

## Executive Board – 22 September 2020

<b>Subject:</b>	Interim Budget 2020/21, Medium Term Financial Outlook and Draft Strategy 2021/22 to 2023/24
<b>Corporate Director(s)/Director(s):</b>	Laura Pattman, Strategic Director of Finance & Section 151 Officer
<b>Portfolio Holder(s):</b>	Councillor Sam Webster, Portfolio Holder for Finance, Growth & the City Centre
<b>Report author and contact details:</b>	Theresa Channell, Head of Strategic Finance & Deputy Section 151 Officer theresa.channell@nottinghamcity.gov.uk
<b>Other colleagues who have provided input:</b>	Colleagues within Strategic Finance
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<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
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
<b>Total value of the decision:</b>	<b>£78.774m</b>
<b>Wards affected:</b>	All
<b>Date of consultation with Portfolio Holder(s):</b>	Throughout April to September
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input checked="" type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>This report provides an update on the 2020/21 Budget and the financial impact of the Covid-19 pandemic. It follows on from the Council Financial Position – 2020/21 Budget Update report which was approved by Executive Board on 21 July 2020.</p> <p>This report sets out the Council's plans to present a balanced budget for 2020/21 using the latest budget monitoring for 2020/21, release of reserves, funding assumptions and in year savings of <b>£12.505m</b> (as included within the 21 July Executive Board report). The report also details the S151 Officer's updated assessment on the robustness of the budget and adequacy of reserves in light of the measures taken to close the budget gap for 2020/21. The report also provides an update on the position of the Housing Revenue Account (HRA) in 2020/21, including the impact of Covid-19 and a draft 2021/22 HRA budget.</p> <p>The gross Covid-19 impact for 2020/21 is <b>£78.408m</b>, the confirmed funding from Government is <b>£23.545m</b> and estimated funding from the Income Compensation Scheme is <b>£16.277m</b> resulting in a funding gap of <b>£38.585m</b></p> <p>In order to close the budget gap, in the absence of any further confirmed funding support from Government, <b>£38.718m</b> of reserves will be permanently released and not replenished which will have a significant impact on the Council's future ability to deliver services and mitigate any future risks. As a result a prioritisation process for utilising reserves has been implemented and is detailed within this report.</p>	

This report provides Executive Board with a draft Medium Term Financial Strategy (MTFS) incorporating an update of the Council's Medium Term Financial Outlook (MTFO). These set out the significant uncertainties resulting from Covid-19 and the estimated continued financial impact for the next 3 years. This includes the level of confidence in the assumptions underpinning the projections post Covid-19 in relation to the level of funding available from Government, the demand for service, increased cost pressures, reduced income from fees and charges and the impact on the Councils group companies and commercial activity.

The MTFO reports an estimated budget gap of between **c£39m** and **c£54m** for 2021/22 and up to **c£64m** for the period of the MTFS. Of this between **c£23m** and **c£37m** is in relation to post Covid-19 pressures for 2021/22. The draft MTFS sets out how the Council will address the future financial challenges and the work that needs to be undertaken for the 2021/22 budget and subsequent years.

This report also sets out the current position on the Housing Revenue Account and the Capital Programme and recommends additional reviews to understand the impact of Covid-19.

**Exempt information:** None

**Recommendation(s):**

### **1 2020/21 Forecast Outturn**

a. To note:

- i. Period 4 forecast outturn for the 2020/21 General Fund as set out in **Tables 1 & 2** and **Appendix 1**
- ii. Qtr1 forecast monitoring for HRA revenue budget and capital programmes as set out in **Sections 5 and 6**

b. To approve budget virements as set out in **Appendix 3**

### **2 Interim Budget**

a. To note, endorse and recommend to City Council:

- i. New savings totalling **£12.505m** for 2020/21 as set out in the July Council Financial Position - 2020/21 Budget Update Executive Board report
- ii. Use of **£94.440m** of reserves within 2020/21, includes **£70.022m** to mitigate in year issues, **£10.678m** tranche 1 Covid-19 grant, **£4.482m** IT commitments, **£3.930m** to support in year savings
- iii. Amendments to 2020/21 original savings which are now assessed to be unachievable
- iv. Allocation of Covid-19 related grants to service budgets
- v. One off changes to Portfolio Budgets, including the redistribution of budgets for services with underspends
- vi. The continuation of existing monitoring arrangements, spending controls and vacancy freeze
- vii. Any underspends resulting from spending controls and vacancy freeze are to be used to replenish reserves
- viii. Delegation of approval to the S151 Officer to reset 2020/21 budget in accordance with principles set out in paragraph **4.24** and **Appendix 7**

### **3 2020/21 budget proposals**

a. To note the outcomes of the budget consultation as detailed in **Annex 1** for the new 2020/21 proposals previously reported in the July Executive Board report

### **4 Robustness of the Interim Budget**

a. To note, endorse and recommend to City Council the recommendations of the Strategic Director of Finance (S151 Officer) in respect of the estimates within the interim budget and the adequacy of reserves as detailed in **Annex 2**

### **5 Draft Medium Term Financial Strategy (MTFS) (incorporating the Medium Term Financial Outlook (MTFO))**

a. To note the draft MTFS including the updated MTFO

b. To note that a detailed revised MTFS will be brought back for consideration at December Executive Board.

c. To note a detailed review of the Capital Programme and Capital Investment Strategy will be undertaken and the outcomes will be reflected in the MTFS.

## 1. Reasons for recommendations

- 1.1 The Council has had to make cumulative budget savings totalling **£271.4m** in the period from 2010/11 to 2019/20 and as a result has been operating in a significantly challenging financial environment. The 2020/21 Budget and current MTFP was approved by Full Council on 9 March 2020, prior to the Covid-19 pandemic, and included new savings of **£15.623m** and pressures of **£17.911m** for 2020/21. Since the start of the pandemic the financial strain Covid-19 has had on Councils across the country has been widely reported and this is the same for Nottingham City Council, in terms of increased expenditure, lost income and the impact on existing budget savings.
- 1.2 The MTFP identifies that the budget was balanced for 2020/21, however identified projected budget gaps in 2021/22 of **£24.565m** and **£30.075m** in 2022/23.
- 1.3 It also noted that the Council has had consecutive overspend outturn positions in 2016/17, 2017/18, 2018/19 and 2019/20. The Executive Board on 29 June 2020 approved a draft 2019/20 outturn overspend position of **£6.754m**, of which **£2.924m** was directly attributable to Covid-19. In order to mitigate as much as possible the prior year overspends a series of one-off measures, including the use of reserves and spending controls, have been utilised which has reduced the Council's future budget flexibility further. It should also be noted that the approved 2020/21 budget includes **£8.783m** of one-off items.
- 1.4 Executive Board on 21 July 2020 approved the Council Financial Position – 2020/21 Budget Update report. This report considered the following:
  - A budget gap at the time of **£62.272m** based on period 1 forecasting
  - New in year savings proposals of **£12.505m**
  - Update on funding from Government
  - Continuation of spending controls including vacancy freeze.
- 1.5 This report provides an update on the strategy to close the forecasted 2020/21 budget gap, these measures include:
  - Continuation of spending controls within the Council, this includes recruitment freeze and the ceasing of all non-essential spend;
  - New in year 2020/21 savings and efficiency proposals;
  - Review of earmarked reserves including the potential to temporarily release reserves which will be required to be paid back over the medium term
- 1.6 This report also provides an update of the Medium Term Financial Outlook (MTFO) and Medium Term Financial Strategy (MTFS) and the assumptions underpinning this strategy. This is important as it sets out the financial challenges and budget gaps for the next 3 years and our strategy for addressing the gap for 2021/22 in light of the current uncertain operating context. Executive Board will be required to recommend a balanced budget for 2021/22 to Council in March 2021 and the Medium Term Financial Strategy provides a framework for supporting this budget setting process.

## 2. Background (including outcomes of consultation)

- 2.1 Executive Board has to date approved two financial reports on the impact of Covid-19. On 29 June 2020 Executive Board was presented with the 'Council Financial Position – Financial Risk Assessment'. This report outlined a 2020/21 Budget gap of **£76.085m**

based on April 2020 budget monitoring; this budget gap included **£19.823m** of Government funding.

2.2 A second report was presented to Executive Board on 21 July. This report detailed the latest budget gap at the time of **£62.272m** and reported total Government funding of **£23.545m** and 2020/21 new savings and efficiencies totalling **£12.505m**. Both reports highlighted the significant gaps within the 2020/21 budget which are as a direct result of the Covid-19 pandemic and the statutory duty of the S151 Officer to present a revised balanced budget for 2020/21. The reports also set out the requirements to consider whether a time may be reached when the S151 Officer would issue a statutory s114 notice – the last resort option. Under new CIPFA guidance the S151 Officer should at the earliest possible stage make informal confidential contact with MHCLG to advise of financial concerns and a possible forthcoming s114 requirement. This modification does not change the statutory responsibilities of the S151 Officer. The S151 officer will keep the financial position under constant review.

2.3 This report provides an update on the following items:

- Latest financial monitoring for 2020/21 including updated Covid-19 costs and lost income and latest funding assessments from Government (confirmed and estimated)
- Updates following public consultation on the **£12.505m** savings proposals
- Outcomes of the reserves review
- Recommend of a revised budget to Full Council on 5 October 2020
- Refreshed Medium Term Financial Outlook (MTFO) and draft Medium Term Financial Strategy (MTFS) for noting at Council

2.4 The S151 Officer has put in place full and robust monthly financial monitoring since the outset of the pandemic to ensure financial assumptions are regularly reviewed. Ordinarily September Executive Board would approve the Qtr1 financial monitoring position, however in light of significantly challenging financial position faced by the Council this report includes the latest revenue position as at the end of July (Period 4).

### **3 Portfolio 2020/21 forecast outturn as at Period 4**

3.1 **Table 1** below presents the latest forecast variances. Of the **£70.717m** Covid-19 additional spend and lost income **£54.577m** is within Portfolio budgets, headlines are:

- Adult Care & Local Transport portfolio adverse variance of **£14.325m** due to lost income within Workplace Parking Levy **£5.468m**, additional support to care providers **£4.484m** and PPE costs of **£5.500m**
- Leisure, Culture & IT Covid-19 impact is **£10.687m** mainly within Leisure Centres **£5.205m** and Theatre Royal / Concert Hall **£3.292m**.
- Regeneration, Schools & Communications **£7.934m** driven by income reductions within the Property Trading Account **£6.851m**.
- Communities, Highways & Strategic Transport **£7.476m** adverse variance largely driven by the adverse impact on Parking income **£4.379m**.

3.2 The period 4 monitoring includes a **£5.811m** underspend within business as usual activities. Part of the budget strategy has been to implement a series of spending controls which includes a vacancy freeze and essential spend only, the outcomes of these initiatives has been included within the business as usual forecasts.

- 3.3 A thorough review of approved budget savings has been undertaken, due to Covid-19 a number of these are now deemed to be unachievable totalling **£7.691m**
- 3.4 The Companies adverse variance of **£6.025m** mostly relates to reduced income, such as the loss of dividend from Nottingham City Transport, and financial support to the group companies as a result of Covid-19.
- 3.5 Corporate budgets are **£6.780m** adverse to budget, this is largely due to a provision for additional risks associated with Covid-19 including extra Treasury Management costs, provision for debts and losses and the additional measures the Council put in place to support customers, citizens and businesses.
- 3.6 New Enterprise Resource Planning System (ERP) delayed go-live – Leicestershire County Council and Nottingham City Council share an Oracle e-business platform to support a range of functions which is currently being replaced with Oracle Cloud solution which was due to go live in April 2020. These preparations were paused near to implementation date due to the Covid-19 emergency. Nottingham City Council's migration to the new platform is now proposed to take place in April 2021, however this will result in additional costs of **£3.500m**.
- 3.7 Further details on Portfolio service variances +/-£50k are detailed within **Appendix 1**.

<b>Portfolio</b>	<b>20/21 Net Budget</b>	<b>Total Covid-19 Impact</b>	<b>Non Covid-19 related variance to budget</b>	<b>Un-achieved 20/21 Budget savings</b>	<b>Total P4 forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Care & Local Transport	102.123	14.325	(7.688)	1.801	<b>8.438</b>
Children & Young People	55.269	4.522	3.396	1.978	<b>9.896</b>
Communities, Highways & Strategic Transport	8.452	7.476	(0.308)	0.766	<b>7.934</b>
Employment & Community Protection	8.805	0.191	(0.300)	0.125	<b>0.016</b>
Energy, Environment & Democratic Services	20.959	3.392	(1.345)	0.513	<b>2.560</b>
Finance, Growth & the City Centre	9.513	4.115	0.225	1.676	<b>6.016</b>
Health, HR & Equalities	(6.817)	0.817	(0.469)	0.000	<b>0.348</b>
Housing, Planning & Heritage	6.335	1.117	0.302	0.030	<b>1.449</b>
Leisure, Culture & IT	11.899	10.687	0.168	0.481	<b>11.336</b>
Regeneration, Schools & Communications	(13.902)	7.934	0.209	0.156	<b>8.299</b>
<b>Total Portfolios</b>	<b>202.636</b>	<b>54.577</b>	<b>(5.811)</b>	<b>7.526</b>	<b>56.292</b>
Companies	(23.491)	5.950		0.075	<b>6.025</b>
<b>Total Portfolio &amp; Companies</b>	<b>179.145</b>	<b>60.527</b>	<b>(5.811)</b>	<b>7.601</b>	<b>62.317</b>
Corporate	68.915	6.690		0.090	<b>6.780</b>
New ERP System Delayed go-live		3.500			<b>3.500</b>
<b>Total Outturn Position</b>	<b>248.059</b>	<b>70.717</b>	<b>(5.811)</b>	<b>7.691</b>	<b>72.597</b>
Government Covid-19 Grant to date					(23.545)
Assumed Government Income Compensation					(16.277)
<b>2020/21 Forecast Outturn</b>					<b>32.775</b>
2019/20 overspend					6.754
<b>Net Revenue position (prior to reserve releases)</b>					<b>39.529</b>

3.8 **Appendix 2** details collection rate information for Housing Rents Collection, Sundry Income, Adult Residential Services, Council Tax and National Non-Domestic Rates (NNDR). It should be noted that the reduced Council Tax and NNDR amounts collected will impact on the collection fund and MTFP in future years and will be part of the revised MTFO within MTFS.

3.9 **Appendix 3** details budget virements requiring Executive Board approval.

#### 4. Period 4 Budget Position & Interim Budget

4.1 **Table 2** below shows the updated budget gap as at period 4. The main headlines are listed below and further details are contained elsewhere within the report:

- The gross impact of Covid-19 in 2020/21 is forecast at **£78.408m**
- Confirmed Government funding to date of **£23.545m** and assumed funding from the Income Compensation Scheme of **£16.277m** resulting in a net Covid-19 funding gap of **£38.585m**.
- Projected business as usual budget underspends of **£5.811m**
- The requirement to address the 2019/20 overspend of **£6.754m**
- Savings proposals of **£12.505m** as proposed in the 21 July 2020 Executive Board report. Executive Board is now requested to recommend these savings for approval at October 2020 Full Council. These proposals reduce the budget gap to **£27.024m**
- Robin Hood Energy (RHE) pressure of **£38.200m** and a further provision of **£6.000m** has been included for other risks including companies' provision for debt
- Use of **£70.022m** of earmarked reserves. **£38.718m** of reserves will be permanent released and **£31.304m** will be borrowed and repaid back over the next 5 years
- The remaining balance of **£1.202m** will be funded by general fund reserves on a temporary basis and will be included within the budget gap for 2021/22, pending management actions to reduce the gap.

<b>Table 2 : Period 4 Budget Monitoring 2020/21</b>	
<b>Budget item</b>	<b>£m</b>
Period 4 Covid-19 extra spend and lost income	70.717
Unachievable 2020/21 budget savings	7.691
<b>Gross Covid-19 Impact</b>	<b>78.408</b>
Government Covid-19 Grant - tranches 1, 2 & 3	(23.545)
Assumed Government Income Compensation	(16.277)
<b>Net Covid-19 Impact</b>	<b>38.585</b>
Business As Usual (BAU) forecast underspend	(5.811)
<b>2020/21 Forecast Outturn</b>	<b>32.775</b>
Carried over 2019/20 overspend	6.754
<b>Net Revenue position</b>	<b>39.529</b>
Savings and Efficiencies - Consultation Proposals	(12.505)
<b>Remaining Budget Gap updated for in year savings</b>	<b>27.024</b>
Robin Hood Energy	38.200
Companies Provision for Debt and other risks	6.000
<b>Updated gap for other risks</b>	<b>71.224</b>
Use of Earmarked Reserves	(38.718)
<b>Outstanding Gap before borrowing from reserves</b>	<b>32.506</b>
Borrow & Pay Back of Earmarked Reserves	(31.304)
<b>Outstanding gap after the use of Earmarked reserves</b>	<b>1.202</b>

*(The use of these reserves span 18/19 to 20/21 in relation to the requirements of IFRS9)*

## Government Covid-19 Funding

- 4.2 To date the Council has had confirmed funding of **£23.545m**. In addition, a Government scheme to compensate for income losses from sales, fees and charges has been announced. All relevant losses will only be compensated at 75 pence in the pound for losses above the first 5% of budgeted income
- 4.3 The income compensation figures are currently being worked through for the first submission to Government however the period 4 monitoring assumes this will result in funding of **£16.277m**. The first return is required by 30 September 2020.
- 4.4 In addition, there have been a number of ring-fenced grants announced by the Government in response to the pandemic, these are included within **Appendix 4**.
- 4.5 The gross Covid-19 impact in 2020/21 is **£78.408m**, the confirmed and estimated funding of **£39.822m** results in a Government funding gap of **£38.585m**. As Government support was not forthcoming to fully compensate the Council for the costs of Covid-19 the Council has had to identify new savings and efficiencies and review its reserves to present a balanced budget in year.
- 4.6 Based upon the initial statements from Government for local authorities to do whatever it takes to respond effectively to the Covid-19 pandemic, the expectation is for Government to provide full financial assistance to enable the Council to fulfil its requirements to deliver services to the citizens of Nottingham by:
- Providing for the full cost incurred by local authorities in relation to Covid-19;
  - Compensating for all reduced income from fees and charges that have been impacted by Covid-19;
  - Underwriting the shortfall in Business Rates resulting from Covid-19 in full;
  - Compensating the Council for any shortfall against budget regarding the level of Council Tax collected as a result of Covid-19 in full;
  - Funding 100% of the Local Council Tax Support (LCTS) scheme to protect authorities against loss of council tax income due to an increase in claimants;
  - Public Works Loans Board (PWLB) debt – revised lending terms and reduce interest rates for PWLB debt.
- 4.7 However more recently the position has become less certain whether Government will fully fund local government in respect of lost income and additional costs arising from Covid-19. At the same time as the full extent of the support has been less clear, Government has advised that should any local authorities consider that they require specific financial support arising from the financial implications of Covid-19 then they are willing to enter into individual discussions to explore the nature of the support that could be offered. A number of local authorities are believed to be actively engaged with the government to discuss financial support which allow essential public services to continue to be delivered whilst plans are out in place to put their finances on a sustainable footing. Whilst each discussion between a local authority and Government is confidential to the parties it is believed that many of these discussions will centre on capitalisation i.e. providing a greater period time within which to meet costs from available revenue.

## In year savings proposals

- 4.8 The 21 July Executive Board report included savings proposals for 2020/21 of **£12.505m**. **Table 3** below restates these savings based on the new portfolio responsibilities.

<b>Table 3: In year savings proposals</b>	
<b>Lead Portfolio</b>	<b>2020/21 £m</b>
Adult Care & Local Transport	(1.833)
Children & Young People	(0.245)
Communities, Highways & Strategic Transport	(0.988)
Employment & Community Protection	(0.521)
Energy, Environment & Democratic Services	(0.598)
Finance Growth & the City Centre	(1.324)
Health, HR & Equalities	(0.448)
Housing, Planning & Heritage	(0.125)
Leisure, Culture & IT	(0.562)
Regeneration, Schools & Communications	(0.540)
<b>Total Portfolio</b>	<b>(7.184)</b>
Corporate Contingency	(1.393)
Earmarked Reserves	(3.930)
<b>Total</b>	<b>(12.505)</b>

- 4.9 **Appendix 5a-j** details the individual savings which Executive Board is asked as part of this report to note, endorse and recommend to October 2020 Full Council.

### 4.10 Outcomes from public consultation

At the time of writing this report **232** responses have been received, a summary of the responses are contained within **Annex 1**. The proposals most frequently mentioned within the feedback were:

- Review of day services / closure of one day centre
- Close targeted, underused / poor condition city play areas by Dec 2020
- Introduce a charge for 3<sup>rd</sup> residential parking permit

### Voluntary Redundancy (VR)

- 4.11 In response to the challenging financial environment faced by the Council a VR programme commenced in June 2020 with applications for VR closing in August 2020. Senior Managers within the Council are assessing those applications against the existing budget saving proposals as published in the 21 July Executive Board report.
- 4.12 The number of applications exceeded the number required for the initial round of budget savings and due to the on-going budget challenge Portfolio Holders and Senior Managers together with HR and Finance are assessing those applications to consider whether further savings can be made.
- 4.13 Progress on these discussions will be brought to future Executive Boards.



## Reserves

### Use of Earmarked Reserves

- 4.14 The size and scale of the financial challenges, for 2020/21, arising from the financial impact of Covid-19 has necessitated the use of Earmarked Reserves as part of the strategy for closing the budget gap.
- 4.15 It is important to acknowledge that reserves are 'one off' funds and are therefore suitable for funding 'one off' or unexpected costs. The use of reserves to fund ongoing expenditure is not advised, except in emergencies and/or to enable transition to new ways of working. The use of reserves in this way will significantly reduce future budget flexibility and the ability to mitigate risks as they arise and on the future decisions of the Council. It will also significantly reduce our balance sheet position and provide a further pressure on the MTFO.
- 4.16 A thorough and extensive review of earmarked reserves has been undertaken and has identified **£70.022m** of reserves for use in year to mitigate in year issues. The release of reserves is categorised between those reserves which will be permanently released and not replenished (**Table 4**) and those to be borrowed and paid back over the medium term (**Table 5**).

<b>Reserve</b>	<b>£m</b>
Collection Fund & Business Rates	(11.357)
Treasury Management Risk Reserve	(9.850)
Resilience Reserve	(8.323)
Service reserves	(4.431)
Pension Deficit Lump Sum	(2.000)
Housing Benefits	(1.000)
Other and Risk and Contingency Reserve	(1.757)
<b>Total</b>	<b>(38.718)</b>

*(The use of these reserves span 18/19 to 20/21 in relation to the requirements of IFRS9)*

- 4.17 It is proposed to borrow **£31.304m** from reserves (predominately from PFI reserves) and paid back over the next 5 years. The Council's external auditors will be required to sign off the strategy for borrowing and paying back from reserves and will need to be satisfied that there are robust plans in place for repayment.
- 4.18 **Table 5** shows the repayment schedule for these reserves, with **80%** of reserves to be paid back within the next three years.

<b>Year</b>	<b>£m</b>
2020/21	(31.304)
2021/22	7.051
2022/23	9.627
2023/24	8.127
2024/25	3.250
2025/26	3.250
<b>Total</b>	<b>0.000</b>

#### New Earmarked Reserves process

- 4.19 The significant reduction in the Council's reserves to support the in-year position has required the S151 Officer to implement a new process for managing the movement in reserves. The Council's controllable reserves will be held corporately and subject to a prioritisation process and approval from the S151 Officer or deputy S151 Officer. Each application will require a robust justification and will be assessed based on the financial situation of the Council at that time and may result in previous decisions for funding being refused. This reduction in reserves will have an impact on service delivery and the applications will need to be prioritised.

#### Revised Earmarked Reserves balances

- 4.20 As summarised in **Table 6** the balance of earmarked reserves is now **£77.515m** (excluding **£20.153m** of reserves held on behalf of others e.g. Schools), this is after the use of **£70.022m** to mitigate in year issues and a net **£24.418m** of other movements in relation to the use of tranche 1 Covid-19 grant of **£10.678m**, **£4.482m** for IT commitments, **£3.930m** to support the in-year savings and the balance to fund agreed capital commitments and other activity. The **£70.022m** represents a **49.3%** decrease in reserves from last year. It should be noted that of the remaining **£77.515m** many of these are fully committed for PFI and Capital or are to fund known future issues. **Appendix 6** details reserve movements in year

<b>Reserve Category</b>	<b>£m</b>
Asset Maintenance	1.120
Capital	16.905
Contingency & Risk	18.608
Information Technology	4.353
Local Economy	3.078
Private Finance Initiatives	17.307
Services	1.308
Transformation	3.739
Workforce	11.097
<b>Total</b>	<b>77.515</b>

#### **Remaining £1.202m budget gap to be funded from the general reserve**

##### General reserve

- 4.21 Thorough financial budget monitoring will continue to take place each month throughout 2020/21 and the expectation is that the on-going spending controls and vacancy freeze will continue to generate favourable variances within business as usual spend to close the remaining budget gap. Progress in closing this budget gap will continue to be reported to Executive Board on a regular basis.
- 4.22 In order to achieve a balanced budget for 2020/21, the remaining **£1.202m** will be funded from the general fund balance. If an overspend remains at outturn this will be carried over to 2021/22 and will form part of the 2021/22 budget consultation process which will be reported to Executive Board in December 2020.

## Movement of budgets

4.23 Executive Board is required to recommend to Full Council approval to amend and reset the 2020/21 budgets; the principles for resetting budgets will be based on the assessment at period 4 as shown in **Table 1**:

- Allocation of all Covid-19 related grants to Portfolio budgets
- Amendment of original 20/21 savings
- Implementation of new 20/21 saving proposals of **£12.505m** as outlined in the July Executive Board report
- Use of reserves to balance budget
- Underspends will be redistributed

4.24 This resetting of budgets will provide clarity on how the Council can achieve a balanced budget position for 2021/21. It is requested that Executive Board delegate approval to the S151 Officer to reset the detailed budgets in accordance with the principles above, this will be actioned within the Council's Finance Systems by the end of October 2020 after Full Council approval. **Table 7** details the Portfolio budget moves to facilitate an interim balanced budget to be set for 2020/21.

4.25 It should be noted that the net Covid-19 impact includes the estimated funding for the Income Compensation Scheme, these movements will need to be adjusted once the final funding has been confirmed.

4.26 **Appendix 7** provides a further breakdown of the net Covid-19 impact budget movements and details the movements by Portfolio and Department.

Portfolio	Net Covid Impact £m	Non-Covid BAU Forecast £m	Consultation Savings £m	Other Items + Reserves £m	Net Budget Moves £m
Adult Care & Local Transport	2.662	(7.688)	(1.833)		(6.859)
Children & Young People	0.077	3.396	(0.245)		3.229
Communities, Highways & Strategic Transport	4.045	(0.308)	(0.988)		2.749
Employment & Community Protection	0.140	(0.300)	(0.521)		(0.681)
Energy Environment & Democratic Services	1.251	(1.345)	(0.598)		(0.692)
Finance Growth & the City Centre	2.324	0.225	(1.324)		1.225
Health, HR & Equalities	0.288	(0.469)	(0.448)		(0.629)
Housing, Planning & Heritage	0.152	0.302	(0.125)		0.329
Leisure, Culture & IT	4.259	0.168	(0.562)		3.866
Regeneration, Schools & Communications	7.082	0.209	(0.540)		6.750
<b>Portfolios</b>	<b>22.281</b>	<b>(5.811)</b>	<b>(7.182)</b>	<b>0.000</b>	<b>9.287</b>
Corporate	16.305		(1.393)	6.754	21.667
RHE				38.200	38.200
Companies Provision for Debt and other risks				6.000	6.000
Earmarked Reserves	0.000		(3.930)	(70.022)	(73.952)
<b>Period 4 Forecast</b>	<b>38.585</b>	<b>(5.811)</b>	<b>(12.505)</b>	<b>(19.068)</b>	<b>1.202</b>
General Reserves	0.000			(1.202)	(1.202)
<b>Total</b>	<b>38.585</b>	<b>(5.811)</b>	<b>(12.505)</b>	<b>(20.270)</b>	<b>0.000</b>

## 5. Housing Revenue Account

- 5.1 The latest position for the Housing Revenue Account (HRA) 2020/21 is shown in **Table 8** below. The main variance is a reduction in rental income due to rising arrears caused by the economic impact of Covid-19 on tenants. It is possible that rent arrears may increase by **£2.3m** in the current year, so the budgeted contribution to the Bad Debt Provision has been increased and will be kept under review. Arrears are currently **£0.900m** higher than this time last year however the two week rent free period has been brought forward and the no eviction ban is in place. There has also been an increase in Universal Credit claims. A tenant reward scheme is still in place which is designed to support households.
- 5.2 The management and repair of the Council's housing stock is delegated to Nottingham City Homes (NCH). NCH has experienced increased costs due to expenditure on PPE, additional support to tenants during the pandemic and loss of income related to the management of capital schemes. It is anticipated it will be possible to absorb the impact of these within the current financial year and the situation will be monitored.

<b>Table 8: HRA – Quarter 1 Outturn 2020/21</b>			
<b>Description</b>	<b>Original Budget 2020/21 £m</b>	<b>2020/21: Q1 forecast £m</b>	<b>Variance to original budget £m</b>
<b>Income</b>			
Rent income including bad debt provision	(94.202)	(93.952)	0.250
Service charges & other income	(11.278)	(11.442)	(0.164)
<b>Total Income</b>	<b>(105.480)</b>	<b>(105.394)</b>	<b>0.086</b>
<b>Expenditure</b>			
Management & Repairs	60.409	60.594	0.184
Capital charges	45.071	45.155	0.085
<b>Total Expenditure</b>	<b>105.480</b>	<b>105.749</b>	<b>0.269</b>
<b>Deficit / (Surplus)</b>	<b>0.000</b>	<b>0.355</b>	<b>0.355</b>
Working balance B/F	7.737	7.737	7.737
<b>Working Balance C/F</b>	<b>7.737</b>	<b>7.382</b>	<b>(0.355)</b>

- 5.3 The draft HRA 2021/22 Budget is shown in **Table 9**. There is a potential deficit of **£0.728m**, based on updating assumptions for stock levels (due to Right to Buy, new build and acquisitions), increase to rents and service charges and capital charges.
- 5.4 The MTFP assumed 2% increase to rents, but the latest projected rent increase is 1.2% (rents can increase by a maximum of CPI + 1%), reducing rental income by **£0.768m**.

<b>DESCRIPTION</b>	<b>MTFP 2021/22 £m</b>	<b>2021/22 BUDGET £m</b>
<b>INCOME</b>		
Rent income	(95.200)	(94.635)
Service charges & other income	(11.248)	(11.444)
<b>TOTAL INCOME</b>	<b>(106.447)</b>	<b>(106.079)</b>
<b>EXPENDITURE</b>		
Management & Repairs	60.206	60.531
Capital Charges	46.241	46.276
<b>TOTAL EXPENDITURE</b>	<b>106.447</b>	<b>106.807</b>
<b>Deficit / (Surplus)</b>	<b>(0.000)</b>	<b>0.728</b>
HRA Working Balance	<b>7.383</b>	<b>6.655</b>

5.5 Work is ongoing to review the assumptions, especially arrears levels and rent setting options, to produce a balanced budget as part of the report to Full Council in March 2021, this will include additional pressures in relation to extra legislative requirements of Building Safety Bill and Fire Safety Orders.

## 6. Capital Programme Update

6.1 The outturn report approved an updated overall Capital Programme for 2020/21 of **£233.134m** for the General Fund and **£54.604m** for Public Sector Housing. During quarter 1 there have been 20/21 additions of **£21.527m** and other movements – mainly due to slippage of schemes due to Covid-19 of **(£80.149m)**. Actual spend to quarter 1 is **£24.337m**. **Table 10** details the quarter 1 movements.

	<b>20/21 Forecast Spend £m</b>	<b>20/21 Additions £m</b>	<b>Other Movements (Slippage / Reprofiling) £m</b>	<b>Projected Outturn at Qtr1 £m</b>	<b>Actual Spend to Qtr1 £m</b>	<b>New Additions (Spend 20/21+) £m</b>
<b>Public Sector Housing</b>						
Category 1 (Approved Schemes)	53.654	0.844	(0.588)	53.910	3.164	4.296
Category 2 (Planned Schemes)	0.950	0.000	2.448	3.398	0.000	52.673
<b>Public Sector Housing</b>	<b>54.604</b>	<b>0.844</b>	<b>1.860</b>	<b>57.308</b>	<b>3.164</b>	<b>56.969</b>
<b>General Fund</b>						
Category 1 (Approved Schemes)						
Transport Schemes	16.646	19.497	0.796	37.844	1.467	78.512
Education / Schools	3.934	1.041	(0.003)	4.972	1.849	0.100
Other Services	159.981	0.145	(34.229)	125.897	17.857	0.000
Category 2 (Planned Schemes)	52.573	0.000	(48.573)	4.000	0.000	0.000
<b>General Fund</b>	<b>233.134</b>	<b>20.683</b>	<b>(82.009)</b>	<b>172.713</b>	<b>21.173</b>	<b>78.612</b>
<b>TOTAL</b>	<b>287.738</b>	<b>21.527</b>	<b>(80.149)</b>	<b>230.021</b>	<b>24.337</b>	<b>135.581</b>

## Approvals in Quarter 1

6.2 Scheme amendments and additions of **£21.527m** have been approved in quarter 1 where capital expenditure is expected to be incurred in 2020/21. Further additions of - **£135.581m** have been included as future commitments. Details of category 1 approvals during quarter 1 over £1.000m are:

- **£18.737m** Transforming Cities Grant to be spent in 2020/21 (a further **£66.352m** to be spent from 1<sup>st</sup> April 2021), grant funded projects within the Transport section of the capital programme.
- **£1.665m** Future Transport Grant to be spent in 2020/21 (a further **£15.035m** to be spent from 1<sup>st</sup> April 2021), grant funded projects within the Transport section of the capital programme.
- **£0.844m** Public Sector Housing Development on the Oakdene site (a further **£3.895m** to be spent from 1<sup>st</sup> April 2021), providing additional affordable homes in Nottingham.

## Other Movements (Slippage / Re-profiling)

6.3 Scheme movements (slippages / re-profiling) during quarter 1 2020/21 is **(£80.149m)**. Schemes where slippages is over £0.500m are detailed below in **Table 11**. A significant amount of the other movements in the capital programme is in relation to Southside Regeneration, **(£26.498m)**: This movement is down to slippage on the Car Park project following Covid-19 and due to Intu (the Council's development partner for the Broadmarsh Shopping Centre Project) going into administration after the balance sheet date. The Council is currently considering development options for the site.

	<b>20/21 Outturn £m</b>	<b>20/21 Quarter 1 £m</b>	<b>Movement £m</b>
<b>General Fund</b>			
Other Services			
NET Lines 2/3 - Quantative Risk Assessment	5.992	1.930	(4.062)
Loan - NCH Homeless	15.200	4.820	(10.380)
Investment Prop - Project Albert (Trade Counter)	0.960	0.000	(0.960)
NCH E Loan - Meadows Police Station	0.000	3.976	3.976
Southside Regeneration	48.443	21.945	(26.498)
Category 2 (Planned Schemes)	20.235	4.000	(16.235)
Category 2 (Planned Schemes) - Approved in Qtr1			
Transforming Cities	21.953	0.000	(21.953)
Future Transport Zone	10.000	0.000	(10.000)
<b>Public Sector Housing</b>			
Category 2 (Planned Schemes)			
New Project over £0.500m	0.000	2.131	2.131
<b>Movements under £0.500</b>			
General Fund			4.103
Public Sector Housing			(0.271)
<b>Total Slippage and Other Movements</b>			<b>(80.149)</b>

## Public Sector Housing (HRA) Capital Programme

6.4 The Public Sector Housing programme has been updated to reflect movements in quarter 1. **Table 12** below sets out the updated programme and resources.

<b>Table 12 – Public Sector Housing Capital Programme &amp; Resources</b>						
<b>Scheme</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Total £m</b>
Category 1 - Approved Schemes	53.910	68.553	53.535	36.908	30.380	<b>243.286</b>
Category 2 - Planned Schemes	3.398	22.294	19.610	13.218	0.000	<b>58.520</b>
<b>Total Programme</b>	<b>57.308</b>	<b>90.847</b>	<b>73.145</b>	<b>50.126</b>	<b>30.380</b>	<b>301.806</b>
<b>Resources Available</b>						
Prudential Borrowing	(17.767)	(31.479)	(28.267)	(14.654)	(1.810)	<b>(93.977)</b>
Grants & Contributions	(2.790)	(5.576)	(1.300)	(0.412)	0.000	<b>(10.078)</b>
Major Repairs Reserve	(26.658)	(37.332)	(29.827)	(27.013)	(25.526)	<b>(146.356)</b>
Revenue Resources	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
Secured Capital Receipts	(10.093)	(12.920)	(4.189)	0.000	0.000	<b>(27.202)</b>
Unsecured Capital Receipts	0.000	(3.540)	(9.562)	(8.047)	(3.044)	<b>(24.193)</b>
<b>Total Resources</b>	<b>(57.308)</b>	<b>(90.847)</b>	<b>(73.145)</b>	<b>(50.126)</b>	<b>(30.380)</b>	<b>(301.806)</b>

## General Fund Capital Programme

6.5 The GF Capital Programme has been updated to reflect the movements in quarter 1. **Table 13** below sets out the updated programme and resources.

<b>Table 13 – General Fund Capital Programme &amp; Resources</b>						
<b>Scheme</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Total £m</b>
<b>Approved Schemes</b>						
Transport Schemes	37.844	43.864	34.232	7.801	0.000	<b>123.741</b>
Education	4.972	0.100	0.000	0.000	0.000	<b>5.072</b>
Other Services	125.897	30.596	11.338	8.570	10.029	<b>186.430</b>
<b>Category 2 - Planned Schemes</b>	4.000	6.904	0.682	0.000	0.000	<b>11.586</b>
<b>Category 2 - Indicative Education and LTP</b>	0.000	6.396	6.396	6.396	6.396	<b>25.584</b>
<b>Total Programme</b>	<b>172.713</b>	<b>87.860</b>	<b>52.648</b>	<b>22.767</b>	<b>16.425</b>	<b>352.413</b>
<b>Resources Available</b>						
Prudential Borrowing	(89.710)	(23.273)	(7.689)	(5.877)	(7.398)	<b>(133.947)</b>
Grants & Contributions	(63.569)	(55.736)	(44.712)	(16.642)	(8.835)	<b>(189.494)</b>
Internal Funds / Revenue	(5.249)	(4.133)	(0.247)	(0.248)	(0.192)	<b>(10.069)</b>
Secured Capital Receipts	(4.570)	0.000	0.000	0.000	0.000	<b>(4.570)</b>
Unsecured Capital Receipts	(9.615)	(4.718)	0.000	0.000	0.000	<b>(14.333)</b>
<b>Total Resources</b>	<b>(172.713)</b>	<b>(87.860)</b>	<b>(52.648)</b>	<b>(22.767)</b>	<b>(16.425)</b>	<b>(352.413)</b>

6.6 The general fund capital programme is predicated on receiving **£48.090m** of capital receipts, of which only **£4.570m** is secure. **£18.903m** of receipts is required for the current capital programme and **£29.150m** is required to fund commitments from prior years. Prudential borrowing has been used to temporarily fund this pressure leading to additional costs of repaying debt.

6.7 Business cases for capital schemes are being reviewed to understand the impact that Covid-19 will have on the capital cost of the scheme due to delays in completion and on the revenue assumptions within the business case. At this stage it is not possible to accurately predict the longer term impact on schemes.

## 7. Companies

7.1 As a result of the Strategic Review of Robin Hood Energy (RHE), the decision was made to sell the customer base of the company to Centrica in September 2020. The sale process will take around 3 months to fully complete and is following an agreed timetable of activities.

7.2 The sale price is dependent on customers successfully migrating to Centrica over this time period. Whilst the migration is occurring the company continues to service its suppliers, meeting its financial obligations and provide its 112,000 domestic and 2,600 business customers with heat and electricity supplies in line with contractual requirements.

7.3 The Public Interest Report identified **£59.6m** of financial liabilities for the Council. It is important to note that “financial liabilities” do not equate to overall loss to the Council and that the final cost to the Council will only be known once the sale process is fully complete. It can further be noted that:

- Financial liabilities include Parent Company Guarantees (PGCs) which are an insurance provision which have not arisen and will be unwound as part of the customer migration.
- In the case of prepayments, the council has already received energy supplies to provide heat, light and power to its offices and buildings.

### Company Governance

7.4 The Council has fully accepted the Public Interest Report and implementing an Action Plan to improve the governance of its companies and more generally. This includes the role of a Company Governance sub-committee which, together with the Audit Committee and Overview & Scrutiny Committee, will monitor the implementation of the recommendations arising from the Report in the Public Interest.

7.5 The Council has a range of companies in its ownership and some owned jointly with others which have developed over time. The Councils relationship with these companies will be reviewed and specific actions include:

- To establish the basis of ownership of the company and the differing frameworks and legislative basis upon which they were created.
- To seek out external advice on the best practice model of council ownership of local authority controlled companies and managing the risks and benefits they present.
- To review all existing companies against that framework and where there is a divergence establish whether a business need exists to maintain the difference or agree changes to comply with the framework.

7.6 The Council is also reviewing its overall approach to using Councillors on the boards of subsidiary companies. As part of this review, the membership balance of the boards will be considered in regard to best practice for achieving diversity, skill set, sectoral knowledge and NCC representation. External advice on best practice in regard to



Councillor appointments on local authority companies will be sought together with guidance on defining the role and legal requirements for company directors.

- 7.7 The Council will also ensure that all elements of its governance structure, including the shareholder role, are properly defined and communicated to the necessary individuals.
- 7.8 A new financial reporting and scrutiny framework is now in place which will identify financial performance, risks and opportunities. The Council will ensure that financial information is provided by the companies in accordance with set requirements and prescribed timescales.

## **8. Robustness of the Budget**

- 8.1 A key constituent of the MTFP is the Robustness of the Budget as reported to February 2020 Executive Board (Annex 5), this forms part of the statutory duties of the S151 Officer to sign off the budget as being robust and that the level of reserves are adequate. The current MTFP was approved by Full Council in March 2020 and was constructed prior to the Covid-19 pandemic.
- 8.2 The current Robustness of the Budget annex from the MTFP extensively made reference to the challenging financial environment that the Council was operating within and its conclusion stated:

*“The environment in which the Council operates continues to see unprecedented financial challenges both in terms of funding together with increased demand and uncertainty in the funding beyond 2020/21”*

*“There is a growing pattern of Public Sector organisations experiencing financial stress and the latest CIPFA Financial Resilience Index highlights areas of risk for Nottingham”*

*“It should be noted that there remains significant budget gaps for years 2021/22 and 2022/23 and therefore a series of recommendations and actions are required during 2021/22 in order to address these include:*

- Updating the State of the Nation paper in April 2020 to assist the development of a budget strategy with a stronger focus on transformation and financials sustainability as we move towards the full implementation of the requirements of the CIPFA financial Management Code. This should include creating headroom within subsequent budgets to cover potential overspending and non-delivery of savings.*
- Conduct a fundamental review of reserves, balances and provisions to create a resilience reserve. The reserve is to be sufficient to cover risks highlighted within the report and to give authority to review and amend the reserve in year based on any new or emerging risks.*
- Update the MTFP with respect to the General fund opening balance range which is currently defined as being within the range **2% to 4%**. The review is to take into account the Council’s reduced budget flexibility as a result of the continued use of one off measures to reduce overspends and present a balanced budget*
- Review and update the current MTFP practices and amend as necessary to align with CIPFA Financial Management Code*
- Produce an early detailed 3-year MTFP to address the budget gaps in years 2 and 3 which will require a thorough transformation plan and strategy in order to balance the medium-term financial position”*

8.3 **Annex 2** of this report provides an updated Robustness of the Budget report

## 9. **Medium Term Financial Strategy (incorporating Medium Term Financial Outlook)**

9.1 The purpose of the MTFS sets out the strategic direction for the financial management of the Council, providing the financial framework that supports delivery of the priorities set out in the Council Plan. The MTFS outlines the principles and key assumptions that direct the construction of the City Council's MTFP. The MTFS is underpinned by a range of financial principles and practices that are contained within the budget guidelines.

9.2 Medium term financial planning is critical to ensuring that the Council has a clear understanding of the level of available resources, the cost of delivering services and the level risk exposure.

9.3 Key Objectives of the MTFS are:

- Provide financial parameters within which budgets and service planning should take place
- Ensure that the Council sets a balanced and sustainable budget including the ability to manage risk
- Ensure that the Council long term financial health and viability remain sound
- Focus allocation of resources to ensure priority areas receive appropriate resources and continue to improve value for money
- Ensure that the Council manages and monitors its financial resources effectively

9.4 This update needs to be seen in the context of the uncertain operating environment for the Council in respect of future funding, spending and income assumptions. Covid-19 has had a fundamental impact on the delivery and demand for Council services and it is unclear if, when and how services will revert back to operating normally.

9.5 The level of funding that the Council will receive for 2021/22 will not be known until after the Comprehensive Spending Review in the autumn and the provisional Settlement in December. It is also unclear if there will be ongoing support for the ongoing financial impact of Covid-19.

9.6 The estimated ongoing financial impact of Covid-19 has been incorporated within the assumptions which support the MTFO. However, it is acknowledged that, given the level of uncertainty, these will be kept under review.

9.7 A full and revised MTFS will be presented to the December Executive Board. This will in turn inform the MTFP presented to February Executive Board and March Council as part of the next annual budget setting process

### **Updating the MTFO**

9.8 As part of the MTFP report recommended by 18 February 2020 Executive Board consideration was not only given to the immediate 2020/21 budget but also the potential impact of decisions on the longer term outlook.

9.9 **Table 14** provides a summary of the financial outlook as assumed in the February MTFP report. This projected outlook highlighted the need for on-going significant cost reductions in the short to medium term with reported budget gaps of **£25m** in 2021/22 and **£30m** in 2022/23.

- 9.10 These budget gaps were based on the following key working assumptions at the time:
- Council tax Band D basic increases of **1.99% pa** for all years
  - Council tax collection rate, support scheme and tax base growth in line with recent trends
  - In absence of scheme details no assessment included for future impact of proposed Fair Funding/75% business rates retention
  - Consequently overall settlement funding for 2021/22+ will continue at same level as 2020/21
  - No underlying growth in retained business rates but Government determined multiplier will continue to increase by CPI inflation
  - Pay award of **2.00%** per annum for all years
  - Specific grants to continue at existing levels except New Homes Bonus
  - All pressures and savings continue with their approved future profiles
- 9.11 Further details can be found in the February MTFP report and as stated were all subject to on-going review in light of changing circumstances.

<b>Table 14: Original MTFO for 2021/22+</b>			
<b>Cause of Gap</b>	<b>published 2021/22 £m</b>	<b>published 2022/23 £m</b>	<b>implied 2023/24 £m</b>
Settlement (Business Rates, Top-up & RSG)	0.002	0.004	0.006
Council Tax	(3.504)	(7.097)	(10.785)
Collection Fund (fall out of 20/21 surplus)	4.025	4.025	4.025
<b>Funding Changes</b>	<b>0.523</b>	<b>(3.069)</b>	<b>(6.754)</b>
Previously Agreed Pressures	11.559	13.273	13.273
Previously Agreed Savings	2.257	2.285	2.729
Pay Model / Pension	5.055	10.110	15.165
Contractual Inflation	1.152	2.339	3.561
Other Adjustments (Reserves, Grants & Technical)	4.018	5.137	5.065
<b>Budget Changes</b>	<b>24.042</b>	<b>33.144</b>	<b>39.793</b>
<b>Original MTFO Position</b>	<b>24.565</b>	<b>30.075</b>	<b>33.038</b>

### Updated MTFO

- 9.12 There have been significant changes in the prevailing assumptions since the February MTFP report and whilst substantial uncertainties remain (e.g. continuing impact of Covid-19, Government funding and the economic outlook) this report provides an initial update to the MTFO to help begin contextualise the potential scale of the financial situation facing the Council in the medium term.

9.13 **Table 15** provides a summary of the current updates to the MTFO.

<b>Table 15: Updated MTFO</b>						
<b>Updates</b>	<b>2021/22 £m</b>		<b>2022/23 £m</b>		<b>2023/24 £m</b>	
<b>Original MTFO Position</b>	<b>24.565</b>		<b>30.075</b>		<b>33.038</b>	
Retained Business Rates	2.055					
Council Tax	3.078					
Collection Fund	4.088		4.088		4.088	
Assumed Extra Funding	(5.000)					
<b>Funding Changes</b>	<b>4.221</b>		<b>4.088</b>		<b>4.088</b>	
<b>Interim Budget</b>						
Replenish Borrowed Reserves	7.051		9.627		8.127	
Repay 20/21 Overspend	1.202					
Ongoing Profile of New Savings	(4.756)		(4.863)		(4.713)	
<b>Corporate Adjustments</b>						
Reduce IT Fund	(1.500)		(1.500)			
Add Back NHB Legacy	(2.880)		(0.803)			
Impact of 20/21 Pay Award	1.400		1.400		1.400	
<b>Pressures</b>						
Remove Contractual Inflation	(1.254)		(2.548)		(3.889)	
Remove Previous Pressures	(11.559)		(13.273)		(13.273)	
Potential New Pressures	min	max	min	max	min	max
	22.662	37.244	25.701	38.432	29.994	39.054
<b>Budget Changes</b>	min	max	min	max	min	max
	<b>10.365</b>	<b>24.947</b>	<b>13.742</b>	<b>26.473</b>	<b>15.646</b>	<b>26.706</b>
<b>Updated MTFO Position</b>	min	max	min	max	min	max
	<b>39.150</b>	<b>53.733</b>	<b>47.904</b>	<b>60.635</b>	<b>52.771</b>	<b>63.832</b>

9.14 This shows that the budget gaps, without further extra Government funding or flexibilities, is projected to fall in the range **£39m–£54m** for 2021/22 (the equivalent of **16–22%** of the Council's current net budget) rising to **£53m–£64m** for 2023/24 (**21–25%**).

9.15 This illustrates the continuing challenge faced by the Council as we begin the next phase of the budget process and highlights the need for a medium term financial strategy able to deliver sustainable on-going budget proposals sufficient to balance the substantial budget gaps.

9.16 These will not be the final projections. As further information becomes available and/or budget actions are completed the figures will be revised. For example:

- Pressures will be critically reviewed
- Redundancy process is continuing
- Impact on business rates, council tax & support scheme will only become fully apparent in the latter half of year
- Future Government funding, referendum cap etc. unlikely to be known before provisional settlement in December
- Further flexibilities and/or support package might be agreed with Government

9.17 A further update to projections will be included in the Consultation budget report to December Executive Board.

### **Financial Settlement**

9.18 The financial settlement is the amount of funding assumed by MHCLG to be available to an authority through the estimated business rates share and general grant funding (Revenue Support Grant).

9.19 Currently there is considerable uncertainty surrounding the level of future financial settlements. The Government has announced that an autumn Spending Review will be published but we do not currently know if it will include local government funding details for one or multi-year settlements. The Council has contributed to sectoral submissions to the Spending Review from such bodies as Core Cities and SIGOMA.

### Spending Review

9.20 The issues that the Spending Review needs to address include:

- It is essential that Covid-19 pressures and new administrative burdens are fully funded in order that local government can sustain essential services whilst supporting the Government in overcoming the immense medical, social and economic challenges
- As repeatedly highlighted by the LGA and other bodies a guaranteed long term funding package is required to meet the demands of under resourced services, such as social care, and the additional resources required to support the recovery of local economies and the Government's agenda for levelling up
- The focus and design of future allocations needs to ensure that funding will be adequate for all councils by moving away from primarily incentivising growth and towards funding service needs, acknowledging the local costs driven by deprivation and recognising that not all councils can raise the same contributions from council tax
- The levelling up agenda requires equality in infrastructure investment but also investing in people by removing the poverty barriers to good health and employment and improving social mobility in the worst affected areas
- The Government needs to work closely with the sector to ensure:
  - comprehensive policy for caring for the elderly and infirm
  - proactive service of childcare for those at risk
  - generous education system that offers equal opportunity across the country
  - health system aimed at improving health everywhere, not just reacting to illness
  - national framework of infrastructure improvement to lift all regions to the same activity levels as London and parts of the South

### Fair Funding / 75% Business Rates Retention

9.21 The Government has also announced a delay to its proposed 2021/22 introduction of new funding formulae as part of the 'Fair Funding Review' and 75% local retention of business rates. There has been no indication of when these might now be introduced and no MHCLG exemplifications of the potential impact for individual authorities of their policy decisions for each of the complex formulae behind the settlement funding blocks.

9.22 This delay and lack of detail will have a significant impact on our ability to robustly project future funding levels over the timescale of the refreshed MTFO. As a working assumption we are currently expecting a neutral scenario of cash flat settlements across all future years but will be updated once more details are known for the Spending Review impact,

provisional settlement details, future 'Fair Funding' and 75% Rates Retention. We would ordinarily expect a technical consultation on any proposed policy changes in advance of the provisional settlement that might also provide an indication of the Government's plans.

9.23 In parallel to the long standing MHCLG 'Fair Funding Review' a separate HM Treasury led review of business rates was also announced in the March 2020 Budget. This is looking at proposals ranging from improving the operation of the current business rates system through to its complete replacement. The likely date of any policy changes drawn from this review will be beyond that of this MTFO but depending on their nature might have profound implications for the future of the business rates retention scheme.

### **Local Taxes**

9.24 Covid-19 will reduce both council tax and retained business rates income received to fund our day-to-day services. This adverse impact will not impact the 2020/21 Interim Budget but will be reflected in a Collection Fund deficit / revised MTFO projections and will need to be addressed in 2021/22+.

9.25 Both council tax and business rates income are likely to require time to recover to pre-Covid-19 levels, especially if there is a deep economic recession. This impact is potentially a significant financial risk into the medium term.

9.26 This impact will only become fully apparent in the latter half of this year. As more detailed monitoring information becomes available for key drivers we will be working with external advisors to refine our projections:

- However it may take time for some Covid-19 related claims for support/reliefs to be fully reflected in this monitoring data
- Previous modelling based on analysis of long term trends may no longer reflect likely near future patterns due to the size & nature of the Covid-19 impact

### Retained Business Rates

9.27 The Council budgeted for **£67.899m** total business rates funding in 2020/21 – **£0.482m** relates to cost of collection allowance, with **£67.417m** for income retained by city council (**49%** of reported income in the January 2020 NNDR1 return to MHCLG).

9.28 The equivalent 'safety net' floor provided by MHCLG as part of the 2020/21 settlement is **£60.752m** – based on MHCLG's safety net threshold of **£89.335m** (**92.5%** of assumed **£96.579m** baseline funding level) less top-up grant of **£28.584m**.

9.29 The Government has announced no changes to this safety floor mechanism so we can assume **£6.665m** loss in retained business rates income is the worst case scenario for 2020/21.

9.30 Our initial modelling scenario for 2020/21 has been to consider the potential impact of (i) empty property relief and (ii) losses on collection, based on past figures from the post-2008 financial crash down turn. These are likely to be the key drivers.

9.31 The projected empty property relief reported for 2020/21 was **£7.463m** or **4.2%** of gross rates (NNDR1 return). The peak during the last economic downturn was **7.7%** of gross rates (as reported in the 2010/11 NNDR3 return), which will equate to **£13.936m** i.e. extra **£6.473m**.

- 9.32 The assumed losses on collection reported for 2020/21 was **£1.500m** or **1.0%** of gross rates, based on the experience of the recent past (NNDR1 return). The highest level previously reached was **1.9%** (2009/10 NNDR3 return), which equates to **£3.415m** i.e. extra **£1.915m**.
- 9.33 The locally retained proportion of the projected **£8.388m** total loss is 49% so this scenario predicts a potential Council impact of **£4.110m** for 2020/21, equivalent to **6.1%**. This is **£2.555m** above the safety floor.
- 9.34 As a reasonably optimistic working assumption the MTFO expects business rates to recover over a two period i.e. a potential further **£2.055m** income reduction could be seen in 2021/22.
- 9.35 It should be noted that some commentators are predicting that the economic impact of Covid-19 has the potential to be considerably worse than that suffered after the 2008 financial crash. With **c70%** of the Council's tax base in commercial sectors such as retail, office and leisure the potential for a continuing deterioration in business rates income is significant.

#### Council Tax

- 9.36 The Council budgeted for **£121.807m** council tax income in 2020/21 – based on **£1,808.31** Band D and a tax setting base of **67,360** Band D equivalents.
- 9.37 Our initial modelling scenario for 2020/21 has assumed a **10%** increase in the costs of the local Council Tax Support Scheme. This reflects assumed **c15%** increase in working age claimants due to likely greater unemployment and increased welfare recipients caused by the economic fallout from Covid-19. This potential impact is likely to only become fully apparent after the Government's furloughing scheme is discontinued and is included as a negative adjustment to the tax base calculations.
- 9.38 We have also assumed a pessimistic **3%** reduction in collection rate from **97.5%** to **94.5%** reflecting the likelihood that recovery of unpaid council tax will become more difficult in the post-Covid economic situation. This is in line with analysis by the external advisors.
- 9.39 For now the assumption of underlying growth in tax base has been left unchanged from that included in the original MTFO of extra **600** Band D equivalents per annum. This is in line with long term trends associated with house building in the recent past.
- 9.40 All assumptions will continue to be reviewed and updated as monthly monitoring helps identify any relevant trends and any new information becomes available.
- 9.41 The combined result of the refreshed assumptions is a net **3,405** or **5.1%** Band D equivalent reduction in our tax base for 2020/21. This would indicate a potential in year council tax loss of **£6.157m**.
- 9.42 As a reasonably optimistic working assumption the MTFO expects council tax to also recover over a two period i.e. a potential further **£3.078m** income reduction could be seen in 2021/22.
- 9.43 Details of Council Tax referendum criteria and any additional Adult Social Care (ASC) precept will likely not be announced by Government before the provisional settlement in December. The MTFO takes a prudent approach and assumes that there will be no further ASC precept and that the referendum trigger will remain at 2% increase in Band D.

## Collection Funds

- 9.44 The collection funds are held separately from the General Fund and account for income collected from council tax and business rates. Surpluses or deficits must be declared in each financial year to balance the collection funds for the income received and distributed to all preceptors.
- 9.45 There will be an opening **£1.996m** deficit starting point for 2021/22 due to a late dip in 2019/20 income levels compare to those used to declare previous surpluses – **£0.185m** due to council tax and **£1.811m** due to business rates. The declared surpluses need to be calculated in the January of each financial year and can consequently miss late changes in income levels.
- 9.46 The 2021/22 collection fund deficit will also reflect the combined impact of lost business rates and council tax income in 2020/21 due to Covid-19 i.e. **£10.267m**
- 9.47 Government has already announced that they will introduce legislation to enable any collection fund deficit to be repaid over 3 years rather than the current 1 year. This enables the MTFO to spread the predicted 2020/21 deficit of **£12.263m** across each year at **£4.088m** per annum.
- 9.48 The Government have acknowledged the significant Covid-related impact on collection funds and have indicated that they are actively looking at options to address the financial implications for 2021/22. This could take the form of further adjustments to how any collection fund deficit can be handled or funding support as part of the Autumn Spending Review.
- 9.49 No details are currently available but the MTFO provisionally assumes that the Council might receive **£5m** further funding for 2021/22.

## Replenish Borrowed Reserves

- 9.50 This reflects the replenishment of reserves used to balance the 2020/21 interim budget as detailed in **Table 5**.

## New Savings

- 9.51 The ongoing new 2020/21 portfolio savings approved in the Interim Budget will have continuing profiles into future years as summarised in **Table 16**.

<b>Portfolio</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>
Adult Care & Local Transport	(0.501)	(0.655)	(0.575)
Children & Young People	(0.279)	(0.279)	(0.279)
Communities, Highways & Strategic Transport	(0.784)	(0.784)	(0.714)
Employment & Community Protection	(0.675)	(0.675)	(0.675)
Energy, Environment & Democratic Services	(1.110)	(1.110)	(1.110)
Finance, Growth & the City Centre	(0.410)	(0.385)	(0.385)
Health, HR & Equalities	(0.152)	(0.152)	(0.152)
Housing, Planning & Heritage	(0.250)	(0.250)	(0.250)
Leisure, Culture & IT	(0.312)	(0.312)	(0.312)
Regeneration, Schools & Communications	(0.283)	(0.261)	(0.261)
<b>Total</b>	<b>(4.756)</b>	<b>(4.863)</b>	<b>(4.713)</b>



## IT Fund

9.52 The revised MTFO assumes that the annual **£2.675m** contribution to the IT Efficiency Fund can be temporarily reduced by **£1.500m to £1.175m** for the next two years. A review of the IT Efficiency Fund is ongoing to identify potential slippage of existing IT investments and to refresh project priorities.

## Specific Grants

9.53 The MTFO currently assumes that specific grants (with the exception of New Homes Bonus) will continue at previously levels. This position will be updated if further information becomes available about individual grants.

9.54 Unless accounted for by agreed budget decisions the MTFO is constructed on the basis that if specific grant funding reduces then the associated expenditure and activity will reduce accordingly.

### New Homes Bonus (NHB)

9.55 The NHB grant is awarded to local Councils for increasing the number of new and affordable homes. At the time of the February MTFP report there was uncertainty around the continuation of this scheme as the Government was planning to consult on potential alternatives. Consequently the NHB assumptions were prudently removed from MTFO.

9.56 However with the delay in the introduction of a new settlement system it is now likely the scheme will continue in the immediate future and the remaining NHB legacy payments have been reinstated.

## Pay Award

9.57 In August 2020 the National Joint Council for local government services agreed a **2.75%** pay award for 2020/21, backdated to 1 April 2020. The MTFP assumes a **2.00%** per annum pay award for 2021/22+. The MTFO impact of the 2020/21 pay award is to increase the base pay budget by **c£1.4m**

9.58 The additional **c£5m pa** already included in the original MTFO for likely future pay awards is currently still considered adequate. This will be revisited if further information becomes available.

## Previous Pressures & Contractual Inflation

9.59 These items in the original MTFO have been removed and replaced with the following new pressure to better reflect post-Covid-19 circumstances.

## New Post-Covid-19 Pressures

9.60 The new pressures are based on current knowledge from managers in relation to the budget impact as a result of Covid-19 and the impact it is and will have on services

9.61 Post-Covid-19 the range of potential issues is much wider than normally identified during previous budget processes:

- The longer term impact of Covid-19 on both income and costs
- Undeliverable savings as a result of Covid-19

- Non-Covid-19 budget pressures including:
  - Business as usual service issues
  - Historical savings undeliverable pre-Covid-19
  - Demand & demographic changes
  - Capital related issues
  - Grant & funding issues
  - Contractual increases e.g. concessionary fares, national living wage, PFI contracts, disposal tax, energy contracts

9.62 **Table 17** summaries the initial assessment of continuing budget issues

<b>Table 17: Potential New Pressures (Maximum Position)</b>			
<b>Issues</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>
Covid-19 Lost Income	18.160	15.419	12.436
Covid-19 Costs	11.006	10.043	9.686
<b>Covid-19 Related</b>	<b>29.166</b>	<b>25.462</b>	<b>22.121</b>
Savings Income	1.073	1.183	0.660
Savings Costs	2.579	1.806	1.781
<b>Unachieved 20/21 Savings</b>	<b>3.652</b>	<b>2.989</b>	<b>2.441</b>
BAU	5.182	5.051	4.602
Historical Savings	0.787	0.787	0.787
Demand	(12.641)	(8.965)	(5.202)
Capital	0.148	0.148	0.148
Grant	4.380	5.118	5.710
Contractual	6.405	7.657	8.262
<b>Non-Covid Related</b>	<b>4.261</b>	<b>9.797</b>	<b>14.307</b>
<b>Departmental Issues</b>	<b>37.079</b>	<b>38.247</b>	<b>38.869</b>
Unachieved Corporate Savings	0.165	0.185	0.185
<b>Total Pressures</b>	<b>37.244</b>	<b>38.432</b>	<b>39.054</b>

9.63 An indicative range has been included in initial MTFO as work continues to critically review and refresh the modelling:

- Sensitivity of initial assumptions to be critically reviewed
- Identify any voluntary redundancy proposals aligned to pressures
- Update identified issues as a result of Period 5 forecasting
- Identify any management action that might mitigate the future impacts

## 10. Options to address the MTFO

10.1 The potential gap in our MTFO for 2021/22 is between **£39m** and **£54m** – this is larger than the worst austerity year. In addition to the budget gap our ability to mitigate risk has been significantly impacted by the reduction in earmarked reserves as part of our strategy to balance the current year. This illustrates the continuing financial challenge faced by the Council and it is critical that urgent progress is made to demonstrate the ability to deliver a financial sustainable medium term plan by December.

10.2 Options for addressing the gap are currently being reviewed and will inform the budget process and activity over the next few months which will identify clear plans and savings proposals for consultation in December 2020. These options will include:

### Transformation agenda

- 10.3 The Council will be embarking on a series of transformation initiatives, which will be phased according to the capacity we have for change at any one period of time.
- 10.4 The level of transformation required is designed to support the delivery of a balanced and sustainable cost base and the redesign of our governance following the report in the public interest on Robin Hood Energy.
- 10.5 The initial programme includes work on our companies, the efficiency and productivity of transactional activities, further digitalisation of processes where there is benefit to both ourselves and to citizens, continued property rationalisation
- 10.6 In parallel the Council will be scoping a range of other areas which will have longer term impact, with each area to be progressed being evaluated through strong governance and business cases. This will include areas where there is significant learning from Covid-19 where it is relevant to the future design of services and council activities
- 10.7 The primary areas where the Council intends to undertake transformation work are as follows:
- Digital Transformation/ Capabilities - Enabling the Council to operate more effectively in a Digital World, embracing the potential to create process efficiencies and save money. In addition the Council will ensure that the City of Nottingham is well positioned to take advantage of the Digital economy for the benefit of the City, Citizens and businesses.
  - Review of Neighbourhood Working - Communities are at the heart of Nottingham City Council. A radically different approach to neighbourhood working will be developed that ensures the maximum flexibility of local resources. Staff will be deployed in a more versatile manner breaking down service silos and reducing bureaucracy.
  - Property and Estates Rationalisation - The City Council owns a very high percentage of the property within Nottingham City and owns commercial property across the UK. The approach to property assets will be reviewed and rationalised in order to ensure the optimum future configuration of commercial and operational assets in line with a revised attitude to risk and resource planning.
  - Review of partnership working - A programme of work to review joint working arrangements and identify efficiencies through in the way we deliver services together as partners for the City. For example working with the local NHS partners within the Integrated Care System for Nottingham and Nottinghamshire, but also other joint working arrangements with partners, Council owned companies and joint ventures.

### Voluntary Redundancy

- 10.10 The Council is using a voluntary redundancy approach to deliver ongoing savings to support both in year and the medium term position. The programme commenced in June 2020. Senior Managers within the Council are assessing those applications and further updates on the implication for the budget process will be considered at Executive Board.

### Engagement with the Ministry of Housing, Communities and Local Government (MHCLG)

- 10.11 MHCLG is the sponsor department for local authorities within Government, and officials have advised that they are actively monitoring the council's position in relation to both governance and finance, in the context of the recently published Public Interest Report into Robin Hood Energy. Ongoing engagement will continue to determine the extent of support that is available from Government accessed through MHCLG, or otherwise.

### Capital Programme

- 10.12 In CIPFA's 2019 Resilience Index publication, the City Council had the second highest level of gross external debt in its comparator group of near statistical neighbours. It had the highest ratio of interest payable to net expenditure. These figures reflect the high level of capital and commercial investment over the past 10 years. There is a **£48.5m** gap in the capital programme which has been supplemented by borrowing prior to the realisation of capital receipts.

A full review of the capital programme and funding is currently underway this will include proposed borrowing levels, and the use reserves. This will be reflected in the revised Capital Strategy which will be reported to Executive Board in December. The current capital strategy was approved by February 2020 Executive Board.

### Treasury Management

- 10.13 The treasury management function is governed by provisions set out under Part 1 of the Local Government Act 2003, whereby the City Council must have regard to the CIPFA Prudential Code and the CIPFA Code of Practice. Under the latter Code, an annual report is required to be submitted to and considered by councillors. The Council's Treasury Management Strategy for 2020/21 was approved by full Council on 9 March 2020. Executive Board will receive an update on Treasury Management activities against the approved 20/21 Treasury Management Strategy in Quarter 3 2020.

- 10.14 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

- 10.15 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

- 10.16 The level of external borrowing at 31 August 2020 is **£1,265.893m** including **£186.587m** PFI/finance lease schemes. This is a reduction in total borrowing since 31 March 2020 of **£73.891m** due to short term loans taken in February/March now having been repaid and Covid-19 support payments having now been received.

- 10.17 As reported in the Treasury Management Annual Report the council had under-borrowed against the Capital Financing Requirement (CFR) by **£116.087m** at 31 March 2020. The forecast use of **c£70m** of reserves within the Interim budget has a negative cash impact meaning these reserves that were supporting the under-borrowed position will no longer

be available and so the cash will need to be replaced either from cash investments or by further external borrowing.

10.18 In March 2020 HM Treasury issued a consultation document on new lending terms for new PWLB loans which contained significant limitations around debt to yield borrowing and that the intention of HM Treasury was to make PWLB not available to any authorities that have debt to yield schemes in its capital program. The consultation period ended on the 31 August 2020 with the new lending terms expected to be issued by the end on 2020.

## **11. Other options considered in making recommendations**

11.1 Throughout the period of review a number of individual cost reduction, income and investment options are considered. These in turn impact on the level of reserves. This report presents the final overall package of detailed proposals which together seek to balance levels of investment, cost reductions and an appropriate level of income.

## **12. Finance colleague comments (including implications and value for money/VAT)**

12.1 The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. Whilst the Council continues to make every effort possible to protect the front line delivery of services, it is clear that the position remains unsustainable without further financial support from Government to fully fund the impact of Covid-19.

## **13. Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

13.1 The reference to a notice under s114 is to a duty conferred by section 114 of the Local Government Finance Act 1988. That section sets out the duties and responsibilities that are required of the S151 Officer in certain defined circumstances. In all other regards the proposals contained in the report raise no significant legal issues, nor do they raise any crime and disorder implications

## **14. Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

14.1 None

## **15. Social value considerations**

15.1 None

## **16. Regard to the NHS Constitution**

16.1 None

## **17 Equality Impact Assessment (EIA)**

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

Yes



Attached as **Appendix 8**, and due regard will be given to any implications identified in it.

**18. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

18.1 None

**19 Published documents referred to in this report**

19.1 Council Financial Position – 2020/21 Budget Update, 21 July 2020 Executive Board  
<https://committee.nottinghamcity.gov.uk/documents/s105034/Council%20Financial%20Position%20-%2020202021%20Budget%20Update.pdf>

Council Financial Position – Financial Risk Assessment, 29 June 2020 Executive Board  
<https://committee.nottinghamcity.gov.uk/documents/s104181/Council%20Financial%20Position%20-%20Financial%20Risk%20Assessment.pdf>

Medium Term Financial Plan (MTFP), 18 February 2020 Executive Board  
<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=7979>

Treasury Management Strategy 2020/21 and Capital & Investment Strategy 2020/21  
<https://committee.nottinghamcity.gov.uk/documents/s100477/TREASURY%20MANAGEMENT%20STRATEGY%20202021%20AND%20CAPITAL%20INVESTMENT%20STRATEGY%20202021.pdf>

**Period 4 service variances +/- £50k by Portfolio****Adult Care & Local Transport Portfolio - £8.438m Adverse (Covid-19 impact £14.325m)****Adults – adverse forecast £1.682m**

Additional costs/lost income due to Covid-19 - £7.009m adverse variance attributable to:-

- Additional costs, mainly relating to the support made available to care providers during this period including 5% uplifts - £1.574m.
- Additional external staffing costs of £1.176m and £3m for PPE (half of the corporate value approved).
- Loss of fairer charging income due to day centre closures (£0.769m).

Savings shortfall - £1.791m adverse. Variance relates to the non-achievement of savings as a result of Covid-19.

Care purchasing budgets – £6.898m favourable

- This is based on the latest care packages information
- Forecast assumes Health Covid-19 income to end of financial year for current Covid cohort (on a % basis as citizens start to be reviewed and placed on standard pathways).
- 2020/21 demand funding of £4.550m for business as usual has been assumed and fully utilised.
- Additional £2m demand contingency included in the forecast position to offset further potential loss of income due to:
  - Financial hardship;
  - Loss of Covid-19 Health funding and
  - Additional unknown future demand (based on current cohort of citizens and does not take account of likely increase in demand and costs as a result of Covid-19).
- Assumed 95% of 2019/20 income levels for joint funded/CHC Health recharge.

Staffing and internal provision – £0.221m favourable.

Various under and overspends across the whole directorate.

**Fleet – £0.159m adverse forecast**

Assumed gradual return to full income over 6 months as customers return to full service, slight additional spend on PPE and increased spend in Domestic Waste vehicles to enable social distancing to remain in place until October. Covid-19 impact £0.169m.

**Passenger Transport – £1.016m adverse forecast**

Covid-19 impact (£1.070m) is due to the ruling on the 85% payment to suppliers through the Covid-19 period, however these have not been changed for internal customers. It is now assumed that the charges for internal buses will be from September only. Any non Covid-19 impact is largely due to vacancies.

### **Workplace Parking Levy – £5.517m adverse forecast**

Assumptions based on gradual return of businesses through the year but no return to previous levels of licencing. Assumed licence level currently at 32% and gradually returning to 70% by March 2021. Covid-19 impact £5.468m.

### **Communities, Highways and Strategic Transport Portfolio - £7.934m Adverse (Covid-19 impact £7.476m)**

#### **Traffic – adverse forecast £1.369m**

Reduced income from licence fees & bus lane enforcement (only forecast at 50% for June – August, 60% September – November and 70% December – March) totalling a reduction of £1.020m in year.

There are unachievable budget savings within fees and bus lane enforcement income of £0.143m.

Staff recharges are assumed to be 50% lower until end of June then returning to normal levels. Estimated shortfall £0.300m.

#### **Neighbourhood Management/Community Engagement – £0.074m adverse forecast**

Forecast includes £0.907m Covid-19 costs of which £0.817m relates to the Shielding/Distribution Programme. Estimated figures for additional costs in relation to Vulnerable Citizens, including the issuing of food parcels as per Government guidelines, subject to continuation of shielding etc. is based on approx. 2,000 food parcels to vulnerable citizens.

#### **Commercial & Operations Directorate - £0.050m adverse forecast**

Variance relates to the non-achievement of a saving as a result of Covid-19.

#### **Community Cohesion – £0.113m adverse forecast**

Estimated additional purchases in respect of Covid-19 of £10k e.g. translation costs. The remaining variance is due to an historical budget shortfall which due to Covid-19 cannot be mitigated.

#### **Highways - £1.478m adverse forecast**

Includes £0.436m in respect of Covid-19 and £0.188m in unachieved savings. The Covid-19 impact is based on employee time not chargeable to the Capital programme as the team have not been working. As this is internal income and not commercial, there has been no furlough of staff and these costs are still being occurred. The non Covid-19 forecast largely relates to historic business plan targets, insurance & other recharges and service charges.

#### **Parking – £4.635m adverse forecast**

This forecast overspend includes a Covid-19 impact of £4.478m and unachieved savings of £0.345m. Assumptions made within the figures are:

- Q1 income down 98% on 2019/20 – actual income in June was better than forecast & if this improvement continues the forecast will be updated accordingly;
- Q2 commuter only, estimated down 65%;
- Q3 pick up in commuters and shoppers but still down 50% and



- Q4 "new normal" down approx. 20%.

Additional costs in relation to additional security of 24 hours guarding on multi-story car parks

**Uniformed Services including Parking/Processing Enforcement - £0.202m adverse forecast (includes Covid-19 impact of £0.351m)**

Following reinstatement of services at the end of May 2020 Parking Enforcement is estimated to collect between 80% and 85% for Qtrs 2, 3 and 4, in relation to the previous year's enforcement income.

This is being mitigated by one off savings such as maintaining vacancies though this may affect income collection potential and so needs to be monitored.

Processing enforcement overspend is due to reduced recharges in respect of charges for Bus Lane Enforcement prior to reinstatement of services.

The forecast includes assumptions regarding Residential Permits, and therefore could be subject to change in relation to further lockdowns and students coming back to Nottingham.

**Children & Young People - £9.896m Adverse (Covid-19 impact £4.522m)**

**Children in Care (CiC) - £8.804m adverse forecast**

The overspend can be analysed as follows:

- Split between COVID 19 impact (£5.884m) and non COVID (£2.920m) and
- CiC £7.507m and other associated costs £1.297m.

The detail of the total overspend of £8.804m is:

- £1.297m provision for increases in provider costs and over 18's;
- £5.529 of CiC costs assuming 682.07 fte with an average rate of £1,153 per week. This figure includes in year growth of 21.38 fte equating to £1.246m.
- £1.978m of unachieved budget savings due to Covid-19.

**Other Childrens Services - £0.914m adverse forecast**

£1.400m associated with the Childrens Improvement plan is included in the variance.

£0.400m of costs are attributable to Covid-19, including:

- £0.041m costs associated with redeployment of Play & Youth staff to Residential;
- £0.266m of additional Social Worker agency staff to cover staff shielding;
- £0.062m of additional IRO capacity;
- £0.020m IT hardware and
- £0.011m other costs including PPE.

Excluding the improvement plan and costs associated with Covid-19, Other Childrens services are reporting a £0.886m underspend, due the following:

- £0.677m underspends in Early Help, due to vacancies across Targeted Family Support, Play & Youth and Childrens Community Teams, activity budgets and non-pay spend including Children's centres.

- £0.241m forecast underspend in legal fees and increased recharge to Adults
- £0.054m underspend in Strategy & Improvement based on vacancies offset by the Workforce historical income target.
- £0.178m underspend in Safeguarding due to vacancies.
- £0.169m overspends in Child Protection due to the Social Worker Programme costs in social care teams, and the Pause project (cost avoidance is linked the external placements budget). Some of this is mitigated by underspends in MST, MST-CAN and HOS due to vacancies.
- £0.094m overspends in Extensive Specialist Services due to Social Worker Programme costs and unachieved income. Some of this is mitigated by underspends in the Targeted Family Support Teams due to vacancies and non-pay.

### **Strategy & Policy - £0.211m adverse forecast**

Shortfall in Data Analysis & Insight for School Improvement Team (DAISI) income (existing pressure of £0.074m and additional shortfall due to Covid-19 impact of £0.137m).

### **Employment & Community Protection - £0.016m Adverse (Covid-19 impact £0.191m)**

### **HR & Transformation - £0.146m favourable forecast**

Operational underspend within the Employability team.

### **Security & Logistics – £0.226m adverse forecast**

Additional costs for guarding duties as per Covid-19 (non-chargeable) and estimated loss of income due to cancellation of events. Covid-19 impact £0.166m.

Unachieved savings target relating to income generation £0.100m.

### **Energy, Environment & Democratic Services - £2.560m Adverse (Covid-19 impact £3.392m)**

### **Civic & Coronial - £1.469m adverse forecast**

- £1.139m assumed additional storage cost due to Covid-19.
- £0.362m loss of income in Registrars and Council House due to the impact of Covid-19. This is largely due to the inability to host weddings and events at the Council House.
- £0.080m increased expenditure for video conferencing and associated costs due to the impact of Covid-19.
- £0.150m underspend on mortuary contract.

### **Customer Access Programme - £0.124m adverse forecast**

£0.100m customer centric saving shortfall is forecast due to the impact of Covid-19 delaying the work plan of implementing this. Opportunities in new ways of working due to Covid-19 to drive efficiencies and digitalisation may present mitigation to this and are being worked on to assess any additional benefit.

### **Commercial & Infrastructure (Energy & Waste) - £0.304m favourable forecast**

Waste Disposal usage patterns have changed over the Covid-19 period and have not returned to normal disposal tonnages and this is reflected in the forecast.

Energy & Utilities services savings have materialised due to Covid-19.

### **Commercial Waste - £1.058m adverse forecast**

Loss based on April suspensions (known & estimated) continuing to August and slowly returning to a level close to 85% of total business. Skips, bag sales and confidential waste compared against down on monthly averages. Covid-19 impact £0.942m, and unachieved savings of £0.280m.

- April to July - Further credit line assumes 50% of businesses have not informed us of closure;
- August to October - Assumption made that more businesses will return, however pubs, coffee shops, leisure and restaurant trades operating with different model;
- November to March - Assumption made that whilst most businesses will return, the service provided differs from initial contract, some now ceased trading or operating with alternative model (i.e. with some staff working from home) businesses may also look to mitigate costs by reducing service where possible.

### **Domestic Waste - £0.072m adverse forecast**

Reduced income from bin packs for new build houses and landlord bulky waste collections, increased expenditure from overtime, bank holiday working and side waste continues Covid-19 impact £0.063m.

### **Facilities & Building Services - £0.110m adverse forecast**

Covid-19 impact £0.128m. Saving for reduced cleaning cannot be achieved as a result of Covid-19. Income impact in Design Services due to no external/programmes work. Impact on Capital scheme recharging in M&E

- Overarching Q1 impact with services on hold - resuming from July onwards
- Statutory obligations are continuing as required
- Building cleaning still continuing across all areas
- Post Covid-19 recovery - implementation of new cleaning regime will be required - both income and cost implications
- Some projects currently ceased

### **Finance, Growth & the City Centre - £6.016m Adverse (Covid-19 impact £4.115m)**

#### **Strategic Finance - £1.386m adverse forecast**

Variance relates to the non-achievement of a number of savings as a result of Covid-19.

#### **Commissioning & Procurement - £2.848m adverse forecast**

- £2.500m PPE forecast in relation to Covid-19 to cover PPE usage across the Council & some providers/partners. It is expected that MHCLG stock will cease in August which would require more stock to be purchased and this is covered in the forecast. Also included in this forecast is provision for PPE for the risk of a second wave of Covid-19. A similar PPE forecast is contained within the Adults forecast in this Appendix. This forecast is being monitored and reviewed regularly to ensure robustness of the figure, as well as understanding any recharging issues.
- Historic Public Health income budget pressure £0.380m. Vacancies are being held and extra external income trying to be sourced to mitigate this in year.

- £0.150m undelivered 2020/21 corporate contracts saving due to the impact of Covid-19 in delaying tendering and distorting the market to offer value for money.

### **Strategy & Resources Director - £0.256m adverse forecast**

Pressure relating to the achievement of a savings target.

### **Strategy & Policy - £0.159m adverse forecast**

Pressure relating to the achievement of savings targets.

### **Analysis & Insight - £0.128m favourable forecast**

Income shortfall (£0.020m) offset by underspends on staffing (£0.089m) & running costs (£0.047m).

### **Nottingham Catering – £1.468m adverse forecast**

Includes Covid-19 impact of £1.433m and unachieved savings of £0.120m.

#### **Commercial Catering - £0.383m**

- Loss of income based on closures and further impact over the summer with cancelled events at leisure sites
- Expenditure reduction - Based on 6 months of affected business with rents and static costs estimated in the full year forecast position

#### **Schools Catering - £1.085m**

- Loss of income based on 8% in Q1, 30% in Q2 and 66% in Q3 - School catering income is based on two component parts, Management Fee and Meal Recharges. The Management Fee will continue to be charged monthly as per profile, however the meals income is severely impacted. Anticipated gradual increase in expected meal uptake throughout the financial year, 30% June & July, 66% Sept to Dec and 100% from January
- Expenditure reduction - reduced for the summer term based on April to June at 5% or less of normal meal volume.
- Maintenance and servicing of equipment will not see a significant reduction as this is an issue of continued compliance.

### **Facilities & Building Services £0.087m adverse forecast**

The forecast variance for this service is reported above under the Energy, Environment & Democratic Services Portfolio.

### **Environmental Health, Licencing & Trading Standards – £0.064m favourable forecast**

Vacancies within the service are offsetting a historic pressure and the impact of Covid-19 (£73k).

### **Health, HR & Equalities - £0.348m Adverse (Covid-19 impact £0.817m)**

#### **Public Health – favourable forecast £0.002m**

Additional costs & loss of income as a result of Covid-19 of £0.406m, mitigated by Non-Covid-19 favourable variance, including grant maximisation, of £0.408m.

### **HR & Transformation (Works Perks) - £0.195m adverse forecast**

Loss of income largely the result of an expected reduced uptake in Childcare vouchers, Moretime applications and purchase of travel passes. This will result in a reduction in NI Employers saving that these schemes generate.

#### **HR & Transformation Directorate - £0.155m adverse forecast**

Loss of income in Wellbeing and Improvement of £0.060m due to the impact of Covid-19 in delivering face to face health surveillance sessions and £0.020m PAM Assist bereavements and training. Expected loss of schools income due to Covid-19 impact (£0.132m). Mitigated in part by underspends elsewhere within the directorate. A plan to address an unachieved saving target has been developed and will be implemented subject to HR processes.

#### **Housing, Planning & Heritage - £1.449m Adverse (Covid-19 impact £1.117m)**

##### **Strategic Homelessness (including Rough Sleeping) – £1.012m adverse forecast**

The increased cost is due to the required Covid-19 response to ensure all those in Bed and Breakfast (B&B) and Nightly Paid Temporary Accommodation (NPTA) had facilities that enabled social distancing. Covid-19 impact £0.777m.

This overspend assumes a contribution from Discretionary Housing Payments. As the year progresses and more is known about Covid-19 the impact into 2021/22 will be modelled.

##### **Building Control – adverse forecast £0.268m**

Reduced fees income within the service (£0.191m as a result of Covid-19).

##### **Planning – adverse forecast £0.142m**

Reduced planning fees income due to the impact of Covid-19 (£0.104m). Reduction in pre-applications fees (£0.041m).

#### **Leisure, Culture & IT - £11.336m Adverse (Covid-19 impact £10.687m)**

##### **IT - £0.181m adverse forecast**

£0.236m additional Covid-19 costs on laptops and Wide Area Network contract extension.

##### **Parks and Open Spaces – £0.243m adverse forecast**

Forecast based on no income received in the first quarter with a gradual return but longer lasting impact in some areas (Events/Café) - Covid-19 impact £0.243m. Savings target of £50k mitigated in year through reduced material spend and progress against business plan target.

##### **Events – £0.304m adverse forecast**

Reduced income from events and increased costs regarding Social-distancing. Reduced expenditure includes vacant posts and other cost measures and expected reimbursement of furloughed employees. Covid-19 impact of £0.332m. The non Covid-19 savings are due to vacancy savings as not able to recruit to posts and other reductions in expenditure.

### **Libraries – £0.176m adverse forecast**

Reduced income and increase in expenditure including deep cleans, sanitiser stations, PPE, screens, signage, cleaning of books and additional daily cleaning. Covid-19 impact £0.173m. The forecast assumptions are subject to a review of working practices and government guidance in relation to social distancing and hygiene to avoid transmission.

### **Museums – £0.773m adverse forecast**

The majority of the forecast is due to Covid-19 (£0.740m).

Loss of income in respect of admission fees, weddings, tours, school visits, catering, retail, etc.(£1.145m), and increased social distancing and hygiene related costs £50k; this is offset by reduced expenditure on purchases for sale £0.284m, and furlough costs reimbursement £94k.

### **Markets – £0.899m adverse forecast**

Increased expenditure on additional cleaning, signage to protect employees and for social distancing and reduced rents income. Covid-19 impact £0.395m.

### **Sport & Leisure – £5.138m adverse forecast**

Loss of income due to Government instruction to close facilities. The forecast includes reimbursement from the Job Retention Scheme (£0.540m). The Government has announced "non tax income support" funding to offset income reduction from sales, fees and charges, and this grant is reflected in corporate accounts rather than the service area forecasts, pending confirmation of the basis of reimbursement. Covid-19 impact £4.858m and unachieved savings of £0.280m.

### **Theatre Royal / Concert Hall £3.812m adverse forecast**

The forecast reflects a likely restart date of April 2021 with no shows expected to take place during 2020/21. This assumption is reflective of the industry, confirmed by the postponement of the Christmas Pantomime and the rescheduling of all events in January, February and March 2021.

The Government has announced "non tax income support" funding to offset income reduction from sales, fees and charges, and this grant is reflected in corporate accounts rather than the service area forecasts, pending confirmation of the basis of reimbursement. The service will pursue funding opportunities to mitigate this pressure to the Council. Covid-19 impact £3.710m and unachieved savings of £0.100m.

### **Strategic Assets & Property - £0.094m favourable forecast**

Small operational underspend within the GIS team.

### **Regeneration, Schools & Communications - £8.299m Adverse (Covid-19 impact £7.934m)**

#### **Education - £0.913m adverse forecast**

There are £1.067m of costs are attributable to Covid-19 and relating to:

- £0.622m for the loss of commercial income
- £0.445m of taxi contracted costs paid, despite no service provision

This is mitigated by non Covid-19 underspends elsewhere within the directorate, largely relating to above budgeted income & grant maximisation.

**Development & Growth Directorate and Commercial Schemes - £0.150m adverse forecast**

Shortfall in 2020/21 savings due to Covid-19.

**Strategic Assets and Property adverse forecast £6.946m**

The forecast overspend in this service is due to income reduction due to Covid-19 and potential loss of income due to businesses no longer being able to afford to trade. The assumptions being made are losses accounting for 10% of rent in quarters 1&2 and 25% rent in quarters 3&4.

The service continues to work with businesses to secure as much rental income as possible given the circumstances.

**Major Projects – £0.238m adverse forecast**

The overspend in this service is due to the cost of work undertaken in response to Covid-19.

**City Advertising - £0.072m adverse forecast**

£0.080m forecast loss of advertising income due to Covid-19 impacting opportunities and the advertising market (e.g. events).

**Companies - £6.025m adverse forecast**

Relates mostly to no dividend income and financial support to the companies, mainly arising from the economic impact of Covid-19 on their business models.

**Corporate Budgets - £6.780m adverse forecast**

Provision for additional Covid-19 risks, this includes a forecast for additional bad debts and potential losses

**New ERP System Delayed go-live - £3.500m adverse**

The Council was due to go live with a new ERP system in Qtr1 2020, however due to Covid-19 this has been delayed to 2020/21

## Appendix 2

### Quarter 1 2020/21 Collection Rate Information

#### Housing Rents Collection

The target for this performance indicator has been met, however, performance has been affected by the bringing forward of the two rent free weeks to the first two weeks of the year. This measure was put in place to support our tenants through the initial stages of the lockdown period, and this move has been well received. Arrears have increased by approximately **£0.300m** compared to this time last year, however given the circumstances around the pandemic this was to be anticipated. There have been an additional **500** Universal Credit cases registered during the initial weeks of the lockdown and a significant increase in number of claims. These have now settled down to pre-lockdown levels, however there continues to be an impact on collection rates from these additional cases. Usual enforcement activities were not possible during this period as all court cases and evictions are suspended until the end of August. The team has been concentrating on contacting tenants to provide advice and support in relation to claiming benefits and paying their rent.

#### Sundry Income

The percentage of debts collected within 90 days in the 12 months to June 2020 is **82.00%**, which is an improvement on the corresponding figure for 2019/20 of **79.50%**. The debtor day indicator (which shows how quickly debts are recovered) is currently **43** days, which is higher than the **32.30** day target and worse than the corresponding figure for 2019/20 of **32** days.

There is significant work on-going to improve debt collection rates in the Council's finance system, with particular focus on the implementation of Advanced Collections functionality as part of the Fit for the Future programme. Advanced Collections is a debt management tool that will provide vastly improved debt collection functionality, enabling tailored debt strategies to be built for different types of debt.

#### Adult Residential Services

The service has delivered **97.3%** eventual collection rate of debt raised. There was a reduction in Court of Protection orders being granted and house sales stall during the first quarter of 2020/21. However, now the government has released property sales from any lockdown position some additional funds have already been identified to be recovered to long outstanding debts. In addition, with the courts reopening, Court of Protection orders are starting to be heard and discussions with appointed solicitors are also beginning to move in a positive way.

#### Council Tax

Collection at the end of Quarter 1 for the financial year 2020/21 was **25.8%**, which corresponds with the quarterly target. This is a small decrease of **0.1%** when compared to 2019/20. Collection amounted to **£37.4m** compared to collection of **£36.7m** for quarter 1 of financial year 2019/20. Net debt collectable over the two financial years has increased from **£141.8m** in 2019/20 to **£144.9m** in 2020/21. In-year targets are subject to recalibration due to the Covid-19 pandemic given the impact on household incomes and businesses.



## National Non- Domestic Rates (NNDR)

Collection at the end of Quarter 1 for the financial year 2020/21 was **22.56%**, which was **5.94%** below the original profiled target. Collection amounted to **£18.7m**, compared to collection of **£43.8m** for quarter 1 of financial year 2019/20. Net debt collectable for the year has decreased significantly (due to the award of Expanded Retail, Hospitality & Leisure Discount) from **£144.3m** in 2019/20 to **£82.8m** in 2020/21. In-year targets are subject to recalibration due to the Covid-19 pandemic given the impact on household incomes and businesses.

<b>Quarterly Performance Review - 2020-21</b>	<b>Q1</b>
<b>BVPI 66a - Housing Rent Collection (%)</b> <i>(cumulative - current tenants only</i>	
<i>arrears + debit)</i> Actual	98.80
Target	98.50
Last Year Actual 2019-20	96.80
<b>BVPI 9 - Council Tax Collection (%)</b>	
<i>(in year cumulative)</i> Actual	25.80
Target	25.80
Last Year Actual 2019-20	25.90
<b>BVPI 10 - NNDR Collection (%)</b>	
<i>(in year cumulative)</i> Actual	22.56
Target	28.50
Last Year Actual 2019-20	30.40
<b>Sundry Income Collection (%)</b>	
<i>(12 month rolling average)</i> Actual	82.00
Target	99.00
Last Year Actual 2019-20	79.50
<b>Sundry Income Debtor Days -General</b>	
Actual	43.00
<i>(12 month rolling average)</i> Target	32.30
Last Year Actual 2019-20	32.00
<b>Estates Rents Collection (%)</b>	
Actual	97.59
<i>(12 month rolling average)</i> Target	97.50
Last Year Actual 2019-20	98.19
<b>Adult Residential Services Collection (%)</b>	
Actual	97.30
<i>(12 month rolling average)</i> Target	97.50
Last Year Actual 2019-20	96.50

**Virement 2020-21 Requiring Executive Board Approval**

**Appendix 3**

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
<b>Operational virements</b>					
Savings realignment	0.300	CA	CORP	AC&LT	FG&CC
	0.007	within CO		EE&DS	AC&LT
	0.005	within CO		R,Safety&C	AC&LT
	0.002	DG	CO	AC&LT	
	0.002	within CO		LC&IT	AC&LT
	0.001	SR	CO	LC&IT	AC&LT
	0.060	CORP	SR	FG&CC	EE&DS
	0.075	DG	CO	CH&ST	E&CP
	0.037	within SR		FG&CC	CYP
	0.024	within SR		R,Safety&C	EY,E&E
	0.026	within SR		R,Safety&C	FG&CC
	0.100	within DG		R,Safety&C	FG&CC
	0.050	within CO		LC&IT	CH&ST
	0.250	within DG		HPH	FG&CC
	0.005	within CO		FG&CC	AC&LT
Employee budget realignment b/t Transport Strategy & Traffic Mgt	0.107	within DG		R,Safety&C	AC&LT
Employee budget realignment within Domestic waste	0.073	within CO		EE&DS	AC&LT
Budget realignment Highways Management	1.400	CORP	COM	AC&LT	
Employee Budget realignment b/t Streetscene & Waste Mgt	0.048	within CO		EE&DS	COM
Transfer of cultural grant	0.020	within CO		COM	LC&IT
Police Match Funding realignment	0.328	within CO		R,Safety&C	COM
Budget realignment b/t Revs & Bens & Customer services	0.005	within SR		FG&CC	EE&DS
Employee Budget realignment b/t ASB & Safer Housing	0.004	within CO		R,Safety&C	HPH
Budget realignment b/t GIS & Property	0.003	within DG		LC&IT	R,Safety&C
Budget realignment b/t Safer Housing & Housing Solutions	0.039	CO	DG	HPH	

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Pay model adjustment	0.002	CORP	CA	FG&CC	CYP
	0.164	CORP	SR	FG&CC	CYP
	0.009	CORP	DG	FG&CC	HPH
	0.011	CORP	DG	FG&CC	HPH
Income realignment	0.584	C&O	CORP	CH&ST	FG&CC
Utilities Realignment	0.125	within CO		CH&ST	EE&DS
Premises budgets realignment b/t Childrens & Property	0.019	CA	DG	CYP	R,Schools&C
Employee budget realignment b/t Parking & Fleet	0.039	within CO		CH&ST	AC&LT
Employee budget realignment within Neighbourhood Services	0.022	within CO		LC&IT	CH&ST
Employee budget realignment within Commercial Infrastructure & Energy	0.085	within CO		EE&DS	CH&ST
Employee budget realignment b/t Public Transport & Energy	0.050	CO	DG	AC&LT	EE&DS
Employee budget realignment b/t Highways & Waste	0.020	within CO		EE&DS	CH&ST
Budget realignment within Crime & Drugs Partnership	0.015	within CO		CH&ST	E&CP
	0.110	CO	SR		
	0.020	within CO		CH&ST	E&CP
	0.020	SR	CO	FG&CC	
Budget realignment within Strategic Assets & Property	0.011	within DG		LC&IT	R,Schools&C
<b>Transfer of Services resulting from changes in Portfolio arrangements approved at May 20 Council</b>					
Street Lighting	4.110	within D&G		AC&LT	CH&ST
Traffic Safety	0.618	within D&G		AC&LT	CH&ST
Highways & Energy Infrastructure	0.703	within CO		AC&LT	CH&ST
Parking Services	8.696	within CO		AC&LT	CH&ST
Human Resources (part)	0.040	within SR		H,HR&E	EE&DS
School Improvement (part)	0.062	within CA		EY,E&E	CYP
Inclusive Learning (part)	0.006	within CA		EY,E&E	CYP
Access to Services (Joint Service Ctrs)	0.943	within D&G		R,Safety&C	FG&CC
Human Resources (part)	0.903	within SR		H,HR&E	E&CP

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
EconDev Partner & Policy	1.337	within D&G		EY,E&E	R,Schools&C
Community Protection Directorate	0.728	within CO		R,Safety&C	E&CP
Security & Logistics	1.221	within CO		R,Safety&C	E&CP
Anti-Social Behaviour	0.778	within CO		R,Safety&C	E&CP
Uniformed Services (part)	3.872	within CO		R,Safety&C	E&CP
Crime & Drugs Partnership	1.061	within CO		R,Safety&C	E&CP
Schools	0.000	within CA		EY,E&E	R,Schools&C
Education Partnerships	1.515	within CA		EY,E&E	R,Schools&C
School Improvement (part)	0.720	within CA		EY,E&E	R,Schools&C
Inclusive Learning (part)	1.327	within CA		EY,E&E	R,Schools&C
Building Schools for the Future	0.001	within D&G		EY,E&E	R,Schools&C
City Advertising	0.123	within SR		R,Safety&C	R,Schools&C
Marketing & Communications	0.899	within SR		R,Safety&C	R,Schools&C
Planned Maintenance Budget	3.253	within CO		R,Safety&C	R,Schools&C
Transport Strategy	0.222	within D&G		R,Safety&C	CH&ST
Major Projects	0.038	within D&G		R,Safety&C	R,Schools&C
D&G Directorate	0.140	within D&G		R,Safety&C	R,Schools&C
Estates Management	0.586	within D&G		R,Safety&C	R,Schools&C
Main Operational Buildings	0.990	within D&G		R,Safety&C	R,Schools&C
Property Trading Account	24.616	within D&G		R,Safety&C	R,Schools&C
Completed Regeneration Schemes Property Managed	1.214	within D&G		R,Safety&C	R,Schools&C
Property Directorate	0.378	within D&G		R,Safety&C	R,Schools&C
Business Centre	0.321	within D&G		R,Safety&C	R,Schools&C
Regeneration	0.001	within D&G		R,Safety&C	R,Schools&C
Asset Management	0.517	within D&G		R,Safety&C	R,Schools&C
Uniformed Services (part)	0.001	within CO		R,Safety&C	CH&ST
Community Centres	0.966	within CO		COM	CH&ST
C&O Support Services	0.982	within CO		COM	CH&ST
Community Cohesion	0.303	within CO		COM	CH&ST
Street Scene & Grounds Maintenance	4.943	within CO		COM	CH&ST

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Neighbourhood Services Directorate Management	0.420	within CO		COM	CH&ST
Neighbourhoods & Community Engagement	3.239	within CO		COM	CH&ST
Neighbourhood Services Operational Hub	0.228	within CO		COM	CH&ST
Highways & Energy Infrastructure	0.101	within CO		COM	CH&ST
One Nottingham	0.084	within SR		COM	CH&ST
Contracting & Procurement	0.794	within SR		COM	CH&ST
Commercial Finance (part)	0.496	within CX		COM	CH&ST
	<b>78.774</b>				

Key

Department	Key
Children & Adults	CA
Commercial & Operations	CO
Chief Executive	CX
Development & Growth	DG
Strategy & Resources	SR
<b>Portfolios prior to May Council</b>	<b>Key</b>
Adult Care & Local Transport	AC&LT
Communities	COM
Energy, Environment & Democratic Services	EE&DS
Children & Young People	CYP
Early Years, Education & Employment	EY,E&E
Finance, Growth & The City Centre	FG&CC
Housing, Planning & Heritage	HPH
Leisure, Culture & IT	L,C&IT
Regeneration, Safety & Communications	R,Safety&C
Health, HR & Equalities	H,HR&E
<b>Current Portfolios</b>	<b>Key</b>
Adult Care & Local Transport	AC&LT
Communities, Highways and Strategic Transport	CH&ST
Energy, Environment & Democratic Services	EE&DS
Children & Young People	CYP
Employment & Community Protection	E&CP
Finance, Growth & The City Centre	FG&CC
Housing, Planning & Heritage	HPH
Leisure, Culture & IT	LC&IT
Regeneration, Schools & Communications	R,Schools&C
Health, HR & Equalities	H,HR&E

## Covid-19 – Latest ring fenced grant position

### 1. **£500m Hardship Fund**

A £500m fund for local government to provide support to economically vulnerable households. The Government expects most of this funding to be used to provide more council tax relief, either through existing council tax support schemes or through complementary reliefs.

This will provide all citizens, already in receipt of the Council Tax Support Scheme (CTSS) up to a £150 reduction for 2020/21.

Any balance remaining will be used to support new claimants expected as a result of the impact of COVID 19. At this time there is no proposal to change the CTSS.

### 2. **£1.3bn fund going to CCGs**

This funding is going to the NHS to support discharge from hospitals so patients who no longer need urgent treatment can return home safely and quickly. There will potentially be an element of this that will transfer to NCC however at the minute this is not being factored into the COVID 19 forecast.

### 3. **Business Rate Holiday for retail, hospitality and leisure in 2020/21**

On 11 March, the Budget announced that businesses in the retail, hospitality and leisure sectors, with a rateable value of less than £51,000, would pay no business rates this year.

On 17 March, the government announced it would go further by removing the £51,000 rateable value threshold. This has now also been expanded to include Nurseries who have an OFSTED rating (this information has been provided by the Education directorate).

**Update** – The grant scheme has now closed and £62.989m relief has been allocated to businesses in this sector.

### 4. **Business Rates support grants for retail, hospitality and leisure businesses.**

Grant totaling £63.436m, allocated £53.880m (84.94%).

**Update** – Grants now closed.

### 5. **Rough Sleeping - £23k awarded**

### 6. **£600m for infection control – LA allocation £2.727m – approved on decision 3909**

The guidance states that each care home should receive an amount per CQC registered bed, representing 75% of the funding. The remaining 25% must be used for infection control measures, however local authorities are able to allocate based on need.

The 75% is paid over in 2 equal tranches and has to be paid to providers within 10 days.

### 7. **£50m for Reopening up the High Street Fund – LA allocation £0.294m – approved on decision 3892.**

The Reopening High Streets Safely Fund is providing European Regional Development Fund to councils across England to support the safe reopening of high streets and other commercial areas.

The money is to support develop an action plan for how the Nottingham will begin to safely reopen their local economies, in line with latest Government guidance. The action plan will have 3 deliverables:

- a) Communications and public information activity to ensure that reopening of local economies can be managed successfully and safely
- b) Business-facing awareness raising activities to ensure that reopening of local economies can be managed successfully and safely.

- c) Temporary public realm changes to ensure that reopening of local economies can be managed successfully and safely.

**8. £300m for Test & Trace - LA allocation £3.1m – decision not yet complete.**

The Department of Health and Social Care will allocate funding to LA's in England, working with the Ministry of Housing, Communities and Local Government on the allocation formula. The funding is ring-fenced for this specific purpose.

Work will be led by LA leaders and local directors of public health in charge of planning, and will build on their work to date to respond to coronavirus locally. They will operate in close partnership with local hospitals, GP practices, businesses, religious groups, schools and charities.

**9. Emergency Assistance Grant for Food and Essential Supplies – DEFRA - £63m – Nottingham City Council allocation £0.524m.**

On 10 June the Government announced an emergency fund of **£63 million** to be distributed to local authorities in England to help those struggling to afford food and other essentials due to Covid-19. The funding is a one-off contribution to the 2020/21 financial year and is made under Section 31 of the Local Government Act 2003.

The purpose of the grant is to help authorities to continue to support those struggling to afford food and other essentials over the coming months. This funding is in addition to the **£6.5 billion** of extra support from the Government provided through the welfare system.

The allocation is on the basis of population weighted by a proxy measure of need, the Index of Multiple Deprivation for the authority area.

**10. Arts, Culture & Heritage Grant - £1.57bn – application submitted for £0.800m.**

Theatre Royal Concert Hall have submitted a bid for **c.£0.800m** based on the best possible option for award, it covers an estimated difference of the income lost not covered by the MHCLG income grant and also **£0.300m** for upgrading box office ticketing systems to enable remote working and reduce staffing costs, it also underwrites some small scale acts to generate additional income/interest in the venue.

It is expected that by early October 2020 notification will be issued regarding the outcome, it is for 2021/22 and therefore is currently not captured in the 2020/21 budget monitoring.

**11. Arts, Culture & Heritage Loan**

Nottingham Ice Centre are submitting a loan application.

**12. Additional dedicated home to schools and college school – Dept for Education - £0.214m allocation**

This funding is designed to enable Local Authorities to provide additional transport capacity for journeys to school and college and has been allocated dependent on the number of students in the local area and how far they have to travel.

**13. £6m for eligible councils who have particular problems associated with unaccompanied asylum seeking children – Bid process.**

This is currently being reviewed by Childrens services.

**14. Youth Endowment Fund - £500m - £0.193m – Bid submitted.**

This fund is linked to Young Manchester with Nottingham being awarded the most of any authority. The funding is for 12 months for 4 detached and 1 senior detached youth worker, money for training, running costs of youth van and to support referrals to three voluntary organisation which will offer pro-social modelling, counselling and mentoring.

**15. Emergency active travel fund – £45m - Tranche 1 - £0.570m awarded – DDM 3939**

To improve temporary measures for pop up cycle lanes and walking infrastructure.

**16. Emergency active travel fund – £180m - Tranche 2 - £2.145m bid – Submission**

To support the submission a value for money assessment is required and S151 sign off gained. This funding will be used to expand tranche 1 and make the measures permanent.



## Appendix 5a-j: Savings from July report restated in new portfolios after detailed coding of proposals

### Adult Care & Local Transport

### Appendix 5a

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
1	C&A - Adults	Health Integration	Inter authority care provision costs	Rebase of inter authority care provision costs - post dispute resolution	One-off	(0.691)
2	C&A - Adults	Health Integration	Rebase of assumed costs	Rebase of assumed costs following package and aligned funding reviews	One-off	(0.602)
3	C&A - Adults	Health Integration	Non recurrent external funding	Non recurrent external funding that supports initiatives already captured in the 2020-21 MTFP	One-off	(0.050)
4	C&A - Adults	Health Integration	Assessment & Provision	Staffing review across Assessment & Provision to deliver efficiencies	Ongoing	(0.122)
5	C&A - Adults	Health Integration	Volunteering offer in communities	Delivery of a more robust integrated volunteering offer in communities - led by Adult Social Care and Neighbourhood Management	Ongoing	(0.005)
6	C&A - Adults	Health Integration	In year contract reduction	Based on 2019/20 activity levels	One-off	(0.030)
7	C&A - Adults	Health Integration	In year contract reduction	Conversations with provider have identified £20,783 which can be removed from the contract	One-off	(0.021)
8	C&A - Adults	Health Integration	In year contract reduction	Reduce block contract funding by 1/3	One-off	(0.007)
9	C&A - Adults	Health Integration	Review and consolidation of day services for citizens with physical, sensory and learning disabilities, including the closure of one day centre	Review sufficiency of day services and following consultation, ensure an appropriate offer for all citizens currently accessing day services	Ongoing	(0.052)
10	D&G	Public Transport	Flooding costs	Capitalise costs incurred due to flooding of Queens Drive - one-off only	One-off	(0.100)
11	D&G	Public Transport	Travel centre released savings	Travel centre closure during lockdown - saving of agency staff	One-off	(0.050)

## Adult Care & Local Transport

## Appendix 5a

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
12	D&G	Public Transport / Concessionary Fares	Transforming Cities Fund	Recharge of relevant staff to Transforming Cities Fund	Ongoing	(0.080)
13	D&G	Public Transport	Public transport staffing	Revised staffing arrangements in the Travel Centre	Ongoing	(0.007)
14	C&O	Transport & Fleet	Become warranty repairer for Maxus vehicles in the East Midlands	Become warranty repairer for Maxus vehicles in the East Midlands. Warranty work will generate at least £20k p/a from Quarter 4 with more expected through servicing, repairs, growth of the Maxus brand and becoming warranty repairer for other brands	Ongoing	(0.003)
15	C&O	Transport & Fleet	Meals at Home	Eliminate the meals at home deficit through process improvements	Ongoing	(0.013)
<b>PORTFOLIO TOTAL</b>						<b>(1.833)</b>

**Children & Young People**

**Appendix 5b**

	<b>Department</b>	<b>Service Area</b>	<b>Title of Proposal</b>	<b>Narrative</b>	<b>Duration</b>	<b>2020/21 £m</b>
1	C&A - Children's	Strategy & Improvement	Business support management	Reduction of 2fte Business Support Manager posts by returning some of the service to the frontline services	Ongoing	(0.038)
2	C&A - Children's	Extensive & Specialist Services	Restructuring of the Family Support Service	Family support teams move into specialist services aligned to social work teams and overseen by the specialist social work service managers, reducing by 4 fte Family Support Specialist posts	Ongoing	(0.100)
3	C&A - Children's	Children in Care	Restructuring of the Children's Placement Service Support Posts	Combining posts and providing different leadership capacity in Children's Placements Service to produce a saving and provide better oversight of children's placements commissioning	Ongoing	(0.002)
4	C&A - Children's	Strategy & Improvement	Grant Maximisation	Grant Maximisation	One-off	(0.075)
5	C&A - Children's	Strategy & Improvement	Reduce the Safe Families for Children contract	Reduction in Safe Families for Children contract (recurrent)	Ongoing	(0.008)
6	C&A - Children's	Early Help Services	NGY Contract	Reduce our contribution to city centre Youth Centre (NGY)	Ongoing	(0.010)
7	C&A - Children's	Strategy & Improvement	Safe Families for Children	One-off additional reduction to the Safe Families for Children Contract	One-off	(0.012)
<b>PORTFOLIO TOTAL</b>						<b>(0.245)</b>

**Communities, Highways & Strategic Transport**

**Appendix 5c**

	<b>Department</b>	<b>Service Area</b>	<b>Title of Proposal</b>	<b>Narrative</b>	<b>Duration</b>	<b>2020/21 £m</b>
1	C&O	Community Centres	Community Centres	In year savings from community centres	One-off	(0.095)
2	C&O	Neighbourhoods & Community Engagement	Area Capital Fund	20% Top slice of the general fund proportion of the Area Capital Fund	One-off	(0.150)
3	C&O	NS Directorate Management	Training spend	Reduced Training in year concentrating on providing essential/statutory H&S training to meet the needs of the services	One-off	(0.020)
4	C&O	NS Operational Hub	Operation Hub vacancies for 20-21	Hold In Year vacancies for supported employees due to the current Covid-19 pandemic	One-off	(0.043)
5	C&O	Parking Services	Create further capacity in Workplace Parking Levy (WPL) team to provide additional fee earning consultancy work in 2020/21	Following the success of our WPL consultancy contracts with Leicester City Council and London Borough of Hounslow, create the capacity within the WPL team to undertake further work with these and other interested local authorities, providing specialist fee earning consultancy work advising them on how they can deliver a WPL scheme	Ongoing	(0.040)
6	C&O	Parking Services	ULEV Framework	Speed up "go live" of the Council's ULEV Framework to commence in August 2020. Early implementation of ULEV Framework (reliant on Legal and Procurement) will enable NCC to capitalise on income opportunities	Ongoing	(0.010)

**Communities, Highways & Strategic Transport**

**Appendix 5c**

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
7	C&O	Parking Services	Cashless Payment mechanism review – Install 50 card only Pay and Display machines on street	Currently there are 100 on-street pay and display parking machines which are at end of life and only take cash and card payments and need to be replaced. The proposal is to refurbish 50 of these machines and convert them to contactless card payments only moving towards a predominantly cashless parking operation. Retain 20 of the old pay and display machines which will still take cash payments and these will be strategically placed in close proximity to specific retail type locations to support customers over the next 12 months in the transition to a cashless parking system. Customers will also be able to pay via the cashless RingGo pay by phone option as well	Ongoing	(0.100)
8	C&O	Parking Services	Cashless Commuter Parking Zones	Cashless scheme at various locations	Ongoing	(0.056)
9	C&O	Street Scene & Grounds Maintenance	Street Scene Services	Reduction of 9 vacant roles across the Streetscene service	Ongoing	(0.222)
10	C&O	Street Scene & Grounds Maintenance	Procurement efficiencies and review of Streetscene expenditure budgets for 20-21	10% spend reduction across non-commercial expenditure budgets will create a saving of £45,000 in 2020/21	One-off	(0.045)
11	C&O	Street Scene & Grounds Maintenance	Streetscene Apprentice vacancies for 20-21	To hold current 13 x Streetscene Apprentice vacancies for 20-21 due to the current Covid-19 pandemic, and recommence recruitment in 2021/22	One-off	(0.100)
12	C&O	Street Scene & Grounds Maintenance	Closure of Bulwell Hall Golf Course Nov 2020	Close the golf course and explore external opportunities to secure a new leisure operator on site.	Ongoing	(0.018)
13	C&O	Uniformed Services	Resident Parking Permits Introduce charge for 3rd Parking Permit	Review of resident parking permits and introduction of charges for 3rd permit and to identify resident categories that are exempt from charges. The first two permits will remain free of charge	Ongoing	(0.019)
14	D&G	Transport Strategy	Transforming Cities Fund funding Transport post	Use Transforming Cities Fund to pay for Senior Transport Officer	Ongoing	(0.045)

**Communities, Highways & Strategic Transport**

**Appendix 5c**

	<b>Department</b>	<b>Service Area</b>	<b>Title of Proposal</b>	<b>Narrative</b>	<b>Duration</b>	<b>2020/21 £m</b>
15	D&G	Transport Strategy	Transforming Cities Fund funding Transport post	Use Transforming Cities Fund to pay for Business Support Manager	Ongoing	(0.025)
<b>PORTFOLIO TOTAL</b>						<b>(0.988)</b>

## Employment & Community Protection

## Appendix 5d

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
1	C&O	Community Protection Directorate	Regulation and Enforcement Review 'Front Line First'	Reduction of management role through realignment of the City Centre Management service into uniformed services delivery	Ongoing	(0.030)
2	C&O	Community Protection Directorate	Regulation and Enforcement Review 'Front Line First'	Reduction of senior management roles through realignment of services, resulting in a reduction of three Heads of Service. Redesign of services will also see a reduction of a third of the management roles and back office support, including a redesign of the ASB function	Ongoing	(0.128)
3	C&O	Security & Logistics	Security - Wollaton Hall	Integration of Security CCTV and alarm monitoring control rooms, to enable remote monitoring of site from the established Nottingham Control Centre - CCTV, NSI Gold accredited ARC, patrol and response service	Ongoing	(0.007)
4	C&O	Security & Logistics	Security - Loxley House	Access control upgrade at Council HQ to only allow Council colleagues to enter the building outside of public opening hours, removing the requirement to have a guard on site outside of normal opening hours to enable ingress	Ongoing	(0.006)
5	S&R	Human Resources	Employability budget	In year freeze of employability budget that supports the councils ambition to employ 100 apprentices. The impact of the Covid-19 pandemic and the council's financial position make the recruitment and support of new apprentices in this financial year unsustainable	One-off	(0.350)
<b>PORTFOLIO TOTAL</b>						<b>(0.521)</b>

## Energy, Environment & Democratic Services

## Appendix 5e

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
1	C&O	Energy Services	Increased Income target	Increase in income targets through planned works, decreased expenditure costs (in year)	Ongoing	(0.050)
2	C&O	Facilities & Building Services	Building Facilities & FM - Service redesign	Service redesign incorporating M&E Team, Property Maintenance Team, Support Services Team, Contracts and Commercial Team	Ongoing	(0.093)
3	C&O	Facilities & Building Services	In-house design services function	Re-scope delivering an in-house Design Services function and focus it on property condition work. This will remove the architectural design in-house capacity	Ongoing	(0.140)
4	C&O	Facilities & Building Services	In-house specialist cleaning service	Cease delivering an in-house specialist cleaning service including Window Cleaning, Mobile Cleaning & PAT Testing	Ongoing	(0.054)
5	C&O	Facilities & Building Services	Mail Room	Review full incoming and outgoing mail operation, implement hybrid mail solution for external mail and implement all digital incoming mail solution	Ongoing	(0.040)
6	C&O	Facilities & Building Services	External agency spend	BS/FM to cease all external agency spend and reduce consumable and operating equipment spend in year and 2021/22	Ongoing	(0.010)
7	C&O	Facilities & Building Services	Design Services efficiencies	Hold vacancies within year	One-off	(0.065)
8	C&O	Facilities & Building Services	Review of Facilities and Building Services expenditure budgets for 20-21	Spend reduction across non-commercial expenditure budgets will create a saving of £52,000 in 2020/21	One-off	(0.052)
9	CEX	Legal and Democratic	Legal restructure	Legal restructure	Ongoing	(0.014)
10	S&R	Executive & Majority Support	HR & Customer - councillor casework	Delete part time vacant hours (0.4 FTE) in councillor casework team	Ongoing	(0.005)
11	S&R	Executive & Majority Support	Executive Councillors	Restructure and reduce the executive / administrative support to Executive Councillors	Ongoing	(0.008)



**Energy, Environment & Democratic Services**

**Appendix 5e**

	<b>Department</b>	<b>Service Area</b>	<b>Title of Proposal</b>	<b>Narrative</b>	<b>Duration</b>	<b>2020/21 £m</b>
12	S&R	Civic & Coronial Services	Registration service	Delete a vacant post from the registration service	Ongoing	(0.007)
13	S&R	Civic & Coronial Services	Restructure of Civic roles	Redesign the activity undertaken by the civic roles of Lord Mayor and Sheriff of Nottingham, ensuring the Lord Mayor role maintains its constitutional responsibilities and focussing ceremonial responsibilities on the Sheriff of Nottingham. This will allow for a reduction in transport and associated event costs and the removal of one post from the civic support team	Ongoing	(0.020)
14	S&R	Civic & Coronial Services	Council House repair and maintenance budget	In year freeze on the Council House repairs and maintenance budget. Activity scheduled for this year will be replanned for the next financial year and beyond	One-off	(0.040)
<b>PORTFOLIO TOTAL</b>						<b>(0.598)</b>

## Finance Growth & the City Centre

## Appendix 5f

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
1	C&O	Nottingham Catering	Revised Charging Model for Covid-19	In response to the change in schools and the minimal number of school meals that are being served, the council has been forced to review and revised its charging model in-year to its contracted schools for catering services. To protect the current and future stability of the service and to protect its employees, the council will be invoicing for an additional management fee to schools, to be paid from the schools grant for UIFSM which is not currently in use. Engagement with schools has commenced	One-off	(0.850)
2	C&O	Nottingham Catering	Bring forward School Meal Price increase	Increase the recommended price for a school meal by £0.10 from September 2020 to minimise the impact on services during the current and future financial years and to protect jobs. This will bring forward this planned price increase from April 2021 to September 2020	Ongoing	(0.010)
3	C&O	Nottingham Catering	Commercial Catering Redesign – Loxley	In response to the current Covid-19 crisis the Commercial Catering service will be reviewing the viability of all of its operation and implementing efficiencies and service reductions where necessary to align with future patterns of use and commercial uptake. The reduction in staffing will offset the loss of income from the reduced viability of the catering service in Loxley House due to occupancy levels. Not reducing the staffing to one supervisor and one apprentice for the operation of the café will cause a significant pressure to the net budget in future years	Ongoing	(0.036)

## Finance Growth & the City Centre

## Appendix 5f

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
4	C&O	Nottingham Catering	Commercial Catering Redesign – Arboretum	In response to the current Covid-19 crisis, the Commercial Catering service will be reviewing the viability of all of its operation and implementing efficiencies and service reductions where necessary to align with future patterns of use and commercial uptake, which includes specifically the cessation of operations in the Arboretum Café. The reduction in staffing will offset the loss of income from the reduced viability of the catering service in the cafe due to visitor attendance levels. Parks & Open Spaces will seek to tender for an external operator of the café. 1.72 fte reduction	Ongoing	(0.010)
5	C&O	Nottingham Catering	Commercial Catering - Cashless Payments Only	Implement a cashless payment for cafes across all sites to remove cash collections	Ongoing	(0.005)
6	C&O	Nottingham Catering	Commercial Catering	Nottingham Catering will be seeking to introduce a new staffing structure and opening hours across remaining commercial sites to increase net income	Ongoing	(0.010)
7	C&O	Nottingham Catering	Use of Fare Share and/or alternative suppliers	Nottingham Catering will review is current supply contract for its commercial cafes food and provisions and seek to utilise alternative suppliers to reduce its costs	Ongoing	(0.005)
8	C&O	Nottingham Catering	Procurement Efficiencies for School Catering	Nottingham Catering will review is contracts for supplies and services for school catering and seek to utilise alternative suppliers to reduce its costs	Ongoing	(0.020)
9	D&G	D&G Directorate	Delete Directorate support post	Delete Grade E vacant post in Directorate	Ongoing	(0.026)
10	D&G	Economic Development Business Growth	International work	Stop future funding of International work and contribution to relevant posts - one-off only as funded from reserves	One-off	(0.020)
11	D&G	Economic Development Partner & Policy	Cancellation of MIPIM	Clawback of funding from Marketing NG due to MIPIM not taking place next year	One-off	(0.025)

## Finance Growth & the City Centre

## Appendix 5f

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
12	CEX	Chief Executive's Office	In year freeze of non-staffing Chief Executives budget	This budget supports a range of activities including twining and international activity. This activity will be put on hold for the remainder of the financial year and reviewed for next year	One-off	(0.020)
13	CEX	Commercial Finance	Grant maximisation	Allocation of new burdens funding supporting existing resources	One-off	(0.252)
14	S&R	Analysis & Insight Service	Geographic Information System (GIS)	Reduction in geographical analytical capacity in the Analysis and Insight Team	Ongoing	(0.005)
15	S&R	Contracting & Procurement	Commissioning and Procurement - Service redesign	One off in year savings of £30,000 from delays in recruitment. Review structure for longer term savings	One-off	(0.030)
<b>PORTFOLIO TOTAL</b>						<b>(1.324)</b>

## Health, HR & Equalities

## Appendix 5g

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
1	C&A - Public Heath	Public Heath	External funding	Non recurrent external funding that supports initiatives already captured in the 2020-21 MTFP	One-off	(0.360)
2	S&R	Human Resources	Corporate Learning & Development	In year freeze of corporate Learning & Development budget. This budget covers the provision of corporate training activity across the council	One-off	(0.050)
3	S&R	Human Resources	Corporate Leadership Team (CLT)	Restructure and reduce the executive / administrative support to CLT	Ongoing	(0.021)
4	S&R	OT Directorate	HROD structure	Restructure and reduce by two F grade posts from across the HROD structure	Ongoing	(0.017)
<b>PORTFOLIO TOTAL</b>						<b>(0.448)</b>

## Housing, Planning & Heritage

## Appendix 5h

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
1	C&O	Safer Housing	Safer Housing team	Not filling 3.5 vacancies in the Core Safer Housing team in advance of a structural review of the Directorate	Ongoing	(0.125)
<b>PORTFOLIO TOTAL</b>						<b>(0.125)</b>

Leisure, Culture & IT

Appendix 5i

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
1	C&O	Libraries	Library Service - savings on purchase of books	Reduce book purchases for 2020/21	One-off	(0.080)
2	C&O	Libraries	Library Service - vacancy saving	Do not appoint into frontline vacancies, taking savings from the amended opening hours due to the Covid-19 impact	One-off	(0.050)
3	C&O	Events & Goose Fair	Reduction in events	Cancel one of the three remaining city events unless alternate funding can be found	Ongoing	(0.019)
4	C&O	Events & Goose Fair	Armed Forces Events in 2020/21	Reduced financial support for external Armed Forces Events in 2020/21	One-off	(0.010)
5	C&O	Events & Goose Fair	Events marketing	Savings from cancelled programme due to Covid-19	One-off	(0.016)
6	C&O	Events & Goose Fair	Events Team - vacancy saving	Do not appoint into one event vacancy due to reduced capacity needs for this year	One-off	(0.015)
7	C&O	Parks & Open Spaces	Play Areas	Close targeted, underused/poor condition city play areas by Dec 2020 and reduction of playground development budget (equipment and maintenance)	Ongoing	(0.010)
8	C&O	Parks & Open Spaces	Parks and Open Spaces	Following the review of Parks and Open Spaces Operations, it is proposed to delete a number of current vacancies and absorb the work activity within the existing structure	Ongoing	(0.105)
9	C&O	Parks & Open Spaces	Reduction of Park Attendants and closure of Clifton Sports Barn	Closure of dilapidated Clifton Sports Barn and reduction of two park attendant roles	Ongoing	(0.005)
10	C&O	Parks and Open Spaces	Parks and Open Spaces	Procurement efficiencies and review of Parks and Open Spaces expenditure budgets	One-off	(0.106)
11	S&R	IT	Income from European Social Fund bid	Additional savings generated from the IT training service	One-off	(0.050)

## Leisure, Culture &amp; IT

## Appendix 5i

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
12	S&R	IT	Software/hardware costs	Savings on a pro rata basis in line with reducing staff numbers for the specific IT costs to support each member of staff with software licences and hardware such as laptops	Ongoing	(0.025)
13	S&R	IT	IT support	Variable costs for IT include an element for support which will generate an ongoing reduction in line with reducing staff numbers	Ongoing	(0.035)
14	S&R	IT	Voice contract	Savings arising from the renegotiated voice contract	Ongoing	(0.008)
15	S&R	IT	Move from O2 to Affinity/EE for mobiles	The contract for mobile devices with O2 ended in June 2020	Ongoing	(0.028)
<b>PORTFOLIO TOTAL</b>						<b>(0.562)</b>



## Regeneration, Schools & Communications

## Appendix 5j

	Department	Service Area	Title of Proposal	Narrative	Duration	2020/21 £m
1	C&A - Education	Education Partnership	College Street	Relocating grant funded services into College Street to maximise income	Ongoing	(0.023)
2	C&A - Education	Education Partnership	College Street Support post	Deletion of 1 fte supporting the services at College Street	Ongoing	(0.014)
3	C&A - Education	Education Partnership	Education Services Nottingham Officer	Deletion of 1fte Education Services Nottingham Officer supporting traded services	Ongoing	(0.014)
4	C&A - Education	Education Partnership	Transport Officer	Deletion of 1 fte transport officer	Ongoing	(0.019)
5	C&A - Education	Education Partnership	Customer Support Assistant	Deletion of 1 fte customer support assistant	Ongoing	(0.012)
6	C&A - Education	Education Partnership	Customer Services Assistant	Deletion of 1 fte customer services assistant	Ongoing	(0.009)
7	C&A - Education	Education Partnership	Education Partnerships	Staffing efficiencies across Education Partnerships to reduce by 1fte post	Ongoing	(0.006)
8	D&G	Economic Development Partner & Policy	Innovation Fund	Release part of the Innovation Fund	One-off	(0.200)
9	D&G	Major Projects	Staffing vacancy	Saving from the holding of a vacancy within the Service	One-off	(0.018)
10	D&G	Major Projects	LIFT - Property replacement saving	Stop annual payments to allow purchase of property at the end of the scheme	One-off	(0.115)
11	S&R	Marketing & Communications	The Arrow Magazine	Change delivery method for one of the three editions planned for 2020/21 to be a digital copy supported with a small print run	One-off	(0.030)
12	S&R	Marketing & Communications	Advertising cost	Achieve efficiency in advertising cost	One-off	(0.025)

**Regeneration, Schools & Communications**

**Appendix 5j**

	<b>Department</b>	<b>Service Area</b>	<b>Title of Proposal</b>	<b>Narrative</b>	<b>Duration</b>	<b>2020/21 £m</b>
13	S&R	Marketing & Communications	Service re-design	Service re-design	Ongoing	(0.010)
14	S&R	City Advertising Trading Acct	Advertising income	Achieve additional advertising income	One-off	(0.030)
15	S&R	Marketing & Communications	Temporary staffing	Temporary reduction in staff costs due to secondment or reduction in hours not to be back filled	One-off	(0.014)
<b>PORTFOLIO TOTAL</b>						<b>(0.540)</b>

**Corporate**

**Appendix 5k**

	<b>Department</b>	<b>Service Area</b>	<b>Title of Proposal</b>	<b>Narrative</b>	<b>Duration</b>	<b>2020/21 £m</b>
1	Corporate Items	Contingencies	Remove Corporate Contingency	£1.475m budgeted for 2020/21 £82.5k requests pending to date	One-off	(1.393)
2	Corporate Items	Use of Reserves	Tram payments	One-off amount returned from Insurance rebate from Tram payments made monthly (following 2 year assessment)	One-off	(0.800)
3	Corporate Items	Use of Reserves	NET reserve	Potential release of Tram land compensation money. There is a deadline of July 2020 after which point money can be made available for release from NET reserve	One-off	(3.000)
4	Corporate Items	Use of Reserves	Local Plan reserve	One-off use of Local Plan reserve	One-off	(0.030)
5	Corporate Items	Use of Reserves	Library Service - RFID/PC replacement	Delay replacing the PCs and self-scan system for the check out and return of library books	One-off	(0.100)
<b>CORPORATE TOTAL</b>						<b>(5.323)</b>

## Reserve movements

Reserve name	Reason	Use of	Replenishment	Reserve to Reserve	Capital	Net Movement
Reserves released & not replenished		£m	£m	£m	£m	£m
ASC Contingency	Interim 20/21 budget	(0.650)				(0.650)
Adult Social Care Section 117 Aftercare	Interim 20/21 budget	(0.200)				(0.200)
Royal Centre Maintenance	Interim 20/21 budget	(0.663)				(0.663)
CCTV Equip Replacement Fund	Interim 20/21 budget	(0.090)				(0.090)
Property Maintenance	Interim 20/21 budget	(0.678)				(0.678)
Maintaining car parks	Interim 20/21 budget	(0.797)				(0.797)
Mercury Filtration Sinking Fund	Interim 20/21 budget	(0.486)				(0.486)
IT	Interim 20/21 budget	(0.223)				(0.223)
Line of Light Maintenance	Interim 20/21 budget	(0.020)				(0.020)
Trading Operations Traded Surplus	Interim 20/21 budget	(0.209)				(0.209)
Economic Development	Interim 20/21 budget	(0.115)				(0.115)
Good to Great	Interim 20/21 budget	(0.030)				(0.030)
Bike Scheme Hire	Interim 20/21 budget	(0.070)				(0.070)
IT Schools Team	Interim 20/21 budget	(0.200)				(0.200)
Risk and Contingency Reserve	Interim 20/21 budget	(0.757)				(0.757)
Technical & Regulatory Advisory Fund	Interim 20/21 budget	(4.732)				(4.732)
Housing Benefits	Interim 20/21 budget	(1.000)				(1.000)
Collection Fund & Business Rates	Interim 20/21 budget	(11.357)				(11.357)
Resilience Reserve	Interim 20/21 budget	(3.591)				(3.591)
Treasury Management Reserve	Interim 20/21 budget	(9.850)				(9.850)
Workforce Reserve	Interim 20/21 budget	(1.000)				(1.000)
Pension Deficit Lump Sum	Interim 20/21 budget	(2.000)				(2.000)
<b>Total</b>		<b>(38.718)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(38.718)</b>

Reserve name	Reason	Use of £m	Replenishment £m	Reserve to Reserve £m	Capital £m	Net Movement £m
<b>Reserves to be borrowed &amp; repaid</b>						
BSF Bigwood & Oakfield PFI	Interim 20/21 budget	(5.500)				(5.500)
Street Lighting PFI	Interim 20/21 budget	(6.500)				(6.500)
NHS Local Imp Finance (LIFT)	Interim 20/21 budget	(10.000)				(10.000)
NET City Reserve Fund	Interim 20/21 budget	(5.000)				(5.000)
Rev Reserves for Capital	Interim 20/21 budget	(0.500)				(0.500)
Capital Reserves	Interim 20/21 budget	(0.674)				(0.674)
Treasury Management/Capital	Interim 20/21 budget	(2.000)				(2.000)
Insurance Reserve	Interim 20/21 budget	(1.000)				(1.000)
Capital Program Departmental Prudential Borrowing	Interim 20/21 budget	(0.130)				(0.130)
<b>Total</b>		<b>(31.304)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(31.304)</b>
<b>Operational use of reserves</b>						
Nottingham Growth Plan	In year expenditure and contribution from Capital Reserves	(0.200)		0.300		0.100
PFI Life Cycle	BSF Rosehill		0.006			0.006
Treasury Management MRP	Transformation of Services Works		4.024			4.024
Transformation of Services	Repayment of 2018/19 overspend	(1.650)				(1.650)
Property Sinking Fund	Contributions in year		0.802			0.802
Flood Risk Management	In year expenditure and contribution from Capital Reserves	(0.238)		0.035		(0.203)
Growth Fund	In year income		0.517			0.517
Contingency Reserve	In year expenditure	(0.165)				(0.165)
Nottingham Social Investment Fund	20/21 MTFP	(0.250)				(0.250)
Revenue Implications of Capital Sch	In year expenditure	(0.223)				(0.223)
OLEV Go Ultra Low	In year expenditure	(0.118)				(0.118)

Reserve name	Reason	Use of £m	Replenishment £m	Reserve to Reserve £m	Capital £m	Net Movement £m
Bike Hire Scheme	In year expenditure	(0.031)				(0.031)
SSR-Other Balances	movements in year	(1.639)				(1.639)
ESIF Youth Employment Initiative	In year expenditure				(0.080)	(0.080)
HAZ Delivery Plan	HAZ Project officer costs	(0.012)				(0.012)
Workforce Reserve	In year expenditure	(0.134)				(0.134)
Revenue Reserves for Capital	In year expenditure	(8.572)	7.229			(1.343)
Revenue Reserves for Capital	Nottm Growth Plan			(0.300)		(0.300)
Revenue Reserves for Capital	Capital Funding adjustment			(0.035)		(0.035)
Revenue Reserves for Capital	Capital Funding adjustment	(0.020)				(0.020)
Employment Reserve	In year expenditure	(0.070)				(0.070)
The Midland Engine	Midland Engine	(0.837)				(0.837)
Southglade Food Park Phase 1&2	external repair costs	(0.150)				(0.150)
Property Sinking Fund	In year expenditure	(1.356)				(1.356)
Loxley House Phase 2	prudential borrowing costs	(0.101)				(0.101)
ERDF Sneinton Market	external repair costs & rent arrears	(0.179)				(0.179)
Dakeyne Street	external repair costs & rent arrears	(0.091)				(0.091)
ASC Contingency	In year expenditure	(0.684)				(0.684)
Resilience Reserve	Tranche1 Covid-19 Funding	(10.678)				(10.678)
IT Investment Fund	Project costs & reimbursement	(4.632)	0.150			(4.482)
Good to Great	In year expenditure	(0.115)				(0.115)
Nottingham Social Investment Fund	In year expenditure	(0.060)				(0.060)
Carrington Townscape	In year expenditure	(0.136)				(0.136)
Investment Strategy	In year expenditure	(0.345)				(0.345)
Feasibility Schemes	In year expenditure	(0.549)				(0.549)
<b>Total</b>		<b>(33.235)</b>	<b>12.728</b>	<b>0</b>	<b>(0.080)</b>	<b>(20.588)</b>
<b>Reserves used for additional savings proposals</b>						
NET City Reserve Fund	Additional Savings Interim Budget	(3.800)				(3.800)
Local Plan	Additional Savings Interim Budget	(0.030)				(0.030)
<b>Total</b>		<b>(3.830)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3.830)</b>
<b>Total Reserves</b>		<b>(107.087)</b>	<b>12.728</b>	<b>0</b>	<b>(0.080)</b>	<b>(94.440)</b>

## 2020/21 Budget Movements by Portfolio &amp; Department

Portfolio	Covid Costs & Lost Income £m	Unachieved 20/21 Savings £m	Assumed Allocation of Covid Grant £m	Assumed Income Compensation Funding £m	Net Covid Impact £m	Non-Covid BAU Forecast £m	Consultation Savings £m	Other Items + Reserves £m	Net Budget Moves £m
Adult Care & Local Transport	14.325	1.801	(9.771)	(3.693)	2.662	(7.688)	(1.833)		(6.859)
Children & Young People	4.522	1.978	(6.283)	(0.139)	0.077	3.396	(0.245)		3.229
Communities, Highways & Strategic Transport	7.476	0.766	(1.026)	(3.172)	4.045	(0.308)	(0.988)		2.749
Employment & Community Protection	0.191	0.125	(0.151)	(0.026)	0.140	(0.300)	(0.521)		(0.681)
Energy Environment & Democratic Services	3.392	0.513	(1.694)	(0.960)	1.251	(1.345)	(0.598)		(0.692)
Finance Growth & the City Centre	4.115	1.676	(2.500)	(0.967)	2.324	0.225	(1.324)		1.225
Health, HR & Equalities	0.817		(0.406)	(0.123)	0.288	(0.469)	(0.448)		(0.629)
Housing, Planning & Heritage	1.117	0.030	(0.777)	(0.218)	0.152	0.302	(0.125)		0.329
Leisure, Culture & IT	10.687	0.481	(0.415)	(6.493)	4.259	0.168	(0.562)		3.866
Regeneration, Schools & Communications	7.934	0.156	(0.522)	(0.486)	7.082	0.209	(0.540)		6.750
<b>Portfolios</b>	<b>54.577</b>	<b>7.526</b>	<b>(23.545)</b>	<b>(16.277)</b>	<b>22.281</b>	<b>(5.811)</b>	<b>(7.182)</b>	<b>0.000</b>	<b>9.287</b>
Corporate	16.140	0.165			16.305		(1.393)	6.754	21.667
RHE					0.000			38.200	38.200
Companies Provision for Debt and other risks								6.000	6.000
Earmarked Reserves					0.000		(3.930)	(70.022)	(73.952)
<b>Period 4 Forecast</b>	<b>70.717</b>	<b>7.691</b>	<b>(23.546)</b>	<b>(16.277)</b>	<b>38.585</b>	<b>(5.811)</b>	<b>(12.505)</b>	<b>(19.068)</b>	<b>1.202</b>
General Reserves					0.000			(1.202)	(1.202)
<b>Total</b>	<b>70.717</b>	<b>7.691</b>	<b>(23.546)</b>	<b>(16.277)</b>	<b>38.585</b>	<b>(5.811)</b>	<b>(12.505)</b>	<b>(20.270)</b>	<b>0.000</b>

Department	Covid Costs & Lost Income £m	Unachieved 20/21 Savings £m	Assumed Allocation of Covid Grant £m	Assumed Income Compensation Funding £m	Net Covid Impact £m	Non-Covid BAU Forecast £m	Consultation Savings £m	Other Items + Reserves £m	Net Budget Moves £m
C&A - Adults	7.009	1.791	(8.701)	(0.064)	0.035	(7.118)	(1.580)		(8.662)
C&A - Children's	4.305	1.978	(6.283)	0.000	(0.000)	3.420	(0.245)		3.175
C&A - Education	1.073	0.006	(0.481)	(0.380)	0.218	(0.160)	(0.098)		(0.040)
C&A - Public Health	0.406		(0.406)		0.000	(0.409)	(0.360)		(0.769)
Commercial & Operations	26.894	1.704	(3.142)	(14.868)	10.588	(1.424)	(3.096)		6.068
Development & Growth	9.752	0.333	(0.818)	(0.469)	8.798	(0.026)	(0.711)		8.061
Strategy & Resources	5.138	1.714	(3.714)	(0.495)	2.642	(0.094)	(1.094)		1.454
<b>Total Departments</b>	<b>54.577</b>	<b>7.526</b>	<b>(23.545)</b>	<b>(16.277)</b>	<b>22.281</b>	<b>(5.811)</b>	<b>(7.182)</b>	<b>0.000</b>	<b>9.287</b>
Corporate	16.140	0.165			16.305		(1.393)	6.754	21.667
Companies Provision for Debt and other risks					0.000			44.200	44.200
Earmarked Reserves					0.000		(3.930)	(70.022)	(73.952)
<b>Period 4 Forecast</b>	<b>70.717</b>	<b>7.691</b>	<b>(23.546)</b>	<b>(16.277)</b>	<b>38.585</b>	<b>(5.811)</b>	<b>(12.505)</b>	<b>(19.068)</b>	<b>1.202</b>
General Fund Balance					0.000			(1.202)	(1.202)
<b>Total</b>	<b>70.717</b>	<b>7.691</b>	<b>(23.546)</b>	<b>(16.277)</b>	<b>38.585</b>	<b>(5.811)</b>	<b>(12.505)</b>	<b>(20.270)</b>	<b>0.000</b>



## Equality Impact Assessment Form

### Document Control

#### 1. Control Details

Title:	2020-21 In-year Budget proposals Equality Impact Assessment
Author (assigned to Pentana):	Paul Slater
Director:	Richard Henderson
Department:	Strategy and Resources
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Strategic Budget EIA: Y / N	Yes
Exempt from publication Y / N	No

#### 2. Glossary of Terms

Term	Description
VR	Voluntary Redundancy
DCR	Discretionary Compensation Regulations

#### 3. Contributors / Reviewers

Name	Position	Date
Saema Mohammad	Equality, Diversity & Inclusion Lead	10 September 2020
Jo Worster	Team Leader – Strategic Finance	15 September 2020

## Assessment

### 1. Brief description of proposal / policy / service being assessed

#### 2020/21 Interim Budget Proposals

This document provides an overview of equality issues associated with the Council's 2020/21 Interim Budget. It summarises the potential equality impacts and the steps taken to minimise impact on protected groups. The Covid-19 pandemic has resulted in significant financial pressure on the Council with financial update to Executive Board in June and July and again in September. The assessment should be read in conjunction with those reports.

The In-year savings report approved at 21 July Executive Board contains details of savings proposals, a full list of all the portfolio proposals are contained within **Appendix 5** of this report. These two reports form the basis of the Interim Budget and this assessment should be read in conjunction with those reports.

Public consultation began on 21 July and is ongoing, The Budget will be presented to Full Council on 5 October for approval.

Budget proposals cover all Portfolios and span various services across the Council, an assessment as to the proposals that require an Equality Impact Assessment (EIA) has been carried out, initial screenings and where appropriate individual EIA's have been completed and these are available on request. The Equality Duty 2010 is a continuing duty, therefore it will be necessary to monitor the effects of the decision after implementation.

The Council's equality objectives are to:

- ensure our workforce reflects the communities we serve;
- create economic growth for the benefit of all communities;
- provide inclusive and accessible services for our citizens; and
- lead the City in tackling discrimination and promoting equality

In response to Covid-19 and the existing budget challenges, the Council regrettably needs to put forward a number of proposals across its 4 Departments to reduce costs. These proposals will include some proposals that directly affect colleagues and could potentially lead to job losses.

#### **Detail of affected posts**

The budget proposals submitted to Executive Board on 21 July contain a range of savings proposals to address the above budget

challenges. These proposals form the basis of the consultation process with Trade Unions and colleagues and more detailed documentation will be issued for each of those individual proposals.

The proposals submitted to Executive Board contain the deletion of **153.8** full time equivalent posts from the Council's establishment.

**2. Information used to analyse the effects on equality:**

This assessment is based on a process of consultation and equality impact assessment (EIA) built into the Council's overall budget development process. This has included:

- screening of all proposals to identify potential equality impact;
- EIA's for specific budget proposals where a potential equality impact has been identified;
- ongoing discussions between Officers and Executive Councillors;
- regular budget meetings for Councillors to approve, amend, or reject budget proposals, taking into account their potential equality impact;
- additional consideration of cumulative equality and wider community impact of the proposals
- utilised a voluntary redundancy process to achieve the proposals with staffing implications. Data from the VR scheme, including those interested and those making applications, utilised to assess the effects on equality and an on going assessment of the data, throughout the consultation process.

**3. Impacts and Actions:**

	<b>Could particularly benefit X</b>	<b>May adversely impact X</b>
People from different ethnic groups.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Men	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Women	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Trans	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

<b>How different groups could be affected</b> (Summary of impacts)	<b>Details of actions to reduce negative or increase positive impact</b> (or why action isn't possible)
<p><b>Workforce Impact</b></p> <p>Colleagues across a range of service areas will be affected by the budget proposals, as 153.8 FTE posts are proposed to be deleted. C.106FTE posts are believed to be occupied by colleagues.</p> <p>The council has a legal obligation to consult with both the affected colleagues and recognised trade union representatives regarding these proposals.</p>	<p><b>Mitigating Impact on our Workforce</b></p> <ol style="list-style-type: none"> <li>1. Colleagues will be provided with relevant consultation documents, including the published budget proposals, so that they are fully informed of the proposals and their potential impact. This will take place w/c 20 July.</li> <li>2. Consultation meetings with trade union colleagues and there will be on-going meetings at Central Panel. In addition to this, managers will receive consultation documents from the HR team and will be asked to facilitate individual consultation meetings with</li> </ol>

Colleagues have been provided with the opportunity to express interest in voluntary redundancy, as part of the Council's updated DCR Policy. The Council is seeking to avoid compulsory redundancies as part of the budget proposals and VR will be utilised to meet the savings put forward, wherever possible.

The budget proposals have the potential to impact colleagues across all protected characteristics and this is indicated on page 3 of this EIA.

However, given the use of Voluntary Redundancy, the actual impact is currently unknown, as the Council seeks to avoid compulsory redundancies wherever possible.

An early assessment of the expressions of interest received suggests that there may be a greater impact on colleagues aged 55 and over, as two thirds of the expressions of interest are aged 55 and over.

Further monitoring of applications will be undertaken and details of this are included within the actions and the table below.

**Update 21 August**

Analysis of the data has highlighted that applications from colleagues with a declared disability is slightly above the organisations profile. Further investigation has not identified a direct cause through any of the individual budget proposals, with applications from this group spread across a range of departments and services.

**Update 09 September**

An increase in the % of BAME colleagues affected is noted when

affected employees.

3. Regular monitoring of the VR process will be implemented, with 4 review stages, as follows:

Stage 1 – Launch of Consultation

Stage 2 – Close of 'Expressions of Interest' window (27-07)

Stage 3 – close of 'Application' window (19-08)

Stage 4 – Close of consultation & VR 'Decisions' (by 03-09)

4. A range of support mechanisms are already in place for colleagues who have expressed interest in VR, with details on our dedicated intranet page. This page contains specific support and information for colleagues in the affected group of ages 55+, including advice and support around Pensions, planning for retirement and financial planning.

initial applications have been reviewed and accepted, linked to the budget proposals within the 21 July Executive Board report.

An investigation of the data identifies that almost 50% of the accepted applicants (10 of 22) are from the Facilities Management service. This service had a particularly large restructure to facilitate within the 21 July budget proposals and so a large proportion of the initial overall VRs are from this service. The BAME % within Facilities Management is approximately 31%.

### **Community Impact**

#### **Cashless Payment Mechanisms across our Commercial and Operation Operations (cafes and on-street parking)**

These proposals seek to introduce cashless payment facilities, which will enable the Council to save on capital investments, on-going maintenance costs but also reduce theft. Moreover, in light of the Covid-19 pandemic cashless payments are deemed a more viable option in terms of health and safety.

#### **Closure of Bulwell Hall Golf Course**

The Bulwell Hall golf course will be closed as it has been operating with a high subsidy for many years, which is no longer sustainable.

### **Mitigating Community Impact**

#### **Cashless Payment Mechanisms across our Commercial and Operation Functions (cafes and on-street parking)**

Although, these proposals will benefit most protected group, it is recognised these proposals could adversely impact disabled people, older people and potentially people from different ethnic groups. These will be mitigated by providing a system with over 80 different languages, wherever possible consider and accept cash payments and use a full range of payment options, including use of smartphones apps and payments by text messages to ensure widest possible accessibility.

#### **Closure of Bulwell Hall Golf Course**

An analysis of the current service users of the golf course is not available but there will be no adverse impact on users as arrangements have been made to transfer the golf course members to alternate local golf course providers.

**Reduction in Supervisors in Travel Centre**

The travel centre has as its main functions managing and issuing concessionary passes (for elderly people and people with mobility difficulties) and Robin Hood travelcards. Products offered here are being made available online and due to the Covid-19 pandemic, passenger demand has decreased drastically. Therefore, there will be a reduction in staff required to deliver this service.

**Reduction in Supervisors in Travel Centre**

It is recognised that this proposal could adversely impact on older and disabled people but as the proposal does not remove any services and the increased remove availability of Concessionary and Robin Hood card products will mean greater convenience for all service users.

**Information and analysis of VR and potential workforce impact**

		<b>NCC workforce profile</b>	<b>VR expressions of interest at start of consultation</b>	<b>VR expressions of interest at 27 July</b>	<b>VR applications at 19 August</b>	<b>VR requests agreed by 03 September</b>
BAME colleagues		25%	16%	17%	14.9%	20.00%
Gender		61% F 39% M	53% F 47% M	54% F 46% M	55% F 44 % M	56% F 46 % M
Colleagues with a declared disability		6%	8%	9%	8.72%	10.00%
Sexual Orientation (LGBT)		4.55%	Not captured	4.94%	5.68%	0%
Age	16 – 24	5.06%	0.38%	0.72%	1.23%	0.88%
	25 – 34	18.15%	5.38%	6.55%	7.05%	7.02%
	35 – 44	21.24%	8.13%	11.13%	8.29%	6.14%
	45 - 54	27.72%	21.63%	22.80%	21.52%	22.81%
	55 +	27.81%	64.50%	58.80%	61.90%	63.16%

Row Labels	BAME	Unknown	White - British	Disabled	Not Disabled	Unknown	Female	Male	Bisexual	Heterosexual	Not Obtained	Grand Total
NCC A..	11	1	18	2	27	1	24	6	1	19	10	30
NCC B..	3	4	23	5	21	4	24	6	0	14	16	30
NCC C..	13	3	92	6	97	5	55	53	1	45	62	108
NCC D..	9	1	77	3	81	3	52	35	2	42	43	87
NCC E..	6	1	34	7	30	4	20	21	2	15	24	41
NCC F..	15	3	68	9	71	6	44	42	1	36	49	86
NCC G..	9	0	38	3	43	1	23	24	3	20	24	47
NCC H..	8	0	40	8	39	1	26	22	4	22	22	48
NCC I..	6	2	34	2	38	2	27	15	0	19	23	42
NCC J..	1	1	12	1	13	0	9	5	0	4	10	14
NCC K..	0	0	15	0	15	0	4	11	0	5	10	15
NCC SLMG..	1	1	9	1	9	1	3	8	0	4	7	11
'OTHER'	0	0	8	0	8	0	3	5	1	2	5	8
<b>Grand Total</b>	<b>82</b>	<b>17</b>	<b>468</b>	<b>47</b>	<b>492</b>	<b>28</b>	<b>314</b>	<b>253</b>	<b>15</b>	<b>249</b>	<b>303</b>	<b>567</b>

**4. Outcome(s) of equality impact assessment:**

<input type="checkbox"/>	No major change needed	<input type="checkbox"/>	Adjust the policy/proposal
<input checked="" type="checkbox"/>	Adverse impact but continue	<input type="checkbox"/>	Stop and remove the policy/proposal

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

The equality impact assessment will need to be reviewed on a regular basis as applications for VR are received. 4 x reviews will be undertaken during the consultation process, to monitor the number of VR expressions of interest, applications and decisions.