

**Executive Board**  
**19 July 2022**

<b>Subject:</b>	Pre-Audit Corporate Financial Outturn 2021/22
<b>Corporate Director(s)/Director(s):</b>	Clive Heaphy, Interim Corporate Director for Finance and Resources
<b>Portfolio Holder(s):</b>	Councillor Adele Williams, Portfolio Holder for Finance
<b>Report author and contact details:</b>	Debbie Middleton, Interim Director for Finance and Deputy Section 151 Officer <a href="mailto:debbie.middleton@nottinghamcity.gov.uk">debbie.middleton@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(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	
<b>Type of expenditure:</b> <input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
Date considered by Capital Board: 18 May 2022	
<b>Total value of the decision:</b> £48 million	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b> During May and June 2022	
<b>Relevant Council Plan Key Outcome:</b>	
Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input checked="" type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input checked="" type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Healthy and Inclusive	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input checked="" type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

This report sets out the Council's pre-audit revenue and capital outturn for its General Fund and Housing Revenue Account (HRA) for 2021/22. The Council's budget for 2021/22 was approved by Full Council on 8 March 2021. The 2021/22 net budget approved by Council was **£243.7 million**. The 2021/22 pre-audit outturn is **£13.9 million (5.7%)** favourable to budget, with significant variances in:

- Adults and Health: **£7.9 million** – favourable variances on Care Purchasing budgets plus Staffing and Internal Provision.
- Children and Young People: **£1.9 million** – adverse due to Children in Care demand exceeding budget.
- Neighbourhoods, Safety and Inclusion: **£3.2 million** – favourable variances largely within Community Protection and post-Covid income levels.
- Energy, Environment and Waste Services: **£2.9 million** – favourable variances for Waste Management, Customer and Waste Strategy variances.
- Corporate: **£4.6 million** – favourable variances in the cost of services debt and release of Corporate Contingencies.

These favourable variances have been in part offset by an adverse variance of **£3.7 million** in Companies. Of this variance, **£2.2 million** is due to no income from Nottingham City Homes, reflecting the impact of the Section 114 notice issued in December 2021.

The 2021/22 outturn includes the recommendations of the CIPFA-commissioned review into the unlawful allocations of HRA funds to the General Fund. The adverse impact to the General Fund is **£2.4 million** in 2021/22, with an adverse variance to budget of **£2.1 million** and **£0.3 million** drawdown from the Street Lighting reserve.

The Section 151 recommendation for the **£13.9 million** favourable variance is for:

- **£3.0 million** to be transferred to the IT reserve to enable future investment (**£1.0 million** day-to-day and **£2.0 million** to support transformation initiatives); and
- **£10.9 million** to be transferred to the Financial Resilience Reserve.

General Fund earmarked reserves as at 31 March 2022 of **£190.4 million**, this includes **£15.6 million** of planned usage in 2022/23 of the collection fund reserve due to the timing of Covid Business Rate Relief grants. Excluding this timing adjustment General Fund earmarked reserves are **£174.7 million**. The balance as at 31 March 2022 reflects a **£27.7 million** drawdown to transfer funds from General Fund reserves to the HRA General Reserve following the CIPFA review.

Capital expenditure for 2021/22 of **£100.7 million**, representing a **£81.1 million (44.6%)** decrease below the original budget set at Executive Board February 2021 (**£181.8 million**), refer to Table 7 for further details.

During quarter 4 2021/22 there were additions to the capital programme of **£1.4 million**, of which **£0.7 million** was incurred in financial year 2021/22, the unspent balance has been rolled forward into the 2022/23 forecast.

The HRA has returned a surplus of **£8.3 million**, against a budgeted deficit of **£0.2 million**, giving an underspend of **£8.6 million**. This is due mainly to overprovision of bad debt of **£2.1 million**, the reversal of the management fee overpayment of **£3.6**

**million** and the impact of the CIPFA review of **£2.4 million**, the breakdown of which is provided in Table 1 of this report. The outcome of the draft 2021/22 position is an increase in the HRA General Reserve balance from **£9.4 million** to **£17.8 million**. However, a further **£27.7 million** has been received by the HRA in respect of the ministerial Item 9 credit direction, giving a total balance of **£45.5 million** on the HRA General Reserve.

**Does this report contain any information that is exempt from publication?**

No

**Recommendation(s):**

**1. To note:**

- (a) the pre-audit revenue outturn positive variance of **£13.9 million** prior to outturn reserve adjustments for 2021/22, as set out in Table 2;
- (b) the portfolio variances +/- £50,000, as set out in Appendix A;
- (c) the additions to the Capital programme, as set out in Paragraph 6.6 and Table 9; and
- (d) the Housing Revenue Account (HRA) outturn for 2021/22, as set out in Section 7, the surplus of **£8.3million** to be transferred to the HRA General Reserve.

**2. To approve:**

- (a) the general fund balance as at 31 March 2022 of **£12.6 million**;
- (b) following the **£13.9 million** outturn variance, a contribution to the IT Reserve of **£3.0 million** and of **£10.9 million** to the Finance Resilience Reserve;
- (c) the quarter 4 movements of resources, as set out in Appendix B;
- (d) the quarter 4 increase on earmarked reserves of **£27.9 million**, as set out in Section 4 and Appendix D; and
- (e) write-offs in excess of £10,000, totalling **£0.5 million**, where all options for recovery have been exhausted, as set out in Paragraph 5.8.

## **1. Reasons for recommendations**

- 1.1 This report forms a key part of formal revenue, capital and HRA monitoring against the 2021/22 budget. The approval of virements of budgets and movement in reserves is required by corporate financial procedures.

## **2. Background**

- 2.1 The 2021/22 Budget was approved by Full Council in March 2021 at a time when there was uncertainty regarding how the economy would be respond following the Covid pandemic and lifting of restrictions.

### **S114 notice, CIPFA review and Ministerial Direction to enable the General Fund to transfer to the HRA**

- 2.2 The S151 Officer issued a S114 notice on 15 December 2021 regarding the unlawful allocation of housing revenue account 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. The S114 notice included a number of remedies, all of which were accepted at the extraordinary City Council meeting on 4 January 2022:  
<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=156&MId=9457>.

- 2.3 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.”

The impact of 8.2.2 has been to restate the 2020/21 outturn position and earmarked reserves balances, this was reported as part of the MTFP February 2022 Executive Report.

- 2.4 Following the S114 notice to ensure proper and independent scrutiny, the Council commissioned investigations into the potential unlawful allocation of housing revenue account funds to the general fund by CIPFA (the Chartered Institute of Public Finance and Accountancy) and Richard Penn, a local government expert. The findings from CIPFA were presented to Executive Board in April 2022:  
<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=9116>.

- 2.5 The S151 Officer wrote to Suzanne Clarke, Deputy Director, Local Government Finance Stewardship, Department for Levelling Up, Housing and Communities (DLUHC) on 10 June 2022 seeking a Ministerial Direction under item 9 (Credit Direction), Schedule 4, Part 1 of Local Government & Housing Act 1989, to enable the General Fund to transfer to the HRA the monies identified in the CIPFA review as being attributable to it.

- 2.6 The Council requested that DLUHC split the direction amounts into two components - the first for **£27.7m** to enable the immediate return of those elements for which the amount due has been finalised. The second (if needed) will cover the remaining amounts, for which the base figure in the CIPFA report of **£17.3m**, which will be payable on completion of the work being undertaken to ascertain the final amount (if any) due.

- 2.7 The total amount sought under the direction is **£27.7m**. This covers the period 2014/15 to 2020/21. This is made up of:
- the principal sum of **£9.9m** in respect of transactions identified in CIPFA’s workstream A;
  - **£14.4m** in respect of sums identified in CIPFA’s workstream B; and
  - a further **£3.4m** to recognise the opportunity cost to the HRA of these sums not having been available for its use.

- 2.8 Draft Ministerial Direction from DLUHC was received on 20 June 2022 and the **£27.7m** transfer to the HRA from the General Fund has been actioned through a use of earmarked reserves, utilising the Financial Resilience reserve within the Contingency and Risk category. This will reduce the Financial Resilience reserve to **£6.5m**. The balance on

earmarked reserves as at 31 March 2022 referred to in this report are post this transfer being made. During 2022/23 a review of all earmarked reserves will take place with particular focus on the Treasury Management reserves to replenish as appropriate the Financial Resilience reserve.

- 2.9 The recommendations of the CIPFA report have been reflected in the 2021/22 outturn position. **Table 1** below details the adverse impact on the 2021/22 outturn position. The total for 2021/22 is **£2.4m**, the Street Lighting adjustment of **£0.3m** has been actioned as a drawdown from the Street Lighting PFI reserve therefore the adverse variance to the general fund budget is **£2.1m**.

**Table 1 : 2021/22 outturn impact of the CIPFA report into the HRA and general fund transactions**

Item	£m
Loss of income to the HRA on Manvers Street Car Park	0.028
Cessation of Rebate in relation to RTB in relation to Public Realm Charges	0.954
Estimated increase of Public Realm rebate based on RTB property sales	0.023
Remove charges to the HRA in relation to Pest Control	0.080
Cessation of the contribution from HRA to the GF regarding Solar (PV) Panels	0.200
Cessation of an HRA charge to the GF for the HRA's Housing Partnership Team	0.046
Cessation of an unsubstantiated Corporate and Democratic Core (CDC) charge to the HRA	0.500
Cessation of the charge to HRA for Welfare Rights Services	0.283
<b>Total excluding Street Lighting</b>	<b>2.115</b>
Charges in relation to Street Lighting (actioned as a drawdown from reserves)	0.286
<b>Total including Street Lighting</b>	<b>2.401</b>

### Together for Nottingham Plan

- 2.10 The Council's Together for Nottingham Plan is to confirm and provide assurance to the Government and citizens that Nottingham's response to the Non-Statutory Review (NSR) of the Council is positive and being undertaken at pace. We are, building on work already underway in response to the Public Interest Report on the Council's governance of Robin Hood Energy (PIR) published in August 2020. A refresh of the Plan was approved by Full Council in January 2022: <https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=155&MId=9182>.
- 2.11 Theme one of the plan is the Medium Term Financial Strategy (MTFS). The updated plan includes three key additions for the MTFS workstream, one of these additions is the inclusion of a new project on improving financial management across the organisation.
- 2.12 In 2021/22 the forecast variance against budget has moved significantly in year and the new project of improving financial management during 2022/23 is intended to improve the robustness of budget management and financial forecasting arrangements.
- 2.13 To support this improvement work PriceWaterhouseCoopers (PWC) have been commissioned to support the Council with rebasing its budget for 2022/23. The outcomes of this work will be reported through the 2022/23 quarterly budget monitoring reports to Executive Board.

### 3. General Fund 2021/22 Outturn

3.1 **Table 2** below shows an overall favourable budget variance of **£13.9m** and this represents an improvement of **£8.8m** compared to the Qtr3 forecast. The portfolio variances represent the portfolio arrangements as they were reported in 2021/22.

3.2 The S151 Officer recommendation is that the outturn underspend is transferred to earmarked reserves. Investment in IT is fundamental to ensuring the Council continues to modernise its processes, the S151 Officer recommendation is for **£3.0m** of the underspend to be transferred to an IT reserve. The remaining **£10.9m** will be transferred to the financial resilience reserve in line with the MTFP recommendations. This will support the Council in managing the anticipated financial pressures arising due to rising inflation associated with adverse global events that have occurred after the 2022/23 budget was set in March 2022 and therefore unlikely to be managed within departmental budgets. Work is underway to closely monitor the emerging pressures arising through the 2022/23 financial year and to quantify ongoing pressures for 2023/24 budget setting. Inflation in the 12 months to May 2022 has reached a 40 year high of **9.1%** as reported by the Office for National Statistics (ONS).

<b>Table 2 : Qtr1 to Qtr3 &amp; draft outturn budget variances</b>					
<b>Portfolio</b>	<b>Qtr1</b>	<b>Qtr2</b>	<b>Qtr3</b>	<b>Draft Outturn</b>	<b>Qtr3 to outturn change</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adults & Health	(1.324)	(4.209)	(6.446)	(7.929)	(1.483)
Housing, Planning & Heritage	(0.146)	(0.437)	(0.596)	(0.324)	0.272
Children & Young People	5.231	3.663	3.452	1.877	(1.575)
Leisure, Culture & Schools	1.447	0.860	(0.008)	(1.478)	(1.470)
Neighbourhoods, Safety & Inclusion	(0.253)	(1.831)	(2.328)	(3.236)	(0.908)
Highways, Transport & Cleansing Services	3.301	2.650	0.089	0.431	0.342
Skills, Growth & Economic Development	0.858	1.223	1.053	0.691	(0.362)
Finance & Resources	1.190	0.451	0.418	1.240	0.822
Energy, Environment & Waste Services	0.354	0.072	(1.035)	(2.896)	(1.861)
Strategic Regeneration & Communications	0.160	(0.521)	0.159	(1.320)	(1.479)
<b>Total Portfolio</b>	<b>10.818</b>	<b>1.920</b>	<b>(5.242)</b>	<b>(12.945)</b>	<b>(7.703)</b>
Companies	2.370	2.316	3.526	3.683	0.157
Corporate (including pay award 21/22)	(2.312)	(2.216)	(3.387)	(4.632)	(1.245)
<b>Total Outturn</b>	<b>10.876</b>	<b>2.020</b>	<b>(5.103)</b>	<b>(13.894)</b>	<b>(8.791)</b>
Contribution to IT reserve				3.000	
Contribution to Financial Resilience Reserve				10.894	
<b>Total post reserve adjustments</b>				<b>0.000</b>	

#### Headline Portfolio Outturn variances

3.3 The significant Portfolio variances are driven by the following reasons:

- Adults & Health **£7.9m** favourable variance which is largely one-off due to:

- Care purchasing budgets **£3.9m** (this represents a variance of **4.3%** of the **£91.1m** net care purchasing budget). This variance also included the continuation of discharge to assess care package funding of **£0.8m** which was not budgeted as it was unknown when the budgets were set that this arrangement would continue in to 2021/22. The care budgets for 2021/22 were set during the Covid pandemic when there were huge uncertainties locally and nationally re the short-medium term impact on social care.
  - Staffing and Internal Provision **£1.8m** – staffing variances due to on-going recruitment and retention issues and grant maximisation. The one off grant maximisation of **£0.3m** related to Contain Outbreak Management Fund (COMF) where existing budgeted staff were focusing on COMF related activity and eligible for grant funding during this period. The remaining staffing underspend is consistent with previous years, however is expected to be on budget in 2022/23 as the service addresses the on-going recruitment/retention issues and service backlogs.
  - Balance sheet / accrual reconciliation **£1.3m** – one off saving following a balance sheet and accruals review.
  - **Grants £0.7m** – 2021/22 budget assumed no Independent Living Fund grant would be received, actual of **£0.7m** - this is a one off favourable variance because the budget for 2022/23 assumes receipt of the grant.
- Housing, Planning & Heritage **£0.3m** favourable due to:
    - Planning – additional work creating a favourable income variance.
- Children & Young People **£1.9m** adverse due to:
    - Children in Care **£4.4m** adverse, **£2.1m** due to demand exceeding budget assumptions, unaccompanied Asylum Seeking Children **£0.6m** adverse, DSG grant **£0.6m** adverse due to High Needs educational support and **£0.8m** unachieved savings. Early assessment of the 2022/23 budget indicates budgetary pressures are continuing within Children in Care.
    - Other Childrens Services **£2.1m** favourable, Early Help **£1.6m** favourable largely within Childrens and Play & Youth Centres. Staffing favourable variances across many other areas within the services reflecting the challenges in recruitment and retention.
- Leisure, Culture & Schools **£1.5m** favourable due to:
    - Sport and Leisure **£1.4m** favourable - **£0.4m** favourable income variance and **£0.7m** cost reductions. These are largely one off savings resulting from the 2021/22 spending controls and may result in additional costs in 2022/23 where purchasing was delayed.
    - Libraries **£0.5m** favourable – reductions in costs through staffing savings, reduced service expenditure and acceleration of 2022/23 budget savings.
    - Education **£0.4m** adverse – the Education service is on budget for outturn, however Inclusive Learning has adverse variances within transport costs which are contained within this portfolio.
- Neighbourhoods, Safety & Inclusion **£3.2m** favourable due to:
    - Community Protection **£2.8m** favourable due to **£1.3m** Contain Outbreak Management Funding (COMF), the one off grant maximisation is due to existing budgeted staff focusing on COMF related activity and eligible for

grant funding during this period. Security & Logistics **£0.5m** favourable income variances, staffing savings and the impact of spending controls has resulted in favourable variances across Community Protection. Cost savings in 2021/22 may negatively impact 2022/23 budgets where spending has been paused in 2021/22 and will be reviewed as part of 2022/23 budget monitoring.

- Highways, Transport & Cleansing Services **£0.4m** adverse due to:
  - Streetscene and Grounds Maintenance **£0.9m** adverse due to ceasing the rebate in relation to right to buys for Public Realm between the General Fund and HRA following the CIPFA review.
  - Fleet **£0.6m** adverse due to inflationary fuel costs for domestic and public realm vehicles, and this pressure is expected to continue into 2022/23.
  - Traffic Safety **£0.5m** favourable. Mostly income variance.
  - Education **£0.4m** favourable, the Education service is on budget for outturn, adverse variances in Leisure, Culture and Schools Portfolio is offset by favourable variance from COMF funding and grant maximisation.
  
- Skills, Growth & Economic Development **£0.7m** adverse largely the result of a **£0.5m** adverse variance within Markets due to the unfunded landlord service charges and lower than budgeted income, the markets pressure is forecast to continue into 2022/23.
  
- Finance & Resources **£1.2m** adverse:
  - Finance **£2.5m** adverse (**£1.3m** Revenues & Benefits; **£1.0m** Corporate Finance (largely unachieved from NCC companies income and the impact from removing HRA charges)).
  - Facilities & Building Services **£0.8m** favourable, **£0.5m** staffing vacancies and **£0.3m** additional income.
  
- Energy, Environment & Waste Services **£2.9m** favourable due to:
  - Waste Management **£0.9m** favourable. Demand for ad-hoc collections & contract amendments. Waste disposal costs & vehicle costs lower than expected.
  - Customer **£0.8m** additional Covid grants contributing to existing budgeted staff costs & Registrars income.
  - Waste Strategy **£0.6m** favourable. Increased income from electricity exports & benefits from accelerated prices in the wholesale energy market offsetting increased maintenance costs.
  - Utilities **£0.3m** favourable – reduced electricity usage.
  
- Strategic Regeneration & Communications **£1.3m** favourable:
  - Property **£2.2m** favourable. Largely the result of a recalculation of the bad debt provision. The level of bad debt provision was based on 2020/21 and the impact of Covid, and despite ongoing economic concerns, the current debt position shows that the provision could be reduced.
  - Broadmarsh **£1.3m** adverse. Loss of income up to phased opening in November 2021.

- Corporate **£4.6m** favourable. Treasury Management **£3.8m** favourable due to lower than anticipated borrowing requirements; **£1.5m** favourable Corporate Contingency position, released to support outturn; Cost of pay award **£1.1m** adverse.
- Companies **£3.7m** adverse largely the result of no income from Nottingham City Homes reflecting the impact of the Section 114 notice issued in December 2021 (**£2.2m**) and **£1.0m** adverse variance for Thomas Bow due to specific acquisition costs which are paid in instalments and are unable to be capitalised. Ice Centre **£0.6m** adverse due to a correction of previous years sinking fund contributions in line with RPI.

**Appendix A** details services variances +/-£50k.

### Net budgets by Portfolio and movement in resources

- 3.4 **Tables 3a and 3b** below shows by Portfolio and Departments net budgets as per the final budgets (reflecting in year virements), the actual outturn and budget variance.

<b>Table 3a : 2021/22 Net Budget by Portfolio, Actual and Variance</b>				
<b>Portfolio</b>	<b>Final Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>	<b>% Variance to Final Budget</b>
Adults & Health	77.231	69.302	(7.929)	-10.3%
Housing, Planning & Heritage	7.788	7.464	(0.324)	-4.2%
Children & Young People	65.184	67.061	1.877	2.9%
Leisure, Culture & Schools	6.748	5.270	(1.478)	-21.9%
Neighbourhoods, Safety & Inclusion	12.090	8.854	(3.236)	-26.8%
Highways, Transport & Cleansing Services	8.670	9.101	0.431	5.0%
Skills, Growth & Economic Development	0.591	1.282	0.691	116.9%
Finance & Resources	29.720	30.960	1.240	4.2%
Energy, Environment & Waste Services	16.237	13.342	(2.896)	-17.8%
Strategic Regeneration & Communications	(20.636)	(21.956)	(1.320)	-6.4%
<b>Total Portfolios</b>	<b>203.624</b>	<b>190.680</b>	<b>(12.945)</b>	<b>-6.4%</b>
Companies	(8.047)	(4.364)	3.683	45.8%
Corporate	48.167	43.534	(4.632)	-9.6%
<b>Total Corporate / Companies</b>	<b>40.119</b>	<b>39.170</b>	<b>(0.949)</b>	<b>-2.4%</b>
<b>Total Outturn</b>	<b>243.744</b>	<b>229.850</b>	<b>(13.894)</b>	<b>-5.7%</b>
Contribution to IT reserve			3.000	
Contribution to Financial Resilience Reserve			10.894	
<b>Total post reserve adjustments</b>			<b>0.000</b>	

<b>Table 3b : 2021/22 Net Budget by Department, Actual and Variance</b>				
<b>Department</b>	<b>Final Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>	<b>% Variance to Final Budget</b>
Adults	89.086	81.166	(7.920)	-8.9%
Childrens	66.431	68.267	1.836	2.8%
Education	3.505	3.484	(0.021)	-0.6%
Schools	(5.287)	(5.287)	0.000	0.0%
Public Health	(11.817)	(11.817)	(0.000)	0.0%
Resident Services	28.061	22.925	(5.136)	-18.3%
Growth & City Development	2.722	0.041	(2.681)	-98.5%
Finance & Resources	30.552	31.782	1.230	4.0%
Chief Executive	0.371	0.120	(0.251)	-67.7%
<b>Total Departments</b>	<b>203.624</b>	<b>190.680</b>	<b>(12.945)</b>	<b>-6.4%</b>
Companies	(8.047)	(4.364)	3.683	45.8%
Corporate	48.167	43.534	(4.632)	-9.6%
<b>Total Corporate / Companies</b>	<b>40.119</b>	<b>39.170</b>	<b>(0.949)</b>	<b>-2.4%</b>
<b>Total Outturn</b>	<b>243.744</b>	<b>229.850</b>	<b>(13.894)</b>	<b>-5.7%</b>
Contribution to IT reserve			3.000	
Contribution to Financial Resilience Reserve			10.894	
<b>Total post reserve adjustments</b>			<b>0.000</b>	

- 3.5 Budget transfers between Directorates and/or Portfolios are reflected within the Monitoring figures. These transfers now require approval and are detailed in **Appendix B**.

#### **Carry Forwards and Traded Surplus Retentions**

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

#### **4. Reserves**

- 4.1 July 2022 Executive Board is being asked to approve the S151 Officer's recommended reserves policy. This report formalises the Council's approach to managing and maintaining reserves and is part of the improvement activity to ensure the Council improves its long term financial sustainability.
- 4.2 The reserves policy will be incorporated into the future Medium Term Financial Plan reports to Executive Board and approval by Full Council in March annually as part of the budget setting process.

#### **Movement in Earmarked Reserves**

- 4.3 Earmarked reserves are funds set aside for specific purposes (including Schools, Statutory reserves and Insurance and Private Finance Initiative (PFI) grants). All movements have been approved by S151 / Deputy S151 Officer. In quarter 4 there has been a net increase of **£27.9m** in earmarked reserves requiring approval, of which **£9.7m** within restricted reserves, of which **£6.5m** is within schools and **£18.2m** within other reserves.

4.4 The **£18.2m** net increase in other reserves is largely due to:

- Net increases in Contingency and Risk of **£19.7m**, this is due to:
  - **£19.0m** S151 reserves to reserves reallocation to increase the Financial Resilience reserve.
  - **£10.9m** transfer to the resilience reserve as a result of the 2021/22 favourable outturn variance.
  - **£15.6m** Business Rate relief to the collection fund reserve which will be utilised in 2022/23.
  - **£27.7m** drawdown to transfer funds from the General Fund to HRA following the Ministerial Direction described in this report.
- Drawdown from Transformation of **£9.9m**. **£4.9m** expenditure on all transformation projects including the Oracle Enterprise replacement project and reserve to reserve reallocation of **£6.5m** largely to reallocate resources to the financial resilience reserve.
- Treasury Management drawdown of **£3.4m** due to **£3.0m** reallocation of reserves to the financial resilience reserve.
- Net increase in Services reserves of **£5.5m** due to contributions to the Enviroenergy reserve **£2.4m**, Moving Traffic Enforcement of **£1.4m** and Leicester Bus Lane Enforcement **£0.9m**.
- PFI reserves **£2.2m** net contribution due to **£0.9m** net contribution to NHS LIFT (Local Improvement Finance Trust) and **£0.5m** PFI Life Cycle.
- Workforce reserves net increase of **£1.3m** largely due to 2021/22 underspend on redundancy costs.

**Appendix C** provides more details of movements in reserves requiring approval. The financial statement for 2021/22 is still being finalised which may result in additional reserve movements, any such movements will be reported to Executive Board.

4.5 **Tables 4a** and **4b** below details the movements in earmarked reserves through 2021/22 and detail the reserves held within the Contingency and Risk category.

<b>Table 4a : Earmarked reserves by category balances</b>				
<b>Category</b>	<b>General Ledger Balance 31 March 2021</b>	<b>Balance as Feb 22 Exec Board</b>	<b>Qtr4 2021/22 movements</b>	<b>Draft 31 March 2022 balance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital	(2.951)	(2.572)	(3.185)	(5.757)
Schools	(18.344)	(17.213)	(6.500)	(23.713)
<b>Total Restricted Reserves</b>	<b>(21.295)</b>	<b>(19.785)</b>	<b>(9.685)</b>	<b>(29.470)</b>
Private Finance Initiatives	(32.704)	(47.326)	(2.176)	(49.502)
Asset Maintenance	(2.536)	(2.638)	(1.284)	(3.922)
Contingency & Risk	(48.772)	(21.018)	(19.709)	(40.727)
Information Technology	(7.099)	(8.038)	(0.810)	(8.848)
Local Economy	(2.353)	(2.837)	(0.696)	(3.533)
Services	(8.920)	(7.830)	(5.487)	(13.317)
Transformation	0.452	(17.572)	9.939	(7.632)
Treasury Management	(25.915)	(29.022)	3.383	(25.639)
Workforce	(6.495)	(6.426)	(1.349)	(7.775)
<b>Total Other Reserves</b>	<b>(134.342)</b>	<b>(142.707)</b>	<b>(18.189)</b>	<b>(160.895)</b>
<b>Total Earmarked Reserve</b>	<b>(155.637)</b>	<b>(162.492)</b>	<b>(27.874)</b>	<b>(190.365)</b>

**Table 4b : Contingency & Risk breakdown and total earmarked reserves including and excluding planned collection fund usage in 2022/23**

Reserve	Draft 31 March 2022 balance £m
<b>Total earmarked reserves excluding Contingency &amp; Risk</b>	<b>(149.638)</b>
Insurance Reserve	(3.919)
Housing Benefits	(4.615)
Resilience Reserve	(6.554)
Collection Fund & Business Rates (excluding planned 2022/23 usage)	(9.994)
Collection Fund & Business Rates (planned 2022/23 usage)	(15.647)
<b>Total Contingency &amp; Risk</b>	<b>(40.727)</b>
<b>Total Earmarked Reserves (including all Contingency &amp; Risk)</b>	<b>(190.365)</b>
<b>Total Earmarked Reserves (excluding planned 2022/23 usage of the collection fund reserve)</b>	<b>(174.718)</b>

4.6 **Appendix D** details the full listing of reserves as at 31 March 2022. In line with the reserves policy earmarked reserves will be subject to a categorisation review in 2022/23 to increase the visibility and transparency of reserves which have associated conditions e.g. grants. This review will pay particular attention to the Treasury Management Reserve to enable the financial resilience reserve to be replenished to an appropriate level.

### General Fund Balance

4.7 The general fund balance provides a financial safety net to cover unexpected financial shocks to the delivery of services during the year. The restated balance on the general fund reserve as at 31 March 2021 was **£47.6m**, this figure included the favourable 2020/21 outturn variance. During 2021/22 and as approved by the S151 Officer the balances from the 2020/21 outturn were used to repay borrowing from earmarked reserves from the 2020/21 Interim Budget and replenishment of the financial resilience reserve. This results in a general fund balance of **£12.6m** as at 31 March 2022 and includes a **£1.0m** increase as assumed within the MTFP.

4.8 **Table 5** below shows the movements in the general fund balance in 2021/22 and a balance of **£12.6m** as at 31 March 2022.

<b>Table 5 : General Fund Balance</b>	
Item	£m
<b>Balance as at 1 April 2020</b>	<b>(11.643)</b>
Interim Budget assumption	1.202
Restated 2020/21 Outturn before capitalisation	(17.158)
Capitalisation	(20.000)
<b>Balance as at 31 March 2021 (restated)</b>	<b>(47.600)</b>
Repayment of remaining borrowed reserves	20.592
Resilience reserve	15.364
MTFP assumption	(1.000)
<b>Balance as at 31 March 2022</b>	<b>(12.643)</b>

- 4.9 As shown in the table above the favourable outturn variance from 2020/21 had previously been included within the general fund balance at 31 March 2021, then moved to earmarked reserves in 2021/22. The S151 recommendation for 2021/22 outturn is that the movement to reserves is actioned as part of the 2021/22 outturn position and therefore the 31 March 2022 general fund balance isn't impacted by the outturn variance and is in line with the MTFP assumptions.
- 4.10 The MTFP assumes an increase in the general fund balance of **£1.0m** per annum and therefore the balance on the general fund will increase to **£13.6m** in 2022/23.

## 5. Debtors Monitoring (Appendix E)

- 5.1 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

- 5.2 The in-year collection rate for Quarter 4 was **96.6%** against a target of **98.5%** and is **0.8%** below the same point last year. The arrears for Quarter 4 2021/22 were **£3.8m** compared to **£3.9m** for the same period last year.

The Council is facing a very challenging environment in which to collect rent and arrears. An increase in fuel costs, general cost of living and with the removal of the £20 weekly uplift for residents in receipt of Universal Credit (UC) has placed a great number of residents under tremendous financial pressures and their ability to pay towards shortfalls in their rent and arrears payments.

There is a **29%** increase in the number of people claiming UC compared to the same point last year and an estimated **9,000** residents in receipt of UC, which is paid monthly in arrears. It is estimated that there are over **6,000** NCH tenants aged under 65 who will be migrated over to UC in the next three years. The Universal Credit team continues to provide support during this transitional period.

### Council Tax

- 5.3 Collection at the end of Quarter 4 of financial year 2021/22 was **93.1%**, against a target of **92.5%** and is a decrease of **0.7%** against 2020/21. However, in monetary terms collection increased to **£144.0m** compared to collection of **£133.6m** for the same period in financial year 2020/21. Net debt collectable over the two financial years has increased from **£142.5m** in 2020/21 to **£155m** in 2021/22.

### National Non-Domestic Rates (NNDR)

- 5.4 Collection at the end of Quarter 4 2021/22 was **89.8%**, which is an increase of **4.9%** when compared to 2020/21, however below the target of **97.4%**. Collection amounted to **£102.0m** compared to collection of **£67.4m** for the same period in financial year. Net debt collectable for the year has increased significantly (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) from **£79.4m** in 2020/21 to **£113.3m** in 2021/22.

### Sundry Income

- 5.5 The percentage of debts collected within 90 days in the 12 months to March 2022 is **74.8%**, which is below on the corresponding figure for 2020/21 of **80.3%** and below target of **99%**.

The debtor day indicator (which shows how quickly debts are recovered) is currently **34** days, which is longer than the **32.3** day target but an improvement on the corresponding figure for 2020/21 of **41** days.

### Estate Rents

- 5.6 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 **94.0%**.

### Adult Residential Services

- 5.7 Quarter 4 collection is **97.6%** slightly exceeds the target of **97.5%** and is slightly lower than the corresponding figure for last year at **97.7%**.

### Written off Debt

- 5.8 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 **£0.5m** as summarised in **Table 6** below. These figures are subject to the finalisation of the NNDR year-end and other statutory returns.

<b>Fund</b>	<b>£m</b>
General Fund	0.484
Collection Fund	0.030
<b>Total</b>	<b>0.514</b>

## 6. Capital 2021/22 Outturn

- 6.1 The Capital Programme for 2021/22 was approved by the City Council in March 2021. Quarterly monitoring and forecasting reports have been considered by Executive Board during 2021/22.

## Capital Expenditure 2021/22

6.2 The capital expenditure in 2021/22 was **£100.7m** (General Fund **£62.8m** and Public Sector Housing (PSH) **£37.9m**), representing a decrease of **£81.1m (44.60%)** from the Original Budget set at February Executive Board 2021. **Table 7** shows the details behind the decrease for each area of the programme.

**Table 7: 2021/22 Original Budget compared to Actual Expenditure and detailed breakdown**

	£m Original Budget	£m 2021/22 Expenditure	£m 2021/22 Variance	2021/22 Variance %	£m Slippage / Saving	£m Acceleration	£m New Approvals	£m Other	£m Total Variance
<b>General Fund Programmes</b>									
Education Services	1.964	7.688	<b>5.724</b>	291.45%	(1.721)	0.083	7.362	0.000	<b>5.724</b>
Adults Health, Social Care	0.436	0.436	<b>0.000</b>	0.00%	0.000	0.000	0.000	0.000	<b>0.000</b>
Community Protection	0.320	0.403	<b>0.083</b>	25.94%	(0.050)	0.000	0.133	0.000	<b>0.083</b>
Childrens Integrated Services	0.023	0.000	<b>(0.023)</b>	(100.00%)	(0.023)	0.000	0.000	0.000	<b>(0.023)</b>
Energy, Sustainability & Carbon Neutrality	8.384	8.841	<b>0.457</b>	5.45%	(5.411)	0.000	5.869	0.000	<b>0.458</b>
Neighbourhood Services	5.220	3.302	<b>(1.918)</b>	(36.74%)	(2.000)	0.027	0.055	0.000	<b>(1.918)</b>
Sport & Culture	1.727	1.656	<b>(0.071)</b>	(4.11%)	(0.378)	0.306	0.000	0.000	<b>(0.072)</b>
Planning & Regeneration	19.499	3.732	<b>(15.767)</b>	(80.86%)	(15.942)	0.000	0.175	0.000	<b>(15.767)</b>
Finance & Resources	1.685	2.179	<b>0.494</b>	29.32%	(1.098)	0.546	1.046	0.000	<b>0.494</b>
Economic Development & Property	2.689	(0.616)	<b>(3.305)</b>	(122.91%)	(1.237)	0.000	0.000	(2.068)	<b>(3.305)</b>
Major Projects & Public Transport	4.139	11.935	<b>7.796</b>	188.35%	1.792	0.182	5.822	0.000	<b>7.796</b>
Transport Programme	57.715	23.241	<b>(34.474)</b>	(59.73%)	(37.628)	2.336	0.818	0.000	<b>(34.474)</b>
Planned Schemes	13.058	0.000	<b>(13.058)</b>	(100.00%)	(5.540)	0.000	(7.518)	0.000	<b>(13.058)</b>
<b>Subtotal General Fund</b>	<b>116.859</b>	<b>62.797</b>	<b>(54.062)</b>	<b>(46.26%)</b>	<b>(69.236)</b>	<b>3.480</b>	<b>13.762</b>	<b>(2.068)</b>	<b>(54.062)</b>
<b>Public Sector Housing Programme</b>									
Programme	64.982	37.948	<b>(27.034)</b>	(41.60%)	(28.575)	1.541	0.000	0.000	<b>(27.034)</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>181.841</b>	<b>100.745</b>	<b>(81.096)</b>	<b>(44.60%)</b>	<b>(97.811)</b>	<b>5.021</b>	<b>13.762</b>	<b>(2.068)</b>	<b>(81.096)</b>

6.3 The other movements of **£2.1m** is due to capital costs from prior years in relation to Crocus Place being reallocated to revenue as abortive costs. While the slippage debit of **£1.8m** in relation to Major Project & Public Transport is due to actual expenditure slipping from 2020/21 to 2021/22.

## Capital Funding 2021/22

6.4 The capital funding for the **£100.7m** of capital expenditure incurred during 2021/22 is as detailed in **Table 8** below.

**Table 8: Capital Funding Applied 2021/22**

Scheme	2021/22 Fundin g Forecas t £m	2021/22 Capital Expenditu re Funding £m	2021/22 Technical Funding Adjustmen ts £m	2021/22 Draft Fundin g £m	Varianc e £m
General Fund Expenditure	74.927	62.797	0.000	<b>62.797</b>	<b>(12.130)</b>
<b>General Fund Capital Funding</b>					
Prudential Borrowing	(13.003)	(10.565)	2.619	<b>(7.946)</b>	<b>5.057</b>
Grants & Contributions	(58.620)	(45.534)	(1.216)	<b>(46.750)</b>	<b>11.870</b>
Internal Funds / Revenue	(1.167)	(4.702)	3.162	<b>(1.540)</b>	<b>(0.373)</b>
Capital Receipts	(2.137)	(1.996)	(4.565)	<b>(6.561)</b>	<b>(4.424)</b>
<b>Total Resources - General Fund</b>	<b>(74.927)</b>	<b>(62.797)</b>	<b>0.000</b>	<b>(62.797)</b>	<b>12.130</b>
Public Sector Housing Expenditure	44.050	37.948	0.000	<b>37.948</b>	<b>(6.102)</b>
<b>Public Sector Housing Capital Funding</b>					
Prudential Borrowing	(8.003)	(7.394)	0.000	<b>(7.394)</b>	<b>0.609</b>
Grants & Contributions	(2.726)	(0.764)	0.000	<b>(0.764)</b>	<b>1.962</b>
Major Repairs Reserve	(27.816)	(23.817)	0.000	<b>(23.817)</b>	<b>3.999</b>
Direct Revenue Financing	0.000	(0.400)	0.000	<b>(0.400)</b>	<b>(0.400)</b>
Capital Receipts - HRA	(0.294)	(0.636)	0.000	<b>(0.636)</b>	<b>(0.342)</b>
Replacement Capital Receipts	(5.211)	(4.937)	0.000	<b>(4.937)</b>	<b>0.274</b>
<b>Total Resources - PSH</b>	<b>(44.050)</b>	<b>(37.948)</b>	<b>0.000</b>	<b>(37.948)</b>	<b>6.102</b>
<b>TOTAL RESOURCES</b>	<b>(118.977)</b>	<b>(100.745)</b>	<b>0.000</b>	<b>(100.745)</b>	<b>18.232</b>

- 6.5 The technical funding adjustments are to take account of the following:
- Transformation Costs of **£2.9m** which were incurred within revenue during 2021/22 and funded from reallocation of revenue resources within the Capital Programme.
  - Expenditure removed from (or not charged to) the capital programme as it doesn't meet capitalisation criteria **£0.9m**. Funding has been amended so adjustments do not generate a revenue pressure.
  - NET Project costs forecast to be funded from prudential borrowing, but funded from NET reserve due to available balance **£2.6m**. Positive affect on the NET model due to lower debt costs and the Council's wider Voluntary Debt Reduction Policy.
  - Replenish Capital Risk Reserve for funding requirements earmarked for 2022/23 **£1.8m**.

#### Quarter 4 Approvals 2021/22

- 6.6 Between 1<sup>st</sup> January and the 31<sup>st</sup> March 2022 the following schemes have been approved for adding to the Capital Programme as shown in **Table 9** below.

**Table 9: Capital Approvals Quarter 4 2021/22**

	Approval £m	Expenditure 21/22 £m	Balance 22/23+ £m	Funding
<b>Education</b>				
Special Primary Provision	0.190	0.000	0.190	Grant / Contribution
Fernwood Primary Special Expansion	0.035	0.000	0.035	Grant / Contribution
Temporary Sixth Form - Maid Marion Way	0.450	0.429	0.021	Grant / Contribution
<b>Other Services</b>				
Rough Sleepers	0.244	0.000	0.244	Grant / Contribution
Safer Streets CCTV	0.052	0.052	0.000	Grant / Contribution Revenue
CCTV Vehicle - School Safety	0.081	0.081	0.000	Resources
IT System - Publication of Planning Data	0.114	0.000	0.114	Grant / Contribution
Coppice Park Improvement	0.020	0.000	0.020	Grant / Contribution
Seaford Avenue Play Park	0.062	0.007	0.055	Grant / Contribution
Urban Tree Challenge	0.008	0.000	0.008	Grant / Contribution
S106 Great Freeman Street	0.133	0.133	0.000	Grant / Contribution
<b>TOTAL</b>	<b>1.389</b>	<b>0.702</b>	<b>0.687</b>	

### Revised Capital Programmes

- 6.7 Both the General Fund and the PSH Capital Programmes have been updated for approvals in quarter 4 and the impact of the 2021/22 outturn along with the associated funding.
- 6.8 The forecasted General Fund five-year Capital Programme of **£282.9m** and associated funding is shown within **Table 10** below.

**Table 10 : General Fund Forecast 2022/23 to 2026/27**

Scheme	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
<b>Approved Schemes</b>						
Transport	66.936	32.598	8.749	0.000	0.000	<b>108.283</b>
Education	3.603	0.000	0.000	0.000	0.000	<b>3.603</b>
Other Services	64.731	40.382	9.703	8.882	8.437	<b>132.135</b>
<b>Planned Schemes</b>	12.502	6.464	3.443	9.081	7.381	<b>38.871</b>
<b>Forecast Expenditure</b>	<b>147.772</b>	<b>79.444</b>	<b>21.895</b>	<b>17.963</b>	<b>15.818</b>	<b>282.892</b>
<b>Forecast Resources</b>						
Prudential Borrowing	(17.297)	(3.217)	0.000	0.000	0.000	<b>(20.514)</b>
Grants & Contributions	(101.623)	(56.155)	(13.018)	(10.149)	(10.149)	<b>(191.094)</b>
Internal Funds / Revenue	(9.387)	(5.458)	(1.462)	(0.521)	0.000	<b>(16.828)</b>
Capital Receipts	(19.465)	(14.614)	(7.415)	(7.293)	(5.669)	<b>(54.456)</b>
<b>Total Resources</b>	<b>(147.772)</b>	<b>(79.444)</b>	<b>(21.895)</b>	<b>(17.963)</b>	<b>(15.818)</b>	<b>(282.892)</b>

- 6.9 The General Fund Capital Programme is predicated on a number of planned schemes which is based on either forecast levels of future grant (e.g. Local

Transport Plan and School Capital Maintenance Fund) or schemes that have undergone prioritisation in 2020/21 and are awaiting formal approval.

- 6.10 The Public Sector Housing Capital Programme has been update to reflect the net slippage between 201/22 and 2022/23. **Table 11** sets out the updated programme and resources.

<b>Scheme</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
Approved Schemes	61.419	59.714	44.829	37.108	29.834	<b>232.904</b>
Planned Schemes	2.835	0.000	0.000	0.000	0.000	<b>2.835</b>
<b>Forecast Expenditure</b>	<b>64.254</b>	<b>59.714</b>	<b>44.829</b>	<b>37.108</b>	<b>29.834</b>	<b>235.739</b>
<b>Forecast Resources</b>						
Prudential Borrowing	(9.956)	(7.388)	(6.213)	(2.967)	0.000	<b>(26.524)</b>
Grants & Contributions	(6.066)	(3.116)	(0.147)	0.000	0.000	<b>(9.329)</b>
Internal / Major Repairs Reserve	(37.717)	(42.490)	(34.194)	(32.128)	(29.799)	<b>(176.328)</b>
Capital Receipts - RtB	(7.404)	(5.645)	(4.240)	(1.978)	0.000	<b>(19.267)</b>
Capital Receipts - HRA Other	(3.111)	(1.075)	(0.035)	(0.035)	(0.035)	<b>(4.291)</b>
<b>Total Resources</b>	<b>(64.254)</b>	<b>(59.714)</b>	<b>(44.829)</b>	<b>(37.108)</b>	<b>(29.834)</b>	<b>(235.739)</b>

### Capital Control Totals

- 6.11 The Capital Programme has set control totals as approved at Executive Board February 2021 and refreshed at February 2022 Capital Board. At present the Council is forecasting to remain within the approved totals as set out in **Table 12** below:

<b>Period</b>	<b>2020/21 to 2025/26</b>			<b>2021/22 to 2026/27</b>		
<b>Approval</b>	<b>Executive Board Feb 21</b>			<b>Executive Board Feb 22</b>		
<b>Control Total vs Actual or Forecast</b>	<b>Control Total £m</b>	<b>Actual £m</b>	<b>(Under) / Over Control Total £m</b>	<b>Control Total £m</b>	<b>Forecast £m</b>	<b>(Under) / Over Control Total £m</b>
<b>General Fund</b>						
Forecast Borrowing (exc. Capitalisation)	(98.947)	(79.902)	<b>(19.045)</b>	(35.701)	(28.460)	<b>(7.241)</b>
Capital Receipts (*)	(53.175)	(43.799)	<b>(9.376)</b>	(56.500)	(56.495)	<b>(0.005)</b>
<b>Public Sector Housing</b>						
Forecast Borrowing	(51.428)	(44.229)	<b>(7.199)</b>	(34.445)	(33.919)	<b>(0.526)</b>
HRA Capital Receipts	(5.635)	(5.522)	<b>(0.113)</b>	(5.240)	(4.927)	<b>(0.313)</b>
Major Repairs Reserve	(195.604)	(189.051)	<b>(6.553)</b>	(200.236)	(200.145)	<b>(0.091)</b>

- 6.12 The headroom within the 2020/21 to 2025/26 forecast borrowing of **£18.4m** and the 2021/22 to 2026/27 headroom of **£7.3m**, has arisen to a number of factors such as:
- Project underspend reducing borrowing requirement (e.g. Broadmarsh Car Park and Nottingham Science Park),

- Capital costs previously funded by Prudential Borrowing in relation to Crocus Place has been aborted in 21/22, reducing Prudential Borrowing within the wider programme,
- Forecast borrowing within 21/22 in relation to the NET project has been funded from available funding within the Tram PFI reserve.

## 7. HRA 2021/22 Outturn

- 7.1 The HRA budget was approved by the City Council in February 2021 and budgeted for a deficit of **£0.2m** at 31 March 2022, this anomaly was due to a late adjustment to allow for one off pressures in respect of the pandemic. The draft outturn position is an underspend of **£8.6m**, the surplus of **£8.3m** will be transferred to the HRA General Reserve.
- 7.2 The HRA summary outturn for 2021/22 is shown in **Table 13** below and compares the draft outturn to the original budget for 2021/22. The quarter 3 forecast outturn is shown for reference.

<b>Table 13: HRA Outturn 2021/22</b>				
<b>Description</b>	<b>Original Budget</b>	<b>Qtr 3 Outturn</b>	<b>Actual Outturn</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Income</b>				
Rent income	(95.306)	(95.642)	(97.423)	2.117
Service charges & other income	(11.610)	(11.610)	(11.451)	(0.159)
<b>Total Income</b>	<b>(106.916)</b>	<b>(107.252)</b>	<b>(108.874)</b>	<b>1.958</b>
<b>Expenditure</b>				
Repairs	26.739	26.739	26.574	0.165
Management (includes Retained)	34.162	33.876	27.384	6.778
Capital charges	45.857	46.412	46.168	(0.311)
Direct Revenue Financing	0.400	0.400	0.400	0.000
<b>Total Expenditure</b>	<b>107.158</b>	<b>107.427</b>	<b>100.526</b>	<b>6.632</b>
<b>Deficit / (Surplus)</b>	<b>0.242</b>	<b>0.175</b>	<b>(8.348)</b>	<b>8.590</b>

- 7.3 The key variances for 2021/22 from the budget are as follows:

### **Income total favourable variance £2.0m**

#### **Rental Income increase of £2.1m**

This is made up of, a favourable variance on the bad debt provision of **£2.1m** a result of a previous overprovision due to expected issues with universal credit; a further **£0.4m** additional income, which is due to lower number of properties sold than was originally budgeted for and other additional income of **£26k**, offset by an adverse variance of

**£0.4m** due to the income for the small children's homes being transferred to the general fund on appropriation.

### **Service Charges & Other Income decrease of £0.2m**

This decrease is due to less income collected from the PV FiT accounts due to operational issues resulting in PVs not operating at full capacity.

### **Expenditure total favourable variance of £6.6m**

#### **Repairs £0.2m underspend**

The underspend is due to small homes being appropriated to the General Fund along with the corresponding repairs cost to the correct service.

#### **Management £6.8m underspend**

**£3.6m** of this was the result of the original overpayment of the management fee paid in the financial years 2020/21 of **£1.5m** and in 2021/22 **£2.1m**.

**£3.2m** is made up as follows:

- **£2.4m** of this relates to transactions identified in the CIPFA review of the ring-fence detailed in Table 1 of this report.
- **£0.8m** due to vacancies within the retained budgets.
- **£0.1m** management fee recovered from the general fund in respect of the transfer of small homes.
- offset by **£0.1m** overspend, made up of a number of minor variances.

#### **Capital Charges Increase £0.3m**

Lower than budgeted interest rates led to a decrease spend in capital charges of **£1.3m**. Higher than budgeted depreciation charges of **£1.6m**, transferred to the MRR.

7.4 The 2020/21 opening balance on the HRA Reserves was **£41.4m**. this has increased by **£15.8m** in the year, which is made up of **£8.3m** underspend on the HRA, **£7.4m** net contribution to the major repairs reserve and a **£0.1m** contribution to the Lift replacement earmarked reserve.

7.5 In addition to the **£15.8m** in year increase, the HRA has received **£27.7m**, under the item 9 (Credit Direction), Schedule 4, Part 1 of Local Government & Housing Act 1989 the detail of which is covered in section 2 of this report.

7.6 This leaves a total reserves balance for the HRA of **£84.9m** at the end of 2021/22. The balances on the HRA Reserves are ring-fenced and must be used retained for use within the HRA and for which there is a long-term business plan, subject to regular review.

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

8.1 To do nothing: this option is rejected, as this outturn reporting is required.

## **9. Consideration of Risk**

- 9.1 The S151 recommendation is for **£10.9m** of the outturn variance to be transferred to the financial resilience reserve (held within Contingency and Risk category). This reserve has been set up to manage any risks that materialise in year that can't be contained within existing departmental budgets. During 2021/22 the S151 Officer implemented a series of spending controls to mitigate the forecast overspend, this resulted in some expenditure being paused and in some areas is likely to be incurred into 2022/23. Future budget monitoring reports will detail any impact of the 2021/22 spending controls on the 2022/23 budget.

## **10. Finance colleague comments**

- 10.1 Financial implications are addressed throughout the report.

## **11. Legal colleague comments**

- 11.1 The recommendations contained in this report raise no significant legal issues and are supported.

Comments provided by Malcolm R. Townroe, Director for Legal and Governance, on 6 July 2022.

## **12. Equality Impact Assessment (EIA)**

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

## **13. Data Protection Impact Assessment (DPIA)**

- 13.1 A DPIA is not required because there are no data protection implications.

## **14. Carbon Impact Assessment (CIA)**

- 14.1 A CIA is not required because the recommendations do not have a carbon impact.

## **15. List of background papers relied upon in writing this report**

- 15.1 None.

## **16. Published documents referred to in this report**

- 16.1 Medium Term Financial Plan 2022/23 to 2025/26 – Executive Board 22 February 2022 (item 107)  
<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=9114>
- 16.2 Budget 2021/22 – Full Council 8 March 2021 (item 80)  
<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=155&MId=8633>

**Adults & Health Portfolio – £7.9m favourable (improvement of £1.5m since Qtr3)**

**Care Purchasing** (incl. associated income) – **£3.9m favourable** (4.29% of net care purchasing budget)

**Staffing & Internal Provision – £1.8m favourable** (11% of net staffing budget) – largely due to recruitment and retention issues across the service, alignment of Contain Outbreak Management Funding (COMF) - **£0.3m** and unused pressure funding of **£0.3m** relating to commissioned respite and short breaks for Children due to slippage. Partly offset by additional agency costs/budget earmarked for external review work.

**Grants – £0.7m favourable** mainly relating to the Independent Living Fund (ILF) Grant. Following the closure of the ILF in June 2015, the Government agreed to continue funding pre-existing ILF arrangements until the end of 2019/2020, through the Former ILF Recipient Grant. The Independent Living Fund grant was received in 2020/21 and 2021/2022 however the budget for 2021/22 assumed no grant. The current MTFP for 2022/23+ assumed continuation of the grant and therefore the favourable variance is a one off for 2021/22.

**Balance Sheet/Accrual Reconciliation – £1.3m favourable** relating to line by line review of accruals vs actual activity to date.

**Running Costs – £0.1m favourable** relating to contracts – favourable against Integrated Community Equipment Loan Service (ICELES) spend due to grant maximisation from the Disabled Facilities Grant.

**Reclaim of care package overpayment – £0.3m favourable** – dating back to 2015/16

**Savings - £0.1m adverse** – due to shortfall against Commissioning £3m savings target due to delay in contract savings decision being agreed.

**Housing, Planning & Heritage Portfolio - £0.3m favourable (worsening of £0.3m since Qtr3)**

**Planning £0.3m 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.

**Children & Young People Portfolio - £1.9m adverse (improvement of £1.6m since Qtr3)**

**Children in Care £4.4m adverse**

- Demand **£2.1m** adverse: The budget assumed numbers of 680.23 and gross spend equal to **£54.1m**. The 2021/22 outturn is 706.37 and **£56.2m** respectively.

Early assessment of the 2022/23 budget indicates budgetary pressures are continuing in within Children in Care.

- Unaccompanied Asylum Seeking Children (UASC) Funding **£0.6m** adverse. Partially offsets the favourable variance in demand (**£0.4m**). This reflects the profiling and therefore, any reduction in UASC numbers and costs will reduce income levels.
- DSG Grant: **£0.6m** adverse: This reflects the true position of placements requiring High Needs educational support.
- 21/22 Portfolio Savings **£0.8m** adverse. The position reflects several unachieved savings.
- Other **£0.5m** adverse. This position predominately reflects the **£0.5m** PAUSE pressure and is partially mitigated by favourable staffing variances in Child Protection.
- 2020/21 Assumptions **£0.3m** favourable. **£0.8m** of external placement costs were accrued for in 2020/21; however, the actual costs are less than the assumption creating a benefit in 2022/23. This is offset by a **£0.5m** refund to High Needs. This adjustment reflects the true position of placements requiring High Needs educational support in 2020/21.

#### **Other Childrens Services £2.1m favourable**

- Social Worker Programme **£0.4m** favourable. The variance largely relates to the significant social worker vacancies due to difficulties in recruitment, retention and securing agency which is increasing unallocated cases.
- Targeted Teams **£0.2m** favourable. The variance largely relates to the significant vacancies across the teams.
- Childrens Legal Fees **£0.5m** adverse. The cost of the service is recharged from Legal (Finance & Resources).
- Early Help **£1.6m** favourable. The position predominately relates to Childrens and Play & Youth centres (**£0.9m**) and reflects vacancies and running costs across the teams (mileage, youth management activity budgets and central recharges).
- Children and Adolescent Mental Health Services (CAMHS) **£0.3m** favourable largely due to additional Clinical Commissioning Groups (CCG) funding. There is a 2022/23 MTFP saving to increase the funding recurrently.
- Youth Offending Teams (YOT) **£0.4m** favourable. The position includes the funding from Nottingham Works 4 You (NW4Y) and a slippage in actuals aligned to the one off additional YOT grant funding (new IT system).
- Strategy & Improvement **£0.2m** favourable relating to vacancies across the teams. There is a 2022/23 MTFP saving approved to reduce the number of staff in the service.
- Family Group Conferencing grant funding **£0.1m** favourable.
- PAUSE programme **£0.2m** favourable. This offsets costs in the Children in Care (CIC) placement.

#### **Childrens Directorate £0.3m favourable**

The position reflects the actual costs recharged by Nottinghamshire County Council in relation to Pensions and Redundancy.

### **Strategy & Policy £0.1m favourable**

Employee vacancies and a pre-payment accrual omission in 20/21 resulting in a **£0.1m** benefit in 21/22

### **Leisure, Culture & Schools Portfolio £1.5m favourable (improvement of £1.5m since Qtr3)**

#### **Sport & Leisure £1.4m favourable**

Largely driven by a **£0.4m** favourable movement within income across the service, **£0.5m** of cost reduction following the spending controls introduced in 2021/22, however delaying some of this expenditure may negatively impact on the 2022/23 budget. **£0.2m** cost saving from other pandemic mitigating measures including vacancy management, phasing of classes and reduced opening hours in December and January.

#### **Libraries £0.5m favourable**

The outturn position includes **£0.3m** transfer to reserves in respect of the Central Library development and Sherwood Library in accordance with the business plans. The variance is in relation to staffing vacancies (**£0.2m**), acceleration of 2022/23 savings (**£0.1m**) and reduced expenditure across the service (**c.£0.2m**).

#### **Education £0.4m adverse**

Overall, Education has a balanced outturn to budget although pressures relating to transport costs within Inclusive Learning are reflected under this portfolio.

#### **Events £0.1m adverse**

The overall variance is due to cancelled events which bring in a surplus such as Goose Fair and Splendour, and reduced income from the City Centre. Where possible, costs were mitigated through vacancy management.

#### **Theatre Royal and Concert Hall (TRCH) £0.1m favourable**

Fewer shows being cancelled and a number of shows exceeding expectations. The outturn includes **£1.1m** Cultural Recovery fund grant for phases 2 and 3, awarded during 2021/22 to help sustain Theatres and Concert Halls during the pandemic and recovery period.

### **Neighbourhoods, Safety & Inclusion Portfolio - £3.2m favourable (improvement of £0.9m since Qtr3)**

#### **Community Protection £2.8m favourable**

This includes **£1.3m** Contain Outbreak Management Funding (COMF) giving an underlying variance of **£1.5m** favourable to budget excluding this. Implementation of spending controls and a recruitment freeze which have all contributed to the year-end position. However, there are general risks that spend has paused and costs slipped into 2022/23.

- **Neighbourhoods Development - £0.2m favourable**  
**£0.2m** COMF funding across the Service
- **Community Centres - £0.1m favourable**

Improvement due to slippage on reactive repairs & maintenance, adherence to Covid limitations and spending controls in place over the year.

- **Community Development - £0.2m favourable**  
COMF funding across the service and vacancy savings of **£0.1m**, in part due to a recruitment pause to facilitate the team restructure
- **Environmental Health, Licensing and Trading Standards – £0.4m favourable**  
**£0.3m** COMF funding across the service and vacancy savings due to recruitment and retention challenges.
- **Uniformed Services (Processing/Parking Enforcement) - £0.3m favourable**  
Enforcement income exceeded the budget and staffing savings due to recruitment and retention challenges.
- **Uniformed Services (Community Protection Officers) - £1.1m favourable**  
**£0.8m** COMF funding across the service and **£0.3m** staff savings due to vacancies, recruitment challenges and attrition.
- **Security & Logistics - £0.5m favourable**  
**£0.4m** additional income contracts for the year including The Castle and Trinity/Lace Market Car Parks, School Alarm contracts and Central Library.

#### **Resident Services Directorate £0.4m favourable**

Largely due to **£0.2m** favourable variance on running costs

#### **Highways, Transport & Cleansing Services Portfolio £0.4m adverse (worsening of £0.3m since Qtr3)**

##### **Streetscene and Grounds Maintenance £0.9m adverse**

The CIPFA review into the charges made from the general fund to the Housing Revenue Account concluded that the rebate in relation to Right to Buys for Public Realm Charges should cease, the budget assumed a rebate of **£1.0m**, no actual rebate has been applied in 2021/22.

##### **Fleet - £0.6m adverse**

Outturn position is due to the cost of running Domestic Waste & Public Realm vehicles. An increase in fuel price and parts has compounded an existing pressure.

##### **Parking Services- £0.3m adverse**

This is due to additional costs throughout the year for 24hr on site security at Trinity Square and Lace Market Car Parks to tackle anti-social behaviour and crime and to protect the assets during the Covid pandemic.

##### **Traffic Safety £0.5m favourable**

Largely resulting from favourable income variances.

##### **Education £0.4m favourable**

As reported under the Leisure, Culture & Schools portfolio above, Education has a balanced outturn to budget overall and favourable variances within internal provision

due to vacancies under this portfolio are mitigating the adverse position reported above. The position includes receipt of one-off grant funding (**£0.2m** Public Health COMF Funding), grant maximisation of the HAF grant and overachievement of income in some services.

#### **Cemeteries & Crematoria - £0.1m favourable**

Largely due to income exceeding the budget.

#### **Highways & Energy Infrastructure - £0.1m favourable**

Winter Maintenance variance of **£0.1m** due to reduced gritting runs (labour and materials) over winter period due to the comparatively mild winter.

#### **Neighbourhood Services Directorate Management - £0.1m favourable.**

Small favourable operational variance in service.

#### **Public Transport £0.1m favourable**

Savings within repairs and maintenance costs associated with the Link bus fleet, charging infrastructure, park & ride sites and bus station costs being less than budget.

#### **Skills, Growth & Economic Development Portfolio £0.7m adverse (improvement of £0.4m since Qtr 3)**

##### **Markets £0.5m adverse**

Unfunded landlord service charges of **£0.3m** and **£0.2m** lower income than budgeted.

##### **Economic Development £0.3m adverse**

The variance relates to a pressure from rental income.

##### **Facilities & Building Services (Public Toilets) - £0.1m favourable**

Due to cancellation of a contract and reduced associated costs.

#### **Finance & Resources Portfolio £1.2m adverse (worsening of £0.8m since Qtr3)**

##### **Finance £2.5m adverse**

- **Finance Directorate £0.3m adverse. £0.1m** Finance & Resources Corporate Director interim post in excess of budget and **£0.2m** due to unachieved income.

##### **Finance £2.2m**

- **£1.3m** adverse in Revenues & Benefits. **£0.7m** relates to unrealised non-retained savings (increased overpayment recovery and reduce error rates - **£0.5m**) and the remainder is as per Exec Board report on NRB Ltd dated June 21.
- **£1.0m** adverse within Corporate Finance, **£0.8m** relating to largely unachieved from NCC companies income and the impact from removing HRA charges and **£0.2m** on various non-pay items
- **£0.5m** favourable due to Covid grants
- **£0.3m** other favourable - **£0.2m** related to employee costs and the remainder over various other non-employee items

- **£0.3m** Audit & Risk adverse. Income shortfall largely offset by savings in employees & running costs.
- **£0.2m** adverse due to EMSS contract

### **Nottingham Catering - £0.3m adverse**

Commercial Catering **£0.1m** adverse due to a number of the commercial catering sites not reopening in the 2021/22 financial year because of footfall not expected to return to viable levels. To mitigate the impact of this staff have been transferred into school vacancies to support the primary service area.

Schools Catering - **£0.2m** adverse due to loss of 5 MAT school contract in November 2020 **£0.2m**; Covid impact on income **£0.4m**; mitigated by favourable variances against vacancies that the service has not been able to recruit (**£0.3m**) and on general running costs due to the spending freeze (**£0.1m**) and additional income from new school contracts won in period 7.

### **Facilities & Building Services (F&R) - £0.8m favourable**

**£0.5m** staffing vacancies and **£0.3m** additional income.

### **Facilities & Building Services - £0.4m favourable**

Staffing savings due to recruitment and retention issues and additional fee income due to increased planned maintenance work in the final quarter of 2021/22.

### **Human Resources (HR) £0.3m favourable**

- **£0.5m** favourable on Employability budget due to focus being on the Kickstart scheme rather than apprenticeships
- **£0.2m** favourable in Development & Change
- **£0.1m** adverse due to loss of income due to Covid on face to face first aid training and additional cost in Employee Wellbeing.
- **£0.3m** adverse on HR training and HR Directorate

### **Chief Executives Office £0.3m favourable**

**£0.1m** favourable on non-pay budgets and a one off favourable variance of **£0.2m** following a balance sheet review.

### **Welfare Rights £0.3m adverse**

**£0.3m** income adverse variance due to no actual charge to the HRA for Welfare Rights in 2021/22 as referenced in the CIPFA HRA Review Phase 2.

### **Corporate & Democratic Core £0.2m adverse**

Unachieved income **£0.4m** and additional audit fees **£0.3m** mitigated by a favourable **£0.4m** bad debt provision revision.

### **Strategy & Policy £0.2m favourable**

Due to employee vacancies and a pre-payment accrual omission in 20/21 resulting in a benefit in 21/22.

### **Legal & Governance £0.1m favourable**

A one off favourable variance of **£0.1m** following a balance sheet review.

### **Commissioning & Procurement £0.1m favourable**

Due to vacancies within the Procurement team.

### **Energy, Environment & Waste Services Portfolio £2.9m favourable** **(improvement of £1.9m since Qtr3)**

#### **Waste Management - £0.9m favourable**

Commercial Waste **£1.0m** favourable variance, due to the continued demand for ad-hoc collections and contract amendments. Disposal expenditure lower than expected due to the high revenue return of targeted recycling yield and the lower gate fee than forecast for 1000 of tonnes of recycling matter.

Domestic Waste **£0.1m** adverse due to agency staff and additional vehicles to support the delivery of garden waste services.

#### **Customer Services £0.8m favourable**

- **£0.4m** net income from Covid grants
- **£0.2m** favourable due to overachievement of Registrars income and employee vacancies
- **£0.2m** favourable relating to Business Planning and other items
- **£0.1m** adverse - additional excess deaths body storage costs in 21/22.
- **£0.1m** favourable within Council House

#### **Waste Strategy (incl. Enviroenergy) £0.6m favourable**

Despite higher than budgeted maintenance costs, the commercial tariffs applied from February exceeded the budgeted increases due to accelerated prices of the wholesale energy market and Enviroenergy has benefited from additional income this has generated. Turbine performance since returning from summer shut down has improved generating higher than budgeted electricity export and ROCs income (significantly above average).

#### **Utilities £0.3m favourable**

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.

#### **Traffic Safety & Flood Risk £0.2m favourable**

Small favourable variances for income & staffing.

#### **Energy Services £0.1m favourable**

Increased performance of energy efficiency assets due to impact of utility costs.

### **Strategic Regeneration & Communications Portfolio £1.3m favourable** **(improvement of £1.5m since Qtr3)**

#### **Property £2.2m favourable**

A recalculation of the bad debt provision has released **£1.1m** back into the Property revenue account. The level of bad debt provision was based on 2020/21 and the impact of Covid, and despite ongoing economic concerns, the current debt position shows that the provision could be reduced.

### **Broadmarsh £1.3m adverse**

The Broadmarsh Car Park/Bus Station unit began its phased opening on 1 November 2021. The variance represents the loss of income for this financial year up to the opening, the adverse variance has been mitigated in part by reduced Operational Building costs.

### **Planned Maintenance £0.3m favourable**

Slippage of projects into 2022/23.

### **Communications & Marketing £0.3m favourable**

Grant maximisation within the service.

### **D&G Directorate and Commercialism Schemes £0.1m adverse**

Non-achievement of a historic saving which has now been addressed in pressure funding for 2022/23 onwards mitigated in part by vacancy savings within the Directorate budget.

### **Corporate £4.6m favourable (improvement of £1.2m since Qtr3)**

- **£3.8m** favourable variance on Treasury Management activities due to lower than anticipated borrowing requirements and repayment of loan of **£0.1m** previously written off.
- **£1.5m** favourable variance against the corporate contingency budget, released in full to support the outturn position.
- Cost of pay award **£1.1m** adverse
- Grants **£0.5m** favourable - income from the Government's compensation scheme **£1.4m**, less **£0.8m** transferred to reserves for Workplace Parking Levy.
- Other corporate budgets **£0.3m** favourable largely relating to Business Rates & Apprenticeship Levy following a review of the balance sheet.

### **Companies £3.7m adverse (worsening of £0.2m since Qtr3)**

- NCH **£2.2m** adverse. No income receivable from NCH reflecting the impact of the Section 114 notice issued in December 2021
- Ice Centre **£0.6m** adverse – correction to previous years sinking fund contribution in line with RPI and Sport England requirements
- Thomas Bow **£0.9m** adverse **£0.8m** due to acquisition costs that can't be capitalised.
- Blueprint **£0.2m** adverse. No income receivable
- SCAPE **£0.1m** favourable. Additional income received
- Nottingham Revenues & Benefits **£0.1m** favourable. Dividend received.

**Qtr4 2021/22 movements in resources (virements) requiring Executive Board approval**

**Appendix B**

Details	Net Amount £m	Department		Portfolio		
		Between		Between		
2021/22 Pay Award – moved from Corporate to Departmental budgets	0.501	Corporate	P	F&R	AH	
	0.290		RS		HTCS	
	0.031		P			CYP
	0.068		GCD		NSI	
	0.003		FR			
	0.622		P		within F&R	
	0.240		P			
	0.002		FR			
	0.067		P			
	0.034		FR			
	0.072		GCD		F&R	HPH
	0.392		FR			
	0.234		P	LCS		
	0.005		CX			
	0.042		GCD			
	0.035		P	SRC		
	0.016		RS			
	0.163		RS			
	0.071		P			
	0.013		FR	SG&ED		
	0.029		GCD			
	0.053		GCD			
	0.009		RS			

Details	Net Amount £m	Department		Portfolio	
		Between		Between	
2021/22 pay award	0.014	Corporate	GCD	F&R	SRC
Contribution to Capital Schemes	0.232	RS	Corporate	LCS	F&R
	0.634			NSI	F&R
	3.163	within Corporate		within F&R	
Prudential Borrowing technical adjustment	5.008	Corporate	GCD	F&R	HTCS
	0.396		GCD	within F&R	
Operational realignment between Transport Strategy & Workplace Parking	0.016	RS	GCD	within HTCS	
Business Rates Allocation	0.125	Corporate	FR	F&R	
	0.239		RS		
PFI Technical Adjustment	6.757	Corporate	GCD	F&R	
	<b>19.572</b>				

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		

**Movements in reserves requiring Executive Board approval (£m)**

**Appendix C**

Category	Reserve	Transfer Details	Replenishment	Use of	Reserve to Capital	Reserve to Reserve	Total
Asset Maintenance	Broad Marsh CP&BS Lifecycle Sinking Fund	Annual contribution	(0.158)				<b>(0.158)</b>
	Ice Centre Sinking Fund	21/22 contribution	(0.834)				<b>(0.834)</b>
	Schools Building Maintenance	Expenditure on maintained schools		0.091			<b>0.091</b>
	Southglade Food Park Phase 2	21/22 net movement	(0.035)	0.093			<b>0.058</b>
	Southglade Food Park Sinking Fund	21/22 net movement	(0.083)	0.085			<b>0.002</b>
	Theatre & Royal Concert Hall Restoration Levy	21/22 contribution	(0.443)				<b>(0.443)</b>
<b>Total Asset Maintenance</b>			<b>(1.553)</b>	<b>0.269</b>	<b>0.000</b>	<b>0.000</b>	<b>(1.284)</b>
Capital	Allotment Improvement	21/22 contribution	(0.035)				<b>(0.035)</b>
	Area Capital - Public Realm	S151 reserves review				0.174	<b>0.174</b>
	Capital Risk Reserve	Broadmarsh				(1.750)	<b>(1.750)</b>
	Capital Risk Reserve	Kennington Road park			(0.001)		<b>(0.001)</b>
	Castle Project Team Trans Funding	21/22 net movement	(0.080)	0.149			<b>0.069</b>
	Feasibility Schemes	S151 reserves review				0.230	<b>0.230</b>
	Flexible Fitness Equipment	S151 reserves review				0.250	<b>0.250</b>
	Flexible Fitness Equipment	Contribution for kit replacement	(0.280)				<b>(0.280)</b>
	ICT Investment Schemes	S151 reserves review				0.366	<b>0.366</b>
	Revenue Implications of Capital Schemes	Capital Programme				(0.125)	<b>(0.125)</b>
	Revenue Implications of Capital Schemes	Capital Programme				(0.350)	<b>(0.350)</b>
	Revenue Implications of Capital Schemes	Crocus Place			0.040		<b>0.040</b>
	Revenue Implications of Capital Schemes	Blueprint	(0.203)	0.382			<b>0.179</b>

Category	Reserve	Transfer Details	Replenishment	Use of	Reserve to Capital	Reserve to Reserve	Total
	Revenue Implications of Capital Schemes	Bio-City expenditure		0.310			<b>0.310</b>
	Revenue Implications of Capital Schemes	Broadmarsh Shopping Centre expenditure		0.792			<b>0.792</b>
	Revenue Implications of Capital Schemes	Science Park expenditure		0.263			<b>0.263</b>
	Revenue Implications of Capital Schemes	Property Surplus	(0.600)				<b>(0.600)</b>
	Revenue Reserves for Capital	Park Tunnel Improvements	(0.005)				<b>(0.005)</b>
	Revenue Reserves for Capital	Kennington Road park	(0.003)				<b>(0.003)</b>
	Revenue Reserves for Capital	Capital Programme	(0.232)				<b>(0.232)</b>
	Revenue Reserves for Capital	Broadmarsh				1.750	<b>1.750</b>
	Revenue Reserves for Capital	Capital Programme				0.125	<b>0.125</b>
	Revenue Reserves for Capital	Capital Projects - Carrington Street				(0.031)	<b>(0.031)</b>
	Revenue Reserves for Capital	Capital Projects - IT				(2.179)	<b>(2.179)</b>
	Revenue Reserves for Capital	Capital Projects - NET				(2.619)	<b>(2.619)</b>
	Revenue Reserves for Capital	Capital Programme			0.691		<b>0.691</b>
	Revenue Reserves for Capital	Capital Programme				0.350	<b>0.350</b>
	Revenue Reserves for Capital	Transformation Costs			(2.929)		<b>(2.929)</b>
	Revenue Reserves for Capital	Transformation Costs				2.929	<b>2.929</b>
	Revenue Reserves for Capital	Legal services			(0.250)		<b>(0.250)</b>
	Revenue Reserves for Capital	Loxley Chiller - Funding				(0.533)	<b>(0.533)</b>
	Revenue Reserves for Capital	FLARE (case management)	(0.545)				<b>(0.545)</b>
	Revenue Reserves for Capital	Legal services		0.250			<b>0.250</b>
	Revenue Reserves for Capital	21/22 net expenditure - Transport		0.492			<b>0.492</b>
	Revenue Reserves for Capital	Contribution to cover future costs	(0.322)				<b>(0.322)</b>
	Revenue Reserves for Capital	Castle Development project costs		0.101			<b>0.101</b>
	Revenue Reserves for Capital	One Hyson Growing Together Libraries project. Match funding.	(0.018)				<b>(0.018)</b>

Category	Reserve	Transfer Details	Replenishment	Use of	Reserve to Capital	Reserve to Reserve	Total
	Revenue Reserves for Capital	21/22 expenditure - Major Projects		0.061			<b>0.061</b>
	Revenue Reserves for Capital	Guildhall Holding Costs		0.200			<b>0.200</b>
<b>Total Capital</b>			<b>(2.323)</b>	<b>3.040</b>	<b>(2.489)</b>	<b>(1.413)</b>	<b>(3.185)</b>
Contingency & Risk	Collection Fund & Business Rates	S151 reserves review				3.000	<b>3.000</b>
	Collection Fund & Business Rates	21/22 replenishment Business Rate relief	(15.647)				<b>(15.647)</b>
	Collection Fund & Business Rates	Income compensation grant	(2.608)				<b>(2.608)</b>
	Housing Benefits	21/22 contribution	(1.000)				<b>(1.000)</b>
	Resilience Reserve	S151 reserves review				(18.955)	<b>(18.955)</b>
	Resilience Reserve	21/22 contribution	(2.863)				<b>(2.863)</b>
	Resilience Reserve	S151 outturn decision	(10.894)				<b>(10.894)</b>
	Resilience Reserve	Asset Valuation	(0.600)				<b>(0.600)</b>
	Resilience Reserve	Ministerial Direction to transfer from the general fund to HRA			27.703		<b>27.703</b>
	Goods Received Not Invoiced	S151 reserves review				2.155	<b>2.155</b>
<b>Total Contingency &amp; Risk</b>			<b>(33.612)</b>	<b>27.703</b>	<b>0.000</b>	<b>(13.800)</b>	<b>(19.709)</b>
Information Technology	IT Investment Fund	IT Capital Expenditure				1.745	<b>1.745</b>
	IT Investment Fund	21/22 movement incl. S151 outturn decision	(3.000)	0.446			<b>(2.554)</b>
<b>Total Information Technology</b>			<b>(3.000)</b>	<b>0.446</b>	<b>0.000</b>	<b>1.745</b>	<b>(0.809)</b>
Local Economy	Carrington Townscape	Capital Project costs				0.031	<b>0.031</b>
	Employer Hub Innovation Fund	Contribution for future costs	(0.303)				<b>(0.303)</b>
	ERDF Growth Hub	Foresight Match Funding				(0.125)	<b>(0.125)</b>
	Growth Fund	21/22 contribution	(0.168)				<b>(0.168)</b>
	Nottingham Growth Plan	21/22 expenditure			0.005		<b>0.005</b>
	Nottingham Investment Fund	Foresight Match Funding				0.125	<b>0.125</b>
	Nottingham Investment Fund	21/22 contribution	(0.152)				<b>(0.152)</b>
	Procurement Levy	21/22 contribution	(0.109)				<b>(0.109)</b>

<b>Total Local Economy</b>			<b>(0.732)</b>	<b>0.005</b>	<b>0.000</b>	<b>0.031</b>	<b>(0.696)</b>
<b>Category</b>	<b>Reserve</b>	<b>Transfer Details</b>	<b>Replenishment</b>	<b>Use of</b>	<b>Reserve to Capital</b>	<b>Reserve to Reserve</b>	<b>Total</b>
Private Finance Initiatives	BSF Bigwood & Oakfield PFI	BSF Final Business Case	(0.143)				<b>(0.143)</b>
	Farnborough PFI Project	BSF Final Business Case	(0.271)				<b>(0.271)</b>
	NET City Reserve Fund	Capital Expenditure				2.619	<b>2.619</b>
	NET City Reserve Fund	21/22 net movement	(3.124)	0.043			<b>(3.081)</b>
	NET City Reserve Fund	21/22 net expenditure		0.091			<b>0.091</b>
	NHS LIFT	Mary Potter	(0.136)				<b>(0.136)</b>
	NHS LIFT	Clifton Cornerstone	(0.095)				<b>(0.095)</b>
	NHS LIFT (Bulwell)	Bulwell Riverside Joint Service Centre	(0.651)				<b>(0.651)</b>
	PFI Life Cycle	Contribution to future years costs - Rosehill	(0.008)				<b>(0.008)</b>
	PFI Life Cycle	Schools Maintenance	(0.469)				<b>(0.469)</b>
	Street Lighting PFI	Net movement in year	(0.318)	0.286			<b>(0.032)</b>
<b>Total Private Finance Initiatives</b>			<b>(5.215)</b>	<b>0.420</b>	<b>0.000</b>	<b>2.619</b>	<b>(2.176)</b>
Schools	Schools - Other Balances	21/22 net movement	(6.144)				<b>(6.144)</b>
	Statutory Schools Reserve - School Balances	21/22 contribution	(0.356)				<b>(0.356)</b>
<b>Total Schools</b>			<b>(6.500)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(6.500)</b>
Services	Additional Licensing Scheme Non Recoverable	Housing schemes				0.025	<b>0.025</b>
	Additional Licensing Scheme Non Recoverable	movement on 5 year scheme	(0.017)				<b>(0.017)</b>
	Children & Adults Safeguarding Board	21/22 contribution	(0.041)				<b>(0.041)</b>
	East Midlands Council	21/22 contribution	(0.025)				<b>(0.025)</b>
	Enviroenergy	21/22 contribution	(2.431)				<b>(2.431)</b>
	ERDF Dakeyne Street	21/22 contribution	(0.108)				<b>(0.108)</b>
	ERDF Sneinton Market	21/22 net movement	(0.227)	0.074			<b>(0.153)</b>
	Flood Risk Management	21/22 contribution	(0.358)				<b>(0.358)</b>

Category	Reserve	Transfer Details	Replenishment	Use of	Reserve to Capital	Reserve to Reserve	Total
	Future Parks Accelerator Funding	Grant funding to cover 22/23 costs	(0.202)				<b>(0.202)</b>
	HAZ Delivery Plan	21/22 Expenditure		0.012			<b>0.012</b>
	HMO Discretionary Licensing	Housing schemes				(0.025)	<b>(0.025)</b>
	HMO Discretionary Licensing	movement on 5 year scheme		0.042			<b>0.042</b>
	HMO Mandatory Licensing	movement on 5 year scheme	(0.124)				<b>(0.124)</b>
	Holiday Activity Fund	Contribution for 22/23 costs	(0.090)				<b>(0.090)</b>
	Leicester Bus Lane Enforcement	21/22 contribution	(0.865)				<b>(0.865)</b>
	Moving Traffic Enforcement	21/22 contribution	(1.409)				<b>(1.409)</b>
	SALIX - Energy Savings Fund	Loxley Chiller - Funding				0.533	<b>0.533</b>
	SALIX - Energy Savings Fund	21/22 contribution	(0.476)				<b>(0.476)</b>
	Selective Licensing - Non Recoverable	movement on 5 year scheme		0.067			<b>0.067</b>
	Selective Licensing Fee Income	21/22 Expenditure		0.172			<b>0.172</b>
	Shopmobility	S151 reserves review				0.035	<b>0.035</b>
	St Anns Valley Joint Service Centre	21/22 contribution	(0.045)				<b>(0.045)</b>
	Wollaton Hall Development Fund	21/22 contribution	(0.004)				<b>(0.004)</b>
<b>Total Services</b>			<b>(6.422)</b>	<b>0.367</b>	<b>0.000</b>	<b>0.568</b>	<b>(5.487)</b>
Transformation	Fit for the Future	IT Capital Expenditure				0.434	<b>0.434</b>
	Fit for the Future	21/22 FFTF Project costs		2.010			<b>2.010</b>
	Public Health Transition	Public Health grant	(1.156)				<b>(1.156)</b>
	SEND Keyworker Service Reserve	21/22 contribution	(0.212)				<b>(0.212)</b>
	Transformation	Transformation Costs				(2.929)	<b>(2.929)</b>
	Transformation	S151 reserves review				9.000	<b>9.000</b>
	Transformation	21/22 contribution to support future costs	(0.137)				<b>(0.137)</b>
	Transformation	Together for Nottingham expenditure		2.908			<b>2.908</b>
	Transformation	Academy staff costs		0.020			<b>0.020</b>
<b>Total Transformation</b>			<b>(1.505)</b>	<b>4.938</b>	<b>0.000</b>	<b>6.505</b>	<b>9.938</b>

Category	Reserve	Transfer Details	Replenishment	Use of	Reserve to Capital	Reserve to Reserve	Total
Treasury Management	Capital Program Departmental Prudential Borrowing Reserve	S151 reserves review				10.396	<b>10.396</b>
	Strategic Asset Management –Big Ticket	S151 reserves review				(10.396)	<b>(10.396)</b>
	Treasury Management Reserve	S151 reserves review				(3.000)	<b>(3.000)</b>
	Treasury Management Reserve	21/22 movements	(0.577)	0.960			<b>0.383</b>
	Treasury Management/Capital	S151 reserves review				6.000	<b>6.000</b>
<b>Total Treasury Management</b>			<b>(0.577)</b>	<b>0.960</b>	<b>0.000</b>	<b>3.000</b>	<b>3.383</b>
Workforce	Pension Deficit	S151 reserves review				4.086	<b>4.086</b>
	Pension Deficit Lump Sum	21/22 contribution	(0.843)				<b>(0.843)</b>
	Workforce Reserve	S151 reserves review				(3.341)	<b>(3.341)</b>
	Workforce Reserve	21/22 contribution	(1.251)				<b>(1.251)</b>
<b>Total Workforce</b>			<b>(2.094)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.745</b>	<b>(1.349)</b>
<b>Total</b>			<b>(63.533)</b>	<b>38.148</b>	<b>(2.489)</b>	<b>0.000</b>	<b>(27.874)</b>

Full Earmarked Reserves listing as at 31 March 2022

Appendix D

Title of Reserve	Balance 31 March 2022 £m
Invest to Save Energy Park	(0.248)
Castle Project Team Trans Funding	(0.443)
Revenue Implications of Capital Schemes	(0.640)
Rev Reserves for Capital	(0.983)
Capital Risk Reserve	(1.868)
Flexible Fitness Equipment	(1.490)
Allotment Improvement	(0.086)
<b>Total Capital</b>	<b>(5.757)</b>
Other Balances	(15.011)
SSR - School Balances	(8.702)
<b>Total Schools</b>	<b>(23.713)</b>
BSF Bigwood & Oakfield PFI	(4.903)
PFI Life Cycle	(3.216)
Street Lighting PFI	(9.515)
Farnborough PFI Project	(2.988)
NHS Local Imp Finance (LIFT)	(7.742)
NHS LIFT (Bulwell)	(4.192)
NET City Reserve Fund	(16.945)
<b>Total Private Finance Initiatives</b>	<b>(49.502)</b>
Schools Building Maintenance	(0.113)
LTA - Contribution Sinking Fund	(0.232)
Investment Property Maintenance Fund	(0.614)
Theatre & RCH Restoration Levy	(0.737)
Forest Rec Ground Sinking Fund	(0.261)
Mercury Filtr & Environmt	(0.106)
Ice Centre Sinking Fund	(0.834)
Southglade Food Park Sinking Fund	(0.199)
Southglade Food Park Phase 2	(0.187)
Southglade Football Pitch Sinking Fund	(0.481)
Broad Marsh CP&BS Lifecycle Sinking Fund	(0.158)
<b>Total Asset Maintenance</b>	<b>(3.922)</b>
Insurance Reserve	(3.919)
Housing Benefits	(4.615)
Collection Fund & Business Rates (excluding 22/23 planned usage)	(9.994)
Collection Fund & Business Rates (22/23 planned usage)	(15.647)
Resilience Reserve	(6.554)
<b>Total Contingency &amp; Risk</b>	<b>(40.727)</b>
IT Investment Fund	(8.848)
<b>Total Information Technology</b>	<b>(8.848)</b>
Jobs Fund	(0.589)
Procurement Levy	(0.306)

Employer Hub Innovation Fund	(1.031)
Nottingham Investment Fund	(1.069)
Nottm Growth Plan 2015-18	(0.135)
ERDF Growth Hub	(0.125)
Growth Fund	(0.168)
Carrington Townsc Jul15EB	(0.109)
<b>Total Local Economy</b>	<b>(3.533)</b>
Bequest/Misc Funds - Heroism	(0.005)
St Anns Valley JSC	(0.447)
Flood Risk Management	(0.656)
Selective Licensing - Non Recoverable	(0.325)
Add Licensing Scheme Non Recoverable	(0.039)
Selective Licensing Fee Income	(3.184)
HMO Mandatory Licensing	(0.149)
Leicester Bus Lane Enforcement	(0.964)
ASC Contingency	(0.096)
Bequest/Misc Funds - FT Perry	(0.007)
Museum Projects & Collections	(0.034)
Archaeology Fund	(0.011)
Wollaton Hall Development Fund	(0.014)
Newstead Abbey Development Fund	(0.061)
Proceeds of Crime	(0.091)
The Nottingham Education Trust	(0.021)
East Midlands Council	(0.615)
Holiday Activity Fund	(0.090)
Children & Adults Safeguarding Board	(0.041)
Moving Traffic Enforcement	(1.409)
Enviroenergy	(2.431)
SALIX - Energy Savings Fund	0.394
Local Plan	(0.301)
ERDF Sneinton Market	(0.678)
ERDF Dakeyne Street	(0.388)
Future Parks Accelerator Funding	(0.242)
Hackney Carriages	(0.194)
Civil Penalties	(0.170)
Local Government Elections	(0.392)
Area Committees	(0.041)
HAZ Delivery Plan	(0.114)
Adult Social Care S117 Aftercare	(0.500)
<b>Total Services</b>	<b>(13.317)</b>
Public Health Transition	(2.001)
SEND Keyworker Service Reserve	(0.333)
Treasury Management MRP Transformation of Services	1.578
Transformation	(6.137)
Fit for the Future	(0.740)
<b>Total Transformation</b>	<b>(7.632)</b>

Treasury Management Reserve	(15.418)
Treasury Management/Capital	(4.370)
Capital Program Dept Prudential Borrowing Reserve	(5.851)
<b>Total Treasury Management</b>	<b>(25.639)</b>
Workforce Reserve	(5.221)
Pension Deficit Lump Sum	(2.555)
<b>Total Workforce</b>	<b>(7.775)</b>
<b>Total Earmarked Reserves</b>	<b>(190.365)</b>

## Debtors Monitoring to 31 March 2022

## Appendix E

<b>Quarterly Performance Review – 2021-22</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>BVPI 66a - Housing Rent Collection (%)</b> <i>(cumulative - current tenants only)</i>				
Actual <i>(arrears + debit)</i>	95.77	96.25	97.10	96.59
Target	98.50	98.50	98.50	98.50
Last Year Actual 2020-21	98.80	96.91	97.72	97.38
<b>BVPI 9 - Council Tax Collection (%)</b>				
Actual <i>(in year cumulative)</i>	26.20	50.50	76.05	93.08
Target	25.60	49.90	75.30	92.50
Last Year Actual 2020-21	25.80	50.71	76.68	93.73
<b>BVPI 10 - NNDR Collection (%)</b>				
Actual <i>(in year cumulative)</i>	26.65	43.91	68.54	89.78
Target	28.50	55.50	80.50	97.40
Last Year Actual 2020-21	22.56	44.84	65.73	84.84
<b>Sundry Income Collection (%)</b>				
Actual <i>(12 month rolling average)</i>	74.50	74.86	81.00	74.76
Target	99.00	99.00	99.00	99.00
Last Year Actual 2020-21	82.00	81.00	80.60	80.30
<b>Estate Rents Collection (%)</b>				
Actual <i>(12 month rolling average)</i>	94.60	95.27	96.19	96.23
Target	97.50	97.50	97.50	97.50
Last Year Actual 2020-21	97.59	95.15	93.68	93.98
<b>Sundry Income Debtor Days - General</b>				
Actual <i>(12 month rolling average)</i>	37.00	30.00	31.00	34.00
Target	32.30	32.30	32.30	32.30
Last Year Actual 2020-21	43.00	37.00	39.00	41.00
<b>Adult Residential Services Collection (%)</b>				
Actual <i>(12 month rolling average)</i>	97.60	97.80	97.80	97.60
Target	97.50	97.50	97.50	97.50
Last Year Actual 2020-21	97.30	97.50	97.70	97.70