Nottinghamshire County Council

Report to Finance & Property Committee
25 February 2013

Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR – FINANCE & PROCUREMENT

FINANCIAL MONITORING REPORT

Purpose of the Report

1.1 To provide a summary of the financial position of the County Council for the year to date including year-end forecasts.

1.2 To provide an update on the progress being made by the Procurement team in contributing to the County Councils savings plans.

1.3 To note the Capital Programme expenditure and latest forecasts.

Information and Advice

2. Background

2.1 This report is part of the regular financial monitoring reporting cycle and follows the summary update to Finance and Property Committee in January.

3. Summary Financial Position

3.1 **Table 1 summarises the revenue position of the County Council.**

Table 1 – Summary Financial Position

Previously reported Variance	Committee	Annual Budget £'000	Actual to Period 9 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
6,645	Children & Young People	157,529	101,005	164,417	6,888
2,791	Adult Social Care & Health	194,486	150,201	199,582	5,096
(429)	Transport & Highways	61,382	45,731	61,614	232
575	Environment & Sustainability	27,596	19,281	28,068	472
(20)	Community Safety	4,163	1,075	4,087	(76)
358	Culture	13,835	9,325	14,097	262
(1,271)	Policy	22,999	18,289	22,523	(476)
(109)	Finance & Property	29,044	22,195	29,102	58
0	Personnel	10,429	11,789	9,476	(953)
(6)	Economic Development	864	1,040	863	(1)
8,534	**Net Committee (under)/overspend**	522,327	379,931	533,829	11,502
(15,100)	Central items	(25,403)	(9,548)	(41,003)	(15,600)
(6,566)	**Forecast prior to use of reserves**	**496,924**	**370,383**	**492,826**	**(4,098)**
(3,441)	Transfer to / (from) reserves	(2,690)	(1,733)	(7,008)	(4,318)
0	Transfer to / (from) General Fund	4,930	0	4,930	0
(10,007)	**Net County Council**	**499,164**	**368,650**	**490,748**	**(8,416)**

3.2 At the beginning of the current financial year, the Corporate Leadership Team took a decision to hold back an element of the base budget, in a central contingency, in light of the previous financial year's savings. This amounted to £9.25m and was in addition to the already established corporate contingency. It was agreed that if this money was required to offset in-year spending pressures, it would be released back to the relevant departments. As such the Council had planned for the potential additional costs that are now being experienced in both Children's Services and Adults, which appear to show that current year's expenditure is significantly exceeding the current year's budget.

3.3 Whilst the overall position in Children's Services is a net overspend, it is only £1.8m after the contingency and earmarked reserves have been taken into account. Similarly the net position on Adults is a small overspend of £0.8m, after earmarked reserves have been utilised.

3.4 Furthermore, based upon the County Council's financial performance in recent years, the level of savings achieved in year is expected to increase. The commentary below provides a further detailed explanation to the major variances.

3.5 After the budgeted contribution to the General Fund of £4.9m, the forecast out-turn position overall for the County Council is a saving of £8.4m. This is a reduction in the expected saving of £1.6m since the last monitoring report.

4. Committee and Central Items

The main variations that have been identified since the start of the financial year are explained in the following section.

Children and Young People
(forecast £1.8m net overspend, after the application of contingency and reserves)

4.1 Children's Social Care division is forecasting an overspend of £4.2m, of which £1.4m is due to the number of external placements. The cost of agency staff is now predicted to overspend by £1.8 million with continuing problems around filling vacancies, particularly in social work teams and the Safeguarding and Independent Review Service. A further £0.9 million overspending is now anticipated on legal fees in the light of the latest activity data.

4.2 Youth Families & Culture division is reporting a forecast underspend of £1.4m. This relates to the under provision (within the Executive Support Budget) of £0.4m due to the element of the business support service review savings that were originally funded by the Schools Budget, together with £0.4m under provision for the family assessment workers that were established in the Children's Social Care Division. A further £0.6m relates to the non-achievement of the BSSR business case (for which £0.6m has been set aside in a reserve if required at the end of the financial year). Offsetting these overspendings, the Early Years and Early Intervention Service is forecast to underspend by £2.3m due to savings around the new commissioning arrangements, together with minor savings in Targeted Support and Youth Justice Service, Young People's Service, and Cultural and Enrichment Service due to vacancy savings and increased income.

4.3 Education Standards and Inclusion division is reporting a forecast underspend of £0.2m due to a combination of vacancy and other staffing savings. In addition, an underspend of £0.4m against the budget for the Preferred Travel Scheme and £0.2m relating to statutory school transport. These are partially offset by an overspending against the SEN home to school transport budget of £0.3m, an overspending of £98,000 against the budget for Post 16 Special Transport and a net overspending within the Business Support Service of £0.1m.

4.4 As set out in paragraph 3.2, the overall Committee variance, is largely offset by the £4m of contingency that was set aside at the beginning of the financial year. It is also reduced by the application of a number of earmarked reserves, which were established to meet some of the expenditure.

Adult Social Care & Health
(forecast £0.8m net overspend after the use of reserves)

4.5 The reported outturn for ASCH Committee is before the application of reserves, which have previously been set aside to meet some of the known pressures. £4.3m is available and has been included in the 'Transfer to/from reserves' line in Table 1 above. Taking this into account, equates to a net Committee outturn of £0.8m overspend.

4.6 Older Adults division is reporting a forecast overspend of £0.2m. This is primarily due to forecast overspends on Community Care of £2.1 million, Fieldwork of £0.6 million, and Care and Support Centres of £0.6 million. However, these forecast overspends are offset by forecast underspends of £2.1 million within the Service Directors Development allocation combined with a forecast underspend of £0.8 million on the Section 256 allocation.

4.7 Younger Adults division is currently reporting a forecast underspend of £1.5 million which is an increase of £0.5 million from last month. The underspend is primarily due to a forecast underspend of £0.8 million within Day Services due to not operating at a full capacity during the refurbishments. In addition there are forecast underspends on the Carers Service of £0.3 million, Campus of £0.2 million, Aspergers of £0.1 million, and £0.4 million within the Service Director's budget. These forecast underspends are partly offset by forecast overspends on Mental Health of £0.1 million and Physical Disability of £0.2 million.

4.8 Joint Commissioning is currently reporting a forecast overspend of £2.1 million. This is comprised of a forecast shortfall of £1.7 million in Client Contribution Income compared to this year's budget, a £0.5 million overspend on Supported Employment, a £0.4 million overspend on the ICES Pooled Budget and a £0.3 million underspend on Business Support.

Policy (forecast £0.5m net underspend)

4.9 The main variance within this Committee relates to £1m slippage in the Improvement Programme due to delays in the Ways of Working Programme. As this is funded by the Improvement Programme reserve, a corresponding reduction in the use of reserves line has been included in table 1 above. Offset against this is an overspend on staffing costs within the Business Support Centre.

Personnel (forecast £1.0m net underspend)

4.10 The variance within this Committee is due to an underspend on Corporate HR due to savings on training costs within the Workforce and Organisational Development budget.

Central Items (forecast £15.6m net saving)

4.11 Corporate Budgeting primarily consists of interest and payments on cash balances and borrowing, together with various grants and contingency.

4.12 Interest payments are currently forecast to be £4.2m less than the original budget. This is primarily due to slippage on the capital programme in 2011/12 which reduced the need to borrow. In addition, the level of expected cash balances during 2012/13 means that the Council is less likely to need to borrow than had been predicted in the original budget.

4.13 The 2012/13 Contingency budget was originally set at £15.6m, of which, £10.0m has been earmarked for redundancy. In addition, at the start of this financial year, the following departmental transfers to/from the contingency were agreed:

- £8m from ASCHPP into the corporate contingency
- £4m from CFCS into the corporate contingency
- £1m from E&R into the corporate contingency
- £0.75m into T&H from the corporate contingency
- £3m into Procurement from the corporate contingency

4.14 Redundancy payments made in the current financial year to date total £4.4m. A further £3.7m is expected to paid in the remainder of the year, taking the total forecast, including pension strain, to £8.1m. This is £2.2m lower than previous expectations, which were based on average payments per employee. The 2011/12 provision of £5.2m will be used to meet part of this expense.

4.15 A new Section 188 notice was published on 31 October 2012 and the consultation period for this concluded on 29 January 2013. Although the related costs are likely to fall in the new financial year, the County Council will have to make a provision in 2012/13 for the expected redundancy costs of 2013/14. The size of the provision is based on the number of posts affected and the average redundancy cost in 2012/13. An initial estimate equates this to £4m and this figure has been included in the current forecast. Given that there is a £10m redundancy contingency, it is possible that up to £3.1m will be available, and, subject to approval, this may be transferred to the Redundancy reserve, for future years use. The final figures will not be known until the end of the financial year - should the final figure vary from this, the balance transferred will be adjusted as appropriate. These figures are currently included within the central items in Table 1.

4.16 Approved requests against the general contingency to date total £3.472m. No further requests have been submitted since the previous financial monitoring report, therefore the total contingency budget is forecast to be underspent by £11.4m.

Transfer to/from Reserves (forecast £4.3 net underspend)

4.17 In addition to the original estimated use of reserves, activity in the current year suggests a net additional £4.3m will be used. This is made up of £4.2m in ASCH, £1.1m in CYP and Culture, offset by a reduced use of £1m of the Improvement Programme reserve.

Transfer to/from General Fund (forecast in line with budget)

4.18 The latest forecast includes the budgeted £4.9m contribution to General Fund balances. Should the forecast underspend occur, a further contribution to between General Fund balances and Capital Projects reserve will be made.

5. Progress with savings and risks to the forecast

5.1 The Council is now in its second full year of the savings programme having successfully delivered over £70m in 2011/12. The target for the current financial year is £34.8m. Officers are currently reviewing the deliverability of individual schemes and targets as part of the Medium Term Planning process. Should schemes be identified as at risk, short term delays could be offset by the current year underspend, allowing sufficient time for schemes to be in place, or alternative savings to be identified as permanent base budget reductions. Where alternatives cannot be found, the contingency budget will need to be used. The base budget review has identified some movement in the savings and these are included in the budget report to February Policy Committee.

6. Procurement Activity Analysis

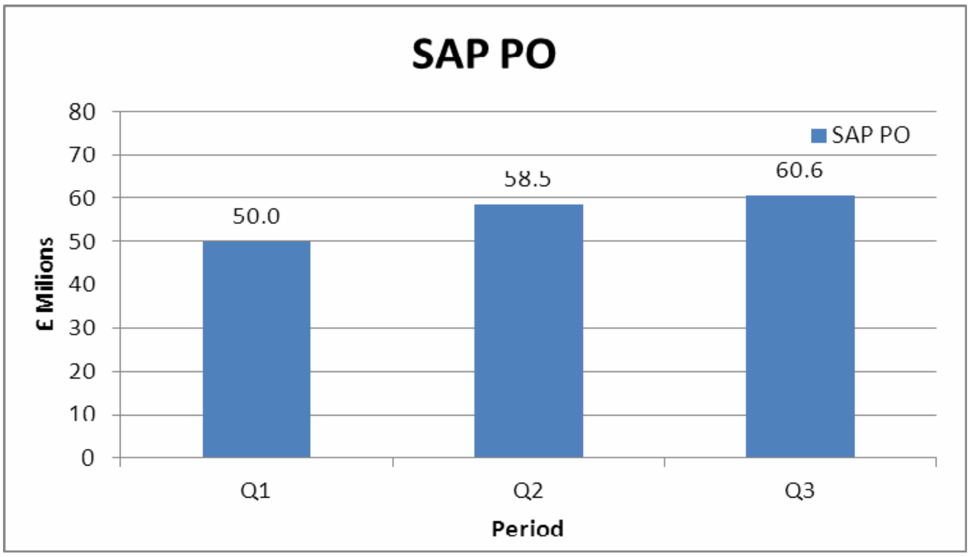
6.1 The progress of the Council's performance in relation to the acquisition of goods and services continues to be monitored. The table below provides an overview of spend processed via the Business Management System (BMS) and also illustrates how the Council utilises different methods when transacting with vendors.

	Date	Purchase order (PO) spend £m		Non Purchase order spend £m		Legacy spend £m		Total Spend £m		PO %	Green route shopping cart lines volume	Total shopping cart lines volume	Green route %
Q1	Apr-12	19.9		22.0		14.5		56.4		47.5	7958	13698	58.1
	May-12	15.4	50.1	20.8	57.7	14.7	43.6	50.9	151.5	42.6	10962	17276	63.5
	Jun-12	14.8		14.9		14.4		44.2		49.8	9901	14655	67.6
Q2	Jul-12	23.7		17.4		14.0		55.1		57.7	10419	15945	65.3
	Aug-12	19.1	58.5	18.5	48.9	15.0	42.5	52.6	149.9	50.8	11066	15833	69.9
	Sep-12	15.7		13.0		13.5		42.2		54.7	9768	14177	68.9
Q3	Oct-12	23.8		14.1		14.8		52.8		62.6	11891	17837	66.7
	Nov-12	17.8	60.4	14.8	44	14.4	52	47.1	156.7	54.6	10289	15312	67.2
	Dec-12	18.8		15.1		22.8		56.8		55.4	7452	10821	68.8
	Total	*169*		*150.6*		*138.1*		*458.1*			*89706*	*135554*	

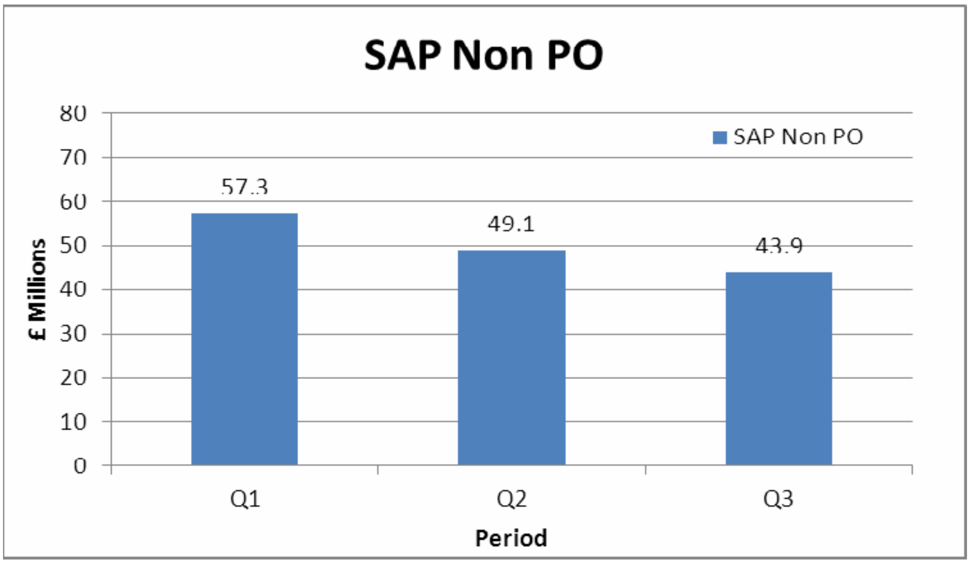
6.2 The table shows that during the period April 2012 to December 2012, the County Council has spent £458m. Payments to the value of £169m were processed as a result of a purchase order being raised in BMS, whilst payments to the value of £151m were processed as non purchase order transactions and £138m generated via the Council's legacy systems. Legacy interface systems transfer sufficient data to BMS to enable payments to be made, however this limits the quality of the data, for example no commitments are recorded in BMS. Remaining Legacy interfaces are under review and, where possible, will transfer to BMS in due course.

6.3 Environment & Resources have the highest value of purchase order related spend at £81m (60% of E & R £136m total spend). In contrast CFCS have the highest value of non purchase order spend at £54m (44% of CFCS £123m total spend). Creation of a purchase order supports the council's drive towards greater utilisation of contracts and enforces compliance with procurement guidelines. Whilst without a purchase order the Council risks using non contracted suppliers, price control is difficult and supplier due diligence is unlikely to be have been carried out; potentially resulting in contractual disputes.

6.4 The following graph shows the trend in the value of Purchase Orders in BMS since the start of the financial year.



6.5 Over the course of the year the value of Purchase Orders raised has increased from £50m to £60.6m. However, seasonal demands result in fluctuations, as can be seen in the table above at 6.1. The peak in July is primarily due to the Council's annual insurance premium being paid and higher than average agency costs (in line with backfilling annual leave the following month). Over the summer months and the Christmas period the number of Purchase Orders declined by comparison, mainly due to fewer working days in these months, but figures are still in line with the overall average expected. The procurement team continue to work with colleagues to migrate from Non-PO to PO transactions and progress on reducing the value of non purchase order spend to date can be seen in the graph below.



6.6 Over time the data is expected to show :

- An increase in value of purchase order related spend.
- A decrease in value of non purchase related spend.
- An increase in value of purchase orders but a decrease in volume, through the introduction of consolidated billing, limit orders and invoice plans.
- A decrease in low value purchase order and non purchase order spend through planned adoption of P Cards.

7. Capital Programme

Approved Capital Programme

7.1 Table 2 summarises changes in the gross Capital Programme for 2012/13 since approval of the original programme in the Budget Report (Council 23/02/12):

Table 2 – Revised Capital Programme for 2012/13

	2012/13 £000	£000
Approved per Council (Budget Report 2012/13)		**118,622**
Variations funded from County Council Allocations:		
Net slippage from 2011/12 and financing adjustments	13,568	
Variations noted at Finance & Property Committee (18/06/12)	(1,688)	
Other approved variations (Finance & Property Portfolio)	500	
Other approved variations/re-phasing (S106 Officer)	(583)	
Variations noted at Finance & Property Committee (17/09/12)	500	
		12,297
Variations funded from other sources:		
Net slippage from 2011/12 and financing adjustments	67	
Variations noted at Finance & Property Committee (18/06/12)	1,239	
Other approved variations (Finance & Property Portfolio)	190	
Other approved variations/re-phasing (S106 Officer)	936	
		2,432
Revised gross Capital Programme		**133,351**

Capital Monitoring

7.2 Table 3 shows actual capital expenditure to date against the forecast outturn at period 9.

Table 3 – Capital Expenditure and Forecasts as at Period 9

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 9 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People	46,683	21,212	39,854	(6,829)
Adult Social Care & Health	6,140	3,465	4,140	(2,000)
Transport & Highways	39,855	24,212	41,604	1,749
Environment & Sustainability	5,543	2,222	5,171	(372)
Community Safety	300	2	3	(297)
Culture	8,285	2,657	5,147	(3,138)
Policy	8,044	6,093	8,902	858
Finance & Property	14,027	5,541	13,227	(800)
Personnel	88	69	88	0
Contingency	4,386	0	0	(4,386)
TOTAL	**133,351**	**65,473**	**118,136**	**(15,215)**

7.2.1 In Children & Young People Committee, projects funded by the Department for Education have been reviewed and re-phased. It is anticipated that 2012/13 expenditure on the Schools Capital Refurbishment Programme will be up to £3.5m higher than budgeted to reflect the acceleration of essential works. In addition, re-phasing of the School Basic Need Programme (£8.0m) was identified in the report to Finance and Property Committee (17/12/12). Further slippage has also been identified against Section 106 Projects (£1.1m).

7.2.2 There was a significant saving on the Westfield Folk House capital project due to changes in market conditions which gave rise to a significant reduction in the cost of construction. As a result there was a requirement for lower than anticipated levels of borrowing and capital grant. Lottery grant was maximised but due to the saving, £0.5 million grant was not required. A variation to the capital programme is required to reflect this saving.

7.2.3 As a result of the revised timing of the tendering process for the Aiming for Excellence (Mixed Care) Programme in Adult Social Care & Health Committee, it is likely that the anticipated 2012/13 capital expenditure of £2.0m will slip to 2013/14.

7.2.4 In Transport & Highways Committee, there is planned over-programming on Roads Maintenance and Renewals schemes. Although a corresponding overspend is currently forecast, the programme will be monitored closely throughout 2012/13 and it is anticipated that the expenditure forecast will reduce during the course of the year.

7.2.5 In Culture Committee, slippage of £3.1m is forecast due to issues with regard to three key projects. Capital grant allocated to the National Water Sports Centre project (£1.4m) will be slipped to 2013/14 to part fund capital expenditure following the outcome of the Centre's procurement exercise. Slippage of £0.8m on the Archives Extension project is forecast due recent project revisions. The Bingham Library project (£0.5) has slipped as the County Council awaits the conclusion of site issues before the project can progress.

7.2.6 In Policy Committee, acceleration of £0.8m is anticipated on the Ways of Working Programme.

7.2.7 In Finance & Property Committee, slippage of £0.8m is anticipated on the Renewable Heat Boiler programme.

7.2.8 It is proposed that a variation to the capital programme of £1.99m is approved to fund additional capital expenditure on the Business Management System in 2012/13. This has largely been incurred as additional functionality has been added, including the recent launch of the Plant Maintenance module, and as the result of being able to capitalise more expenditure than previously anticipated.

7.2.9 Contingency – given the extent to which the capital programme has been managed in this financial year an element of the contingency budget (£4.4m) has remained uncommitted. The uncommitted budget will be used to fund priority projects in 2013/14.

7.3 Overall, actual capital expenditure to the end of period 9 was £65.5m, which amounts to 49.1% of the gross programme. This is below profiled spend up to period 9 (based on an average for the last five years) of 62.1% and suggests that slippage in the approved 2012/13 Capital Programme is likely.

7.4 Net slippage of £2.4m expenditure funded by capital allocations has been identified in departmental capital monitoring returns. A further £16.0m slippage has been identified in the Capital Programme of expenditure funded from other sources.

7.5 Based on profiles and previous years' figures, it is forecast that a further £15.2m of slippage/reductions will be identified before year end. The mix of funding sources in the revised 2012/13 Capital Programme, together with historic slippage patterns, suggests that around 45% of the forecast further scheme slippage/reductions will relate to borrowing, corresponding to a reduction in borrowing of £6.8m in 2012/13. These figures are best estimates as at period 9 and will be subject to revision over the remaining periods of the year.

Financing the Approved Capital Programme

7.6 Table 4 summarises the financing of the overall approved Capital Programme for 2012/13.

Table 4 – Financing of the Approved Capital Programme for 2012/13

Committee	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People	24,753	21,714	50	166	**46,683**
Adult Social Care & Health	3,994	1,973	0	173	**6,140**
Transport & Highways	13,095	26,016	0	744	**39,855**
Environment & Sustainability	3,943	550	1050	0	**5,543**
Community Safety	300	0	0	0	**300**
Culture	5,527	1,465	7	1,286	**8,285**
Policy	8,044	0	0	0	**8,044**
Finance & Property	12,404	0	0	1,623	**14,027**
Personnel	0	0	0	88	**88**
Contingency	4,386	0	0	0	**4,386**
TOTAL	**76,446**	**51,718**	**1,107**	**4,080**	**133,351**

7.7 It is anticipated that borrowing in 2012/13 will increase by £4.4m from the forecast in the Budget Report 2012/13 (Council 23/02/12). This increase is a consequence of:

- £13.6m of net slippage of expenditure from 2011/12 to 2012/13 and financing adjustments funded by capital allocations; and

offset by:

- variations, including re-phasing of schemes, resulting in a net reduction of £2.4m of capital expenditure funded by capital allocations; and
- approximately £6.8m of forecast further slippage/reductions funded by capital allocations.

7.8 Taking into account the adjustments set out above, the revised projection of borrowing for 2012/13 is £68.5m, which is £4.4m higher than the Budget Report 2012/13 figure of £64.1m.

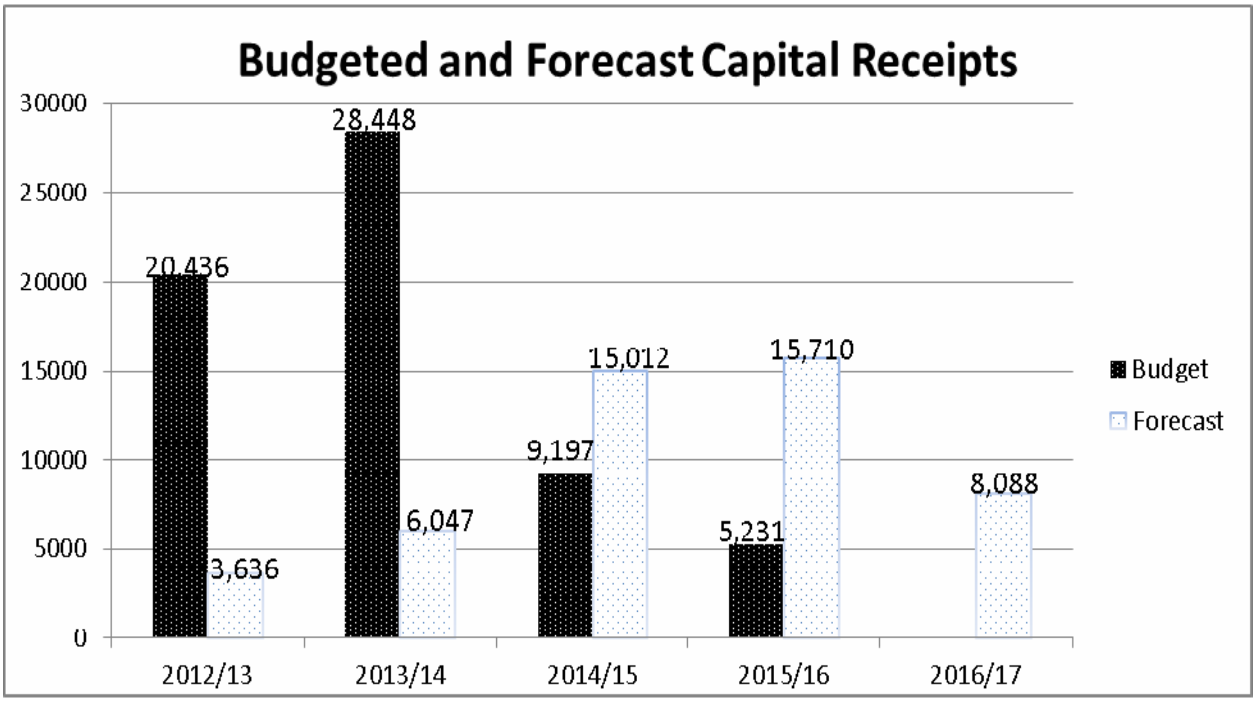
Prudential Indicator Monitoring

7.9 Performance against the Council's Prudential Indicators is regularly monitored and, to date during 2012/13, external debt has remained within both the Operational Boundary and the Authorised Limit.

Capital Receipts Monitoring

7.10 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 £50k of vehicle receipts.

7.11 The chart below shows the budgeted and forecast capital receipts for the five years to 2016/17.



7.12 The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2012/13 (Council 23/02/2012). These capital receipts budgets prudently incorporated slippage, giving a degree of "protection" from the risk of non-delivery. The white bars also incorporate anticipated slippage.

7.13 The forecast for 2012/13 includes £2.4m of capital receipts already realised and £1.2m of capital receipts for properties which are close to sale, i.e. offers have been received or conditional sales have been agreed.

7.14 The forecasts for 2012/13 and 2013/14 are significantly below the budgeted figures incorporated in the Budget Report 2012/13. This is due mainly to slippage and reduced estimates of some particularly large receipts for development sites. Expert advice is taken on such sites and decisions to delay sales take into account the Council's objective of maximising the value of receipts.

7.15 The number and size of large anticipated receipts increase the risk that income from property sales will be even lower than the revised forecasts over the next three years. Although the revised forecasts incorporate 30% year-to-year slippage, a delay in receiving just two or three large receipts could result in sales being lower than these forecasts. For example, a scenario in which £4m of capital receipts are realised in 2012/13 and £9m of capital receipts are realised in 2013/14 would not be considered unlikely. This would represent a reduction of £36m from the budgeted level of capital receipts for 2012-14.

7.16 Current Council policy (Budget Report 2012/13) 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. The lower than anticipated level of 2012/13 capital receipts is expected to result in a £0.4m increase in the amount of MRP to be set aside from revenue in 2012/13. It will also tend to increase interest payable, although the actual level of this will also depend on a range of other factors. The revenue impact of capital receipts slippage will be offset by any slippage in capital expenditure funded by borrowing.

7.17 As highlighted in the Budget Report 2012/13, the Council's medium-term forecasts were predicated on an ambitious level of capital receipts. Given current concerns about further revenue reductions, it is important to regularly monitor capital receipt forecasts and their effect on the overall revenue impact of the Capital Programme. The implication of the significantly reduced capital receipt forecasts for 2012/13 and 2013/14 reiterate the importance of the Council keeping tight control of capital expenditure.

8. Balance Sheet

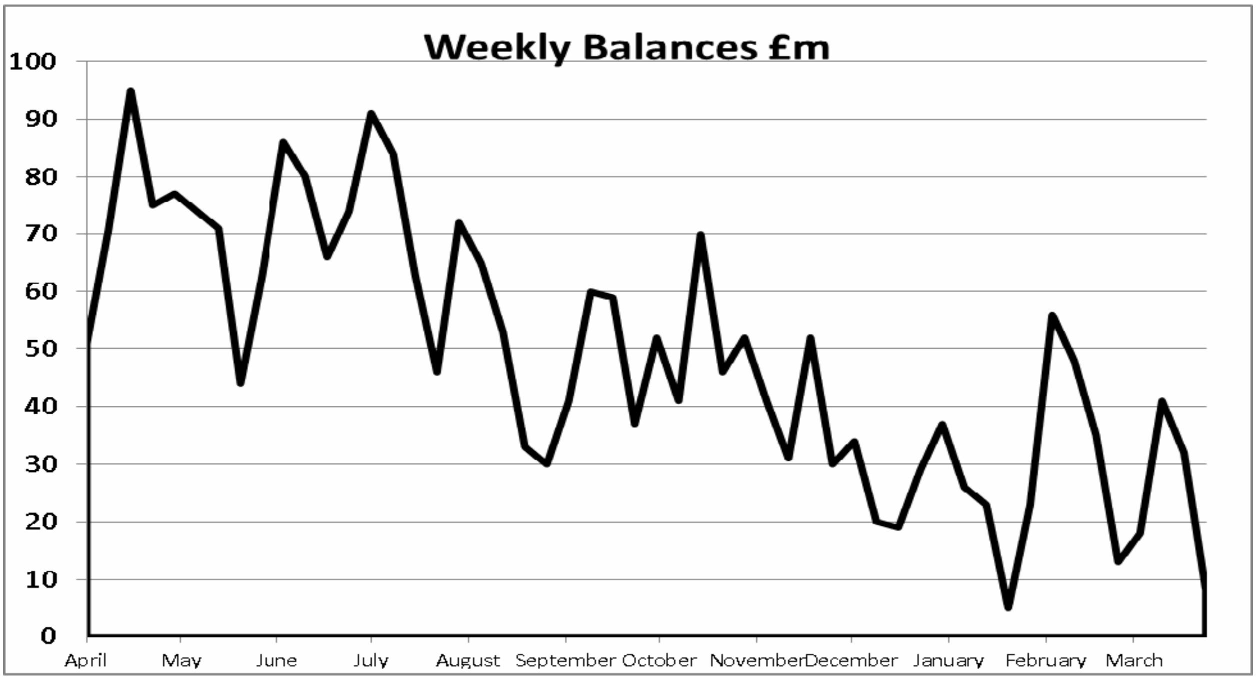
Impact on County Fund Balances

8.1 The Final Accounts Report for 2011/12 showed that County Fund Balances stood at £29.7m at 31/3/12. The 2012/13 budget planned to contribute £4.9m to balances which would increase County Fund Balances to £34.6m, around 7% of the Budget Requirement.

8.2 Latest forecasts include the planned contribution of £4.9m, which could be increased further depending on the predicted in-year savings. This may be used in the short term to balance the Council's budget from 2013/14 onwards, as the Council faces further financial challenges.

Cash Flow

8.3 Cash flow is kept under constant monitoring by the Investment Manager with the overall position reviewed quarterly by the Treasury Management Group. The following graph shows the actual cash balances to date and the 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 occur later in the year. The peaks and troughs in the graph reflect the temporary investment and repayment of surplus cash balances.



8.4 The Treasury Management Group have approved £40m of borrowing to be undertaken before the end of the financial year to fund the capital programme and cover the temporary cash flow shortfalls. This is in line with the Treasury Management Strategy approved at full Council on 23rd February 2012.

Debtors and Creditors

8.5 The Business Support Centre has recently taken responsibility for the accounts payable function and is reviewing performance data and management information. Several projects are planned and over the coming months, improvements in both are envisaged. Already underway is a project to review the end to end business processes for the recovery of non-statutory debt. The objectives of the project are to develop and implement a common end to end process, improve the invoicing process and develop and implement a debt recovery policy including corporate invoicing standards and payment channel strategy. The lessons learned from this project will be used to support the review of other debt types. Members will be updated further on these improvements in future monitoring reports, with key comparative data being available from the start of the new financial year on an on-going basis.

9. Future developments & strategic issues

9.1 The implementation of the Business Management System has presented challenges to financial operations within the Council. Issues with the Budgeting and Forecasting process are currently being addressed through both system improvements and training. The system will be re-launched for December 2012 and allow managers to input forecasts directly into the system for period 8 budget monitoring.

9.2 A number of major initiatives to improve financial awareness and accountability across the Authority are also progressing. The first phase of the restructure of the finance function has now completed with all Group and Team Managers now in post. The next phase of the restructure is currently open for consultation. In addition, financial training to managers and the Base Budget Review are also taking place.

9.3 The 2013/14 budget report will be considered at Policy Committee on 13th February, and Council will be asked to approve the final budget on 28th February.

Statutory and Policy Implications

10 This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

11.1 To note the current position regarding monitoring of revenue expenditure.

11.2 To note the current position regarding monitoring of capital expenditure.

11.3 To approve variations to the capital programme as set out in the report.

11.4 To note that the current level of borrowing is expected to remain within the Council's prudential limits.

Paul Simpson
Service Director – Finance & Procurement

For any enquiries about this report please contact:
Pauline Moore
Senior Accountant – Accounting and Budgeting

Constitutional Comments (KK 12/02/13)
The proposals in this report are within the remit of the Finance & Property Committee.

Financial Comments (PM 31/01/13)
The financial implications are stated in the report.

Background Papers
Nil

Electoral Division(s) and Member(s) Affected
All