

**18 December 2023****Agenda Item: 1****REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND  
IMPROVEMENT****FINANCIAL MONITORING REPORT: PERIOD 7 2023/2024****Purpose of the Report**

1. To provide the Cabinet Member for Finance and Resources with a summary of the budget monitoring position as at Period 7.

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

2. Full Council approved the 2023/24 budget at its meeting on 9 February 2023. As with previous financial years, progress updates will be closely monitored and reported to management, the Cabinet Member for Finance and Resources or Cabinet each month.

**Summary Revenue Position**

3. The table below summarises the revenue budgets for each portfolio for the forthcoming financial year. An underspend of £5.1m is currently projected against the budget approved by Full Council in February 2023. This reflects the additional management action that has been applied and additional income from interest. However, in light of the significant levels of uncertainty and financial challenge facing the Council over the medium term, reflected in the overspending at Net Portfolio level, the key message to effectively manage budgets and, wherever possible, deliver in-year savings continues to be reinforced.

**Table 1 – Summary Revenue Position**

Forecast Variance as at Period 6	Portfolio	Annual Budget £'000	Actual to Period 7 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000	Percentage Variance to Annual Budget
1,756	Children & Families	182,243	106,065	184,701	2,458	1.35%
5,218	Adult Social Care & Public Health	265,511	136,901	266,844	1,333	0.50%
8,512	Transport & Environment	124,442	75,433	133,046	8,604	6.91%
41	Communities	19,715	7,895	19,568	(147)	(0.75%)
(69)	Economic Development & Asset Management	26,259	21,813	26,295	36	0.14%
(591)	Deputy Leader & Transformation	3,886	1,729	3,318	(568)	(14.62%)
(170)	Finance	20,335	16,884	20,128	(207)	(1.02%)
121	Personnel	27,608	17,855	27,709	101	0.37%
<b>14,818</b>	<b>Net Portfolio (under)/overspend</b>	<b>669,999</b>	<b>384,575</b>	<b>681,609</b>	<b>11,610</b>	
(16,834)	Central items	(63,309)	(88,082)	(82,143)	(18,834)	
	- Schools Expenditure	55	-	55	-	
2,292	Contribution to/(from) Traders	(555)	(905)	1,582	2,137	
<b>276</b>	<b>Forecast prior to use of reserves</b>	<b>606,190</b>	<b>295,588</b>	<b>601,103</b>	<b>(5,087)</b>	
	- Transfer to / (from) Corporate Reserves	(2,303)	66	(2,303)	-	
301	Transfer to / (from) Departmental Reserves	(12,256)	(1,490)	(12,288)	(32)	
	- Transfer to / (from) General Fund	-	-	-	-	
<b>577</b>	<b>Net County Council Budget Requirement</b>	<b>591,631</b>	<b>294,164</b>	<b>586,512</b>	<b>(5,119)</b>	

## Portfolio Variations

### Children & Families (£2.5m overspend, 1.35% of net portfolio budget)

4. The Children and Families portfolio is currently reporting a forecast overspend of £2.5m. This is mainly due to a £3.3m overspend in the Commissioning and Resources Division as, not only have Looked After Children (LAC) numbers increased, but there have been several very-high cost placements in the month adding approximately £0.8m to the forecast position in net terms. The forecast overspend on LAC is offset by a £0.6m forecast underspend against the Internal Foster Care budget. There is also a further £0.2m net forecast underspend across a range of other Children and Families budgets.

### Adult Social Care & Public Health (£1.3m overspend, 0.50% of net portfolio budget)

5. The Adult Social Care and Public Health portfolio is currently reporting a forecast overspend of £1.3m that is mainly attributed to a forecast overspend in Living Well and Ageing Well services (£3.4m) offset by an underspend in Direct and Provider services (£1.0m), the Maximising Independence Service (£0.5m) and a range of other budgets (£0.6m).
6. The £3.4m forecast overspend in Living Well and Ageing Well services has decreased from a reported £7.0m forecast overspend position in Period 6. This is as a result of applying the additional Market Sustainability and Innovation Fund grant funding received from Central Government.

7. The forecast underspend against the Direct and Provider Services budgets (£1.0m) and the Maximising Independence Service budgets (£0.5m) are mainly due to staffing vacancies.

### **Transport & Environment (£8.6m overspend, 6.91% of net portfolio budget)**

8. The Transport and Environment portfolio is currently reporting a forecast overspend of £8.6m. This is mainly attributed to forecast overspends in the Home to School and Special Educational Needs and Disability (SEND) Transport budgets (£8.1m) as well as a £0.5m forecast overspend against the Highways budget.
9. There is a forecast overspend of £1.9m against Home to School Transport budgets. This is due primarily to a forecast overspend of £1.7m on mainstream activity. This area has seen significant increases in the number of pupils travelling, along with the distances they need to travel, due to lack of available school places at the catchment school.
10. There is also a forecast overspend of £6.2m on SEND Transport. A number of providers have reported difficulties in running the service due to contract pressures arising from factors such as wage settlements and fuel increases. It is expected that there will be further significant cost increases as the re-tendering of contracts progresses. In addition, this area has also predicted significant growth in pupil numbers resulting from Education Health and Care Plans and the number of medical needs that are now included in the assessment. This increase in demand and costs on SEND Transport is being experienced by other similar councils. A significant amount of review and scrutiny has taken place, and will continue to take place, to mitigate the forecast overspends.
11. The £0.5m forecast overspend in Highways Services is due to a £0.5m forecast overspend against the VIA East Midlands Contract as the impact of higher than expected inflationary increases are being borne by VIA. Management action will continue to be taken to reduce this forecast overspend.

### **Deputy Leader & Transformation (£0.6m underspend, 14.62% of net portfolio budget)**

12. The Deputy Leader and Transformation portfolio is currently reporting a forecast underspend of £0.6m. This relates to vacancies in the Transformation Delivery Team, the Strategic Insight Unit and the Portfolio Office teams.

### **Traded Services (£2.1m overspend)**

13. As set out in previous financial monitoring reports, Traded Services were affected in 2022/23 by the impact of the pay award, the revised living wage and by significant inflation, particularly on food costs. These pressures continue into 2023/24 as a forecast overspend of £1.6 is currently being reported against the Schools Catering Service. The price charged per meal is currently insufficient to recover full costs.
14. In addition, the Cleaning and Landscape Services are reporting a forecast overspend of £0.4m mainly due to the impact of the 2023/24 pay award along with revised foundation living wage rates.
15. Whilst the Schools Catering Service and the Cleaning and Landscape Service aim to mitigate inflationary pressures and move towards a balanced budget, it is unlikely to recover all indirect

expenditure which will result in some costs having to be met from the Council. A Traders Resilience Reserve has been established to mitigate these pressures and is available to meet these expected costs.

### **Central Items (£18.8m underspend)**

16. Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and capital charges.
17. Interest projections (both payable and receivable) fluctuate depending on expectations in relation to future rates and anticipated slippage on the capital programme. The latest Treasury Management insight suggests that owing to the prevailing economic climate, there is a projected net underspend on interest of £8.0m.
18. Several non-ringfenced grants sit centrally, however values are not normally confirmed until after the budget is set in February of each year. As such, the Council takes a prudent approach in estimating amounts to be received, specifically those which sit outside the Local Government settlement. One area of particular volatility relates to Section 31 Business Rates relief funding which is provided to offset any potential deficits created by additional business rate reliefs awarded by the Government. Such reliefs were expanded during the pandemic and funding has increased to compensate for correspondingly lower income from the Collection Fund. This has resulted in an additional £10.8m to be applied to Business Rates funding in 2023/24 and the implications of this increase will be factored into the range of assumptions that inform the progress of the Medium-Term Financial Strategy (MTFS).
19. The Council's budget includes a base contingency budget of £5.0m to cover redundancy costs, slippage of savings and other potential unforeseen events. Also, further demand and inflationary pressures have been identified that have a degree of uncertainty with regard to likelihood, value and profiling. Foremost amongst these items is the pay award for 2023/24 and an additional provision of £11.0m has been made within contingency to fund these pressures. The Cabinet, Cabinet Member for Finance and Resources or the Section 151 Officer are required to approve the release of contingency funds.

## **Requests for Contingency**

20. There has already been a call on the 2023/24 contingency budget from requests that have been approved which total £1.0m.

Table 1 assumes that the remaining contingency budget will be utilised in full for future requests.

## **Progress with Savings**

21. Full Council on 9 February 2023 approved savings of £8.7m for delivery in 2023/24, with further savings identified for the period 2024-26. The progress of the Council's current savings programme, alongside mitigations against pressures, are being monitored regularly. Those savings currently at risk or experiencing obstacles are set out below.
22. Projects to mitigate the growth in external residential placements – pressure mitigation of £3.7m for 23/24 currently at risk. In-year forecasting continues to suggest in-year mitigations are at risk, primarily due to continued reduction in available internal fostering capacity and a greater proportion of children placed in residential care.
23. The £1.1m Aging Well Strength Based saving in the Adult Social Care and Public Health portfolio continues to be at risk of non-achievement in 2023/24. A diagnostic conducted by the Council's Strategic Insight Unit (SIU) concluded that the target is not deliverable, based on current assumptions, due to 43% increased size of average homecare package and 5% increase in unit cost since the business case was approved in 2018/19. Therefore, new proposals have to now be designed to mitigate the in-year risk in to meet further targets for the next two years.
24. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process.
25. When the Council approved the 2023/24 Budget in February 2023, it was on the premise that identified savings and pressure mitigations would be delivered in 2023/24 and in future years. It has recently been agreed by the Corporate Leadership Team that no write-off of these savings or mitigations would be approved and that departments would be required to identify alternative savings or mitigations to ensure delivery of a balanced budget.
26. The Council is proud of its sound financial management and history of service delivery within the limited financial resources available. It is important that the Council continues to deliver a balanced budget in 2023/24 which will enable it to undertake the planned transformation and change programmes to deliver a financial sustainable Council over the medium-term. Consequently, as in prior years, the message of financial restraint wherever possible remains.

## **Main Areas of Risk within the 2023/24 Budget**

27. As reported previously, there are a number of significant continuing risks and uncertainties associated with the current environment that local authorities are operating within, both in the short and medium terms. The main financial risks faced by the Council are as follows:-

- The cost pressures factored into the Council's budget may not be sufficient to meet the underlying cost and demand pressures that actually arise, particularly with regard to increased demand for Adults and Children's Social Care Services, Transport Services, the impact of the National Living Wage and agreement of the pay award.
- The COVID19 pandemic coupled with effects of the UK leaving the European Union has had a significant impact on the availability of staffing resource particularly in the social care sector as recruiting and retaining care staff across social care services remains difficult. Staff shortages have also been experienced in catering, facilities management and waste services.
- Whilst the Council is somewhat protected from immediate inflation on direct energy costs through the advanced purchasing arrangement with Crown Commercial Services, wider inflationary pressures driven by energy costs could have a detrimental impact across a whole range of service areas.
- Fuel prices are volatile with potential for contracts to become unaffordable for the Council or unviable for some service providers.
- If planned savings are delayed or are found to be undeliverable this will have a significant impact on the Council's ability to deliver on its approved budget.
- The 2023/24 Settlement reflected a one-year settlement only. As a result, estimated future increases in Government grants that are set out in the MTFS may not be in line with future announcements.

## **Balance Sheet**

### **General Fund Balance**

28. Cabinet approved the 2022/23 closing General Fund Balance of £36.8m on 20 July 2023. This balance represents 6.2% of the net budget requirement.

## Capital Programme

29. Table 2 summarises changes to the gross Capital Programme for 2023/24 since approval of the original Programme in the Budget Report (Council 09/02/23):

**Table 2 – Revised Capital Programme for 2023/24**

	2023/24	
	£'000	£'000
Approved per Council (Budget Report 2023/24)		156,217
Variations funded from County Council Allocations : Net slippage from 2022/23 and financing adjustments	4,214	
		4,214
Variations funded from other sources : Net variation from 2022/23 and financing adjustments	(10,461)	
		(10,461)
<b>Revised Gross Capital Programme</b>		<b>149,970</b>

30. Table 3 shows actual capital expenditure to date against the forecast out-turn at Period 7.

Portfolio	Revised Capital Programme £'000	Actual Expenditure to Period 7 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Families	58,918	31,828	60,693	1,775
Adult Social Care & Public Health	781	412	781	-
Transport & Environment	59,495	18,893	57,733	(1,762)
Communities	3,866	881	2,652	(1,214)
Economic Devt & Asset Mngt	17,859	3,321	17,491	(368)
Finance	5,910	3,809	5,440	(470)
Personnel	84	-	84	-
Contingency	3,057	-	2,677	(380)
<b>Total</b>	<b>149,970</b>	<b>59,144</b>	<b>147,551</b>	<b>(2,419)</b>

## Children & Families

31. In the Children and Families portfolio capital programme, a forecast overspend of £1.8m has been identified. This is mainly due to £2.0m acceleration of funding against the Special Schools programme as the Council is now required to make a contribution to the Yeoman Academy project earlier than previously anticipated. This is offset by a £0.2m forecast underspend against the Orchard Special School as the demolition element of the project is now due to take place in the next financial year.

## Transport & Environment

32. In the Transport and Environment portfolio capital programme, a forecast underspend of £1.8m has been identified. This is mainly due to a reported forecast underspend against the Transforming Cities programme (£1.0m), the Flood Alleviation and Drainage programme (£0.3m) and the Green Investment Fund (£0.2m).

## Communities

33. In the Communities portfolio capital programme, a forecast underspend of £1.4m has been identified. This is mainly due to reported forecast underspend against the Libraries and Archives ICT Replacement programme as an element of the contract is now due to be completed in the next financial year. In addition, minor slippage of £0.2m has been identified against the Libraries Improvement Programme.

## Variations to the Capital Programme

34. Under the Council's governance arrangements, the Section 151 officer has approved a number of variations to the capital programme as set out in the following paragraphs.

### Children & Families (C&F)

35. **Special School Programme** - As part of Period 7 capital monitoring, £2.0m acceleration has been identified against the Special School Programme capital budget. The Authority is required to make a £2.0m contribution to the Yeoman Academy project earlier than previously anticipated. The Children and Families portfolio capital programme has been varied by £2.0m to reflect the identified acceleration.

36. **Orchard Special School** - As part of Period 7 capital monitoring, £0.2m of slippage has been identified against the Orchard Special School capital budget as the demolition element of the project is now due to take place in the next financial year. The Children and Families portfolio capital programme has been varied by £0.2m to reflect the identified slippage.

### Transport & Environment

37. **Road Maintenance and Renewals** - On 17 November 2023, additional local highways maintenance funding for 2023/24 and 2024/25 was announced by the Department for Transport. This funding will help address local road surfacing and other highway network maintenance issues. The Authority will receive a further £2.369m in each of those two financial years in addition to the allocations received earlier in the year. The Transport and Environment



portfolio capital programme has been varied by £2.369m in 2023/24 and £2.369m to 2024/25 to reflect the additional DfT capital grant.

38. **Flood Alleviation and Drainage** - As part of Period 7 capital monitoring a £0.3m forecast underspend has been identified against this budget as a result of expected slippage due to a number of factors which include the re-profiling of schemes as they go through the Environment Agency process and the phasing of capital bids for investment from other external sources. The Transport and Environment portfolio capital programme has been varied to reflect the £0.3m identified slippage.
39. **Transforming Cities Fund** - As part of Period 7 capital monitoring, £1.0m slippage has been identified against the Transforming Cities Fund capital budget as an element of the programme is now due to take place in the next financial year. The Transport and Environment portfolio capital programme has been varied by £1.0m to reflect the identified slippage.
40. **Green Investment Fund** – As part of Period 7 capital monitoring, £0.2m slippage has been identified against the Green Investment Fund capital. The approval of a small number of projects has just been received and it is likely that an element of these projects will now take place in the next financial year. The Transport and Environment portfolio capital programme has been varied by £0.2m to reflect the identified slippage.

## **Communities**

41. **Libraries Improvement Programme** - As part of Period 7 capital monitoring, a forecast underspend of £0.2m was identified against the Libraries Improvement Programme capital programme as a small number of projects will now be undertaken in the next financial year. The Communities portfolio capital programme has been varied to reflect the £0.2m slippage identified against the Libraries Improvement Programme capital programme.
42. **Libraries and Archives ICT Replacement** - As part of Period 7 capital monitoring, a forecast underspend of £1.0m was identified against the Libraries and Archives ICT Replacement Programme capital programme as an element of the contract will now be undertaken in the next financial year. The Communities portfolio capital programme has been varied to reflect the £1.0m slippage identified against the Libraries and Archives ICT Replacement capital programme.

## **Economic Development & Asset Management**

43. **Building Works** - As part of Period 7 capital monitoring, a forecast underspend of £0.2m was identified against the Building Works capital programme as a small number of projects will now be undertaken in the next financial year. The Economic Development and Asset management portfolio capital programme has been varied to reflect the £0.2m slippage identified against the Building Works capital programme.

## **Finance**

44. **ICT Infrastructure Replacement Programme** - As part of Period 7 capital monitoring, a forecast underspend of £0.2m was identified against the ICT Infrastructure Replacement capital programme as a small number of projects will now be undertaken in the next financial year.

The Finance portfolio capital programme has been varied to reflect the £0.2m slippage identified.

45. **Computer Equipment Replacement Programme** - As part of Period 7 capital monitoring, a forecast underspend of £0.3m was identified against the Computer Equipment Replacement capital programme as no further purchases are expected to be made in the current financial year. The Finance portfolio capital programme has been varied to reflect the £0.3m slippage identified.

## Financing of the Approved Capital Programme

46. Table 4 summarises the financing of the overall approved capital programme for 2023/24

**Table 4 – Financing of the Approved Capital Programme for 2023/24**

Portfolio	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Families	3,752	54,916	200	50	58,918
Adult Social Care & Public Health	43	640	-	98	781
Transport & Environment	14,910	38,927	414	5,244	59,495
Communities	2,928	885	20	33	3,866
Economic Devt & Asset Mngt	14,590	2,800	-	469	17,859
Finance	3,861	-	-	2,049	5,910
Personnel	84	-	-	-	84
Contingency	3,057	-	-	-	3,057
<b>Total</b>	<b>43,225</b>	<b>98,168</b>	<b>634</b>	<b>7,943</b>	<b>149,970</b>

47. It is anticipated that borrowing in 2023/24 will increase by £1.8m from the forecast in the Budget Report 2023/24 (Council 09/02/23). This increase is a consequence of:

- £4.2m of net slippage of capital allocations from 2022/23 to 2023/24 and financing adjustments funded by capital allocation
- Net slippage in 2023/24 of £2.4m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

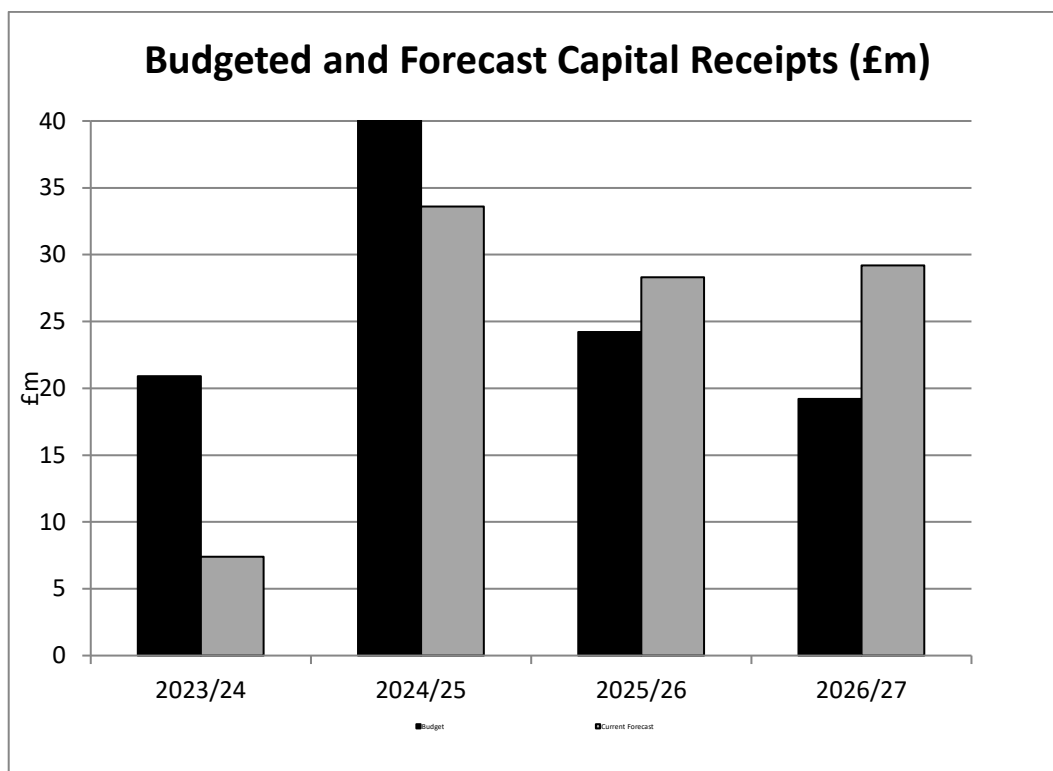
## Prudential Indicator Monitoring

48. 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

49. 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.

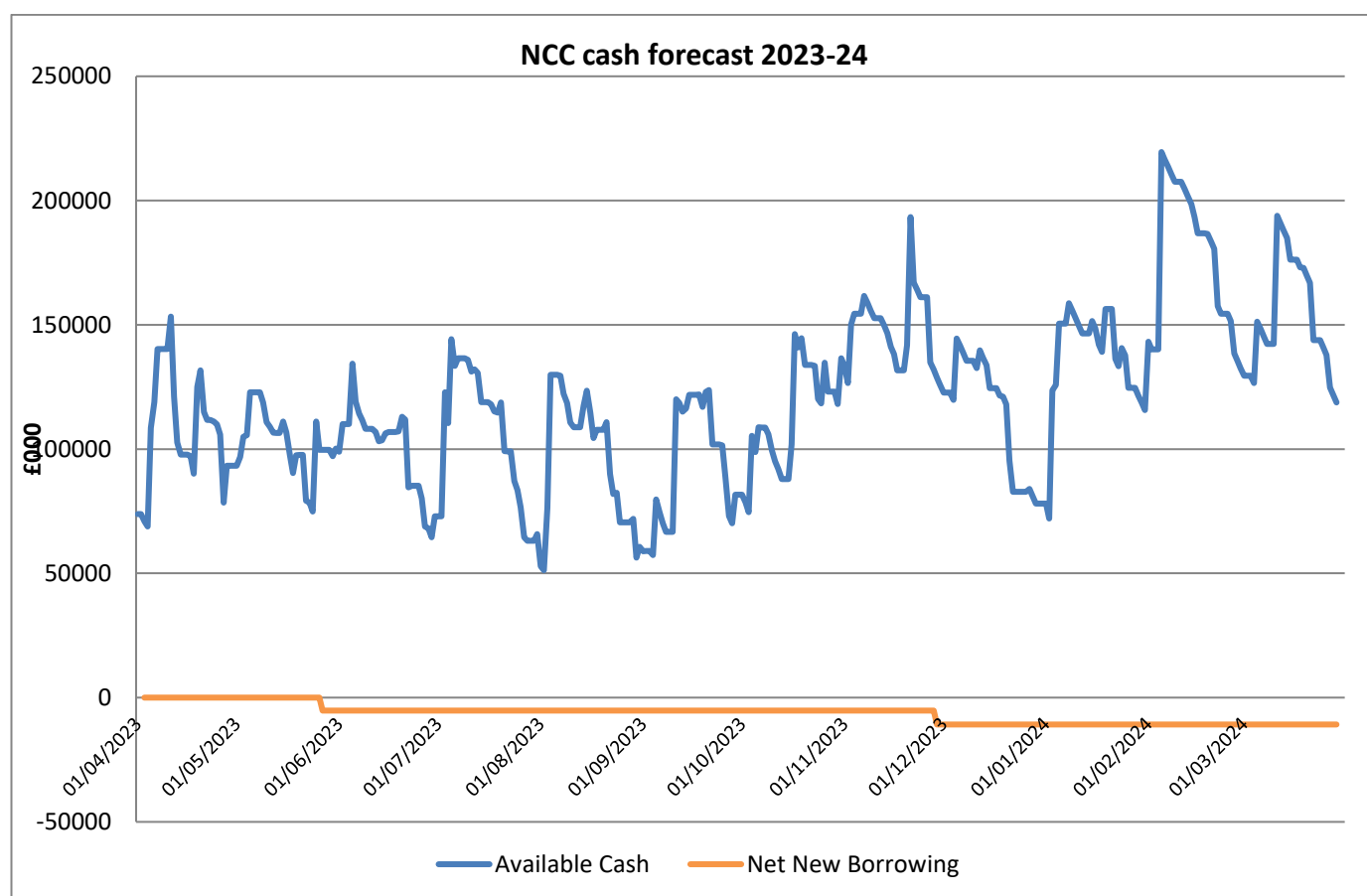
50. The chart below shows the budgeted and forecast capital receipts for the four years to 2026/27.



51. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2023/24 (Council 09/02/2023). These capital receipts budgets prudently incorporated slippage, giving a degree of “protection” from the risk of non-delivery.
52. The capital receipt forecast for 2023/24 is £7.4m. To date, capital receipts totalling £0.1m have been received by the Council.
53. 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 two years. Although the forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales being lower than the forecast.
54. Current Council policy (Budget Report 2023/24), to minimise the impact of the cost of borrowing on the revenue budget, is to use capital receipts to the value approved as part of the 2021/22 Budget Report to set against previous years’ borrowing thereby reducing the impact of the Minimum Revenue Provision on the revenue accounts. This will enable excess capital receipts to be used to fund future additional capital investment.

## Treasury Management

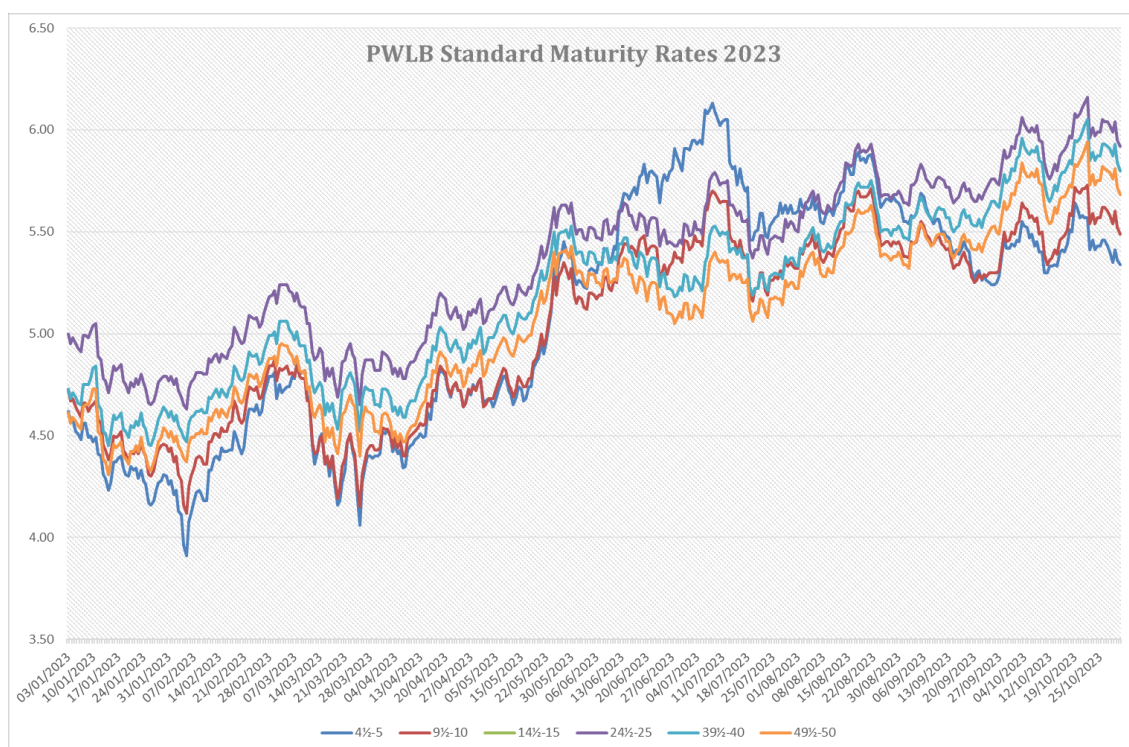
55. Daily cash management aims for a closing nil balance across the Council's pooled bank accounts with any surplus cash invested in accordance with the approved Treasury Management Policy. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group (TMG).
56. The cash forecast chart below shows the estimated cash flow position for the financial year 2023/24. 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 below reflects this. Also, expected borrowing in support of capital expenditure is not included in the forecast. The chart thereby helps highlight the points in the year when such borrowing will be necessary, and it is monitored daily so that treasury management staff can act comfortably in advance of the cash being required, the aim being to maintain adequate but not excessive liquidity.



57. The chart above gives the following information:

<b>Available cash</b>	Surplus cash (invested in call accounts, money market funds, or held at Barclays Bank) 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.

58. The Treasury Management Strategy for 2023/24 identified no need to borrow over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. This is because the Council intends to make use of its cash balances to temporarily finance its capital expenditure and will borrow long-term at a later date. Public Works Loan Commissioners (PWLB) interest rates continue to be monitored closely to allow changes - or potential changes - 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, although recent rate rises have somewhat nullified the benefit of this. The chart below shows the movement in standard PWLB maturity rates over the course of 2023 to date.



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

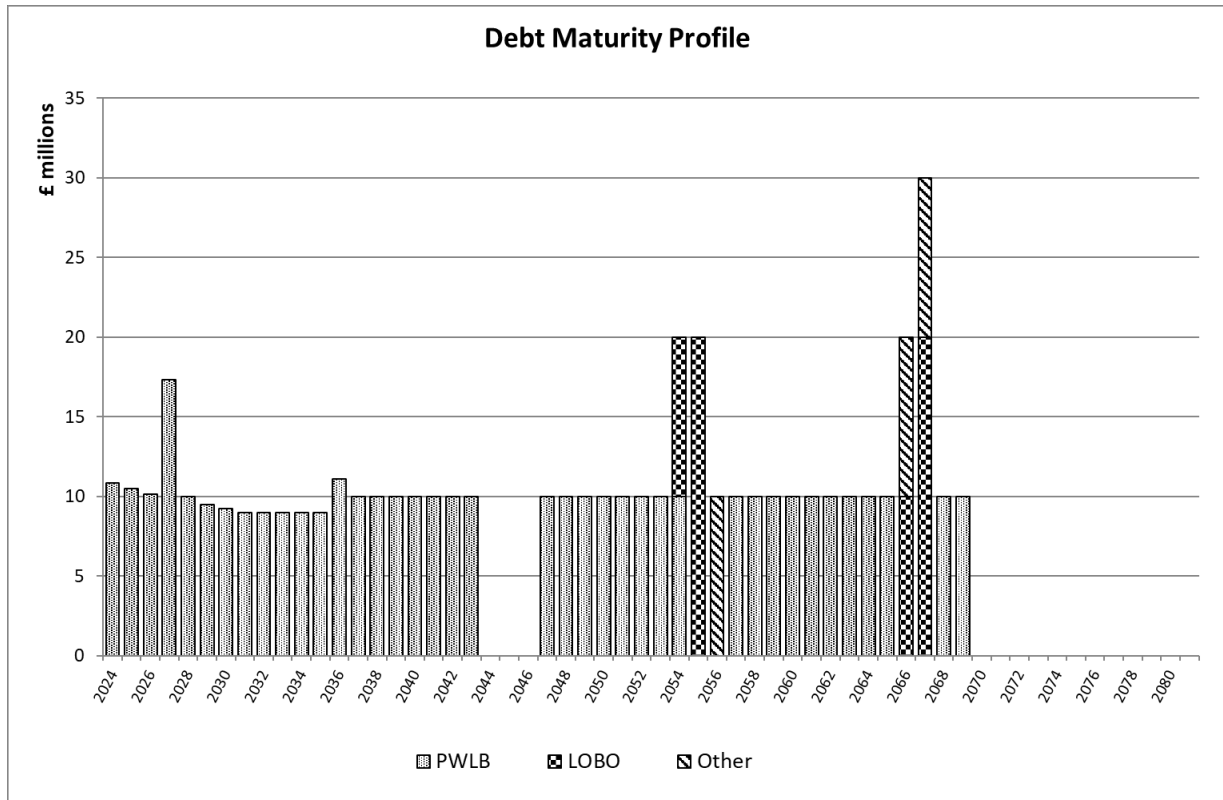
- expected movements in interest rates
- current maturity profile
- the impact on revenue budgets and the medium-term financial strategy
- the treasury management prudential indicators.

60. 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 50 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.

61. Long-term borrowing was also 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

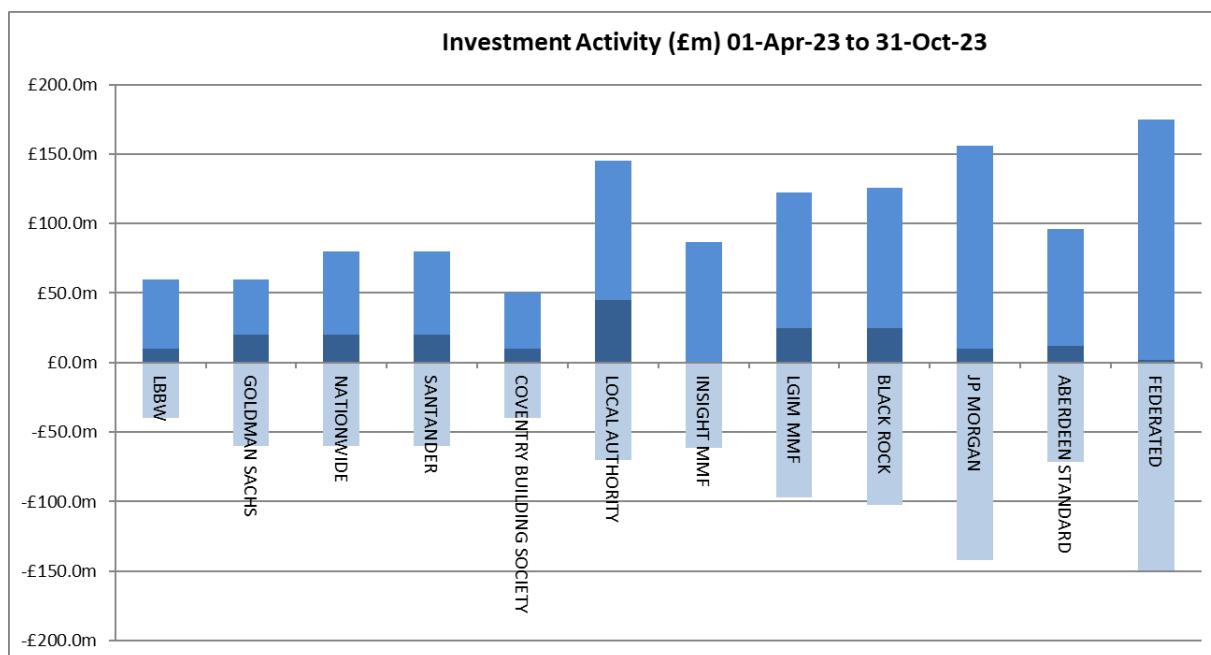
loan) and were all taken at rates lower than the prevailing PWLB rate at the time. However, LOBOs could actually mature at various points before then, exposing the Council to some refinancing risk.

62. The 'other' loans shown in the chart consists of fixed-term loans from Barclays Bank.



63. The investment activity for 2023/24 to date is summarised in the chart and table below. Outstanding investment balances totalled approximately £199m at the start of the year and £281m at the end of October.

	Total B/f	Total Raised	Total Repaid	Outstanding
	£000	£000	£000	£000
LBBW	10,000	50,000	-40,000	20,000
GOLDMAN SACHS	20,000	40,000	-60,000	0
NATIONWIDE	20,000	60,000	-60,000	20,000
SANTANDER	20,000	60,000	-60,000	20,000
COVENTRY BUILDING SOCIETY	10,000	40,000	-40,000	10,000
LOCAL AUTHORITY	45,000	100,000	-70,000	75,000
INSIGHT MMF	0	86,300	-61,300	25,000
LGIM MMF	25,000	97,150	-97,150	25,000
BLACK ROCK	25,000	100,450	-102,300	23,150
JP MORGAN	10,050	145,650	-142,350	13,350
ABERDEEN STANDARD	12,150	84,200	-71,350	25,000
FEDERATED	1,600	173,150	-149,750	25,000
	<b>198,800</b>	<b>1,036,900</b>	<b>-954,200</b>	<b>281,500</b>



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

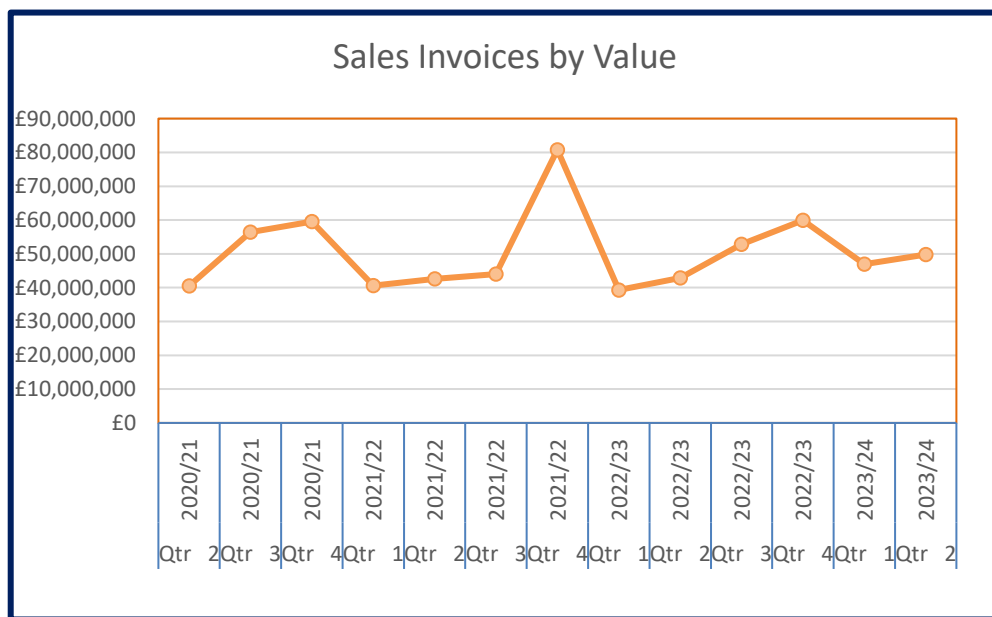
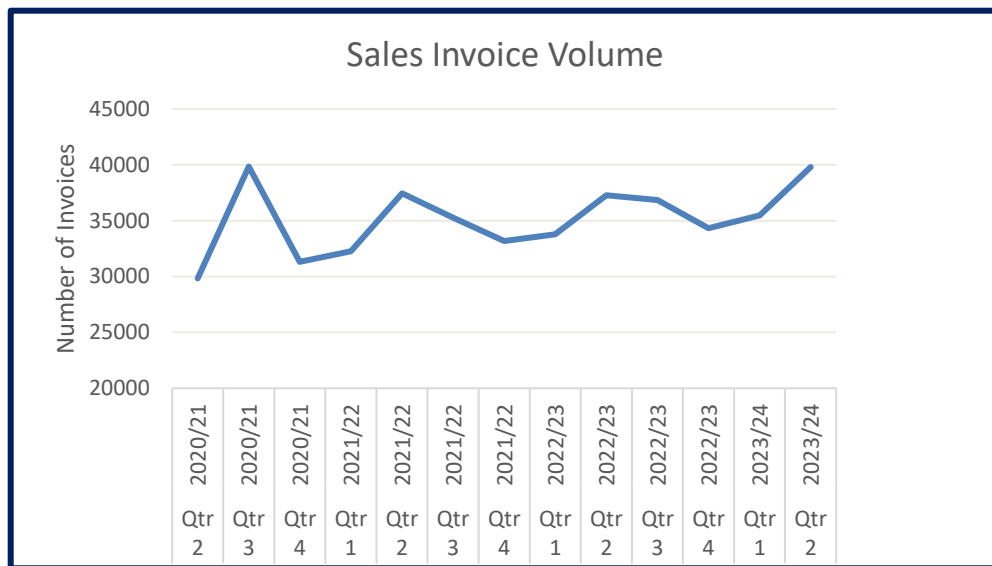
### Debt Recovery Performance

65. Sales Invoicing trends during quarter 2 are showing an increase of 5.9% compared to quarter 2 last year.

### Invoices Raised in Quarter 2

	Quarter 2	Year to date
Number	39,811	75,294
Value	£49,749,471	£96,676,287

## Invoice Trends



## Debt Position Quarter 2

66. Throughout quarter 2, the Debt Recovery team has continued to perform regular dunning and debtor contacting strategies. Vacancies in the team are still having an impact but additional recruitment is in progress and we anticipate them being filled by the end of the calendar year.



	Residential & Domiciliary Care (Statutory Debtors)	All Other (Non-Statutory Debtors)	Total
Total	£23,890,276	£15,664,661	£39,554,937
Over 6 months	£13,472,828	£1,546,635	£15,019,463
% Over 6 months	56.4%	9.87%	37.97%

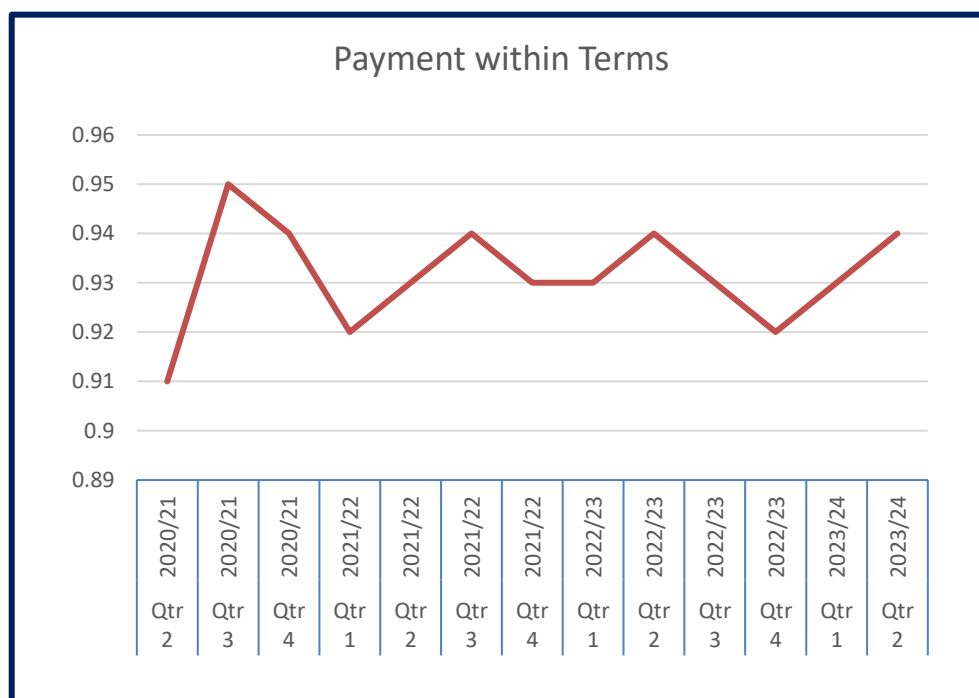
67. The Residential and Domiciliary debt figures continue to be influenced by full cost invoices to service users that have not yet joined the deferred payments scheme. The resulting debts are a direct effect of the changes brought about by the Care Act. These users are charged full costs for their care, but they have no available funds to make payments.

No of Accounts	Total Debt
48	£1.22m

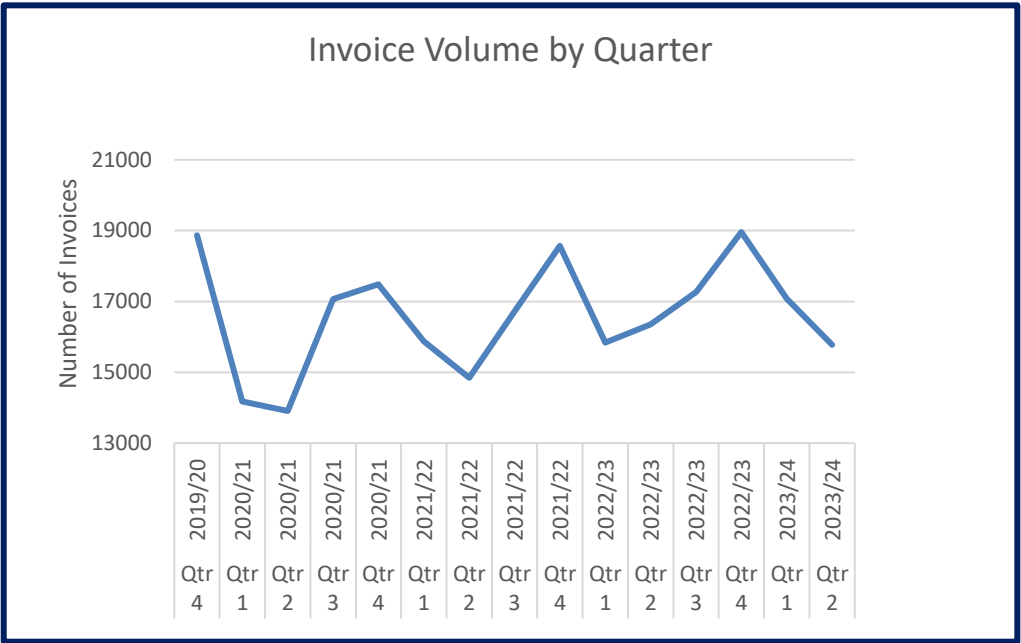
68. The debtor write-off total during quarter 2 was £173k for 195 accounts, making the write off total to date for 23/24 £247k against 344 accounts.

### Accounts Payable (AP) Performance

69. Payment performance for quarter 2 has been recorded at 94%. This takes account of any known disputed invoices that were paid during quarter 2 and therefore not counted as a failure against payment terms.



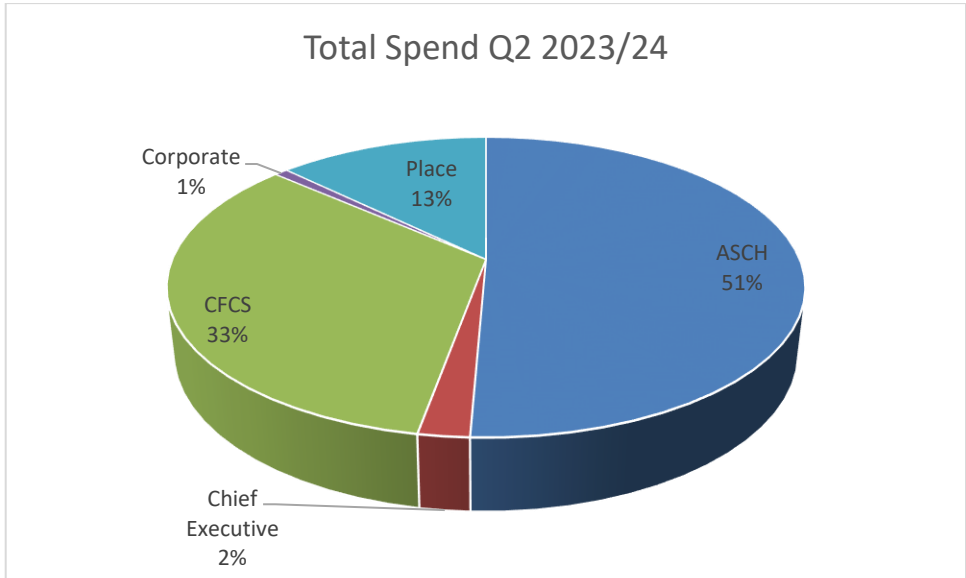
70.The volume of commercial invoices processed for quarter 2 is 15,722 and shows a 3.6% decrease from this time last year.



**Procurement Performance**

71.As an organisation, the Council has spent £175m in the second quarter of the financial year 2023-24 with external suppliers. This represents an increase of £9m when compared with the same period of the previous financial year. The top 13.1% (414) of suppliers account for 80% (£140m) of the total supplier spend. The remaining 86.9% (2,745 suppliers) have a total expenditure of £35m with an average spend of £12,725.

72. The chart below shows the total amount spent in the period, by Directorate. Adult Social Care and Public Health has the highest level of expenditure at 51%, followed by Children and Families, which makes up a further 33%.



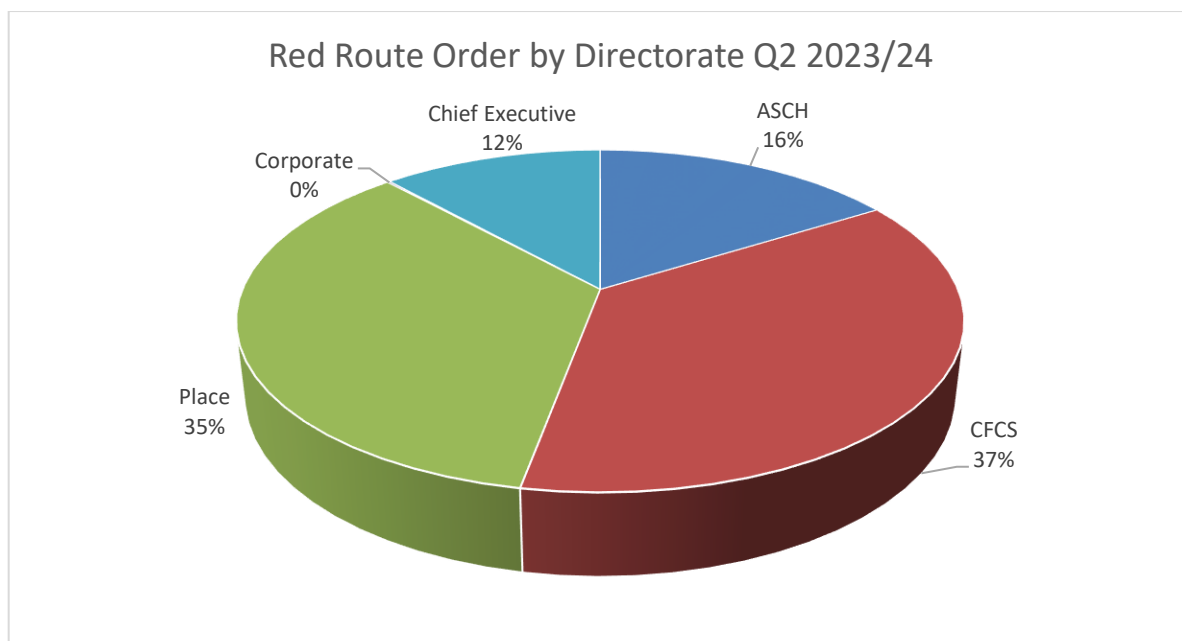
73. The Council's primary ordering route is through the BMS e-system. Orders that are processed through BMS are classified as 'compliant', whilst purchases made outside of the Council's systems are deemed to be 'non-compliant'. Retrospective orders are also classified as non-compliant, as they are typically raised after delivery of goods/services. Services commissioned and managed through other Corporate Systems (e.g. Frameworki / Mosaic) are out of scope. Purchase Orders are beneficial to the organisation as they provide visibility of what is spent.

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

Profit Centre	JUL 2023	AUG 2023	SEPT 2023	Total Q2 2023/24	Total Q2 2022/23
ASCH	25	25	31	81	113
CFCS	140	114	97	351	384
Place	143	103	128	374	327
Corporate	5	1	2	6	14
Chief Executive	54	50	42	146	241
Total	367	293	298	958	1,079

75. 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. Although green route is the preference there is still a requirement for some orders go red route and the number of red route orders will never go down to 0. Red route orders give the procurement team the visibility of spend and allow certain orders and vendor spend to be scrutinised where necessary.

76. When compared with the same period in the previous financial year, the volume of 'Red' orders has decreased from 4,367 to 3,963. The chart below identifies the percentage of Red Route orders by Directorate in quarter 2 of the 2023/24 financial year. The Procurement Team continue to work with stakeholders to improve these figures.



## Statutory and Policy Implications

77. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, 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, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## Other Options Considered

78. To informally brief the Cabinet Member for Finance and Resources and not publish a report. By noting the latest position as a formal decision, this enables the Council to be more transparent and for all County Councillors and the public to be kept informed of the latest position in a timely manner, so this option is discounted.

## Reasons for Recommendations

79. To enable the Cabinet Member for Finance and Resources to be fully informed of the latest position with the Council's budget and for that information to be made publicly available.

## RECOMMENDATIONS

- 1) For the Cabinet Member for Finance and Resources to:-
  - Note the individual portfolio revenue budgets for 2023/24.
  - Note the summary of capital expenditure to date, year-end forecasts and variations to the capital programme.
  - Note the Council's Balance Sheet transactions.

**Nigel Stevenson**

**Service Director – Finance, Infrastructure and Improvement**

For any enquiries about this report please contact:

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Tamsin Rabbitts - Senior Accountant, Pensions and Treasury Management

### **Constitutional Comments (GR 24/11/2023)**

80. Pursuant to the Nottinghamshire County Council Constitution the Cabinet Member has the authority to receive this report.

### **Financial Comments (GB 22/11/2023)**

81. 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

