

18 January 2021

Agenda Item: 4

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

FINANCIAL MONITORING REPORT: PERIOD 8 2020/21

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2020/21.
2. To provide a summary of capital programme expenditure to date and year-end forecasts and approve variations to the capital programme.
3. To request approval for additional contingency requests.
4. To inform Members of the Council's Balance Sheet transactions.
5. To provide Members with an update from the Accounts Payable and Accounts Receivable teams.
6. To provide Members with an update from the Procurement team.

Information

Background

7. The Council approved the 2020/21 budget at its meeting on 27 February 2020. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.
8. It is important to note that this Financial Monitoring report has been put together at a time when the Council is continuing to respond to the consequences of COVID19. A large number of services, resources, functions, plans and programmes have been re- and de-prioritised as the Council has had to respond to a rapidly changing and fluid situation that has included the regular provision of new guidance and legislation.

Implications of the COVID19 Crisis

9. A summary of the COVID19 related grants received by the Authority to date are set out in the table below:-

Grant	County Council Allocation (£m)	Conditions	Use
COVID19 Funding (1)	22.3	None	Reduce financial deficit
COVID19 Funding (2)	14.7	None	Reduce financial deficit
COVID19 Funding (3)	5.1	None	Reduce financial deficit
COVID19 Funding (4)	5.0	None	Reduce financial deficit
Infection Control (1)	11.5	Yes + clawback	Pass to providers for transmission reduction measures and support workforce resilience.
Infection Control (2)	9.6	Yes + clawback	Pass to providers for transmission reduction measures and support workforce resilience.
Test and Trace	3.8	Yes + clawback	Mitigation against and management of local outbreaks of COVID19
Contain Management Funding	6.6	Yes + Clawback	Mitigation against and management of local outbreaks of COVID19
Additional Contain Management Funding	0.7	Yes + clawback	Mitigation against and management of local outbreaks of COVID19
Emergency Assistance Grant	0.9	Subject to monitoring & evaluation	Support to those struggling to afford food and other essentials
COVID Winter Grant	2.3	None	To support vulnerable households throughout the winter period.
Sales, Fees and Charges	1.2	None	To mitigate against lost net income to July 2020
COVID Bus Services Support Grant	1.0	None	
Additional Home to School Transport	1.0	Subject to retrospective claim	New funding for additional dedicated school transport capacity.

10. All Local Authorities are required by the Ministry for Housing, Communities and Local Government to report their forecast financial impact of the COVID19 emergency on a monthly basis. The most recent DELTA8 submission from Nottinghamshire County Council was submitted on 11 December 2020 and identified a total gross forecast financial impact of £85.9m in the current financial year.

The receipts of these grants are factored into the forecast financial position as set out in this report.

11. All Authorities received a letter from the Department of Health and Social Care (DHSC) on 4 September 2020 which explained revised arrangements for the distribution of PPE. It set out that the DHSC had procured sufficient PPE to meet national demand and would be able to supply Authorities directly with PPE for all COVID19 use, over and above any Business as Usual use, until 31 March 2021. This supply is being made available free of charge.
12. The Government have also announced a scheme that will help those Local Authorities that have lost income during the pandemic and boost cash flow. The first lost income return to the MHCLG was submitted on 30 September 2020. The value of funding allocated to Nottinghamshire totals £1.2m and relates to lost income up to the end of July 2020. It has been announced that this scheme will continue into the first quarter of 2021/22.
13. A Finance Resilience Group was established to consider the financial impact arising from the COVID19 crisis. This Group has identified factors that help to mitigate the in-year financial impact of COVID19. Reviews have also been undertaken on all assumptions that underpin the MTFs including areas such as the capital programme, capital receipts, pressures, savings forecasts and reserves. These areas will continue to be scrutinised as part of the budget monitoring and budget setting processes.
14. It is important to note that considerable uncertainty remains regarding the longer-term implications of responding to the emergency. For instance, the emergence of a second wave and a more infectious variation of the virus which may continue through the Autumn and Winter period. In addition, information continues to be developed regarding significant areas of the Authority's budget including Home to School Transport, Looked After Children (LAC) and Adult Social Care and Health services.

Summary Revenue Position

15. As detailed above, the Authority has received four tranches of main COVID19 grant allocations totalling £47.1m as part of the total grants that have been provided. This amount was not factored into projections when setting the 2020/21 budget in February 2020. A revised budget estimate was therefore set whereby COVID19 grant was allocated across Committee budgets based on the current known financial impact of the COVID19 crisis. The revised budget estimate is reflected in Table 1.

16. The table below summarises the revenue budgets for each Committee for the current financial year. A forecast underspend of £5.7m is currently predicted. This represents an increased underspend of £3.2m compared to that reported to members in Period 6 and is consistent with the prevailing trend reported internally for Period 7 (£3.9m underspend). However, there are still significant financial challenges facing the Council over the medium-term which requires a continuing need to be vigilant. Uncertainty still exists and 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 £'000	Committee	Revised Annual Budget £'000	Actual to Period 8 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
(13)	Children & Young People's	150,789	94,184	150,552	(237)
(354)	Adult Social Care & Public Health	212,020	107,678	208,393	(3,627)
(772)	Communities & Place	137,765	89,567	137,508	(257)
431	Policy	38,262	28,222	38,738	476
(94)	Finance & Major Contracts Management	4,478	5,899	4,436	(42)
(47)	Governance & Ethics	7,774	5,024	7,750	(24)
(734)	Personnel	16,298	11,464	15,553	(745)
(1,583)	Net Committee (under)/overspend	567,386	342,038	562,930	(4,456)
(1,180)	Central items	(30,584)	(71,660)	(31,963)	(1,379)
	- Schools Expenditure	82	-	82	-
(57)	Contribution to/(from) Traders	3,353	1,536	3,390	37
(2,820)	Forecast prior to use of reserves	540,237	271,914	534,439	(5,798)
	- Transfer to / (from) Corporate Reserves	(22,906)	2,979	(22,906)	-
291	Transfer to / (from) Departmental Reserves	(4,152)	349	(4,075)	77
	- Transfer to / (from) General Fund	(631)	-	(631)	-
(2,529)	Net County Council Budget Requirement	512,548	275,242	506,827	(5,721)

Committee and Central Items

Adult Social Care & Public Health (£3.6m underspend, 1.7% of annual budget)

17. The major variances are as follows

- Strategic Commissioning and Integration is forecasting an overspend of £2.7m. This has arisen due to a reduction in transport income (£0.9m), increased claim costs and PPE (£3.4m) offset by additional BCF Health income (£1.1m) and underspending on staff and other costs (£0.5m).
- Direct and Provider Services are forecasting an underspend of £1.1m across all services with an underspend on Residential Services (£0.3m) and an underspending on Day Services (£1.0m), offset by an overspend due to non-achievement of savings (£0.2m).

- Living Well and Ageing Well are forecasting an underspend of £3.7m. This consist of an overspend in Living Well (£2.9m), offset by an underspend of in Ageing Well (£6.6m). The increase in underspend from last month is mainly due to additional Health income
- Maximising independence is forecasting an underspend of £1.5m, mainly due to the delayed implementation of the workforce review and additional COVID 19 income offsetting the new EDAASS Home First Response contract.

Personnel (forecast £0.7m underspend, 4.6% of annual budget)

18.The major variances in the Personnel Committee relate to staffing vacancies in the BSC (£0.2m), reduced apprentice costs due to recruitment difficulties in the current circumstances (£0.1m), reduced training costs as training is taking place on line (£0.1m) and Business Support vacancies (£0.3m).

Central Items (forecast £1.3m underspend)

19.Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and capital charges.

20.As set out above, a revised budget estimate has been set whereby COVID19 grant has been allocated across Committee budget based on current, known financial impact of the COVID19 crisis. Any grant not allocated to Committees at this time has been set aside to fund further in-year COVID related issues and to cover future shortfalls in collection rates of both Council Tax and Business Rates.

21.The reported underspend is made up of a number of variations relating to interest, general government grant income, pension contributions and the Minimum Revenue Provision.

Contingency Budget

22.Central Items includes a base contingency budget of £4.0m to cover redundancy costs, slippage of savings, additional funding requirements for the 2020/21 pay award and other unforeseen events. Also, in 2020/21 a number of demand and inflationary pressures have been identified that have a degree of uncertainty with regard to likelihood, value and profiling. As such, an additional provision of £2.6m was added to the contingency to fund these pressures. All funding requirements continue to be reviewed and the Finance and Major Contracts Management Committee or the Section 151 Officer are required to approve the release of contingency funds.

23.As stated above, a provision of £2.6m was set aside in the 2020/21 contingency to fund pressures that had a degree of uncertainty. A number of these pressures have materialised and subsequently been released to Committee budgets (£1.6m). Furthermore, there is a requirement to release funding of £600,000 to offset cost pressures in the Communities and Place Committee in relation to SEN Transport Growth.

24.A request for contingency has previously been submitted to the Governance & Ethics Committee (March 2020) in relation to changes to the Democratic Services Staffing Structure

(£87,000) and also to fund a pilot document management system in Legal Services to progress the objectives of the Information Governance programme (£60,000).

25. A report to the Personnel Committee in November 2020 set out the requirements to fund additional Graduate Trainee posts. As such a contingency request is sought for £19,000 in 2020/21 and a further £77,000 in 2021/22 and £58,000 in 2023/23.
26. At the Full council meeting on 28th May 2020, the new COVID19 Resilience, Recovery and Renewal Committee was established and it was approved that the additional cost of the Special Responsibility Allowance (SRA) attached to the new Committee Chairman will be funded from Contingency (£23,000 p.a.).
27. Contingency requests that have been previously approved and distributed to Committees total £3.4m and Table 1 assumes that the remaining contingency budget will be utilised in full for future requests.

Progress with savings and risks to the forecast

28. Council on 27 February 2020 approved savings proposals of £7.8m for delivery in 2020/21, with further savings identified for the period 2021-24. The progress of the Council's current savings programme is reported to the Improvement and Change Sub-Committee on a regular basis. The latest report to Improvement and Change Sub-Committee on 23 November 2020 highlighted that the following savings projects require a change to their delivery profile – Social Impact Bond (£0.3m 2020/21), Developing of the Fostering Service (£0.3m 2020/21) and Housing with Care (£0.3m 2021/22). The write-off of savings in relation to Better Practice in Support Planning for Older Adults 65 years+ (£0.2m 2020/21) was reported to this Committee in the Period 5 Monitoring Report. 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.
29. As well as the implications arising from the COVID19 emergency the usual budget monitoring process will continue to take place throughout the year to identify all major variations to budget. Progress updates will be closely monitored and reported to management and to Committee on a monthly basis. It is expected that as well as identifying additional costs, areas of reduced costs will also be identified as the Council adapts service delivery during the crisis.
30. The approved 2020/21 budget was set against a background of assumptions and on-going risks, specifically with regard to the demand for Council services in the areas of Children and Adult Social Care where safeguarding takes priority. In Children's Social Care specifically, significant pressures are continuing to be experienced in relation to the rise in Looked After Children external placements. This is due to sustained high numbers and little evidence that the position has stabilised. In addition, the average weekly cost of placements are rising due to complexity of need, market conditions, inflation and limited capacity within the Authority's own internal residential and foster care provision. These high-risk areas will continue to be monitored closely during the year through the robust monthly budget management process and reported back to Committee.

Spending Review 2020 / Provisional Local Government Settlement

31. Following the November 2020 Spending Review, a number of announcements were confirmed by the Secretary of State for the Ministry of Housing, Communities and Local Government on 17 December 2020 as part of the 2021/22 Provisional Local Government Settlement. The key announcements that will affect the Council are as follows:

- All additional grant for Adult and Children's Social Care including Winter Pressures and Adult Social Care grant will continue.
- An additional £3.9m grant for Adult and Children's Social Care in 2021/22
- £1bn Social Care funding announced in 2020/21 will be rolled forward.
- Council Tax threshold will remain at 1.99% but there will be further flexibility for Adult Social Care Precept of 3% part of which may be deferred to 2022/23.
- An additional £16.1m grant allocation to fund further COVID19 related expenditure pressures in 2021/22.
- A scheme to compensate Councils for 75% of irrecoverable loss of Council Tax and Business Rates revenues in 2020/21.
- Core Spending Power for local government will increase by 4.5% with most of the increase in power from greater council tax flexibilities.
- Sales, fees and charges compensation will be extended into the first three months of 2021/22.
- Confirmation of continuation of £165m Troubled Families Programme.
- New Homes Bonus will continue for a further year with no new legacy payments.
- A fundamental review of the Business Rates Retention System will be reported in Spring 2021.
- A further £1.7bn for pothole repairs and roads maintenance in 2021/22.

32. The 2021/22 Local Government Finance Settlement set out a one-year settlement only. As such, further considerable uncertainty beyond 2021/22 will remain until further funding announcements are made.

Balance Sheet

General Fund Balance

33. Members approved the 2019/20 closing General Fund Balance of £22.0m at Council on 23 July 2020. The 2020/21 budget assumes the utilisation of £0.6m of balances which will result in a closing balance of £21.4m at the end of the current financial year. This is 4.4% of the budget requirement.

Capital Programme

34. Table 2 summarises changes in the gross Capital Programme for 2020/21 since approval of the original Programme in the Budget Report (Council 27/02/20):

Table 2 – Revised Capital Programme for 2020/21

	2020/21	
	£'000	£'000
Approved per Council (Budget Report 2020/21)		117,384
Variations funded from County Council Allocations : Net slippage from 2019/20 and financing adjustments	1,722	
		1,722
Variations funded from other sources : Net variation from 2019/20 and financing adjustments	19,486	
		19,486
Revised Gross Capital Programme		138,592

35. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 8.

Table 3 – Capital Expenditure and Forecasts as at Period 8

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 8 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People's	35,813	18,969	31,127	(4,686)
Adult Social Care & Public Health	1,176	877	919	(257)
Communities & Place	67,109	29,301	66,901	(208)
Policy	32,971	10,921	28,965	(4,006)
Finance & Major Contracts Mngt	180	8	180	-
Governance & Ethics	354	203	339	(15)
Contingency	989	-	989	-
Total	138,592	60,279	129,420	(9,172)

Children & Young People's

36. In the Children and Young People's Committee, an underspend of £4.7m has been identified. This mainly relates to the School Places programme where there are a number of projects at Academy schools where the funding is not now expected to be transferred until future financial years.

Communities & Place

37. In the Communities and Place Committee an underspend of £0.4m has been identified. This relates mainly to a £1.3m re-profiling of the Transport and Travel Services budget to reflect a delay to the delivery of a number of electric buses and replacement minibuses. This is offset by a £0.9m acceleration of funding required against the Gedling Access Road as good progress continues to be made on this project. Further minor variations have been identified across a number of other budgets.

It is proposed that the Communities and Place capital programme is varied to reflect the £1.3m re-profiling of the Transport and Travel budget and the £0.9m re-profiling of the Gedling Access Road budget.

38. Also in the Communities and Place capital programme, the Authority has been successful in securing a £1.7m Active Travel Fund capital grant from the Department for Transport. This grant will be used to deliver interventions to encourage more walking and cycling across the county.

It is proposed that the Communities and Place capital programme is varied to reflect the award of the £1.7m Active Travel Fund grant.

Policy

39. In the Policy Committee an underspend of £4.0m has been identified. This relates mainly to a £2.5m re-profiling of the Investing in Nottinghamshire programme. The delivery of this programme has been delayed in order to provide sufficient time to consider the implications of COVID19 on the premises involved. An update report on this programme was reported to Policy Committee in December 2020.

It is proposed that the Investing in Nottinghamshire programme is varied to reflect the £2.5m re-profiling as the programme is reviewed.

40. Also in the Policy Committee programme a number of areas of slippage have been identified that are a result of the COVID19 pandemic. The IT Infrastructure Replacement Programme (£0.5m), the Wide Area Network project (£0.4m) and the Site Clearance Programme (£0.4m) have all reported slippage into the next financial year.

It is proposed that the Policy Committee capital programme is varied to reflect the slippage identified against the IT Replacement Programme (£0.5m), the Wide Area Network project (£0.4m) and the Site Clearance Programme (£0.4m).

Financing the Approved Capital Programme

41. Table 4 summarises the financing of the overall approved Capital Programme for 2020/21.

Table 4 – Financing of the Approved Capital Programme for 2020/21

Committee	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People's	21,677	13,497	-	639	35,813
Adult Social Care & Public Health	371	805	-	-	1,176
Communities & Place	13,481	52,189	1,119	320	67,109
Policy	18,255	13,916	-	800	32,971
Finance & Major Contracts Mngt	-	-	-	180	180
Personnel	354	-	-	-	354
Contingency	989	-	-	-	989
Total	55,127	80,407	1,119	1,939	138,592

42. It is anticipated that borrowing in 2020/21 will decrease by £7.3m from the forecast in the Budget Report 2020/21 (Council 27/02/2019). This decrease is primarily a consequence of:

- £1.7m of net slippage from 2019/20 to 2020/21 and financing adjustments funded by capital allocations.
- Net slippage in 2020/21 of £9.0m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

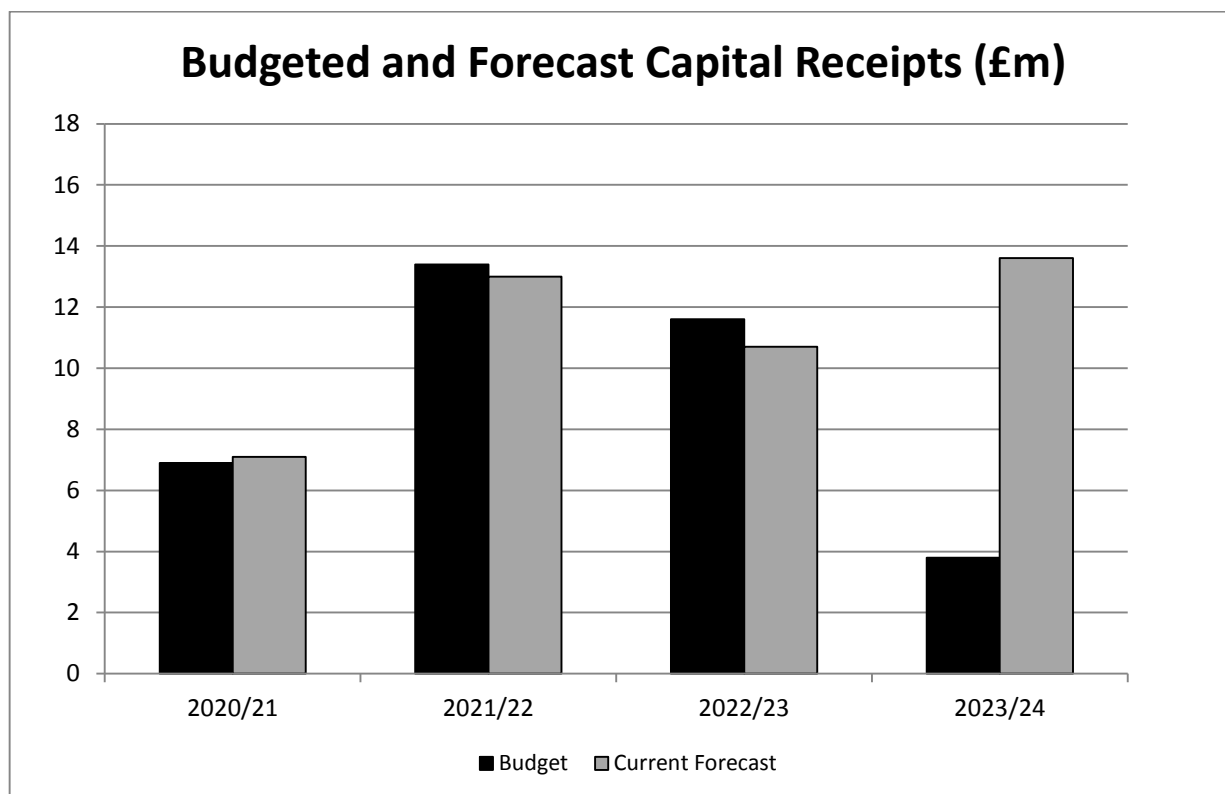
Prudential Indicator Monitoring

43. 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

44. 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.

45. The chart below shows the budgeted and forecast capital receipts for the four years to 2023/24.



46. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2020/21 (Council 27/02/2020). These capital receipts budgets prudently incorporated slippage, giving a degree of “protection” from the risk of non-delivery.

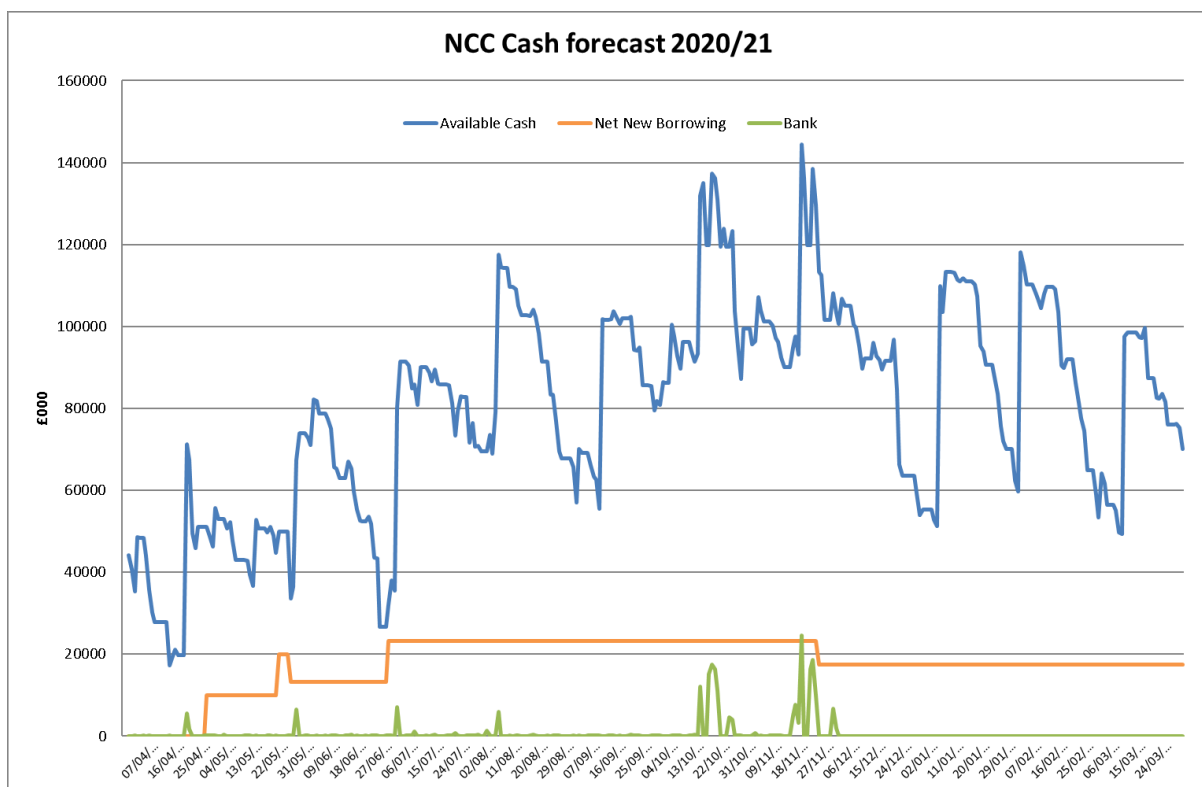
47. The capital receipt forecast for 2020/21 is £6.9m. To date in 2020/21, £0.5m of capital receipts have been received.

48. 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 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.

49. Current Council policy (Budget Report 2020/21) is to use the first tranche of capital receipts to fund in-year transformation costs. Any capital receipts in excess of this will be set 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.

Treasury Management

50. 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.
51. The cash forecast chart below shows the current estimated cash flow position for the financial year 2020/21. 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.



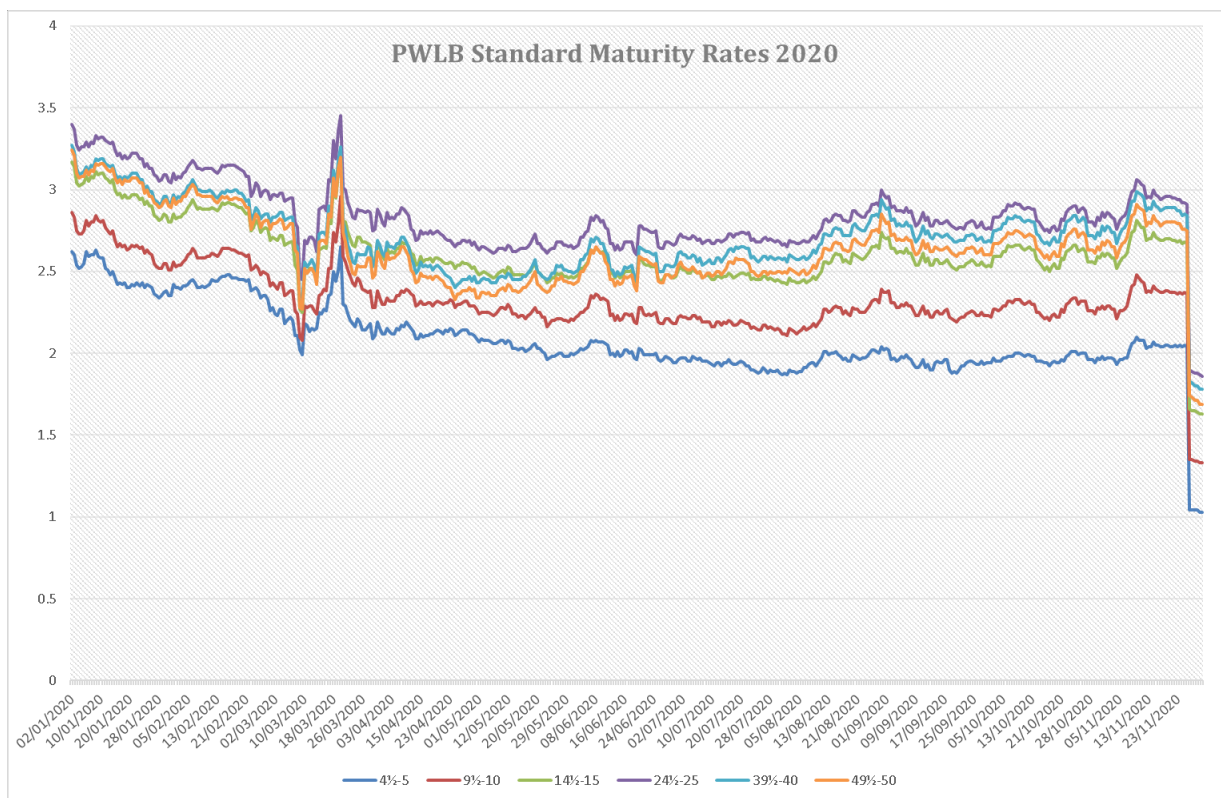
52. The chart above gives the following information:

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.

53. The Treasury Management Strategy for 2020/21 identified a need to borrow approximately £50m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. However, the estimate was revised and increased to £80m after the 2019/20 accounts closure (taking account of slippage). £10m of this was taken in late April, with two further £10m tranches in May and June.

54. After updating the capital programme forecasts in October and re-assessing cashflow to April 2021 it looks like no further borrowing will be required this financial year. Indeed, as can be seen from the above graph, the Council's instant-access cash balance exceeded its normal maximum limit of £140m in November. However, TMG anticipated this a few days in advance and approved a temporary increase in the Barclays Bank limit

55. 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. The chart below shows the movement in standard PWLB maturity rates over the course of 2020 so far. The initial effects of the coronavirus pandemic and the Government's budgetary response can be seen in early March. The effect of the PWLB policy change in November (which effectively reversed the 100bp increase introduced in late 2019) can also be seen.



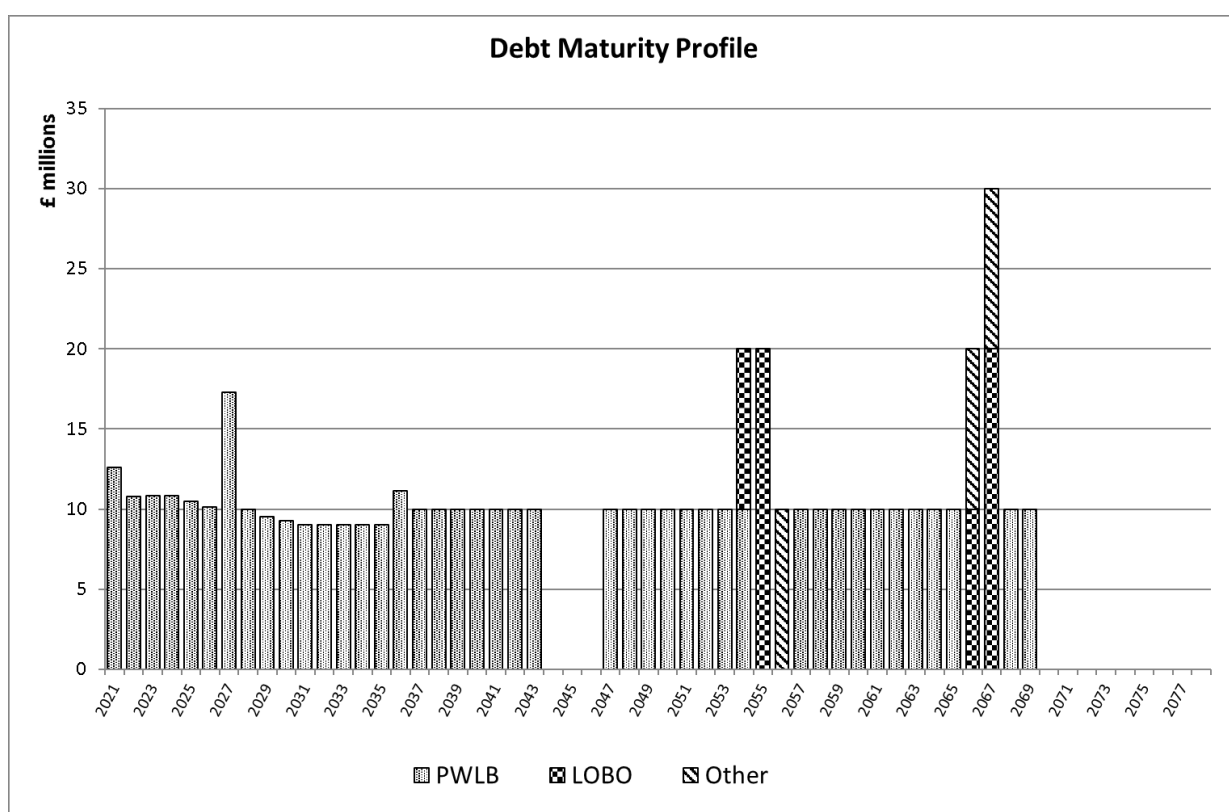
56. Borrowing decisions will take account of a number of factors including:

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

57. 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.

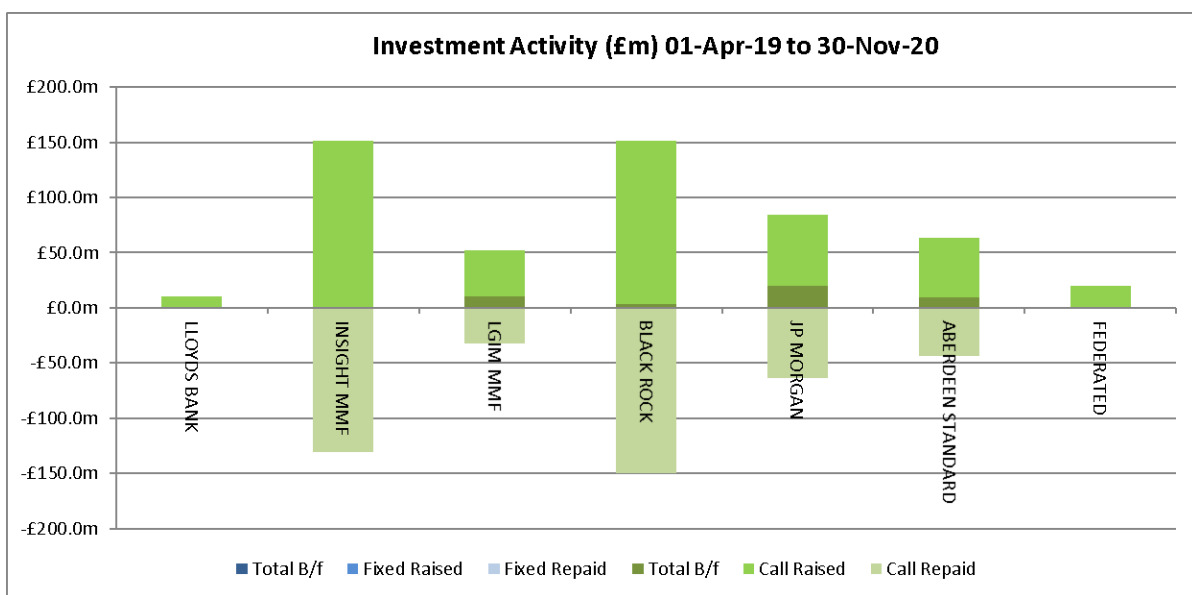
58. Long-term borrowing was also obtained from the market some years ago in the form of 'Lender's Options, Borrower's Options' loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken 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.

59. The 'other' loans shown in the chart consists of LOBO loans from Barclays Bank that were converted to standard fixed-term loans in 2016.



60. The investment activity for 2020/21 to date is summarised in the chart and table below. Outstanding investment balances totalled approximately £44m at the start of the year and approximately £112m at the month-end.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
LLOYDS BANK	-	10,000	-	10,000
INSIGHT MMF	750	150,350	(131,100)	20,000
LGIM MMF	10,700	41,500	(32,200)	20,000
BLACK ROCK	3,800	147,900	(150,020)	1,680
JP MORGAN	19,800	64,200	(64,000)	20,000
ABERDEEN STANDARD FEDERATED	9,150	54,350	(43,600)	19,900
FEDERATED	-	20,000	-	20,000
Total	44,200	488,300	(420,920)	111,580



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

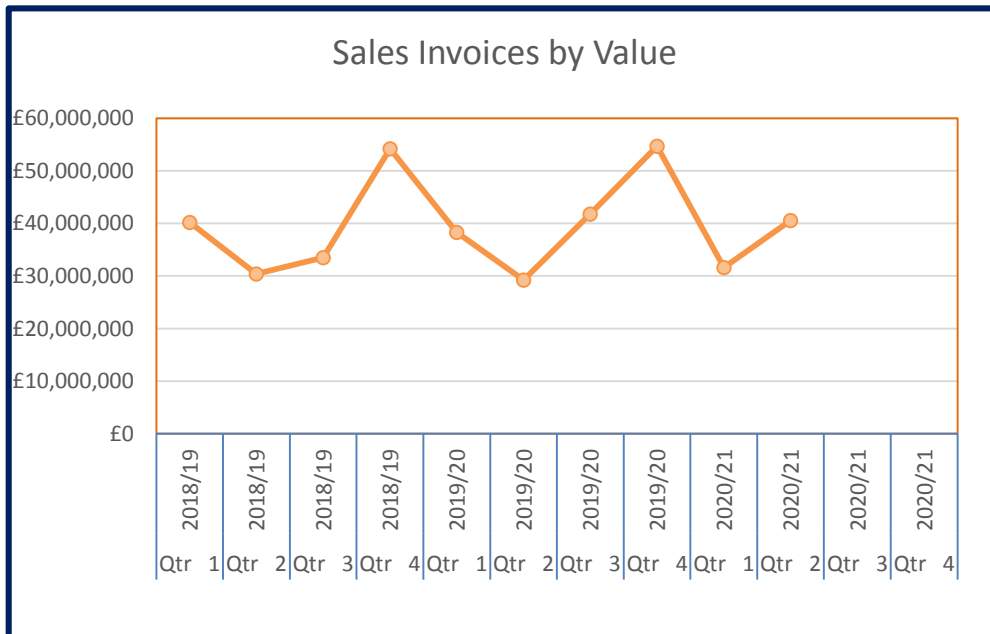
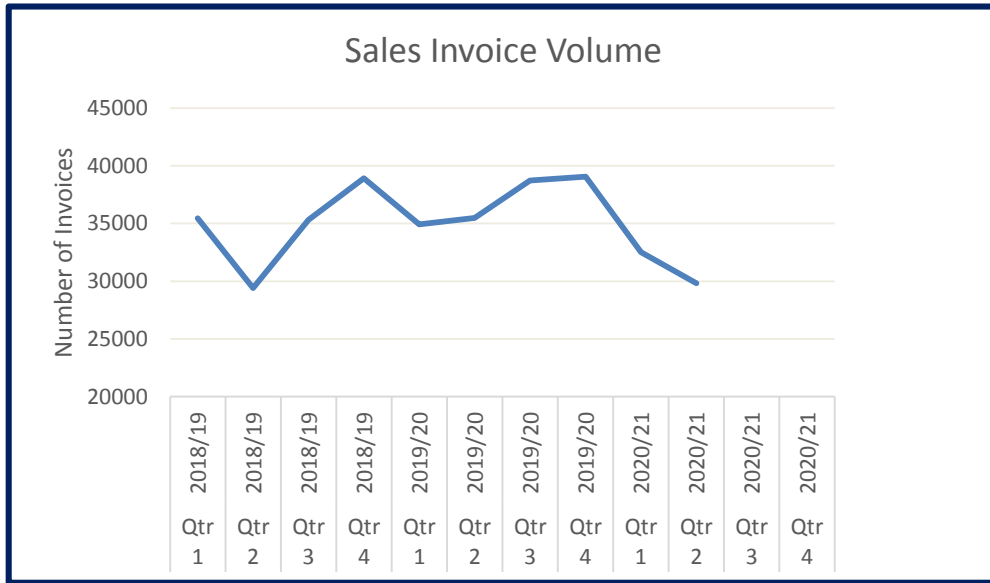
Debt Recovery Performance

62. Sales Invoicing trends during Q2 are still showing a reduction in the volume of sales invoices that have been raised, although the overall value and value raised to date are nearing Q2 averages. The reason for the change appears to be directly related to the COVID19 pandemic whereby some services are not able to operate their normal service, yet some high value COVID related invoices are being raised to partner organisations.

Invoices Raised in Quarter

	Quarter 2	Year to date
Number	29,834	62,257
Value	£40,540,529	£72,166,738

Invoice Trends



Debt Position Q2

63. The Debt Recovery team continued to work on a reduced activity process during Q2 due to Covid, maintaining call and email contact with debtors but without any enforcement actions. As expected, this is now just beginning to show up as increased debt levels at 6 months. With agreement, this team is now poised to commence full debt recovery procedures.

	Residential & Domiciliary Care (Statutory Debtors)	All Other (Non-Statutory Debtors)	Total
Total	£11,157,056	£17,821,220	£28,978,277
Over 6 months	£6,752,619	£1,199,015	£7,951,635
% over 6 months	60.5%	6.7%	27.4%

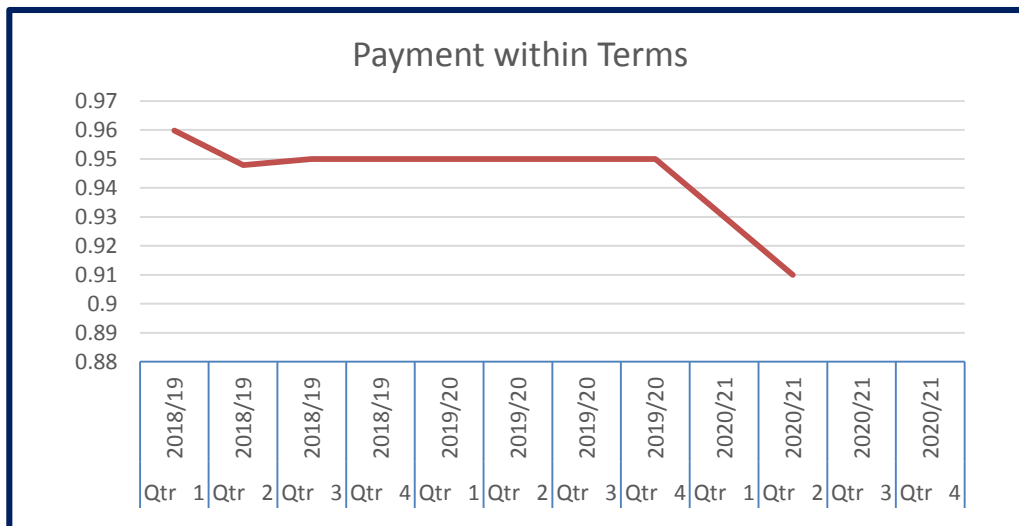
64. The Residential and domiciliary debt figures continue to be influenced by full cost invoices to service users that have not yet joined the deferred payments scheme. The resulting debts are a direct effect of the changes brought about by the Care Act. These users are charged full costs for their care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

No of Accounts	Total Debt
56	£1.28m

65. The debtor write-off total during Q2 was £218k for 157 accounts, making the write off total to date £280k over 243 accounts

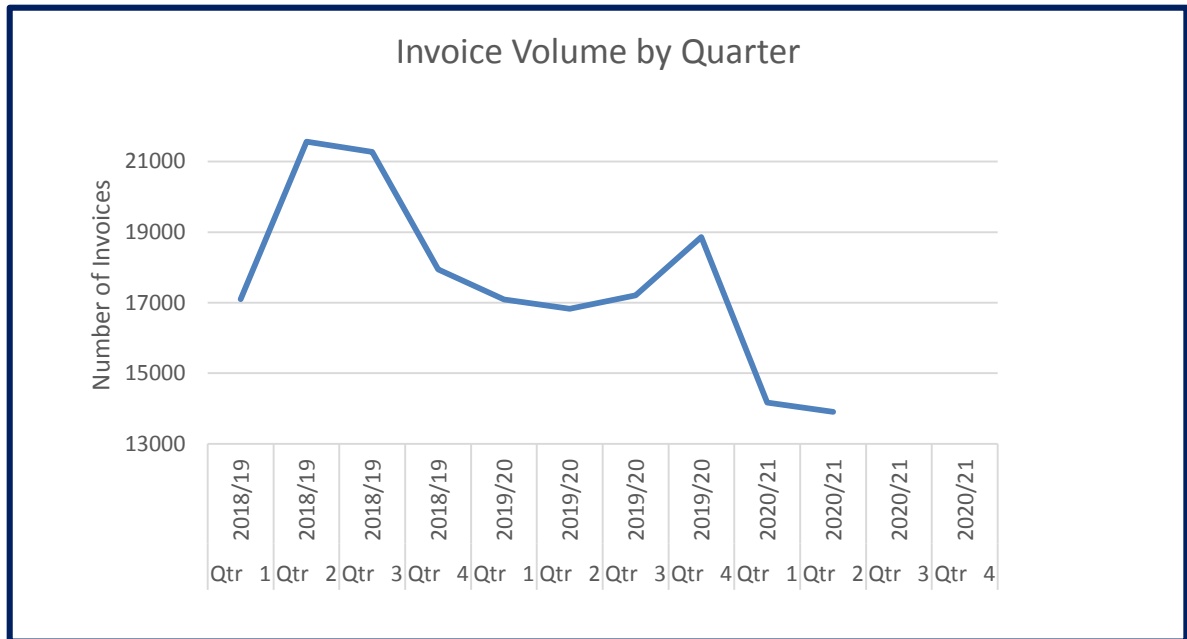
Accounts Payable (AP) Performance

Payments Within Terms



66. The volume of commercial invoices processed for Q2 shows a decrease in invoicing volumes. The expectation is that this is directly related to COVID19 lockdown.

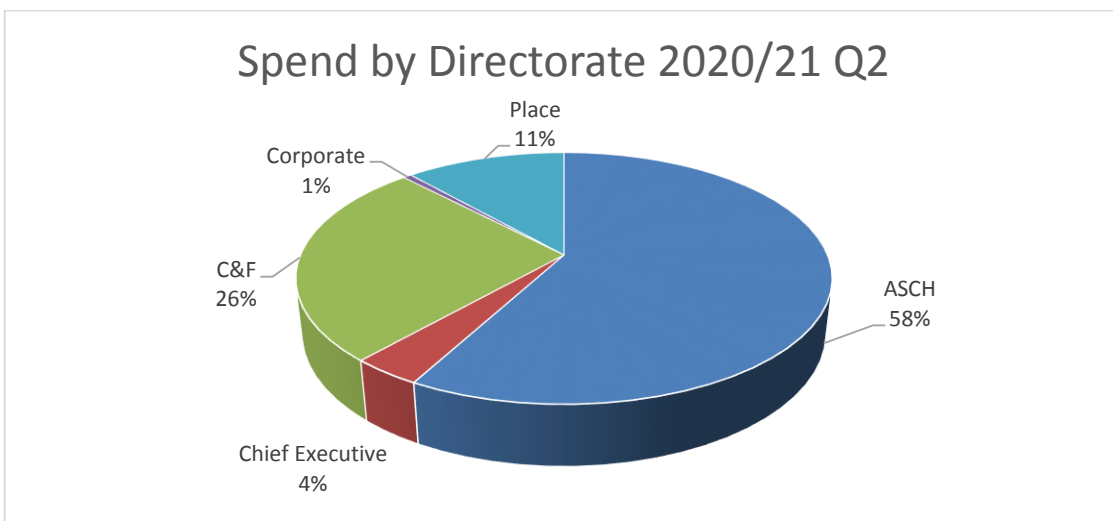
Commercial Invoices Processed



Procurement Performance

67. As an organisation, NCC has spent £135.9m in the second quarter of the financial year 2020-21 with external suppliers. This represents an increase of £7.2m when compared with the same period of the previous financial year. The top 14.1% (445) of suppliers account for 80% (108.7m) of the total supplier spend. The remaining 85.9% (2708 suppliers) have a total expenditure of £27.2m with an average spend of £10,040.

68. The chart below shows the total amount spent in the period by Directorate. ASCH has the highest level of expenditure at 58%, followed by Children’s and Family’s which makes up a further 26% of spend.



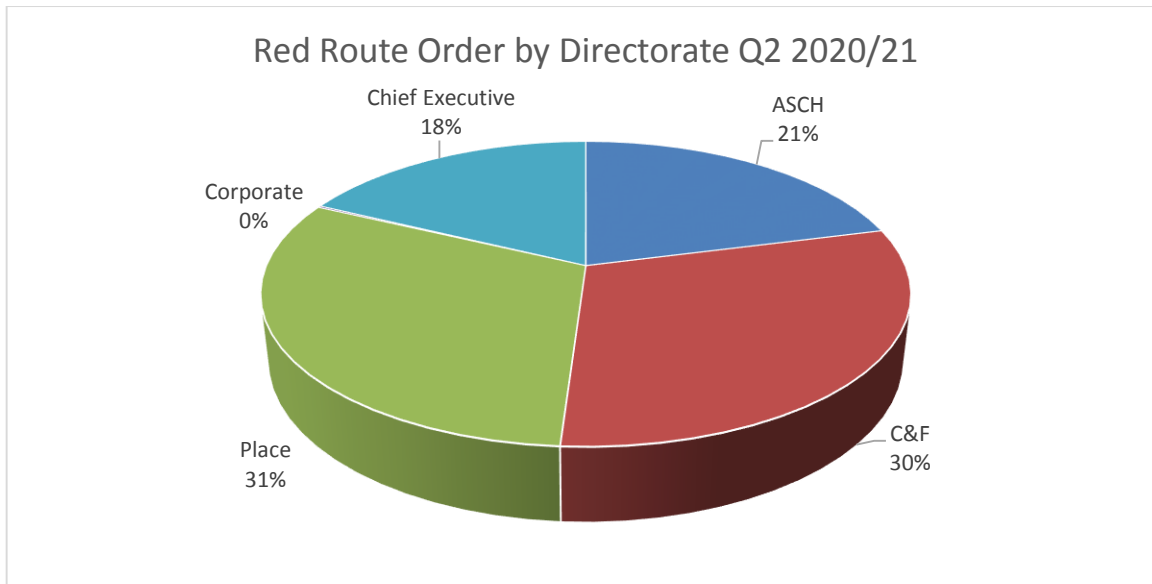
Purchase Orders

69. 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 Frameworki/Mosaic, are out of scope. Purchase Orders are beneficial to the organisation as they provide visibility of what we spend.

The table below shows the number of retrospective orders by month and by Department.

Department	PO Volume JUL 2020	PO Volume AUG 2020	PO Volume SEP 2020	Total Q2 2020/21	Total Q2 2019/20
ASCH	35	16	31	82	144
C&F	134	79	117	330	479
Place	96	84	138	318	627
Corporate	1	1	6	8	3
Chief Executive	91	114	100	305	333
Total	357	294	392	1043	1586

70. 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 has decreased from 5612 to 3969. The chart below identifies the percentage of Red Route orders by Directorate in Q2 of the 2020/21 financial year. The Procurement Team continue to work with stakeholders to improve these figures.



Statutory and Policy Implications

71. 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.

RECOMMENDATIONS

- 1) To comment on the revenue budget expenditure to date and year-end forecasts.
- 2) To comment on the capital programme expenditure to date and year-end forecasts.
- 3) To comment on the Council's Balance Sheet transactions.
- 4) To approve the additional contingency requests.
- 5) To comment on the performance of the Accounts Payable and Accounts Receivable teams.
- 6) To comment on the performance of the Procurement Team.

Nigel Stevenson Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:
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Constitutional Comments (KK 22/12/2020)

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

Financial Comments (GB 17/12/2020)

73. 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

