Annex 1

Forecast Outturn 2021/22

Contents	
Section	**Page**
1. Introduction	2
2. Qtr3 2021/22 forecast outturn	2
3. Movement in Earmarked Reserves	5
4. Debtors monitoring	6
5. 2020/21 Outturn restatement	7

Annex 1 - Forecast Outturn 2021/22

1 Introduction

1.1 This annex summarises the forecast outturn for the revenue element of the General Fund for Qtr3 2021/22 (as at 31 December 2021). The Qtr3 position for Capital is detailed within Annex 3 and details for the Housing Revenue Account (HRA) are included within Annex 4. The Council's risk based forecasting reflects the diverse nature of the Council's activities and the wide range of cost and income drivers

1.2 The Qtr2 2021/22 budget monitoring report was presented to Executive Board in December 2021 and the forecast overspend of **£2.0m** at that time was also reflected in the budget assumptions within the MTFP update at November 2021 Executive Board.

2 Qtr3 2021/22 forecast outturn

2.1 The Council's Qtr3 2021/22 forecast outturn position is a **£5.1m** favourable variance to budget which is a **£7.1m** favourable movement since the Qtr2 position.

2.2 The Qtr3 Portfolio favourable variance is **£5.2m** and is driven by the following key variances:

- **Adults & Health £6.4m** favourable due to Care Purchasing budgets being **£3.7m** below budget based on the latest care packages, **£1.0m** favourable following a balance sheet review, **£0.7m** continuation of the Independent Living Fund (ILF) and **£0.7m** Staffing and Internal provision variances.
- **Children & Young People £3.5m** adverse due to **£5.0m** adverse variance resulting from increased Children in Care demand and an increase in external placement codes. This has been partially mitigated by **£1.5m** favourable variance in other Childrens services due to staffing and agency costs and grant maximisation.
- **Neighbourhoods, Safety & Inclusion £2.3m** favourable resulting from favourable variances within Community Protection, predominately due to inclusion within the forecast of new Contain Outbreak Management Fund (COMF) money plus variances within staffing and the impact of the enhanced spending controls.
- **Skills, Growth & Economic Development £1.1m** adverse due to **£0.8m** pressure within Markets regarding increased service charges and reduced income.
- **Energy, Environment & Waste Services £1.0m** favourable due to **£0.6m** favourable variance within Carbon Reduction, Energy and Sustainability from reduced utilities spend and higher than budgeted waste rebates from the contractor. Customer Services is **£0.6m** favourable to budget largely due to Covid grants.

2.3 The Companies adverse variance of **£3.5m** is due largely to:

- Thomas Bow - **£1.0m** adverse variance due to specific acquisition costs which are paid in instalments and are unable to be capitalised.

- Nottingham City Homes (NCH) - **£2.2m** adverse variance and assumes no income from NCH reflecting the impact of the Section 114 notice issued in December 2021.

2.4 Corporate budgets are showing a **£6.4m** favourable variance and are driven by:

- Release of the corporate contingency budget **£1.5m** favourable variance.
- Lower than anticipated costs on Treasury Management activities due to lower than budgeted borrowing requirements **£4.1m** favourable variance.
- Higher than budgeted income from the government's compensation scheme **£1.4m** favourable variance.
- Offset by the cost of Depreciated Replacement Cost (DRC) valuation work needed to support the Council's Statement of Accounts **£0.6m** adverse variance

2.5 At the time of writing the report the pay award for 2021/22 is yet to be agreed nationally but is assumed based on latest intelligence to be **2.75%** for the lowest paybands and **1.75%** for all other paybands in line with the latest offer. The forecast assumes **£3.0m** for the cost of the pay award and any variation will need to be managed following final confirmation.

2.6 **Table 1** below shows the Qtr1 to Qtr3 forecast outturn variances to Budget. **Appendix A** details Service variances +/-£50k by Portfolio.

Table 1 : Qtr1, Qtr2 & Current Forecast (Qtr3) Outturn budget variances

Portfolio	Qtr1 £m	Qtr2 £m	Qtr3 £m	Qtr2 to Qtr3 change £m
Adults & Health	(1.324)	(4.209)	(6.446)	(2.237)
Housing, Planning & Heritage	(0.146)	(0.437)	(0.596)	(0.159)
Children & Young People	5.231	3.663	3.452	(0.211)
Leisure, Culture & Schools	1.447	0.860	(0.008)	(0.868)
Neighbourhoods, Safety & Inclusion	(0.253)	(1.831)	(2.328)	(0.497)
Highways, Transport & Cleansing Services	3.301	2.650	0.089	(2.561)
Skills, Growth & Economic Development	0.858	1.223	1.053	(0.170)
Finance & Resources	1.190	0.451	0.418	(0.033)
Energy, Environment & Waste Services	0.354	0.072	(1.035)	(1.107)
Strategic Regeneration & Communications	0.160	(0.521)	0.159	0.680
Total Portfolio	**10.818**	**1.920**	**(5.242)**	**(7.162)**
Companies	2.370	2.316	3.526	1.210
Corporate	(2.312)	(5.216)	(6.387)	(1.171)
Pay award 21/22	-	3.000	3.000	-
Total	**10.876**	**2.020**	**(5.103)**	**(7.123)**

2.7 The **£7.1m** movement between Qtr2 and Qtr3 is largely due to movements in the following Portfolios:

- **Highways, Transport & Cleansing Services £2.6m favourable movement** due to the transfer of Broadmarsh Parking services to Strategic Regeneration

and Communications portfolio **£1.5m** and favourable movements of **£0.3m** in Traffic, **£0.3m** Parking Services and **£0.3m** Education.

- **Adults & Health £2.2m favourable movement** - **£1.4m** favourable change in Care Purchasing Budgets and **£0.5m** change within Staffing and Internal provision
- **Energy, Environment & Waste Services £1.1m favourable movement** - **£0.6m** Carbon Reduction, Energy and Sustainability movement from reduced utility forecast and waste rebates. **£0.4m** favourable movement in Waste Management.
- **Leisure, Culture & Schools £0.9m favourable movement** - largely due to **£0.7m** Cultural Recovery fund grant awarded in November 2021 which improves the Theatre Royal & Concert Hall position.
- **Strategic Regeneration & Communications £0.7m adverse movement** – due to transfer of Broadmarsh which as at Qtr3 is **£1.4m** adverse variance to budget, partially offset by a favourable change of **£0.7m** within Strategic Assets and Property.

2.8 The quarterly forecast has moved significantly in year, due in part to the impact of Covid and additional funding received in year. However, the forecasting error is so great that the Section 151 Officer has ordered a review of forecasting methodology and additional mandatory training will be given across the Council to make significant improvements in the forecasting process.

2.9 Carry forward is a process by which unspent budgets can be rolled forward to the following year; the S151 recommendation is that no 2021/22 carry forward of underspent budgets are approved in 2021/22 for next financial year and that all underspends will be considered in the context of the Council's overall financial position and the need to strengthen corporately held reserves. In addition it is recommended that no traded surplus retention is granted in 2021/22 and this is consistent with 2017/18, 2018/19, 2019/20 and 2020/21.

2.10 The Council has received confirmation for Government funding 2022/23 only with future funding dependent upon the outcomes of the Fair Funding review, consultation on which is expected in the Spring 2022. Given the uncertainties on future funding and the long term impact of Covid many Councils have created financial resilience reserves. It is the S151 Officer's recommendation that any 2021/22 underspends are transferred to a resilience reserve which will enable the Council to mitigate risks that can't be managed within departmental budgets and is in line with best practice.

2.11 In December 2020 the Council applied to the [then] Ministry of Housing Communities and Local Government (MHCLG) to treat **£35m** of its revenue costs as capital expenditure. This was not to balance the 2021/22 budget – but to spread out historic costs to limit the impact on reserves and to provide funding for a transformation programme which would drive efficiency savings in future years. 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.

For 2021/22 the then Secretary of State was 'minded to' support a further Capitalisation Direction but this would be subject to an assessment in Q3 2021/22, in conjunction with the Improvement Board. The Council has decided not to request the further **£15m** capitalisation request for 2021/22 and it is therefore not included within the Qtr3 forecast outturn position and MTFP.

It is proposed the Transformation funding is now met through the use of Capital Receipts, permissible for all Council's under the 'Flexible Use of Capital Receipts' scheme. This scheme is in place until March 2022 but a 3 year extension is expected following discussion with DLUHC officials.

Movement of Resources

2.12 Transfers of services between directorates and/or portfolios are reflected in the monitoring figures. These transfers now require approval and are listed in **Appendix B.**

3 Movements in Earmarked Reserves

3.1 All of the Council's controllable reserves are held corporately and subject to a prioritisation process and the movement of earmarked reserves requires S151 / Deputy S151 approval. Each application now requires a robust justification and is assessed based on the financial situation of the Council at that time and may result in previous decisions for funding being refused.

3.2 The balance of earmarked reserves as at 31 March 2021 was **£157.1m**. Executive Board in December 2021 approved an in year net contribution to reserves of **£5.7m**, this included movements recommended as part of the 2020/21 outturn report. The significant movements were

a) The repayment of **£20.6m** of borrowed from reserves and

b) A **£16.9m** transfer to resilience / transformation reserves.

c) **£30.8m** drawdown of Business and Covid grants received in 2020/21 for use in 2021/22.

The balance on earmarked reserves as at 30 September 2021 was **£162.8m**.

3.3 Movements requiring Executive Board approval from 1 October 2021 to 31 December 2021 plus the impact of the 2020/21 outturn restatement are detailed in **Appendix C.** The impact of the 2020/21 outturn restatement represents a net use of reserves totalling **£0.3m**.

The balance of earmarked reserves after these movements is **£162.5m** (the balance as at 31 December 2021 prior to the 2020/21 restatement was **£164.0m**).

3.4 A review of earmarked reserves will be undertaken as part of the Outturn process and it is proposed that **c£6m** of currently earmarked reserves are used to fund initial investment required to support the Children and Adults Transformation costs. This is in addition to the **£15m** already identified for Transformation taking the total funds allocated to Transformation to **£22m** excluding related redundancy costs. It is anticipated that this additional cost of £7m will be funded from the Contingency and Risk reserves.

4 Debtors Monitoring (Appendix D)

4.1 Monitoring debtors is part of the overall assessment of the financial performance of the Council and supports good Governance and value for money. A summary of key indicators is set out below.

Housing Rents

4.2 The Quarter 3 actual collection rate is **97.1%** against a target of **98.5%** and is **0.6%** below the same point last year.

There are a high number of residents who receive legacy benefits who will need to migrate over to Universal Credit (UC). Residents are facing a number of financial challenges impacting on their ability to pay, including the removal of the £20.00 weekly uplift for those residents in receipt of UC, the ending of the furlough support scheme and increases in the cost of living and high energy bills.

There is a **28%** increase in the number of people claiming UC compared to the same point last year and an estimated **c6,000** NCH tenants aged under 65 who will be migrated over to UC in the next three years and the UC team continues to provide support during this transitional period.

Council Tax

4.3 The collection rate for Quarter 3 2021/22 was **76.1%**, which is **0.8%** above the profiled target. This is a decrease of **0.6%** when compared to 2020/21, however, in monetary terms, the sum collected increased to **£118.0m** compared to collection of **£109.9m** for the same period in 2020/21. Net debt collectable over the two financial years has increased from **£142.5m** in 2020/21 to **£155.0m** in 2021/22.

National Non- Domestic Rates (NNDR)

4.4 The collection rate for Quarter 3 2021/22 was **68.5%,** which is **12.0%** below the original profiled target of **80.5%**. Collection amounted to **£77.6m** up to Quarter 3 2021/22, compared with a sum collected of **£52.5m** for the same period in financial year 2020/21.

Net debt collectable for the year increased significantly from **£79.4m** in 2020/21 to **£113.3m** in 2021/22 due to the ending of the **100%** award of Expanded Retail, Hospitality & Leisure Discount from end June 2021, reverting to **66%** for the remainder of the financial year.

Sundry Income

4.5 The percentage of debts collected within 90 days in the 12 months to December 2021 is **81.0%,** which is below the target of **99%** but above the corresponding figure for 2020/21 of **80.6%**. The debtor day indicator (which shows how quickly debts are recovered) is currently **31** days, against the **32.3** day target, and is an improvement on the corresponding figure for 2020/21 of **39** days.

As this rolling 12 month period covers the migration to the new finance system, performance against these indicators will be closely monitored to see if migration to the new system has impacted this Quarter's performance.

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 Oracle system 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.

Estates Rents

4.6 The collection rate of **96.2%** is below the target of **97.5%**, (the target was set pre Covid), but is above the collection rate for the same period last year **93.7%**.

Adult Residential Services

4.7 Quarter 3 collection is **97.8%** against a target of **97.5%** and is slightly higher than the corresponding figure for last year at **97.7%**. Adult Residential Services continue to progress with debt recovery and collections from long standing debtors following house sales and court of protections in place and therefore continues to make good progress with historical debt.

5 2020/21 outturn amendment

5.1 The S151 Officer issued a S114 notice on 15 December 2021 regarding the unlawful allocation of housing funds to the General Fund. Details of the S114 notice, the Chartered Institute of Public Finance and Accountancy (CIPFA) review and the

subsequent extraordinary City Council meeting on 4 January 2022 can be seen at the link below
https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=156&MId=9457

5.2 The S114 notice included a number of remedies, all of which were accepted at the extraordinary City Council meeting on 4 January 2022. Remedy 8.2.2 of the S114 notice recommended the 2020/21 accounting entry to be reversed as no invoice had been raised at the time of writing the S114 notice. This specific remedy stated:

8.2.2 In respect of the financial year 2020/21, NCC's draft published accounts will be amended by £1,492,000 to remove this 'management fee rebate' from being recognised within the GF and no invoice will be raised by NCC.

5.3 **Table 2** below shows the 2020/21 Outturn position as reported to 31 July 2021 Executive Board and the restated position. The removal of the 2020/21 accounting entry of **£1.5m** as described above reduces the favourable variance prior to Capitalisation from **£18.7m** as previously reported to **£17.2m** and the post Capitalisation variance reduces from **£38.7m** to **£37.2m**.

Table 2 : Restated 2020/21 outturn position			
	2020/21 Outturn as at 31 July 2021 Exec Board £m	**Restated 2020/21 Outturn £m**	**Change £m**
Total Portfolios	**(27.714)**	**(27.714)**	**0.000**
Companies	4.088	5.580	1.492
Corporate	4.976	4.976	0.000
Total prior to Capitalisation	**(18.650)**	**(17.158)**	**1.492**
Capitalisation	(20.000)	(20.000)	0.000
Total Variance	**(38.650)**	**(37.158)**	**1.492**

5.4 The impact of a budget variance at outturn changes the general fund balance and therefore the restatement of outturn will also impact on the general fund balance.

5.5 **Table 3** below shows the general fund balance as reported at July 2021 Executive Board and the restated position. The overall impact is to reduce the amount transferred to the transformation reserve.

This movement requires Executive Board approval and is part of the approvals requests within the report.

Table 3 : The General Fund balance			
Item	**As at 31 July 2021 Exec Board £m**	**Restated position £m**	**Change £m**
Balance as at 1 April 2020	**11.643**	**11.643**	**0.000**
Interim Budget assumption	(1.202)	(1.202)	0.000
2020/21 Outturn before capitalisation	18.650	17.158	(1.492)
Capitalisation	20.000	20.000	
Balance as at 31 March 2021	**49.092**	**47.600**	**(1.492)**
Repayment of remaining borrowed reserves	(20.592)	(20.592)	
Resilience/Transformation reserve	(16.856)	(15.364)	(1.492)
MTFP assumption	1.000	1.000	
Balance as at 1 April 2021	**12.643**	**12.643**	**0.000**

Appendix A

Portfolio Variances +/- £50k

Adults & Health Portfolio – overall favourable forecast of £6.4m (improvement of £2.2m from Quarter 2)

Favourable forecast position based on the following:-

- **Care Purchasing budgets** - **£3.7m** favourable based on the latest care package information and a set of agreed principles.
- **Balance Sheet/Accrual Reconciliation – £1.0m** favourable variance following a review of accruals and actual activity to date.
- **Grants** – **£0.7m** favourable following the closure of the Independent Living Fund (ILF) in June 2015, the government agreed to continue funding pre-existing ILF arrangements and the grant has been extended to 2021/22. The 2021/22 budget assumed no ILF grant.
- **Staffing & Internal provision £0.7m favourable** – due to recruitment and retention issues across the service, alignment of Contain Outbreak Management Fund (COMF) funding however this is partly offset by additional agency costs / budget earmarked for external review work.
- **Reclaim of care package overpayment – £0.3m favourable** – dating back to 2015/16
- **Running Costs** – **£0.2m** favourable forecast against contractual spend due to further grant maximisation.
- **Savings - £0.1m** adverse – shortfall against Commissioning savings target due to delay in Contract savings decision being agreed.

Housing, Planning & Heritage Portfolio – overall favourable forecast of £0.6m (improvement of £0.2m from Quarter 2)

Planning £0.5m favourable
Favourable variance on income within Planning as a result of additional work coming into the planning teams.

There is also a small favourable variance in the Geographical Information Systems team mainly due to vacancies.

Strategic Homelessness and Housing Related Support - £0.1m favourable
The forecast position represents updated assumptions for singles & families in B&B.

Children & Young People Portfolio - overall adverse forecast of £3.5m (improvement of £0.2m from Quarter 2)

Children in Care (CIC) / Placements £5.0m adverse
Increase in CIC Demand is leading to a significant increase in external placement costs.

Other Children's Services – £1.5m favourable
Favourable position within staffing and agency assumptions and grant maximisation.

Leisure, Culture & Schools Portfolio – overall favourable forecast of £8k (improvement of £0.9m from Quarter 2)

Theatre Royal & Concert Hall - £0.8m adverse
Since the Government announcement on 8 December, concerns continue about the impact on customer confidence and ticket sales, and postponement / cancellation of shows owing to Covid.
The level of income underachievement is consistent with comparator regional venues and reflects the venue not becoming fully operational until 5 August with reduced attendance levels and available programme. However, the forecasts include **£0.7m** Cultural Recovery fund grant awarded in November 2021 which offsets this risk.

Sport & Leisure - £0.7m favourable
Favourable variances in income generation due to forecast increases within the customer base as a result of marketing campaigns. This has been tailored to increase customer confidence to sign up for subscriptions, for example to join the Flexible Fitness programme. The marketing campaign late summer / early autumn 2021 led to a positive outcome and the forecast had been updated to reflect better than expected income including swimming lessons.

Furthermore there is a net reduction in costs associated with the enhanced spending controls through management of vacancies and postponing expenditure.

Libraries - £0.5m favourable
The variance is due to staffing savings from reduced opening times and management of vacancies, acceleration of future savings and reduced expenditure on the Book Fund and other operational resources in accordance with the enhanced spending controls.

Education - £0.3m adverse
Overall, Education is forecast to be **£0.1m** underspent at year end, although pressures relating to transport costs within Inclusive Learning are reflected under this portfolio.

Events & Goose Fair - £0.1m adverse
This is largely due to the impact of event cancellations including Splendour, Riverside Festival, the Nottingham Beach and Goose Fair due to the continuing impact of the pandemic. The loss of income from these activities are offset by mitigating measures such as expenditure to hold these events (Riverside Festival and Goose Fair), holding vacant posts and continuing to programme new and Covid safe events.

Neighbourhoods, Safety & Inclusion Portfolio – overall favourable forecast of £2.3m (improvement of £0.5m from Quarter 2)

Community Protection – favourable forecast of £2.3m
This is driven predominantly from the inclusion in the forecast of the Contain Outbreak Management Fund (COMF) of **£1.3m**.

Short term favourable variances are also due to the impact of the enhanced spending controls and ensuring vacancies are managed where possible.

Highways, Transport & Cleansing Portfolio – overall adverse forecast of £0.1m (improvement of £2.6m from Quarter 2).

Education – £0.4m favourable
As reported under the Leisure, Culture & Schools portfolio above, Education is forecasting an overall underspend of **£0.1m** and underspends within internal provision due to vacancies under this portfolio are mitigating the overspend reported above. Includes **£0.2m** of Public Health COMF grant funding.

Workplace Parking Levy (WPL)/Charge £0.5m adverse
Adverse variance due to the reduction in licenses. Current licence levels are at 67% of pre-Covid levels.

Parking Services: £0.5m adverse

- Covid pressure of **£0.9m** due to a **£0.5m** income pressure and **£0.3m** adverse variance in running costs due to 24 hour guard requirements at Multi Storey Car Parks.
- Business as usual favourable forecast of **£0.3m** – from reductions in bank charges, only completing urgent Health & Safety work & WPL consultancy

Street Scene & Grounds Maintenance - £0.1m favourable
Favourable variances following the implementation of enhanced spending controls.

Cemeteries & Crematoria - £0.1m favourable
Improved forecast position for the service.

Transport & Fleet - £0.4m adverse
Fleet cost pressure due to additional Covid measures e.g. vehicle sanitisation, mitigated by improved spending controls on running costs, increased vehicle sales due to Covid backlog and improved insurance claim process.

There is an overspend on Public Realm and Domestic Waste fleet due to fuel and parts inflation.

Traffic £0.7m favourable
Favourable income variances including additional grant funding.

Skills, Growth & Economic Development Portfolio – overall adverse forecast of £1.1m (improvement of £0.1m from Quarter 2)

Markets - £0.8m adverse
Adverse forecast due to unbudgeted pressure regarding the service charge increase in 2015, and reduced income.

Economic Development – £0.3m adverse forecast
Park Row income pressure of £0.3m.

Finance & Resources Portfolio – overall adverse forecast of £0.4m (slight improvement from Quarter 2)

Catering - £0.3m adverse
Largely due to an adverse forecast within Schools Catering of **£0.2m** from losing 5 Multi Academy Trust school contracts in November 2020, however this has in part been mitigated as a result of savings from vacancies and spending controls. Commercial Catering adverse variance of **£0.1m** as it is now assumed that a number of the commercial catering sites won't reopen in 2021/22 due to reduced footfall and it not being economically viable. To mitigate the impact of this staff have been transferred into school vacancies to support the primary service area.

Finance £0.4m adverse:

- **£0.4m** adverse in Revenues & Benefits as reported to Executive Board in June 21
- **£0.3m** adverse due to East Midlands Shared Services contract
- **£0.2m** favourable additional grant maximisation within Commercial Finance and Welfare Rights

Human Resources £0.2m favourable
Largely due to a **£0.4m** favourable forecast within the Employability budgets where focus in on the Kick-start scheme rather than apprenticeships and **£0.2m** forecast underspend in Development & Change. These favourable variances are partially offset by adverse salary variances, loss of income within Employee Wellbeing, additional HR training & pay benchmarking work and Works Perks savings.

Strategy & Policy £0.2m favourable
Largely due to a pre-payment accrual omission in 2020/21 resulting in a **£0.1m** benefit in 2021/22 and small vacancy savings.

Energy, Environment & Waste Portfolio – overall favourable forecast of £1.0m (improvement of £1.1m from Q2)

Customer Services £0.6m favourable
Favourable variance of **£0.5m** from Covid grants (COMF, self-isolation and Clinically Extremely Vulnerable) where existing budgeted costs have been allocated to grants, and an overachievement in Registrars income. This is offset by **£0.1m** estimated additional excess deaths body storage costs not known in 2020/21. Work is being carried out to fully quantify this with Nottinghamshire County Council.

Carbon Reduction, Energy and Sustainability – £0.6m favourable

Utilities **£0.3m** underspend relates to electricity utility. This is a combination of work by the team in reducing electricity use across our estate, and the recent "work from home" mandate to protect against the spread of the new Covid variant.
Waste **£0.2m** underspend. The Council receives a quarterly rebate from its contractor on the cost of processing recyclables, dependent upon commodity value when the materials are sold on. The recycling markets are performing better than forecast and the rebate is higher than anticipated.

Waste Management £0.1m adverse
Domestic Waste expenditure on agency staff and additional vehicles to support the delivery of garden waste services mitigated by a small forecast underspend in Trade Waste.

Strategic Regeneration & Communications Portfolio – overall adverse forecast of £0.2m (adverse by £0.7m from Q2)

Broadmarsh £1.4m adverse
The Broadmarsh Car Park/Bus Station unit began its phased opening on 1 November 2021. The forecast represents the loss of income for this financial year up to the opening. Business Rates costs came in significantly lower than initially projected and therefore the overall overspend has reduced for the Operational Building costs.

Strategic Assets & Property £1.1m favourable
A review of outstanding debt has shown a reduction in debt owing which has enabled a part release of the bad debt provision of **£0.7m**. Within the pressure funding an amount is being used to support the revenue impacts of Asset Rationalisation. Two of the larger annual revenue losses will now take place in the 2022/23 financial year and total **£0.3m** – therefore this amount is included in the forecast as not being required.

Communications & Marketing £0.3m favourable
£0.3m forecast underspend due to already budgeted costs allocated to Public Health in year.

Growth & City Development Directorate and Commercialism Schemes £0.2m adverse
An adverse variance due to unachieved budget savings.

Companies £3.5m adverse (worsening of £1.2m from Quarter 2)
The adverse position is due to:

- Thomas Bow **£1.0m** adverse, **£0.8m** due to acquisition costs that can't be capitalised. **£0.1m** unachieved Highway Services Commercialisation budget saving and **£0.1m** prudential borrowing acquisition cost repayment not achieved.
- Nottingham City Homes adverse forecast of **£2.2m** – no income receivable

Corporate Items £6.4m favourable (improvement of £1.2m from Quarter 2)
Largely due to variances within:

- Treasury Management **£5.2m** favourable driven by reduced borrowing costs however this has in part been offset by **£1.3m** which is the 2021/22 cost of **£20m** capitalisation in 2020/21.
- Full release of the **£1.5m** Corporate contingency budget to support the outturn position. This results in no Corporate contingency budget for 2021/22 and therefore any contingency costs will need to be covered by existing departmental budgets.
- The Sales, Fees and Charges Government Covid compensation claim has been submitted for **£2.9m**, this is **£1.4m** more than the budgeted assumption of **£1.5m**.
- **£0.1m** favourable variance from repaying all borrowed reserves in 2020/21 rather than phased across a number of years **(£2.4m)** less **£2.3m** non-use of the resilience reserve to support the 2021/22 budget.
- **£0.6m** adverse variance for the cost of external valuers in respect of Depreciated Replacement Cost assets for 2020/21 to 2021/22.

2021/22 Pay Award - £3.0m adverse (no change from Quarter 2)
Potential impact of the pay award based on the current known offer of 2.75% for the lowest grades and 1.75% thereafter has been included within the corporate forecast.

Virements from Qtr2 to Qtr3 2021/22 requiring Executive Board approval **Appendix B**

Details	Net Amount £m	Department Between		Portfolio Between	
Realignment within Traffic Management	0.140	within GCD		HTCS	EE&W
Movement of Transport budget between Inclusive Learning & Education Partnerships	1.284	within P		LCS	HTCS
Prudential Borrowing technical adjustment	0.081	GCD	Corporate	SRC	F&R
Energy budgets realignment	0.033	GCD	FR	EE&W	F&R
	0.033	within GCD		EE&W	SRC
	1.388	GCD	Corporate	EE&W	F&R
Broadmarsh Car Park operational budget	0.348	RS	GCD	HTCS,F&R,NSI,SRC,EE&W	
Legal fees	0.133	Corporate	FR	within F&R	
Revenue contribution – Park Tunnel	0.005	RS	Corporate	NSI	F&R
	3.445				

Portfolio	Key	Department	Key
Adults & Health	AH	People	P
Highways, Transport & Cleansing Services	HTCS	Resident Services	RS
Children & Young People	CYP	Chief Executive	CX
Neighbourhoods, Safety & Inclusion	NSI	Growth & City Development	GCD
Energy, Environment & Waste Services	EE&W	Finance & Resources	FR
Finance & Resources	F&R		
Housing, Planning & Heritage	HPH		
Leisure, Culture & Schools	LCS		
Strategic Regeneration & Communications	SRC		
Skills, Growth & Economic Development	SG&ED		

Appendix C

Movement in Reserves requiring Executive Board Approval

Reserve Category	Reserve Name	Transfer Details	Replenish-ment £m	Use £m	Net Movement £m
Capital	Revenue Reserves for Capital	Local Transport Plan support of Economic Development		0.300	0.300
		Crocus Place – repayment of debt		2.068	2.068
	Revenue Implications of Capital Schemes	Broadmarsh Car Park contribution		1.581	1.581
		Ice Arena Car Park - Housing Aid Development		0.054	0.054
	Feasibility Schemes	Eastcroft Development Feasibility - Final drawdown to cover remaining expenditure		0.139	0.139
	Investment Strategy	In year expenditure		0.019	0.019
Capital Total				**4.163**	**4.163**
Local Economy	Nottingham Investment Fund	Recognise Foresight Nottingham as Long Term Investment	(0.942)		(0.942)
	Nottingham Growth Plan	Local Transport Plan support of Economic Development	(0.300)		(0.300)
		In year expenditure		0.288	0.288
	Procurement Levy	Establishment of new reserve for Procurement Levy income	(0.219)		(0.219)
		In year expenditure		0.022	0.022
	Jobs Fund	Establishment of new reserve for Procurement Levy income		0.059	0.059
		In year expenditure		0.097	0.097
	Employer Hub Innovation Fund	In year expenditure		0.342	0.342
	ERDF Growth Hub	In year expenditure		0.068	0.068
Local Economy Total			**(1.461)**	**0.876**	**(0.585)**
Private Finance Initiatives	NET City Reserve Fund	Prudential Borrowing adjustment	(0.874)		(0.874)
Private Finance Initiatives Total			**(0.874)**		**(0.874)**
Reserve Category	**Reserve Name**	**Transfer Details**	**Replenish-ment**	**Use**	**Total**
Schools	Other Balances	In year expenditure		1.130	1.130
Schools Total				**1.130**	**1.130**

Transformation	Treasury Management MRP Transformation of Services	MRP for Transformation of Services Works	(4.024)		(4.024)
	Resilience	2020/21 outturn restatement		1.492	1.492
Transformation Total			**(4.024)**	**1.492**	**(2.532)**
Treasury Management	Treasury Management	Loan risk margin 2020/21	(1.008)		(1.008)
Treasury Management Total			**(1.008)**		**(1.008)**
Total			**(7.367)**	**7.660**	**0.293**

Debtors Monitoring to 31 December 2021 (Qtr3) **Appendix D**

Debtors - Performance Review – Qtr3 2021/22	**Qtr1 June**	**Qtr2 Sept**	**Qtr3 Dec**
BVPI 66a - Housing Rent Collection (%) *(cumulative - current tenants only)*			
Actual *(arrears + debit)*	95.77	96.25	97.10
Target	98.50	98.50	98.50
Last Year Actual 2020/21	98.80	96.91	97.72
BVPI 9 - Council Tax Collection (%)			
Actual *(in year cumulative)*	26.20	50.50	76.05
Target	25.60	49.90	75.30
Last Year Actual 2020/21	25.80	50.71	76.68
BVPI 10 - NNDR Collection (%)			
Actual *(in year cumulative)*	26.65	43.91	68.54
Target	28.50	55.50	80.50
Last Year Actual 2020/21	22.56	44.84	65.73
Sundry Income Collection (%)			
Actual *(12 month rolling average)*	74.50	74.86	81.00
Target	99.00	99.00	99.00
Last Year Actual 2020/21	82.00	81.00	80.60
Sundry Income Debtor Days – General			
Actual *(12 month rolling average)*	37.00	30.00	31.00
Target	32.30	32.30	32.30
Last Year Actual 2020/21	43.00	37.00	39.00
Estates Rents Collection (%)			
Actual *(12 month rolling average)*	94.60	95.27	96.19
Target	97.50	97.50	97.50
Last Year Actual 2020/21	97.59	95.15	93.68
Adult Residential Services Collection (%)			
Actual *(12 month rolling average)*	97.60	97.80	97.80
Target	97.50	97.50	97.50
Last Year Actual 2020/21	97.30	97.50	97.70