

REPORT FOR INFORMATION

MEETING: **AUDIT COMMITTEE**

DATE: **19 November, 2019**

SUBJECT: **FINANCIAL MONITORING REPORT – APRIL 2019
TO AUGUST 2019**

REPORT FROM: **JOINT CHIEF FINANCE OFFICER, BURY COUNCIL
AND BURY CCG**

CONTACT OFFICER: **M Woodhead**

TYPE OF DECISION: **NON-KEY DECISION**

**FREEDOM OF
INFORMATION/STATUS:** This paper is within the public domain

SUMMARY: To up-date the Committee on the authority's financial position in line with the Committee's Statement of Purpose to '*provide....independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment*'.

The report shows that the authority is projecting an overspending of **£0.467m** for the year based on spending and income information as at 31 August.

**OPTIONS &
RECOMMENDED OPTION** The Committee is asked to note the contents of the report.

IMPLICATIONS:

**Corporate Aims/Policy
Framework:**

Do the proposals accord with Policy Framework? Yes.

Comments of s151 Officer:

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been

prepared in accordance with all relevant Codes of Practice.

There may be risks arising from any changes to service levels or service patterns that result from any remedial action taken to address the budget position.

The successful management of the Council's financial resources is central to the Council's Financial Strategy. Successful budget monitoring provides early warning of potential major overspends or underspendings against budget of which Members need to be aware.

This report draws Members attention to the fact that, based on the most prudent of forecasts, several known budget hotspots exist, and remedial action continues to be taken.

Equality/Diversity implications:

No

Considered by Monitoring Officer:

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.

Are there any legal implications?

Yes

Staffing/ICT/Property:

There may be staffing implications arising from the need to address budget pressures.

Wards Affected:

All

Scrutiny Interest:

Overview & Scrutiny Committee

TRACKING/PROCESS

DIRECTOR: Mike Woodhead

Chief Executive/ Senior Leadership Team	Cabinet	Overview & Scrutiny	Council	Ward Members	Partners
	13/11/19	21/11/19			

1.0 INTRODUCTION

- 1.1 This report is intended to allow the Committee to keep abreast of the authority's financial position and to gauge the effectiveness of corrective action that has been determined by the Cabinet and/or Scrutiny Committee.
- 1.2 This report summarises the forecast financial position as at the end of August 2019.

2.0 MONITORING PROCESSES

- 2.1 Reports are presented quarterly to facilitate close monitoring of spend and implementation of action plans during the year.
- 2.2 Reports are also presented to the Joint Executive Team (JET) on a monthly basis and detailed monitoring information and forecasts are discussed with Cabinet Members on budgets within their portfolios.

Four themed Budget Recovery Boards have also been established to oversee the implementation of savings plans, to develop further pipeline schemes, to monitor additional pressures arising in year, and to identify mitigations. A Council-CCG wide system of tracking progress has been implemented and a savings tracker is updated and shared with senior managers and JET on a fortnightly basis. The four boards are:

- Health and Care
- Corporate Core
- Business Growth and Investment
- Operations and Other Council Services

- 2.3 Other measures include a £1,000 per transaction procurement limit, a Budget Control Group that considers requests for filling vacant posts, a review of external staff resources such as contractors and consultants.
- 2.4 It is intended that improvements will continue to be made to the budget monitoring process, building on the significant developments implemented over the past year.

3.0 FINANCIAL POSITION

- 3.1 The authority's overall financial position based on forecasts made using income and expenditure information as at 31 August 2019 is summarised in the table in paragraph 3.3. As Members will be aware, financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures.
- 3.2 It is appropriate to alert Members to potential pressures so that they can monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.
- 3.3 In summary the outturn forecast based on the position at 31 August 2019:

Department	Budget	Forecast	Variance
	£000	£000	£000
Communities & Wellbeing	70,582	71,672	1,090
Resources & Regulation	7,486	8,071	585
Business, Growth and Infrastructure	(924)	155	1,079
Children, & Young People	41,184	42,341	1,157
Operations	12,878	12,751	(127)
Art Gallery & Museum	565	653	88
Non Service Specific	7,091	3,686	(3,405)
TOTAL	138,862	139,329	467

- 3.4 The projected overspend of £0.467m represents approximately 0.34 of the total net budget of £138.862m and compares to the previous year's outturn and this year's Q1 as follows;

2018/19 Outturn	2019/20 Quarter 1	2019/20 Quarter 2
+£2.657m	+0.996m	+0.467m

Commitment Accounting

- 3.5 Further analysis of the month 5 figures highlights;

Status	£'000	%
Spent @ 31/8/19	62,849	45.1
Committed @ 31/8/19	41,306	29.6
Forecast (1/9/19 – 31/3/20)	35,174	25.3
Total	139,329	100.0

- 3.6 Spend and Commitment are clearly factual, however "forecast" is based upon an assessment of a wide range of factors and risks.

Balance Sheet Monitoring

- 3.7 The following key indicators have been extracted as at Month 5;

Indicator	Position at 31/03/19	Position at 30/06/19	Position at 31/08/19
Treasury Performance			
Total Sums Invested	£14.76m	£10.80m	£8.30m
% Return on Investments*	0.66%	0.66%	0.67%
Total Sums Borrowed	£202.5m	£192.58m	£192.90m
% Cost of Borrowing	3.95%	3.95%	3.95%

Assets			
Stocks & Work in Progress	£1.401m	£1.235m	£1.235m
Long Term Debtors	£30.947m	£30.955m	£30.886m
Sundry Debtors	£45.861m	£26.789m	£16.624m
Cash	£6.827m	£9.070m	£3.152m
Liabilities			
Sundry Creditors	£38.118m	£9.184m	£7.960m
Short Term Provisions	£7.959m	£7.959m	£7.959m

Note - compares to sector benchmark of 0.57%*

- 3.8 It should be noted that these figures represent a “snapshot” of the Council’s Balance Sheet at a given point in time, and are by no means indicative of the Council’s overall financial position.
- 3.9 From a monitoring perspective however they provide useful information, and trends can be plotted as the exercise is repeated in future quarters.

Procurement Activity

- 3.10 The table below summarises key performance indicators maintained by the Procurement Section;

Indicator	Performance To Date	2018/19
%age of orders placed via automated purchasing system	95.29%	96.20%
%age of invoices received in electronic format	48.52%	36.58%
Cashable Procurement savings (Procurement Team)	£2.285m	£0.509m
%age spend in Bury Area	N/A	30.33%
Number of Bury suppliers invited to bid via the “Chest”	92	145
Number of contracts Bury Suppliers invited to bid for via the “Chest”	49	130

Minimum Level of Balances

- 3.11 The actual position on the General Fund balance is shown below:

	£m
General Fund Balance 31 March 2019 per Accounts	7.703
Less : Minimum balances to be retained in 2019/20	-4.250
Less : Forecast overspend at Month 3	-0.467
Forecast Available Balances at 31 March 2020	2.986

- 3.12 Based on the information contained in this report, on the risk assessments that have been made, on the forecast outturn position for 2019/20 and using the latest available information on the likely achievement of savings options it is clear that there is no reason to take the minimum balances above the existing level of £4.250m.

M Woodhead
Joint Chief Finance Officer, Bury Council and Bury CCG

Background documents:

Further information available from;

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