

Chichester District Council

CABINET

1 December 2015

Financial Monitoring 2015-16

1. Contacts

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2. Recommendation

- 2.1. That the Cabinet considers the 2015-16 forecast revenue outturn position on the Council's General Fund (Appendix 1);**
- 2.2. That the Cabinet considers the progress made to date on the 2015-16 capital projects and recommends actions as appropriate (Appendix 2)**

3. Background

- 3.1. The financial position of the Council will now to be reported on a regular basis to Cabinet. In the past this information was made available to council members via the Knowledge Hub.
- 3.2. As a result of the introduction of a new financial management system and the review of services provided by the council's accountancy team, budget managers are now responsible for examining their own budgets and investigating unexpected variations.

4. Outcomes to be achieved

- 4.1. The purpose of this report is to assist the Cabinet in monitoring its 2015-16 revenue and capital budgets, and to take any necessary action in order to comply with the Council's Financial Regulations.

5. Financial Monitoring

5.1. Revenue Monitoring

- 6.1.1 At its meeting in February, the Cabinet considered its budget spending plans for 2015-16. In order to monitor the Council's base revenue budget, the accountants provide Heads of Service with a schedule of variations that is investigated by their service managers. If a variation is forecast to have a significant impact on the outturn position for the current financial year, the service manager is required to provide members with a detailed explanation of the reason for the difference.
- 6.1.2 The major variations contained in the Revenue Monitoring Statement (Appendix 1) have been detected during the course of these investigations as at 30 September 2015 (the end of quarter 2). The statement currently identifies a potential underspend on the 2015-16 revenue budget of £1,157,500.

5.2. Capital Monitoring

- 5.2.1 The appendix to this report is produced using the Covalent Performance Management software that tracks the progress and status of Performance Indicators and projects. The use of Covalent ensures that all performance information is available in one place to all CDC officers, managers and members and eliminates the duplication of effort. Covalent provides a straightforward analysis and reporting mechanism that is reflected in the attached appendices.
- 5.2.2 The information held by Covalent is reviewed on a regular basis by individual directorates. All major projects are monitored by the Senior Leadership Team.
- 5.2.3 To enable members to monitor these schemes more effectively, scheme progress is reflected using a traffic light status given to each project. The status of a project can be:
-  GREEN (project in progress) - The scheme is likely to be completed on time, within budget, and deliver its anticipated outcomes.
 -  YELLOW (check progress, milestone approaching or past its due date) - The scheme may be delayed, or delivered over budget but within the tolerances contained within the Council's Financial Regulations. There may also be a significant risk that the anticipated outcomes will not be achieved.
 -  RED (project overdue) - There is a high risk that the scheme may not be completed on time or possibly stopped. Anticipated outcomes may not be achieved. Scheme is likely to be overspent by more than the tolerances contained within the Council's Financial Regulations.
 -  COMPLETED - The scheme has been implemented. The appendix offers comments on the success of the scheme in delivering its objectives.

- 5.2.4 To maintain the integrity of the information held on Covalent, lead project officers and the accountants are required to record on the system, on a monthly basis, an update regarding a project's progress and financial status.
- 5.2.5 To enable members to monitor these schemes effectively, the Appendix has an index grouped into individual cabinet responsibility area that highlights the scheme title and the status of each project.
- 5.2.6 Where a scheme has been identified as having a status of either amber, red or completed, further information including comments from the service manager responsible for the scheme is provided to members on the schedules included within the relevant appendix.
- 5.2.7 The Capital Monitoring Statement in Appendix 2 considers the progress being made on capital schemes within the current approved capital programme. The financial information provided represents the position as at 30 October 2015.
- 5.2.8 The Cabinet may wish to form a view about the necessity to proceed with schemes that have either an amber or red status and whether the money allocated should be returned to the Council's reserves for re-allocation to current Corporate Plan priorities.

6. Resource and legal implications

- 6.1. Section 151 of the Local Government Act 1972 requires every authority in England and Wales to "... make arrangements for the proper administration of their financial affairs and shall secure that one of their Officers has responsibility for the administration of those affairs". For Chichester, the Head of Finance and Governance Services acts as the Council's 'Responsible Financial Officer' (also referred to as the Section 151 officer) in order to meet the requirements of this legislation.
- 6.2. Each of the Council's budgets are delegated to a designated budget manager. All budget managers must comply with the requirements of the Financial Regulations contained within the Council's Constitution.

7. Community impact and corporate risks

- 7.1. It is essential that the Council has a robust process for managing and monitoring its financial resources. At the end of the financial year, as part of its audit of the Council's financial statements, external auditors Ernst & Young are required to provide a conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources.

8. Other Implications

Crime & Disorder:	None
Climate Change:	None
Human Rights and Equality Impact:	None

Safeguarding:

None

9. Appendices

- 9.1. Appendix 1 Revenue Monitoring Statement
- 9.2. Appendix 2 Projects and Capital Schemes Index
- 9.3. Appendix 2a Projects and Capital Schemes (Amber Status)
- 9.4. Appendix 2b Projects and Capital Schemes (Red Status)
- 9.5. Appendix 2c Projects and Capital Schemes (Completed Status)

10. Background Papers

- 10.1. Budget Spending Plans 2015-16 – report submitted to Cabinet on 3 February 2015
- 10.2. Section 4.8 Financial Regulations of the Council's Constitution