

Executive Board
20 September 2022

Subject:	Review of Revenue and Capital Budgets as at 30 June 2022 (Quarter 1)
Corporate Director(s)/Director(s):	Clive Heaphy, Interim Corporate Director for Finance and Resources
Portfolio Holder(s):	Councillor Adele Williams, Portfolio Holder for Finance
Report author and contact details:	Debbie Middleton, Interim Director for Finance and Deputy Section 151 debbie.middleton@nottinghamcity.gov.uk
Other colleagues who have provided input:	
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Total value of the decision:	£204 million
Wards affected:	All
Date of consultation with Portfolio Holder(s):	During August and September 2022
Relevant Council Plan Key Outcome:	
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):	
<p>This report provides an assessment of the Council's forecast outturn position for the General Fund revenue account, Capital Programme and the Housing Revenue Account (HRA) based on activity to the end of the first quarter (June) 2022.</p> <p>The Council's budget for 2022/23 was approved by Full Council on 7 March 2022. The 2022/23 net General Fund budget approved by Council was £227.6m. The Quarter 1 forecast is showing a forecast outturn of £240.9m, this is £13.2m (5.8%) adverse to budget, with significant variances in:</p> <ul style="list-style-type: none"> • Corporate £7.2m adverse – the forecast reflects the latest National Employers pay offer announced on 25 July 2022 of £1,925 for all pay points. The budget assumed a 2% pay award 	

and therefore this has resulted in a **£6.9m** adverse variance.

- Finance and Resources **£2.1m** adverse – largely due to previous budget savings which are now assessed as undeliverable.
- Growth and City Development **£1.8m** adverse - **£0.8m** adverse variance in Strategic Homelessness from inflationary pressures on nightly costs for B&B and temporary accommodation. Adverse budget variances from increased energy disposal costs, Broadmarsh rental income and contributions from Bridge Estate.
- Resident Services **£0.9m** adverse – Community Protection **£0.7m** adverse due to adverse variances within Environmental Health & Licensing and Operations Parking Regulation and Compliance.

The Council is committed to delivering its services within the approved budget and will require management action to identify mitigations for the adverse variances which are largely driven by inflationary and cost of living pressures, most notably resulting from the National Employers pay offer which at the time of writing this report has not yet been accepted.

General Fund earmarked reserves as at 30 June 2022 of **£183.2m**, this represents a reduction of **£7.2m** from the 31 March 2022 balance of **£190.4m**. This reduction is due to:

- previously approved MTFP decisions of a net drawdown from reserves of **£11.0m** for 2022/23 which is predominately in relation to **£15.0m** Business Rates and the mismatch in timing of receipt and planned usage of Government reliefs.
- a net contribution of **£3.8m** during Quarter 1, largely due to the Treasury Management Minimum Revenue Provision (MRP) of **£4.0m** which is in line with Treasury Management Strategy.

The HRA Quarter 1 forecast is showing a favourable variance of **£3.1m** (2.8%) against a gross budget of **£111.2m**, this is due to:

- a favourable income variance of **£1.4m** from a reduction in the bad debt provision
- favourable variance in expenditure of **£1.6m** largely due to a reduction in general fund recharges of **£1.0m** following the CIPFA review.

The original budget for the General Fund Capital Programme for 2022/23 was **£153.8m**. While the previous forecast (at 1st April) reduced the programme by **£6.0m** to **£147.8m**, the Quarter 1 monitoring has reduced the programme forecast by a further **£8.6m** to **£139.2m**. This further reduction is due to scheme slippage predominately within the Transport element of the Capital Programme.

The original budget for the Housing Revenue Account Capital Programme for 2022/23 was **£71.0m**. While the previous forecast (at 1st April) reduced the programme by **£6.7m** to **£64.3m**, Quarter 1 monitoring has reduced the programme by a further **£0.1m** to **£64.2m**.

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

No

Recommendation(s):

1. To note:

- a) the Quarter 1 2022/23 General Fund forecast adverse variance of **£13.2 million**, as set out in **Table 1**;
- b) the General Fund Directorate service variances, as set out in **Appendix B**;
- c) the Quarter 1 contribution in General Fund earmarked reserves of **£3.8 million**, as set out in **Section 3** and **Appendix D**;
- d) the forecast favourable Housing Revenue Account (HRA) 2022/23 variance of **£3.1 million**; and
- e) the forecast reduced expenditure on the Capital Programme in 2022/23 of **£139.2 million** for the General Fund and **£64.2 million** for the HRA.

2. To approve:

- a) the Quarter 1 2022/23 movement of resources, as set out in **Appendix C**, totalling **£204 million**, of which **£203.1 million** are a result of budget movements due to the changes in Portfolio

arrangements as presented to Full Council on 9 May 2022. The Council's total net budget remains unchanged as a result of these movements;

- b) increasing the general fund capital receipt control total by **£2 million** to **£59 million** for the period to 2026/27. This change is due to amendments in funding assumptions for a project approved during Quarter 1 and schemes undergoing prioritisation that are deemed as high priority as set out in the Capital Strategy.

3. To endorse the Council's commitment to delivering services within its approved budget for 2022/23 and to take all reasonable measures to do so whilst meeting its statutory obligations.

1. Reasons for recommendations

- 1.1 This report forms a key part of formal General Fund Revenue, Capital and HRA monitoring against the 2022/23 budget.
- 1.2 The approval of virements of budgets is required by corporate financial procedures.
- 1.3 Throughout the report adverse budget variances are shown as a positive number and negative numbers represent a favourable budget variance.

2. Background

2021/22 Draft Outturn Summary

- 2.1 Executive Board in July 2022 approved the draft 2021/22 outturn report which showed for the general fund revenue outturn:
- **£13.9m (5.7%)** favourable variance against a net budget of **£243.7m**.
 - General fund earmarked reserves as at 31 March 2022 of **£190.4m** and reflected a drawdown of **£27.7m** to transfer funds from the General Fund to the HRA general reserve following the CIPFA review.
 - General Fund balance stood at **£12.6m** as at 31 March 2022 in line with the MTFP.
- 2.2 Capital expenditure for 2021/22 of **£100.7m**, representing an **£81.1m (44.6%)** underspend against the original budget set at Executive Board February 2021 of **£181.8m**.
- 2.3 In 2021/22, the HRA returned a surplus of **£8.3m** against a budgeted deficit of **£0.2m**, resulting in a favourable variance of **£8.6m**. This was due mainly to:
- overprovision of bad debt of **£2.1m**,
 - the reversal of the management fee overpayment of **£3.6m**
 - the impact of the CIPFA review of **£2.4m**.

The HRA General Reserve balance increased from **£9.4m** to **£45.5m**, resulting from the 2021/22 surplus of **£8.3m** and **£27.7m** in respect of the ministerial Item 9 credit direction following the CIPFA review.

Reserves Policy

- 2.4 July 2022 Executive Board approved the Financial Reserves Policy and this report included details on the approval for movements in earmarked reserves, the report can be accessed via the following link:
<https://committee.nottinghamcity.gov.uk/documents/s136198/Financial%20Reserves%20Policy.pdf>

Report Presentation

2.5 The format and information contained within budget monitoring and forecasting reports during 2022/23 is changing to reflect the improvements being made in the Council's financial management and reporting arrangements. Throughout 2022/23 we will pursue our journey of continuous improvement towards meeting the CIPFA Financial Management Standard. Management will refine processes and procedures to improve the quality of data, and gain a deeper understanding of the operational activity, costs and income that are driving the financial performance within service areas. This enhanced data set will enable more effective review and challenge in the overall management of the Council's finances to secure delivery within the approved budget.

3. General Fund Revenue Budget - Qtr1 2022/23 budget monitoring and forecast outcome

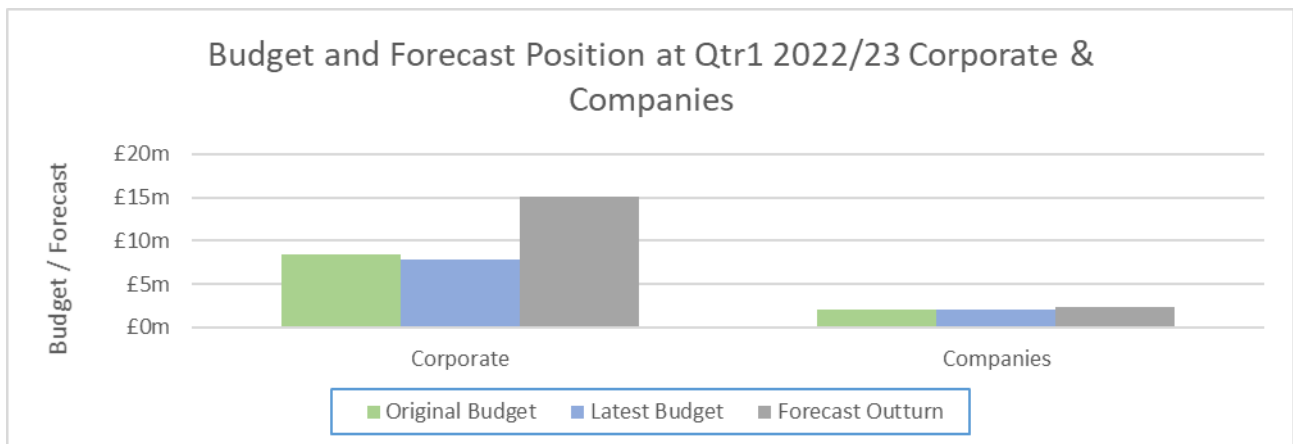
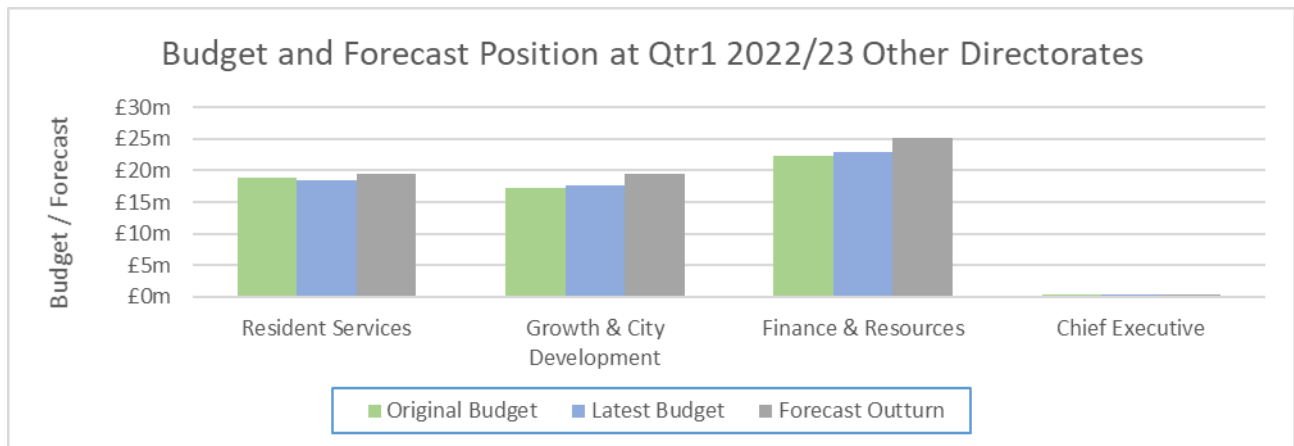
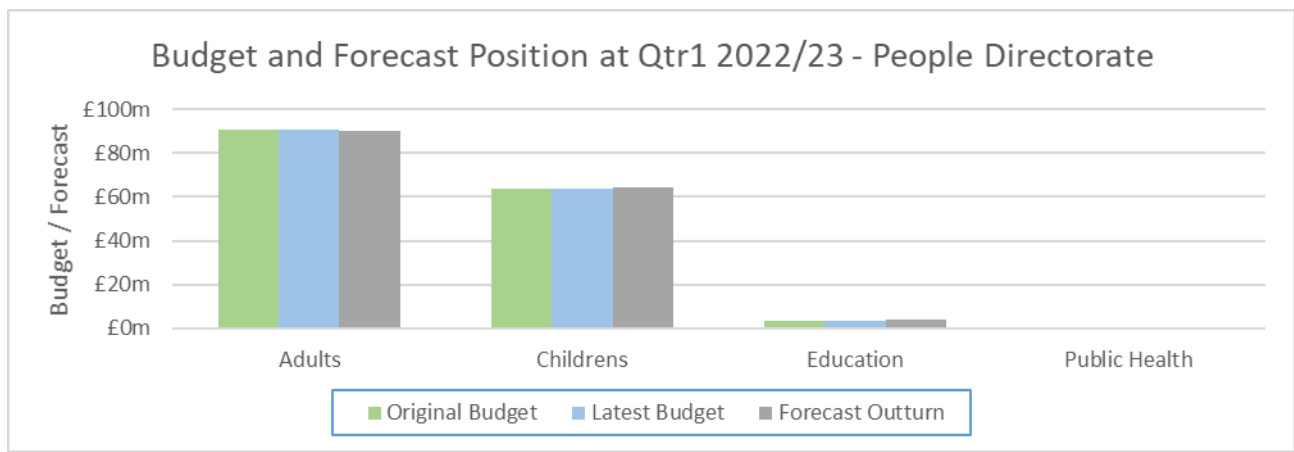
3.1 The General Fund budget and narratives are presented by Directorate with the alternative view by Portfolio contained within **Appendix A**.

3.2 The Quarter 1 position is a forecast outcome of **£240.9m** against an approved budget of **£227.6m** representing an adverse variance of **£13.2m (5.8%)**. **Table 1** summarises the original budget, revised budget at quarter 1 and forecast outcome by Directorate.

Directorate	Original Budget 2022/23	Revised Budget as at Qtr1	Qtr1 Year-end forecast outcome	Qtr1 forecast variance to budget
	£m	£m	£m	£m
Adults Services	90.545	90.545	90.335	(0.210)
Children's Services	64.042	64.042	64.529	0.487
Education	3.414	3.414	4.038	0.623
Schools	0.000	0.039	0.039	-
Public Health	0.256	0.000	0.000	-
Resident Services	18.864	18.550	19.484	0.933
Growth & City Development	17.265	17.713	19.514	1.801
Finance & Resources	22.365	23.031	25.175	2.144
Chief Executive	0.406	0.406	0.406	-
Total Directorates	217.158	217.741	223.519	5.778
Corporate	8.423	7.840	15.083	7.243
Companies	2.069	2.069	2.269	0.200
Total	227.649	227.649	240.870	13.221

3.3 On 25 July the national employers made a 'final' 2022/23 offer of a flat rate of **£1,925** for all pay points, the 2022/23 budget assumed a **2%** pay award. The adverse impact to the General Fund budget is **£6.9m** and assumes no additional Government funding is provided. This accounts for the most significant element of the adverse variance within the Corporate budget line.

3.4 The charts below show by Directorate for 2022/23 the original budget, latest budget as at Quarter 1 and the forecast outcome.



3.5 It is expected that Corporate Directors will seek to take mitigating actions to contain expenditure within the approved budget. Where pressures cannot be contained within a single directorate, the Corporate Leadership Team will explore those issues and agree how they will be managed within the overall approved General Fund Budget for the Council.

3.6 **Table 2** below sets out by Directorate the significant variances to budget and **Appendix B** provides further analysis of budget variances +/- £50k.

Table 2 – Q1 forecast outturn key variance explanations	
Directorate	Variance explanation
Adults £0.2m favourable	<ul style="list-style-type: none"> ○ External care purchasing / Universal services £0.2m adverse - £1.0m adverse net care purchasing & £0.1m Northgate contract adverse offset by favourable variances for Integrated Community Equipment Loan Service (£0.5m) and HRS/other contracts (£0.4m) ○ staffing / internal provision £0.4m favourable
Children's Services £0.5m adverse	<ul style="list-style-type: none"> ○ Children in Care £1.8m adverse <ul style="list-style-type: none"> ○ External placements £0.7m due to higher than budgeted weekly costs and increased number of placements ○ Other placements £0.3m adverse within Adoption/Permanence orders ○ Funding £0.7m adverse due to reduced Health income ○ Other Children's Services £1.4m favourable largely due to significant staffing vacancies within these teams
Education £0.6m adverse	<ul style="list-style-type: none"> ○ Adverse variances within Education Partnerships £0.3m; School Improvement £0.1m; Inclusive Learning £0.3m.
Resident Services £0.9m adverse variance	<p><u>Community Protection £0.7m adverse.</u></p> <ul style="list-style-type: none"> ○ Environmental Health & Licensing £0.4m adverse due to unachieved historic saving of £0.2m regarding licensing which was set as a target in 2015/16. Additional legal and maternity cover costs also included. ○ Operations Parking Regulation & Compliance - the budget assumes a £0.6m net credit balance for on and off-street parking enforcement income which will potentially be unachievable as per legislation which states that any surplus must be spent for specific purposes and not generally available within the general fund. ○ Uniformed Services – (£0.2m) favourable due to level of vacancies. Assumes posts filled in second half of year. ○ Security Services – (£0.2m) favourable due to improved income recognised for Castle ○ Community Safety & Logistics - £0.1m adverse. CDP review ongoing to establish true base budget and in year financial impact. <p><u>Neighbourhood Services £0.4m adverse</u></p> <ul style="list-style-type: none"> ○ Fleet Services - £0.4m adverse due to inflationary pressures on fuel ○ Nottingham Catering - £0.2m adverse due to food prices and closure of commercial outlets ○ Facilities & Building Services – (£0.2m) favourable due to significant vacancies ○ Parking Services - £0.2m adverse due to Broadmarsh car park income lower than budgeted expectation <p><u>Sport & Culture (£0.2m) favourable</u></p> <ul style="list-style-type: none"> ○ Sports & Leisure – (£0.7m) favourable due to improved post pandemic

	<p>income achievement, following marketing campaigns since January 2022.</p> <ul style="list-style-type: none"> ○ Markets - £0.6m adverse due to reduced rental income from the Victoria Indoor Market (VIM) pending implementation of the decision to review provision of the service £0.3m and an adverse variance for the Neighbourhood Markets £0.3m. ○ Theatre & Royal Concert Hall – (£0.4m) favourable due to overachievement of income following improved post pandemic performance ○ Museums - £0.3m adverse due to the concession agreement with the Nottingham Castle Trust to cover payments for services provided not being finalised ○ Events £0.1m adverse. Mostly unbudgeted costs regarding Nottingham Forest’s promotion to the Premier league celebrations.
<p>Growth & City Development £1.8m adverse variance</p>	<ul style="list-style-type: none"> ○ Strategic Homelessness £0.8m adverse. Inflationary & cost of living pressures impacting nightly costs for B&B & temporary accommodation. ○ Energy £0.2m adverse due to an extended period of maintenance and shut down when waste is diverted to more expensive disposal facilities ○ Bridge Estate contribution £0.3m adverse due to a forecast reduced revenue and therefore a reduced contribution to the general fund. ○ Broadmarsh £0.2m adverse. Forecast underachievement of rental income ○ Building Control £0.2m adverse. Use of external consultants to help manage statutory work due to inability to recruit. This is also impacting on income. ○ Planning – (£0.1m) favourable. Additional income from planning fees. ○ Traffic £0.4m adverse. Electricity charges in Network Management exceed budget and a number of other smaller variances also reported across the service.
<p>Finance & Resources £2.1m adverse</p>	<ul style="list-style-type: none"> ○ Finance & Resources Directorate £0.9m adverse largely due to undeliverable historic savings ○ Legal & Governance £0.2m adverse. Additional locums (x8) & pressure on capital recharging. ○ Human Resources (£0.3m) favourable. Vacancies in Pensions & Executive Office. Reduced call on expenditure for TU & Employability. ○ OT Directorate £0.4m adverse. Non-achievement of historic savings relating to school income and Senior Management support ○ Works Perks £0.1m adverse. Reduced uptake in schemes related to working from home practices ○ Strategy & Policy £0.2m adverse. Labour recharge pressure not achievable ○ Commissioning & Procurement £0.2m adverse. Largely CDP funding. ○ Customer Services £0.4m adverse. Welfare Rights £0.3m unachieved saving; Customer £0.2m staffing & £0.1m software pressures offset by additional income £0.1m; Civic & Coronial (£0.1m) favourable due to additional income in Registrars.
<p>Corporate</p>	<ul style="list-style-type: none"> ○ £2.0m adverse due to removal of recharges to the HRA as a result of the

£7.2m adverse	<p>CIPFA review.</p> <ul style="list-style-type: none"> ○ Partially offset by favourable variances in Treasury Management (£1.5m) and pension strain (£0.3m) ○ £6.9m adverse budget variances resulting from the national employers pay offer of £1,925 for all grades.
Companies £0.2m adverse	<ul style="list-style-type: none"> ○ The annual contribution to the National Ice Centre increases annually to reflect RPI increases in accordance with grant conditions. The 2022/23 budget is as per the original payment and doesn't include the cumulative increase.

- 3.7 Budget transfers between Directorates and/or Portfolios are reflected within the Monitoring figures. These budget virements totalling **£204.0m** require approval and are detailed in **Appendix C**. The Council's total net budget remains unchanged as a result of the virements however the value of the movements resulting from changes to Portfolio arrangements is **£203.1m** from when the budget was set and **£0.9m** of movements are due to operational in year virements.
- 3.8 As part of the financial management improvement activity, the Council is committed to monitoring savings delivery and emerging financial pressures separately. The current tracking covers all new savings and pressures included within the 2022/23 MTFP or any previous MTFP decisions where there was a change in the budget value between 2021/22 and 2022/23. Further improvements will be made in 2022/23 to include non-delivery of previous years legacy savings, the finance improvement programme will require directorates to detail these savings for future reports.
- 3.9 **Table 3** below shows a summary by directorate of the Quarter 1 forecast variance and compares this to the savings and pressures variances reported.

Table 3 : Q1 General Fund forecast variance, analysed by savings non delivery, pressures and other variances*				
Directorate	Qtr1 forecast variance to budget	22/23 new savings delivery variances	22/23 new pressures variances	Other Variances*
	£m	£m	£m	£m
Adults Services	(0.210)	0.155		(0.365)
Children's Services	0.487	0.210		0.277
Education	0.623	0.088	0.137	0.398
Public Health	0.000			0
Resident Services	0.933	0.109		0.824
Growth & City Development	1.801	0.060	1.007	0.734
Finance & Resources	2.144	0.049		2.095
Chief Executive	0.000			0
Total Directorates	5.778	0.670	1.143	3.965
Corporate	7.243		6.936	0.307
Companies	0.200			0.200
Total	13.221	0.670	8.079	4.472

*Other Variances will include non-delivery of previous years legacy savings, the finance improvement programme will require Directorates to detail these savings for future reports

3.10 **Table 4** below details the variances in 2022/23 savings and pressures.

Table 4 : Q1 variances in savings and pressures narrative	
Directorate	Narrative for the variances in savings and pressures
Adults Services (£0.155m undeliverable savings)	<ul style="list-style-type: none"> • The budget assumes a £0.9m 2022/23 saving on proactive reviews and timely assessments, £0.3m is now undeliverable due to slippage in external reviews. • Budget assumed £0.1m saving for backdated and extended fairer charging for care services, £49k is now undeliverable, work is underway to scope. • £0.2m over achievement of the gross transformation saving, net saving is £44k
Children's services (£0.210m undeliverable savings)	<ul style="list-style-type: none"> • Increased internal residential provision (£0.166m) as the property identified by NCH not fully appropriate for use. • Targeted Family Support Teams saving (£0.043m), delayed due to transformation work.
Education (£0.088m + £0.137m = £0.225m variance in total)	<ul style="list-style-type: none"> • £0.1m unachieved savings from delays in the disposal of Thorneywood Education Centre and prior year staffing savings. • £0.1m pressures within Inclusive Learning.
Resident Services (£0.109m undeliverable savings)	Unachieved due to the challenging financial position of Nottingham Castle (NCT) and is subject to the Council signing Concession Agreement with (NCT) to reflect the services provided, and to cover the prudential borrowing liability following development.
Growth & City Development (£0.060m + £1.007m = £1.067m in total)	<ul style="list-style-type: none"> • Savings - £0.1m unachieved saving from Bus Lane Enforcement review - legislative clarity is being sought to establish budgetary rules and whether BLE income can be used for this purpose. <p>Pressures</p> <ul style="list-style-type: none"> • £0.8m – Strategic Homelessness – based on projected spend on temporary accommodation • £0.2m Building Control - reduced income and increased agency spend. • £0.1m Public Transport Covid income pressure reduction unachieved.
Finance & Resources (£0.049m undeliverable savings)	The original saving of £0.069m within Transactional Finance through a review of functions and processes, balance of £0.049m expected to be unachieved as expect to incur expenditure to stabilise the team and achieve a full establishment in 2022/23 however mitigations are being sought.

Transformation Budget Monitoring and Forecasting

3.11 The impact of the Transformation Programme is captured within the departmental monitoring reports. This report is to provide a 'spot light' on that activity to focus on the performance of the Transformation Programme.

3.12 This report focuses only upon the financial benefits from the Transformation Programme which is captured within the Medium-Term Financial Plan. The non-financial benefit monitoring is in development.

3.13 **Table 5** below shows the current forecast as at the end of June 2022 which is estimating **delivery of the budgeted savings**. There are a number of risks associated with this prediction which are detailed later in this report.

Table 5: Quarter 1 Transformation Programme update					
	Original Budget	Budget as at Qtr1	Qtr1 forecast outturn	Qtr1 forecast variance	Variance %
	£m	£m	£m	£m	
Adults	(0.226)	(0.226)	(0.226)	0.000	0.00
Customer	(0.329)	(0.329)	(0.329)	0.000	0.00
Business Support	(0.340)	(0.340)	(0.340)	0.000	0.00
Childrens	(0.539)	(0.539)	(0.539)	0.000	0.00
Procurement	(0.031)	(0.031)	(0.031)	0.000	0.00
Total	(1.465)	(1.465)	(1.465)	0.000	0.00

3.14 Individual programme updates:

- a) **Adults** – Slightly accelerated delivery of savings however not enough conclusive evidence that this will continue and over deliver against budget at this stage.
- b) **Customer** – Slightly accelerated delivery of savings however not enough conclusive evidence that this will continue and over deliver against budget at this stage.
- c) **Business Support** – Slightly accelerated delivery of savings and an estimate of delivery to date pending sign off of the efficiencies by managers. It is too risky to assume this trend will continue and over deliver against budget at this stage.
- d) **Childrens** – delays in implementation due to OFSTED could have a negative impact on savings delivery however until further design work has been undertaken with the delivery partner this is being classified as a risk. Future reports will provide an update to this position.
- e) **Procurement** – although actuals are slightly behind the budget profile there is currently no early warning signs that this saving will not be achieved.

Risks are as follows:

- a) **Vacancy management** – Recruitment to vacant posts will impact on delivery and timing of savings within the Customer and Business Support reviews. Mitigation of this should have occurred through the communications issued to managers regarding recruitment.
- b) **Review of process implementation** – During the implementation of Customer and Business Support reviews are undertaken after a period of time. There is a low risk that new processes may not be working and reinvestment is required. Mitigation of this risk is through robust service and manager engagement and substantial performance data gathering.

- c) **Slippage of savings due to other external factors** – examples of this are the OFSTED inspection. Mitigation will be through reduced implementation costs, wherever possible, however where this is not possible a refresh of the savings profile will be undertaken and any variations communicated with option appraisals.
- d) **Recruitment of resources** – the delivery of the savings is predicated on additional resources both temporary and permanent. Any delay in the filling of these posts could impact the delivery. Mitigating action is being taken to reduce the risk as much as possible by working with external agencies to support the navigation of recruitment in a very difficult market where the organisations pay rates are not comparable.

3.15 It is assumed at this phase in the programmes that future year delivery is on track however as part of the 2023/24+ budget process any update on this position will be communicated and has been built into the Transformation timeline of activity in accordance with the corporate budget process.

Movement in earmarked reserves

3.16 Earmarked reserves are funds set aside for specific purposes (including Schools, Statutory reserves and Insurance and Private Finance Initiative (PFI) grants). All movements for Quarter 1 2022 have been approved by S151 / Deputy S151 Officer.

3.17 General Fund earmarked reserves as at 30 June 2022 of **£183.2m**, this represents a reduction of **£7.2m** from the 31 March 2022 balance of **£190.4m**. This reduction is due to:

- previously approved MTFP decisions of a net drawdown from reserves of **£11.0m** for 2022/23 which is predominately in relation to **£15.0m** Business Rates and the mismatch between timing of receipt and planned use of Government reliefs.
- a net contribution of **£3.8m** during Quarter 1, largely due to the Treasury Management Minimum Revenue Provision (MRP) of **£4.0 million** and is in line with Treasury Management Strategy, further details are contained within **Appendix D**.

4. Debtors Monitoring

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 and in **Appendix E**.

Housing Rents

4.2 The in-year collection rate for the Quarter 1 was **95.0%** against a target of **98.5%** and is **0.7%** lower than the same point last year. The arrears for Quarter 1 2022/23 are **£4.3m** compared to **£4.1m** for the same period last year, an increase of **£0.2m**. Benchmarking across the sectors best practice groups show that all landlord are experiencing an increase in arrears due to a combination of factors, cost of living crisis, debt repayments etc. The percentage of rent collected is **96.8%**

4.3 Like all social landlords, the Council is facing a very challenging environment in which to collect rent and arrears. The well-publicised increase in fuel costs and cost of living has placed a great number of our residents under tremendous financial pressures, this will have an impact on resident finances and their ability to pay towards shortfalls in their rent and arrears payments. A number of residents will be supported in the short term by the Household Support fund from central government. Central government announced nationwide reduction in the funds available for Discretionary Housing Payments (DHP) and NCH has a large number of residents impacted by under occupation (Bedroom Tax) and the benefit cap that would have used DHP to cover any shortfall in their rent payments.

- 4.4 In Nottingham there are approximately **9,000** residents in receipt of Universal Credit (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. This migration to UC may contribute to the increase in rent arrears, because of a five week wait for UC claimants to receive their first payment which impacts on the arrears levels and that UC is paid a month in arrears. The Universal Credit team continues to provide support during this transitional period.

Sundry Income

- 4.5 The percentage of debts collected within 90 days in the 12 months to June 2022 is **81.0%**, which is an improvement the corresponding figure for 2021/22 of **74.5%**. The debtor day indicator (which shows how quickly debts are recovered) is currently **37** days and is the same as the corresponding figure for 2021/22 however is below the **32.3** day target.

Adult Residential Services

- 4.6 Quarter 1 collection is **97.5%** and is in line with the target of **97.5%** and is slightly lower than the corresponding figure for last year at **97.6%**. The service continues to focus on early intervention of debtors and engagement to prevent large arrears from building.

Council Tax

- 4.7 Collection at the end of Quarter 1 2022/23 was **26.1%** and in line with the equivalent time last year of **26.2%** and is slightly above the target of **25.6%**. Collection increased to **£42.4m** compared to **£40.8m** for the same period last year. Net debt collectable over the two financial years has increased from **£156m** in 2021/22 to **£162m** in 2022/23.

National Non- Domestic Rates (NNDR)

- 4.8 Collection at the end of Quarter 1 2022/23 was **28.9%**, which is an increase of **2.2%** when compared to the equivalent period in 2021/22. Collection amounted to **£32.9m** compared to **£18.7m** for the same period in financial year 2021/22. Net debt collectable for this year has increased due to Retail Discount reducing from 66% to 50% from **£82.8m** in 2021/22 to **£113.8m** in 2022/23.

5. Housing Revenue Account (HRA) Budget Monitoring and forecasting

- 5.1 The HRA is showing a favourable variance to the end of the financial year of **£3.1m**, against a gross budget of **£111.2m**. This represents a positive variance of **2.8%** of the budget. Should the **£3.1m** favourable variance remain in place until the end of the financial year, this surplus will be transferred to the HRA General reserve.
- 5.2 The main reasons for the **£3.1m** favourable variance are set out below, as a high level summary of income and expenditure in **Table 6** with further detail at **Appendix F**.

Income/ Expenditure	Original Budget £m	Current Budget at Qtr1 £m	Forecast Outturn at Qtr1 £m	Forecast Variance at Qtr1 £m	Variance %
Income	(111.153)	(111.153)	(112.584)	(1.431)	(1.29)
Expenditure	111.153	111.153	109.509	(1.644)	(1.48)
Housing Total	0.000	0.000	(3.075)	(3.075)	(2.77)

5.3 Income £1.4m favourable

A reduction of bad debt provision of **£2.1m** offset by **£0.7m** shortfall of income forecast on PV solar panel rentals

5.4 Expenditure £1.6m favourable

Removal of general fund recharges to the HRA of **£1.0m** following CIPFA review, vacancy savings of **£0.3m** and a reduction of **£0.3m** in revenue costs that are ancillary to the capital programme

5.5 The General Fund is reporting an adverse variance of **£2.0m** in respect of the recharges to the HRA. However, the HRA has reported a **£1.0m** favourable variance, the difference between the two is caused by the rebate on Public Realm recharges due to properties that are no longer a part of the HRA due to Right to Buy activity. The difference relates to the Public Realm Rebate. Public Realm services are recharged to the HRA where this is primarily for the benefit of council tenants. This recharge should be reduced through a rebate where properties are no longer a part of the HRA because the tenants have bought their property. However, the General Fund stopped paying this rebate in 2016/17. The HRA thereafter, excluded it from their budgets as it was no longer expected. The CIPFA review determined that this rebate should be reinstated in 2022/23 and as a result Public Realm are reporting it as a negative variance of **£1.0m**. The HRA did not pick this up as a positive variance as it has no budget and was not expecting a rebate. The HRA and General Fund will be aligned in future monitoring reports.

6. Capital Programme Movements

6.1 The original budget for the General Fund Capital Programme for 2022/23 was **£153.9m**. While the previous forecast (at 1st April) reduced the programme by **£6.0m** to **£147.8m**, Quarter 1 monitoring has reduced the programme by a further **£8.6m** to **£139.2m**. **Table 7** below summarises the movements.

Table 7: Quarter 1 General Fund Capital Programme - Original Budget and Forecast						
Funding	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Original Approved Programme	153.891	57.990	17.210	16.326	14.581	259.998
Impact of reprofiling 2021/22 Outturn	17.683	0.000	0.000	0.000	0.000	17.683
Movements Agreed to Period 3						
Reprofiled	(37.138)	33.958	3.580	(0.850)	0.450	0.000
Reduction / Saving	(0.560)	(0.336)	0.000	0.000	0.000	(0.896)
Additions / Approvals	5.333	(1.161)	0.131	1.237	1.237	6.777
Amended Capital Programme	139.209	90.451	20.921	16.713	16.268	283.562
Transport and Highways	55.491	43.364	8.475	0.000	0.000	107.330
Directorates						
Adults Services	0.486	0.436	0.436	0.436	0.436	2.230
Children's Services	0.000	0.078	0.000	0.000	0.000	0.078
Education	3.656	0.180	0.000	0.000	0.000	3.836
Public Health	0.000	0.000	0.000	0.000	0.000	0.000
Resident Services	15.748	3.611	0.850	0.300	0.300	20.809
Growth & City Development	57.907	36.574	7.806	7.946	7.701	117.934
Finance & Resources	1.628	1.170	1.161	0.200	0.000	4.159
Planned Schemes	4.293	5.038	2.193	7.831	7.831	27.186
Total	139.209	90.451	20.921	16.713	16.268	283.562

6.2 Details of the key movements from the original budget are summarised below:

- **Reprofiled** large 2022/23 movements over **£1.0m** excluding the **£17.7m** adjustment for 2021/22 are detailed below:
 - Transforming Cities Programme slippage in 2022/23 of **(£18.2m)**,
 - Future Transport Zone Programme slippage in 2022/23 of **(£2.1m)**,
 - NET Line 2 Project slippage in 2022/23 of **(£2.9m)**,
 - Local Transport Plan Programme slippage in 2022/23 of **(£2.7m)**,
 - Planned Schemes slippage in 2022/23 of **(£1.3m)**,
 - Green Homes (LAD1B) slippage from 2021/22 into 2022/23 of **£2.6m**,
- **Reduction / Saving**, is a number of smaller projects, the schemes with 2022/23 savings over **£0.1m** are summarised below:
 - School maintenance projects – saving **£0.3m**, funded by ringfenced grant now available for alternative projects,
 - Brownfield Site Programme – reduction **£0.1m**, funded by ringfenced grant returned to the awarding body,
- **Additions / Approvals**, the large movements over **£1.0m** in 2022/23 is due to the following programmes / projects:
 - Green Homes – Private Homes (LAD2), **£1.9m** funded by external grant,
 - Central Library Fitout, moved from planned schemes to approved and is forecasting accelerated spend of **£3.2m** in 2022/23, this acceleration is why the 2023/24 approval is a negative,
 - Walking and Cycling Improvements **£2.2m** funded by external grant.

6.3 The original budget for the Housing Revenue Account Capital Programme for 2022/23 was **£71.0m**. While the previous forecast (at 1st April) reduced the programme by **£6.7m** to **£64.3**, Quarter 1 monitoring has reduced the programme by a further **£0.1m** to **£64.2m**. **Table 8** summaries the movements.

Table 8: Quarter 1 Housing Revenue Account Capital Programme - Original Budget and Forecast						
Funding	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Original Approved Programme	71.003	54.264	44.642	31.099	29.882	230.890
Impact of Reprofiled 2021/22 Outturn	6.104	0.000	0.000	0.000	0.000	6.104
Movements Agreed to Period 3						
Reprofiled	(10.276)	4.554	0.028	5.884	(0.190)	0.000
Reduction / Saving	(4.465)	0.000	0.000	0.000	0.000	(4.465)
Additions / Approvals	1.835	0.000	0.000	0.000	0.000	1.835
Amended Capital Programme	64.201	58.818	44.670	36.983	29.692	234.364
Programme Areas						
Safe	3.560	2.756	2.558	1.823	1.336	12.033
Secure, Warm & Modern	15.112	24.740	21.009	20.800	19.436	101.097
Energy Efficiency & Tackling Fuel Poverty	13.158	5.182	3.715	0.000	0.000	22.055
Modernising Housing for Older People	1.409	0.000	0.000	0.000	0.000	1.409
Decent Neighbourhoods	2.320	4.964	4.552	4.599	4.105	20.540
Existing Stock Investment	3.903	2.580	2.580	2.680	2.680	14.423
Building a Better Nottingham	18.995	16.461	8.121	4.946	0.000	48.523
Joint Projects	2.909	2.135	2.135	2.135	2.135	11.449
Planned Schemes	2.835	0.000	0.000	0.000	0.000	2.835
Total	64.201	58.818	44.670	36.983	29.692	234.364

6.4 Details of the key movements from the original budget are summarised below:

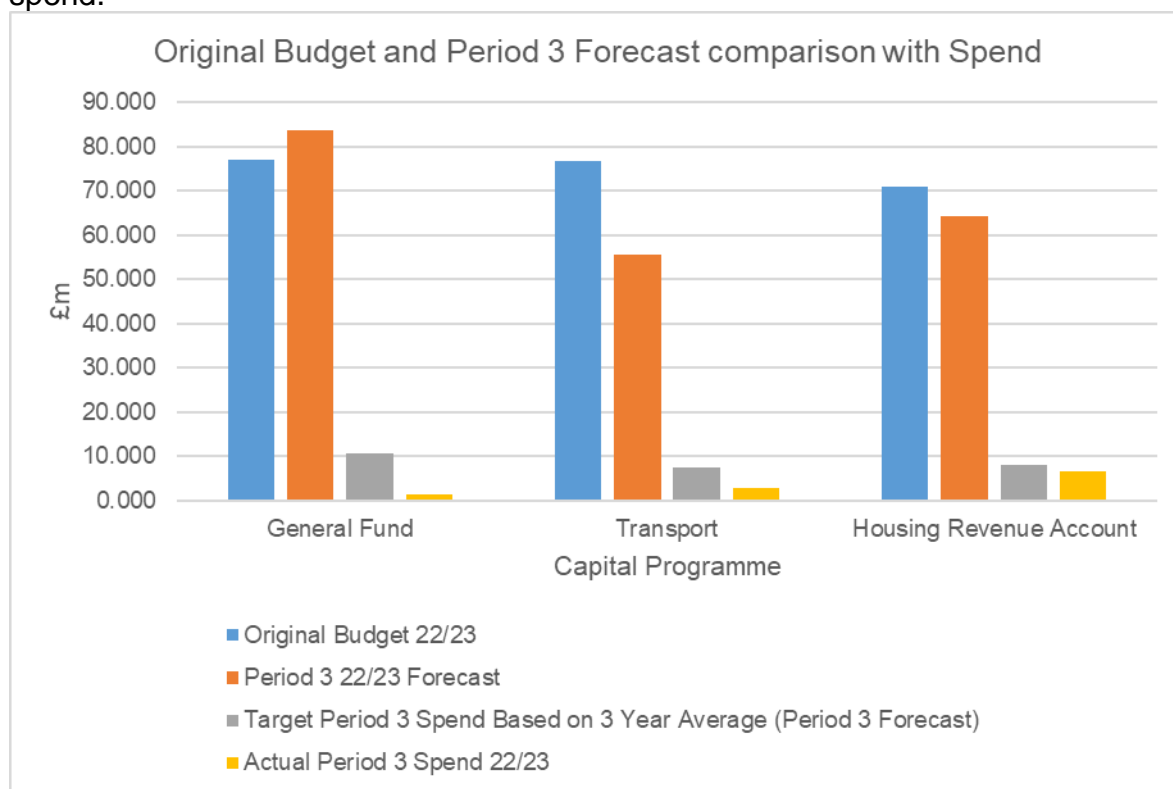
- **Reprofiled**, the reprofiled works is predominately linked to repairs to existing housing stocks

- **Reduction / Saving**, the HRA capital programme savings is contained within 2 projects:
 - Oakdene New Build Development – saving in forecast construction costs **£1.0m**
 - Energy Efficiency Schemes – saving **£3.4m**, scheme removed from capital programme due to external grant no longer being available.
- **Additions / Approvals**, the HRA capital programme approvals savings is contained within 2 projects:
 - CO Dectectors, **£0.9m** funded by HRA capital resources
 - Void works to property acquisitions **£0.9m** funded by HRA capital resources

Comparing Capital Spend to Original Budget and Forecast

6.5 At Quarter 1 the Capital Programme has incurred expenditure of **£10.8m** across both the General Fund and the Housing Revenue Account Capital Programme, this equates to **5.3%** of the Quarter 1 forecast for 2022/23. If spend is not accelerated during quarter 2 a detailed analysis of potential slippage will be undertaken.

6.6 The graph below compares the 2022/23 original budget and the Quarter 1 forecast with spend.



Capital Funding Forecast

6.7 The General Fund Capital Programme is forecasting expenditure of **£283.6m** over the period 2022/23 to 2026/27. **Table 9** shows the current forecast programme and associated funding.

Table 9 : General Fund Capital Programme Quarter 1						
Scheme	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Approved Schemes						
Transport and Highways	55.491	43.364	8.475	0.000	0.000	107.330
Directorates						
Adults Services	0.486	0.436	0.436	0.436	0.436	2.230
Children's Services	0.000	0.078	0.000	0.000	0.000	0.078
Education	3.656	0.180	0.000	0.000	0.000	3.836
Public Health	0.000	0.000	0.000	0.000	0.000	0.000
Resident Services	15.748	3.611	0.850	0.300	0.300	20.809
Growth & City Development	57.907	36.574	7.806	7.946	7.701	117.934
Finance & Resources	1.628	1.170	1.161	0.200	0.000	4.159
Planned Schemes	4.293	5.038	2.193	7.831	7.831	27.186
Total Programme	139.209	90.451	20.921	16.713	16.268	283.562
Resources Available						
Prudential Borrowing	(17.294)	(3.217)	0.000	0.000	0.000	(20.511)
Grants & Contributions	(90.849)	(65.242)	(12.744)	(10.149)	(10.149)	(189.133)
Internal Funds / Revenue	(8.921)	(7.502)	(1.726)	(0.235)	0.000	(18.384)
Secured Capital Receipts	(19.552)	0.000	0.000	0.000	0.000	(19.552)
Unsecured Capital Receipts	(2.593)	(14.490)	(6.451)	(6.329)	(6.119)	(35.982)
Total Resources	(139.209)	(90.451)	(20.921)	(16.713)	(16.268)	(283.562)

6.8 The Housing Revenue Account Capital Programme is forecasting expenditure of **£234.4m** over the period 2022/23 to 2026/27. **Table 10** shows the current forecasted programme and associated funding.

Table 10: Housing Revenue Account Capital Programme Quarter 1						
Scheme	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Approved Schemes	61.366	58.818	44.670	36.983	29.692	231.529
Planned Schemes	2.835	0.000	0.000	0.000	0.000	2.835
Forecast Expenditure	64.201	58.818	44.670	36.983	29.692	234.364
Forecast Resources						
Prudential Borrowing	(10.729)	(7.968)	(4.790)	(2.967)	0.000	(26.454)
Grants & Contributions	(6.107)	(0.595)	(0.083)	0.000	0.000	(6.785)
Internal / Major Repairs Reserve	(37.188)	(41.939)	(36.514)	(32.003)	(29.657)	(177.301)
Capital Receipts – Right to Buy	(7.410)	(6.584)	(3.248)	(1.978)	0.000	(19.220)
Capital Receipts - HRA Other	(2.767)	(1.732)	(0.035)	(0.035)	(0.035)	(4.604)
Total Resources	(64.201)	(58.818)	(44.670)	(36.983)	(29.692)	(234.364)

Capital Control Totals

6.9 The impact of the Capital Programmes at Quarter 1 on the Capital control totals is shown below in **Table 11**.

Table 11: Capital Control Totals at Quarter 1			
Period	2021/22 to 2026/27		
Approval	Executive Board Feb 22		
Control Total vs Actual or Forecast	Control Total £m	Forecast £m	(Under) / Over Control Total £m
General Fund			
Forecast Borrowing (exc. Capitalisation)	(35.701)	(28.457)	(7.244)
Capital Receipts (exc. 21/22 Technical Entries)	(56.500)	(57.416)	0.916
Public Sector Housing			
Forecast Borrowing	(34.445)	(33.849)	(0.596)
HRA Capital Receipts	(5.240)	(5.240)	0.000
Major Repairs Reserve	(200.236)	(200.221)	(0.015)

6.10 **Table 11** above confirms that the Council is forecasting to be within the majority of the control totals set at Executive Board February 2022, with the only trigger being general fund capital receipts. This has triggered due to the approval of Central Library within quarter1 whereby the funding mix for the project changing from when the capital budget was set to present, this change involving removing **£0.9m** of unsecured grant and replacing this with secured capital receipts. Due to the current forecast above the control total and the Council having a number of schemes undergoing prioritisation it is recommended that this control total is increased by **£2.0m**.

6.11 Increasing the control total by the recommendation **£2.0m** does not increase the risk as capital projects will still be prioritised and the Council will only contractually commit once sufficient capital receipts have been secured, as detailed in the approved Capital Strategy.

7. Other options considered in making recommendations

7.1 To do nothing: this option is rejected, as the Council is committed to delivering its services within the approved budget and will require management action to identify mitigations for the adverse variances.

8. Consideration of Risk

8.1 The forecasts contained within this report are based on a medium case scenario.

9. Finance colleague comments

9.1 Finance implications appear throughout the report.

10. Legal colleague comments

10.1 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 9 September 2022.

11. Equality Impact Assessment (EIA)

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

12. Data Protection Impact Assessment (DPIA)

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

13. Carbon Impact Assessment (CIA)

13.1 A CIA is not required because the report does not contain proposals with a carbon impact.

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

14.1 None.

15. Published documents referred to in this report

15.1 Budget 2022/23 – 7 March 2022 Full Council

<https://committee.nottinghamcity.gov.uk/documents/s131723/Budget%20202223.pdf>

15.2 Pre-audit Corporate Financial Outturn 2021/22 – 19 July 2022 Executive Board

<https://committee.nottinghamcity.gov.uk/documents/s136213/Pre-Audit%20Corporate%20Financial%20Outturn%202021-22.pdf>

15.3 Financial Reserves Policy – 19 July 2022 Executive Board

<https://committee.nottinghamcity.gov.uk/documents/s136198/Financial%20Reserves%20Policy.pdf>

15.4 Executive Appointments, Responsibilities and Remits and First Meetings 2022/23 (item 11) – 9 May 2022 City Council

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=155&MId=9567>

Budget Monitoring 2022/23 – as at 30 June 2022 by Portfolio

Portfolio	Original Budget	Budget as at Qtr1	Qtr1 forecast outturn	Qtr1 forecast variance to budget
	£m	£m	£m	£m
Adult Social Care & Health	90.801	90.545	90.335	(0.210)
Children, Young People & Schools	66.266	66.305	67.561	1.257
Energy, Environment & Waste Services	20.939	20.953	21.021	0.067
Finance	11.685	12.614	14.074	1.460
Highways, Transport & Parks	4.443	4.213	5.174	0.961
Housing & Human Resources	15.031	15.081	16.048	0.967
Leisure, Culture & Planning	6.234	6.101	5.373	(0.728)
Neighbourhoods, Safety & Inclusion	10.765	10.611	11.436	0.825
Skills, Growth & Economic Development	1.092	1.102	1.921	0.819
Strategic Regeneration & Communications	(10.098)	(9.784)	(9.424)	0.360
Total Portfolios	217.158	217.741	223.519	5.778
Companies	2.069	2.069	2.269	0.200
Corporate	8.423	7.840	15.083	7.243
Total	227.649	227.649	240.870	13.221

Directorate Forecast Variances Quarter 1 2022/23

Adult Services – £0.2m favourable forecast

The Adult Social Care (ASC) Quarter 1 position is a favourable forecast of **£0.2m** which equates to 0.2% of the total net ASC budget.

External Care Purchasing/Universal Services £0.2m adverse forecast

Total forecast outturn position is made up of:

1. Net care purchasing – **£1.0m** adverse based on the latest care package data and estimated costs
2. Housing Related Support and other contract – **£0.4m** favourable
3. Integrated Community Equipment Loan (ICELS) – **£0.5m** favourable, partially due to disabled facilities grant contribution to eligible adaptations expenditure
4. Northgate - **£0.1m** adverse due to increased volume/activity costs

Staffing/Internal Provision Budgets £0.4m favourable forecast

Staffing & running cost budget favourable variance across the service are predominantly due to ongoing recruitment and retention issues.

Childrens - £0.5m adverse

Children in Care £1.8m adverse

- **Funding £0.7m adverse**
Expected reduction in the Priority Families grant which was previously distributed to Children in Care.
- **External Placement £0.7m adverse.**
Current projections are based on placement data information projected for the financial year, further work required to ensure the accuracy of the data and build in service knowledge to incorporate realistic end-dates and changes in placement types.
- **Internal Placement £0.1m favourable.**
The forecasted variance relates to NCC Fostering & Adoption, which is currently forecasting a **£0.4m** underspend due to low levels of recruitment. Internal residential and Internal semi-independent provision is an adverse forecast a **£0.2m** on staffing costs due to sickness.
- **Other Placement £0.3m adverse.**
Largely due to **£0.2m** overspend on Adoptions/Permanence Orders and court delays.
- **Team Costs £0.1m adverse.**
Additional costs in respect of agency workers.

Childrens Directorate £0.1m adverse

Due to costs recharged by Nottinghamshire County Council in relation to Pensions and Redundancy as well as income from Miscellaneous Properties.

Other Children's Services £1.4m favourable

- **Early Help £1.0m favourable.** This is where the savings related to the restructure within Play & Youth and Early Help are being realised. In addition, the Early Help buildings have been forecast with 9 months of cost, instead of the budgeted 12 months, as it would seem the disposal of the properties will be happening sooner than was thought.
- **Child Protection £0.7m favourable** due to significant vacancies within the Targeted Family Support Teams.
- **Children's Social Care Directorate £0.5m adverse** due to Children's Legal Fees forecast to be higher than budgeted.
- **Extensive & Specialist Services £0.1m favourable** due to vacancies within the Domestic Abuse Referral Team (DART) and Targeted Teams.

Education - £0.6m adverse

Related to movements in staffing with more accurate forecasts as well as forecast changes on income for traded services.

Growth & City Development £1.8m adverse

Strategic Homelessness & Housing Related support – £0.8m adverse

Inflationary and cost of living pressures have had an impact on the nightly cost of bed and breakfast and temporary accommodation

Energy £0.2m adverse

Each year the budget within Waste Disposal includes the financial impact for the systems shut down and maintenance. During this time waste is diverted to alternative and more costly disposal facilities. There has been a delay in returning to business as usual which costs approximately £40k a day and the overspend is an estimate of this impact.

Strategic Assets and Property - £0.5m adverse

This comprises two key areas:

- **Bridge Estate £0.3m adverse**
The Bridge Estate is not able to sustain the annual payment previously paid/budgeted to the general fund
- **Broadmarsh £0.2m adverse**
Forecast underachievement of income from rental units within Broadmarsh of **£0.2m**

Planning (Building Control) £0.2m adverse

Building Control service is required to bring in external consultants due to recruitment challenge in order to help manage the work which is statutory.

Planning – £0.1m favourable

Additional income from budgeted Planning fees is forecast.

Traffic £0.4m adverse

Within the service there are a number of variances that make up the **£0.4m** but the majority of these are due to pending budget realignments. The main area of actual forecast overspend relates to increased electricity charges.

Residents £0.9m adverse

Community Protection £0.7m adverse

- **Environmental Health & Licensing - £0.4m adverse.**
Undeliverable saving of **£0.2m** and adverse variances within legal costs and licensing income.
- **Operations Parking Regulation & Compliance - £0.6m adverse.**
Operations Parking Regulation & Compliance - the budget assumes a £0.6m credit balance for on and off-street parking enforcement income which will potentially be unachievable as per legislation which states that any surplus must be spent on specific purposes.
- **Uniformed Services – £0.2m favourable.**
Due to level of vacancies. Assumes posts filled in second half of year.
- **Security Services – £0.2m favourable**
Due to improved income forecasts.
- **Community Safety & Logistics - £0.1m adverse.**
Various small adverse variances.

Neighbourhood Services £0.4m adverse

- **Fleet Services - £0.4m adverse**
Inflationary pressures on fuel. Based on previous years volume and activity and current prices in relation to Domestic Waste and Public Realm vehicles.
- **Nottingham Catering - £0.2m adverse**
Due to food prices and closure of commercial outlets. It is possible that further increases in meals income occur with the promotions planned and naturally returning custom, but this has not been relied upon. The cost per meal provided by the service has been increased by 13%.
- **Facilities & Building Services – £0.2m favourable**
Due to significant vacancies. The service is currently forecasting full income for the year whilst carrying significant vacancies which will need to be reviewed as part of future forecasts.
- **Parking Services - £0.2m adverse**
Broadmarsh car park income lower than budgeted expectation. All other car parking operations are forecast to balance overall based on Quarter 1 actual data. Parking income is a volatile area but is monitored and forecast using weekly income data.

Sports & Culture £0.2m favourable

- **Sport & Leisure £0.7m favourable**
Due to improved post pandemic income achievement, following marketing campaigns since January 2022. In addition increased cleaning costs have been

absorbed within existing resources – this has been necessary to support customer confidence.

- **Markets £0.6m adverse**

Due to the reduced income compared to budget assumptions.

- **Theatre Royal Concert Hall (TRCH) £0.4m favourable**

The overachievement of income is due to improved post pandemic performance. Financial year 2022/23 will be an unusual year for TRCH due to fewer nights with no performances estimated to be 80 nights compared with 127 nights for 2018/19 and 136 nights for 2019/20. This has occurred due to shows ordinarily scheduled for 2022/23 and shows postponed from 2021/22 and 2020/21 all taking place. The number of shows scheduled for 2023/24 is expected to return to normal levels.

- **Museums £0.3m adverse**

Variance due to a concession agreement with the Nottingham Castle Trust.

- **Events £0.1m adverse**

Largely due to unbudgeted costs regarding Nottingham Forest's promotion to the Premier League celebrations.

Finance & Resources (F&R) £2.1m adverse

F&R Directorate £0.9m adverse – contains previous years MTFP savings agreed to be delivered from across wider F&R:

- previous MTFP saving plus increase in 2022/23 in relation to Customer. The activity needed to deliver these original savings is now embedded as part of transformation programme instead.
- **£0.3m** - previous years MTFP saving related to IT One device. This is expected to form part of the IT transformation programme however as at Quarter 1 a full delivery programme for this has not been established.

Legal & Governance - £0.2m adverse

Due to 8x additional locums, not all of which can be offset by recharging and a pressure on internal recharging.

Human Resources £0.2m adverse

- HR – **£0.3m** favourable variance on employee costs in Pensions and Executive Office, **£0.5m** favourable variance on running costs within Employability & Trade Union.
- OT Directorate– **£0.4m** adverse variance due to historic pooled savings not achieved (schools income, SLMG support)
- Works Perks - **£0.1m** unachieved works perks targets due to reduced uptake in schemes, impacted by work from home practices.

Strategy & Policy - £0.2m adverse

Pressure regarding unachieved labour recharges.

Commissioning & Procurement - £0.2m adverse

Adverse position due to Crime and Drugs Partnership funding, however a review is pending and the outcome will be reflected in future forecasts.

Customer Services - £0.4m adverse

- Welfare Rights – Previous years MTFP savings **£0.3m** not achieved.

- Customer Services - **£0.2m** adverse. Due to **£0.1m** software pressure, **£0.2m** adverse staffing pressure offset by **£0.1m** favourable additional income/grant.
- Civic & Coronial - **£0.1m** favourable due to increased income in the Registrars service

Corporate £7.2m adverse

- **£6.9m** budget variance resulting from the national employers pay offer of £1,925 for all grades
- CIPFA review findings relating to HRA income **£2.0m adverse**. Impact shown corporately.
- Treasury Management **£1.5m favourable** forecast for interest costs & income
- Pension Strain **£0.3m favourable** based on last year spend.

Companies £0.2m adverse

- Ice Centre **£0.2m** adverse reflecting increased contribution to reserve based on RPI, in accordance with the conditions of the Sport England grant.

Details	Net Amount £m	Directorate		Portfolio	
		From	To	From	To
Transfer of Services resulting from changes in Portfolio arrangements					
Adults Directorate	(0.388)	Within P		AH	ASCH
Winter Pressures	0.000	Within P		AH	ASCH
Adult Assessment Management	0.692	Within P		AH	ASCH
Health Integration	34.086	Within P		AH	ASCH
Ledger	0.000	Within P		AH	ASCH
Quality Assurance & Safeguarding	1.840	Within P		AH	ASCH
Specialist Services	43.715	Within P		AH	ASCH
ASC Quality & Change	0.560	Within P		AH	ASCH
Disabled Children's Service	2.572	Within P		AH	ASCH
Prevention Reablement & Support	0.310	Within P		AH	ASCH
Residential & Day Services	6.488	Within P		AH	ASCH
Housing Related Support	0.625	Within P		AH	ASCH
Adaptations & PAD Scheme	0.044	Within P		HPH	ASCH
Public Health	0.256	Within P		AH	ASCH
Street Lighting	3.938	Within GCD		HTCS	HTP
NET Project	0.036	Within GCD		HTCS	HTP
Public Transport	2.251	Within GCD		HTCS	HTP
Concessionary Fares	9.148	Within GCD		HTCS	HTP
Traffic Safety	(0.835)	Within GCD		HTCS	HTP
Transport Strategy	(0.030)	Within GCD		HTCS	HTP
Transport Strategy (HTP)	0.277	Within GCD		HTCS	HTP
Highways & Energy Infrastructure	1.639	Within RS		HTCS	HTP
Cemeteries & Crematoria	(1.237)	Within RS		HTCS	HTP
Parks & Open Spaces	0.858	Within RS		HTCS	HTP
Fleet	2.524	Within RS		HTCS	HTP
NS Directorate Management	0.655	Within RS		HTCS	HTP
Workplace Parking	(7.535)	Within RS		HTCS	HTP

Details	Net Amount £m	Directorate		Portfolio	
		From	To	From	To
Parking Services	(7.443)	Within RS		HTCS	HTP
Children's Directorate	(11.306)	Within P		CYP	CYPS
Non Divisional	0.000	Within P		CYP	CYPS
Vulnerable Children & Families Directorate	(0.251)	Within P		CYP	CYPS
Children's Social Care Directorate	1.558	Within P		CYP	CYPS
Extensive & Specialist Services	8.146	Within P		CYP	CYPS
Early Help Services	2.265	Within P		CYP	CYPS
Children in Care	47.078	Within P		CYP	CYPS
Child Protection	10.393	Within P		CYP	CYPS
Safeguarding & Quality	1.434	Within P		CYP	CYPS
Strategy & Improvement	3.652	Within P		CYP	CYPS
Education Partnerships (CYPS)	0.433	Within P		LCS	CYPS
School Improvement	0.569	Within P		LCS	CYPS
Inclusive Learning	2.882	Within P		LCS	CYPS
Inclusive Learning (CYPS)	0.007	Within P		CYP	CYPS
School Improvement (CYPS)	(0.069)	Within P		CYP	CYPS
Education Partnerships (CYPS)	(0.407)	Within P		HTCS	CYPS
Strategy & Policy (CYPS)	(0.118)	Within FR		CYP	CYPS
Commissioning (CYPS)	0.000	Within FR		CYP	CYPS
Building Schools for the Future	0.001	Within GCD		SRC	CYPS
Street Scene & Grounds Maintenance	5.118	Within RS		HTCS	EE&W
Chief Executive's Office	0.406	Within CX		F&R	Finance
Customer Services	(0.017)	Within FR		EE&W	Finance
Civic & Coronial Services	1.576	Within FR		EE&W	Finance
F&R Directorate	(0.249)	Within FR		F&R	Finance
Legal and Democratic	2.551	Within FR		F&R	Finance
Corporate & Democratic Core (DRM)	0.129	Within FR		F&R	Finance
Director of Finance	(0.207)	Within FR		F&R	Finance
Corporate & Strategic Finance (Inc. Transactional & Systems)	1.493	Within FR		F&R	Finance
Commercial Finance	4.061	Within FR		F&R	Finance

Details	Net Amount £m	Directorate		Portfolio	
		From	To	From	To
Audit & Risk	0.280	Within FR		F&R	Finance
EMSS	2.519	Within FR		F&R	Finance
Corporate & Democratic Core	0.125	Within FR		F&R	Finance
Contracting & Procurement	0.682	Within FR		F&R	Finance
Commissioning & Procurement Management	0.188	Within FR		F&R	Finance
Contracting & Procurement (Finance)	0.405	Within FR		F&R	Finance
PH&R - Commercialism Schemes	(0.485)	Within GCD		F&R	Finance
Transformation	(0.340)	Within GCD		F&R	Finance
Nottingham Catering	(1.036)	Within RS		F&R	Finance
Extensive & Specialist (HHR)	1.073	Within P		HPH	HHR
IT	3.771	Within FR		F&R	HHR
Human Resources	3.230	Within FR		F&R	HHR
Works Perks Savings	(0.363)	Within FR		F&R	HHR
OT Directorate	0.806	Within FR		F&R	HHR
Executive & Majority Support	0.410	Within FR		F&R	HHR
Human Resources (EE&DS)	0.040	Within FR		F&R	HHR
Housing Related Support	4.173	Within GCD		HPH	HHR
Strategic Homelessness	1.068	Within GCD		HPH	HHR
Safer Housing	0.824	Within RS		HPH	HHR
GIS	0.476	Within GCD		HPH	LCP
PH&R - Housing Development (Regeneration)	(0.000)	Within GCD		HPH	LCP
PH&R - Housing Strategy	(0.014)	Within GCD		HPH	LCP
PH&R - Building Control	(0.054)	Within GCD		HPH	LCP
PH&R - Planning	(0.680)	Within GCD		HPH	LCP
PH&R - Planning Strategy	0.457	Within GCD		HPH	LCP
HUD - Heritage & Urban Design	0.224	Within GCD		HPH	LCP
Business Management Sport & Culture	0.142	Within RS		LCS	LCP
Events & Goose Fair	0.033	Within RS		LCS	LCP
Libraries	3.059	Within RS		LCS	LCP
Museums	0.907	Within RS		LCS	LCP

Details	Net Amount £m	Directorate		Portfolio	
		From	To	From	To
Sports & Leisure	0.562	Within RS		LCS	LCP
Sports & Culture Marketing	0.083	Within RS		LCS	LCP
Theatre & Royal Concert Hall	1.038	Within RS		LCS	LCP
Corporate Policy	0.149	Within FR		F&R	SRC
Analysis & Insight Service	0.432	Within FR		F&R	SRC
Strategy & Policy (SRC)	0.027	Within FR		F&R	SRC
Facilities & Building Services (SRC)	2.545	Within RS		F&R	SRC
Facilities & Building Services (F&R)	0.170	Within RS		F&R	SRC
Facilities & Building Services (Pest Control)	(0.104)	Within RS		F&R	SRC
Welfare Rights	0.067	Within FR		F&R	SG&ED
Total Gross value of virements due to changes in Portfolio arrangement	203.063				

Operational virements in year					
Public Health Transition Plan & Pressure Funding	0.256	P	FR	ASCH	Finance
	0.149	Within FR		NSI	Finance
Communications & Marketing review	0.008	Within RS		EE&W	HTP
	0.040	RS	FR	HTP	SRC
	0.061	Within FR		HHR	SRC
	0.080	RS	FR	LCP	SRC
	0.052	GCD	FR	LCP	SRC
	Employee budget realignment within Traffic Safety	0.022	Within GCD		HTCS
Employee budget realignment from Traffic Safety to Major Projects	0.176	Within GCD		HTCS	SRC
Contribution to Area Capital Fund (Blossoms Project)	0.004	RS	Corporate	NSI	Finance
Telephone costs centralisation adjustment	0.054	FR	GCD	HHR	SRC
Budget realignment within G&CD Directorate	0.010	Within GCD		SRC	SG&ED
Publicity & Marketing budget realignment within Sports & Culture	0.001	Within RS		LCP	SG&ED
Total gross value of operational budget virements	0.913				
	203.975				

Directorate	Key
People	P
Resident Services	RS
Chief Executive	CX
Growth & City Development	GCD
Finance & Resources	FR

Former Portfolios	Key	Current Portfolios	Key
Adults & Health	AH	Adult Social Care & Health	ASCH
Highways, Transport & Cleansing Services	HTCS	Highways, Transport & Parks	HTP
Children & Young People	CYP	Children, Young People & Schools	CYPS
Neighbourhoods, Safety & Inclusion	NSI	Neighbourhoods, Safety & Inclusion	NSI
Energy, Environment & Waste Services	EE&W	Energy, Environment & Waste Services	EE&W
Finance & Resources	F&R	Finance	Finance
Housing, Planning & Heritage	HPH	Housing & Human Resources	HHR
Leisure, Culture & Schools	LCS	Leisure, Culture & Planning	LCP
Strategic Regeneration & Communications	SRC	Strategic Regeneration & Communications	SRC
Skills, Growth & Economic Development	SG&ED	Skills, Growth & Economic Development	SG&ED

Quarter 1 2022/23 movement in Earmarked reserves

Reserve Category	Reserve Name	Details of Transfer	Reserve Replenishment £m	Use of Reserves £m	Total £m
Asset Maintenance	Broad Marsh CP&BS Lifecycle Sinking Fund	Annual budgeted contribution.	(0.189)		(0.189)
Asset Maintenance Total			(0.189)		(0.189)
Capital	Revenue Reserves for Capital	Asset Acquisition (exempt DDM)	(0.015)		(0.015)
		Property budget for necessary works prior to disposal Transfer between Capital reserves	(0.970)	0.050	0.050 (0.970)
	Revenue Implications of Capital Schemes	Transfer between Capital reserves		0.970	0.970
Capital Total			(0.985)	1.020	0.035
Contingency & Risk	Resilience Reserve	Interim Strategic Finance Lead & Deputy S151		0.127	0.127
Contingency & Risk Total				0.127	0.127
Schools	Schools - Other Balances	Funding purchase of laptops for Looked After Children (LAC) pupils		0.039	0.039
Schools Total				0.039	0.039
Services	Museum Projects & Collections	Asset Acquisition (exempt DDM)		0.015	0.015
Services Total				0.015	0.015
Transformation	Treasury Management MRP Transformation of Services	In accordance with Treasury Management Strategy & in support of Transformation of Services work	(4.024)		(4.024)
	Usable Reserves - Fit for the Future	Additional temporary HR resource for Fit For the Future ongoing issues		0.165	0.165
Transformation Total			(4.024)	0.165	(3.859)
Total			(5.198)	1.366	(3.832)

Quarter 1 2022/23 Debtors Monitoring

Quarterly Performance Review – 2022/23	Qtr1
BVPI 66a - Housing Rent Collection (%) <i>(cumulative - current tenants only)</i>	
<i>(arrears + debit)</i> Actual	95.03
Target	98.50
Last Year Actual 2021-22	95.77
BVPI 9 - Council Tax Collection (%)	
<i>(in year cumulative)</i> Actual	26.11
Target	25.60
Last Year Actual 2021-22	26.20
BVPI 10 - NNDR Collection (%)	
<i>(in year cumulative)</i> Actual	28.89
Target	28.50
Last Year Actual 2021-22	26.65
Sundry Income Collection (%)	
<i>(12 month rolling average)</i> Actual	81.00
Target	99.00
Last Year Actual 2021-22	74.50
Sundry Income Debtor Days -General	
Actual	37.00
<i>(12 month rolling average)</i> Target	32.30
Last Year Actual 2021-22	37.00
Estates Rents Collection (%)	
Actual	96.67
<i>(12 month rolling average)</i> Target	97.50
Last Year Actual 2021-22	94.60
Adult Residential Services Collection (%)	
Actual	97.50
<i>(12 month rolling average)</i> Target	97.50
Last Year Actual 2021-22	97.60

Quarter 1 HRA forecast outturn variance**HRA £3.1m favourable****Movement on the Bad Debt Provision £2.1m favourable**

The bad debt provision has been reduced by **£2.1m**, this gives a revised increase for the year of **£0.1m**, which will take the total provision to **£6.4m**. The provision was previously increased for the full potential impacts of Universal Credit and the pandemic, however the most recent reviews indicate the scale of this provision can now be reduced.

This budget will be reviewed and reset for the 2023/24 financial year, taking into account likely economic conditions as well as the write off and bad debt policies of Nottingham City Council.

Non-Dwelling Rents £0.7m adverse

The overspend of **£0.7m** is due to the under recovery of income from PV solar panel rentals, efforts are underway to recruit additional staff to increase the levels of recovery.

Retained Housing Functions £0.8m favourable

Removal of the contribution towards Welfare Rights of **£0.3m** by the General Fund following the CIPFA review of the HRA. This has been forecast at zero until further information can be gathered to support this charge.

£0.2m removal of recharges formerly paid to the General Fund in respect improved collection rates of PV income tariff and pest control, following the CIPFA review.

There is a favourable variance of **£0.3m** within the revenue costs that are ancillary to the capital programme. This figure is an estimate based on actual movements in 2021/22.

Housing Development £0.8m favourable

Removal of **£0.5m** Corporate and Democratic Core recharge by the General Fund following the CIPFA review of the HRA. This is now forecast at zero until further evidence to support the charge can be compiled.

Vacancy savings of **£0.3m**, due to posts being held vacant until the new structure has been approved and in order to facilitate absorption of Nottingham City Homes employees under TUPE.

HRA Quarter 1 Forecast Outturn Position April – June 2022					
Housing Directorate	Original Budget £m	Current Budget at Qtr1 £m	Forecast Outturn at Qtr1 £m	Forecast Variance at Qtr1 £m	Variance %
Dwelling Rents	(101.092)	(101.092)	(101.092)	0.000	0.00
Bad Debt Position	2.213	2.213	0.100	(2.113)	(95.48)
Service Charges	(9.552)	(9.552)	(9.552)	0.000	0.00
Non-Dwelling Rents	(2.469)	(2.469)	(1.787)	0.682	27.62
Interest Received	(0.031)	(0.031)	(0.031)	0.000	0.00
Other Income	(0.222)	(0.222)	(0.222)	0.000	0.00
Total Income	(111.153)	(111.153)	(112.584)	(1.431)	(1.29)
Repairs & Maintenance	27.873	27.873	27.873	0.000	0.00
Management Fee	21.553	21.553	21.553	0.000	0.00
Tenant Incentive Scheme	0.500	0.500	0.500	0.000	0.00
Public Realm	3.164	3.164	3.164	0.000	0.00
CCTV	1.501	1.501	1.501	0.000	0.00
Retained Housing Functions	3.090	3.090	2.259	(0.831)	(26.90)
HRA Shops	(0.546)	(0.546)	(0.552)	(0.005)	0.98
Housing Development	2.443	2.443	1.670	(0.773)	(31.64)
Housing Partnership	0.996	0.996	0.962	(0.035)	(3.46)
Depreciation	31.968	31.968	31.968	0.000	0.00
Capital Charges	16.668	16.668	16.668	0.000	0.00
DRF	0.600	0.600	0.600	0.000	0.00
Working Balance Surplus	1.342	1.342	1.342	0.000	0.00
Housing Delivery Transition project	0.000	0.000	0.001	0.001	0.00
Total Expenditure	111.153	111.153	109.509	(1.644)	(1.48)
Housing Total	0.000	0.000	(3.075)	(3.075)	(2.77)