

Executive Board
20 July 2021

Subject:	Pre-Audit Corporate Financial Outturn 2020/21
Corporate Director(s)/Director(s):	Clive Heaphy, Interim Corporate Director for Finance and Resources
Portfolio Holder(s):	Councillor Sam Webster, Portfolio Holder for Finance and Resources
Report author and contact details:	Theresa Channell – Head of Strategic Finance and Deputy Section 151 Officer theresa.channell@nottinghamcity.gov.uk
Other colleagues who have provided input:	Colleagues within Strategic Finance
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(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 checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Total value of the decision:	£77million
Wards affected:	All
Date of consultation with Portfolio Holder(s):	During April-June 2021
Relevant Council Plan Key Theme:	
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"/>
Summary of issues (including benefits to citizens/service users):	
<p>This report sets out the Council's pre-audit revenue and capital outturn for its General Fund and Housing Revenue Account (HRA) for 2020/21.</p> <p>The Council's budget for 2020/21 was approved by Full Council in March 2020 prior to the Covid-19 pandemic. Subsequent events, most notably the decision to sell the customer book of Robin Hood Energy and the Covid-19 pandemic itself, which resulted in a significant financial impact to the Council and led to the then Section 151 Officer setting an Interim Budget for 2020/21, which was approved by Full Council in October 2021.</p> <p>Following the setting of the Interim Budget, the Council was subject both to a Public Interest Report (PIR) from its External Auditor and a Non-Statutory Review led by Max Caller on behalf of the Ministry of Housing, Communities and Local Government (MHCLG) ,after which it sought and was granted authorisation to capitalise £35million of costs, £20million of which related to</p>	

2020/21.

The Covid-19 pandemic resulted in deadlines for local authorities to produce their 2020/21 Statement of Accounts being extended and it is anticipated that the final Statement of Accounts will be presented to Audit Committee in the third quarter 2021/22 at the conclusion of the external audit.

Compared to the Interim Budget the outturn represents a positive variance of **£18.7million** due largely to a **£15.3million** positive variance within the Adult Services Care Purchasing budgets. After accounting for the benefits of **£20million** capitalisation, the positive variance on the General Fund increased to **£38.7million**.

The gross financial impact of Covid-19 in 2020/21 is **£66.5million** due to a combination of additional costs and lost income. This has been partially offset by un-ring-fenced Covid-19 grants and income compensation of **£50.1million**, leaving an unfunded Covid-19 gap of **£16.5million**. This is in addition to **£2.9million** in 2019/20. This takes the unfunded cost of Covid-19 from 2019/20-2020/21 to **£19.4million**.

Capital expenditure for 2020/21 at **£150.0million** was **£26.0million** below the quarter 3 forecast of **£176.0million**, the majority of which is due to slippage in the programme. There are additions to the capital programme of **£25.4million**, of which **£20.0million** is the capitalisation of 2020/21 as approved by the Secretary of State for Housing, Communities and Local Government.

The HRA returned a surplus of **£1.6million**, this is due mainly to an increase in income of **£1.0million** and a decrease in expenditure of **£0.6million** compared to the Qtr3 forecast. The increased income to forecast was due to reduced Right to Buy sales and therefore increased rental income. The outcome of the draft 2020/21 position is to increase the working balance from **£7.7million** to **£9.4million**.

Exempt information: None.

Recommendation(s):

1 To note:

- a) The pre-audit revenue outturn positive variance of **£38.7million** for 2020/21 as set out in **Table 4** and **Appendix A**;
- b) The portfolio variances +/- £50,000 as set out in **Appendix B**;
- c) The financial impact of Covid-19 as set out in **Table 5**;
- d) The discretionary rate relief granted in 2020/21 detailed in paragraph **5.8**;
- e) The additions to the Capital programme, including planned and proposed as set out in paragraph **6.2** and **Table 12**;
- f) The refreshed Capital Programme, including planned and proposed as set out in paragraph **6.4** and **6.5 (Tables 13 to 14)**; and
- g) The HRA outturn for 2020/21 as set out in **Section 4**.

2 To approve:

- a) The movements of resources set out in paragraph **3.19** and **Appendix D**;
- b) The net movement on earmarked reserves, as set out in paragraphs **3.10-3.12** and **Appendix E**;
- c) Capitalisation of **£20million** 2020/21 costs; and
- d) Write-offs in excess of £10,000, totalling **£0.808million** where all options for recovery have been exhausted, as set out in paragraph **5.7**.

1 Reasons for recommendations

- 1.1 This report forms a key part of formal revenue, capital and HRA monitoring against the 2020/21 budget and reports the financial impact of Covid for the Council in 2020/21.
- 1.2 The approval of virements of budgets and movement in reserves is required by corporate financial procedures.

2 Background (including outcomes of consultation)

2.1 Actual outturn variances since 2016/17

Long term reductions in Council funding have resulted in budgets being increasingly difficult to achieve and has led to consistent budget overspends for 2016/17 to 2019/20, these being:

- 2016/17 **£2.5m**;
- 2017/18 **£4.2m**;
- 2018/19 **£1.7m**
- 2019/20 **£6.8m**; of which **£2.9m** was directly attributable to Covid.

In order to mitigate budget pressures as much as possible, 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. Such measures are not good practice and are not sustainable in the medium or longer term.

2.2 Original 2020/21 Budget – pre Covid

The 2020/21 Budget and Medium Term Financial Plan (MTFP) was approved by Full Council on 9 March 2020, prior to the Covid pandemic, and included new savings of **£15.6m**, existing savings plans of **£0.3m** and pressures of **£17.9m** for 2020/21. Since the start of the pandemic the financial strain Covid has had on Councils across the country has been widely reported and this is no different for Nottingham City Council, in terms of increased expenditure, lost income and the impact on existing budget savings.

Summary of 2020/21 financial impacts to the Council & Interim Budget

- 2.3 The emerging financial impacts of both Robin Hood Energy and Covid were reported to Executive Board in June and July 2020. On 21 July 2020 Executive Board approved the Council Financial Position – 2020/21 Budget Update report. This report considered the following:
 - A budget gap at the time of **£62.3m** based on period 1 forecasting
 - New in year savings proposals of **£12.5m**
 - Update on funding from Government
 - Continuation of spending controls including vacancy freeze.
- 2.4 **Robin Hood Energy & Public Interest Report (PIR)**

As a result of the Strategic Review of Robin Hood Energy (RHE), the decision was made by the Council to sell the customer base of the company to Centrica in September 2020 and the company entered into administration in January 2021. The strategic review undertaken by the External Auditor resulted in the issuance of a Public Interest Report (PIR) in August 2021. The Council has accepted in full the

recommendations of the PIR and has both developed and is implementing an Action Plan to improve the governance of its companies. 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 PIR. The PIR can be found at <https://www.nottinghamcity.gov.uk/public-interest-report/>

Interim Budget 2020/21

- 2.5 The scale of the impact and the statutory requirement to set a balanced budget led the then S151 Officer to recommend setting an Interim Budget for 2020/21. This was approved by September Executive Board and October Full Council.
- 2.6 Key points from the Interim Budget (adjusted for additional Covid-19 funding) include:
1. Gross Covid impact of **£78.4m** offset by mitigations including:
 - Confirmed Government Funding for Covid of **£23.5m** and estimated Income Compensation Scheme relating to the loss of income as a result of Covid of **£16.3m**;
 - **£12.5m** of new 2020/21 savings were identified and approved, of which **£4.8m** are ongoing into 2021/22.
 - Business as usual underspend of **£5.8m**, off-set by a carried over 2019/20 overspend of **£6.8m**.
 2. An estimated **£38.2m** pressure relating to the decision to place Robin Hood Energy into administration plus **£6.0m** of provisions to cover the possibility of other council owned companies experiencing difficulties totalling **£44.2m** attributed to extraordinary events.
 3. A total gap of **£71.2m** funded by the permanent release of **£38.7m** reserves and the use of a further **£31.3m** of reserves on a 'borrow and pay back' basis over 4 years to address the funding gap.
- 2.7 The Interim Budget was informed by the Period 4 2020/21 forecast. **Table 1** is taken from the Interim budget report and shows by Portfolio the impact of Covid, non-Covid variances and savings that due to the pandemic were no longer achievable.

Table 1: General Fund Forecast Position at end of July 2020 by Portfolio (P4)

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

2.8 The financial impact of Covid and the Government funding gap together with emerging risks from Robin Hood Energy led to an Interim budget strategy of releasing reserves and identification of new savings to balance the in year budget. **Table 2** below shows how the Interim Budget closed the budget gap for 2020/21.

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

The remaining gap of **£1.2m** was assumed to be funded from the General Fund balance

Interim Budget - impact on reserves

- 2.9 As part of the Interim Budget there was a thorough review of reserves to support the budget gap. The Interim Budget approved the permanent release of **£38.7m** of earmarked reserves and **£31.3m** of reserves to be borrowed and paid back in future years.
- 2.10 The Interim budget approved borrowing of **£31.3m** reserves (predominately from PFI reserves) and established an indicative payback profile over five years.
- 2.11 This left a balance on controllable reserves of **£77.5m** as at the 30 September 2020.
- 2.12 **Table 3** below summarises the net Interim budget movements; which include net Covid impact of **£38.6m**, non Covid BAU forecast underspend of **£5.8m**, new savings of **£12.5m** and other items including reserve movements and RHE of **£20.3m** to enable a balanced Interim Budget position which was approved by Full Council in October 2020.

Table 3 : Portfolio Movements in Interim Budget

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
Portfolios	22.281	(5.811)	(7.182)	0.000	9.287
Corporate RHE	16.305		(1.393)	6.754	21.667
Companies Provision for Debt and other risks				38.200	38.200
Earmarked Reserves	0.000		(3.930)	6.000	6.000
				(70.022)	(73.952)
Period 4 Forecast	38.585	(5.811)	(12.505)	(19.068)	1.202
General Reserves	0.000			(1.202)	(1.202)
Total	38.585	(5.811)	(12.505)	(20.270)	0.000

2.13 Rapid Non-Statutory Review (NSR) into Nottingham City Council

Following issuance of the Auditor's PIR, the Secretary of State for Housing, Communities and Local Government appointed Max Caller CBE in late October 2020 to lead a rapid, non-statutory review at the Council. The purpose of the review was to provide assurance on the financial position of the Council, its governance arrangements and the commercial and investment issues identified by the Council's External Auditors, Grant Thornton, in the PIR published on 11 August 2020. This review involved providing the review team with a significant number of reports and interviews with senior colleagues and Councillors. The findings from the review were published in November 2020 and details can be found at.

<https://www.gov.uk/government/publications/nottingham-city-council-rapid-review>.

2.14 Arising from the NSR was the Secretary of State requirement to establish an Improvement Board under the leadership of Sir Tony Redmond and the development of a Recovery and Improvement Plan to address the issues raised in the Plan and accepted by the Council.

2.15 Recovery & Improvement Programme

The Recovery and Improvement Plan and programme will incorporate the Transformation Programme and will be a key driver for delivering a new affordable Council Plan and providing modern citizen-focussed services within

an affordable cost envelope. This will also be a key area of work for the Improvement Board. Full Council approved the plan on 25 January 2021 and it can be found at.

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=156&MId=8931>

2.16 Initiating and delivering a robust and ambitious transformation programme will become a key priority for the Council in 2021/22 to ensure the delivery of a balanced and sustainable long-term cost base for the Council.

2.17 Request to Ministry of Housing Communities and Local Government (MHCLG) to capitalise revenue costs

In December 2020 the Council applied to MHCLG to treat **£35m** of its revenue costs as capital. This was not to balance the 2021/22 budget – but to spread out costs to limit the impact on reserves and to provide funding for a transformation programme. In response to this request the Secretary of State approved a total capitalisation of **£20m** in 2020/21 subject to following conditions:

- a) The Authority may only capitalise expenditure when it is incurred;
- b) Where expenditure is capitalised, that the Authority shall charge annual Minimum Revenue Provision using the asset life method with a proxy 'asset life' of no more than 20 years, in accordance with relevant guidance;
- c) Where the Authority's capital financing requirement is increased as a result of the capitalisation of expenditure under this direction, any further borrowing from the date of the capitalisation letter up to and including, but not exceeding, the increase in the financing requirement must be obtained from the PWLB and must be subject to an additional 1 percentage point premium on the interest rate above the rate the loan would otherwise be subject to. This requirement does not apply to borrowing in relation to your Housing Revenue Account. Where any borrowing to which these conditions initially apply is refinanced, the conditions must continue to apply to the resulting borrowing;
- d) The Authority continues to make good progress against its Recovery Plan, as assessed by the Improvement and Assurance Board in their regular reports to the Secretary of State.

2.18 With respect to 2021/22 the Secretary of State is minded to approve a capitalisation direction of a total not exceeding **£15m** which may be subject to conditions which would be set out in the capitalisation direction when issued. Executive Board on 12 March 2021 accepted the capitalisation package in the sum of **£35m**, noting that **£20m** for 2020/21 is on terms that are certain and that the balance of up to **£15m** will be subject to further confirmation from the Secretary of State, subject to demonstrating need and mutually agreeable terms.

3 General Fund Outturn

3.1 The reported 2020/21 budget variances are compared to the Interim Budget. **Table 4** below shows an overall favourable variance of **£18.7m** before capitalisation and **£38.7m** after **£20m** of capitalisation. It should be noted that the assumptions made in the Interim Budget did not take into account the impact of further multiple restrictions or furlough income. The portfolio variances represent the portfolio arrangements as they were in 2020/21.

Table 4 : Draft Outturn as at 31 March 2021 compared to Qtr3 variance		
Portfolios	Forecast Outturn variances as at 31.12.20 (Q3) £m	Draft Outturn variances as at 31.03.21 £m
Adult Care & Local Transport	(8.267)	(15.301)
Children & Young People	0.803	(0.063)
Communities, Highways & Strategic Transport	1.913	0.014
Employment & Community Protection	(0.324)	(1.636)
Energy, Environment & Democratic Services	0.618	(0.911)
Finance, Growth & the City Centre	0.496	(1.966)
Health, HR & Equalities	0.109	(0.098)
Housing, Planning & Heritage	(0.350)	(0.813)
Leisure, Culture & IT	(1.741)	(3.954)
Regeneration, Schools & Communications	0.188	(2.987)
Total Portfolios	(6.555)	(27.714)
Companies	1.503	4.088
Corporate	0.138	4.976
Total prior to Capitalisation		(18.650)
Capitalisation		(20.000)
Total prior to additional funding	(4.914)	
Covid-19 Grant (Tranche 4)	(10.712)	
Adj. Arts Council Grant	0.471	
Total variance to Interim Budget	(15.155)	(38.650)
Repayment of borrowed reserves		20.592
Repayment of general fund balance		1.202
Transformation/resilience reserve		16.856
Balance		0.000

3.2 Headline Portfolio Outturn variances

The significant Portfolio variances are driven by the following reasons:

- **Adult Care & Local Transport £15.3m**, favourable variance within Care Purchasing Budgets of **£18.7m** offset by adverse variances in external staffing **£1.2m**, additional support made available to care providers **£1.6m**, PPE and other costs **£1.4m**;
- **Leisure, Culture & IT £4.0m**, **£2.0m** underspend within Sports & Leisure due to uptake exceeding expectations and delays to repairs and maintenance, other favourable variances within Museums **£0.8m** due strong footfall, Theatre Royal and Concert Hall **£0.6m** due to extension of the Furlough scheme;

- **Regeneration, Schools & Communications £3.0m** driven by a **£2.9m** underspend within Strategic Assets & Property whereby rental income exceeded the interim budget forecast;
- **Finance, Growth & the City Centre £2.0m** underspend, **£2.2m** underspend within Commissioning & Procurement (largely PPE usage) is offset by **£0.8m** overspend in Nottingham Catering due to the impact of Covid on trading activity.
- **Employment & Community Protection £1.6m**, underspends within Community Protection of **£1.0m** due to maintaining vacancies, usage of Covid Compliance & Enforcement grants and delayed expenditure on security equipment/systems. Crimes & Drugs Partnership of **£0.5m** due to underspends in employees and running costs.

3.3 The adverse **£4.1m** Companies variance is due largely to the impact of Covid and reduced company returns, this includes an adverse variance from the National Ice Centre of **£1.5m**, Nottingham City Homes of **£1.5m** and Thomas Bow of **£1.3m**.

3.4 The Corporate adverse variance of **£5.0m** is driven by **£9.4m** costs for redundancy and pension strain costs associated with the recent voluntary redundancy programme. Underspending in relation to Treasury Management has been transferred to the risk reserve.

3.5 Government Tranche 4 funding of **£10.7m** was announced after the Interim Budget was approved and as part of outturn has been used to repay borrowed reserves therefore does not appear as an outturn variance.

3.6 **Appendix A** details the absolute budgets by Portfolio as per the Original budget, Interim budget and final outturn budgets together with variances to the Interim and Original budgets. **Appendix B** details services variances +/-£50k.

Cost of Covid

3.7 The financial impact of Covid has been widespread across the Council departments. This include lost income from leisure centres, Theatre Royal / Concert Hall, parking income, Workplace Parking Levy and rental income from the Property Trading Account and also returns from Companies. In addition to lost income there has been increased expenditure as a result of the pandemic to support care providers and PPE. The Corporate budgets have also been negatively impacted due to the delayed implementation of the new Oracle Enterprise Resource Planning system which was due to go live in 2020/21 together with increases to bad debt provision and corporate impairments.

3.8 The Government has provided two forms of unring-fenced funding, Covid funding tranche payments and the income compensation scheme. The income compensation scheme provided losses for specific sales, fees and charges, with all relevant losses being compensated for 75p in the pound for losses above the first 5% of budgeted income.

3.9 **Table 5** below shows that the net financial impact of Covid after Government funding. The gross cost to the Council was **£66.5m**, reduced by unring-fenced funding of **£50.1m** resulting in an unfunded Covid gap of **£16.5m** in 2020/21.

This is in addition to **£2.9m** in 2019/20. This takes the unfunded cost of Covid from 2019/20-2020/21 to **£19.4m**.

Table 5 : 2020/21 Net Financial Impact of Covid	
Item	£m
Commercial & Operations	33.133
Development & Growth	6.604
Adults	4.776
Education	1.143
Public Health	0.000
Children's	6.318
Strategy & Resources	4.504
Total Departments	56.479
Companies	2.767
Corporate	7.300
Gross cost of Covid	66.545
Tranche 1-4	(34.258)
Income Compensation	(15.819)
Total un ring-fenced funding	(50.077)
Net Impact	16.469

Movements in Earmarked reserves

3.10 Earmarked reserves are funds set aside for specific purposes (including Schools, Statutory reserves and Insurance and Private Finance Initiative (PFI) grants). In quarter 4 there has been a net increase of **£55.0m** (includes **£0.8m** direct revenue contributions to capital schemes) in earmarked reserves requiring approval, of which **£33.8m** is a movement on the collection fund and business rates reserve. This is due to receipt of the Government Covid Business Rates Relief Grant however the usage of this grant will be in 2021/22 in addition to 2020/21.

Appendix E provides more details of movements in reserves requiring approval.

The financial statement for 2020/21 is still being finalised which may result in additional reserve movements. These will be reported as part of Qtr 1 2021/22.

3.11 As previously documented earlier in the report the use of reserves has been an integral part of the strategy for the Interim budget and managing the financial impact of Covid. The Recovery and Improvement Plan includes the need for long term financial sustainability and the requirement for financial resilience. Following the Interim budget and reduction in reserves all reserves are deemed to be corporate and any movements require S151 / deputy S151 Officer approval.

3.12 **Table 6** below details the movement on earmarked reserves through 2020/21 separated by controllable and non-controllable reserves. The balance on controllable reserves on 31 March 2021 is in line with the balance at the start of 2020/21. However it's important to recognise that this includes a **£33.8m** positive movement on the Collection Fund and Business Rates reserve which is the balance of the Government Covid Business Rates relief grant which is expected to be fully utilised in 2021/22. Excluding the Collection Fund and Business Rates movement the year-end balance on controllable reserves would have been **£34.5m** lower than the 31 March 2020 position. A further

review of reserves which are classified as controllable, non-controllable and those with specific conditions will take place in early 2021/22.

Table 6 : Balance on earmarked reserves from 31 March 2020 to 31 March 2021			
	Controllable	Non controllable	Total
	£m	£m	£m
31 March 2020 balance	130.518	23.164	153.682
MTFP movements	5.316	0.650	5.966
Permanently released	(38.068)	(0.650)	(38.718)
Borrowed and paid back	(31.304)		(31.304)
Other movement	11.056	(3.592)	7.464
Balance after the Interim Budget	77.518	19.572	97.090
Repayment of borrowed reserves (Tranche 4 funding)	10.712		10.712
Collection Fund & Business Rates (balance of Covid Business Rates relief grant to be utilised in 21/22)	33.791		33.791
Other movements	7.748	7.786	15.534
31 March 2021 balance	129.769	27.359	157.129

General Reserves

- 3.13 These provide a financial safety net to cover the above budget costs during the year. The balance on the general fund reserves as at 1 April 2021 was **£11.6m** (4.7% of the budget requirement). The Interim Budget assumed a use of the general fund balance of **£1.2m**, the 2020/21 underspend **£18.7m** together with the **£20m** capitalisation increased the general fund balance to **£49.1m** on 31 March 2021.
- 3.14 It is recommended that **£20.6m** be used repay all the remaining borrowed from reserves as part of the Interim Budget, this together with the **£10.7m** from Tranche 4 funding actioned as part of the outturn process repays all of the prudently borrowed reserves.
- 3.15 It is also recommended that a resilience / transformation reserve of **£16.9m** is created to fund essential transformation and to manage any emerging risks that arise in year which are not able to be contained within departmental budgets. All movements in controllable reserves are subject to S151 / deputy S151 approval and enhanced processes were implemented following the Interim Budget following the required use of reserves to support the 2020/21 position.
- 3.16 **Table 7** shows the impact of the 2020/21 draft outturn on the general fund balance as at 31 March 2021 and the recommended movements on 1 April described above.

Table 7 : The General Reserve	
Item	£m
Balance as at 1 April 2021	11.643
Interim Budget assumption	(1.202)
Impact of the 2020/21 Outturn before capitalisation	18.650
Capitalisation	20.000
Balance as at 31 March 2021	49.092
Repayment of remaining borrowed reserves	(20.592)
Resilience/Transformation reserve	(16.856)
MTFP assumption	1.000
Balance as at 1 April 2021	12.643

3.17 As shown above in **Table 7** the outturn underspend has been included within the general fund balance at 31 March 2021, in 2021/22 an adjustment to the general fund balance is recommended to transfer the balances resulting from outturn to earmarked reserves. This will increase earmarked reserves to **£194.6m** of which **£167.2m** is controllable and **£27.4m** is held on behalf of others.

3.18 Corporate Contingency

The original budget for 2020/21 included a general corporate contingency of **£1.5m**, as part of the Interim Budget the remaining **£1.4m** 2020/21 balance as at September 2020 was put forward as a one off saving to balance the in-year position.

3.19 Movement in Resources

Budget transfers between Directorates and/or Portfolios are reflected within the Monitoring figures. These movements of resources now require approval and are detailed in **Appendix D**.

3.20 Carry Forwards and Traded Surplus Retentions

No requests for carry forwards or traded surplus retentions have been approved by the S151 Officer.

4 HRA Budget

4.1 The HRA budget was approved by the City Council in March 2020 and budgeted for a working balance of **£7.7m** at 31 March 2021. The working balance provides a contingency for any unexpected cost increases or reductions in income due to unforeseen circumstances. The main current issues are reported below.

4.2 The HRA Summary outturn for 2020/21 is shown in **Table 8** below and compares the pre-audit outturn to the original budget for 2020/21. The quarter 3 forecast outturn is shown for reference.

Table 8: HRA Outturn 2020/21				
Description	Original Budget	Qtr3 Forecast	Pre-audit Outturn 2020/21	Variance to Original Budget
	£m	£m	£m	£m
Income				
Rent income	(94.202)	(94.064)	(95.666)	1.463
Service charges & other income	(11.278)	(11.496)	(10.822)	(0.456)
Total Income	(105.480)	(105.560)	(106.487)	1.007
Expenditure				
Repairs	26.884	26.884	26.884	0.000
Management (includes Retained)	33.525	33.727	32.898	0.627
Capital charges	44.671	44.755	44.682	(0.011)
Direct Revenue Financing	0.400	0.400	0.400	0.000
Total Expenditure	105.480	105.766	104.864	0.616
Deficit / (Surplus)	0.000	0.206	(1.624)	1.624
Working balance B/F	7.727	7.825	7.825	0.098
Working balance C/F	7.727	7.618	9.448	1.721

Working Balance increase of £1.7m

The working balance has increased to **£9.4m** and is available to be carried forward into 2021/22.

Income

Rental Income increase of £1.5m

There was additional rents from council houses due to less Right to Buy (RTB) sales than forecast (174 actual sales compared to 300 projected) and a reduction in the bad debt provision.

Service Charges & other income, decrease of (£0.5m)

The majority of this decrease is due to reduction in income from HRA garages.

Expenditure

Management, decrease of £0.6m

Consisting of a number of underspend on retained council budgets including vacancies in retained housing teams, retained repairs and DHP.

5 Debtors Monitoring (Appendix C)

5.1 Housing Rents

The collection rate is marginally down on this point last year, actual rate of **97.4%** compared to **97.6%** in 2019/20. There has been a significant increase in tenants claiming Universal Credit and there has been an embargo on enforcement action and evictions. There are still restrictions on enforcement action and this is impacting on our ability to collect rent, however the Council has increased the amount of proactive contact with those struggling to pay their rent in an attempt to improve collection rates.

5.2 Council Tax

Collection at the end of the financial year 2020/21 was **94.0%**, which is **1.0%** above the profiled target. This is an increase of **1.0%** when compared to financial year 2019/20. Collection amounted to **£134.0m** in 2020/21 compared to collection of **£131.2m** in 2019/20. Net debt collectable over the two financial years has increased from **£141.8m** in 2019/20 to **£143.4m** in 2020/21.

5.3 National Non-Domestic Rates (NNDR)

Collection at the end of the financial year 2020/21 was **78.9%**, which is **18.5%** below the original profiled target (which was adopted pre-Covid and prior to announcements about extended business rates reliefs and holidays as a result of the pandemic). Collection amounted to **£62.7m**, compared to collection of **£138.2m** for financial year 2019/20. Net debt collectable for the year has decreased significantly (due to the award of Expanded Retail, Hospitality & Leisure Discount) from **£143.8m** in 2019/20 to **£79.5m** in 2020/21.

5.4 Sundry Income

The percentage of debts collected within 90 days in the 12 months to March 2021 is **80.3%**, which is below on the corresponding figure for 2019/20 of **82.4%**. The debtor day indicator (which shows how quickly debts are recovered) is currently **41** days, which is below the **32.3** day target but an improvement on the corresponding figure for 2019/20 of **46** 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 new Enterprise Resource Planning (ERP) system replacement which went live in April 2021. 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.

5.5 Estate Rents

The collection rate of **94.0%** is below the target of **97.5%**, (the target was set pre Covid), and is below the collection rate for the same period last year **98.0%**.

5.6 Adult Residential Services (ARS)

The ARS eventual collection rate for the year 2020/21 was **97.7%** and exceeds the target of **97.5%**. The service continues to make good progress with historical debts and all recoverable charges within Residential Services.

5.7 Written off debt

The S151 Officer has delegated authority to write off individual debts not exceeding £10,000. Any debts above this are subject to Portfolio or Executive Board decision. The debts included in this report relate to debt that has been pursued as far as is reasonably possible, and/or relate to businesses that have gone into liquidation or individuals that have gone bankrupt. The Council is therefore unable to obtain payment. Once it is clear that no further payments will be received against a debt, it is written out of the Council's accounts.

Adequate bad debt provision to accommodate this level of write off has been provided for. Approval is being sought to write off debts over £10,000 totalling **£0.8m** as summarised in **Table 9** below. These figures are subject to the finalisation of the NNDR year-end and other statutory returns.

Table 9 : Write Offs over £10k in 2020/21	
Fund	£m
General Fund	0.616
Collection Fund	0.192
Total	0.808

5.8 New Discretionary Rate Relief Granted in 2020/21

Details of new determinations of eligibility for Discretionary Relief since 1 April 2020 are shown in **Table 10**, of which the City share is 49%

Table 10 : New Discretionary Rate Relief Granted in 2020/21	
Type of Relief	Amount of Relief £m
Registered Charities which are in Receipt of 80% Mandatory Relief	0.005
Total	0.005

6 Capital Programme

The capital programme for 2020/21 was approved by the City Council in March 2020. Quarterly monitoring and forecasting reports have been and considered by Executive Board during 2020/21.

6.1 Capital Expenditure 2020/21

The capital expenditure in 2020/21 was **£150.0m**, representing a decrease of **£26.0m** (14.8%) from Quarter 3 projection. **Table 11** shows the position for each section of the Capital Programme.

Table 11: Outturn Comparison to Quarter 3 Forecast				
	Projected Outturn Qtr3 £m	Pre-audit Outturn £m	Variance	
			£m	%
General Fund Expenditure				
Transport Schemes	24.843	17.980	(6.863)	(27.63%)
Education	4.407	3.950	(0.457)	(10.37%)
Other Services	100.089	90.526	(9.563)	(9.55%)
Subtotal General Fund Expenditure	129.339	112.456	(16.883)	(13.05%)
Public Sector Housing				
Expenditure	46.619	37.513	(9.106)	(19.53%)
Subtotal Public Sector Housing Expenditure	46.619	37.513	(9.106)	(19.53%)
Total Capital Expenditure 20/21	175.958	149.969	(25.989)	(14.77%)
Resources Applied				
Prudential Borrowing	(87.155)	(81.752)	5.403	(6.20%)
Grants & Contributions	(48.228)	(37.119)	11.109	(23.03%)
Major Repairs Reserve	(22.325)	(18.705)	3.620	(16.22%)
Internal Funds / Revenue	(1.999)	(0.463)	1.536	(76.84%)
Capital Receipts	(10.092)	(7.476)	2.616	(25.92%)
Replacement Capital Receipts	(6.159)	(4.454)	1.705	(27.68%)
Total Resources	(175.958)	(149.969)	25.989	(14.77%)

6.2 Reasons for Variances

The City Council's capital monitoring identified variations from quarter 3 projections were due to:

- Changes in budgeted expenditure **£43.8m**, where the expenditure is still required but takes place later than originally intended (slippage) or earlier than originally intended (acceleration). Slippage does not result in resources being released; the resources and planned expenditure is carried forward into future years.
- Underspend and overspends **£2.4m**, represent a decrease or increase in the total capital cost of a project (which could potentially be over a number of years). Underspends may result in a saving which can be released to support the capital programme in future years. Majority of the saving in 2020/21 was a release of the NET 2 Land Acquisition provision **£2.0m**, this reduction has meant a reduced General Fund borrowing required as detailed in section 6.4.
- Quarter 4 additions of **£20.2m**, the capital programme had additional Capital Schemes that were not included within the Quarter 3 forecast and incurred expenditure in 2020/21. Detailed listing of all schemes added to the Capital programme during quarter 4 is detailed in **Table 12** below.

Table 12 : Capital Programme Additions				
Scheme	2020/21 £m	2021/22 £m	2022/23- 2025/26 £m	Total £m
General Fund				
Capitalisation	20.000	0.000	0.000	20.000
Emergency Active Travel Tranche 2	0.177	1.454	0.000	1.631
Income Management Enterprise Licence	0.000	0.175	0.000	0.175
Education S106 Projects	0.000	0.112	0.000	0.112
Public Sector Decarbonisation Scheme - Loxley House	0.000	0.986	0.000	0.986
Public Sector Decarbonisation Scheme - School	0.000	0.049	0.000	0.049
Temporary Sixth Form - Maid Marion Way	0.000	1.800	0.000	1.800
Subtotal General Fund	20.177	4.576	0.000	24.753
Public Sector Housing				
Green Homes Scheme	0.000	0.621	0.000	0.621
Subtotal Public Sector Housing	0.000	0.621	0.000	0.621
TOTAL CAPITAL ADDITIONS QTR4	20.177	5.197	0.000	25.374

6.3 Retrospective Approvals

Capital Outturn report details on project overspends, where a scheme expenditure exceeds budget by more than **£0.1m**. However, during 2020/21 total project overspend across the programme totalled under **£0.1m**. Therefore, all overspends have been funded from resources available in the capital programme.

6.4 Revised Capital Programme General Fund

The General Fund Programme has been updated for approvals in quarter 4 and the impact of the final outturn along with the associated funding. The General Fund capital programme is delivered from a diverse range of funding which includes:

Prudential Borrowing

At Executive Board (February 2021) and Full Council (March 2021) the Council approved the Capital Strategy and the Voluntary Debt Reduction Policy which capped the Council's borrowing in 2020/21 and 2021/22 to **£98.9m** (excluding **£20m** Capitalisation) and **£nil** borrowing from 1st April 2022. The forecast capital programme is **£96.5m** and **£2.4m** under the approved control total.

Grants

External reserves set aside, through relevant approval, for specific capital schemes. The forecast spend within the Local Transport Plan has been refreshed since February Executive Board following confirmation of 2021/22 grant allocation.

Revenue Resources

Earmarked reserves and revenue budget available, through relevant approval, for specific capital schemes.

Capital Receipts

Receipts from the sale of surplus assets used as a corporate resource, allowing the Council to fund a range of projects for which there is no external funding, or other non-commercial scheme, which will not generate a return sufficient to cover their costs. Following the Recovery and Improvement Plan the Council is reviewing its assets within the Asset Rationalisation programme to identify suitable sites for disposal.

At 1st April 2021 the Council has committed to applying **£78.9m (£83.3m** Executive Board February 2021) of General Fund capital receipts, this can be broken down as follows:

- General Fund Capital Programme - **£45.1m**
- Replenish Capital Reserves - **£12.4m**
- Prior Capital Commitments (linked to sale of specific assets) - **£19.1m**
- Other commitments - **£2.3m**

Table 13 below gives a breakdown of the five-year capital programme for approved and planned schemes.

Table 13 : General Fund Outturn Position and Forecast 2021/22 to 2025/26							
2020/21 £m	Scheme	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
	Approved Schemes						
17.980	Transport Schemes	63.882	48.891	11.317	0.000	0.000	124.090
3.948	Education	9.241	0.000	0.000	0.000	0.000	9.241
90.528	Other Services	78.125	9.652	12.249	7.694	7.885	115.605
0.000	Category 2 - Planned Schemes	6.630	17.821	11.790	7.709	7.390	51.340
112.456	Total Programme	157.878	76.364	35.356	15.403	15.275	300.276
	Resources Available						
(71.442)	Prudential Borrowing	(45.079)	0.000	0.000	0.000	0.000	(45.079)
(34.106)	Grants & Contributions	(98.231)	(59.312)	(23.907)	(8.901)	(8.899)	(199.250)
(0.063)	Internal Funds / Revenue	(8.146)	(1.678)	(0.477)	(0.396)	(0.175)	(10.872)
(6.845)	Secured Capital Receipts	(5.566)	0.000	0.000	0.000	0.000	(5.566)
0.000	Unsecured Capital Receipts	(0.856)	(15.374)	(10.972)	(6.106)	(6.201)	(39.509)
(112.456)	Total Resources	(157.878)	(76.364)	(35.356)	(15.403)	(15.275)	(300.276)

The programme is predicated on a number of planned schemes that are estimated and subject to change, therefore the current position is liable to change as projects progress and costs become more accurate. However any movements in costs and funding is required to remain within the control total as approved at Full Council March 2021.

6.5 Revised Capital Programme – Public Sector Housing

The Public Sector Housing Programme has been updated to reflect the net slippage between 2020/21 and 2021/22. **Table 14** sets out the updated programme and resources.

Table 14 : Public Sector Housing Outturn Position and Forecast 2021/22 to 2025/26							
2020/21 £m	Scheme	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
37.513	Category 1 - Approved Schemes	69.073	67.879	43.784	31.149	30.977	242.862
0.000	Category 2 - Planned Schemes	0.083	2.400	1.000	1.000	1.000	5.483
37.513	Total Programme	69.156	70.279	44.784	32.149	31.977	248.345
	Resources Available						
(10.310)	Prudential Borrowing	(14.390)	(11.351)	(6.714)	(1.489)	0.000	(33.944)
(3.013)	Grants & Contributions	(5.720)	(2.659)	(0.199)	0.000	0.000	(8.578)
(18.705)	Major Repairs Reserve	(39.391)	(43.530)	(32.282)	(29.632)	(31.942)	(176.777)
(0.400)	Revenue Resources	0.000	0.000	0.000	0.000	0.000	0.000
(0.631)	Capital Receipts - HRA	(0.398)	(3.472)	(0.602)	(0.035)	(0.035)	(4.542)
(4.454)	Replacement Capital Receipts	(9.257)	(9.267)	(4.987)	(0.993)	0.000	(24.504)
(37.513)	Total Resources	(69.156)	(70.279)	(44.784)	(32.149)	(31.977)	(248.345)

The Voluntary Debt Reduction policy approved at Executive Board (February 2021) and Full Council (March 2021) capped the Public Sector Housing prudential borrowing requirement over 2020/21-2025/26 at **£51.4m**. Due to changes regarding the replacement capital receipts that can be allocated to capital projects and the **£0.4m** of Revenue Resources allocated in 2020/21 the current borrowing forecast is **£44.3m**, **£7.1m** under the approved control total.

7 Other options considered in making recommendations

7.1 This report details the 2020/21 outturn and the recommendations in relation to the outturn strategy for reserves support the requirements of the Council's Recovery & Improvement Plan.

8 Finance colleague comments (including implications and value for money/VAT)

8.1 Financial implications appear throughout the report.

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

9 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

9.1 Continuous review and management of the budget and associated performance issues mitigate the risk of not achieving corporate priorities.

9.2 The five year proposed capital programme requires the Council to use much of its available resources. Substantial investment of this nature will result in the Council being exposed to additional risks as follows:

- compliance with borrowing restrictions as defined in the Council's Voluntary Debt Reduction Policy;
- exposure to interest rate changes in 2021/22; a 0.5% increase in interest rates will increase the general fund cost of borrowing on projected 2021/22 spend by c£0.2m per annum;

- major schemes have a long payback period which will require the use of reserves in the early years to fund short term deficits in business plans;
- the Council's capital programme has a high reliance on capital receipts, should the required receipts not materialise schemes will be required be slipped until funding is secured;
- the cost of feasibility studies are all undertaken at risk;
- schemes may not cover their costs or make the desired return.

9.3 In order to manage these risks the following key principles will be adopted in managing the programme:

- new projects (unable to cover their costs) added to the programme, will result in an existing project being removed or amended;
- all projects must have a robust and viable full business case, which considers and includes whole life costing and revenue implications;
- all schemes will be subject to robust and deliverable business plans and models which demonstrate the necessary return on investment required;
- the decision to progress schemes will be dependent on securing the stated level of external funding or grant as appropriate;
- new projects will be considered where the Council can make a return on investment;
- where new sources of external funding/grants become available, the programme will be revisited;
- all schemes will be subject to an independent internal 'Gateway review process'

9.4 The City Council recognises the importance of individual and collective accountability and requires managers to formally acknowledge their responsibilities. Financial management is an integral aspect of effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of capital investment plans.

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

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

10 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)

10.1 Not applicable.

11 Social value considerations

11.1 Not applicable.

12 Regard to the NHS Constitution

12.1 Not applicable

13 Equality Impact Assessment (EIA)

13.1 An EIA is not required because the report does not contain proposals for new or changing policies, services or functions.

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

14.1 None.

15 Published documents referred to in this report

15.1 Request to the Ministry for Housing, Communities and Local Government (MHCLG) to capitalise revenue costs (capitalisation), 12 March 2021 Executive Board

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=8975>

Budget 2021/22, 8 March 2021 Full Council

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=155&MId=8633>

Budget 2021/22 and Medium Term Financial Outlook, 23 February 2021 Executive Board

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=8590>

Nottingham City Council Recovery and Implementation Plan, 19 January 2021 Executive Board

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=8589>

Interim Budget 2020/21 – 5 October 2020 Full Council

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=155&MId=8540>

Interim Budget 2020/21, Medium Term Financial Outlook and Draft Strategy 2021/22 to 2023/24, 22 September Executive Board

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=8553>

Public Interest Report

<https://www.nottinghamcity.gov.uk/public-interest-report/>.

Council Financial Position – 2020/21 Budget Update, 21 July 2020 Executive Board

<https://committee.nottinghamcity.gov.uk/documents/s105034/Council%20Financial%20Position%20-%20202021%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>

Appendix A

Pre-Audit Revenue Outturn 2020/21 by Portfolio

Portfolio	Original Budget £m	Interim Budget (P7) £m	Interim Budget at Outturn £m	Draft Outturn £m	Outturn Variance £m	Outturn Variance to original budget £m
Adult Care & Local Transport	102.295	94.855	94.530	79.229	(15.301)	(23.066)
Children & Young People	55.249	58.696	58.611	58.548	(0.063)	3.299
Communities, Highways & Strategic Transport	6.371	11.438	6.090	6.104	0.014	(0.267)
Employment & Community Protection	8.897	8.201	8.303	6.667	(1.636)	(2.230)
Energy, Environment & Democratic Services	20.951	23.114	23.218	22.307	(0.911)	1.356
Finance, Growth & the City Centre	9.040	22.117	22.266	20.300	(1.966)	11.260
Health, HR & Equalities	(6.817)	(7.269)	(7.884)	(7.983)	(0.098)	(1.166)
Housing, Planning & Heritage	6.562	6.982	5.592	4.779	(0.813)	(1.783)
Leisure, Culture & IT	11.447	16.826	18.164	14.210	(3.954)	2.763
Regeneration, Schools & Communications	(13.788)	3.271	(8.457)	(11.445)	(2.987)	2.343
Total Portfolios	200.205	238.231	220.432	192.718	(27.714)	(7.486)
Companies	(5.747)	(1.095)	(1.702)	2.386	4.088	8.133
Corporate	53.601	10.924	29.329	34.305	4.976	(19.296)
Total prior to Capitalisation	248.059	248.059	248.059	229.409	(18.650)	(18.650)
Capitalisation				(20.000)	(20.000)	(20.000)
Total post Capitalisation	248.059	248.059	248.059	209.409	(38.650)	(38.650)

Adult Care & Local Transport Portfolio - £15.3m underspend

Adults - £15.4m underspend

Covid Impact – additional costs/lost income - £4.5m overspend

- Additional costs relating to the support made available to care providers £1.6m
- Additional external staffing costs £1.2m
- PPE & other costs £1.4m
- Lost income for fairer charging mainly due to day centre closures - £0.2m

Care purchasing budgets – £18.7m underspend

- Actual care packages information from

Staffing and internal provision – £1.4m underspend

- Various under and overspends across the ASC staffing and internal provision services.

Commercial & Operations - £0.2m overspend

Passenger Transport – £0.3m overspend

Overspend relates to a reduction in the level of internal services required due to reduced demand throughout the Covid-19 pandemic.

Workplace Parking Levy (WPL) – £0.1m underspend

The pandemic has resulted in fluctuations in commuter behaviour driven by external factors such as government policy & communications; public confidence in relation to the virus; and shifting home working policy within businesses. An increase in licences during the final period has contributed to the small favourable outturn against the interim budget which included an adjustment of £3.5m income reduction.

Development & Growth - £0.1m underspend

Transport Strategy – £0.1m underspend

Small operational underspend within the service.

Communities, Highways & Strategic Transport Portfolio – overall on budget

Commercial & Operations - £0.9m overspend

Communities Directorate - £0.2m under budget

Structural changes and delays in recruitment.

Neighbourhoods & Community Engagement - £0.3m under budget

Underspends relating to vacancy levels and the utilisation of grants.

Uniformed Services – (Processing/Parking enforcement) - £0.2m under budget

Enforcement income higher than anticipated in the interim budget. This positive position is after a £0.2m budget adjustment to reduce income levels as a result of Covid 19.

Highways & Energy infrastructure - £0.1m under budget
Reduced gritting costs due to the mild winter.

Parking - £1.6m over budget

This position is after allocating £4.7m as part of the interim budget adjustment due to the reduction in income as a result of Covid 19. The increased income gap is due to the impact of the 3rd lockdown in January 2021.

Neighbourhood Services Operational Hub - £0.1m over budget
Impact of old stock write off associated with uniforms.

Development & Growth - £0.8m underspend

Traffic Safety - £0.8m underspend

The interim budget allocated £1.3m for reduced income however this was better than expected resulting in the underspend.

Strategy & Resources - £0.1m underspend

Finance - £0.1m underspend

Small operational underspend within the Welfare Rights service.

Children & Young People Portfolio - £0.1m underspend

Children's - £0.1m underspend

Children's Directorate - £0.1m overspend

Small operational overspend within the directorate.

Children's Integrated Services - £0.2m underspend

The outturn reflects additional costs associated with the Children Improvement Plan of £0.4m (£1.8m in total) but has been managed within the interim budget resources allocated of £9.7m.

Employment & Community Protection Portfolio - £1.6m underspend

Commercial & Operations - £1.0m underspend

Community Protection - £0.4m underspend

Underspend due to maintaining vacancies and utilising current staff to undertake work funded through the allocation of Covid-19 Compliance and Enforcement grant.

Security & Logistics - £0.5m underspend

Delayed expenditure due to slippage as a result of Covid-19 relating to security equipment/systems upgrades and delays in recruitment to align to the reduction in activity as a result of the pandemic restrictions.

Strategy & Resources - £0.7m underspend

Human Resources - £0.2m underspend

Underspend on Employability as a result of Covid-19 and the impact on recruitment.

Crime & Drugs Partnership - £0.5m underspend
Favourable outturn due to underspends on employees & running costs.

Energy, Environment & Democratic Services - £0.9m underspend

Commercial & Operations - £0.5m underspend

Energy Services – £0.2m overspend
A project cancellation has impacted the outturn position for the service.

Utilities - £0.3m underspend
A mild winter, limited additional usage due to Covid-19 and offices less used.

Waste Disposal – £0.2m underspend
The interim budget was based on the waste arising during the initial lockdown which resulted in an increase of +14%, the actual outturn for February and March was less than January and saw a reduction of around £30k.
Commercial recharges were better than forecast, generating an additional £0.1m.

Strategy & Resources - £0.3m underspend

Civic & Coronial - £0.2m underspend
Improved position at outturn compared to the interim budget in respect of income losses within Registrars and mortuary contract costs within Coroners.

Customer Access Programme - £0.1m underspend
A favourable outturn position within Customer Services due to Covid-19 related grants for Clinically Extremely Vulnerable being allocated to service rather than held corporately.
Delays £0.2m in implementing a customer centric saving due to the impact of Covid-19 is covered within the service's interim budget.

Finance, Growth & the City Centre Portfolio - £2.0m underspend

Commercial & Operations - £0.7m overspend

Nottingham Catering – £0.8m overspend

- School Catering – Covid-19 impact on school closures and partial closures being greater than originally assumed due to the third lockdown
- Commercial Catering – Covid-19 impact on Commercial Catering outlets, mitigated by the increased income from areas including Gedling and Woodthorpe Cafés due to better than expected take-away sales and reduction in employee costs due to vacancies.

Development & Growth - £0.1m underspend

Development & Growth Directorate / Commercialism Schemes - £0.1m underspend
Small favourable outturn relating to recharges & running costs.

Strategy & Resources - £2.6m underspend

Commissioning & Procurement - £2.2m underspend
Favourable outturn against the interim budget in relation to Covid-19 to cover PPE usage across the council & some providers/partners.

The service has also received a retrospective 1% income rebate on non-care contracts (£0.2m).

These forecast underspends are offset in part by a pressure relating to Public Health income (£0.4m) & an undelivered 20/21 corporate contracts saving due to the impact of Covid-19 in delaying tendering and distorting the market to offer value for money (£0.2m).

Finance - £0.4m underspend

Overall net underspend, largely the result of staffing.

Housing, Planning & Heritage Portfolio - £0.8m underspend

Development & Growth - £0.7m underspend

Strategic Homelessness - £0.7m underspend.

Low volume of Bed & Breakfast usage (in the main due to lockdowns); NCH taking on leasing of nightly paid accommodation; additional DHP income & some costs being met from Housing Aid has resulted in this outturn position.

Health, HR & Equalities Portfolio - £0.1m underspend

Strategy & Resources - £0.1m underspend

Human Resources - £0.3m underspend

Largely due to a £0.2m underspend within Works Perks

Leisure, Culture & IT Portfolio - £4.0m underspend

Commercial & Operations - £4.0m underspend

Cemeteries & Crematoria - £0.1m underspend

Improved financial position, due to improved service performance. Additional sales in excess of forecast.

Events - £0.3m underspend

Underspend is due to reduced Marketing expenditure to reflect the continuing reduced Events programme.

Libraries – £0.3m underspend

Improved outturn due to continuing limited opening hours, leading to reduced staff costs in relation to casuals and overtime payments, and reduced expenditure on running costs including repairs and maintenance.

Museums - £0.8m underspend

Continuing strong footfall and ancillary spend at Wollaton Park and Newstead Abbey during the current lockdown has created the large increase on Parking and Catering

Markets – £0.1m overspend

The overspend is linked directly to the INTU Indoor Market Provision through a further reduction in income from stall holders selling non-essential goods due to lockdown. This is after an interim budget adjustment of £0.9m for reduced income.

Sport & Leisure – £2.0m underspend

This position is after interim budget adjustment of £5.1m to reflect the adverse impact on income as a result of Covid 19.

The underspend is due to the impact of Government's Job Retention Scheme (furlough) available to 31 March 2021, slippage in repairs and maintenance and operational expenditure, vacancy levels and income being above that expected.

TRCH - £0.6m underspend

Outturn position impacted by:

- The extension of the Government's Job Retention Scheme (furlough) available to 31 March 2021;
- Repairs and maintenance charges being £25k higher than forecast due to acceleration of works.
- £0.1m additional settlement show costs from 2019/20 following the impact of Covid-19 in March 2020.

This position was after an interim budget adjustment of £3.8m for lost income.

Regeneration, Schools & Communications Portfolio - £3.0m underspend

Commercial & Operations - £0.1m underspend

Planned Maintenance £0.1m underspend

Small operational underspend.

Development & Growth - £3.0m underspend

Strategic Assets & Property - £2.9m underspend

The interim budget allocated £6.7m to support reduced income projections from property rental. The outturn position improved however this may be a consequence of the government support to businesses and will need to be reviewed as these schemes cease.

Major Projects - £0.1m underspend

Small operational underspend within the service

Education - £0.2m overspend

The outturn reflects the additional Covid-19 pressures relating to further income losses and additional High Needs transport provision due to Social Distancing measures.

Strategy & Resources - £0.1m underspend

Marketing & Communications - £0.1m underspend

Underspend due to maximisation of available grant funding.

Companies - £4.1m overspend

The adverse variance is due largely to the impact of Covid and reduced company returns, this includes an adverse variance from the National Ice Centre of **£1.5m**, Nottingham City Homes of **£1.5m** and Thomas Bow of **£1.3m**

Corporate - £5.0m overspend

The Corporate adverse variance of **£5.0m** is driven by redundancy and pension strain costs associated with the recent voluntary redundancy programme.

Debtors Monitoring to 31 March 2021

Quarterly Performance Review – 2020-21	Q1	Q2	Q3	Q4
BVPI 66a - Housing Rent Collection (%) <i>(cumulative - current tenants only)</i>				
Actual (<i>arrears + debit</i>)	98.80	96.91	97.72	97.38
Target	98.50	98.50	98.50	98.50
Last Year Actual 2019-20	96.80	97.68	98.08	97.55
BVPI 9 - Council Tax Collection (%)				
Actual (<i>in year cumulative</i>)	25.80	50.71	76.68	93.96
Target	25.80	50.00	75.50	93.00
Last Year Actual 2019-20	25.90	50.53	76.20	93.00
BVPI 10 - NNDR Collection (%)				
Actual (<i>in year cumulative</i>)	22.56	44.84	65.73	78.92
Target	28.50	55.50	80.50	97.40
Last Year Actual 2019-20	30.40	54.50	81.80	97.60
Sundry Income Collection (%)				
Actual (<i>12 month rolling average</i>)	82.00	81.00	80.60	80.30
Target	99.00	99.00	99.00	99.00
Last Year Actual 2019-20	79.50	83.20	82.70	82.40
Sundry Income Debtor Days -General				
Actual (<i>12 month rolling average</i>)	43.00	37.00	39.00	41.00
Target	32.30	32.30	32.30	32.30
Last Year Actual 2019-20	32.00	41.00	44.00	46.00
Estates Rents Collection (%)				
Actual (<i>12 month rolling average</i>)	97.59	95.15	93.68	93.98
Target	97.50	97.50	97.50	97.50
Last Year Actual 2019-20	98.19	98.05	98.18	98.03
Adult Residential Services Collection (%)				
Actual (<i>12 month rolling average</i>)	97.30	97.50	97.70	97.70
Target	97.50	97.50	97.50	97.50
Last Year Actual 2019-20	96.50	96.90	97.20	97.50

Details	Net Amount £m	Department		Portfolio	
		Between		Between	
Grant realignment	0.001	SR	CA	FG&CC	ACLT
Utilities realignment	0.006	within CO		CH&ST	FG&CC
Community Protection realignment as per MTFP	0.068	within CO		E&CP	CH&ST
	0.030			E&CP	FG&CC
Budget realignment Henry Whipple	0.066	DG	CA	R,S&C	CYP
Budget realignment in Uniformed Services	0.014	within CO		FG&CC	E&CP
Technical adjustment NNDR Transitional Relief	0.231	CORP		CO	FG&CC
	0.004	CO		CORP	EE&DS
	0.129	CORP		SR	FG&CC
	0.334	CORP		CO	FG&CC
	0.633	CORP		DG	FG&CC
SLMG savings	0.105	CA	CORP	ACLT	FG&CC
	0.127	CO	CORP	CH&ST	FG&CC
	0.043	SR	CORP	CH&ST	FG&CC
	0.027	CORP	CA	FG&CC	CYP
	0.082	SR	CORP	FG&CC	
	0.080	DG	CORP	R,Schools&C	FG&CC
Savings realignment	0.057	within CO		CH&ST	ACLT
	0.030	within CO		FG&CC	EE&DS

Details	Net Amount £m	Department Between		Portfolio Between	
Income Compensation	0.148	CA	CORP	ACLT	FG&CC
	0.249	CO	CORP	ACLT	FG&CC
	0.006	CORP	DG	CH&ST	FG&CC
	1.729	CORP	CO	CH&ST	FG&CC
	0.051	CA	CORP	CYP	FG&CC
	0.004	CORP	SR	FG&CC	CYP
	0.026	CO	CORP	E&CP	FG&CC
	0.028	CORP	CO	FG&CC	EE&DS
	0.169	SR	CORP	EE&DS	FG&CC
	0.412	CORP	CO	FG&CC	
	0.002	CORP	DG	HPH	FG&CC
	1.925	CORP	CO	FG&CC	LC&IT
	0.063	CA	CORP	R,Schools&C	FG&CC
	0.051	SR	CORP	R,Schools&C	FG&CC
	0.106	CORP	DG	FG&CC	R,Schools&C
	0.022	CX	CORP	H,HR&E	FG&CC
Cultural Grant realignment	0.020	within CO		CH&ST	LC&IT
Technical adjustment Prudential Borrowing	5.016	DG	CORP	CH&ST	FG&CC
	0.401	CORP	DG	FG&CC	
	0.669	CORP	SR	FG&CC	
	6.654	DG	CORP	R,Schools&C	FG&CC
Housing Aid realignment	0.023	DG	SR	R,Schools&C	EE&DS
	0.024	CA	DG	HPH	R,Schools&C
Improvement Board costs	0.071	CORP	SR	FG&CC	
Technical adjustment (contribution to loss allowance acct)	1.239	SR	CORP	FG&CC	
	21.176				

Department	Key	Portfolio	Key
Children & Adults	CA	Adult Care & Local Transport	AC<
Commercial & Operations	CO	Communities, Highways and Strategic Transport	CH&ST
Chief Executive	CX	Energy, Environment & Democratic Services	EE&DS
Development & Growth	DG	Children & Young People	CYP
Strategy & Resources	SR	Employment & Community Protection	E&CP
Corporate	CORP	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

Movements in reserves requiring approval

Portfolio	Reserve	Transfer Details	Replenishment	Use of Reserve	Reserve to Capital	Reserve to Reserve	Contribution to Capital Scheme	Total
Adult Care & Local Transport	Direct Revenue Financing	Purchase of vehicles					(0.282)	(0.282)
	NET City Reserve Fund	20/21 Net expenditure		0.400				0.400
Adult Care & Local Transport Total				0.400			(0.282)	0.118
Communities, Highways and Strategic Transport	Area Committees	20/21 Net expenditure	(0.041)					(0.041)
	Direct Revenue Financing	Contribution to capital schemes					(0.004)	(0.004)
	Street Lighting PFI	Contribution to future years costs	(0.266)					(0.266)
	Contingency Reserve	Domestic Waste additional resources	(0.110)					(0.110)
	Capital Reserves	20/21 Net expenditure	(0.027)	0.516				0.489
	Revenue Implications of Capital Schemes	20/21 expenditure		1.222				1.222
Communities, Highways and Strategic Transport Total			(0.444)	1.738			(0.004)	1.290
Corporate	Capital Reserves	20-21 Capital Funding Requirement			(1.392)			(1.392)
	Revenue Implications of Capital Schemes	Capital Programme				(0.620)		(0.620)
	Capital Reserves	Capital Programme				0.620		0.620
	IT Investment Fund	IT Capital Spend 20/21				1.171		1.171
	Treasury Management MRP Transformation of Services	Contribution to FFTF project costs				8.000		8.000
	Capital Reserves	IT Capital Spend 20/21				(1.171)		(1.171)
	Capital Reserves	Flexible Fitness Equipment				(0.032)		(0.032)
	Capital Reserves	Newstead Abbey				(0.028)		(0.028)
	Capital Reserves	2020/21 FFTF Capital Expenditure				(1.899)		(1.899)
	Capital Reserves	Capital Projects - Carrington Street				(0.068)		(0.068)
	Capital Reserves	Capital Scheme - BGI				(0.286)		(0.286)
	Capital Reserves	Capital Project - Old Market Square and Lace Market				(0.019)		(0.019)

Portfolio	Reserve	Transfer Details	Replenishment	Use of Reserve	Reserve to Capital	Reserve to Reserve	Contribution to Capital Scheme	Total
	Capital Reserves	Broadmarsh				(2.000)		(2.000)
	Flexible Fitness Equipment	20/21 Capital expenditure				0.032		0.032
	HAZ Delivery Plan	Capital Project - Old Market Square and Lace Market				0.019		0.019
	Fit For the Future	Capital expenditure / project costs				(6.101)		(6.101)
	Flood Risk Management	Capital Scheme - BGI				0.286		0.286
	Newstead Abbey Development Fund	Capital Project costs				0.028		0.028
	Carrington Townscape	Capital Project costs				0.068		0.068
	Capital Risk Reserve	Broadmarsh				2.000		2.000
Corporate Total						(1.392)	0.000	(1.392)
Energy, Environment & Democratic Services	Flood Risk Management	20/21 net movement	(0.126)	0.012				(0.114)
	Feasibility Schemes	Eastcroft Development		0.176				0.176
	SALIX - Energy Savings Fund	contribution to schemes	(0.289)					(0.289)
	Capital Reserves	contribution to schemes					(0.044)	(0.044)
Energy, Environment & Democratic Services Total			(0.415)	0.188			(0.044)	(0.271)
Employment & Community Protection	Capital Reserves	20/21 contribution	(0.008)					(0.008)
Employment & Community Protection Total			(0.008)					(0.008)
Finance, Growth & the City Centre	Systems Development Team	20/21 contribution	(0.731)					(0.731)
	Capital Program Departmental Prudential Borrowing	Net revenue contribution for financing costs	(0.032)					(0.032)
	Collection Fund & Business Rates	20/21 net replenishment	(33.791)					(33.791)
	East Midlands Councils	20/21 expenditure		0.056				0.056
	Fit For the Future	20/21 net expenditure	(3.321)	1.368				(1.953)
	Good to Great	20/21 expenditure		0.008				0.008

Portfolio	Reserve	Transfer Details	Replenishment	Use of Reserve	Reserve to Capital	Reserve to Reserve	Contribution to Capital Scheme	Total
	Hackney Carriages	20/21 expenditure		0.009				0.009
	Farnborough PFI Project	20/21 contribution	(0.439)					(0.439)
	Housing Benefits	20/21 expenditure		2.448				2.448
	Ice Centre Sinking Fund	20/21 contribution	(0.607)					(0.607)
	Investment Strategy	20/21 expenditure		0.325				0.325
	IT Investment Fund	20/21 contribution	(0.350)					(0.350)
	NET City Reserve Fund	20/21 contribution	(0.255)					(0.255)
	Pension Deficit	20/21 contribution	(1.531)					(1.531)
	Treasury Management	20/21 contribution	(9.414)					(9.414)
	Workforce Reserve	20/21 contribution	(0.697)					(0.697)
	Revenue Implications of Capital Schemes	20/21 expenditure		0.929				0.929
Finance, Growth & the City Centre Total			(51.168)	5.143				(46.025)
Health, HR & Equalities	Contingency Reserve	20/21 expenditure		0.031				0.031
	Public Health Transition	20/21 contribution	(0.625)					(0.625)
Health, HR & Equalities Total			(0.625)	0.031				(0.594)
Housing, Planning & Heritage	Carrington Townscape	20/21 expenditure		0.027				0.027
	Civil Penalties	Penalties paid in year	(0.044)					(0.044)
	HMO - Discretionary	20/21 net movement	(0.168)	0.151				(0.017)
	HMO - Mandatory	20/21 net movement	(0.209)	0.184				(0.025)
	Additional Scheme (non-recoverable)	20/21 net movement	(0.045)					(0.045)
	Selective Fee Income	Licence fees to ensure affordability of scheme	(1.015)					(1.015)
	Selective Licensing-Non Recoverable Budget	Net movement on 5 year scheme	(0.352)					(0.352)
	HAZ Delivery Plan	20/21 expenditure			0.016			0.016
Housing, Planning & Heritage Total			(1.833)	0.378				(1.455)
Leisure, Culture & IT	Allotment Improvements	20/21 contribution	(0.021)					(0.021)
	Castle Development	Net movement in year	(0.196)					(0.196)

Portfolio	Reserve	Transfer Details	Replenishment	Use of Reserve	Reserve to Capital	Reserve to Reserve	Contribution to Capital Scheme	Total
	Flexible Fitness Equipment	Leisure Development & Improvements	(0.348)					(0.348)
	Southglade Football Pitch	Annual funding contribution	(0.035)					(0.035)
	IT Investment Fund	20/21 expenditure	(0.575)	1.489				0.914
	Direct Revenue Financing	contribution to schemes					(0.495)	(0.495)
	LTA - Sinking Fund	Annual contribution	(0.120)					(0.120)
	Capital Reserves	Contribution to capital projects	(0.622)					(0.622)
Leisure, Culture & IT Total			(1.917)	1.489			(0.495)	(0.923)
Regeneration, Schools & Communications	Employer Hub Innovation Fund	20/21 expenditure		0.207				0.207
	Jobs Fund	Youth Employment Initiatives Projects		0.283				0.283
	Schools Building Maintenance	Expenditure on maintained schools		0.010				0.010
	Nottingham Growth Plan	20/21 Expenditure		0.096				0.096
	EIB Strategic Alliance	20/21 Expenditure		0.046				0.046
	ERDF Dakeyne Street	Contrib'n for future costs	(0.190)					(0.190)
	ERDF Sneinton Market	Contrib'n for future costs	(0.346)					(0.346)
	BSF Bigwood & Oakfield PFI	Transfer as per BSF Final Business Case	(0.176)					(0.176)
	Farnborough PFI Project	Transfer as per BSF Final Business Case	(0.249)					(0.249)
	Investment Property Maintenance Fund	Replenish previous drawdown	(0.614)					(0.614)
	PFI Life Cycle	Schools Maintenance	(0.282)					(0.282)
	Southglade Food Park Phase 2	Contribution for future repair costs	(0.101)					(0.101)
	Southglade Food Park Sinking Fund	Contribution for future repair costs	(0.194)					(0.194)
	Statutory Schools Reserves - Other Balances	20/21 net movement	(4.702)	0.407				(4.295)
Statutory Schools Reserves - School Balances	20/21 contribution	(1.291)					(1.291)	

Portfolio	Reserve	Transfer Details	Replenishment	Use of Reserve	Reserve to Capital	Reserve to Reserve	Contribution to Capital Scheme	Total
	NHS LIFT	Mary Potter	(0.507)					(0.507)
		Clifton Cornerstone	(0.135)					(0.135)
		Bulwell	(0.591)					(0.591)
	St Anns Valley JSC	20/21 net movement	(0.059)	0.009				(0.050)
	Revenue Implications of Capital Schemes	Bio-City 20/21 expenditure		0.338				0.338
		Broadmarsh Shopping Centre		0.706				0.706
		Crocus Place expenditure		0.047				0.047
		Science Park expenditure		0.290				0.290
	Capital Reserves	Transforming Cities		0.078				0.078
		Education - Feasibility Costs		0.016				0.016
		Property Revenue Repairs		0.197				0.197
		Angel Row Henry Boot Abortive Costs		0.149				0.149
		Loss of rental from 76-80 Lower Parliament Street		0.012				0.012
		SRB Topslice - GF		0.338				0.338
		Broadmarsh Holding Costs 20/21		0.336				0.336
		Church Square revenue costs		0.017				0.017
		Derby Road revenue costs		0.013				0.013
		Guildhall Holding Costs		0.094				0.094
Regeneration, Schools & Communications Total			(9.438)	3.689				(5.748)
Total			(65.847)	13.056	(1.392)	0	(0.825)	(55.008)