



NOTTINGHAM CITY COUNCIL
EXECUTIVE BOARD

Date: Tuesday, 28 June 2016

Time: 2.00 pm

Place: Ground Floor Committee Room - Loxley House, Station Street, Nottingham,
NG2 3NG

Councillors are requested to attend the above meeting to transact the following business

Corporate Director for Resilience

Governance Officer: Phil Wye, Constitutional Services, Tel: 0115 8764637

AGENDA

Pages

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| 1 | APOLOGIES FOR ABSENCE | |
| 2 | DECLARATIONS OF INTERESTS | |
| 3 | MINUTES
Last meeting held on 17 May 2016 (for confirmation) | 3 - 12 |
| 4 | SOUTHERN GROWTH CORRIDOR SCHEME - KEY DECISION
Report of the Portfolio Holder for Business, Growth and Transport | 13 - 28 |
| 5 | EE MONITOR REPLACEMENT PROGRAMME - KEY DECISION
Joint report of the Portfolio Holder for Energy and Sustainability and the
Portfolio Holder for Planning and Housing | 29 - 36 |
| 6 | PRE-AUDIT CORPORATE FINANCIAL OUTTURN 2015/16 - KEY DECISION
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8 EXCLUSION OF THE PUBLIC

To consider excluding the public from the meeting during consideration of the remaining item(s) in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs in the public interest in disclosing the information

9 EE MONITOR REPLACEMENT PROGRAMME - KEY DECISION - EXEMPT APPENDIX

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ALL ITEMS LISTED 'UNDER EXCLUSION OF THE PUBLIC' WILL BE HEARD IN PRIVATE FOR THE REASONS LISTED IN THE AGENDA PAPERS. THEY HAVE BEEN INCLUDED ON THE AGENDA AS NO REPRESENTATIONS AGAINST HEARING THE ITEMS IN PRIVATE WERE RECEIVED

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT LEAST 15 MINUTES BEFORE THE START OF THE MEETING TO BE ISSUED WITH VISITOR BADGES

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT WWW.NOTTINGHAMCITY.GOV.UK. INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE IN ADVANCE.

NOTTINGHAM CITY COUNCIL

EXECUTIVE BOARD

**MINUTES of the meeting held at Loxley House, Nottingham on 17 May 2016
from 14.03 - 14.29**

Membership

Present

Councillor Jon Collins (Chair)
Councillor Graham Chapman (Vice
Chair)
Councillor Alan Clark
Councillor Nicola Heaton
Councillor David Mellen
Councillor Dave Trimble
Councillor Sam Webster

Absent

Councillor Nick McDonald
Councillor Alex Norris
Councillor Jane Urquhart

Colleagues, partners and others in attendance:

Pat Fielding	- Director of Education
Melanie Fretwell	- Principal Enforcement Officer
Alison Michalska	- Corporate Director for Children and Adults
Nathan Oswin	- Political Assistant to the Labour Group
Stephan Richeux	- Corporate Media Manager
Peter Saull	- BBC Nottingham
Jennifer Scott	- Nottingham Evening Post
Steve Stott	- Anti-Social Behaviour Manager
Andy Vaughan	- Corporate Director for Commercial and Operations
Geoff Walker	- Director of Strategic Finance
Michael Wilsher	- Inclusion Officer
Jemina Brown	- Member of the public
Phil Wye	- Governance Officer

Call-in

Unless stated otherwise, all decisions are subject to call-in and cannot be implemented until 26 May 2016.

1 APOLOGIES FOR ABSENCE

Councillor Nick McDonald – other work commitments
Councillor Alex Norris – other council business
Councillor Jane Urquhart – work commitments

David Bishop
Ian Curryer

2 DECLARATIONS OF INTERESTS

None.

3 MINUTES

The Board confirmed the minutes of the meeting held on 19 April 2016 as a correct record and they were signed by the Chair.

4 PROPOSED EXPANSION OF MELLERS PRIMARY AND NURSERY SCHOOL - KEY DECISION

The Board considered the Portfolio Holder for Schools' report requesting approval to allocate funding towards works to expand Mellers Primary School. Approval is also requested to enter into contract with Wates Construction to undertake the extension works.

RESOLVED to

- (1) approve the allocation of funding for £3m for works to expand Mellers Primary School from a 210 place to a 420 place primary school with 52 full time equivalent place nursery. Overall this will increase the project budget to £3.35m;**
- (2) approve the procurement of the works as set out in the Business Case in Appendix A;**
- (3) delegate authority to the Head of Legal Services to enter into contract on behalf of Nottingham City Council with Wates Construction to deliver the expansion, subject to costs being within the agreed build budget of £3.22m and value for money demonstrated.**

Reason for decision

Nottingham City Council is facing increasing pressure to provide additional places for primary children due to an increasing birth rate and inward migration. To date, a number of schools have already been expanded to provide additional school places, this has been done primarily using Basic Need grant. This grant allocated by the Education Funding Agency (EFA) to support Local Authorities to fund additional school places. Mellers Primary is oversubscribed for September 2016 therefore the school are taking a bulge year to accommodate additional pupils ahead of permanent expansion in September 2017. The expansion of Mellers Primary will help address the need for additional school places in that area of the city.

Design development is now complete and the project has been subject to market testing to provide a robust cost estimate. In order to deliver the expansion, approval to allocate the required funding and to enter into contract is required.

Other options considered

Doing nothing was rejected as there are no other schools in the required area able to accommodate this size of expansion at this time.

5 SCHOOL CONDITION FUNDING ALLOCATIONS FOR 2016-2017 - KEY DECISION

The Board considered the Portfolio Holder for Schools' report identifying how the School Condition Funding grant from the Department for Education (DfE) will be prioritised to meet the needs of schools maintained by the council, and seeking approval for procuring and managing the works effectively.

RESOLVED to

- (1) approve the allocation of the School Condition funding, totalling £1.554m to the schemes below, noting that £0.207m is set aside as a contingency fund:**

School	Scope	Funding required
Robert Shaw Primary	Heating works	£0.2m
Robin Hood Primary	Replacement of roof	£0.202m
Berridge Junior	Replacement of roof	£0.370m
Seely Primary	Replacement of roof	£0.150m
Dovecote Primary	Phase 3 heating	£0.165m
Scotholme Primary	Asbestos removal	£0.150m
Claremont Primary	Heating works	£0.100m
Contingency fund		£0.207
Total		£1.544m

- (2) amend the Capital Programme to include the additional £1.544m received as part of the grant;**
- (3) delegate authority to the Corporate Director for Children and Adults to allocate contingency funding to projects such as health and safety or condition issues arising during 2016/17 and to adjust the funding allocation for each scheme once cost and survey information is received, subject to value for money being demonstrated and costs being within the overall budget allocated for this programme of works;**
- (4) appoint NCC Design Services to design, procure and manage the schemes;**
- (5) approve the procurement of the works through the East Midlands Property Alliance (EMPA) framework – an OJEU (Official Journal of the European Union) compliant framework;**
- (6) delegate authority to the Head of Legal Services to sign contracts with the preferred contractors following procurement exercises to allow schemes to be delivered.**

Reason for decision

The prioritisation of the funding is based on advice received from the council's Design Services team and external specialist contractors. There are two areas where funding has been prioritised:

- Health and safety issues likely to impact on children and staff;
- Condition issues likely to impact on the operation of the school;

The balance of the funding for the School Condition grant has been identified as part of the prioritisation process and £0.207m will be held as a contingency amount to deal with urgent health and safety or condition issues that arise during the financial year 2016/17. Delegating authority to the Corporate Director for Children and Adults to approve these schemes will enable a swift response to urgent issues as they arise.

Other options considered

Consideration was given to combine the Condition funding and the Basic Need funding. If combined, this funding could be used to address the shortfall in school places across the city.

Consideration was also given to amalgamating the Condition grant with broader City Council capital funding.

Both of these options were rejected as they would leave schools at risk of closure through health and safety or condition issues. It would also mean that school buildings would continue to deteriorate, increasing the risk of forced closures for emergency repairs in the future.

6 ALTERNATIVE PROVISION MODEL 2016/2017 - KEY DECISION

The Board considered the Portfolio Holder for Schools' report seeking approval for proposals to move to a new model for alternative provision for the 2016/17 financial year. This involves the devolution of high needs funding to mainstream maintained schools and academies under a Service Level Agreement in order to support early intervention and make provision for pupils with challenging behaviour in schools.

RESOLVED to

- (1) approve the proposal to devolve funds to schools from the Dedicated Schools Grant (DSG) funded High Needs budget from the 2016/17 financial year under a Service Level Agreement;**
- (2) approve the use of an additional £3.365m from the Statutory School Reserve to support the implementation of this model over the next 5 years. £0.500m of this requirement is to cover potential risks.**

Reason for decision

The current system is inequitable and is not financially sustainable.

The intention behind these proposals is to put schools in charge of commissioning alternative provision to support pupils at risk of permanent exclusion in their schools. This is consistent with the national direction of travel as outlined in the White Paper and National Funding Formula and High Needs consultations.

It is envisaged that there will be improved educational outcomes as a result of this approach.

The local authority has consulted schools and the Schools Forum over the arrangements for high needs pupils and alternative provision.

Consultation has been undertaken with all schools over these proposals. The Nottingham City Secondary Education Partnership (NCSEP) has indicated the agreement of secondary head teachers to the devolution proposals. Interest has been expressed by a couple of groups of primary schools in piloting the new approach in their areas.

It is the intention to implement the proposal across the whole of the secondary phase simultaneously, but to stagger the primary implementation to review the pilot cluster models. The purpose of the primary model will be to support schools in developing effective models and for all primary schools to be part of the model before April 2017.

Other options considered

The proposals have been revised considerably as a result of feedback from schools during the period of consultation.

7 NOTTINGHAM CITY COUNCIL'S PUBLIC SPACES PROTECTION ORDERS IN RESPECT OF DOGS

The Board considered the Portfolio Holder for Community Services' report, proposing Public Space Protection Orders (PSPOs) which will replace existing Dog Control Orders (DCOs) and the Nottingham City Council Dog Fouling Order 1998. This will require dog owners to keep their dogs on a lead when walking their dogs on highways and other specified places, and require them to put dogs on a lead when required to do so by authorised officers.

RESOLVED to

(1) note the results of the consultation on the proposal to revoke the following Dog Control Orders made under the Clean Neighbourhoods and Environment Act 2005:

- (i) The Nottingham City Council Fouling of Land by dogs and dogs on leads by direction (Chediston Vale Open Space and Children's Playground) Order 2011;**
- (ii) The Nottingham City Council (Lenton Abbey Estate Dogs on Leads Order 2012;**
- (iii) The Nottingham City Council (Lenton Abbey Estate) Fouling of Land by Dogs Order 2012;**

- (iv) **The Nottingham City Council (Dales Ward) Fouling of Land by Dogs Dog Control Order 2014;**
 - (v) **The Nottingham City Council (Dales Ward Urban Areas) Dogs on Leads Dog Control Order 2014;**
 - (vi) **The Nottingham City Council (Dales Ward) Dogs on Leads by Direction Dog Control Order 2014;**
 - (vii) **The Nottingham City Council (Dales Ward) Dogs Exclusion Dog Control Order 2014;**
 - (viii) **The Nottingham City Council (Dales Ward) Dogs on Leads Dog Control Order 2014;**
- (2) note the results of the consultation on the proposal to make an Order to revoke the Nottingham City Council Dog Fouling Order 1998 made under the Dogs (Fouling of Land) Act 1996;**
- (3) note the results of the consultation on the proposal to introduce the following Public Space Protection Orders (PSPOs):**
 - (i) Nottingham City Council Dogs on Leads by Direction Public Spaces Protection Order 2016 (Proposed PSPO 1) for the areas of land within the administrative area of the Council that are open to the air and to which the public are entitled (with or without payment) which are shaded in green on the plan in PSPO 1 (Restricted Area 1);**
 - (ii) Nottingham City Council Dogs on Leads Public Spaces Protection Order 2016 (Proposed PSPO 2) for all land in the administrative area of the Council that is open to the air and to which the public are entitled or permitted to have access (with or without payment) other than the land that Proposed PSPO 1 and Proposed PSPO 3 apply to (Restricted Area 2);**
 - (iii) Nottingham City Council Dogs Exclusion Public Spaces Protection Order 2016 (Proposed PSPO 3) in respect of any clearly demarcated children's play area, areas designated as being of special scientific interest, areas designated as local nature reserves or school land (Restricted Area 3);**
 - (iv) Nottingham City Council Fouling of Land by Dogs and Requirement to Produce Device for or Other Suitable Means of Removing Dog Faeces Public Spaces Protection Order (Proposed PSPO 4) for all land in the administrative area of the Council that is open to the air and to which the public are entitled or permitted to have access (with or without payment (Restricted Area 4);**
- (4) authorise the Head of Legal Services to make the PSPOs in the form indicated in Proposed PSPOs 1 to 4 in respect of Restricted Areas 1 to 4 as detailed in resolution 3 above, such PSPOs to last for a period of three years from the date that they come into force unless extended or varied, as satisfied that the test in Section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 is met, and having regard to the rights of freedom of expression and freedom of assembly;**
- (5) to set the fixed penalty amount for offences committed to the PSPOs at £70 if paid within 14 days, reduced to £35 if paid within 10 days;**

(6) to authorise the revocation of the eight Dog Control Orders referred to in resolution 1 above and authorise the Head of Legal Services to make an Order to revoke the Nottingham City Council Dog Fouling Order 1998 referred to in resolution 2 above, the revocations to take effect once the PSPOs made under resolution 4 above come into force;

(7) to authorise the Director of Community Protection to carry out the necessary advertisements and arrange for appropriate signage to be erected in accordance with the legislative requirements.

Reason for decision

A need has been identified to control various problems associated with dogs in relation to nuisance and annoyance to the public across the council's administrative areas. The problems are often caused by irresponsible dog owners allowing their dogs to intimidate citizens in Nottingham and 'run amok' within the urban areas on Nottingham, and on public open spaces without being under the full control of their owners. Dog fouling has also been one of the major anti-social issues constantly highlighted across all wards within the administrative area of Nottingham by citizens. The complaints range from dog faeces being left on footpaths, the smell and even the serious diseases that can be conveyed which can result in blindness.

Section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 provides the council with the power to make a PSPO if it satisfied on reasonable grounds that:

- i. activities carried on in a public place within the council's area have had a detrimental effect on the quality of life of those in the locality, or it is likely that activities will be carried on in a public place within that area and that they will have such an effect;
- ii. the effect, or likely effect, of the activities is, or is likely to be, of a persistent or continuing nature, is, or is likely to be, such as to make the activities unreasonable, and justifies the restrictions imposed.

It is considered that the restrictions in proposed PSPOs 1-4 are proportionate, necessary and reasonable. When deciding whether to make requirements or restrictions on dogs and their owners, local councils need to consider whether there are suitable alternatives for dogs to be exercised without restrictions. Under the Animal Welfare Act 2006, owners of dogs are required to provide for the welfare needs of their animals and this includes providing the necessary amount of exercise each day. Nottingham City Council have included publicly accessible parks and other public places across the administrative area of the council which dog walkers can use to exercise their dogs without restrictions save that should the dog be worrying others, officers can request the dog be put on a lead for the remainder of the duration that the dog continues to be in the area.

The effect of the Order PSPO1 will be to ensure that dogs have the space and freedom to exercise off the lead on the specified land across the administrative area of Nottingham which is required under the Animal Welfare Act 2006. The PSPO introduces the additional power to authorised officers to request that a dog is only put on a lead if it is worrying other park users or animals which is not an unreasonable request.

The effect of Order PSPO 2 is to ensure that both the health and safety of dogs and citizens are maintained throughout Nottingham. Dogs will be required to be kept on a lead on the specified land across Nottingham in order to ensure they do not run out into traffic and harm themselves and others and to also ensure that other citizens feel safer walking past dogs who are under the proper control of their owner which will assist in reducing the number of injuries to both dogs, other animals and humans which are caused by dogs who are not under the proper control of their owners.

The effect of Order PSPO 3 is to exclude dogs from various places in a more official manner than currently in force. Dogs are already excluded from children's playgrounds and it is common practice across Nottingham therefore this will provide no differences to what is currently in place other than to give authorised officers additional powers to tackle irresponsible dog owners who allow their dogs into places where they are excluded.

The effect of PSPO 4 will provide similar powers to the Nottingham City Council's Dog Fouling Order which has been in place for 18 years. The addition of the requirement to produce the means to remove dog faeces supports the City Council's need to keep the streets clean from dog faeces and increase public health and safety by ensuring that dog owners take responsibility of their dog at all times.

The restrictions proposed are therefore reasonable, proportionate and satisfy the Animal Welfare Act 2006 whilst also providing the citizens of Nottingham with additional safety from dangerous and uncontrolled dogs. Evidence gathered shows that there are problems related to dogs and that although various powers are already in place, further action is required.

When considering a PSPO the council must have a particular regard to the rights of Freedom of Expression and Freedom of Assembly set out in Articles 10 and 11 of the Human Rights Convention. The purpose of the proposed PSPOs is to prevent those that are causing evidenced ASB from continuing and to control their dogs in a responsible fashion. It is intended that those going about their business in a peaceful and lawful manner would not be unreasonably affected by the prohibitions in the proposed PSPOs.

The council can consider extending the PSPOs for a period of up to a further three years following the expiry of these Orders. There are no limitations as to the number of times that the council can extend these orders once made.

Other options considered

Do nothing. There are existing powers to control various problems associated with dogs in (parts of) the administrative area of Nottingham: Order under the Dogs (Fouling of Land) Act 1996, the Dog Control Orders under the Clean Neighbourhoods and Environment Act 2005, and Byelaws. The existing powers do not apply consistently across Nottingham, and the large number of different Orders has left a confusing patchwork of powers, particularly in relation to owners who have not removed their dog's faeces from the land forthwith in different parts of Nottingham. Existing DCOs are subject to transitional provisions in any event, and government

guidance suggests that councils could review the need for their current orders ahead of that transition to simplify the enforcement landscape. No power currently exists to require owners to carry suitable bags to remove their dogs' faeces in any event.

There are other powers available to control dogs, such as education and engagement, early intervention using non-statutory measures, Acceptable Behaviour Contracts, injunctions, Criminal Behaviour Orders, dispersal powers and other dog control legislation for example the Dangerous Dogs Act. Examples of these powers are details in the 'Dealing with irresponsible dog ownership Practitioner's manual' dated October 2014. These powers, other than education, are generally only effective in dealing with the wider issues experienced across Nottingham. Court Orders such as CBOs and Civil Injunctions can be issued, however this approach has also proven costly and time consuming. The council will continue to be able to use these measures where appropriate.

8 DATES OF FUTURE MEETINGS

RESOLVED to meet at 2.00pm on the following Tuesdays:

28 June 2016

19 July 2016

20 September 2016

18 October 2016

22 November 2016

20 December 2016

17 January 2017

21 February 2017

21 March 2017

18 April 2017

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Subject:	Southern Growth Corridor Scheme		
Corporate Director(s)/ Director(s):	David Bishop, Corporate Director for Development and Growth		
Portfolio Holder(s):	Councillor Nick McDonald, Portfolio Holder for Business, Growth and Transport		
Report author and contact details:	Paul Horn, Team Leader, Public Transport Projects Telephone: 0115 8763212		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital		
Significant impact on communities living or working in two or more wards in the City	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Total value of the decision: up to £6.12m			
Wards affected: Dales, Bridge and Dunkirk and Lenton	Date of consultation with Portfolio Holder(s): 24 March 2016		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development	<input type="checkbox"/>		
Schools	<input type="checkbox"/>		
Planning and Housing	<input type="checkbox"/>		
Community Services	<input type="checkbox"/>		
Energy, Sustainability and Customer	<input type="checkbox"/>		
Jobs, Growth and Transport	<input checked="" type="checkbox"/>		
Adults, Health and Community Sector	<input type="checkbox"/>		
Children, Early Intervention and Early Years	<input type="checkbox"/>		
Leisure and Culture	<input type="checkbox"/>		
Resources and Neighbourhood Regeneration	<input type="checkbox"/>		
Summary of issues (including benefits to citizens/service users): The Southern Growth Corridor (now publicly referred to as 'Nottingham Eco-Expressway') is a £9.6m high capacity, high frequency east-west green bus corridor designed to serve existing employment sites and to cater for the travel demand predicted from new housing, employment and leisure developments along the corridor. The Southern Growth Corridor Scheme will enable a new fleet of electric buses to serve a 10km corridor with new and enhanced bus priority measures. It provides connections from the proposed Gedling Access Route/ Gedling Colliery Site in the east to the Boots Enterprise Zone in the west and enhances links to existing bus based park and ride sites, the electric Medilink, the electric Centrelink and the city centre bus stations. It is proposed that the new bus lanes along the corridor will be open to use by private electric vehicles.			
Exempt information: NONE State 'None' or complete the following.			
Recommendation(s):			
1 To delegate authority to the Deputy Chief Executive/Corporate Director for Development and Growth, in consultation with the Portfolio Holder for Jobs, Growth and Transport, to accept up to £6.12m of D2N2 (LEP) funding for the scheme, subject to accepting the terms contained within the offer letter.			

- 2** To give delegated approval to the Deputy Chief Executive/Corporate Director for Development and Growth, in consultation with the Portfolio Holder for Jobs, Growth and Transport, to develop and approve the phased detailed designs for the Corridor, to let contracts within this programme (following standard procurement processes where appropriate or relevant) to advertise traffic regulation orders and to commence construction, subject to the City Council's funding contribution being no greater than set out in the report.

1 REASONS FOR RECOMMENDATIONS

- 1.1 To enable the authority to receive Local Enterprise Partnership funding and to progress the delivery of the Southern Growth Corridor scheme.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 In 2013, an indicative bid for up to £6.12m to develop a Southern Growth Corridor scheme was submitted to the Local Enterprise Partnership (LEP). The scheme sought to improve bus journey times and reliability along a 10km route. The route links new employment sites including the Boots Enterprise Zone in the West and Gedling Colliery site in the East and will use new electric buses to serve the two Citylink routes and new gas buses on some NCT commercial services (subject to an external funding bid).
- 2.2 Further options testing and feasibility studies were undertaken and in December 2015 a Stage One business case was submitted to the LEP which identified a range of bus priority measures, bus priority measures at signals, and bus stop upgrades along the corridor. In January 2016 the LEP approved the Stage One submission and invited a more detailed Stage Two assessment to be submitted.
- 2.3 The Stage 2 Business Case will be shortly be submitted to the LEP and a presentation will need to be made to the Board in July before a final decision is made. If successful, an offer letter will be sent from the LEP setting out the conditions of the funding. It is recommended that authority is delegated to the Deputy Chief Executive/Corporate Director for Development and Growth, in consultation with the Portfolio Holder for Jobs, Growth and Transport, to accept up to £6.12m of D2N2 (LEP) funding for the scheme. It is likely that this funding will be approved in phases in line with more detailed costings and planning, with the eastern leg first.
- 2.4 In addition to providing improved connections to existing and proposed employment sites, the scheme will deliver significant public transport benefits and will offer improved journey times and reliability for both supported and commercial bus services. It is anticipated that bus journey times along the corridor will be reduced by 5%, that patronage will increase by 2% and that emissions along the corridor will be reduced as diesel buses are replaced with zero emission electric buses (200 tonnes of CO₂, 5 tonnes NO_x, 27 Kg PM_{<10} g/Km-1). The full scheme with all phases has a Net Present Value of £14.148m and will deliver a Benefit Cost Ratio of 3.12 (for every £1 spend, the scheme will generate £3.12 of benefit).
- 2.5 The main elements of the scheme can be summarised as follows and will have phased design and approvals:

Daleside Road

- 5km of bus lanes (inbound and outbound)
- Bus stop upgrades to include new shelters and real time information
- Racecourse park and ride bus stops relocated onto Daleside Road to reduce delays to buses encountered entering and exiting the park and ride site (currently up to 3 minutes).
- Speed limit reduced from derestricted (60mph) to 40mph between Racecourse Road and Vale Road.
- New pedestrian/ cycle crossing facilities provided
- Designed to accommodate the Eastern Cycle Corridor
- Limited impact on general traffic as the road will be widened to provide the bus lanes. The exception is the section between Manvers Street to Trent Lane where one of the general traffic lanes may be used for a bus lane. It is proposed that if taken forward this will be implemented on an Experimental basis in order to assess the impact on general traffic and modify if required.
- There will be some tree loss in order to widen the road to provide the bus lanes, however trees will be replanted on a 2 for 1 basis

Island Site

- Proposal to run the Citylink electric buses through the Island redevelopment site (this forms part of the adopted Supplementary Planning Document and is subject to further approvals)
- This new bus link will reduce journey times, improve reliability and provide improved connections to the NHS Walk in Centre, BBC and Biocity.

Meadows Way

- New routing along Meadows Way rather than the first section of Queens Drive.
- New bus stops to be provided

Queens Drive

- Bus lane proposed on the approach to the A52 Clifton Boulevard roundabout (subject to detailed design)

Thane Road

- Bus lane proposed on the approach to the A52 Clifton Boulevard roundabout, (subject to detailed design and negotiation with landowners).

Vale Road

- A bus lane to be provided on Vale Road on the approach to Daleside Road, in addition to other bus stops upgrades and parking controls on County roads.

2.6 The Southern Growth Corridor is now being branded as the 'Nottingham Eco-Expressway'. The new branding is particularly important for the eastern section as this combines the bus priority proposals and the cycle ambition proposals for the Eastern Cycle Corridor (also LEP funded). The public engagement has been undertaken as a corridor as it was considered that it could be confusing to consult

separately on the cycle and then the bus priority proposals. A public exhibition event was held on Thursday 26th May. The consultation leaflet and a note on the feedback received is contained in Appendix A. Bus operators are fully supportive of the proposals.

Funding

- 2.7 The full cost of the scheme is £9.620m. Of this, £3.500m has been previously approved in respect of the electric buses (£1.4m Green Bus Fund, £1.8m WPL and £0.3m LTP). The remaining £6.120m is the LEP funding sought to provide the bus priority measures. The Stage 2 Business Case sets out the scheme costs including risk and contingency. It is not possible to seek further funding from the LEP, as such any cost escalation must be met from the City Council. There is however some flexibility to move funding between the separate scheme elements subject to maintaining the same Benefit to Cost ratio and seeking LEP approvals. It is likely that this funding will be approved in phases in line with more detailed costings and planning, with the more developed eastern leg first.

Programme

- 2.8 The new electric buses are due to arrive with the City Council late Summer 2016 and will operate from a new compound at Queens Drive park and ride.
- 2.9 Subject to funding approvals and the formal traffic regulations order making process, the Daleside Road section is programmed to commence construction in October 2016. The other sections will follow in 2017.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Alternative bus priority options were considered along the route during the feasibility stage. A potential to provide a bus only link over private land between Tottle Road and Crossgate Drive was considered, however it was not possible to agree the scheme with the landowners.
- 3.2 Not providing any bus priority along this corridor has been considered, however this would not deliver the full eco-expressway benefits or offer the opportunity to stimulate the uptake of private electric car ownership.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 Subject to approval of the business case, funding of £6.120m for the next phase of the Southern Corridor Scheme will be awarded to the Council as part of The Growth Deal for the Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2) LEP.
- 4.2 This scheme was included in the refreshed capital programme approved by Executive Board in February 2016 as a scheme in development (appendix C, table 1)
- 4.3 The £6.120m expenditure and funding is expected to be split over financial years 2016/17 and 2017/18.

- 4.4 In seeking to secure £6.120m funding for this scheme, the Council's expenditure in respect of electric linkbus fleet expansion will be treated as match funding. This expenditure is on target and the external funding (Green Bus Fund) has been received in full and the audit completed.
- 4.5 Derbyshire County Council are the Accountable body for The Growth Deal funding. The grant award for this scheme will be subject to a number of conditions covering financial and non-financial report requirements, publicity and audit requirements. The Deputy Chief Executive/Corporate Director for Development & Growth will need to put in place appropriate monitoring measures to ensure grant compliance in order to prevent clawback for cash / grant funding.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The report seeks approval for the acceptance of funding from the LEP for the development of the Southern Growth Corridor Scheme. The Scheme seeks to establish a bus priority corridor connecting the East and West of the City and will be open for use by all commercial bus operators, private electric vehicles and cyclists.
- 5.2 It is proposed that the Scheme will be developed into a number of phased detailed designs in conjunction with certain key areas of works. These areas are summarised within the report but it is understood that they may change should in the exploration of each phase, it be determined that the programme requires it. Any changes will be subject to further approval and consultation with the LEP.
- 5.3 Approval will be sought by the Corporate Director for Development and Growth in the preparation of each phase, and colleagues from Legal Services, Finance, Procurement and where applicable with respect to land ownership, the Planning department, will advise with respect to each element as well as ensuring that all necessary consultation processes are followed and approvals/consents are obtained.
- 5.4 In ensuring that that the receipt of the funding from the LEP is state aid compliant, the Council must ensure that any third party contracts entered into for the delivery of the Scheme complies with the Public Contracts Regulations 2015 and general EU procurement principles and that the Corridor must be available for all commercial bus operators. Independent legal advice has been obtained which supports this legal position. It is understood from the report author that where possible all works under the Scheme will be undertaken by the Council's In-House Highway and Energy Infrastructure but all other elements will be subject to EU tendering processes.
- 5.5 It is noted that the grant funding from the LEP is subject to further submissions being presented to them. It is therefore anticipated that the provision of the grant will be subject to conditions of funding. The award letter detailing such will need to be reviewed in detail upon receipt to ensure that any conditions imposed upon the Council as a result of the award are met to ensure there is no risk of clawback.

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 None

7 SOCIAL VALUE CONSIDERATIONS

7.1 The scheme will help promote access to work places for those without access to a private car.

8 REGARD TO THE NHS CONSTITUTION

8.1 None.

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No ☐

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes ☒

Attached as Appendix B, and due regard will be given to any implications identified in it.

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT
INFORMATION)**

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 None

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

12.1 None

Appendix A: Equality Impact Assessment

Equality Impact Assessment Form (Page 1 of 5)

Title of EIA: Southern Growth Corridor

Department: Development

Service Area: Public Transport
(please underline)

Author (assigned to Covalent): Richard Wellings

Name of Author: Paul Horn

Director: Sue Flack

Strategic Budget EIA: N

Brief description of proposal / policy / service being assessed:

Southern Growth Corridor: Local Growth Fund

The Southern Growth Corridor (SGC) proposes to create an innovative substantially electric bus based corridor that benefits from bus priority measures (including extensive bus lanes), new routing options, stop and shelter upgrades and real time information. This will help to reduce journey times, make the services more reliable and offer a more attractive alternative to the private car. The corridor will link up existing and proposed employment sites with the City Centre and other public transport services including the enhanced tram network, the two bus based park and ride services in addition to the existing extensive bus network serving the city of Nottingham. It will offer an attractive and reliable public transport alternative to the private car for both work and leisure trip making and will have little or no detrimental impact on general traffic. The new electric buses that will run on the Citylink routes have been procured by the City Council.

The SGC corridor runs east to west connecting through and serving the city centre. The corridor is effectively served by the Citylink 1 and Citylink 2 routes, however the SGC extends further out to the east to take in new housing and employment sites in Gedling. This easterly extension is not served by a specific bus service. In addition, the SGC does not propose any specific measures to the bus network within the City Centre as these are the focus of other schemes including the City Council led Southside Transport Strategy scheme which focuses on the roads around the Broadmarsh shopping centre.

The scheme proposes changes to how the Racecourse Park and Ride site operates. Currently the buses pull into the park and ride site to access the stops within the site. This detour takes around 3 minutes to perform creates delays to the buses and to the many passengers not using the P&R site who are forced to wait on the bus for this to happen. The proposal is to replace the internal P&R stops with ones on Daleside Road such that the buses do not have to loop into the site.

The section of the corridor on Daleside Road will also combine with the Eastern Cycle Corridor (to form a bus/ cycle priority corridor).

The key equalities issues:

- Improving travel to work options to existing and proposed employment sites along the corridor
- Improving public transport travel options to the city centre (and beyond) for work, leisure and shopping
- Making bus journeys more attractive, quicker and more reliable in order to stimulate mode change from the private car
- Improving existing pedestrian and cycle crossing points and creating new ones
- Enhancing bus stops with shelters, real time information and protection from parked cars (this makes level boarding easier for all users, but particularly people with buggies, young children and shopping and people with limited mobility including those with wheelchairs or walking aids.
- Reducing the number of vehicles on the road helping to tackle congestion and reducing pollution.
- Ensuring materials and design meet the requirements of disabled people, particularly blind and partially sighted users.
- Investing in Nottingham's public realm. This is seen as an important way in which cities can attract investment and new employers, which will have a particular benefit to young people, ensuring access to good jobs in sectors with long term prospects.

Information used to analyse the effects on equality:

- Previous design and project management work on transport and highway schemes and the undertaking of equality impacts
- Design review with scheme designers
- Safety audits
- Use of customer satisfaction survey undertaken on City link services.
- Inclusive design principles have been advocated from the outset (feasibility stage) and are now being taken through into detailed design work.
- Scheme designers are made aware of potential equality impacts by client project manager
- Consultation held with bus operators
- Consultation and engagement that took part during the development of the Nottingham Local Transport Plan
- reference has been made to the Equality Act 2010 (national guidance on Inclusive Mobility) alongside Equality Impact Assessments carried out for other highway improvements schemes, in particular for pedestrianisation schemes. The City Council's Access Officer will also be consulted throughout the design process. Input from bus operators.

	Could particularly benefit X	May adversely impact X
People from different ethnic groups.	<input type="checkbox"/>	<input type="checkbox"/>
Men	<input type="checkbox"/>	<input type="checkbox"/>
Women	<input type="checkbox"/>	<input type="checkbox"/>
Trans	<input type="checkbox"/>	<input type="checkbox"/>
Disabled people or carers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>
People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input type="checkbox"/>
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>
Older	<input type="checkbox"/>	<input type="checkbox"/>
Younger	<input type="checkbox"/>	<input type="checkbox"/>
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).		
Please underline the group(s) /issue more adversely affected or which benefits.	none	none

How different groups could be affected (Summary of impacts)	Details of actions to reduce negative or increase positive impact (or why action isn't possible)
<ul style="list-style-type: none"> The impacts of highway and transport schemes are not normally restricted to particular groups, although they may impact on the use of a transport service (generally increasing uptake). The scheme has the potential to increase access to services and opportunities. The schemes will improve travel options in particular for those who do not own or have access to a car. The new proposed bus lanes will also be available for use by cyclists, wheelchair accessible taxis and also by private electric cars. This could create conflict between cyclists and vehicles, however there is an alternative cycle ambition corridor for cyclists to use being provided as part of the scheme. New and improved pedestrian crossings will be implemented benefitting all users, but particularly citizens with limited mobility The changes to the way buses access the Racecourse Park and Ride site may increase walk distances to bus stops 	<ul style="list-style-type: none"> Consultation and publicity will be made available in alternative formats and any direct consultation events will be tailored according to the requirements of the local stakeholders/ population. A consultation website will be used that has previously been adopted successfully for the Cycle Ambition Corridors. This will enhance the information which is put out to citizens and provide an additional platform for them to respond. The scheme will also be consulted on via traditional methods to ensure anyone who does not have access to the internet will also be made aware of the potential changes. This will include the formal transport consultation process, leaflets, public meetings and information via Councillors and the media. This will ensure all views are listened to and will be put out in sufficient time that changes can be made to the scheme if the public/group comments are felt to be valid. This decision/change process will be taken in conjunction with the elected Portfolio Holder for Jobs, Growth and Transport. As statutory consultees, Disability groups will be formally consulted on the Traffic Regulation Order (TRO)

			<p>proposals and input on the detailed design</p> <ul style="list-style-type: none">• Through the wider work of the Transport Strategy Team a strong network of community involvement has been established. This will be used to ensure the scheme is fully consulted on• New crossing facilities have been included within the scheme where possible• Enhancements to bus stops will make accessing the bus easier for all• Existing crossing points have been reviewed and will be enhanced where possible• The design of the new Racecourse Park and Ride stops will ensure that walk distances (and gradients) from the car park are minimised. Blue badge parking spaces will be relocated closer to the stops.• All designs will undergo a multiple safety audits prior to construction (and post construction).• Method of construction to be carefully programmed to safeguard pedestrians through the works site and ensure access to properties and facilities are maintained for the duration of the works.• Comprehensive traffic management arrangements will be in place to include provisions under the New Roads and Streetworks Act Chapter
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				<p>8 such as temporary ramp boards and tapping rails on temporary barriers. Diversion routes for traffic and pedestrians to be clearly signed with temporary changes to the highway layout to be communicated in advance through face to face engagement, publicity, signage and local/social media.</p> <ul style="list-style-type: none"> • The roads which will be impacted by the proposals are mostly main highways routes which are not currently used for parking by wheelchair users and those with restricted mobility.
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Outcome(s) of equality impact assessment:

- ☒ No major change needed
 ☐ •Adjust the policy/proposal
 ☐ •Adverse impact but continue
 ☐ •Stop and remove the policy/proposal

Arrangements for future monitoring of equality impact of this proposal / policy / service:

Review assessment following completion of the Traffic Regulation Order process and design development including considering a Public Realm Quality Audit, which includes a review of the impact of the proposal on disabled people.

Approved by (manager signature):

Paul Horn

Paul Horn
 paul.horn@nottinghamcity.gov.uk
 0115 8763212

Date sent to equality team for publishing:

25/4/16

To be published with the Executive Board Report

June 2016

[Send document or link to:](#)

NOTTINGHAM'S CYCLE CITY AMBITION

The number of cyclists around the city is increasing. If more people chose to cycle it would help reduce congestion on the city's roads and bring health benefits to those that take it up.

To encourage more people to cycle to work and for enjoyment, we are providing much better facilities. We are expanding the city's cycle network to ensure that our road network is fit for future generations.

The City Council has received £6.1m of Government funding through the Derbyshire and Nottinghamshire (D2N2) Local Enterprise Partnership to help deliver the city's cycling ambition, which includes; providing on-road segregated cycle corridors (Cycle Superhighways), improved City Centre cycling links, encouraging cycling in our parks, opening up the River Leen corridor for walking and cycling, smaller scale improvements in our neighbourhoods and investing in the Citycard Cycle Hubs.

For more details about our cycling ambition please visit:
transport.nottinghamcity.gov.uk/cyclecity



HAVE YOUR SAY

To have your say on our Eco Expressway or Cycle City eastern proposals, please join us at our public exhibition:
Thursday 26th May 1pm - 8pm in the car park next to Aldi supermarket, on Daleside Road

or alternatively visit our on-line interactive consultation map at:
transport.nottinghamcity.gov.uk/ecoexpressway
On-line consultation will be open for comments until June 24th 2016.

TO FIND OUT MORE

Facebook: /transportnottm
Twitter: @transport_nottm

email: public.transport@nottinghamcity.gov.uk
website: transport.nottinghamcity.gov.uk/ecoexpressway



Introducing the NOTTINGHAM ECO EXPRESSWAY & EASTERN CYCLE CORRIDOR

An ambitious new route to help transform bus travel and cycling in Nottingham



SUMMARY OF BUS AND CYCLE IMPROVEMENTS

A MANVERS STREET

- 1 New toucan cycle crossing at the Sneinton Hermitage/ Manvers Street junction.
- 2 Cycle Superhighway to be provided on the eastern side of the road

B DALESIDE ROAD Meadow Lane to Trent Lane

- 3 Provide Cycle Superhighway on the northern side of the road (see cross section for details)
- 4 New shared pedestrian/cycle zebra crossing on Trent Lane (north)
- 5 The Eco Expressway, with bus lanes in both directions to improve journey times
- 6 Parking spaces will be removed on northern side
- 7 Parking spaces will be reduced in number on the southern side and time restrictions implemented

Along this section, the northern footway will be resurfaced, the bus stops upgraded and the speed limit reviewed.

C DALESIDE ROAD Trent Lane to Racecourse Road

- 8 The Eco Expressway, with bus lanes in both directions to improve journey times
- 9 Cycle Superhighway running along the northern side of Daleside Road to the Racecourse roundabout.
- 10 Remove right turn pocket into Chase Park
- 11 New shared pedestrian/cycle zebra crossing across Racecourse Road

Along this section, the pedestrian footway running next to the segregated cycle route will be resurfaced, the bus stops upgraded, the bus stops near Racecourse Road removed and the speed limit reviewed.

D DALESIDE ROAD Racecourse Road to Vale Road

- 12 Relocate Park and Ride bus stops onto Daleside Road to improve journey times.
New pedestrian crossing on Daleside Road with connecting footpath link to Park and Ride site.
- 13 New toucan crossing provided near Candle Meadow

Along this section, the entire length of the cycle path will be resurfaced. Eco Expressway bus lanes in both directions will be provided, a new shared use zebra crossing introduced at the Racecourse roundabout, bus stop upgraded and the speed limit reduced from derestricted (60mph) to 40 mph. Plus improvements to existing shared use cycle/ footway by decluttering posts and relocating lighting columns.

E VALE ROAD

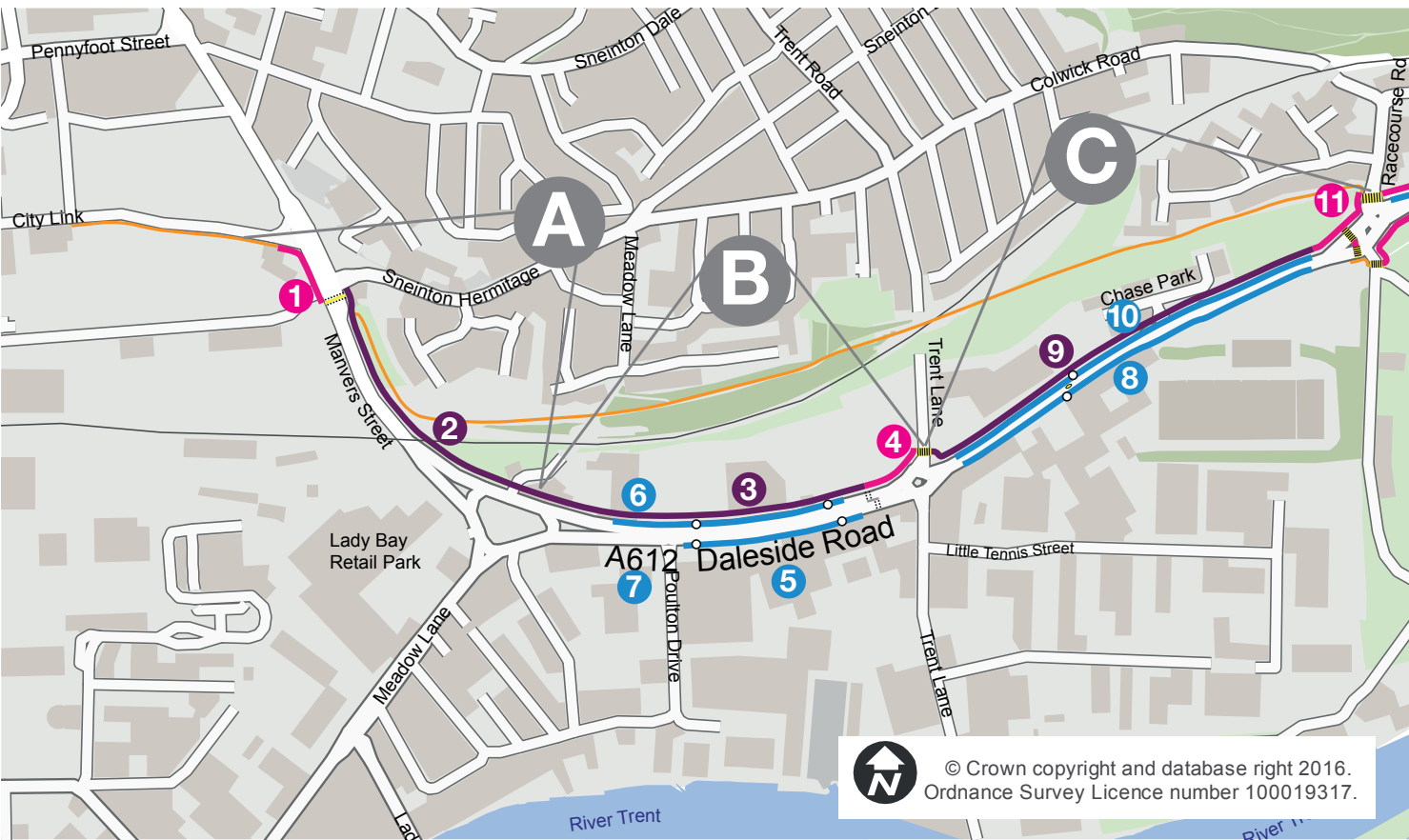
- 14 Provide Eco Expressway bus lane on approach to Daleside Road

Along this section, new yellow lines implemented to control parking and the bus stops improved.

F NETHERFIELD & CARLTON

From Colwick to Netherfield and Carlton, bus priority at traffic signals to improve journey times and new and enhanced bus stops will be provided.

DALESIDE ROAD - Trent Lane to Racecourse Road



- Key

Proposed Eco Expressway bus lane

Proposed Eastern Cycle Corridor shared cycle/footway

Proposed Eastern Cycle Corridor segregated cycle/footway

Existing cycle facility retained

Southern footway on this section of Daleside Road removed, but existing nearby footway retained

New pedestrian crossing refuge

shared pedestrian and cycle zebra crossing

New toucan crossing

Existing pedestrian crossing

Bus stop
- please note map not to scale
- ### DALESIDE ROAD - Racecourse Road to Vale Road
-
- ## HOW THE CORRIDORS WILL OPERATE
-
-
- Eco expressway east version.inddd 2
- 18/05/2016 17:03:35

APPENDIX A

Southern Growth Corridor (Nottingham Eco Expressway)

Public exhibition event:

Date: Thursday 26th May. 1pm to 8pm

Venue: Eastpoint Retail Park, Daleside Road (Aldi/ Smyths site)

- Leaflets explaining the scheme were distributed in advance of the day to all properties bordering Daleside Road
- Letters were sent out to all affected frontagers (residents and business along the northern section of Daleside Road).
- Approximately 50 people attended on the day to find out about the scheme and to give their feedback. Further meetings will be set up with affected frontagers.
- There is also an on-line site showing the proposals and seeking comments.
- A short questionnaire was available on the day (not everyone filled one in):

Respondents were asked to rate their views on the current arrangements for cyclists, buses and general traffic on Daleside Road and then rate them again with the proposed scheme in place.

75% of respondents rated the proposed scheme for cyclists as being either good or very good (compared to 46% currently).

71% of respondents rated the proposed scheme for buses as being either good or very good (compared to 26% currently).

Note: Due to the low number of respondents, this can only be used as a guide

1. EXISTING ARRANGEMENTS	Very Good	Good	OK	Poor	Very Poor	Don't Know
Cyclists	17%	29%	21%	21%	13%	0%
Buses	13%	13%	42%	21%	0%	13%
General Traffic	8%	21%	25%	21%	13%	13%
General Appearance	0%	8%	38%	29%	8%	13%

2. PROPOSED SCHEME	Very Good	Good	OK	Poor	Very Poor	Don't Know
Cyclists	42%	33%	4%	4%	13%	4%
Buses	46%	25%	4%	4%	13%	8%
General Traffic	17%	17%	17%	25%	13%	13%
General Appearance	17%	21%	21%	0%	8%	33%

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Subject:	EE Monitor Replacement Programme		
Corporate Director(s)/ Director(s):	David Bishop, Deputy Chief Executive/Corporate Director Development and Growth Andy Vaughan, Corporate Director Commercial and Operations Gail Scholes, Director of Energy Services		
Portfolio Holder(s):	Councillor Alan Clark Portfolio Holder for Energy and Sustainability Councillor Jane Urquhart Portfolio Holder for Planning and Housing		
Report author and contact details:	Wayne Bexton, Head of Energy Projects wayne.bexton@nottinghamcity.gov.uk Chris Keane, Head of Highway & Energy Infrastructure chris.keane@nottinghamcity.gov.uk Emily Braham, Head of Sustainable Energy (NCH) Emily.braham@nottinghamcity.gov.uk Graham de Max, Housing Strategy and Partnership Manager Graham.demax@nottinghamcity.gov.uk Steve Oakley, Head of Contracting and Procurement Steve.oakley@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Reasons: Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	Revenue <input type="checkbox"/> Capital <input checked="" type="checkbox"/>		
Significant impact on communities living or working in two or more wards in the City	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
Total value of the decision: £1.916m			
Wards affected: St. Ann's, Bridge, Dales & Mapperley	Date of consultation with Portfolio Holder(s): Councillor Alan Clark - 01/03/2016 Councillor Jane Urquhart – 15/3/16		
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter	<input checked="" type="checkbox"/>		
Cut crime and anti-social behaviour	<input checked="" type="checkbox"/>		
Ensure more school leavers get a job, training or further education than any other City	<input checked="" type="checkbox"/>		
Your neighbourhood as clean as the City Centre	<input type="checkbox"/>		
Help keep your energy bills down	<input checked="" type="checkbox"/>		
Good access to public transport	<input type="checkbox"/>		
Nottingham has a good mix of housing	<input type="checkbox"/>		
Nottingham is a good place to do business, invest and create jobs	<input checked="" type="checkbox"/>		
Nottingham offers a wide range of leisure activities, parks and sporting events	<input type="checkbox"/>		
Support early intervention activities	<input type="checkbox"/>		
Deliver effective, value for money services to our citizens	<input checked="" type="checkbox"/>		
Summary of issues (including benefits to citizens/service users): This report outlines the proposal for the City Council to put in place a programme for replacing heat meters with newly developed Enviroenergy (EE) monitors in domestic properties served by its green district-heating			

scheme.

The existing meter system is no longer fit for purpose and is causing issues for both residents and Enviroenergy. The current meters are no longer in production, hardware is not available to purchase for repairs and software support is out-dated.

A monitor replacement programme is essential for all domestic properties served by the district heating system to provide quality service provision, a more accessible and user-friendly system and to allow effective management of customer billing.

Currently NCC tenants who receive heat from the Enviroenergy District heating scheme must go to very limited point of sale shops to purchase credit for their energy. In some instances, tenants must travel significant distances to purchase credit, particularly if point of sale units stop operating temporarily.

The EE Monitor has already been successfully installed within 270 flats in Bentinck, Manvers and Kingston Courts. The new monitor provides tenants with several options for how they purchase energy including;

- Paypoint
- Paypal
- Website
- Phone

Installing these 'Smart' monitors allows NCC tenants to manage their energy and budgets more effectively, tackling fuel poverty and providing an improved customer experience.

The maintenance of the district heating system is the responsibility of Enviroenergy; however, the equipment beyond the meter is maintained by Nottingham City Homes in 2611 council owned properties and funded through the Housing Revenue Account (HRA). The scheme can be financed by the Public Sector Housing Programme by utilising existing scheme budgets within the "Secure, Warm, Modern" section of the programme, therefore there is no increase to the programme.

Many properties covered by the district heating system have been purchased under 'right to buy' (1150 dwellings); the replacement of the monitors in these properties is the responsibility of the householder. However, in light of these properties being transferred with district heating infrastructure it is proposed to seek a funding solution for the installation of EE Monitors to these dwellings in conjunction with the Enviroenergy Board.

There are also 981 housing association properties on the system and it will be necessary to engage with landlords to fund a scheme of monitor replacement in these properties.

This report seeks to access funding from the HRA for the installation programme as detailed, which will be delivered over a 24 month period.

Exempt information:

An appendix to this report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose the information because it may offer a competitive advantage to other companies tendering for future Council contracts.

Recommendation(s):
1. To approve expenditure of £1.916m from the Public Sector Housing Capital Programme (HRA) to procure and install monitors to 2611 properties managed by Nottingham City Homes.
2. To approve the management and delivery of all works through the Highway & Energy Infrastructure in-house delivery team.
3. To approve use of the existing established NCC 5 year product development contract with UK based Teddington's Ltd, to manufacture and supply up to 4800 new EE monitors to NCC in order to fulfil the programme requirements.
4. To approve the Director of Energy Services, in consultation with the Portfolio Holder for Energy & Sustainability, to place orders for materials up to a value of £1.600m (orders to be placed only once funding has been secured as below) to Teddington's Ltd and other suppliers for the manufacture & supply of up to 4,800 new EE monitors and other ancillary equipment to fulfil the expanded programme comprising of; <ul style="list-style-type: none"> • Council Owned properties: £0.881m (funded via HRA) • Private/Right to Buy: £0.388m (proposals to be agreed by Enviroenergy Board) • Housing Associations: £0.331m (proposals to be agreed via relevant Housing Associations)

1. REASONS FOR RECOMMENDATIONS

1.1 The current arrangement in properties is pre-payment devices and these have been in place for over 12 years. These units are no longer manufactured and are dependent on legacy support systems.

1.2 The existing arrangements necessitate district heating customers having to contact the Enviroenergy Customer Services Centre directly or visit a limited number of shops, which have Points of Sale Units (POS), to "top up" their district heating account. There are 7 POS units in the St Ann's area. The provision of POS units is also onerous for NCC to manage and stringent control measures are needed to ensure accounts are kept up to date and to avoid debt accumulation. The monitor programme will ultimately remove the need for these providers and substantially de-risk this process by the introduction of remote payment/monitoring and provision through Pay Point /Pay Pal arrangements.

1.3 The implemented programme will support a stable customer database platform for Enviroenergy. This will ensure a professional customer experience including accurate billing and individual resident data.

1.4 The proposed replacement device is known as the "EE Monitor" (EEM). This is a unique product, owned by NCC and specifically developed for this purpose. The unit will offer flexible payment options for the occupiers from their own home, either directly on the device or via an online tool. This programme has immediate benefits in reducing the need for citizens to leave their homes to go to specific POS Units. Further, by introducing this improved device there are better control measures on customer bill management for both the citizen and the City Council. The EEM has a number of SMART features including a built in tamper alert which acts as a safeguard against loss of income. This supports citizens in reducing the opportunity for accumulating account debt and generates clear markers for the provision of support when required by vulnerable users.

1.5 The EEM has been piloted locally at the BMK flats in Sneinton. 270 NCH tenants, in addition to other energy efficient measures, have been connected to district heating and all properties are served with the new monitors.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 District Heating services 4,770 homes in the St. Ann's area across a portfolio of properties and tenures. These properties are off gas and therefore have not been subject to a boiler replacement programme.

The current district heating pre-payment meters were installed over 12 years ago and are now proving to be inefficient. The hardware for repairs of the meters is also now unavailable due to the age of these appliances. Additionally Enviroenergy are highly reliant on a single provider for software support.

This current manual system requires an engineer to go out to each property to repair errors or take meter readings. This is a very ineffective and expensive approach to continue implementing.

The EE Monitor replacement programme will have a significant positive impact on the residents supplied by district heating and facilitate the alleviation of fuel poverty. Benefits include:

- Multiple payment options including the facility to pay on the device.
- Clear and concise instructional video.
- Energy saving recommendations.
- Tailored emergency credit per resident.
- Individual data report.

2.2 The district heating scheme is at the heart of public service provision, supporting our role as a leading Energy City, whilst meeting the needs of citizens and commercial customers who rely on district heating for the provision of heat and hot water.

The district heating scheme supports City policy commitments to reduce the authority's CO₂ emissions by 31% by 2020 which forms part of the delivery of the Council's Carbon Management Plan. District heating is not regulated and as such not subject to the same regulations that apply to gas and electricity.

2.3 The EEM has a number of SMART features including:

- Date, Time, Temperature
- Visual display of amount of credit remaining to assist occupants to manage their heat budget
- Estimated Days Remaining – based on the last 24 hours and 7 days of usage
- Alerts - provide occupants with regular reminders to 'turn down room thermostat' to elicit behavioural change
- Remote consumption monitoring capability for energy suppliers / eliminating need for meter readers

- Remote diagnostics capability to swiftly diagnose problems and route issue to the correct area of expertise minimising disruption to the occupant / eliminating engineer call out / cost
- Online video – to provide visual user guide instructions
- 5 Flexible top- up options
- Warnings - low credit / no credit remaining
- Consumption / Transaction Reports

2.4 It should be noted that the properties on the district heating system do not require boilers. As a result, HRA investment via the decent homes programme on this element has not been required.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 Do nothing: Rejected because not progressing a replacement programme creates future risk of service failure which will have an impact on citizens

3.2 Use a different monitor other than EEM: Rejected as this conflicts with the Council's "make or buy" policy, and a further advantage of this product is that it can be shaped to our specific service requirements.

3.3 Rather than invest HRA funds, seek to recover the cost of the programme via increased customer payments: rejected because there is a commitment to not increase district heating customer bills at a time when other fuel users' bills are falling.

5 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

Council owned (HRA) residential properties

The replacement of energy monitors serviced by the council's District Heating scheme in council owned homes is a total cost of £1.916m for 2,611 properties. This includes the purchase of the monitors for £337 per monitor plus installation costs. The cost of the scheme can be funded by the Public Sector Housing Capital Programme from existing underspends within the 'Secure, Warm & Modern' lines of the programme, so no increase in the value of the programme is required. The scheme profile will be as follows:

2016/17	£0.636m
2017/18	£0.640m
2018/19	£0.640m

Residential properties not owned by the council

The purchase cost of the monitors required will be as follows:

Council owned homes (HRA)	£0.881m
Right to buy homes (former council owned homes)	£0.388m
RP owned homes (Housing Association)	£0.331m
Total cost of monitors	£1.600m

6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

The legal advice is contained in an exempt appendix.

7 SOCIAL VALUE CONSIDERATIONS

Much of the delivery of the essential works identified is to be undertaken in-house with no procurement implications. The provision of monitors is by an external partner, Teddington's, under an established 5 year development contract with NCC.

A forward investment programme for monitor provision will support the overall condition of the district heating scheme, a Council owned asset.

Highway & Energy Infrastructure have an established delivery model and through this broadened scope to actively support the Councils "Make or Buy" Policy focusing on energy infrastructure activity including mechanical & electrical works. This in turn has resulted in local work opportunities and supported the apprenticeship scheme.

This programme actively supports a number of Council Plan objectives including helping to tackle fuel poverty and use of remote control technology to help keep energy bills down for their customers and citizens. The remote facility of the new product reduces the need for citizens to leave their homes to pay bills and in doing so provides safeguarding measures.

8 REGARD TO NHS CONSTITUTION

Not applicable.

9 EQUALITY IMPACT ASSESSMENT (EIA)

(A) Not needed as the report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about the implementation of policies development outside the Council.

8 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

None

9 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

None

10 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

Andrew James – Team leader Contracts & Commercial, 0115 8764431
andrew.james@nottinghamcity.gov.uk

Emily Braham – Head of Sustainability Energy

Claire Gavagan – Strategic Business Partner

Julie Dorrington – Finance Analyst

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Subject:	PRE-AUDIT CORPORATE FINANCIAL OUTTURN 2015/16		
Corporate Director(s)/ Director(s):	Geoff Walker, Strategic Director of Finance		
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Theresa Channell – Head of Strategic Finance 0115 8763649 theresa.channell@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision		<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
Significant impact on communities living or working in two or more wards in the City		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Total value of the decision: £28.320m			
Wards affected: All		Date of consultation with Portfolio Holder(s): Throughout March-May 2016	
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input checked="" type="checkbox"/>
Schools			<input checked="" type="checkbox"/>
Planning and Housing			<input checked="" type="checkbox"/>
Community Services			<input checked="" type="checkbox"/>
Energy, Sustainability and Customer			<input checked="" type="checkbox"/>
Jobs, Growth and Transport			<input checked="" type="checkbox"/>
Adults, Health and Community Sector			<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years			<input checked="" type="checkbox"/>
Leisure and Culture			<input checked="" type="checkbox"/>
Resources and Neighbourhood Regeneration			<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>This report sets out the City Council's pre-audit General Fund and Housing Revenue Account (HRA) revenue outturn 2015/16 and Capital Programme. It is an important component of the City Council's financial management and governance framework setting out the Council's year-end financial position for 2015/16.</p> <p>Strong financial planning and management are essential in the Council's work to commission, enable and provide value for money services to citizens to deliver corporate priorities.</p> <p>The final Statement of Accounts will be considered by the Audit Committee in September 2016 at the conclusion of the external audit.</p>			
Exempt information:			
None			
Recommendation(s):			
<p>1 To note:</p> <ul style="list-style-type: none"> a) the pre-audit revenue outturn for 2015/16 including a revenue underspend of £0.100m after taking into account the application of £1.000m traded surplus to support the Medium Term Financial Plan (MTFP) in 2016/17 and carry-forwards endorsed by the Deputy Leader, as set out in paragraph 2.2 and Appendix A; b) the management action undertaken to control the identified cost pressures across services, as set out in Appendix B; c) the discretionary rate relief granted in 2015/16 detailed in paragraph 2.11; d) the position regarding cost reductions and pressures for 2015/16 detailed in paragraph 2.4. e) the capital outturn as detailed in Appendix F and explanations of variances over £0.100m as 			

detailed in Appendix G

- f) the additions to the Capital Programme detailed in Table 10;
- g) the refreshed Capital Programme, including schemes in development, and the unallocated resources of £1.131m, as set out in paragraph 2:18 (Tables 12 to 14).

- 2** To approve:
- a) net General Fund carry forwards of £1.588m as set out in paragraph 2.6 and Appendix A(ii) that have been endorsed by the Deputy Leader;
 - b) the movements of resources set out in paragraph 2.5 and Appendix D;
 - c) the net movement to earmarked reserves, as set out in paragraph 2.7 and Appendix E;
 - d) the HRA outturn for 2015/16 as set out in paragraph 2.8;
 - e) write-offs in excess of £10,000, totalling £0.857m where all options for recovery have been exhausted, as set out in paragraph 2.10.
 - f) The extension of the rolling capital scheme as set out in paragraph 2.17 (Table 11).

- 3** To note and endorse the allocations from the corporate contingency as set out in paragraph 2.3.

1 REASONS FOR RECOMMENDATIONS

- 1.1 It enables formal monitoring of progress against the 2015/16 budget and the impact of actual and planned management action.
- 1.2 The approval for virements of budgets is required by corporate financial procedures.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The 2015/16 revenue budget was approved by City Council in March 2015. Monitoring and forecasting reports have been considered by executive councillors throughout 2015/16. This report summarises the provisional outturn position for the revenue elements of the General Fund and HRA. Some report tables may not sum exactly due to rounding.

2.2 General Fund Revenue

The corporate outturn after carry forwards and the application of £1.000m traded surplus to support the MTFP in 2016/17, as reported to Executive Board in February 2016, is a net underspend of £0.100m and is added to the general fund balance. This represents an improvement of £0.100m (Table 1) from that reported at quarter 3.

Carry forwards of £1.588m are included and these have been endorsed by the Deputy Leader. Appendix A provides more detail and Appendix B gives information about specific issues within Portfolios.

TABLE 1 : FORECAST OUTTURN REPORTED AT END OF PERIOD				
PORTFOLIO	Q1 £m	Q2 £m	Q3 £m	Outturn after c/fwd £m
Adults and Health	(0.307)	(0.556)	(0.554)	(0.513)
Community Services	(0.507)	(1.427)	(1.449)	(1.263)
Early Intervention and Early Years	1.088	0.792	0.792	0.219
Energy and Sustainability	0.250	0.153	0.036	(0.261)
Jobs, Growth and Transport	(0.175)	(0.812)	(0.467)	0.628
Leisure and Culture	(0.067)	(0.097)	(0.097)	0.151
Planning and Housing	0.000	(0.023)	(0.031)	(0.417)
Resources and Neighbourhood Regeneration	(0.220)	(0.265)	0.000	0.408

Schools	0.000	(0.033)	(0.035)	0.705
Strategic Regeneration, Development and Community Sector	0.863	0.200	0.000	(0.071)
TOTAL PORTFOLIOS	0.925	(2.068)	(1.805)	(0.415)
Corporate Budgets	0.725	0.281	0.180	(0.685)
Sub total	1.650	(1.788)	(1.625)	(1.100)
Potential traded surplus retention*		1.176	0.625	
NET COUNCIL POSITION	1.650	(0.612)	(1.000)	(1.100)
Contribution from trading areas to support the MTFP for 2016/17			1.000	1.000
NET OVERALL POSITION	1.650	(0.612)	0.000	(0.100)

*traded surpluses form part of carry forwards at outturn

Forecast and Actual Outturns 2010/11 – 2015/16

The Council provides many sensitive and demand led services and inevitably there will be cost pressures arising during the year. The Council has a good track record of successfully tackling such cost pressures as shown in Table 2 – demonstrating that through targeted and consistent management action the actual year end outturn shows a general improvement in the last five years.

TABLE 2: FORECAST AND ACTUAL OUTTURNS*						
Outturn	2010/11 £m	2011/12 £m	2012/13** £m	2013/14 £m	2014/15 £m	2015/16 £m***
Actual Outturn	0.653	(0.215)	(2.105)	(1.175)	(1.459)	(0.100)
Q3 forecast	3.603	0.067	(2.437)	(1.700)	(1.011)	0.000
Q2 forecast	5.509	3.013	(4.202)	(0.133)	0.174	(0.612)
Q1 forecast	5.822	6.152	1.374	1.547	0.640	1.650

*after carry-forwards

**after agreed contributions to reserves of £2.250m

*** Q3 and outturn after carry forwards and contribution of £1.000m to support the MTFP 2016/17

The actual outturn position impacts directly on general reserves; underspends increase reserves and overspends decrease them. This provides a financial safety net to cover above-budget costs throughout the year. The balance on general fund reserves as at 1 April 2015 was £9.500m. The MTFP set the level of reserves at £9.500m which is **3.7%** of the budget requirement and within the range required by the Medium Term Financial Strategy (MTFS) of between 2% and 4%.

2.3 Corporate Contingency

This enables management of the financial impact of issues that were not reflected when the budget was set. It is allocated under the delegated authority of the Chief Finance Officer (CFO) in consultation with the Deputy Leader using designated criteria. Services are required to accommodate unforeseen expenditure and/or income shortfalls from within their cash limited budgets, only seeking allocations where this is proven to be impossible. Contingency was £2.000m in 2015/16. Since the February report, allocations of £0.421m have been approved. These items are shown in Table 3.

TABLE 3 : CONTINGENCY ALLOCATED SINCE FEBRUARY EXECUTIVE BOARD	
Items Allocated	£m
Fencing at Clifton Village Green	0.007
Citizen's Advice AN Policy and Campaigns Officer	0.030
Ridge Play Centre Expansion	0.150

Publicity re encouraging people to vote	0.018
D2N2 LEP Match Funding 2016/17	0.063
South Notts Health and Social Care Integration	0.035
Dementia Specialist (2015-16 saving proposal)	0.030
Legal fees (Coronial proceedings and HSE investigations)	0.088
TOTAL	0.421

The February report provided that any unused Contingency would be reserved. Details of contingency items to be reserved for use in 2016/17 are shown in Table 3a.

TABLE 3a: CONTINGENCY TO BE RESERVED FOR USE IN 2016/17	
Item	Amount £m
Alfreton Road Improvements	0.050
Ridge Play Centre Expansion	0.150
Operations Daybreak; Xeres and Casey Report	0.083
Analysis of all travel associated budgets	0.019
Sub-total	0.302
Contingency balance	0.935
TOTAL	1.237

2.4 Cost reductions and pressures

Cost reductions

Table 4 summarises progress made by portfolio on implementing new budgeted cost reductions totalling £25.033m. At outturn £2.012m (8.04%) was not achieved, although most of this has been contained by alternate management action within directorates.

TABLE 4: COST REDUCTIONS					
Portfolio	2015/16 Total	Year-end position	Not achieved		Achieved from alternate source
	£m	£m	£m	%	£m
Adults and Health	(8.261)	(7.996)	0.265	3.21	0.265
Community Services	(1.737)	(1.687)	0.050	2.88	0.050
Early Intervention and Early Years	(2.707)	(2.013)	0.694	25.64	0.537
Energy and Sustainability	(0.700)	(0.550)	0.150	21.43	0.150
Jobs, Growth and Transport	(2.535)	(2.535)	0.000	0.00	0.000
Leisure and Culture	(0.997)	(0.997)	0.000	0.00	0.000
Planning and Housing	(0.400)	(0.400)	0.000	0.00	0.000
Resources and Neighbourhood Regeneration	(6.708)	(6.355)	0.353	5.26	0.166
Schools	(0.226)	(0.226)	0.000	0.00	0.000
Strategic Regeneration, Development and Community Sector	(0.763)	(0.263)	0.500	65.53	0.500
TOTAL	(25.033)	(23.021)	2.012	8.04	1.668

Pressures

£0.759m of pressures were included within the 2015/16 budget and have been used in year. This was comprised of £0.557m Adults demographic and £0.202m Children in Care demographic pressures.

2.5 Movement of Resources

Transfers of services between directorates and/or portfolios are reflected within the monitoring figures. These movements of resources now require approval and are detailed in Appendix D.

2.6 Carry forwards

Services have submitted requests for carry forwards. These have been considered using the overall corporate context of the prevailing financial and economic environment.

Carry forwards of £1.588m have been endorsed by the Deputy Leader and are recommended for approval. Further details are included at Appendix A(ii). Classification of carry forwards is as follows:

- General carry forwards (acceleration / slippage) - £0.534m
- Trading Accounts - £0.941m
- Investment in services - £27k
- Transformation activity - £86k

2.7 Movements in Earmarked Reserves

Earmarked reserves are funds set aside for specific purposes (including Schools Statutory Reserves, Insurance, NET Private Finance Initiative (PFI) grant and decisions taken at Outturn 2014/15. During the year there has been a net increase of £13.918m in earmarked reserves; this includes contributions to capital schemes and movements relating to previously approved decisions including Schools Statutory Reserves.

Reserve movements are categorised as:

- **MTFP / Outturn decisions-** these include items which were separately identified within the MTFP 2015/16;
- **Replenishment of existing reserves-** revenue contributions to reserves resulting from slippage/ savings on specific schemes, grants and contributions for specific purposes;
- **Use of specific reserves-** technically the approval of these reserves is implied at their setting up;
- **PFI/Building Schools for the Future (BSF) development costs** - Councils are required to charge to revenue development and set up costs relating to PFI schemes (these were previously budgeted for within the capital programme). The use of earmarked reserves is required to offset these costs;
- **Statutory Schools reserve** - this represents the net movement on ring fenced resources for schools;
- **Reserves to Capital Schemes** - these refer to use of reserves to support capital schemes;

Table 5 summarises the movements in each category of reserves during 2015/16 and identifies those which have previously been approved by Executive Board in February 2016 and those which now require Executive Board approval as part of the pre-audit outturn. Appendix E provides more details of movement in reserves that require approval.

TABLE 5: NET MOVEMENTS IN RESERVES			
Type of transfer	Previously approved £m	Requiring approval £m	Total £m
Previous MTFP/Outturn decisions	(13.658)	0.000	(13.658)
Replenishment of existing reserve	(0.494)	(17.522)	(18.016)
Use of existing reserves	12.083	7.449	19.532
PFI/BSF	(0.620)	(11.164)	(11.784)
Statutory Schools reserve	0.000	2.203	2.203
Capital schemes	0.421	7.383	7.804
Total	(2.267)	(11.651)	(13.918)

2.8 HRA Budget

The HRA budget was approved by the City Council in March 2015 and budgeted for a working balance of £4.000m at 31 March 2016.

The purpose of the working balance being to provide a contingency for any unexpected cost increases or reductions in income due to unforeseen circumstances. The main current issues are reported below.

The HRA Summary outturn for 2015/16 is shown in Table 6 below. For comparative purposes the movement in the working balance is tracked from the quarter 3 forecast to the pre-audit outturn.

Table 6 HRA – PRE-AUDIT OUTTURN 2015/16				
Description	Original Budget 2015/16 £m	Q3 forecast £m	Pre-audit outturn 2015/16 £m	Variance against Q3 forecast £m
Income				
Rent income	(101.145)	(98.345)	(99.764)	(1.419)
Service charges & other income	(7.829)	(7.604)	(7.477)	0.128
Total Income	(108.974)	(105.949)	(107.241)	(1.292)
Expenditure				
Repairs	27.260	27.260	27.350	0.090
Management	32.106	31.377	32.086	0.709
Capital charges	42.974	42.374	40.197	(2.177)
Direct Revenue Financing	6.635	5.246	7.916	2.670
Total Expenditure	108.974	106.256	107.548	1.292
Deficit / (Surplus)	0.000	0.307	0.307	0.000
Working balance B/F	(4.307)	(4.307)	(4.307)	
Working Balance C/F	(4.307)	(4.000)	(4.000)	

Working Balance

The working balance has remained at £4.000m compared to the forecast outturn at quarter 3. The available working balance carried forward into 2016/17 is £4.000m.

Income

Rental Income increase of £1.419m

Reduced contribution to the bad debt provision (£1.076m) due to anticipated impact of welfare reform on collection rate being lower than anticipated due to delayed implementation.

Service Charges & other income, decrease of £0.128m

Less interest received than expected.

Expenditure

Management, increase of £0.709m

Made up of a number of variances including: an overspend of £0.404m on capital scheme costs that have been charged to revenue, and an underspend of £0.134m on Council Tax charges for void properties.

Capital Charges, decrease of £2.177m

Decrease in the depreciation charge as a result of a change to the approach of accounting for HRA non-dwelling assets. This reduces the contribution to the Major Repairs Reserve, thereby reducing the resources available for capital investment. An increase in Direct Revenue Financing has been possible to finance the capital programme.

Direct Revenue Financing, increase of £2.670m

Increase in Direct Revenue Financing due to reduction in depreciation charge (£2.000m) and contingency for public sector housing capital programme

2.9 Debtors Monitoring (Appendix C)

Housing Rents

This was the second year of the Responsible Tenant Reward Scheme, and this contributed towards the achievement of the in-year collection target (98.40%). The performance figure of 98.11% relates to current rent charged plus existing arrears and has been achieved even though cash office collection facilities were closed in April 2015. This had some impact on performance initially, the majority of affected tenants have now moved to alternative payment methods such as direct debit.

Universal Credit (UC), where housing benefit previously paid directly to us now goes to the tenant, was rolled out in Nottingham in February and a programme of work continues, designed to ensure a corporate response to the challenges of UC and wider welfare reforms. The Welfare Reform project board is working closely with strategic partners including DWP, NCC/NCH and voluntary sector groups to mitigate the impact of Welfare Reform on our tenants and our rent performance.

Council Tax

Collection rate for 2015/16 remains at 92.5% in line with expectations for in year collection. Collection in 2015/16 amounted to £103.3m against net debt collectable of £111.7m, compared to collection of £98.5m against net debt collectable of £106.6m in 2014/15.

National Non-Domestic Rates (NNDR)

The collection rate for 2015/16 was 0.7% above the annual target of 96.7%. Collection in 2015/16 amounted to £126.3m against net debt collectable of £129.7m, and this is an improvement on the position for 2014/15.

Sundry Income

The percentage of debts collected within 90 days in the 12 months to March 2016 was 82.20% which is an improvement from the Q3 figure of 80.30%. The debtor day

indicator (which shows how quickly debts are recovered) is currently 32 days, slightly ahead of the target of 32.30 days.

Adult Residential Services

The collection rate for Q4 (95.77%) is marginally below the target of 95.90%. Overall collection in 2015/16 amounts to £9.26m against collectable invoices raised of £9.33m.

Estates Rents

The collection rate of 95.23% is below the set target of 97.50% and the rate for Q3 (95.80%) however, this has been rectified in 2016/17.

2.10 Written Off Debt

The CFO has delegated authority to write off individual debts not exceeding £10,000. Any debts above this are subject to Portfolio or Executive Board decision. The debts included in this report relate to debt raised over the past 5 years and have been pursued as far as is reasonably possible, and/or relate to businesses that have gone into liquidation or individuals that have gone bankrupt. The Council is therefore unable to obtain payment. Once it is clear that no further payments will be received against a debt, it should be written out of the Council's accounts. Adequate bad debt provision to accommodate this level of write off has been built up in the accounts over a number of years and approval is also being sought to write off debts over £10,000 totalling £0.857m as summarised in Table 7 below. These figures are subject to the finalisation of the NNDR year end and other statutory returns.

TABLE 7: WRITE OFFS OVER £10k in 2015/16	
Fund	£m
NNDR	0.821
General Fund	0.036
Total	0.857

2.11 New Discretionary Rate Relief Granted in 2015/16

Details of new determinations of eligibility for Discretionary Relief since 1 April 2015 are shown in Table 8, of which the City share is 49%.

TABLE 8: NEW DISCRETIONARY RATE RELIEF GRANTED IN 2015/16	
Type of Relief	Amount of Relief £m
Non Profit-Making Bodies which are not Registered Charities	0.056
Registered Charities which are in Receipt of 80% Mandatory Relief	0.016
Community Centres	0.020
TOTAL	0.092

2.12 Capital Programme

The capital programme for 2015/16 was approved by the City Council in March 2015. Quarterly monitoring and forecasting reports have been provided and considered by Executive Councillors throughout 2015/16.

2.13 Capital Expenditure 2015/16

The capital expenditure in 2015/16 was £252.247m, representing a decrease of £31.095m from the Quarter 3 position. Table 9 shows the position for each portfolio. Further details are set out in Appendix F.

TABLE 9: CAPITAL PROGRAMME - OUTTURN 2015/16				
Portfolio	Projected Outturn Q3	Pre-audit Outturn	Variance	
	£m	£m	£m	%
Public Sector Housing	54.612	51.030	(3.582)	(6.56)
Local Transport Programme	20.108	15.853	(4.255)	(21.16)
Education / Schools	13.623	10.176	(3.447)	(25.30)
Total	88.343	77.059	(11.284)	(12.77)
Other Services:				
Adults and Health	1.974	1.466	(0.508)	(25.73)
Early Intervention and Early Years	0.716	0.197	(0.519)	(72.49)
Leisure and Culture	10.444	8.977	(1.467)	(14.05)
Jobs, Growth and Transport	107.006	108.748	1.742	1.63
Energy & Sustainability	4.704	5.603	0.899	19.11
Planning and Housing	2.903	2.657	(0.246)	(8.47)
Strategic Regeneration, Development and Community Sector	48.965	39.310	(9.655)	(19.72)
Community Services	2.032	2.048	0.016	0.79
Resources & Neighbourhood Regeneration	16.255	6.182	(10.073)	(61.97)
Total	194.999	175.188	(19.811)	(10.16)
Total Programme	283.342	252.247	(31.095)	(10.97)

2.14 Reasons for variances

The City Council's capital monitoring analyses variations between:

- Changes in budgeted expenditure, where the expenditure is still required but takes place later than originally intended (slippage) or earlier than originally intended (acceleration). Slippage does not result in resources being released, the resources and planned expenditure will be carried forward into future years;
- Underspends and overspends represent a decrease or an increase in the total capital cost of a project (which could potentially be over a number of years). Underspends would usually result in a saving which can be released to support the capital programme in future years.

2.15 Significant variances

An overview of schemes showing significant variances is set out below. Further details of variances over £0.100m are contained in Appendix G.

Public Sector Housing – (£3.582m)

A variance of 6.56% on a projection of £54.612m represents both slippage and acceleration on a number of schemes further details of individual projects is detailed in Appendix G.

Local Transport Plan – (£4.255m)

A variance of 21.16% on a projection of £20.108m represents both slippage on a number of schemes of (£4.282m) and slight acceleration of £27k. The revised programme for 2016/17 to 2020/21 is £54.860m.

Education / Schools – (£3.447m)

Education / Schools shows a variance representing 25.30% of a projected programme of £13.623m. This variance is mainly attributable to slippage caused by delays in various projects as detailed in Appendix G, including slippage of £1.002m on Nottingham Academy caused by a slight delay to the start of works moving a major financial milestone into 2016/17; overall costs and completion date remain unchanged.

Other Services

Total expenditure in 2015/16 was £175.188m against a projection of £194.999m. The variance represents 10.16% of the programme and is predominately due to the slippage of a number of schemes totalling (£24.309m) offset by acceleration of £3.334m. The variances have been reflected in the revised programme for 2016/17 and explanation of major variances within 'Other Services' are detailed below and in Appendix G.

- **Resources and Neighbourhood Regeneration – (£10.073m)** – This variance is mainly attributable to slippage of £5.200m on the loan to NCH for Radford Flats where the final loan drawdown was taken out at the start of 2016/17. Slippage has been identified on a number of IT schemes totalling £4.438m, these are live projects and the total capital expenditure forecast remains unchanged.
- **Strategic Regeneration, Development & Community Sector – (£9.655m)** – The majority of this variance relates to two projects; slippage of £5.300m on acquisition of property – Shakespeare Street, the acquisition is now expected to take place in 2016/17. Slippage of £2.070m has been identified on the expansion of BioCity to bring it in line with the latest works plan. The overall capital expenditure forecasts remain unchanged.

2.16 Additions to the Programme

Additions in Quarter 4 include those schemes that were approved as part of the budget process; other additions to the programme are shown in Table 10 below:

TABLE 10: ADDITIONS at QTR 4							
Scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	TOTAL £m
Public Sector Housing							
NCH Grant - Land at Lenton	0.000	0.745	0.000	0.000	0.000	0.000	0.745
Transport Programmes							
Transfer to Area Capital Fund	0.000	(1.250)	0.000	0.000	0.000	0.000	(1.250)
Education / Schools							
Walter Halls Primary - Year 5/6 Block - additional	0.008	0.022	0.000	0.000	0.000	0.000	0.030
Glade Hill Primary - Boiler	0.039	0.001	0.000	0.000	0.000	0.000	0.040
Maintenance Contingency Fund	0.000	(0.070)	0.000	0.000	0.000	0.000	(0.070)
Condition Block Fund 16/17	0.000	1.544	0.000	0.000	0.000	0.000	1.544
Primary Health and Safety	0.037	0.468	0.000	0.000	0.000	0.000	0.505
Springfield Primary Imps	0.000	0.105	0.000	0.000	0.000	0.000	0.105
Health and Safety Contingency	0.000	(0.105)	0.000	0.000	0.000	0.000	(0.105)
South Wilford Endowed C of E	0.000	0.770	0.000	0.000	0.000	0.000	0.770
Fernwood Infants & Juniors	0.000	0.750	0.000	0.000	0.000	0.000	0.750
Adults, Health & Community Sector							
Imps to Community Buildings	0.000	0.258	0.000	0.000	0.000	0.000	0.258
Leisure and Culture							
Ridgeway Playground	0.000	0.060	0.000	0.000	0.000	0.000	0.060
Victoria Park	0.000	0.050	0.000	0.000	0.000	0.000	0.050

TABLE 10: ADDITIONS at QTR 4							
Scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	TOTAL £m
Libraries Wi-Fi Services	0.000	0.097	0.000	0.000	0.000	0.000	0.097
Neighbourhood Tree Imps	0.009	0.296	0.000	0.000	0.000	0.000	0.305
Victoria Embankment Imps	0.119	0.006	0.000	0.000	0.000	0.000	0.125
Nottingham Castle	0.000	0.057	0.000	0.000	0.000	0.000	0.057
Planning and Housing							
Ascot Road, Bobbersmill	0.000	0.064	0.000	0.000	0.000	0.000	0.064
Arkwright Walk / Crocus Fields	0.098	0.000	0.000	0.000	0.000	0.000	0.098
Strategic Regeneration							
Acq Land at Glaisdale	0.314	0.000	0.000	0.000	0.000	0.000	0.314
Capital Receipts for re-investment	(0.314)	0.000	0.000	0.000	0.000	0.000	(0.314)
Acq of 58 Carlton Road	0.183	0.000	0.000	0.000	0.000	0.000	0.183
Capital Receipts for re-investment	(0.179)	0.000	0.000	0.000	0.000	0.000	(0.179)
Acq 3 Quinton Close (CPO Acq)	0.102	0.000	0.000	0.000	0.000	0.000	0.102
Capital Receipts for re-investment	0.000	4.638	0.000	0.000	0.000	0.000	4.638
Wexchange Buildings	0.036	0.364	0.000	0.000	0.000	0.000	0.400
Communitiy Services							
Area Capital Fund - Transfer from LTP	0.000	1.250	0.000	0.000	0.000	0.000	1.250
Flood Alleviation - Top Valley	0.100	0.000	0.000	0.000	0.000	0.000	0.100
Cleansing Plant & Equipment	0.000	0.075	0.000	0.000	0.000	0.000	0.075
4 x Wireless CCTV Cameras	0.000	0.044	0.000	0.000	0.000	0.000	0.044
Flood Alleviation - Woosington Close	0.000	0.195	0.000	0.000	0.000	0.000	0.195
Resources & Neighbourhood Regen							
IT - :Property Asset Management System	0.117	0.000	0.000	0.000	0.000	0.000	0.117
Skills Hub	0.001	0.174	0.000	0.000	0.000	0.000	0.175
TOTAL APPROVALS	0.670	10.608	0.000	0.000	0.000	0.000	11.278

2.17 Rolling Programme for approval

Table 11 details the increase of the rolling programme for capital works at Eastcroft that requires approval for inclusion in the capital programme:

- **Capital Works at Eastcroft** - This report seeks approval for £0.192m funded from Prudential Borrowing for the capital works at the Eastcroft Incinerator as set out in Table 11. The Council is contractually committed to cover the works. However, this payment mechanism represents better value for money than the alternative approach of paying an increased gate fee. The capital works are to be funded by Prudential Borrowing.

TABLE 11: EASTCROFT CAPITAL EXPENDITURE							
	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Q3 Programme	1.833	3.197	1.021	1.113	3.931	2.205	13.300
Revised Programme	2.099	3.123	1.021	1.113	3.931	2.205	13.492
Variance	0.266	(0.074)	0.000	0.000	0.000	0.000	0.192

2.18 Revised Capital Programme - General Fund

The General Fund Programme has been updated for approvals in quarter 4 and the impact of the final outturn. The resource projections have also been updated, including those sums likely to be generated by capital receipts.

TABLE 12: GENERAL FUND CAPITAL PROGRAMME							
2015/16 £m	Programme Element	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	TOTAL £m
15.853	Local Transport Plan (LTP)	26.452	23.125	5.283	0.000	0.000	54.860
10.176	Education/BSF	15.359	4.227	0.000	0.000	0.000	19.586
175.188	Other Services	88.136	23.436	23.541	11.350	7.704	154.167
0.000	Projects in Development	112.885	104.637	26.020	0.000	0.000	243.542
201.217	Total Programme	242.832	155.425	54.844	11.350	7.704	472.155

The General Fund capital programme is subdivided into two categories as follows:

Approved Capital Programme

Comprising the projects that are progressing either currently or in the near future. These projects have all been approved and the funding has been identified and is in place. The revised approved five year capital programme is £228.613m.

Projects in Development

These projects are currently being developed and are at various stages in their project life cycle. Projects can move up into the approved programme once approval has been granted, this will be subject to a process of business case appraisal that includes both due diligence and the identification of funding. The five year investment strategy (projects in development) is £243.542m.

The capital programme is delivered from a diverse range of funding which includes:

Prudential Borrowing

The key principle for using this is that it must be affordable and is therefore heavily regulated. This type of funding is reserved for schemes that can deliver savings or demonstrate a return on investment at least sufficient to cover the debt repayments of interest and principle.

Grants

External funds provided by the government, which may be ring-fenced or other external sources that are provided to deliver specific projects.

Reserves

Earmarked reserves set aside, through Executive Board approval, for specific capital schemes.

Capital Receipts

Receipts from the sale of surplus assets used as a corporate resource, allowing the Council to fund a range of projects for which there is no external funding, or other non-commercial schemes which will not generate a return sufficient to cover their costs.

Capital receipt projections are closely monitored. General secured capital receipts in 2015/16 (which support the programme) were higher than expectations mainly due to an increased number of Right to Buy sales and HRA one for ones; half of which goes to the General Fund. Overall secured capital receipts for 2015/16 were £8.199m and include receipts from investment properties which will be reinvested in the property portfolio.

Table 13 below gives a breakdown of the how the five year capital programme is currently funded.

TABLE 13: GENERAL FUND CAPITAL PROGRAMME RESOURCES							
2015/16 £m	Programme Element	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	TOTAL £m
33.811	Resources b/fwd	31.340	0.000	0.000	0.000	0.000	31.340
133.667	Prudential Borrowing	140.454	108.794	30.634	9.048	5.012	293.942
49.510	Grants & Contribution	58.322	37.164	20.026	1.530	1.200	118.242
7.370	Internal Funds / Revenue	7.283	0.935	2.771	0.000	0.000	10.989
8.199	Capital Receipts	14.636	2.114	0.875	0.656	0.492	18.773
232.557	Total	252.035	149.007	54.306	11.234	6.704	473.286

Resources and proposed financing for 2016/17 is detailed in Appendix H.

TABLE 14: GENERAL FUND CAPITAL POSITION						
Programme Element	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	TOTAL £m
Total Programme	242.832	155.425	54.844	11.350	7.704	472.155
Total Resources	252.035	149.007	54.306	11.234	6.704	473.286
(Surplus)/Shortfall	(9.203)	6.418	0.538	0.116	1.000	(1.131)
Cumulative (Surplus)/Shortfall	(9.203)	(2.785)	(2.247)	(2.131)	(1.131)	(1.131)

The General Fund position above shows a current surplus of £1.131m which represents 0.2% of the total programme and is to be used as a contingency against future pressures. The programme is predicated on a number of projects in development, the cost of these projects are estimated and are subject to change, therefore, the current surplus is liable to change as projects progress and costs become more accurate.

Disabled Facilities Grant

Disabled Facilities Grants (DFG) are a means-tested mandatory grant, delivered through an integrated service by Occupational Therapy and the Adaptations & Renewal Agency. They are the principle method of financing adaptations for vulnerable disabled people in the private sector i.e. owner occupiers, tenants of housing associations and tenants of private landlords.

From 2019/20 the only funding assumed is indicative grant, there is no Council funding allocated after this point which will represent a pressure to the capital programme if additional funding is needed. The Adaptations Agency is expected to deliver approximately £2.000m of adaptations during 2016/17 and that level of spend is predicted to continue and potentially increase in succeeding years. In addition, both the Adaptations Agency and Occupational Therapy have backlogs of cases which need to be addressed at some point in the future which would result in additional funding being required. The provision for DFG will continue to be monitored in order to assess changes in demand and need for funding.

2.19 Public Sector Housing

The Public Sector Housing programme has been updated to reflect the £3.582m net slippage between 2015/16 and 2016/17. Table 15 sets out the updated programme and resources.

TABLE 15: PUBLIC SECTOR HOUSING - CAPITAL PROGRAMME AND RESOURCES							
2015/16 £m	PORTFOLIO	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
51.030	Public Sector Housing Programme	78.243	49.374	40.175	31.945	30.489	230.226
	Resources Available						
45.301	Resources b/fwd	49.837	-	-	-	-	49.837
-	Prudential Borrowing	-	5.580	7.420	-	-	13.000
2.901	Grants & Contribution	3.995	0.653	1.307	0.815	-	6.770
7.916	Direct Revenue						
7.916	Financing	6.683	4.496	2.123	1.923	1.923	17.148
27.078	Major Repairs Reserve	27.078	27.078	27.078	27.078	27.078	135.390
17.671	Capital Receipts secured	-	-	-	-	-	-
100.867		87.593	37.807	37.928	29.816	29.001	222.145
-	Capital Receipts Unsecured	5.233	3.528	5.953	1.440	1.130	17.284
100.867	Total Resources	92.826	41.335	43.881	31.256	30.131	239.429
	Future commitment to maintaining decency						9.203
(49.837)	(Surplus)/Shortfall	(14.583)	8.039	(3.706)	0.689	0.358	0.000
(49.837)	Cumulative (Surplus)/Shortfall	(14.583)	(6.544)	(10.250)	(9.561)	(9.203)	0.000

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options were considered as the Council is required to ensure that, at a corporate level, expenditure and income are kept within approved budget levels and this report sets out how this is being managed.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 Financial implications appear throughout the report.
- 4.2 The financial plans and budgets support delivery of the Council Plan. Monitoring the financial position in parallel with service plan activity helps to ensure the delivery of corporate priorities. The Council has developed a robust approach to providing value for money and efficiency savings to support the delivery of the Council Plan and the Medium Term Financial Strategy.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 Continuous review and management of the budget and associated performance issues mitigate the risk of not achieving corporate priorities.
- 5.2 The five year proposed programme is ambitious and will require the Council to use much of its available resources. Substantial investment of this nature will result in the Council being exposed to additional risks as follows:
- a significant increase in the authority's borrowing over the next five years;
 - exposure to interest rate changes; a 0.5% increase in interest rates will increase the cost of borrowing by c£0.700m per annum;
 - major schemes have a long payback period which will require the use of reserves in the early years to fund short term deficits in business plans;
 - the cost of feasibility studies are all undertaken at risk;
 - schemes may not cover their costs or make the desired return.
- 5.3 In order to manage these risks the following key principles will be adopted in managing the programme:
- new projects (unable to cover their costs) added to the programme, will result in an existing project being removed or amended;
 - all projects must have a robust and viable full business case, which considers and includes whole life costing and revenue implications;
 - all schemes will be subject to robust and deliverable business plans and models which demonstrate the necessary return on investment required;
 - the decision to progress schemes will be dependent on securing the stated level of external funding or grant as appropriate;
 - new projects will be considered where the Council can make a return on investment;
 - where new sources of external funding/grants become available, the programme will be revisited;
 - all schemes will be subject to an independent internal 'Gateway review process'
- 5.4 The City Council recognises the importance of individual and collective accountability and requires managers to formally acknowledge their responsibilities. Financial management is

an integral aspect of effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of capital investment plans.

5.5 Corporate Directors will be accountable for the success and deliverability of all capital projects within their remit; including:

- ownership of business cases and any subsequent changes to them;
- ensuring that capital projects are delivered in line with agreed targets and resources;
- the successful outcome and benefits realisation of capital projects.

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 None

7 SOCIAL VALUE CONSIDERATIONS

7.1 None

8 REGARD TO THE NHS CONSTITUTION

8.1 None

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

The report does not contain proposals for new or changing policies, services or functions.

Yes



10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Medium Term Financial Plan 2016/17- 2019/20 – Executive Board 23 February 2016

11.2 Report of the Deputy Leader on the Budget 2015/16 – City Council 9 March 2015

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

12.1 Jo Worster – Team Leader Strategic Finance

0115 876 3448

Joanne.worster@nottinghamcity.gov.uk

Steve Thornton – Finance Analyst

0115 876 3655

Steve.thornton@nottinghamcity.gov.uk

Tim Gallimore – Senior Finance Assistant

0115 876 5534

Tim.gallimore@nottinghamcity.gov.uk

APPENDIX A

Portfolio	Budget £m	Draft Outturn £m	Variance £m	Net Movement in Reserves* £m	Outturn prior to Carry forwards £m	Requested carry forward £m	Outturn including Carry forwards** £m
Adults and Health	89.960	90.604	0.644	(1.257)	(0.613)	0.100	(0.513)
Community Services	23.116	22.776	(0.341)	(0.883)	(1.224)	0.360	(0.863)
Early Intervention & Early Years	50.412	54.343	3.931	(3.713)	0.219	0.000	0.219
Energy & Sustainability	5.917	6.270	0.353	(0.614)	(0.261)	0.000	(0.261)
Jobs, Growth & Transport	7.343	9.714	2.371	(1.226)	1.145	0.083	1.228
Leisure & Culture	13.269	11.886	(1.383)	0.856	(0.528)	0.679	0.151
Planning & Housing	3.764	3.158	(0.606)	0.189	(0.417)	0.000	(0.417)
Resources & Neighbourhood Regeneration	17.578	22.638	5.060	(4.738)	0.322	0.086	0.408
Schools	(3.367)	(1.818)	1.549	(0.844)	0.705	0.000	0.705
Strategic Regeneration, Development & Community Sector	(5.125)	(2.401)	2.724	(2.796)	(0.071)	0.000	(0.071)
Total Portfolios	202.866	217.168	14.302	(15.024)	(0.723)	1.308	0.585
Corporate Budgets	52.948	36.959	(15.990)	(15.024)	(0.965)	0.280	(0.685)
Total General Fund	255.814	254.127	(1.688)	0.000	(1.688)	1.588	(0.100)

*impacting on the revenue element of the General Fund. Section 2.7 presents the overall movement in reserves for the year.

** including £1.000m contribution from trading areas to support MTFP in 2016/17.

Carry Forward Requests by Department

Appendix A(ii)

Service	Portfolio	Value £m	Category	Details
Development & Growth				
Traffic & Safety	Jobs, Growth & Transport	0.083	Acceleration/ slippage	An acceleration of income generating activities has resulted in a favourable variance in 2015/16, investment is required to meet the increased targets for 2016/17 and to allow the directorate to put in place sustainable income achieving measures during 2016/17
sub-total Development & Growth		0.083		
Organisational Transformation				
Resourcing & Reward	Community Services	0.012	Acceleration/ slippage	Supporting and promotional material for 'Tap the Gap'. This is the Council's flagship positive action programme offering talented city school leavers from BME communities, in the care of a Local Authority or with disabilities, the opportunity to gain between two and four weeks voluntary work experience across the Council during the summer holidays
Transformation	Community Services	0.010	Acceleration/ slippage	IT infrastructure costs to support on line production of colleague communications
Transformation (Improvement)	Community Services	0.027	Investment	Change Champions programme to support the great Workforce Programme and extension of Corporate training to support commercialism
sub-total Organisational Transformation		0.049		

Service	Portfolio	Value £m	Category	Details
Commercial & Operations				
Theatre Royal & Royal Concert Hall	Leisure & Culture	0.339	Traded Activities	50% traded activity used to support the Arts Council England (ACE) bid at the Nottingham Theatre Royal and Concert Hall.
	Leisure & Culture	0.340	Traded Activities	Match funding for stage 2 of the ACE bid - Remaining 50% traded activity to be transferred to the transformation reserve for the matched funding element.
Royal Centre		0.679		
Traded Operations	Community Services	0.262	Traded Activities	50% traded activity used to support further commercial growth in the 2016/17 business plan.
Trading Areas		0.262		
Sub-total Commercial & Operations		0.941		
Early Intervention				
Communications & Marketing	Adults & Health	0.100	Acceleration/ slippage	Slippage associated with the procurement of communications software, the refresh of the bus shelters and gateway signage and spend associated with income generation.
Crime & Drugs Partnership	Community Services	0.049	Acceleration/ slippage	Ring-fenced grant.
sub-total Early Intervention		0.149		
Resources				
Corporate & Democratic Core	Resources & Neighbourhood Regeneration	0.086	Transformation	Transformation to support PCI Compliance
sub-total Resources		0.086		

Service	Portfolio	Value £m	Category	Details
Corporate				
Planned Maintenance	Resources & Neighbourhood Regeneration	0.280	Acceleration/ slippage	Slippage in planned maintenance activities
sub-total Corporate Items		0.280		
Total Carry Forwards		1.588		

Portfolio Variances +/- £50k including carry forwards

Adults & Health Portfolio – overall variance £0.513m favourable (after carry forwards of £0.100m)

Adults £0.317m favourable

The variance takes into account:

- The increase in Homecare costs of £1.200m mitigated in year through the use of one off Health funding.
- The reconfiguration of a 2015/16 strategic choice which related to a capital investment into a new Learning Disability provision (£0.235m).
- Contributions from grants and other external sources of funding.
- Underspends within internal provision services.

Strategy and Commissioning £0.196m favourable (after carry forwards of £0.100m)

The majority of the underspend relates to management of vacant posts and slippage in the marketing and communication programme of work.

Community Services Portfolio – overall variance £0.863m favourable (after carry forwards of £0.360m and contribution of £0.400m towards the MTFP 2016-17)

Community Cohesion £66k adverse

Unbudgeted grant reductions. The service is being restructured in 2016/17 to mitigate this budget pressure.

Neighbourhood Services £0.690m favourable (after carry forwards of £0.262m and MTFP contribution of £0.400m)

Positive action on growing sales and controlling costs as indicated in business plans has led to this improving net budget position in traded areas.

Human Resources £0.157m favourable

Management of vacant posts and one off savings on other services.

Transformation £0.121m favourable (after carry forwards of £49k)

Management of vacant posts.

Early Intervention & Early Years Portfolio – overall variance £0.219m adverse (no carry forwards)

Children's Social Care £0.219m adverse

The gross position of Children's Social Care is £4.300m overspend due to:

- Recruitment issues requiring the increased use of agency social workers £1.470m.
- Increase in costs of Children in Care due to the complexity of cases £1.069m
- Increased demand for of Special Educational Needs (SEN) transport £0.970m
- A delay in the implementation of plans to achieve Big Ticket £0.922m
- Introduction of Newly Qualified Social Workers £0.280m.

Mitigation of an element of this is from:

- Management of vacant posts £1.250m
- The use of 2014/15 carry forwards of £0.800m.
- Maximisation of grants c. £0.798m.

Service activity is being undertaken to:

- Minimise the impact of demographic growth through early interventions;
- Ensuring safeguarding packages are fit for purpose and
- Drive delivery of the Big Ticket programme.
- Review the whole directorate for further savings.

Energy & Sustainability Portfolio – overall variance £0.261m favourable (no carry forwards)

Customer Access Programme £63k favourable

Over achievement of vacancy rate savings

Energy Services – Policy/Projects £0.198m favourable

Energy Development Fund underspend to cover the smart meter (EE Monitor) shortfall and vacancies within the team.

Jobs, Growth & Transport Portfolio – overall variance £1.228m adverse (after carry forwards of £83k and contribution of £0.600m towards the MTFP 2016-17)

Strategy and Commissioning £0.794m adverse

The majority of this variance relates to procurement savings achieved through other Big Ticket programmes. This issue has been mitigated as part of the 2016/17 budget process.

Neighbourhood Services £0.414m adverse (after contribution of £0.300m to support the MTFP in 2016-17)

Details relating to the outturn position for this directorate as a whole are included within the Community Services Portfolio section within this Appendix.

Highways & Energy Infrastructure £61k favourable (after contribution of £0.300m to support the MTFP in 2016-17)

Positive action on growing sales and controlling costs as indicated in business plans has led to this improving net budget position in traded areas.

Woodfield Industries £61k adverse

A shortfall against revenue growth / cost savings. A revised plan is in place for 2016/17.

Traffic & Safety £13k favourable (after carry forwards of £83k)

Savings realised due to contract management and the change in certain tax treatments

Leisure & Culture Portfolio – overall variance £0.151m adverse (after carry forwards of £0.679m)

Royal Centre £0.679m favourable (on budget after carry forwards of £0.679m)

Stronger than budgeted ticket sales for the Royal Concert Hall and Theatre Royal

Markets £0.192m adverse

Unplanned increase in service charge at Victoria Centre Indoor Market for approx. £0.230m, this has been managed within the service to decrease to £0.192m

Plan in place for future years to manage this pressure.

Libraries £92k favourable

Underspend within the facilities budgets and general cost savings.

Planning & Housing Portfolio – overall variance £0.417m favourable (no carry forwards)**Strategy & Commissioning £0.402m favourable**

The majority of the underspend relates to management of vacant posts.

Resources & Neighbourhood Regeneration Portfolio – overall variance £0.408m adverse (after carry forwards of £86k)**Trading Services (EE Monitors) £0.199m adverse**

Delay in EE monitor sales. Review of scheme being undertaken to ensure profitability

Commercialism Schemes £93k adverse

Adverse variances in business rates

Strategic Partnership - £64k favourable

Management of vacant posts

Business Support £0.263m adverse

Residual costs relating to review of Business Support undertaken in 2015/16.

Legal and Democratic £0.191m favourable

Favourable variances on management of vacant posts and external income recovery within Legal Services.

Corporate & Democratic Core £0.155m favourable (after carry forwards of £86k)

Net favourable variance arising from reduced external audit costs, lower bank charges in 2015/16, reduced levels of subscriptions and external recharges.

Civic and Coronial £0.203m adverse

Shortfall in income and non-achievement of vacancy rate target combined with overspend on other services and security costs.

Schools Portfolio – overall variance £0.705m adverse (no carry forwards)**Education Partnerships & School Improvement £0.705m adverse**

Details relating to the outturn position for this directorate as a whole are included within the Adults and Health Portfolio section within this Appendix.

Strategic Regeneration, Development & Community Sector – overall variance £71k favourable (no carry forwards)

Voluntary Sector £0.193m favourable

Profile of Voluntary Sector funding. To be accommodated within budget in 2016/17.

Corporate Budgets – overall variance £0.685m favourable (after carry forwards of £0.280m)

Ice Centre £0.197m adverse

Reduced income as a result of a number of cancelled shows.

Treasury Management £1.000m favourable

Decision to delay the taking of new long term borrowing and so saving in the short term on interest payable and due to capital programme slippage there was an underspend against the budget for debt repayment.

Planned Maintenance £0.280m favourable (all requested to be carried forward)

Slippage on Planned Maintenance programme.

DEBTORS MONITORING 2015-16
APPENDIX C

Quarterly Performance Review - 2015-16		Q1	Q2	Q3	Q4
BVPI 66a - Housing Rent Collection (%) <i>(cumulative - current tenants only)</i>					
	<i>arrears + debit)</i> Actual	97.17	97.78	98.19	98.11
	Target	98.40	98.40	98.40	98.40
	Last Year Actual 2014-15	97.58	98.14	98.71	98.39
BVPI 9 - Council Tax Collection (%)					
	<i>(in year cumulative)</i> Actual	26.30	51.00	76.60	92.50
	Target	25.90	50.50	76.60	92.50
	Last Year Actual 2014-15	26.20	51.10	76.80	92.50
BVPI 10 - NNDR Collection (%)					
	<i>(in year cumulative)</i> Actual	31.28	55.62	81.16	97.40
	Target	29.20	55.50	82.50	96.70
	Last Year Actual 2014-15	27.90	55.80	82.12	96.16
Sundry Income Collection (%)					
	<i>(12 month rolling average)</i> Actual	79.40	79.70	80.30	82.20
	Target	99.00	99.00	99.00	99.00
	Last Year Actual 2014-15	84.00	89.00	83.00	81.00
Sundry Income Debtor Days -General					
	Actual	31.00	33.00	32.00	32.00
	<i>(12 month rolling average)</i> Target	32.30	32.30	32.30	32.30
	Last Year Actual 2014-15	29.60	29.40	32.00	30.00
Estates Rents Collection (%)					
	Actual	96.80	96.77	95.80	95.23
	<i>(12 month rolling average)</i> Target	97.50	97.50	97.50	97.50
	Last Year Actual 2014-15	96.84	97.00	96.45	96.20
Adult Residential Services Collection (%)					
	Actual	95.42	95.37	95.95	95.77
	<i>(12 month rolling average)</i> Target	95.90	95.90	95.90	95.90
	Last Year Actual 2014-15	95.90	96.50	96.50	96.47

VIREMENT 2015-16 REQUIRING EXECUTIVE BOARD APPROVAL

APPENDIX D

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Details	Net Amount £m	Department		Portfolio			
		From	To	From	To		
Corporate savings review	0.010	CA&EI	Corporate Budgets	ADH	RNR		
	0.016	CA&I		ELY			
	0.013	OT		CSH			
	0.023	C&O		CSH			
	0.005	OT		ESU			
	0.002	D&G		JGT			
	0.001	C&O		LCT			
	0.003	D&G		PLNH			
	0.003	OT		within RNR			
	0.041	R					
	0.016	D&G		SCH	RNR		
	0.003	CA&EI		SRD & CS			
	0.005	D&G					
	Meals at Home technical realignments	0.044		within C&O		JGT	CSH
	realign reserves adjustment between Inclusive Learning & Schools Improvement	0.498		within CA&EI		SCH	ELY
Prudential borrowing adjustment	0.054	C&O	Corporate Budgets	ESU	RNR		
	0.072	C&O		LCT			
	0.029	C&O		JGT			
	0.433	D&G		SRD & CS			
Public Health re-investment	1.694	within CA&EI		ELY	ADH		
Best Value Audit recharge	0.011	within CA&EI		ELY	ADH		
Business Support residual adjustment	0.003	R	CA&EI	RNR	ELY		

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Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Strategic Choice realignment	0.103	D&G	CA&EI	SRD & CS	JGT
	0.084	within D&G		JGT	SRD & CS
	0.034			PLNH	
	0.057			RNR	
	0.026			SCH	
	0.100	Corporate Budgets	D&G	RNR	JGT
Commercial Services staffing budget realignment	0.055	within C&O		LCT	RNR
departmental realignment between Finance and Quality & Commissioning	0.443	R	CA&EI	RNR	PLNH
operational budget transfer from Finance to Education Partnerships	0.002	R	CA&EI	RNR	SCH
Facilities Management	0.832	D&G	C&O	within SRD & CS	
TOTAL	4.714				

Key	Department
CA&EI	Children & Adults / Early Intervention
C&O	Commercial and Operations
D&G	Development and Growth
OT	Organisational Transformation
R	Resources

Key	Portfolio
ADH	Adults and Health
CSH	Community Services
ELY	Early Intervention & Early Years
ESU	Energy & Sustainability
JGT	Jobs, Growth & Transport
LCT	Leisure & Culture
PLNH	Planning & Housing
RNR	Resources & Neighbourhood Regeneration
SCH	Schools
SRD & CS	Strategic Regeneration, Development & Community Sector

MOVEMENTS IN RESERVES REQUIRING EXECUTIVE BOARD APPROVAL 2015/16 (£m)
APPENDIX E

Portfolio	Reserve Name	Description	Replenishment	Use of Reserves	Reserve to Reserve	PFI/BSF	Schools	Capital	Total
Adults and Health Page 64	Public Health Transition	Public Health grant	(0.469)						(0.469)
	Adults Care Act	Grant income	(0.843)						(0.843)
	Castle Project Team Trans Funding	Funding of Project Team	(0.057)						(0.057)
	E-Government/IT Fund	C&F Insight Team		0.059					0.059
	Future Nottingham	Social Media Strategy		0.002					0.002
	ICT Investment Schemes	Project Evolution		0.415					0.415
	Revenue Reserves for Capital	Community Centre works programme	(0.258)						(0.258)
Adults and Health Total			(1.628)	0.476	0.000	0.000	0.000	0.000	(1.152)
Community Services	CCTV Equipment Replacement	Contribution towards replacement equipment	(0.090)						(0.090)
	Contribution to MTFP	Contribution to MTFP 2016/17	(0.400)						(0.400)
	Hackney Carriages	Licence fee income	(0.153)						(0.153)

Portfolio	Reserve Name	Description	Replenishment	Use of Reserves	Reserve to Reserve	PFI/BSF	Schools	Capital	Total
	HMO - Discretionary	Fee income		0.131					0.131
	HMO - Mandatory	Fee income	(0.218)						(0.218)
	Workforce issues	Project modelling		0.006					0.006
	Trading Account Traded Surplus	Slippage in procurement of vehicle	(0.070)						(0.070)
	Transforming Services	Corporate Transformation Programme	(0.077)	0.060					(0.017)
Community Services Total			(1.008)	0.197	0.000	0.000	0.000	0.000	(0.811)
Early Intervention & Early Years	Future Nottingham	Development and implementation of key initiatives including YCA, partnership events, communications and City of Football		0.011					0.011
Early Intervention & Early Years Total			0.000	0.011	0.000	0.000	0.000	0.000	0.011
Energy & Sustainability	E-Government/IT Fund	Customer Access Programme		0.539					0.539
	Feasibility Schemes	In year programme		0.170					0.170
	Future Nottingham	Promoting partnership initiatives including website & social media		0.005					0.005
	SALIX - Energy Savings Fund	Balance on SALIX Fund	(0.103)						(0.103)
Energy & Sustainability Total			(0.103)	0.715	0.000	0.000	0.000	0.000	0.612
Jobs, Growth & Transport	Bulwell Town Centre	Development of Action Plan		0.008					0.008
	Contribution to MTFP	Contribution to MTFP 2016/17	(0.600)						(0.600)

Portfolio	Reserve Name	Description	Replenishment	Use of Reserves	Reserve to Reserve	PFI/BSF	Schools	Capital	Total
Page 66	Employer Hub Innovation Fund	Employer Hub		0.331					0.331
	Growing Places Interest	Net movement relating to Accountable Body costs	(0.088)	0.084					(0.004)
	Growing Places Loans	interest from loans awarded	(0.036)						(0.036)
	Investment reserve	Creative Quarter Feeder project		0.076					0.076
		Slippage of Vacant Shop scheme & other property expenditure	(0.054)	0.040					(0.014)
	Jobs Fund	Future commitments for YEI	(0.287)						(0.287)
	NET City Reserve Fund	2015/16 Bus Service Operator match funding				1.030			1.030
		Workplace Parking Levy	(0.318)						(0.318)
	Nottingham Investment Fund	Investment in the Foresight Nottingham Fund		0.021					0.021
	Nottm Growth Plan	Economic Development activities	(0.075)						(0.075)
	Street Lighting PFI	Contribution to cover future years costs during 25 year PFI contract				(0.628)			(0.628)
	Trading Account Traded Surplus	Slippage in delivery of maintenance works & purchase of vehicle	(0.294)						(0.060)
	Wireless Concession	Match funding for ERDF Digital Business Programme	(0.138)						(0.138)
Jobs, Growth & Transport Total			(1.888)	0.560	0.000	0.402	0.000	0.000	(0.926)

Portfolio	Reserve Name	Description	Replenishment	Use of Reserves	Reserve to Reserve	PFI/BSF	Schools	Capital	Total
Leisure & Culture Page 67	Revenue Grants Unapplied	Restrictive Grant Income	(0.202)	0.015					(0.187)
	Lawn Tennis Association	Slippage on updating of the Tennis Centre Changing facilities	(0.020)						(0.020)
	LTA - Contribution	Bubble Repairs		0.023					0.023
	Revenue Reserves for Capital	Carrington Street - HLF Match funding	(0.025)						(0.025)
		Leisure - kit replacement	(0.320)						(0.320)
		Libraries Self Issuing System	(0.070)						(0.070)
		Victoria Embankment & Meadows Recreation Ground restoration and Improvement	(0.028)						(0.028)
	Royal Centre Maintenance	Patron donations	(0.005)						(0.005)
		Replacement of Acoustic Banners	(0.080)						(0.080)
Leisure & Culture Total			(0.747)	0.038	0.000	0.000	0.000	0.000	(0.709)
Planning & Housing	Local Plan	Planning Inquiries & Examinations	(0.061)						(0.061)
Planning & Housing Total			(0.061)	0.000	0.000	0.000	0.000	0.000	(0.061)

Portfolio	Reserve Name	Description	Replenishment	Use of Reserves	Reserve to Reserve	PFI/BSF	Schools	Capital	Total
Resources & Neighbourhood Regeneration Page 68	Area Committees	Drawdown of balance from Area Revenue reserve		0.076					0.076
	Contingency Reserve	Developing Nottingham		0.077					0.077
		Information rights performance challenges		0.052					0.052
	East Midlands Council	EMC Outturn	(0.050)						(0.050)
	E-Government/IT Fund	Data Communications Network (amounts recovered on contract 2015/16)	(0.010)						(0.010)
		Document Management System		0.101					0.101
		GSI Convergence		0.034					0.034
		IT projects costs		0.125					0.125
	Good to Great	2015/16 Good to Great activities		1.992					1.992
	Energy Park	In year costs		0.030					0.030
	Investment reserve	SRB management		0.038					0.038
	Investment Strategy	Blueprint (Prudential Borrowing costs)		0.697					0.697
	NHB Economic Development	Daykene Street						1.000	1.000
	NHS LIFT-Bulwell	Reserve replenishment - Bulwell Riverside Joint Service Centre				(0.210)			(0.210)
	NHS Local Imp Finance (LIFT)	Reserve replenishment - Clifton Cornerstone & Mary Potter				(0.478)			(0.478)
	Property Maintenance	Property Asset Management System						0.054	0.054
	Revenue reserves for Capital	SRB fees		0.340					0.340

Portfolio	Reserve Name	Description	Replenishment	Use of Reserves	Reserve to Reserve	PFI/BSF	Schools	Capital	Total
	St Ann's Valley JSC	To support Joint Service Centre funding agreement				0.103			0.103
Resources & Neighbourhood Regeneration Total			(0.060)	3.561	0.000	(0.585)	0.000	1.054	3.970
Schools Page 69	Schools Building Maintenance	Adjustment to closing balance					(0.054)		(0.054)
	BSF Bigwood & Oakfield PFI	Final Business Case				(0.500)			(0.500)
	EIB Strategic Alliance	Grant income	(1.143)						(1.143)
	Farnborough PFI Project	Final Business Case				(0.001)			(0.001)
	PFI Life Cycle	Ellis Guilford BSF Lifecycle in accordance with BSF model				(0.027)			(0.027)
	SSR-Other Balances	Net movement in year					0.624		0.624
	SSR-School Balances	Drawdown of school balances					1.632		1.632
Schools Total			(1.143)	0.000	0.000	(0.529)	2.203	0.000	0.531
Strategic Regeneration, Development & Community Sector	Investment reserve	Carlton Road		0.095					0.095
	Investment Strategy	Bio Science - Sheriffs Lodge		0.020					0.020
		SAM rephasing - repayment	(0.501)						(0.501)
		Byron House Business Rates		0.184					0.184
	Property Trading Traded Surplus	Supporting delivery of future SAM big ticket savings		0.142					0.142

Portfolio	Reserve Name	Description	Replenishment	Use of Reserves	Reserve to Reserve	PFI/BSF	Schools	Capital	Total
	R&R Fund - Southglade Food Park	Replenishment for repairs	(0.059)						(0.059)
Strategic Regeneration, Development & Community Sector Total			(0.560)	0.441	0.000	0.000	0.000	0.000	(0.119)
Page 70 Corporate	Contingency Reserve	Slippage of schemes and transfer of underspend	(1.237)						(1.237)
	Investment Strategy	Year-end adjustment	(1.701)						(1.701)
		Contbn Good to Great			0.259				0.259
		Establish Feasibility Schemes Reserve			2.000				2.000
		Establish ICT Investment Schemes Reserve			2.500				2.500
	Good to Great	Contbn Investment Strategy			(0.259)				(0.259)
	Housing Benefits	HB & Subsidy adjustment		0.023					0.023
	Ice Centre	Sinking Fund	(0.364)	0.532					0.168
	Workforce issues	To fund in year liabilities		0.732					0.732
	BDI Loan Fund	S31 Grant	(0.432)	0.034					(0.398)
	Business Rates	MTFP (100% Retained BR)	(0.194)						(0.194)
	Emergency Hardship Funds	Social fund income	(0.040)						(0.040)
	Feasibility Schemes	Establish reserve			(2.000)				(2.000)
	ICT Investment Schemes	Establish reserve			(2.500)				(2.500)
	NET City Reserve Fund	2015/16 NET Capital expenditure						2.547	2.547
		Balance of PFI grant				(10.453)			(10.453)
		Green Bus Fund 3 accessories						0.108	0.108

Portfolio	Reserve Name	Description	Repleni- shment	Use of Reserves	Reserve to Reserve	PFI/BSF	Schools	Capital	Total
Page 71	Treasury Management	Net movement for year (including contribution for prudential borrowing schemes to meet future borrowing costs and future capital liabilities)	(6.355)						(6.355)
	E-Government/IT Fund	IT Projects – including software procurement; systems review; servers & storage area refresh						2.189	2.189
	Pension Deficit Lump Sum	Pension liability		0.131					0.131
	Revenue Reserves for Capital	Libraries Self Issuing Technology						0.070	0.070
		Area Capital Fund non Transport Schemes						0.799	0.799
		Flexible Fitness Equipment Replacement scheme						0.106	0.106
		Nottingham Castle HLF Scheme						0.482	0.482
		Victoria Embankment / Cricket Pavilion						0.028	0.028
Corporate Total			(10.323)	1.452	0.000	(10.453)	0.000	6.329	(12.995)
Grand Total			(17.522)	7.449	0.000	(11.164)	2.203	7.383	(11.651)

APPENDIX F: CAPITAL PROGRAMME OUTTURN 2015/16							
Portfolio	Total - Qtr 3 Report	Approvals	Slippage	Acceleration	Savings	Other	Latest Projections
	£m	£m	£m	£m	£m	£m	£m
Public Sector Housing	54.612	0.000	(5.952)	1.679	(0.273)	0.964	51.030
Transport Programmes	20.108	0.000	(4.282)	0.027	0.000	0.000	15.853
Education / Schools	13.623	0.084	(4.131)	0.096	0.000	0.504	10.176
Total	88.343	0.084	(14.365)	1.802	(0.273)	1.468	77.059
Other Services:							
Adults, Health and Community Sector	1.974	0.000	(0.509)	0.001	0.000	0.000	1.466
Early Intervention and Early Years	0.716	0.000	(0.525)	0.000	0.000	0.006	0.197
Leisure and Culture	10.444	0.128	(1.779)	0.087	0.000	0.097	8.977
Jobs, Growth and Transport	107.006	0.000	(0.006)	1.748	0.000	0.000	108.748
Energy & Sustainability	4.704	0.000	(0.588)	1.487	0.000	0.000	5.603
Planning and Housing	2.903	0.098	(0.500)	0.000	0.000	0.156	2.657
Strategic Regeneration & Development	48.965	0.142	(10.173)	0.000	(0.016)	0.392	39.310
Community Services	2.032	0.100	(0.084)	0.000	0.000	0.000	2.048
Resources & Neighbourhood Regen	16.255	0.118	(10.150)	0.011	(0.089)	0.037	6.182
Total	194.999	0.586	(24.314)	3.334	(0.105)	0.688	175.188
TOTAL PROGRAMME	283.342	0.670	(38.679)	5.136	(0.378)	2.156	252.247

APPENDIX G: Capital Programme variances +/-£0.100m			
Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
PUBLIC SECTOR HOUSING			
Structural Surveys & Rectification Works - Underspend due to less structural rectification works being identified.	0.227	0.085	(0.142)
Nottingham Secure - Windows - gaining access to more properties than planned. Variance will be re-phased against 2016-17 budget.	0.450	1.096	0.647
Modern Living - The overall underspend on the combined Modern Living scheme of £1.152m is due to non-access and refusals within the later months of the contract.	3.502	2.350	(1.152)
Roof & Chimney Replacement - an accelerated programme in 2015-16 which will be re-phased against 2016-17 budget.	2.006	2.085	0.079
External Fabric - Underspend was due to delay in the start dates of the planned work programmes.	0.930	0.650	(0.280)
Composite Doors City Wide - Scheme slippage due to contractors re-allocated to delivering window installations. Work re-phased into 2016-17.	2.199	1.444	(0.755)
No Fines/ Solid Wall Insulation Schemes - Underspend due to delays in the execution of contracts to enable planned work programmes to start on site.	3.785	3.593	(0.192)
Green Deal Communities Funding - Underspend due to ongoing legal dispute with contractor.	0.650	0.350	(0.300)
Sneinton District Heating - BMK'S - Improvement works accelerated as part of planned programme to Sneinton high rise blocks, which will be re-phased against the External Wall Insulation budget in 2016-17.	2.932	3.234	0.302
Independent living Re-Design - specific sites with priority needs being identified for acceleration into 2015-16 work programmes and will be re-phased against the 2016-17 budget.	0.786	0.955	0.169
City Wide Environmentals - Underspend is due to delays in the delivery of schemes which involve numerous partners of which the HRA is providing part contributions.	1.394	1.069	(0.325)
Estate/Area Impact works - planned work programmes being accelerated into 2015-16 and will be re-phased against 2016-17 budget	1.094	1.222	0.128

APPENDIX G: Capital Programme variances +/-£0.100m			
Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
Radford New Build - Overspend resulted from additional costs for groundworks, utilities and infrastructure requirements. Variance in will be funded through the unallocated New Build budget for 15-16 and 16-17	0.000	1.056	1.056
Newgate Court - Underspend due to decommissioning costs being charged to HRA revenue. Capital budget reduced to match.	0.350	0.000	(0.350)
Lenton New Build - Underspend due to delays in the build programme for Phase A and the affect this has had on the progress with Phase B works. The overall capital expenditure forecast remains unchanged.	1.357	0.932	(0.425)
Church Square Decom of Businesses - Underspend due to delays with the decommissioning programme.	0.112	0.000	(0.112)
Meadows Q Blocks - Underspend due to decommissioning costs being charged to HRA revenue - Capital budget reduced to match.	0.265	0.000	(0.265)
Leaseholder Costs - Acquisitions - Cranwell / Meadows - Underspend due to one outstanding leaseholder property acquisition not yet completed.	0.643	0.516	(0.126)
Cranwell New Build - Scheme has experienced delays due to need to divert utilities prior to build commencing. Scheme has be re-phased.	1.962	1.629	(0.333)
Meadows New Build - increased build and diversionary works in 2015-16 and will be re-phased against 2016-17 budget	2.450	2.802	0.352
Demolition - Underspend due to no further additional schemes being identified.	0.185	(0.017)	(0.202)
Affordable Homes - Garage Sites - DEMOLITION - Underspend is due to delays with the planned programme.	0.300	0.064	(0.236)
Affordable Homes - Garage Sites - NEW BUILD - Underspend is due to delays with the remaining sites receiving final design approval and completion of tendering process.	0.883	0.617	(0.266)
New Build Phase 1 - Under-spend used to offset overspend on Radford New Build.	0.556	0.000	(0.556)
Morley School - DEMOLITION - Underspend due to all demolition works now being completed. Saving to be re-allocated within scheme	0.300	0.150	(0.150)
Empty Homes - delays in purchase of remaining properties, which will take place next year.	0.657	0.332	(0.325)

APPENDIX G: Capital Programme variances +/-£0.100m

Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
PV Installation Programme - slippage, scheme will be re-profiled.	4.080	3.961	(0.119)
Total - Public Sector Housing	34.054	30.175	(3.879)

LOCAL TRANSPORT PLAN

Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
LTP - Supporting Regeneration - Programmed works for Ring Road completed to schedule but final invoices delayed. Payment scheduled in 2016/17.	5.800	5.381	(0.419)
LTP - Local Safety Schemes and Traffic Management - pend profile for Bells Lane project rescheduled due to procurement issues. Traffic Signal Upgrade Programme rescheduled with completion in 2016/17.	0.564	0.410	(0.154)
LTP - Carriageway Maintenance - Cost reduction on Meadows Way scheme. Programme of works on Queens Drive reduced due to on-going Tram works.	2.123	1.974	(0.149)
Nottingham Station Hub - The £303k represents slippage against original Hub budget and scope both of which were amended to accommodate the Station Street pedestrianisation works which are ongoing. The allocation should remain until Station area works are complete.	0.303	0.000	(0.303)
Better Bus Areas – Slippage on a number of schemes including Ticket Vending Machines; programme is progressing, payments to be made after further bulk installations. Real Time Displays – expecting delivery in May/June payment to be made on receipt.	2.979	1.429	(1.550)
Local Growth Schemes - Period for the development of designs extended. On track to spend full allocation by end of 3-year LEP funded programme in 2017/18.	3.400	1.813	(1.587)
Total LTP	15.169	11.007	(4.162)

Education / Schools

Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
Heathfield Primary - Expansion - The negotiations to finalise the final account is ongoing and is likely to be resolved in the near future. There are some savings associated with this scheme but the level will depend on the outcome of the negotiations.	3.362	3.034	(0.328)

APPENDIX G: Capital Programme variances +/-£0.100m

Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
Nottingham Academy - Grant - There was a slight delay at the beginning of the works. This has moved a major milestone payment just out of last financial year. It is anticipated that the works will still complete in August.	2.500	1.498	(1.002)
School Kitchen Improvements - Phase 2 - The negotiations to finalise the accounts is ongoing and is likely to be resolved in the near future.	0.266	0.150	(0.116)
Bluecoat Primary - New School - There was a slight delay at the beginning of the works. The works are now on target to complete on target	1.398	0.655	(0.743)
Maintenance Contingency Fund - This was a contingency that was not required last year, £85k of this funding has now been allocated for high priority condition works in 16/17.	0.118	0.005	(0.113)
Fernwood Infants & Juniors - There was a delay to the works starting on site the works have now commenced.	0.250	0.031	(0.219)
Bluecoat / Wollaton (BSF) - This was an allowance made in the programme to resolve an issue with the boiler, this issue has been resolved and a DDM will be written to reallocate these savings to a new scheme.	0.160	0.000	(0.160)
Total Education / Schools	8.054	5.373	(2.681)

OTHER SERVICES

Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
Adults and Health			
Laura Chambers - New Wing - Architects fees slipped into 16/17 as business case for scheme progresses.	0.150	0.000	(0.150)
Total Adults and Health	0.150	0.000	(0.150)

Early Intervention and Early Years

2 Year Old Expansion Programme – remaining expenditure slipped to 2016/17	0.414	0.149	(0.265)
My Place - Castle Gate Premises – scheme now scheduled for 2016/17.	0.101	0.000	(0.101)
Pathfinder Short Breaks - slippage on programme as schemes are identified, overall capital cost remains the same.	0.129	0.004	(0.125)
Total Early Intervention and Early Years	0.644	0.153	(0.491)

APPENDIX G: Capital Programme variances +/-£0.100m

Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
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Energy and Sustainability

Solar Panels - Sneinton Market - Project is currently being reviewed.	0.147	0.000	(0.147)
Solar Panels - Ken Martin Leisure Centre - Project is currently being reviewed.	0.242	0.000	(0.242)
Solar Panels - Harvey Hadden - Project is currently being reviewed.	0.168	0.000	(0.168)
Eastcroft Incinerator - Rolling programme of works re-profiled in line with latest works schedule and approvals.	1.833	2.099	0.266
District Heating - Replacement of Network - Rolling programme of works re-profiled in line with latest works schedule and approvals.	1.958	3.179	1.221
Total Energy and Sustainability	4.348	5.278	0.930

Jobs, Growth and Transport

Vehicle Replacement Programme - Programme re-profiled to meet Council requirements	2.226	3.219	0.993
NET Lines 2/3 – slight acceleration in line with works programme, overall capital spend remains the same	104.246	105.001	0.755
Total Jobs, Growth and Transport	106.472	108.220	1.748

Leisure and Culture

Nottingham Castle - HLF Scheme – slight slippage in line with programme up to HLF stage 2 submission.	1.255	0.764	(0.491)
Portland - Condition Survey Works – remaining expenditure slipped to 2016/17	0.694	0.590	(0.104)
Newstead Abbey - Vision for the Future – remaining expenditure slipped to 2016/17	0.370	0.182	(0.188)
Total Leisure and Culture	2.319	1.536	(0.783)

Planning and Housing

RHG 07/08 - PSA7 Target - Stonebridge	0.199	0.355	0.156
Disabled Facilities Grants - There is currently a backlog of assessments caused in part by a growing demand for this service. Expecting increased referrals.	2.000	1.764	(0.236)
Total Planning and Housing	2.199	2.119	(0.080)

Strategic Regeneration and Community Safety

APPENDIX G: Capital Programme variances +/-£0.100m			
Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
Southglade Food Park - Phase 2 - The variance represents the land value of £0.250m that was included as match funding as part of the ERDF scheme, however this was not a true cost and should not have been included in the Projection	1.438	1.188	(0.250)
Unlocking Loxley House - Phase 2 / 2A – slippage to work programme.	1.276	0.769	(0.507)
Acquisition of Property - Shakespeare Street - Slippage – Still going ahead but not yet completed. Deposits paid (treated as Payments in Advance) Should now be completed in 2016-17	5.300	0.000	(5.300)
Sandfield Centre - Demolition - A reduction on the anticipated level of asbestos within the building following the demolition survey and site efficiencies.	0.945	0.710	(0.235)
Broadmarsh Project Management - Slippage – re-profiling of pre-construction project management and design fees	0.329	0.088	(0.241)
Broadmarsh - Design Works - Slippage – re-profiling of pre-construction project management and design fees	2.000	1.450	(0.550)
Housing Enforcement - Cavendish Court - Negotiations for property purchases are progressing slower than originally anticipated.	0.255	0.000	(0.255)
Acq of Offices - Castlebridge Road - Retention due in 2016-17	0.124	0.014	(0.110)
52 Bedale Road - CPO Acquisition – acquisition to take place in 2016/17	0.115	0.000	(0.115)
Expansion of Bio City - This scheme is spread over financial years. The profiled forecast over the years was based on estimated information early on in the scheme. Now that the project is in the main construction phase, a more accurate profile is now available. The total forecasted cost of the scheme is still on-target against budget.	9.431	7.361	(2.070)
Fire Service - Imps to Gresham Works - connected with the Fire Service deal which is not yet completed and has therefore slipped into 2016-17	0.150	0.000	(0.150)
Dakeyne St Factory Refurb - Non ERDF – additional spend at tenant request and funded by tenant contributions	0.973	1.350	0.377
Total Strategic Regeneration and Community Safety	22.336	12.930	(9.406)

APPENDIX G: Capital Programme variances +/-£0.100m			
Scheme	Projection 15/16 £m	Outturn 15/16 £m	Variance £m
Resources and Neighbourhood Regeneration			
Radford Flats - Loan to NCH – final drawdown of loan took place in early 2016/17	6.700	1.500	(5.200)
IT - Storage Area Network (SAN) Project - scheme has been re-profiled in line with latest works plan, overall spend remains unchanged.	1.021	0.723	(0.298)
IT - Microsoft Upgrade – scheme is still live with spend slipped to 2016/17.	1.420	1.042	(0.378)
IT- Project Evolution - scheme has been re-profiled in line with latest works plan, overall spend remains unchanged.	1.635	0.829	(0.806)
IT - Service Improvement Prog - Citrix - scheme has been re-profiled in line with latest works plan, overall spend remains unchanged.	1.125	0.346	(0.779)
IT - Service Improvement Prog - Server 2003 - scheme has been re-profiled in line with latest works plan, overall spend remains unchanged.	1.200	0.248	(0.952)
IT - Additional Microsoft Licences – scheme has been re-profiled in line with latest works plan, overall spend remains unchanged.	0.310	0.000	(0.310)
IT - Childrens & Adults Social Care Project - The project has been re-profiled as a result of the procurement process.	0.215	0.000	(0.215)
IT - PC Hardware Acquisitions – delays to acquisitions, spend slipped to 2016/17	0.700	0.000	(0.700)
Total Resources and Neighbourhood Regeneration	14.326	4.688	(9.638)

Variances in Estimated Resources			
Prudential Borrowing - Slippage in line with a number of schemes including loan to NCH and Bio City.	146.104	133.668	(12.436)
Capital Receipts - In year Right to Buy and HRA one for one receipts higher than expected.	24.867	26.140	1.273
Grants and Contributions - Includes slippage on schools programme and various other slippage and acceleration on a number of schemes.	58.052	55.412	(2.640)
Revenue / Reserves - Mainly relates to acceleration of NET schemes using NET fund resources.	15.394	16.143	0.749
Major Repairs Reserve – Caused by review in the methodology for depreciation charges	29.001	27.078	(1.923)
Total Variances in Estimated Resources	273.418	258.441	(14.977)

Appendix H: Total Resources and Financing Decisions

Resource	Opening Balance £m	Resources 2015/16 £m	Adjustments and transfers £m	Total Resources 2015/16 £m	Resources to finance capital £m	Carried forward to 2016/17 £m
Supported Borrowing - Education	1.151	0.000	0.000	1.151	(1.151)	0.000
Prudential Borrowing	0.000	133.668	0.000	133.668	(133.668)	0.000
Capital Receipts						
- Public Sector Housing	21.053	20.922	0.000	41.975	(18.943)	23.032
- General Fund	1.497	5.218	(0.270)	6.445	(6.445)	0.000
Total Capital Receipts	22.550	26.140	(0.270)	48.420	(25.388)	23.032
Capital Grants and Contributions	14.801	55.412	0.000	70.213	(46.644)	23.569
Major Repairs Allowance / DRF	28.469	27.078	0.000	55.547	(28.470)	27.077
Revenue / Funds	12.139	16.143	(0.858)	27.424	(16.926)	10.498
TOTAL	79.110	258.441	(1.128)	336.423	(252.247)	84.176

Subject:	TREASURY MANAGEMENT 2015/16 ANNUAL REPORT		
Corporate Director(s)/ Director(s):	Glen O'Connell, Corporate Director for Resources		
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Glyn Daykin, Finance Analyst, Treasury Management 0115 8763724 glyn.daykin@nottinghamcity.gov.uk		
Key Decision	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Total value of the decision: Nil			
Wards affected: All	Date of consultation with Portfolio Holder(s):		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input checked="" type="checkbox"/>
Schools			<input checked="" type="checkbox"/>
Planning and Housing			<input checked="" type="checkbox"/>
Community Services			<input checked="" type="checkbox"/>
Energy, Sustainability and Customer			<input checked="" type="checkbox"/>
Jobs, Growth and Transport			<input checked="" type="checkbox"/>
Adults, Health and Community Sector			<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years			<input checked="" type="checkbox"/>
Leisure and Culture			<input checked="" type="checkbox"/>
Resources and Neighbourhood Regeneration			<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>This report sets out the 2015/16 performance in respect of the management of the Council's external debt and investments (i.e. treasury management). The key issues are:</p> <ul style="list-style-type: none"> the average rate of interest payable on external debt decreased from 3.866% at 31 March 2015 to 3.791% at 31 March 2016 (see section 4.4); the average rate of interest earned on short-term investments in 2015/16 was 0.678%. This is benchmarked against the 7 day London Inter-bank (LIBID) rate provided by the Bank of England, which averaged 0.45% for the same period (see section 4.5); the actual General Fund Treasury Management expenditure was £65.537m which gave a favourable variance of £1.0m against the latest budget estimate (see section 5.1). 			
Exempt information:			
None			
Recommendation(s):			
1 To note the performance information in relation to Treasury Management for 2015/16.			

1 **REASONS FOR RECOMMENDATIONS**

- 1.1 The Council adopted the Chartered Institute of Public Finance and Accountancy (CIPFA)'s revised Code of Practice on Treasury Management in Local Authorities (the Code) on 5 March 2012. Part of the Code requires that authorities report on the performance of the treasury management function at least twice a year (mid-year and at year end).

- 1.2 The Council's Treasury Management Strategy for 2015/16 was approved by full Council on 9 March 2015.
- 1.3 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Treasury Management entails the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks. To assist in this process the Council retains external financial advisors.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Options for management of the Council's debt and investment portfolio are continually reviewed. The overall aim is to minimise the net revenue costs of our debt whilst maintaining an even debt profile in future years, and to maximise investment returns within stated security and liquidity guidelines.

4 TREASURY MANAGEMENT ACTIVITY IN 2015/16

4.1 Economic background

- Growth and Inflation:

The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before. CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil and remains well below the Bank of England's 2% inflation target.

- Labour Market:

The labour market continued to improve through 2015 and in Q1 2016, the latest figures (Mar 2016) showing the employment rate at 74.2% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.1% excluding bonuses.

- Global influences:

The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole. As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU.

Between February and March 2016 sterling had depreciated by around 3%, a significant proportion of the decline reflecting the uncertainty surrounding the referendum result.

- UK Monetary Policy:

The Bank of England's Monetary Policy Committee (MPC) maintained interest rates at 0.5% and asset purchases (QE) at £375bn. The MPC Committee's stance is that any future increases in the Bank Rate would be gradual and limited, and below average historical levels.

- Market reaction:

From June 2015 gilt yields were driven lower by the weakening Chinese growth, the knock-on effects of the fall in its stock market, the continuing fall in the price of oil and commodities and the acceptance of diminishing effectiveness of central bankers' unconventional policy actions.

4.3 Local Context

At 31/03/2016 the Authority's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £1,195.9m.

At 31/03/2016, the Authority had £926.7m of borrowing including £234.1m of Private Finance Initiative (PFI) Debt and £80.4m of investments. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, subject to holding a minimum investment balance of £30m.

The Authority has an increasing CFR over the next 3 years due to the capital programme, investments are forecast to fall and further new long term borrowing is expected to be required.

4.4 Borrowing

Total outstanding debt in 2015/16 increased by £2.4m to £690.4m as at 31 March 2016. The total long term debt decreased by £15.3m while temporary borrowing had increased by £17.7m as at 31 March 2016. The average rate of interest on total debt decreased slightly, from 3.866% at 31 March 2015 to 3.791% at 31 March 2016. The majority of long-term borrowing is raised from the Government's Public Works Loan Board (PWLB). Table 2 analyses the debt portfolio:

TABLE 2: DEBT PORTFOLIO				
	1 APR 2015		31 MAR 2016	
DEBT	£m	%	£m	%
PWLB borrowing	635.0	3.847	619.9	3.860
Market loans	49.0	4.348	49.0	4.348
Local bonds & Stock	0.8	2.665	0.6	3.001
Temporary borrowing	3.2	0.471	20.9	0.486
TOTAL DEBT	688.0	3.866	690.4	3.791

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Affordability and the "cost of carry" remained important influences on the Authority's borrowing strategy. As short-term interest rates have remained, and are likely to remain at least over the forthcoming two years, lower than long-term rates, the Authority determined it was more cost effective in the short-term to use temporary borrowing and internal resources than to take any new long term borrowing in 2015/16.

The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose assists the Authority with this 'cost of carry' and breakeven analysis.

- LOBOs

The Authority holds £49m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £34m of these LOBOs had options during the year, none of which were exercised by the lender.

- Local Government Association Bond Agency

The UK Municipal Bonds Agency (MBA) plc was established in 2014 by the Local Government Association as an alternative to the PWLB with plans to issue bonds on the capital markets and lend the proceeds to local authorities. In early 2016 the Agency declared itself open for business, initially only to English local authorities. The Authority has analysed the potential rewards and risks of borrowing from the MBA although is yet to approve and sign the Municipal Bond Agencies framework agreement which sets out the terms upon which local authorities will borrow, including details of the joint and several guarantee

- Debt Rescheduling:

The PWLB continued to operate a spread of approximately 1% between "premature repayment rate" and "new loan" rates so the premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

- Housing Revenue Account (HRA) Borrowing

From 1 April 2002, the Council's HRA was allocated a separate debt portfolio based on the appropriate proportion of the Councils existing debt at that time. As a result of existing debt maturing and not being replaced the HRA accumulates a variable rate internal borrowing position. During 2014/15 the HRA fixed £37.161m of internal borrowing on a maturity loan basis for 30 years with reference to the PWLB interest rate quoted on the day. No further HRA borrowing has taken place in 2015/16.

4.5 Investments

The Authority has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

The average sum formally invested during the year was £146.5m, earning total interest of £0.993m at an average rate of 0.678%. The effect of the continued low short-term interest rates (see table 4 in appendix 3), meant that the average return for 2015/16 was slightly below the original budget estimate of 0.680%. The Council benchmarks its average return against the 7-day London Interbank (LIBID) rate provided by the Bank of England. For 2015/16, the average 7-day LIBID rate was 0.45%.

Table 3 - Movement in Investments	Balance on 01/04/2015 £m	Balance on 31/03/2016 £m
Short term Investments (call accounts, deposits)		
- Banks and Building Societies with ratings of A- or higher	90.0	25.0
- Local Authorities	45.0	10.0
Long term Investments		
- Local Authorities	10.0	-
Money Market/ Funds	47.2	35.4
Pooled Funds		
- 'Cash Plus' Funds	-	10.0
TOTAL INVESTMENTS *	192.2	80.4
Increase/ (Decrease) in Investments £m		(111.8)

Note: * excludes remaining balance held in Icelandic ISK Escrow account

Table 3 above shows the movement in investments by type during 2015/16. The council reduced its overall exposure to investment credit risk by reducing the balance of investments held. These internal resources were used for the short term financing of capital expenditure. The council has retained its use of instant access money market funds with the dual benefit of increased diversity and a credit rating of AAAm.

Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement for 2015/16.

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating was BBB+ across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

The authority has also considered the use of secured investment products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.

- Credit Risk

Counterparty credit quality as measured by credit ratings is summarised below:

Date	Value Weighted Average - Credit Risk Score	Value Weighted Average - Credit Rating	Time Weighted Average - Credit Risk Score	Time Weighted Average - Credit Rating
31/03/2015	3.95	AA-	3.34	AA
30/06/2015	3.91	AA-	2.83	AA
30/09/2015	3.34	AA	2.87	AA
31/12/2015	3.48	AA	3.55	AA-
31/03/2016	4.26	AA-	3.48	AA

Scoring:

- Value weighted average reflects the credit quality of investments according to the size of the deposit
- Time weighted average reflects the credit quality of investments according to the maturity of the deposit
- AAA = highest credit quality = 1
- D = lowest credit quality = 26
- Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

Appendix 2 provides details of the Council's external investments at 31 March 2016, analysed between investment type and individual counterparties showing the Fitch long-term credit rating.

- Icelandic Krona (ISK) in Escrow

The administrators for the recovery of Glitnir Bank deposits (£11m) have made repayment to all priority creditors, including the City Council, in full settlement of the accepted claims. However, approximately 21% (£2.3m) of this sum has been paid in ISK. Because of ongoing currency restrictions in Iceland, this sum is currently retained in an interest-bearing account with the Central Bank of Iceland, pending resolution of the currency release issues.

Accounting regulations require notional accrued interest in respect of the outstanding principal sums to be credited to the revenue account each year, together with any changes in the value due to the ISK exchange rate changes, until the recovery process is complete.

The accrued notional interest and changes in value due to exchange rate movements in respect of the Icelandic recoveries held in ISK escrow account produced a debit to the revenue account of £0.440m in 2015/16 which was neutralised by a transfer from the Treasury Management Reserve.

The administrators of Heritable bank paid a 15th dividend of £0.635m which was in addition to the previously published final expected settlement position.

4.6 Counterparty update

The transposition of two European Union directives into UK legislation placed the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors which include local authorities and pension funds.

During the year, all three credit ratings agencies reviewed their ratings to reflect the loss of government support for most financial institutions and the potential for loss given default as a result of new bail-in regimes in many countries. Despite reductions in government support many institutions saw upgrades due to an improvement in their underlying strength and an assessment that the level of loss given default is low.

With the end of bank bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits continues to be elevated relative to other investment options. The council favoured reducing its exposure by having less cash to investment, but then has looked to secured investment options or diversified alternatives such as non-bank investments and pooled funds to reduce the use of unsecured bank and building society deposits.

4.7 Externally Managed Funds

The Authority also has investments in the Royal London cash plus fund which allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager;

they also offer enhanced returns over the longer term but are more volatile in the short-term. All of the council's pooled fund investments are in the respective fund's distributing share class which pay out the income generated.

Although money can be redeemed from the pooled funds at short notice, the council's intention is to hold them for the medium-term. Their performance and suitability in meeting the Authority's investment objectives are monitored regularly and discussed with Arlingclose.

4.8 External advisors

External advisors (Arlingclose) are retained to provide additional input on treasury management matters. The service comprises economic and interest rate forecasting, advice on strategy, portfolio structure, debt restructuring, investment policy and credit ratings and technical assistance on other matters, as required.

4.9 Prudential Indicators

Following the Local Government Act 2003, the Council is required to approve a series of treasury management prudential indicators. These were approved on 9 March 2015 by Council as part of the 2015/16 Treasury Management Strategy.

In compliance with the requirements of the CIPFA Code of Practice this report provides a summary of the treasury management activity during 2015/16. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Appendix 1 shows actual performance against these indicators for 2015/16 together with comparative figures for 2014/15.

The prudence indicators reflect the management of the capital programme and associated debt, within existing resource limitations. The affordability and treasury management indicators, indicate whether the 2015/16 actual figures were within the set limits.

The 'PFI and leasing debt' figures within the indicators reflect the notional debt element of those schemes financed through PFI funding or finance leases.

The Council also confirms that during 2015/16 it complied with its Treasury Management Policy Statement and Treasury Management Practices.

5 **FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

5.1 General Fund Revenue Implications

Revenue costs associated with borrowing and lending can be volatile, being affected by a number of factors including movements in interest rates, the timing of capital spending, the extent of reserves held and actual cash flows during the year.

The latest budget estimate in 2015/16 for treasury management costs was £66.537m. The total treasury management-related costs in 2015/16, comprising interest charges less receipts, plus provisions for repayment of debt, were £67.618m. Of this PFI related expenditure accounted for £22.1m mostly due to NET line 2 becoming operational in 2015/16. A proportion of

the Council's debt relates to capital expenditure on council housing and £12.326m of these costs was charged to the HRA. The remaining General Fund costs of £65.537m gave a favourable variance of £1.0m which is included within the treasury management section of the General Fund corporate budget outturn report on the 28 June 2016 Executive Board agenda.

The prime reason for the favourable variance is slippage in the capital program which has resulted in a £1m saving across interest payable on new long term debt and a reduction in the repayment of debt referred to as minimum revenue provision (MRP). These savings are one-off in nature as the proposed capital program expenditure materialises in future years.

5.2 Treasury Management Reserve

The Treasury Management Reserve is maintained to smooth the impact of any volatility in treasury management revenue charges in any one year. The balance on the Reserve at 31 March 2016 is £14.926m.

5.3 Value for Money

Management of borrowing and investments is undertaken in conjunction with our appointed advisors, with the aim of minimising net revenue costs, maintaining an even debt maturity profile and ensuring the security and liquidity of investments.

6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

6.1 Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. The management of specific treasury management risks is set out in the Manual of Treasury Management Practices and Procedures and a risk register is maintained for the treasury function.

6.2 The key Strategic Risk relating to treasury management is SR17 'Failure to protect the Council's investments'. The rating for this risk at 31 March 2016 was Likelihood = unlikely, Impact = moderate which represents the same risk assessment as at 1 April 2015.

7 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

7.1 None

8 SOCIAL VALUE CONSIDERATIONS

8.1 None

9 REGARD TO THE NHS CONSTITUTION

9.1 None

10 EQUALITY IMPACT ASSESSMENT (EIA)

10.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

(Please explain why an EIA is not necessary)

**11 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT
INFORMATION)**

11.1 None

12 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

12.1 CIPFA statistics, Bloomberg sourced Money Market rates and PWLB loan rates 2015/16.

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

12.1 Treasury Management Panel colleagues.

INDICATORS	2014/15 Actual	2015/16 Estimate	2015/16 Actual	Within Limits?
1) Prudence indicators				
i) Capital Expenditure				
General Fund	£123.5m	£207.3m	£201.2m	YES
HRA	£60.0m	£67.0m	£51.0m	YES
	£183.5m	£274.3m	£252.2m	
ii) CFR at 31 March				
General Fund	£576.2m	£664.3m	£679.0m	YES
HRA	£281.3m	£289.3m	£280.8m	YES
PFI notional 'debt'	£103.2m	£239.5m	£236.2m	N/A
	£960.7m	£1,193.1m	£1,195.9m	
iii) External Debt at 31 March				
Borrowing	£688.0m	£671.0m	£690.4m	YES
PFI & leasing notional 'debt'	£103.2m	£239.5m	£236.3m	N/A
Gross debt	£791.2m	£910.5m	£926.7m	
Less investments	£(213.8)m	£(50.0)m	£(82.7)m	N/A
Net Debt	£576.8m	£860.5m	£844.0m	
2) Affordability indicators				
i) Financing costs ratio				
General Fund	13.32%	13.92%	13.44%	YES
General Fund (Inc PFI costs)	17.01%		20.28%	YES
HRA	11.14%	12.31%	11.33%	YES
	£s		£s	
Council Tax Band D (per annum)	-	1.38	1.30	YES
HRA rent (per week)	-	-	-	YES
	Max in year		Max in year	
iii) Authorised limit for external debt	£803.9m	£1091.6m	£926.7m	YES
iv) Operational limit for ext. debt	£803.9m	£1041.6m	£926.7m	YES
3) Treasury Management indicators	@ 31/3/15	%	@ 31/3/16	
ii) Limit on variable interest rates	7.89%	0-50%	7.86%	YES
iii) Limit on fixed interest rates	92.11%	50-100%	92.14%	YES
iv) Fixed Debt maturity structure				
- Under 12 months	2.68%	0-25%	5.27%	YES
- 12 months to 2 years	2.25%	0-25%	2.30%	YES
- 2 to 5 years	15.01%	0-25%	16.33%	YES
- 5 to 10 years	17.79%	0-25%	16.65%	YES
- 10 to 25 years	31.84%	0-50%	29.13%	YES
- 25 to 40 years	21.16%	0-25%	22.61%	YES
- 40 years and above	9.27%	0-75%	7.71%	YES
	Max in year		Max in year	
v) Max sum invested for >364 days	£15.0m	£50.0m	£10.0m	YES

NOTES TO THE SCHEDULE OF PRUDENTIAL INDICATORS

1) Prudence Indicators

- i) *'Estimate of total capital expenditure'* – a “reasonable” estimate of total capital expenditure to be incurred, split between the General Fund and the HRA.
 - This estimate takes into account the current approved asset management and capital investment strategies.
- ii) *'Capital financing requirement' (CFR)* – this figure constitutes the aggregate amount of capital spending which has not yet been financed by capital receipts, capital grants or contributions from revenue, and represents the underlying need to borrow money long-term. An actual figure at 31 March each year is required.
 - This approximates to the previous Credit Ceiling calculation and provides an indication of the total long-term debt requirement.
 - The figure includes an estimation of the total debt brought 'on-balance sheet' in respect of PFI schemes and finance leases.
- iii) *'External debt'* - the actual level of gross borrowing (plus other long-term liabilities, including the notional debt relating to on-balance sheet PFI schemes and leases) calculated from the balance sheet.

2) Affordability Indicators

- i) *'Ratio of financing costs to net revenue stream'* – expresses the revenue costs of the Council's borrowing (interest payments and provision for repayment) as a percentage of the total sum to be raised from government grants, business rates, council and other taxes (General Fund) and rent income (HRA). From 1 April 2012, the General fund income figure includes revenue raised from the Workplace Parking Levy.
 - These indicators show the impact of borrowing on the revenue accounts and enable a comparison between years to be made. The increase in the General Fund ratio reflects the falling grant from government and the impact of the extension of the NET capital scheme, funded from specific Government grant and the Workplace Parking Levy income streams.
- ii) *'Incremental impact of capital investment decisions'* – expresses the revenue consequences of future capital spending plans to be met from unsupported borrowing and not financed from existing budget provision, on both the level of council tax and weekly housing rents.
 - This is a key indicator, which provides a direct link between the capital programme and revenue budget and enables the revenue impact of additional unsupported capital investment to be understood.
- iii) *'Authorised limit for external debt'* – this represents the maximum amount that may be borrowed at any point during the year.

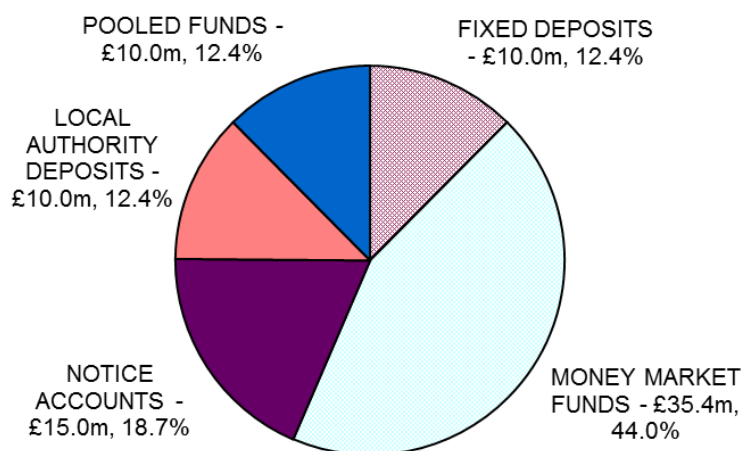
- This figure allows for the possibility that borrowing for capital purposes may be undertaken early in the year, with a further sum to reflect any temporary borrowing as a result of adverse cash flow. This represents a 'worst case' scenario.
- iv) *'Operating boundary for external debt'* – this indicator is a working limit and represents the highest level of borrowing is expected to be reached at any time during the year - It is recognised that this operational boundary may be breached in exceptional circumstances.
- v) *'HRA limit on indebtedness'* – from 1 April 2012, a separate debt portfolio has been established for the HRA. The CLG have imposed a 'cap' on the maximum level of debt for individual authorities and the difference between this limit and the actual HRA CFR represents the headroom available for future new borrowing.

3) **Treasury Management Indicators**

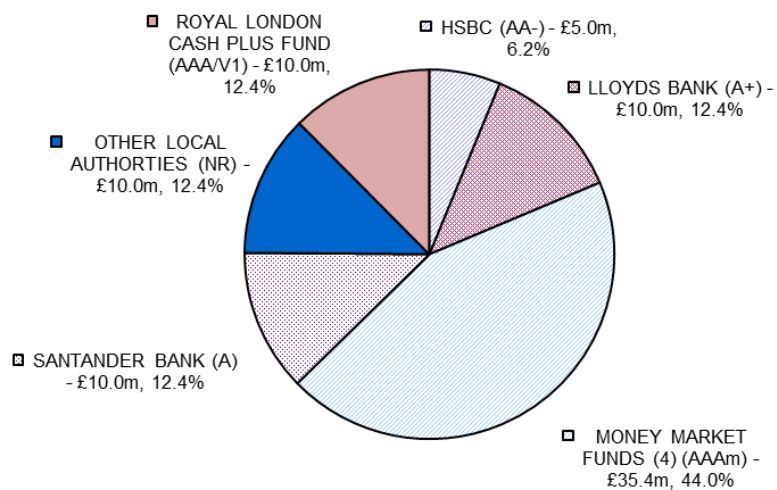
- i) *'The amount of net borrowing which is at a variable rate of interest'* - expressed as a percentage. Upper and lower limits for the financial year are required.
 - A high level of variable rate debt presents a risk from increases in interest rates. This figure represents the maximum permitted exposure to such debt.
- ii) *'The amount of net borrowing which is at fixed rate of interest'* - expressed either as an absolute amount or a percentage. Upper and lower limits are required.
 - Fixed rate borrowing provides certainty for future interest costs, regardless of movements in interest rates. The lower limit is effectively the counterpart to the upper limit for variable rate borrowing.
- iii) *'Upper and lower limits with respect to the maturity structure of the authority's borrowing'* – this shows the amount of fixed rate borrowing maturing in each period, expressed as a percentage of total fixed rate borrowing.
 - This indicator is designed to be a control over having large amounts of fixed rate debt falling to be replaced at the same time.
- iv) *'Total sums invested for periods of greater than 364 days'* – a limit on investments for periods longer than 1 year.
 - This indicator is designed to protect the liquidity of investments, ensuring that large proportions of the cash reserves are not invested for long periods.
- v) *'The adoption of the CIPFA Code of Practice for Treasury Management in the Public Services'*. This is not a numerical indicator, but a statement of good practice.

- The Council adopted the Code on 18 February 2002. Revised Codes, issued in 2009 and 2011, have subsequently been incorporated within the Council's strategy and procedures.
- vi) *Credit risk* – The Council monitors a range of factors to manage credit risk, detailed in its annual Treasury Management Strategy (section 7).

Type of Investments as at 31 March 2016



Investment and Fitch credit long-term rating as at 31 March 2016



Appendix 3

Money Market Data and PWLB Rates

The average, low and high rates correspond to the rates during the financial year rather than those in the tables below.

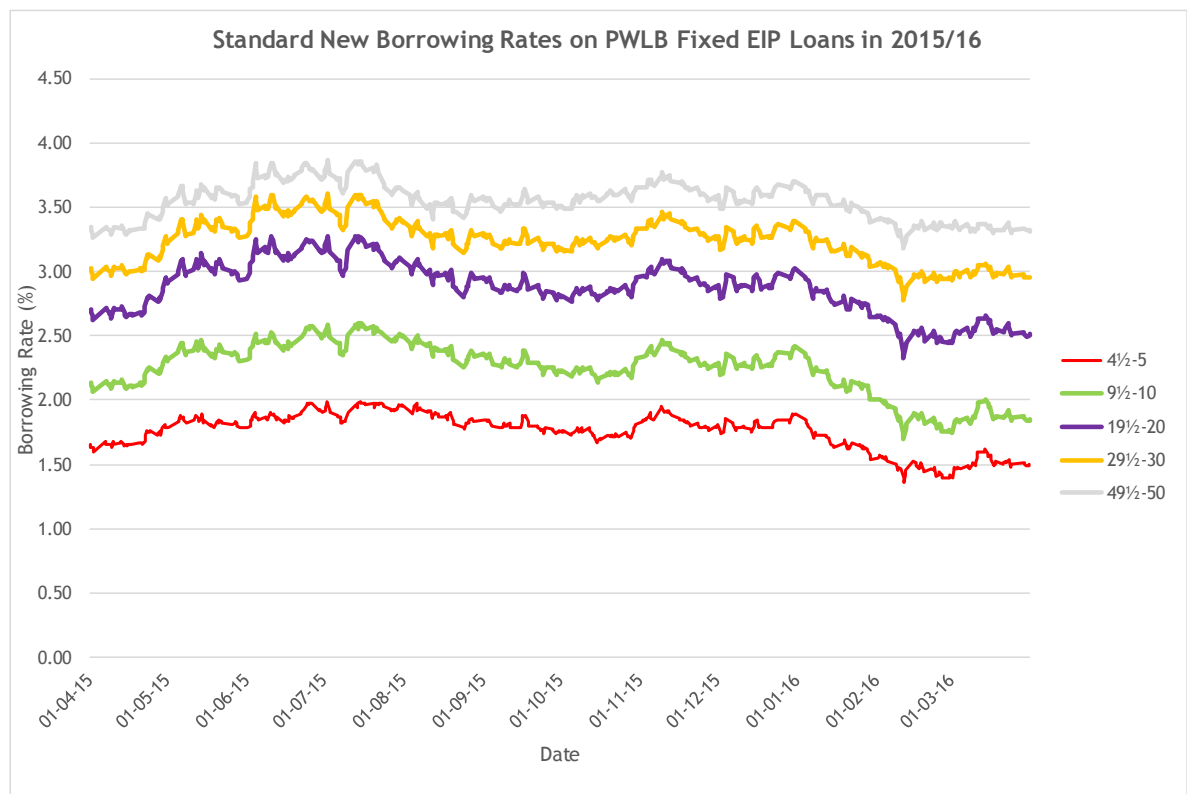
Please note that the PWLB rates below are Standard Rates. Authorities eligible for the Certainty Rate can borrow at a 0.20% reduction.

Table 1: Bank Rate, Money Market Rates

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2015	0.50	0.35	0.46	0.43	0.51	0.76	0.97	0.87	1.05	1.32
30/04/2015	0.50	0.35	0.48	0.43	0.52	0.74	0.98	1.00	1.21	1.51
31/05/2015	0.50	0.43	0.50	0.43	0.52	0.75	0.98	0.97	1.18	1.49
30/06/2015	0.50	0.35	0.45	0.43	0.52	0.79	0.99	1.09	1.35	1.68
31/07/2015	0.50	0.32	0.43	0.43	0.53	0.79	1.01	1.10	1.33	1.66
31/08/2015	0.50	0.42	0.40	0.43	0.54	0.82	1.02	1.03	1.24	1.61
30/09/2015	0.50	0.37	0.41	0.43	0.54	0.74	1.00	0.93	1.11	1.41
31/10/2015	0.50	0.36	0.41	0.43	0.54	0.77	1.00	0.97	1.16	1.49
30/11/2015	0.50	0.30	0.42	0.43	0.54	0.88	1.00	0.93	1.10	1.39
31/12/2015	0.50	0.43	0.35	0.43	0.54	0.76	1.01	1.09	1.30	1.58
31/01/2016	0.50	0.43	0.42	0.43	0.54	0.71	0.99	0.77	0.89	1.14
29/02/2016	0.50	0.25	0.43	0.43	0.54	0.73	0.99	0.71	0.74	0.85
31/03/2016	0.50	0.30	0.44	0.52	0.62	0.71	0.93	0.79	0.84	1.00
Average	0.50	0.38	0.45	0.43	0.54	0.76	0.99	0.96	1.14	1.43

Table 3: PWLB Borrowing Rates - Fixed Rate, Equal Instalment of Principal (EIP) Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2015	127/15	1.66	2.14	2.71	3.03	3.24	3.35
30/04/2015	166/15	1.79	2.31	2.92	3.24	3.45	3.54
31/05/2015	204/15	1.78	2.30	2.93	3.26	3.45	3.53
30/06/2015	248/15	1.90	2.49	3.15	3.47	3.65	3.72
31/07/2015	294/15	1.96	2.50	3.09	3.39	3.57	3.63
31/08/2015	334/15	1.83	2.34	2.94	3.27	3.48	3.55
30/09/2015	379/15	1.76	2.23	2.82	3.19	3.43	3.51
31/10/2015	423/15	1.81	2.32	2.96	3.33	3.57	3.66
30/11/2015	465/15	1.79	2.27	2.87	3.25	3.49	3.56
31/12/2015	505/15	1.89	2.42	3.03	3.39	3.62	3.70
31/01/2016	040/15	1.54	2.00	2.65	3.04	3.29	3.38
29/02/2016	082/16	1.42	1.77	2.46	2.95	3.24	3.36
31/03/2016	124/16	1.50	1.85	2.51	2.96	3.22	3.31
Average		1.76	2.25	2.88	3.24	3.47	3.55



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