

**15 December 2014****Agenda Item: 4****REPORT OF THE SERVICE DIRECTOR – FINANCE AND PROCUREMENT  
FINANCIAL MONITORING REPORT: PERIOD 7 2014/2015****Purpose of the Report**

1. To provide a summary of the revenue position of the County Council for the year to date with year-end forecasts.
2. To inform Members of progress against savings.
3. To provide a summary of Capital Programme expenditure to date and year-end forecasts.
4. To inform Members of the Council's Balance Sheet transactions.

**Information and Advice****Background**

5. 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 both management and Committee on a monthly basis.

**Summary Revenue Position**

6. Table 1 below summarises the revenue budgets and forecast outturn for each Committee. An underspend of £2.4m is currently predicted. In light of the Council's continuing financial challenges, the key message to effectively manage budgets and wherever possible deliver in-year savings is being reinforced.

**Table 1 – Revenue Expenditure and Forecasts as at Period 7**

Forecast Variance as at Period 6 £'000	Committee	Annual Budget £'000	Actual to Period 7 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
292	Children & Young People	148,479	72,603	148,282	(197)
(2,317)	Adult Social Care & Health	216,296	127,966	213,548	(2,748)
(557)	Transport & Highways	61,143	32,107	60,050	(1,093)
70	Environment & Sustainability	31,065	15,713	31,046	(19)
75	Community Safety	3,016	905	3,136	120
87	Culture	13,204	9,566	13,347	143
(1,167)	Policy	27,032	16,113	25,114	(1,918)
(381)	Finance & Property	33,543	26,823	32,691	(852)
(86)	Personnel	3,037	1,320	2,902	(135)
-	Economic Development	1,377	1,120	1,377	-
1,666	Public Health	1,688	(8,755)	436	(1,252)
(2,318)	<b>Net Committee (under)/overspend</b>	<b>539,880</b>	<b>295,481</b>	<b>531,929</b>	<b>(7,951)</b>
(1,932)	Central items	(10,677)	(42,827)	(10,684)	(7)
-	- Schools Expenditure	223	223	223	-
-	- Contribution to/(from) Traders	(314)	2,893	(314)	-
(4,250)	<b>Forecast prior to use of reserves</b>	<b>529,112</b>	<b>255,770</b>	<b>521,154</b>	<b>(7,958)</b>
2,500	Transfer to / (from) Corporate Reserves	(10,332)	(2,092)	(7,458)	2,874
(1,492)	Transfer to / (from) Departmental Reserves	(9,335)	-	(6,624)	2,711
-	- Transfer to / (from) General Fund	(5,184)	-	(5,184)	-
(3,242)	<b>Net County Council Budget Requirement</b>	<b>504,261</b>	<b>253,678</b>	<b>501,888</b>	<b>(2,373)</b>

## Committee and Central Items

7. The main variations that have been identified are explained in the following section.

### Adult Social Care & Health (forecast £2.7m underspend)

8. The reported forecast may be subject to change as it is based on system information. Uncertainties exist within this data which cannot currently be quantified and are being investigated further.
9. The Deputy Director division is currently reporting a net underspend of £2.1m which comprises the following:
- Deputy Director is forecasting an underspend of £0.2m. This relates to the unallocated budget offset by the recharge income of £0.1m from Public Health. As no usage has been identified, both are now forecast as unspent / unachieved.
  - Strategic Commissioning are forecasting an underspend of £0.4m which is an increase of £0.1m. This is due to the continued reduction in contracts throughout Early Intervention and Prevention services of £0.5m and an underspend on Assistive Technology equipment of £0.1m which is partly offset by unbudgeted contract payments against the Emergency Night Service of £0.2m.

- Day Services and Employment are still forecasting an underspend of £0.7m of which £1.0m relates to underspends across staffing lines within day services. County Enterprise Foods are showing a £0.3m underspend due partly to staffing vacancies, but also to additional unbudgeted income from Nottingham City Council and Sweden. This is mitigated by the £0.6m known transport overspend.
  - Residential Services are forecasting an underspend of £1.5m. This is an increase of £0.4m and primarily relates to staffing vacancies and under-utilisation of absence cover within the Care & Support Centres of £0.9m, plus additional Health Income of £0.2m. Additional budget for 1:1 care has resulted in the Short Breaks Units now forecasting an underspend of £0.4m.
  - Use of reserves across the service is £0.6m less than budget due to the reduced contract spend throughout Strategic Commissioning.
10. The Access & Public Protection Division is currently forecasting a net underspend of £0.3m against the base budget. This comprises the following:
- There remains an overspend of £0.1m on salaries within the Safeguarding Adults Team.
  - Client Contribution income is forecasting a shortfall of £0.4m. This compares with a break even position in period 6 and highlights the volatility of Client Income.
  - There are underspends on software within the Framework Team of £0.1m and the Market Development Team of £0.1m.
  - There also remains an underspend across the Business Support function of £0.6m, the majority of which relates to an underspend on salaries.
  - Use of reserves across the service is £0.1m less than budget due to vacant posts.
11. The North and South Nottinghamshire Divisions are currently forecasting a combined overspend of £0.2m. The major variances are as follows:
- Older Adults across the County are currently reporting an underspend of £0.9m, this is a reduction of £1.1m since period 6 and is primarily due to closing the open packages of deceased service users on Framework.
  - Younger Adults across the County are now reporting an overspend of £1.0m, this is an increase of £0.2m since period 6.
  - Expenditure under the remit of Service Directors, Principal Social Worker and the Care Act Team costs are reporting an overspend of £0.1m.

Throughout the North and South, the significant variances across the service types are as follows:

- The outturn forecast currently includes £1.7m for anticipated Transitions and Predicted needs. This is a £0.2m reduction on what was reported at period 6, and is expected to reduce month on month until year end.
  - Direct Payment recovery is increasing each month and currently stands at £1.5m.
  - In addition the forecast includes additional Continuing Health Care income across the County amounting to £0.7m more than budget.
12. This forecast includes the anticipated net use of £5.3m of earmarked reserves, which is £0.6m less than budget due to underspends on specific projects and contracts.

### **Transport & Highways (forecast £1.1m underspend)**

13. This forecast underspend is due mainly to:

- A forecast net underspend on Highways of £0.3m due to underspends on salaries (£0.5m), additional S38 / S278 Income (£0.1m) and Street Lighting Energy (£0.2m). These more than offset overspends in relation to Trees & Hedges (£0.3m); Verges (£0.2m) and Road Studs & Markings (£0.1m). It is proposed to use underspends from revenue budgets to offset demand led overspends rather than using reserves.
- An underspend of £0.4m on Concessionary Fares due to a delay in the introduction of new tram lines and agreements with Operators, showing a saving due to a slight downturn in passenger trips and tight control of scheme management costs.
- A £0.2m saving on Local Bus Services due to a part year effect of August re-tendering. Some members' requests have been received for re-installation of services for areas with little / reduced coverage, which will come into operation from January 2015.
- There is an underspend on Salaries and Service Development of £0.1m due to the OBC savings being achieved in 2014/15, rather than over two years, and through reduced consultancy fees.

### **Policy (forecast £1.9m underspend)**

14. This underspending is mainly due to staff vacancies and a reduction in the use of external agencies in legal services, staff vacancies in the Business Support and Customer Service Centres, Corporate Strategy and Communications and Marketing, together with savings in Members and Civic Services relating to hospitality, running costs and income.

### **Finance & Property (forecast £0.9m underspend)**

15. This forecast underspend is due to:

- The net underspending within Finance and Procurement of £0.3m relates to staff vacancies partially offset by the cost of agency staff and a reduction in purchasing rebates.
- Property is forecasting an underspend of £0.1m due to achievement of savings and over-recovery of Estates income, partially offset by a declared overspend on works at Sir John Robinson Way charged to Planned Maintenance.
- A County Offices & Facilities Management underspend of £0.3m is due to early achievement of 2015/16 savings from the closure of buildings and efficiency savings.
- There is a forecast underspending of £0.2m within ICT Services and Business Support relating to staff savings and reduced running costs.

### **Public Health (forecast £1.3m underspend)**

16. This forecast underspend is due mainly to:

- There is an overall underspend of £0.3m in Obesity and Physical activity due to the retendering exercise not proceeding in October, with the consequent extensions of current contracts until the end of the financial year. Previous forecasts had included an expectation that this area would overspend by £0.5m.

- £0.2m of the underspend relates to low activity to date within the health check programmes.
- The Smoking & Tobacco programme is forecasting an underspend of £0.7m due to savings relating to GP & Pharmacy providers for Stop Smoking Services, together with an overstated adjustment in the current year's accounts for expenditure relating to Prescribing in 2013/14. Previous forecasts had assumed expenditure would be in line with budget.
- The Public Health Directorate is forecast to underspend by £0.1m due to vacancy savings.
- The Children 5-19 Public Health Programme had previously reported an overspend of £0.7m due to assumptions that the rebased County Health Partnership contract would not take effect within the financial year. This assumption has been revised as it is now expected that the contract will be backdated to April 2014 and therefore expenditure will be in line with budget.

17. The overall County Council forecast assumes that this net underspend will be transferred to the Public Health reserve.
18. Members will recall that a net transfer of £1,085,330 is required from the Public Health grant to CCGs to cover the budget setting anomalies for 2014/15. The anticipated change to the Public Health grant as a result of these funding miscalculations is likely to affect the planned delivery of budget reductions for Public Health. Discussions are being held with the Public Health Committee on all aspects of the Public Health Outcomes programme.
19. The Department of Health is undertaking a data collection to identify all funding transfers in response to baseline errors in the PH grant. This review will confirm the current position and agree a long-term solution that avoids the need for recurrent transfers between partners. This may result in the recalculation of the local Public Health grant to exclude the excess funding.

### **Central Items**

20. Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and movements on reserves. These budgets have been reviewed as part of the provisional outturn exercise. Interest payments fluctuate depending on expectations of future interest rates and anticipated slippage rates on the capital programme. Current forecasts suggest a net overspend on interest of £0.5m.
21. At the time of setting the 2014/15 budget, several funding allocations had not been announced and therefore assumptions about certain grants were made, based on the best information available at the time. Throughout the year confirmations are received, and current forecasts suggest a net increase of £0.6m will be received in 2014/15.
22. The Council's budget includes a contingency of £4.1m to cover redundancy costs, slippage of savings and unforeseen events. Several schemes have been approved in the year to date and there is currently £2.3m remaining in the contingency budget. Table 1 assumes that this will be used before year end as further new requests are likely to emerge.

## Transfer to / (from) reserves

23. When the budget was set, it included an underlying assumption that £4.5m could be released from departmental reserves to help fund the Council's overall budget. To date £2m has been identified, there is therefore a possibility that the remaining £2.5m will not be achieved and this position is reflected in Table 1 above.

## Progress with savings (Forecast shortfall £1.0m)

24. 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).

25. As at period 7 slippage amounting to £1.0m in 2014/15 has been identified across four of the high governance savings projects, and there is also a possibility of slippage on a number of other schemes. A number of actions are being taken to address this and officers will continue to monitor the deliverability of individual targets as part of the budget monitoring process. Achievability will be reflected in the forecast outturn. A full list of savings with current status is provided at Appendix A.

## Capital Programme

26. Table 2 summarises changes in the gross Capital Programme for 2014/15 since approval of the original programme in the Budget Report (Council 27/02/14):

**Table 2 – Revised Capital Programme for 2014/15**

	2014/15	
	£'000	£'000
Approved per Council (Budget Report 2014/15)		112,593
Variations funded from County Council Allocations :		
Net slippage from 2013/14 and financing adjustments	17,761	
Approved variations to November F&P Committee	(5,726)	
		12,035
Variations funded from other sources :		
Net slippage from 2013/14 and financing adjustments	6,800	
Approved variations to November F&P Committee	(589)	
		6,211
<b>Revised Gross Capital Programme</b>		<b>130,839</b>

27. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 7.

**Table 3 – Capital Expenditure and Forecasts as at Period 7**

<b>Committee</b>	<b>Revised Capital Programme £'000</b>	<b>Actual Expenditure to Period 6 £'000</b>	<b>Forecast Outturn £'000</b>	<b>Expected Variance £'000</b>
Children & Young People	54,511	21,311	50,289	(4,222)
Adult Social Care & Health	2,206	18	2,068	(138)
Transport & Highways	42,884	17,470	40,483	(2,401)
Environment & Sustainability	2,189	745	2,189	-
Community Safety	4	(1)	4	-
Culture	4,602	2,256	4,357	(245)
Policy	4,591	1,223	4,708	117
Finance & Property	11,071	4,206	8,338	(2,733)
Personnel	1,878	1,584	1,878	-
Economic Development	5,320	310	5,320	-
Contingency	1,583	-	193	(1,390)
<b>Total</b>	<b>130,839</b>	<b>49,122</b>	<b>119,827</b>	<b>(11,012)</b>

28. In the Children and Young People's Committee, there is a total forecast underspend of £4.2m. This is mainly as a result of slippage against the following schemes:

29. Forecast slippage totalling £2.1m has been identified against the School Capital Refurbishment Programme (SCRPR). This is as a result of a number of projects being placed on hold as the Council awaits the outcome of the Priority School Building Programme 2 bidding process.

30. Forecast slippage totalling £1.3m has also been identified against the School Places programme. This is mainly as a result of the first phase of the programme completing within the available budget. Contributions to Academy projects were also slipped.

31. Forecast slippage totalling £0.5m has been identified against the Beardall Street project. It is expected that this funding will be used in 2016/17 to finance phase 2 of the project.

**It is proposed that the Children and Young People's Committee Capital Programme is varied to reflect slippage identified against the Beardall Street capital project.**

32. Also, in the Children and Young People's Committee, a section 106 contribution totalling £0.101m has been levered into the Council to fund a project at Brookhill Leys Primary School which will be incorporated into the School Places Programme.

**It is proposed that the Children and Young People's Committee Capital Programme is varied to reflect the additional external funding into the School Places Programme.**

33. In the Adult Social Care and Health Committee, an Autism Innovation Capital Grant totalling £0.019m has been received from the Department of Health to help make public buildings used by people with autism more autism friendly.

**It is proposed that the Adult Social Care and Health Committee Capital Programme is varied to reflect the Autism Innovation Capital Grant.**

34. In the Transport and Highways Committee, there is a total forecast underspend of £1.9m. This is mainly as a result of slippage on the Rolls Royce Development (£3.0m) as only minimal preparatory costs will be incurred in 2014/15. The project will now be on site during 2015/16. Further slippage is forecast against the Flood Alleviation budget (£0.5m) as flood studies are undertaken in 2014/15 with associated works expected to be undertaken in 2015/16.

35. The slippage identified in the Transport and Highways Committee is offset by over-programming of £1.1m in the Local Transport Plan and Road Maintenance and Renewal programmes. Work is on-going to drive these forecast overspends down and to manage within approved budgets.

36. Also in the Transport and Highways Committee, the Department of Transport have given approval for the County Council to use £0.167m of Bus Service Operators Grant (BSOG) to purchase two small vehicles to improve the rural bus links with the mainline bus network.

**It is proposed that the Finance and Property Committee capital programme is varied to reflect the additional expenditure as identified above, funded from BSOG grant.**

37. In the Environment and Sustainability capital programme, significant external funding has been secured to support the Supporting Local Communities programme. In addition to £0.131m received in previous years the following external funding will be received in 2014/15:

- £0.175m Broxtowe Borough Council
- £0.125m Bassetlaw District Council
- £0.075m Waste Recycling Environment Limited
- £0.004m Other

**It is proposed that the Environment and Sustainability Committee capital programme is varied to reflect external funding secured to part fund the Supporting Local Communities Programme.**

38. In the Culture Committee, a forecast underspend totalling £0.4m has been identified which mainly relates to minor slippage on a small number of library projects as well as a forecast underspend (£0.1m) against the Nottinghamshire Archives Extension project.

39. In the Finance and Property Committee, a forecast underspend totalling £2.7m has been identified which mainly relates to a forecast underspend against the Business Management System programme (£0.2m) as well as slippage identified against the Microsoft Enterprise Agreement (£0.5m), the Water Monitoring Programme (£0.9m), the Stapleford Wall project (£0.8m) and the Rokerfield project (£0.2m).

**It is proposed that the Finance and Property Committee capital programme is varied to reflect the slippage identified above.**



40. Also in the Finance and Property Committee, it is proposed that the capital programme is varied by £0.192m to reflect additional funding required to meet the revised terms of the Sherwood Energy Village property transactions.

**It is proposed that the Finance and Property Committee capital programme is varied to reflect the above funding requirement, funded from capital contingency.**

41. Additionally in the Finance and Property Committee, it is proposed that the capital programme is varied by £1.9m to reflect costs associated with Year 1 of the Council's ICT Strategy, as approved at the May 2014 Policy Committee meeting.

**It is proposed that the Finance and Property Committee capital programme is varied to reflect costs associated with Year 1 of the ICT Strategy, funded from revenue.**

42. In the Personnel Committee, external funding totalling £0.120m (£0.095m in 2014/15 and 0.025m in 2015/16) has been levered into the Authority from SCAPE's Community Investment Fund. This funding will be used to set up a professional training kitchen at the Eastbourne Centre to enhance opportunities for young people to achieve sustainable employment.

**It is proposed that the Personnel Committee capital programme is varied to reflect the external funding levered into the Council from SCAPE.**

43. It is also forecast that the capital contingency (£1.4m) will slip into 2015/16 to help fund future capital projects.

### **Financing the Approved Capital Programme**

44. Table 4 summarises the financing of the overall approved Capital Programme for 2014/15.

**Table 4 – Financing of the Approved Capital Programme for 2014/15**

<b>Committee</b>	<b>Capital Allocations £'000</b>	<b>Grants &amp; Contributions £'000</b>	<b>Revenue £'000</b>	<b>Reserves £'000</b>	<b>Gross Programme £'000</b>
Children & Young People	19,780	21,243	-	13,488	54,511
Adult Social Care & Health	2,167	(6)	45	-	2,206
Transport & Highways	14,527	25,560	-	2,797	42,884
Environment & Sustainability	1,236	453	500	-	2,189
Community Safety	4	-	-	-	4
Culture	3,129	530	-	943	4,602
Policy	3,091	-	-	1,500	4,591
Finance & Property	9,420	50	-	1,601	11,071
Personnel	-	1,706	-	172	1,878
Economic Development	527	4,793	-	-	5,320
Contingency	1,583	-	-	-	1,583
<b>Total</b>	<b>55,464</b>	<b>54,329</b>	<b>545</b>	<b>20,501</b>	<b>130,839</b>

45. It is anticipated that borrowing in 2014/15 will increase by £2.1m from the forecast in the Budget Report 2014/15 (Council 27/02/2014). This increase is primarily a consequence of:

- £17.8m of net slippage from 2013/14 to 2014/15 and financing adjustments funded by capital allocations.
- Variations to the 2014/15 capital programme funded from capital allocations totalling £5.7m as approved at the September Finance and Property Committee.
- Net slippage in 2014/15 of £10.0m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

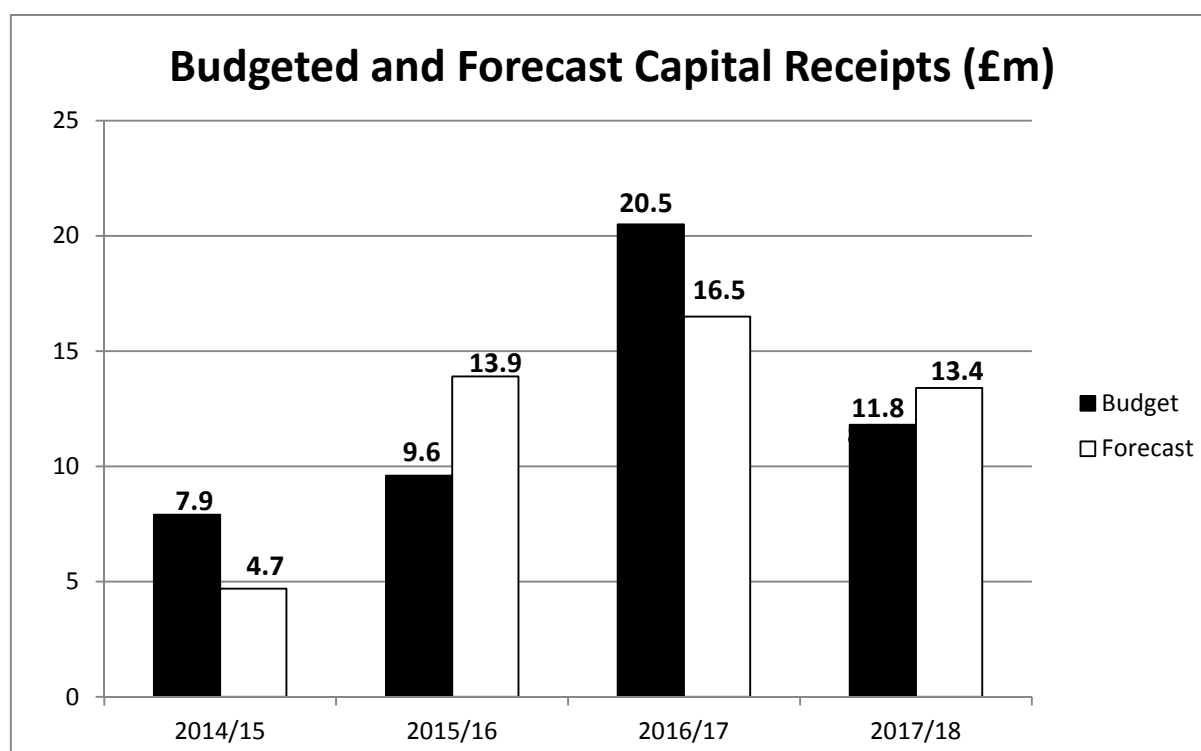
### Prudential Indicator Monitoring

46. Performance against the Council's Prudential Indicators is regularly monitored to ensure that external debt remains within both the Operational Boundary and the Authorised Limit.

### Capital Receipts Monitoring

47. Anticipated capital receipts are regularly reviewed. Forecasts are currently based on estimated sales values of identified properties and prudently assume a slippage factor based upon a review of risk associated with each property. They also include an estimated £50,000 of vehicle receipts.

48. The chart below shows the budgeted and forecast capital receipts for the four years to 2017/18.



49. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2014/15 (Council 27/02/2014). These capital receipts budgets prudently incorporated slippage, giving a degree of "protection" from the risk of non-delivery.

50. The capital receipt forecast for 2014/15 is £4.7m which is £3.2m less than the budgeted capital receipts as a result of slippage. To date in 2014/15, capital receipts totalling £1.9m have been received.
51. The number and size of large anticipated receipts increase the risk that income from property sales will be below the revised forecasts over the next three years. Although the revised forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales being lower than these forecasts.
52. Current Council policy (Budget Report 2014/15) is to set capital receipts against the principal of previous years' borrowing. This reduces the amount of Minimum Revenue Provision (MRP) to be set aside each year. It is important to regularly monitor capital receipt forecasts and their effect on the overall revenue impact of the Capital Programme.

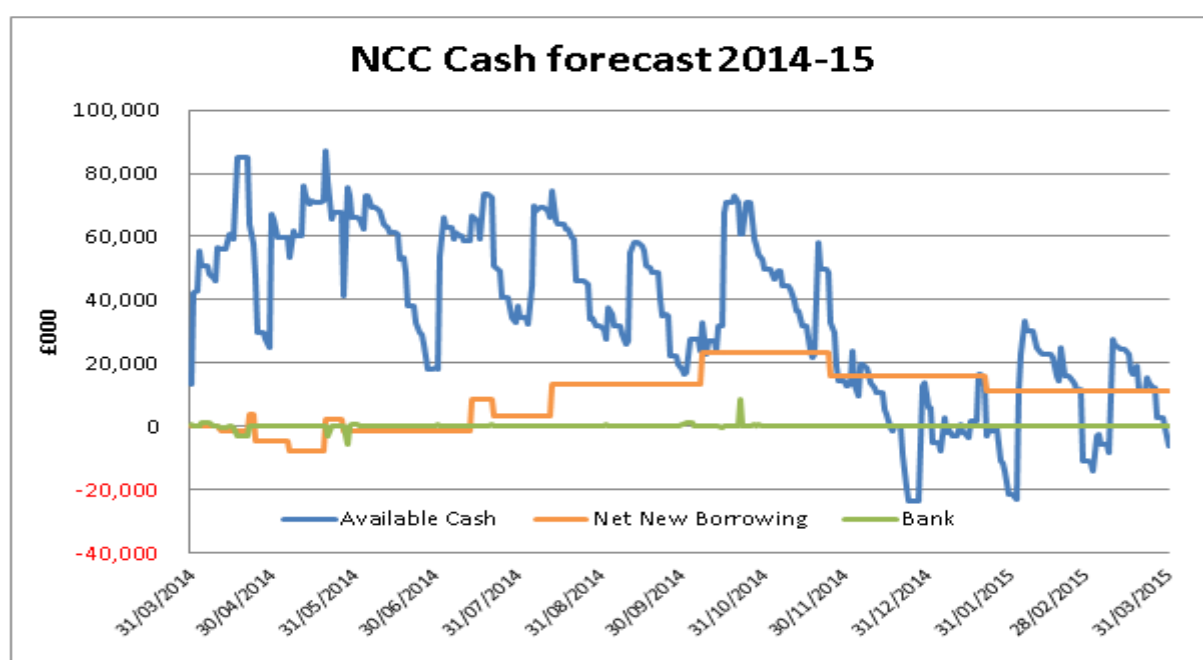
## Balance Sheet

### General Fund Balance

53. Members approved the 2013/14 closing General Fund Balance of £29.1m at Council on 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. Should an underspend result at year end, the required use of reserves will reduce, which will ensure balances are available to fund future years' expenditure.

## Treasury Management

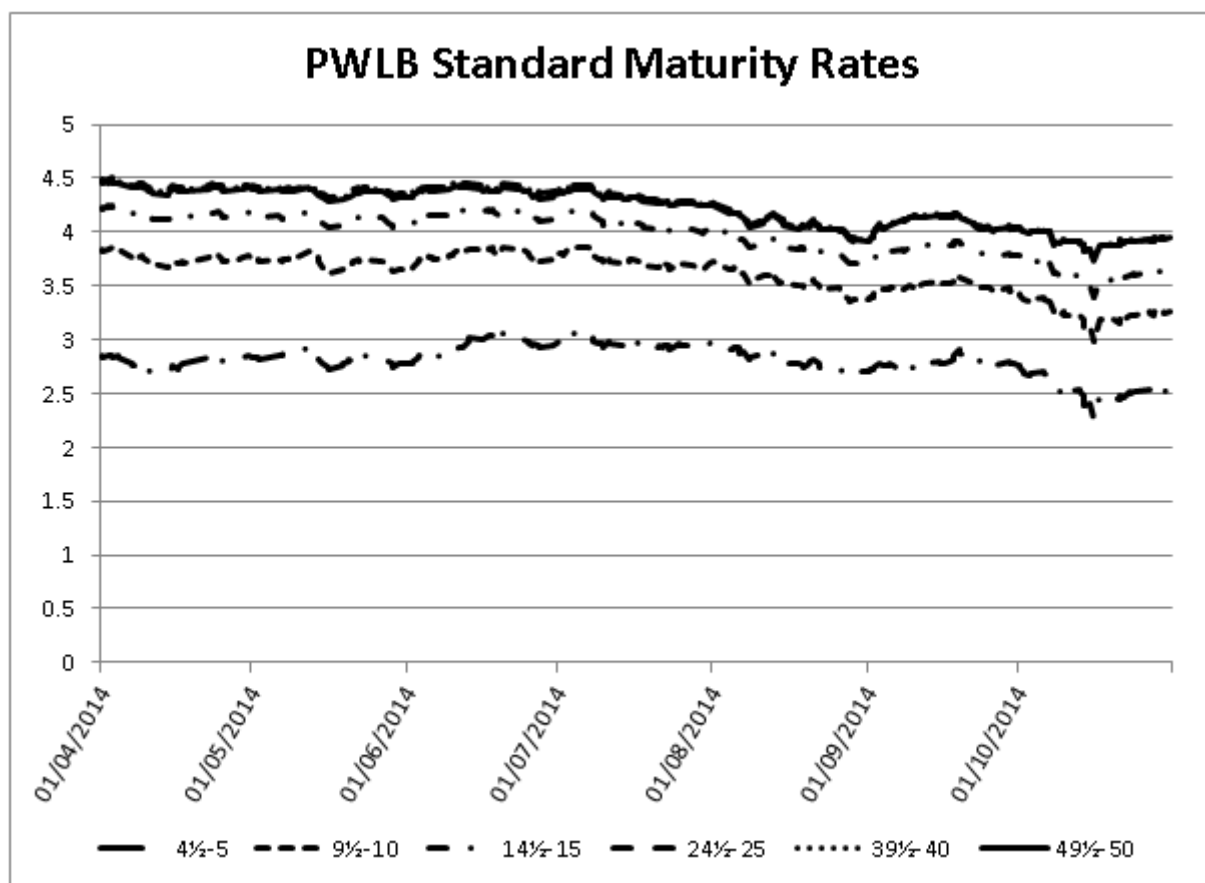
54. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group. The following chart shows the actual cash flow position to date and forecasts for the remainder of the year. Cash inflows are typically higher at the start of the year due to the front loading receipt of Central Government grants, and the payment profile of precepts. However, cash outflows, in particular capital expenditure, tend to increase later in the year.



55. The chart above gives the following information:

<b>Bank balance</b>	Daily cleared balance across the pooled bank accounts.
<b>Available cash</b>	Surplus cash (invested in call accounts or money market funds) or a shortfall of cash indicating a need to borrow.
<b>Net new borrowing</b>	New loans taken during the year net of principal repayments on existing borrowing.

56. Daily cash management aims for a nil balance across the Council's pooled bank accounts with any surplus cash invested in accordance with the approved Treasury Management Policy. The bank balance shows two periods with noticeable overdrawn balances resulting from non-receipt of precept. The net new borrowing shown above includes new loans from PWLB of £10m in May, £10m in July, £10m in August and £10m in October. These loans were taken as longer term PWLB rates dipped towards, and then below 4%. The chart below shows the movement in standard PWLB maturity rates during 2014/15.

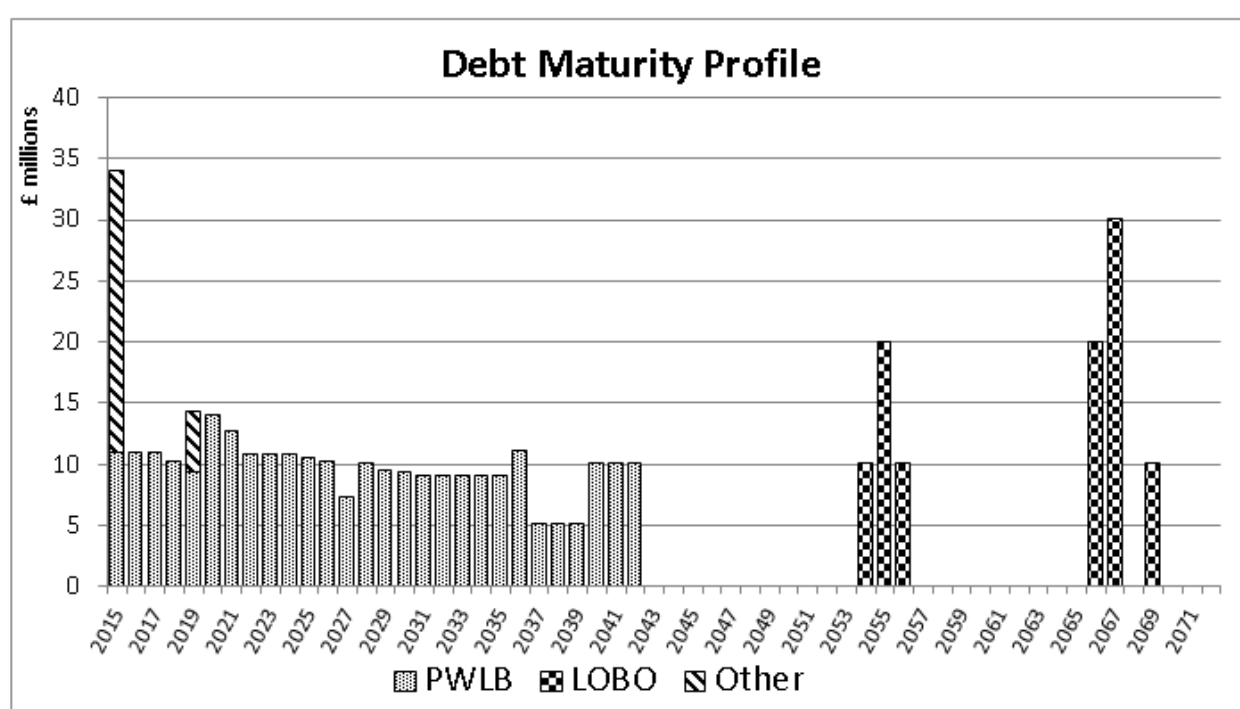


57. The Treasury Management Strategy for 2014/15 identified a need for additional borrowing of £67m to fund the capital programme, replenish internal balances and to replace maturing debt. Short term borrowing was used towards the end of 2013/14 to minimise interest costs and so additional long term borrowing of £21m needs to be factored in to the 2014/15 strategy. Additional borrowing is therefore likely to be undertaken before the year end.

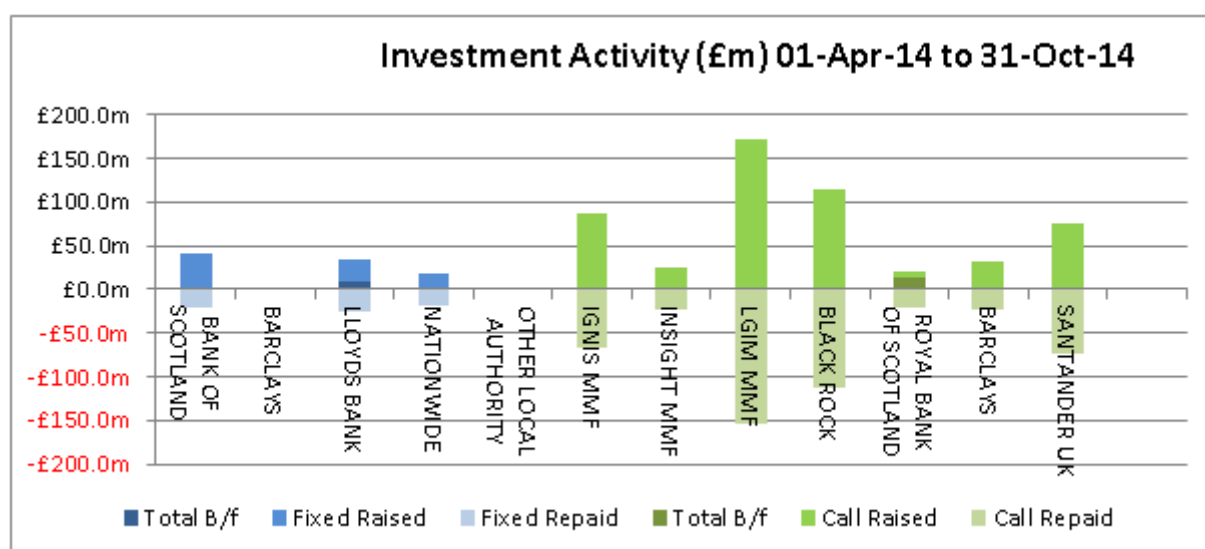
58. Borrowing decisions will take account of a number of factors including:

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

59. 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 26 years. Longer-term borrowing (maturities up to 55 years) was obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). The 'other' loans denote more recent borrowing from the money markets where the main objective was to minimise interest costs. Refinancing of these loans has been factored into the Treasury Management Strategy.



60. The investment activity for 2014/15 to the end of October 2014 is summarised in the chart and table below. Outstanding investment balances totalled £23m at the start of the year and £79.3m at the end of the period. This increase reflects the forecast cash flow profile for the year. In light of this forecast, a number of fixed term deals have been placed for periods up to 190 days to take advantage of the higher rates available.



	Total B/F	Total Raised	Total Repaid	Outstanding
	£	£	£	£
BANK OF SCOTLAND	-	40,000,000	-20,000,000	20,000,000
BARCLAYS	-	-	-	-
LLOYDS BANK	8,000,000	25,000,000	-25,000,000	8,000,000
NATIONWIDE	-	19,000,000	-19,000,000	-
SKANDINAVISKA	1,500,000	-	-	1,500,000
OTHER LOCAL AUTHORITY	-	87,200,000	-67,550,000	19,650,000
IGNIS MMF	-	25,350,000	-22,250,000	3,100,000
INSIGHT MMF	-	170,750,000	-153,750,000	17,000,000
LGIM MMF	-	114,810,000	-112,960,000	1,850,000
BLACK ROCK	13,500,000	6,500,000	-20,000,000	-
ROYAL BANK OF SCOTLAND	-	32,200,000	-24,000,000	8,200,000
SANTANDER UK	-	74,450,000	-74,450,000	-
	<b>23,000,000</b>	<b>595,260,000</b>	<b>-538,960,000</b>	<b>79,300,000</b>

61. The new banking arrangements with Barclays Bank went live on 1 October 2014 as a result of the successful tender following the decision by the Co-operative Bank to withdraw from providing banking services to local authorities. The Co-operative accounts are now being closed in accordance with the schedule agreed as part of the implementation plan.

## Debt Recovery Performance

62. The overall debt has increased by over £1.5m, which is a consequence of several large quarterly invoices being raised for the Clinical Commissioning Groups which were not paid by the period end. This has also caused the increase in the non-statutory debt by nearly £2m from period 6.

63. The over 6 months debt has increased by over £0.1m from period 6, which is evenly spread across both debt types. The increase in the Residential and Domiciliary Care debt is partly down to the Client Finance Team withholding funds for instalments on arrears pending the setting up of direct debits which should be in operation for these accounts shortly.

64. The Council is currently awaiting credits totalling over £0.1m to be issued for Property debt within the Residential and Domiciliary Care debt which is over 6 months old.

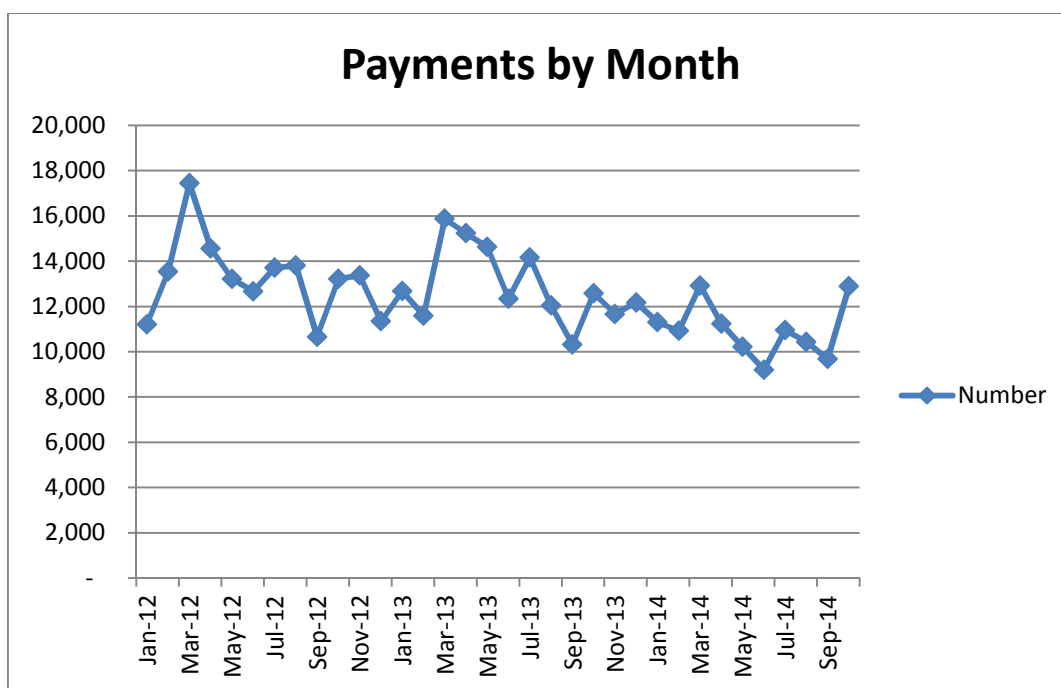
**Table 5 - Invoices raised Period 7 2014/15**

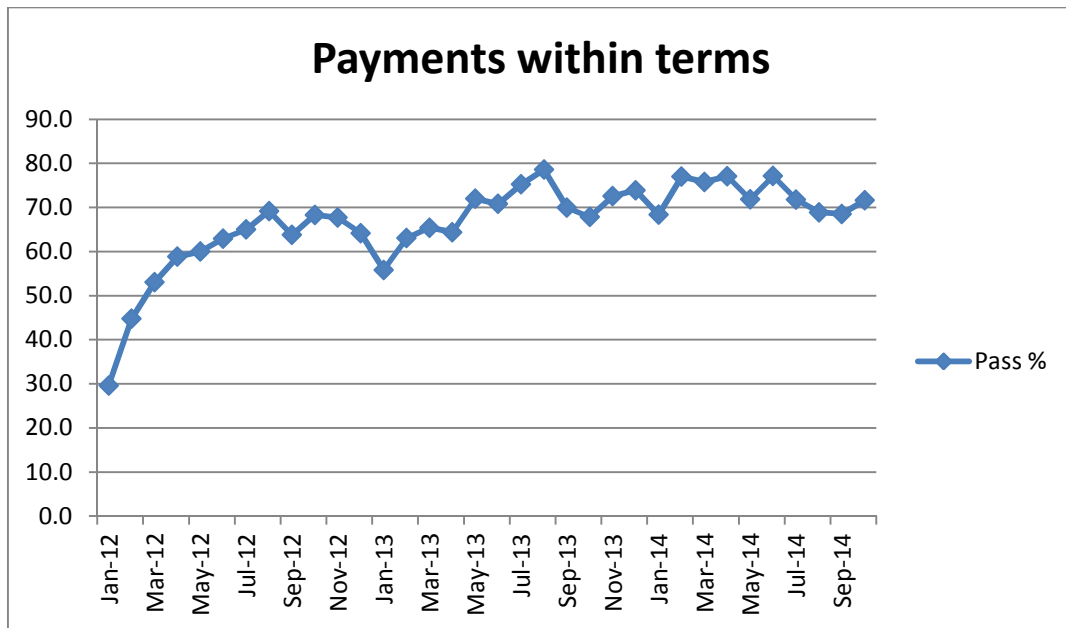
	Period 7	Year to date
Number	13,330	107,574
Value	£10,969,976	£98,365,406

**Table 6- Debt Position**

	Residential & Domiciliary Care	All other	Total
Total	£8,491,433	£8,408,122	£16,899,555
Over 6 months	£4,675,506	£680,814	£5,356,019
% over 6 months	55.1%	8.1%	31.7%

### Accounts Payable (AP) Performance





65. The payment within terms figure for October is 71.6% of 12,885 invoices paid. This is a good performance as payment within terms in previous months had fallen below 70%. Efforts were made to improve the performance in October with regular reports of outstanding invoices still with business users being produced. These were circulated and AP and other staff contacted business users to assist with any issues that were delaying approval for payment. This work seems to have been effective with numbers and performance both increasing.

66. As previously reported there is a consistent theme to the issues that impact on the sections current ability to improve performance –

- Ongoing non-compliance with processes and procedures by both business and suppliers – invoices sent to the business and not direct to AP, failure to comply with the Authority's policy of No Po No Pay etc.
- Agency invoices continue to be amongst the highest failures. The move to engage agency staff via the appointed MSP (Managed Service Provider) went live in November and the implementation of revised order, goods receipting and invoicing processes should radically improve payment within terms for this area of spend.
- Efforts will continue to improve the performance with fortnightly reports of outstanding invoices still with business users being produced and circulated. In addition AP and other staff will continue to contact business users to assist with any issues that are delaying approval for payment.

67. 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 with the next update to be included in the period 9 report.



## **Statutory and Policy Implications**

68. 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 revenue budget expenditure to date and year end forecasts
- 2) To note the progress with savings
- 3) To note the Capital Programme expenditure to date and year end forecasts and approve variances to the Capital Programme
- 4) To note the Council's Balance Sheet transactions

**Nigel Stevenson, Service Director – Finance & Procurement**

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

Pauline Moore - Senior Accountant, Financial Strategy and Accounting

Glen Bicknell - Senior Finance Business Partner, Capital and External Funding

Simon Cunnington - Senior Accountant, Pensions and Treasury Management

## **Constitutional Comments**

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

## **Financial Comments (PM 20/11/14)**

The financial implications are stated within the report itself and will be used to inform the Council's Medium Term Financial Strategy and Budget report to Council 26 February 2015.

## **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'