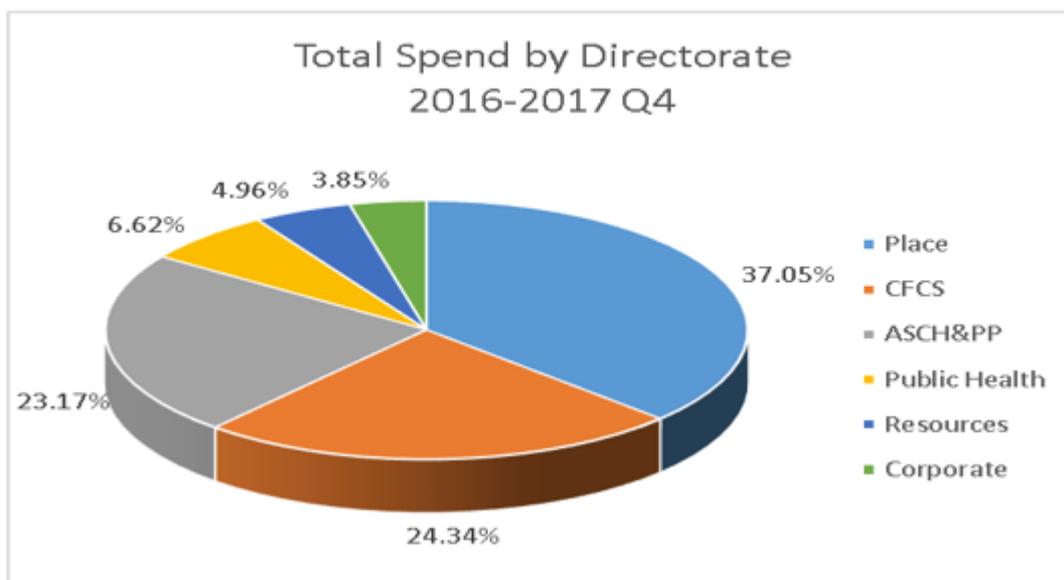


35. The debt recovery and accounts payable performance information will continue to be reviewed at an operational level on a fortnightly basis. The strategic performance information will be compiled for this report to Committee on a quarterly basis.

Procurement Performance

36. As an organisation, NCC has spent £139m in the fourth quarter of the financial year 2016/17 with external suppliers. This represents a decrease of £17m when compared with the same period of the previous financial year. The top 7% (237) of suppliers account for 80% (£111m) of the total supplier spend. The remaining 93% (3299 suppliers) have a total expenditure of £28m with an average spend of £8,500.

37. The chart below shows the total amount spent in the period, by Directorate. Place has the highest level of expenditure at 37%, whilst collectively the care related Directorates (ASCH&PP, CFCS, & Public Health) account for 54% of all spend..



38. The Council's primary ordering route is through BMS. Orders that are processed through BMS are classified as 'Compliant', whilst purchases made outside of the Council's systems are deemed to be 'Non-Compliant'.

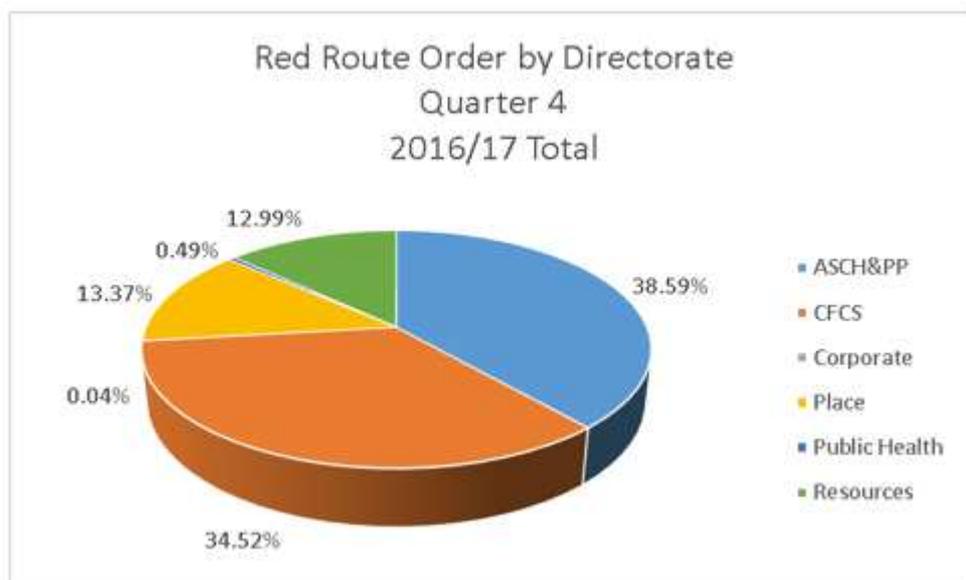
Retrospective orders are also classified as non-compliant, as they are typically raised after delivery of goods/services. Services commissioned and managed through other Corporate Systems, for example Frameworks, are out of scope. Purchase Orders are beneficial to the organisation as they provide visibility of what we spend. When compared with the same period of the previous financial year:

- Compliant ordering has increased by 3% from 62% to 65% of the total spend
- Non-compliant (non PO) ordering has decreased by 3% from 38% to 35% of the total spend
- Interface spend has also decreased from 23% to 19.5% of the total spend

39. The table below shows the number of retrospective orders on a monthly basis by department.

Directorate	PO Volume Jan 2017	PO Volume Feb 2017	PO Volume Mar 2017	Total Q4 2016/17	Total Q4 2015/16
ASCHPP	214	157	220	591	778
CFCS	394	287	393	1,074	1,502
Place	366	330	334	1,030	1,547
Corporate	-	-	1	1	5
Public Health	5	3	4	12	7
Resources	114	96	117	327	355
Total	1,093	873	1,069	3,035	4,194

40. Purchase orders themselves are split into Green and Red orders. Green orders are those which are raised with the Procurement Centre's pre-arranged agreements or contracted suppliers. Red orders are those that do not have approved suppliers or contracts set up on BMS, and require additional work. When compared with the same period in the previous financial year the volume of 'Red' orders have reduced from 9,467 to 7,445. The chart below identifies the percentage of Red Route orders by Directorate in the 2016/17 financial year. The Procurement Team are working with stakeholders to improve these figures.



41. A full list of ongoing developments within the Procurement Team is included in Appendix A.

Statutory and Policy Implications

42. 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 2017/18.
- 2) To approve the contingency requests received to date.
- 3) To approve the additional use of the 2016/17 underspend.
- 4) To note the Council's Balance Sheet transactions.
- 5) To note the performance of the Procurement Team.
- 6) To note the performance of the Accounts Payable and Accounts Receivable teams.

Nigel Stevenson Service Director – Finance, Procurement and Improvement

For any enquiries about this report please contact:
Keith Palframan, Group Manager, Financial Strategy and Compliance
Tamsin Rabbitts - Senior Accountant, Pensions and Treasury Management

Constitutional Comments (KK 05/06/2017)

43. The proposals in this report are within the remit of the Finance and Major Contracts Management Committee.

Financial Comments (GB 26/05/2017)

44. The financial implications are stated within the report.

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

Appendix A

Ongoing developments:

Action	Target Outcomes	Current status
Developed a procurement customer satisfaction survey.	Gain a better understanding of our customers' requirements and concerns so that we can improve the services that we deliver.	The Customer Satisfaction Survey is in use. Results will be used to inform future improvement.
Opening NCC Framework Agreements to other Authorities	To generate income for the Authority	Work is underway with the Marketing & Digital Team to support the development of an income generating procurement team.
Supporting county Supplies	Enable County Supplies to become a profitable organisation	Dedicated support has been allocated to County Supplies to support their financial position through a review of procurement practices and activities.

19 June 2017

Agenda Item: 9

REPORT OF CORPORATE DIRECTOR, RESOURCES

WORK PROGRAMME

Purpose of the Report

1. To consider the Committee's work programme for 2017/18.

Information and Advice

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason/s for Recommendation/s

6. To assist the committee in preparing its work programme.

Statutory and Policy Implications

7. 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

RECOMMENDATION/S

- 1) That the committee's work programme be noted, and consideration be given to any changes which the committee wishes to make.

Jayne Francis-Ward
Corporate Director, Resources

For any enquiries about this report please contact: Pete Barker, x 74416

Constitutional Comments (HD)

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (NS)

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

Background Papers

None.

Electoral Division(s) and Member(s) Affected

All

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE - WORK PROGRAMME

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>For Decision or Information ?</u>	<u>Lead Officer</u>	<u>Report Author</u>
17 July 2017				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
18 September 2017				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
16 October 2017				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
20 November 2017				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
18 December 2017				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
15 January 2018				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>For Decision or Information ?</u>	<u>Lead Officer</u>	<u>Report Author</u>
5 February 2018				
Annual Budget Meeting	To recommend to Full Council the financial strategy, annual revenue budget, annual capital budget, and precept on billing authorities	Decision	Nigel Stevenson	Glen Bicknell
26 February 2018				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
19 March 2018				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
23 April 2018				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
21 May 2018				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
18 June 2018				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell
16 July 2018				
Monthly Budget & Capital Monitoring Report 2017/18	Budget Capital Monitoring, Capital Receipts, Capital Variations	Decision	Nigel Stevenson	Glen Bicknell