

EXECUTIVE BOARD – 22 DECEMBER 2015

Subject:	Review of 2015/16 Revenue and Capital Budgets at 30 September 2015 (Quarter 2)		
Corporate Director(s)/ Director(s):	Geoff Walker, Strategic Director for 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 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £2.326m			
Wards affected: All		Date of consultation with Portfolio Holder(s): July – September 2015	
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):			
This report provides an up to date assessment of the Council's current and forecast year-end financial position for the General Fund revenue account, Capital Programme and the Housing Revenue Account (HRA) based on activity to the end of September 2015.			
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.			
Exempt information:			
None			
Recommendation(s):			
<p>1 To note:</p> <ul style="list-style-type: none"> a) the overall current (medium case) forecast net underspend of £1.788m before retention of traded surplus, as set out in paragraph 2.2 and Appendix A; b) the management action being taken to control the identified cost pressures across services, as set out in Appendix B; c) the progress on the implementation of cost reductions and pressures as set out in paragraph 2.5; d) the forecast working balance of £4.006m on the HRA, as set out in paragraph 2.7; e) the forecast position on the Capital Programme, as set out in paragraph 2.9; f) the Capital Programme projections at Quarter 2, as set out in paragraph 2.9 (table 6); g) the additions to the Capital Programme listed in Appendix E; h) the variations to the Capital Programme listed in Appendix F; i) the refreshed Capital Programme, including schemes in development, as set out in paragraph 2.9 (tables 8, 9 and 10). 			

- 2** To approve:
- the movements of resources set out in paragraph 2.6 and Appendix D;
 - the extension and re-profile for the rolling programme of works at Eastcroft Incinerator, as set out in paragraph 2.9 (table 7);
 - an additional £0.098m of demolition costs for Stepney Court as detailed in section 2.9.
- 3** To note and endorse the allocations from the corporate contingency as set out in paragraph 2.4.

1 REASONS FOR RECOMMENDATIONS

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

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- The 2015/16 revenue budget was approved by City Council in March 2015. This periodic report summarises the current assessment of the Council's forecast outturn of the General Fund and HRA. Some report tables may not sum exactly due to rounding.

2.2 General Fund Revenue

Forecasting is risk-based, reflecting the diverse nature of the Council's activities and the wide range of issues impacting on the financial position. Table 1 shows the current forecast using best, medium and worst case scenarios and is based on the ledger position as at 30 September 2015 updated for known factors. This shows an improvement of £3.438m on the medium case position reported to Executive Board in September.

In accordance with the trading account principles set out in the Medium Term Financial Strategy, 50% of traded surplus may be retained for reinvestment in the service. The decision to reserve these surpluses is to be taken in the context of the overall corporate outturn position. The potential impact of traded surplus retention is also shown in Table 1.

Appendix A provides more detail and Appendix B explains the main variances.

OUTTURN VARIANCE 2014/15 £m¹	MEDIUM CASE AT 30.06.15 (Q1)	PORTFOLIO	(UNDER) / OVER SPEND		
			BEST £m	MEDIUM £m	WORST £m
(4.286)	0.195	Adults, Health and Community Sector	(0.802)	(0.556)	(0.503)
(1.592)	(0.507)	Community Services and HR	(2.151)	(1.427)	(0.436)
0.972	0.586	Early Intervention and Early Years	(0.310)	0.792	0.792
(0.452)	0.250	Energy and Sustainability	0.150	0.153	0.153
0.230	(0.175)	Jobs, Growth and Transport	(1.039)	(0.812)	(0.270)
(0.622)	(0.067)	Leisure and Culture	(0.197)	(0.097)	(0.097)
(0.556)	0.000	Planning and Housing	(0.043)	(0.023)	0.018

0.252	0.643	Resources and Neighbourhood Regeneration	(0.067)	(0.067)	0.622
(0.781)	0.000	Schools	(0.033)	(0.033)	0.000
(6.835)	0.925	TOTAL PORTFOLIOS	(4.490)	(2.068)	0.279
(0.639)	0.725	Corporate budgets	0.100	0.281	0.531
(7.474)	1.650	NET COUNCIL POSITION	(4.390)	(1.788)	0.810
		Potential retention (50% of traded surplus)	1.336	1.176	0.811
		NET COUNCIL POSITION POST TRADING SURPLUS RETENTION	(3.054)	(0.612)	1.621
Change – best to medium			2.602		
Change – medium to worst				2.598	

Notes 1: outturn before carry forwards 2. Figures in brackets are underspends

2.3 General Reserves

These provide a financial safety net to cover above-budget costs during the year. Variations in forecast outturn will impact on general reserves. Underspends increase reserves and overspends decrease them. Table 2 shows the potential impact of the current medium case forecast variance on general reserves.

TABLE 2: POTENTIAL IMPACT ON GENERAL RESERVES	
ITEM	£m
Balance at 01.04.15	9.500
Increase in Reserves to medium case	1.788
Estimated Reserves at 31.03.16 (medium case)	11.288

The minimum level of opening reserves for 2015/16 was set at £9.500m. If general reserves fall below the minimum defined level, the shortfall has to be replenished when setting the budget for the following year. The recommended minimum level for next year will be advised by the Chief Finance Officer (CFO) based on the prevailing risk assessment of the financial position at that time.

Given the very challenging outlook for the medium term, officers are being advised to secure as many efficiency savings as possible in the current year and to optimise income in order to support the Council's work in the future.

The level of reserves and the process for reserve transfers is currently being reviewed and reserve transfers for 2015/16 will be reported to Executive Board later in the year.

2.4 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 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 is £2.000m in 2015/16 and Table 3 shows the allocations approved by the CFO and Deputy Leader since the September report, which now require endorsement.

TABLE 3: CONTINGENCY ALLOCATIONS REQUIRING ENDORSEMENT	
Item	Amount £m
Operations Daybreak and Xeres	0.156
Casey Report	0.100
Combined Authority / Devolution	0.029
Schools Out Holiday Sport and Leisure Programme	0.050
Alfreton Road Improvements	0.050
CCTV cameras	0.017
TOTAL	0.402

This leaves a remaining balance of £1.548m, although there are further pending applications which will be reported as part of the next monitoring report. Forecast outturn assumes full use of contingency.

2.5 Cost reductions and pressures

Cost Reductions

The 2015/16 budget includes new cost reductions of £25.033m. At this stage £2.399m is not expected to be achieved against the original proposals, although £1.468m is expected to be achieved through alternate management action within directorates. Table 4 summarises achievement by portfolio in implementing these cost reductions.

TABLE 4: NEW COST REDUCTIONS INCLUDED IN 2015/16 BUDGET						
PORTFOLIO	2015/16 Total £m	Position at 30.09.15 £m	Anticipated year end position	Not expected to be achieved		Achieved from alternate source
			£m	£m	%	£m
Adults, Health and Community Sector	(8.524)	(4.129)	(8.259)	0.265	3.11	0.265
Community Services and HR	(1.737)	(0.784)	(1.657)	0.080	4.61	0.000
Early Intervention and Early Years	(2.707)	(0.425)	(2.013)	0.694	25.64	0.537
Energy and Sustainability	(0.700)	(0.225)	(0.550)	0.150	21.43	0.000
Jobs, Growth and Transport	(2.535)	(1.159)	(2.535)	0.000	0.00	0.000
Leisure and Culture	(0.997)	(0.525)	(0.997)	0.000	0.00	0.000
Planning and Housing	(0.400)	(0.167)	(0.400)	0.000	0.00	0.000
Resources and Neighbourhood Regeneration	(7.208)	(1.807)	(5.998)	1.210	16.79	0.666
Schools	(0.226)	(0.113)	(0.226)	0.000	0.00	0.000
TOTAL	(25.033)	(9.335)	(22.634)	2.399	9.58	1.468

Pressures

£0.759m of pressures are included within the 2015/16 budget and are expected to be used by 31 March 2016.

2.6 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.

2.7 HRA Budget

The HRA budget was approved by the City Council at the March 2015 meeting and budgeted for a working balance of £4.000m brought forward at 31 March 2015 and closing balance of £4.000m at 31 March 2016. The working balance acts as a contingency to cover unexpected significant expenditure or loss of income.

Working Balance Brought Forward - increase of £0.307m

The actual position of the Working Balance carried forward from 2014-15 was £4.307m, which is an increase of £0.307m from that reported in the Budget. This was in part due to over-stated service charge income (£0.371m).

Retained Housing: Increase of £0.289m

Provision for charges included within Public Sector Housing Capital Programme required to be charged to revenue. Includes costs of council tax, security and waste disposal to be met by a reduction to Direct Revenue Financing.

Direct Revenue Financing: Reduction of £0.289m

Reduction to Direct Revenue Financing to meet capital scheme costs charged to revenue.

Service Charge Income: Reduction of £0.369m

Includes a reduction due to over-stated service charges in 2014-15 (£0.371m) and an increase in service charges from Furnished Properties (£15k).

Retained Housing: Reduction of £68k

Includes staff vacancy savings in Housing Partnerships and Development.

Table 5 shows the revised working balance at 31 March 2016.

Table 5: HRA WORKING BALANCE	
	£m
Estimated balance at 31 March 2016	4.000
Add	
Increased working balance b/f 2014/15	0.307
Reduced Direct Revenue Finance	0.289
Increased Housing Partnerships & Development	0.068
	4.664
Less	
Increased Retained Housing - Council Tax, Security & Waste Disposal	(0.289)
Reduced service charge income	(0.369)
	(0.658)
Revised working balance 2015/16	4.006

2.8 Debtors Monitoring (Appendix C)

Housing Rents

The Q2 collection rate (97.78%) is slightly below the target of 98.40% and the same point last year, however a robust plan is in place to ensure that the end of year target is met, including:

- signing up as many customers as possible for Direct Debit payments. During Q2 1,066 customers changed their payment method to Direct Debit. This is to ensure a regular income stream;
- concentrating on sustaining tenancies whilst at the same time ensuring that the collection rate is maintained. There have been fewer evictions this year (55) compared to the same point last year (70);
- contacting all customers who are at risk of not qualifying for this year's Responsible Tenant Reward Scheme, with a view to clearing their debts or putting payment arrangements in place to ensure they will qualify for the reward.

Council Tax

Collection rate is 0.50% above the Q2 profiled target of 50.50%, but marginally behind (0.12%) the same period in 2014/15. Collection in the first 2 quarters of 2015/16 amounts to £57.045m compared to £54.679m in the same period in 2014/15.

National Non- Domestic Rates (NNDR)

The collection rate is 0.12% above the Q2 collection target of 55.50%. Collection in the first 2 quarters of 2015/16 amounts to £71.698m against net debt collectable of £128.862m.

Sundry Income

The percentage of debts collected within 90 days in the 12 months to June 2015 was 81.20% which is an improvement from the Q1 figure of 79.40%.

The debtor day indicator (which shows how quickly debts are recovered) is currently 33 days, only slightly below the target of 32.30 days.

Management action continues to target the application of receipts and the 90 day collection percentage should maintain an improvement over future periods.

Adult Residential Services

The Q2 collection rate of 95.37% is only slightly lower than the 95.90% target.

Estates Rents

The collection rate of 96.77% compares with last year's Q2 figure of 97.00% but is slightly below the set target of 97.50%.

2.9 Capital Programme Update

The capital monitoring report for Quarter 1 stated an overall capital programme for 2015/16 **£246.191m** for the General Fund and **£61.855m** for the HRA. Schemes have since been approved totalling **£3.143m**. Identified variances include net slippage of **£15.599m** and other variances totalling **£3.778m**.

Table 6 shows the revised programme for each portfolio. Taking into account the additions and other variances, the overall forecast for 2015/16 is **£234.618m** for the General Fund and **£57.194m** for the HRA. Actual spend for quarter two is **£131.776m** which is 56% of the forecast outturn.

TABLE 6: REVISED PROGRAMME AND ACTUAL SPEND FOR QUARTER 2						
PORTFOLIO	Projected Outturn at Q1 £m	New Approvals £m	Slippage etc. £m	Other £m	Projected Outturn at Q2 £m	Actual Spend to Q2 £m
Public Sector Housing	61.855	0.665	(5.683)	0.357	57.194	14.850
Local Transport Plan	23.433	0.000	(2.000)	0.000	21.433	3.430
Education/Schools	18.488	0.000	(2.182)	0.000	16.306	5.790
All Other Services	204.270	2.478	(5.734)	(4.135)	196.879	107.710
Total	308.046	3.143	(15.599)	(3.778)	291.812	131.776

New Approvals

Total scheme amendments and additions are **£12.038m** which include approvals of **£3.143m** for 2015/16. A complete list of additions to the Capital Programme is attached at **Appendix E**.

Details of significant approvals are listed below:

Public Sector Housing

£1.300m for the acquisition of an additional sheltered housing scheme in the Lenton /Radford area.

£3.221m The Royal Centre Transformation

This project aims to further develop the use of the Royal Centre by increasing its daytime usage. The Project is expected to be covered by a mixture of grant and Council match funding.

£1.270m Carrington Street Townscape Heritage

A successful stage one bid to the Heritage Lottery Fund Townscape Heritage is aimed at restoring the heritage character of buildings on Carrington Street. This project will be subject to a stage 2 bid and will be funded by a mix of grant funding, private contributions and existing revenue maintenance budget.

£1.000m Development of commercial options for waste and energy

This approval presents the case to resource the necessary development cost to produce a business case for the creation of a Nottingham Energy Park at the Eastcroft Depot and Energy from Waste plant

£2.228m CAPEX Eastcroft Incinerator

This report also seeks approval to extend the rolling programme for the capital works at Eastcroft Incinerator. This revised forecast of expenditure is based on the latest schedule of expected works which extends the provision to 2019/20 and varies previous years as detailed in table 7.

Table 7: Rolling Programme of Works at Eastcroft Incinerator						
Eastcroft Incinerator	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Previous	2.109	3.962	1.562	0.950	0.000	8.583
Revised Quarter 2	2.121	4.138	1.523	0.422	2.607	10.811
Difference	0.012	0.176	(0.039)	(0.528)	2.607	2.228

Stepney Court Demolition £0.098m

This report also recommends approval of an additional £0.098m for the demolition of Stepney Court. In June 2014, Executive Board approved the demolition of this site subject to tenders being returned within a funding envelope of £0.200m. Following the tender process the costs of this demolition are now £0.298m, which is to be met by Section 106 developer contributions received to support the development of affordable housing.

The programme has also been amended to include the following:

Slippage

Overall slippage to the programme is **£15.720m** including the following schemes:

Public Sector Housing Programme - **£6.149m** slippage identified in quarter 2 on a range of works to be carried out on Public Housing. This includes **£1.003m** slippage on Installation of Solar Panels and **£2.500m** on roof and chimney replacement both of which have been re-phased in line with the latest schedule of works.

Slippage on other services includes:

Creative Quarter- Connecting Eastside has slipped by **£2.000m**. This scheme has been re-phased and will commence in 2016/17.

A number of schools projects have slipped by a total of **£2.182m** due to a review and re-phasing of the Primary School Re-organisation programme.

Area Capital slippage of **£0.939m** due a review based on a profile of approvals and spend.

Highfields Park improvements of **£2.106m**, the start on site has been delayed and the project and been re-phased accordingly.

Joint Service Centre Strelley Road **£0.934m**. Delays in agreeing plans due to the need to stay within financial constraints. The project has been pre-profiled and is due for completion in the Autumn of 2017.

A complete list of variances are shown in **Appendix F**

Public Sector Housing (HRA) Capital Programme

The Public Sector Housing Programme has been updated to reflect the **£6.149m** net slippage identified in Quarter 2 and total additions to the programme of **£1.755m**.

Table 8 sets out the updated programme and resources.

TABLE 8 : PUBLIC SECTOR HOUSING - CAPITAL PROGRAMME AND RESOURCES						
PORTFOLIO	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Public Sector Housing Programme	57.194	76.516	53.056	42.457	35.013	264.236
Resources Available						
Resources b/f	45.301	0.000	0.000	0.000	0.000	45.301
Prudential Borrowing	0.000	0.000	7.934	5.066	0.000	13.000
Grants & Contribution	3.556	3.995	0.653	1.307	0.815	10.326
Internal Funds / Revenue	36.704	37.056	38.440	38.440	38.440	189.080

Capital Receipts secured	3.485	0.000	0.000	0.000	0.000	3.485
Subtotal Resources	89.046	41.051	47.027	44.813	39.255	261.192
Capital Receipts Unsecured	3.485	4.909	6.052	3.375	2.200	20.021
Total Resources	92.531	45.960	53.079	48.188	41.455	281.213
Future commitment to maintaining decency	0.000	0.000	0.000	0.000	16.977	16.977
Cumulative (Surplus)/Shortfall	(35.337)	30.556	(0.023)	(5.731)	10.535	(0.000)

The overall programme is balanced, however, the introduction of the Welfare Reform and Works Bill and the resulting changes to rent charges to tenants will have a detrimental impact on the overall Public Sector Housing capital programme going forward. A full review into the effects of this will be carried out.

General Fund Capital Programme

The General Fund capital programme has been updated for the total additions of **£10.185m** and net slippage identified in Quarter 2 of **£9.571m**. The resource projections have also been updated including those that are likely to be generated by capital receipts.

Table 9 shows the revised programme for each portfolio. Projects in development arising from the investment strategy have been approved pending business cases are also included.

PORTFOLIO	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Local Transport Programme	21.433	21.081	22.607	0.000	0.000	65.121
Education / Schools	16.306	7.829	0.000	0.000	0.000	24.135
Other Services	196.879	58.517	18.335	19.579	3.423	296.733
Projects in Development	52.005	86.823	73.581	10.800	1.500	224.709
Total Programme	286.623	174.250	114.523	30.379	4.923	610.698

The five year programme totals **£610.698m** which includes **£224.709m** of schemes in development approved pending business cases.

Table 10 shows the financing of the capital programme at quarter 2. The programme predicts a small surplus of **£2.060m**; this represents 0.33% of the total programme and will be used as a contingency against the programme.

SOURCE	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Resources b/f	33.819	0.000	0.000	0.000	0.000	33.819
Prudential Borrowing	177.911	117.177	79.543	9.037	4.701	388.369
Grants & Contribution	52.322	47.368	30.643	17.027	0.000	147.360
Internal Funds / Revenue	12.862	1.172	1.135	2.771	0.000	17.940
Secured Capital Receipts	3.404	0.000	0.000	0.000	0.000	3.404
Subtotal Resources	280.318	165.717	111.321	28.835	4.701	590.892
Unsecured Capital Receipts	9.130	4.886	6.980	0.870	0.000	21.866
TOTAL RESOURCES	289.448	170.603	118.301	29.705	4.701	612.758

Cumulative (Surplus)/Shortfall	(2.825)	0.822	(2.956)	(2.282)	(2.060)	(2.060)
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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 52% 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 pay back 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 Not applicable.

7 SOCIAL VALUE CONSIDERATIONS

7.1 None

8 REGARD TO THE NHS CONSTITUTION

8.1 Not Applicable

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 or decisions about implementation of policies development outside the Council

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 2015/16 - 2017/18 - Executive Board 24 February 2015

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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BUDGET MONITORING 2015/16 - (Q2 – period to end September 2015)

	POSITION TO 30 SEPTEMBER 2015				YEAR END FORECAST					
	Updated Estimate	Profiled Estimate	Actual + Commitments	Variance	Est'd Outturn (BEST CASE)	Est'd Outturn (MEDIUM)	Est'd Outturn (WORST CASE)	Variance (under)/over to BEST CASE	Variance (under)/over to MEDIUM	Variance (under)/over to WORST CASE
PORTFOLIO	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adults, Health & Community Sector	93.517	56.315	43.437	(12.878)	92.715	92.961	93.014	(0.802)	(0.556)	(0.503)
Community Services & HR	23.681	10.760	12.515	1.754	21.530	22.254	23.245	(2.151)	(1.427)	(0.436)
Early Intervention & Early Years	54.155	32.605	32.837	0.232	53.845	54.947	54.947	(0.310)	0.792	0.792
Energy & Sustainability	6.057	5.125	7.321	2.195	6.207	6.207	6.207	0.150	0.153	0.153
Jobs, Growth & Transport	13.795	(1.842)	16.305	18.147	12.757	12.984	13.525	(1.039)	(0.812)	(0.270)
Leisure & Culture	10.602	5.734	0.576	(5.158)	10.405	10.505	10.505	(0.197)	(0.097)	(0.097)
Planning & Housing	3.399	0.374	(0.881)	(1.255)	3.357	3.377	3.417	(0.043)	(0.023)	0.018
Resources & Neighbourhood Regeneration	22.163	16.290	25.173	8.882	22.096	22.096	22.785	(0.067)	(0.067)	0.622
Schools	2.142	8.716	(1.059)	(9.775)	2.109	2.109	2.142	(0.033)	(0.033)	0.000
Total Portfolios	229.511	134.079	136.223	2.144	225.020	227.422	229.790	(4.490)	(2.068)	0.279
Corporate Budgets	26.304	6.663	29.231	22.568	26.404	26.584	26.834	0.100	0.281	0.531
Total General Fund	255.814	140.742	165.454	24.712	251.424	254.026	256.624	(4.390)	(1.788)	0.810
50% Trading Surplus Retention								1.336	1.176	0.811
Revised Total								(3.054)	(0.612)	1.621

Portfolio Variances +/- £50k (medium case)

Adults, Health & Community Sector Portfolio – overall variance £0.556m FAVOURABLE

Adults £85k favourable

Reconfiguration of a 2015/16 strategic choice which related to a capital investment into a new Learning Disability provision.

Quality and Commissioning £0.438m favourable

A majority of the underspend relates to slippage in recruitment as a result of the recent restructure.

Community Services & HR Portfolio – overall variance £1.427m FAVOURABLE (£0.799m FAVOURABLE if traded surplus retention is applied)

CP Front line Services - £0.178m favourable

Underspend due to improved budget management from within partnerships.

Environmental Health and Safer Housing - £70k favourable

Houses in Multiple Occupation (HMO) Enforcement projected underspends due to correct alignment of budgets and recharges.

Community Cohesion - £0.171m adverse

Unplanned grant reductions (£50k), additional pressures due to external secondments (£20k) and additional resource requirement (£101k). The team are currently working through plans to bring in on budget, and the Community Protection team are currently reviewing their budgets for in year savings.

Uniformed Services - £0.175m favourable

Underspend due to staff vacancies; plan to fill vacancies but already part way through year.

Parking; Permits; Bus Lane Enforcement - £0.413m adverse

Penalty Charge Notice (PCN) income – due to targeted enforcement, education and marketing, the public are not parking illegally and are therefore using NCC Car Parks creating additional income within Commercial & Operations. The Community Protection team are currently reviewing their budgets for in year savings.

Licensing; Trading Standards & ASB - £71k favourable

Underspend due to staff vacancies; plan to fill vacancies but already part way through year.

Commercial & Neighbourhood Services £1.562m favourable (£0.934m favourable if traded surplus retention is applied)

Positive action on growing sales and controlling costs as indicated in business plans has led to this improving net budget position in traded areas. The best case is based on the Business Plan targets from the department.

Early Intervention and Early Years Portfolio – overall variance £0.792m ADVERSE

Children’s Social Care £0.792m adverse

The gross position of Children’s Social Care is £3.363m overspend due to:

- Demographic increase of Children in Care +£1.069m and
- A delay in the implementation of plans to achieve Big Ticket +£0.922m.

Mitigation of an element of this is from:

- 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 and Sustainability Portfolio – overall variance £0.153m ADVERSE

Customer Access Programme - £0.150m adverse

The review of the Customer Service programme will delay the achievement of the saving included in the MTFP however some savings will be achieved in 2015/16 due to vacancy levels and the dual role of the Head of Service.

Jobs, Growth & Transport Portfolio – overall variance £0.812m FAVOURABLE (£0.442m FAVOURABLE if traded surplus retention is applied)

Commercial & Neighbourhood Services £0.740m favourable (£0.370m favourable if traded surplus retention is applied)

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

Street Lighting - £84k favourable

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

Leisure & Culture Portfolio – overall variance £97k FAVOURABLE (£78k ADVERSE if traded surplus retention is applied)

Royal Centre - £0.349m favourable (£0.174m favourable if traded surplus retention is applied)

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

Markets - £0.213m adverse

Unplanned increase in service charge at Victoria Centre Indoor Market.

Resources & Neighbourhood Regeneration Portfolio – overall variance £67k FAVOURABLE

Property Asset Management - £0.200m adverse

Slippage in the programme for Strategic Asset Management Big Ticket savings of £3.063m is forecast. The programme has been re-profiled from 3 years to 5 years. £2.863m will be required from reserves in 2015/16, and will be considered as part of the February report to Executive Board, to re-profile the Strategic Asset Management (SAM) income targets from 3 to 5 years.

In addition savings of £0.200m have been achieved elsewhere within the Department to mitigate the projected overspend. This has been allocated across directorates.

Access to Services (Joint Service Centres) - £57k favourable

Efficiencies identified in the overall financial model including centre management functions

Corporate & Democratic Core (DRM) – £94k favourable

Reduced recharge from Housing Revenue Account (HRA) to corporate management reflecting HRA management input to defined corporate roles.

IT - £94k favourable

Underspend due to the holding of vacancies to support the IT restructure

Corporate budgets – overall variance 0.281m ADVERSE

Enviroenergy (EE) - £0.100m adverse

The shortfall on income is due to reduced utility sales, based on customers being more energy efficient. In year spend is currently under review, and the EE board is discussing pricing options.

Corporate Cross-cutting Savings - £0.180m adverse

Slippage in reviews relating to Voluntary Sector Grants (£0.100m) and Overtime/Allowances (£82k).

APPENDIX C

Debtors - Performance Review – Q2 2015-16		Q1 June	Q2 Sept
BVPI 66a - Housing Rent Collection (%) <i>(cumulative - current tenants only)</i>			
	<i>(arrears + debit)</i> Actual	97.17	97.78
	Target	98.40	98.40
	Last Year Actual 2014-15	97.58	98.14
BVPI 9 - Council Tax Collection (%)			
	<i>(in year cumulative)</i> Actual	26.30	51.00
	Target	25.90	50.50
	Last Year Actual 2014-15	26.20	51.10
BVPI 10 - NNDR Collection (%)			
	<i>(in year cumulative)</i> Actual	31.28	55.62
	Target	29.20	55.50
	Last Year Actual 2014-15	27.90	55.80
Sundry Income Collection (%)			
	<i>(12 month rolling average)</i> Actual	79.40	81.20
	Target	99.00	99.00
	Last Year Actual 2014-15	84.00	89.00
Sundry Income Debtor Days -General			
	Actual	31.00	33.00
	<i>(12 month rolling average)</i> Target	32.30	32.30
	Last Year Actual 2014-15	29.60	29.40
Estates Rents Collection (%)			
	Actual	96.80	96.77
	<i>(12 month rolling average)</i> Target	97.50	97.50
	Last Year Actual 2014-15	96.84	97.00
Adult Residential Services Collection (%)			
	Actual	95.42	95.37
	<i>(12 month rolling average)</i> Target	95.90	95.90
	Last Year Actual 2014-15	95.90	96.50

VIREMENT 2015-16 REQUIRING EXECUTIVE BOARD APPROVAL

APPENDIX D

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Meals at Home Subsidy adjustment	0.100	within Commercial & Operations		Community Services & HR (CSH)	Adults, Health Community Sector (ADH)
Salary realignments	0.049	Children & Adults	Commercial & Operations	ADH	CSH
	0.006	within Commercial & Operations		Resources & Neighbourhood Regeneration (RNR)	Leisure & Culture (LCT)
	0.026	Resources	Children & Adults	within RNR	
	0.005	within Commercial & Operations		LCT	CSH
Early Intervention restructure	0.085	Children & Adults	Early Intervention	Early Intervention & Early Years (ELY)	ADH
	0.156			Jobs, Growth & Transport (JGT)	
	0.202			RNR	
Residual adjustment - Lunch Club	0.001	Commercial & Operations	Children & Adults	CSH	ADH
Vehicles budget adjustment (Meals at Home to Fleet Management)	0.102	within Commercial & Operations		CSH	JGT
Garage & Fleet consolidation	0.015	within Commercial & Operations		JGT	CSH
Marketing to Sports & Culture	0.154	Children & Adults	Commercial & Operations	RNR	LCT

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Civics and Coronial	0.730	Resources	Chief Executive	within RNR	
realignment - Civics (part) to Neighbourhood Services	0.034	Chief Executive	Commercial & Operations	RNR	JGT
Savings realignment	0.003	Chief Executive	Early Intervention	RNR	CSH
	0.034	Resources	Commercial & Operations	RNR	CSH
	0.018	Commercial & Operations	Corporate Budgets	CSH	RNR
	0.034			Energy & Sustainability (ESU)	
	0.113			JGT	
	0.150	Chief Executive	Resources	within RNR	
	0.056	Corporate Budgets	Commercial & Operations	RNR	LCT
Contact Centre (NHS)	0.055	within Commercial & Operations		JGT	CSH
Realignment within Trading & Operations (Cleaning)	0.051	within Commercial & Operations		JGT	CSH
Portfolio realignment - Inclusive Learning	0.126	within Children & Adults		Schools (SCH)	ELY
	2.304				

APPENDIX E

ADDITIONS						
Public Sector Housing						
Scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Empty Properties	0.425	0.000	0.000	0.000	0.000	0.425
Church Square Decommissioning Businesses	0.112	0.000	0.000	0.000	0.000	0.112
Decommissioning Block Fund	0.000	0.000	(0.112)	0.000	0.000	(0.112)
Bestwood Office Solar Panels	0.030	0.000	0.000	0.000	0.000	0.030
Addition of Sheltered Housing Scheme - Lenton New Build	0.000	1.300	0.000	0.000	0.000	1.300
Stepney Court Demolition	0.098	0.000	0.000	0.000	0.000	0.098
Total - Public Sector Housing	0.665	1.300	(0.112)	0.000	0.000	1.853

Other Services						
Adults, Commissioning & Health						
Scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Long Meadow Roof	0.150	0.000	0.000	0.000	0.000	0.150
Autism Innovation	0.019	0.000	0.000	0.000	0.000	0.019
Social Care Grant 15/16	(0.400)	0.000	0.000	0.000	0.000	(0.400)
Integrated Community Equipment Service	0.400	0.000	0.000	0.000	0.000	0.400
Total Adult's Commissioning & Health	0.169	0.000	0.000	0.000	0.000	0.169

Leisure and Culture						
Scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Lenton Rec - Outdoor Fitness Area	0.015	0.000	0.000	0.000	0.000	0.015
Clifton Leisure Centre invest to Grow	0.270	0.000	0.000	0.000	0.000	0.270
King Edward Park Improvements	0.114	0.000	0.000	0.000	0.000	0.114
Royal Centre Transformation	0.000	2.250	0.901	0.070	0.000	3.221

Total Leisure and Culture	0.399	2.250	0.901	0.070	0.000	3.620
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Jobs, Growth and Transport						
Scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Debt Mgt System-Traffic Enforcement	0.200	0.000	0.000	0.000	0.000	0.200
Carrington St Townscape Heritage	0.000	1.270	0.000	0.000	0.000	1.270
Total Jobs, Growth and Culture	0.200	1.270	0.000	0.000	0.000	1.470

Energy and Sustainability						
Scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Total Energy and Sustainability	0.012	1.176	(0.038)	(0.529)	2.607	3.228

Resources & Neighbourhood Regeneration						
Scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Byron House Refurbishment	0.160	0.000	0.000	0.000	0.000	0.160
Sandfield Centre - Demolition	0.945	0.000	0.000	0.000	0.000	0.945
Additional Microsoft Licences	0.310	0.000	0.000	0.000	0.000	0.310
Upgrade Delphi and One World	0.049	0.000	0.000	0.000	0.000	0.049
9 & 9A Poulton Drive Imps	0.080	0.000	0.000	0.000	0.000	0.080
Capital Receipts for reinvestment	(0.080)	0.000	0.000	0.000	0.000	(0.080)
Ashgate Retail Park	0.140	0.000	0.000	0.000	0.000	0.140
Microsoft Upgrade	0.094	0.000	0.000	0.000	0.000	0.094
Total Resources & Neighbourhood Regeneration	1.698	0.000	0.000	0.000	0.000	1.698

Scheme	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m
Total Other Services	2.478	4.696	0.863	(0.459)	2.607	10.185

Total Capital Programme	3.143	5.996	0.751	(0.459)	2.607	12.038
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APPENDIX F

OTHER VARIANCES				
Public Sector Housing				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
High Rise Sprinkler Systems - Slippage identified on monitoring project re-phased.	(0.169)			
Roof and Chimney Replacement - Scheme re-phased in line with latest works schedule	(2.500)			
No Fines / Solid Wall Insulation Scheme – re-phased in line with latest works schedule	(0.880)			
Acquisition of Sheltered Housing Scheme Project has been re-profiled and expenditure re-phased.	(0.300)			
Garage Demolitions / Outbuildings - City Wide - Slippage identified on monitoring expenditure re-phased.	(0.197)			
Demolition Costs - Newgate Court due to delayed start.	(0.200)			
Cranwell Road - New Build	(0.300)			
Meadows Social Housing New Build (42 Units) – The tendering process commenced later than first anticipated. The scheme has since been re-profiled.	(0.200)			
Affordable Homes - Garage Sites - New Build The tendering process commenced later than first anticipated. The scheme has since been re-profiled.	(0.400)			
Installation of Solar Panels – re-phased in line with latest works schedule	(1.003)			
City Wide CCTV / Door Entry Improvements		0.007		
Water Hygiene- Pump Upgrades		0.050		
Structural Surveys & Rectification Works		0.127		
Warmth for Nottingham		0.201		
Meadows Q Blocks - Phase 4		0.100		
TV Aerials - saving identified on monitoring			(0.018)	
St Ann's Estate Action-Stonebridge Park(NCH) - saving identified on monitoring			(0.001)	
Savings on re-allocations with D&R				(0.010)
Re-allocation Voids / Warmth / Modern Living - Reallocated across scheme lifetime, no net impact				0.367
Total - Public Sector Housing	(6.149)	0.485	(0.019)	0.357

Local Transport Programme				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Creative Quarter - Connecting Eastside – This scheme has been deferred until 2016/17 to allow integration with highways works associated with the Broad Marsh area.	(2.000)			
Total - Local Transport Plan	(2.000)	0.000	0.000	0.000

Education / Schools				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Nottingham Academy Grant - Re-profiling of Primary School Reorganisation programme	(1.500)			
Mellers Primary - Mobile - Re-profiling of Primary School Reorganisation programme	(0.150)			
Djanogly Primary Places - Re-profiling of Primary School Reorganisation programme	(0.132)			
Health and Safety Contingency - Re-profiling of Primary School Reorganisation programme	(0.400)			
Total Education / Schools	(2.182)	0.000	0.000	0.000

Other Services				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Adults, Commissioning & Health				
Imps to Community Buildings – A schedule of works is currently being assessed the scheme will be r-profiled accordingly.	(0.151)			
“Controcc” Scheme	(0.029)			
Social Care grant 2015/16 - Grant confirmed and received				0.863
Total Adults, Commissioning & Health	(0.180)	0.000	0.000	0.863

Community Services				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Area Capital Fund - based on profile of approvals and spend	(0.939)			
Total Community Services	(0.939)	0.000	0.000	0.000

Leisure and Culture				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Highfields Park Improvements - Start on site delayed	(2.106)			
Arboretum Café - Start on site delayed	(0.385)			
Right Track CC Playground	(0.003)			
Woodthorpe Grange Park Imps	(0.020)			
Lenton Abbey Park Imps	(0.027)			
Nottingham Castle - programme refreshed to latest works schedule	(0.200)			
Woodthorpe Retail Unit - Duplicate entry			(0.050)	
Victoria / Ken Martin / Southglade Health suites - minor overspend identified on monitoring				0.002
Total Leisure and Culture	(2.741)	0.000	(0.050)	0.002

Jobs, Growth and Transport				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
City Centre Impact Study - deemed feasible, transferred to revenue			(0.050)	
Total Jobs, Growth and Transport	0.000	0.000	(0.050)	0.000

Resources & Neighbourhood Regeneration				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Joint Service Centre - Bulwell LIFT	(0.152)			
Joint Service Centre - Strelley Road	(0.934)			
IT - SQL Consolidation Project	(0.059)			
IT - Service Improvement Prog - New Tools		0.125		
IT - Service Improvement Prog - Server 2003		0.200		
IT - E-mail upgrade - not proceeding			(0.224)	
IT - VOIP Phase 4 - completed			(0.009)	
IT - ASHH Migration - Replace Wyse / MS Licences - completed			(0.011)	

IT - BACs System Upgrade - completed			(0.011)	
Capital Receipts Reinvestment - reduced schedule			(0.315)	
Loan - Basford Hall College - Deemed revenue - cashflow only				(5.000)
Total Resources & Neighbourhood Regeneration	(1.145)	0.325	(0.570)	(5.000)

Planning and Housing				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Basford Water Ingress	(0.040)			
Total Planning and Housing	(0.040)	0.000	0.000	0.000

Strategic Regeneration				
Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Broadmarsh	(0.030)			
Stronger Safer Cities Fund	(0.059)			
Cavendish Court	(0.255)			
Total Strategic Regeneration	(0.344)	0.000	0.000	0.000

Scheme	Slippage £m	Acceleration £m	Savings £m	Other £m
Total Other Services	(5.389)	0.325	(0.670)	(4.135)
Total Capital Programme	(15.720)	0.810	(0.689)	(3.778)