

Annex 1

Forecast Outturn 2022/23

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Annex 1 – Forecast Outturn 2022/23

1. Introduction

- 1.1 This annex summaries the forecast outturn for the revenue element of the General Fund for Qtr3 2022/23 (as at 31 December 2022). The Qtr3 position for Capital is detailed within Annex 7 and details for the Housing Revenue Account (HRA) are included within Annex 8. The Council's risk based forecasting reflects the diverse nature of the Council's activities and the wide range of cost and income drivers.
- 1.2 The Qtr2 2022/23 budget monitoring report was presented to Executive Board in December 2022 and the forecast overspend of **£11.4m** was also reflected in the budget assumptions within the MTFP update at November 2022 Executive Board.
- 1.3 Throughout the report adverse budget variances are shown as a positive number and negative numbers represent a favourable budget variance.

2. Background (including outcomes of consultation)

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.
 - The General Fund Balance stood at **£12.6m** as at 31 March 2022 in line with the MTFP.

Reserves Policy

- 2.2 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>

Quarter 2 2022/23 forecast outturn position

- 2.3 Executive Board in December 2022 noted the Quarter 2 2022/23 forecast outturn report, the General Fund at this time projected a **£11.4m (5.0%)** adverse variance. The drivers for this adverse variance were:
 - 2022/23 Pay inflation – the pay award for 2022/23 has now been agreed and is a flat rate of **£1,925** for all pay points, this represents a **£7.2m** adverse variance to the budgeted assumption of **2%**.
 - Treasury Management **£5.1m** favourable due to increased investment income as a result of a combination of the revised cashflow position due to the forecast underspend on the capital programme and the recent interest rate increases that will earn higher returns on the Council's investments.

- Adults **£4.5m** adverse – largely due to adverse variances within net external care purchasing budgets
- Growth and City Development **£3.8m** adverse - **£1.7m** adverse variance in Strategic Homelessness from inflationary pressures and numbers for B&B and temporary accommodation. Adverse variance for Utilities of **£1.6m** taking account of the price cap information.
- Finance and Resources **£2.4m** adverse – largely due to previous budget savings which are now assessed as undeliverable
- **£2.0m** adverse variance following the HRA CIPFA review.
- The S151 officer commissioned a review of base budgets due to the significant outturn variances against budget in recent years that were not forecast, the outcome of this review has been to rebase some of the Directorate budgets with a reduction in the total of all directorate budgets being reduced by **£3.3m** which is being held within Corporate budgets and remains uncommitted at the end of Quarter 2. Further work to validate forecasts against in year budgets and actuals is being undertaken between Corporate Directors, their Budget Holders and Finance Officers on an iterative basis in order to improve the quality of budget monitoring information and robustness of financial forecasting.

2.4 The S151 Officer has commissioned a review of the general fund base budgets following previous years outturn variances. The review has concluded and the Directorate base budgets have been adjusted as per **Table 1** below, this outcome of this review has been to leave a surplus budget in Corporate of **£3.3m**. This is assumed forecast as a favourable variance within the Quarter 3 report.

Table 1 : Budget adjustments applied at P6 relating to the rebasing exercise					
Directorate	Original Recommended Rebasing £m	Adjustment to Rebase* £m	Adjusted Rebasing Position £m	Rebasing (Adults to Childrens) £m***	Total Rebasing £m
Adults	(6.296)		(6.296)		(6.296)
Childrens	0.662		0.662	2.641	3.303
Education	0.200		0.200		0.200
Resident Services	(1.072)	0.403	(0.669)		(0.669)
Growth & City Development	(0.253)		(0.253)		(0.253)
Finance & Resources	0.884	(0.341)	0.543		0.543
Corporate**	6.003	(0.062)	5.942	(2.641)	3.301
Companies	(0.128)		(0.128)		(0.128)
Total	0.000	0.000	0.000	0.000	0.000

*duplication of & MTFP growth items for F&R & outstanding actions in Resident Services

**balance held corporately

***gross Adults reduction taken to Corporate in the first instance & then allocated to Children's for transparency

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 Councils finances to secure delivery within the approved budget.

3. General Fund Revenue Budget – Qtr3 2022/23 budget monitoring and forecast outturn

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

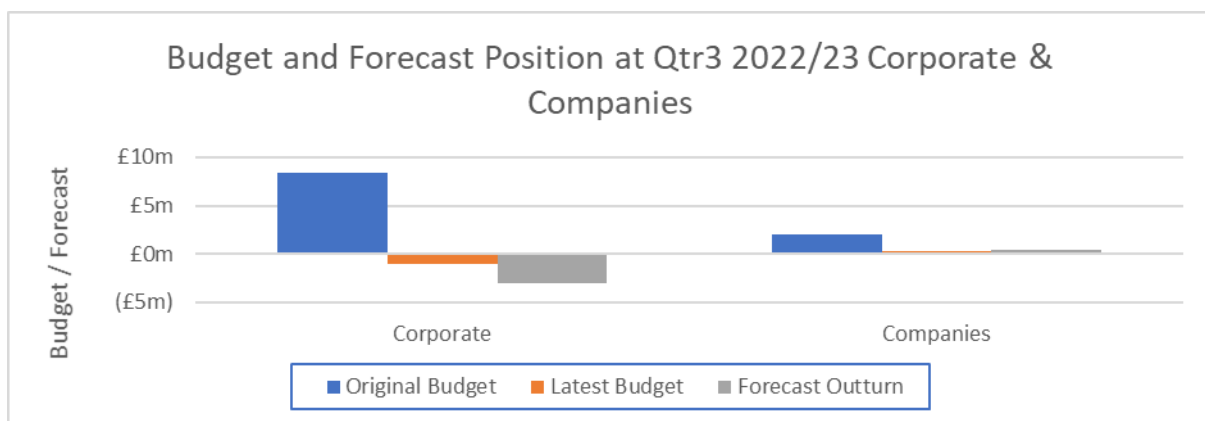
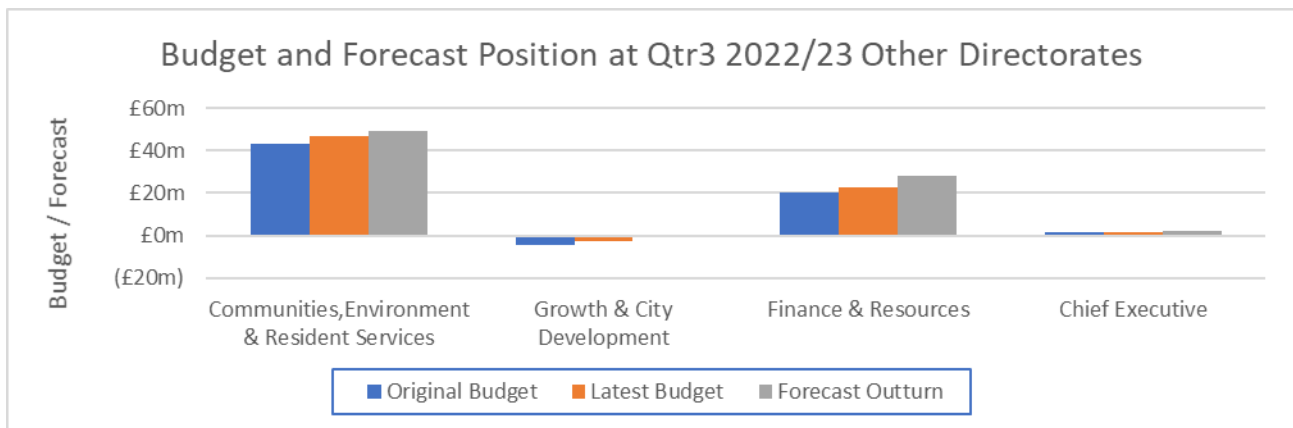
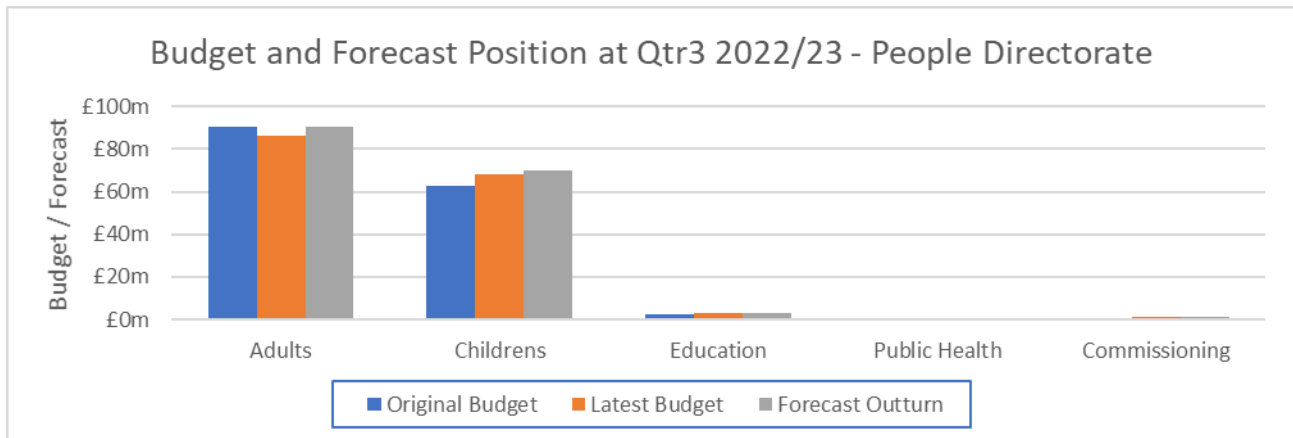
3.2 The Quarter 3 position is a forecast outturn of **£241.6m** against an approved budget of **£227.6m** representing an adverse variance of **£13.6m (6%)**. **Table 2** summarises the original budget, revised budget at Quarter 3 and forecast outturn by Directorate. The Quarter 2 forecast variance is also shown and the Quarter 3 variance column highlights the direction of travel since the previous Quarter (green is improving, red is worsening).

Table 2 : Quarter 3 2022/23 General Fund forecast outturn by Directorate					
Directorate	Original Budget 2022/23	Revised Budget as at Qtr3	Qtr3 Year-end forecast outturn	Qtr2 forecast variance to budget	Qtr3 forecast variance to budget
	£m	£m	£m	£m	£m
Adults Services	90.545	86.360	90.357	4.486	3.997
Children's Services	62.969	68.336	70.014	0.308	1.678
Education	2.378	3.308	2.879	(0.023)	(0.429)
Commissioning	0.929	1.392	1.348	0.151	(0.044)
Schools	0.000	0.039	0.039	0.000	0.000
Public Health	0.256	0.000	0.000	0.000	0.000
Communities, Environment & Resident Services	43.077	46.906	49.457	0.672	2.551
Growth & City Development	(4.629)	(2.618)	(0.655)	3.002	1.963
Finance & Resources	19.993	22.937	28.424	2.127	5.487
Chief Executive	1.640	1.837	1.986	0.126	0.149
Total Directorates	217.158	228.495	243.848	10.850	15.352
Corporate (Excluding rebasing)	8.423	(4.397)	(3.057)	3.666	1.340
Rebase	0.000	3.301	0.000	(3.301)	(3.301)
Companies	2.069	0.250	0.450	0.200	0.200
Total	227.649	227.649	241.240	11.415	13.591

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, this offer has now been agreed and an announcement made on 1 November 2022. The 2022/23 budget assumed a 2% pay award. The adverse impact to the general fund budget based on a high level assessment is **£7.2m** and has been included within the Corporate forecast since Qtr1. The 2022/23 pay award was paid to

colleagues in December and Directorate employees budgets were updated in December to reflect the new pay scales.

3.4 The charts below show by Directorate for 2022/23 the original budget, latest budget as at Quarter 3 and the forecast outturn.



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 3** below sets out by Directorate the significant variances to budget.

Table 3 – Quarter 3 forecast outturn key variance explanations	
Directorate	Variance explanation
Adults £4.0m adverse	<ul style="list-style-type: none"> ○ External care purchasing / Universal services £5.1m adverse; £0.1m Northgate contract adverse; Savings £0.3m adverse; offset by favourable variances for Integrated Community Equipment Loan Service (£0.5m) and HRS/other contracts (£0.4m) ○ staffing / internal provision (£0.07m)
Children's Services £1.7m adverse	<ul style="list-style-type: none"> ○ Children in Care £4.4m adverse <ul style="list-style-type: none"> ○ External placements £5.0m due to higher than budgeted weekly costs and increased number of placements. Internal Provision (£0.4m) favourable variance, favourable movement from P8 (£0.4m) largely due to revised forecast on transport costs (£0.230m) within Fostering & revised growth (£0.05m) based on the number of weeks remaining and (£0.1m) for semi-independent and residential ○ Other provisions £0.3m adverse variance largely in relation to Care Leavers, which has had an adverse movement from P8 £0.1m ○ Funding (Health, DSG, Home Office) – (£0.9m) favourable variance, favourable movement from P8 (£0.045m) due to an increase in Home Office income ○ Unachieved Transformation saving of £0.539m, adverse movement from P8 £0.5m. This movement relates to funding which had been transferred from Adults of £2.6m, though £0.535m had been earmarked for funding resources in the Transformation Office for Children's Transformation ○ Other Children's Services £2.7m favourable largely due to significant staffing vacancies within these teams
Commissioning £0.04m favourable	<p>Service variance is mainly due to changes in the Provider Performance and Development (£0.093m) part offset by an adverse variance of £0.064m in Strategic commissioning.</p> <ul style="list-style-type: none"> ○ Contract (Commissioning) and Management (£0.046m) favourable variance mainly due to a change in the Provider Performance and Development (£0.093m) part offset by an adverse variance of £0.064m in Strategic Commissioning.
Education £0.4m	<ul style="list-style-type: none"> ○ Following a Passenger Transport budget review in period 7, additional work had been undertaken in periods 8 and 9 to the

favourable	<p>recharges the overall forecast revised to an adverse variance of £0.149m, this is made up of adverse variances on External Fleet Repairs £0.052m, Unallocated Salary Savings £0.051m, and the remainder £0.046m consisting of smaller cost centre variances.</p> <ul style="list-style-type: none"> ○ Inclusive Learning favourable variance of (£0.591m). This mainly is due Schools DfE Grant Income (£0.270m) which now has a balanced forecast, Educational Psychologists (£0.156m) was due to an alignment of the income forecast adjustment present in P8, and Learning Support additionally required a salary realignment for (£0.170m).
Communities, Environment & Resident Services £2.5m adverse	<p><u>Communities £0.3m favourable.</u></p> <ul style="list-style-type: none"> ○ £0.7m favourable across Operations Parking Regulation & Compliance; Uniformed Services and Security Services due to improved income position & level of vacancies. ○ £0.4m adverse across Community Safety & Logistics and Environmental Health & Licensing due to unachieved historic saving and anticipated overspend regarding Crime & Drugs Partnership ongoing review ○ Parks and Open Spaces £0.1m favourable. The PwC rebase increased this budget by £0.214m and the original intention was to fully utilise the revised budget. ○ Fleet Services £0.5m adverse. This is due to inflationary pressures on fuel and external repairs. Based on previous years volume and activity and current prices in relation to Domestic Waste and Public Realm vehicles <p><u>Sport & Culture £1.2m favourable</u></p> <ul style="list-style-type: none"> ○ Libraries £0.2m favourable due to the longer than expected time to recruit the new posts in Central Library. There is also a delay in re-opening Sherwood Library following development, leading to one off cost reductions. ○ Museums £0.5m adverse due to the Castle site transferring to Nottingham City Council following the Nottingham Castle Trust going into liquidation, and therefore having to incur premises holding costs pending a decision on future operations. The remaining net overspend of £0.293m relates to loss of income from the Concession Agreement from the Trust, which was necessary to cover prudential borrowing costs following development and 2021/22 budgeted income target for the services provided, after allowing for improved performance at Newstead Abbey and Wollaton Park (£0.2m). ○ Markets £0.5m adverse due to reduced rental income compared to budget assumptions ○ Sports and Leisure £1.0m favourable due to continuing improved post pandemic income achievement in particular around swimming

	<p>and wet sports hire, and cost reductions / slippage.</p> <ul style="list-style-type: none"> ○ Theatre Royal and Concert Hall £1.0m favourable due to continued improved post pandemic income achievement <p><u>Carbon Reduction, Energy and Sustainability £3.9 adverse</u></p> <ul style="list-style-type: none"> ○ Utilities £4.9m adverse due to increase in utility costs against available budgeted. Worsening position since P7 due to the financial impact of the Government's change in stance from price cap to price discount. ○ Energy Services £0.3m favourable and EE & Waste Strategy £0.7m favourable due to recently approved increase in tariffs
<p>Growth & City Development £2.0m adverse variance</p>	<ul style="list-style-type: none"> ○ Strategic Homelessness £2.0m adverse. Inflationary & cost of living pressures impacting nightly costs for B&B & temporary accommodation along with increased demand ○ Strategic Assets & Property £0.9m favourable due to a £1.0m release from the review of the current bad debt allowance for Property ○ Traffic £0.6m adverse. Forecast income from recharging for use of Traffic officers time on capital projects much lower than budgeted. A corporate review to achieve a consistent approach for the correct recharge of time to capital projects across the Council is progressing. ○ Regeneration & Housing Partnerships £0.4m adverse. Costs for the Housing Partnership and Regeneration Teams that sit in the General Fund (GF) for 2022/23. The team was previously coded to the HRA with recharges to for GF work but that position is changing to show cost of GF team in the base budget. ○ Street Lighting £0.3m adverse due to withdrawal of the HRA contribution to fund lighting in designated areas. ○ Parking Enforcement £0.6m favourable variance.
<p>Finance & Resources £5.6m adverse</p>	<ul style="list-style-type: none"> ○ Finance & Resources Directorate £0.9m adverse largely due to undeliverable historic savings ○ Legal & Governance £0.5m adverse. Information Compliance £0.2m due to increased needs of the service and additional resourcing requirement (£0.3m) ○ Finance £0.2m adverse due to non-delivery of contract saving £0.6m and £1.4m possible overstated income budget lines ○ Human Resources £0.2m adverse. Non-achievement of historic savings for school income and senior management support of £0.3m mitigated by £0.1m employee underspend in addition to revised underspend relating to Strategic HR function. Works Perks £0.08m adverse reduced uptake in schemes due to working from home practices offset.

	<ul style="list-style-type: none"> ○ Strategy & Policy £0.1m adverse. Labour recharge pressure not achievable and income shortfall in the Data Analytics Insight for School Improvement (DAISI) service. Corporate Policy has a slight improvement on the staffing forecast £0.01m ○ Commissioning & Procurement £0.2m adverse. Largely relates to an employee pressure in Contracting & Procurement ○ Customer Services £0.5m adverse due to unachievable MTFP savings. This includes the removing of £0.3m from the budget for vacancies that were surplus to requirement. A delivery plan to permanently achieve this saving was rejected so this remains a pressure ○ Revenues & Benefits £1.4m adverse due to non-delivery of previous savings and software costs. One-off audit correction regarding an HRA transfer of £0.333m. This has been part mitigated by £0.059m PwC rebasing budget addition within employee costs. In addition, NRB will be refunding NCC for 8.8FTE which have been overcharged £0.380m
Corporate £1.3m adverse	<ul style="list-style-type: none"> ○ £7.2m adverse budget variances resulting from the national employers pay offer of £1,925 for all grades. ○ £7.2m favourable variance in Treasury Management increased investment income due to rising interest rates and increased cash for investment due mainly to slippage on the capital programme. ○ £1.7m adverse due to removal of recharges to the HRA as a result of the CIPFA review. ○ £0.3m Pension Strain favourable based on prior year trend
Rebase £3.3m favourable	<ul style="list-style-type: none"> ○ The rebasing exercise has moved budget to the corporate centre where it will be held over the remainder of the financial year pending a review of directorate financial performance between P9 to P12. A net sum of £3.3m will be held uncommitted pending the review and is available to offset directorate overspends as required. The gross re-base total of £6.0m has been reduced by the reallocation of £2.6m from Adults to Children's within the People Directorate which was decided upon prior to the rebasing exercise.
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 **£50.2m** require approval and are detailed in **Appendix B**. The virements relate to the following:

- i) 2022/23 Pay Award
- ii) Transformation Programme

- iii) Utilities Budget Reallocation
- iv) Management Restructure
- v) Various Budget Realignments
- vi) Various Budget Reallocations

The Council's total net budget of **£227.6m** remains unchanged as a result of the 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 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 4** below shows a summary by directorate of the Quarter 3 forecast variance and compares this to the savings and pressures variances reported.

Table 4: Q3 General Fund forecast variance, analysed by savings non delivery (new and historic), pressures, demand and service cost / income variances					
Directorate	Qtr3 forecast variance to budget	New 22/23 savings / pressure variance*	Historic budget undelivered / delayed Savings **	Service Demand (volume) variance	Service Cost/ income (per unit) variance
	£m	£m	£m	£m	£m
Adults***	3.997	-0.254	0	1.932	2.320
Childrens	1.678	0.705	0.084	0	0.889
Commissioning	(0.044)	0	0	0	(0.044)
Education	(0.429)	0	0	0.118	-0.429
Public Health	0	0	0	0	0
Communities, Environment & Resident Services	2.551	0.267	1.372	(2.306)	3.213
Growth & City Development	1.963	0	0.205	1.691	0.111
Finance & Resources	5.636	1.431	1.610	0.731	1.868
Chief Executive					
Total Directorates	15.352	2.149	3.271	2.166	7.972
Corporate (excl. rebase)	1.340	0	2.046	(0.262)	1.882
Rebase	(3.301)	0	0		(3.301)
Companies	0.200	0	0.200		
Total	13.591	2.149	5.517	1.904	6.553

*These are savings / pressures that are either new to 22/23 or reflect a change to the previous year

** These are historical savings / pressures where there was no change in the 21/22 to 22/23 budget

***Base budget not constructed on volume / price model – the variance for external care purchasing has been notionally split across the volume/cost categories until the model has been further developed.

Transformation Budget Monitoring and Forecasting

- 3.10 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.
- 3.11 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.
- 3.12 **Table 5** below shows the current forecast, as at end December 2022, estimating **an under delivery of £0.010m** compared to the original net budget requirements. This is due to: **slippage in the Childrens programme** (due to the OFSTED inspection focus and ensuring alignment of the outcome with the programme) mitigated by an **over delivery of the Transformation element of the Adults** programme which has now been captured as further savings in the 2023/24 budget process.

	Original Budget	Budget as at Qtr3	Qtr3 forecast	Qtr3 forecast variance	Variance %
	£m	£m	outturn £m	£m	
Adults	-0.226	-0.226	-0.775	-0.549	243.0
Customer	-0.329	-0.253	-0.253	0.000	0.0
Business Support	-0.340	-0.340	-0.340	0.000	0.0
Childrens	-0.539	-0.539	0.000	0.539	100.0
Procurement	-0.031	-0.019	-0.019	0.000	0.0
Total	-1.465	-1.377	-1.387	-0.010	1.0

Movement in earmarked reserves

- 3.13 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 3 2022 have been approved by S151 / Deputy S151 Officer.
- 3.14 General Fund earmarked reserves as at 31 December 2022 of **£183.3m**, this represents a reduction of **£7.1m** 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 transfer to reserves of **£3.8m** during Quarter 1, largely due to a transfer of **£4.0m** of MRP overprovision to the Treasury Management Reserve in accordance with the Treasury Management Strategy 2017/18 (report to City Council 5 March 2018).
 - a net transfer to reserves of **£0.1m** during Quarter 2, largely due to
 - the transfer into reserves of **£1.8m** revenue budget for companies;
 - a drawdown from capital reserves of **£1.6m**;

- a drawdown from the Financial Resilience Reserve **£0.2m**.

During Quarter 2 the S151 Officer also approved the transfer of **£10.2m** to the Financial Resilience Reserve following a review of Treasury Management reserves.

- a drawdown of **£0.008m** in Quarter 3 in respect of in year expenditure from the Civil Penalties reserve

Review of Earmarked Reserves

- 3.15 In line with the approved Reserves policy and in response to the projected overspend forecast for 2022/23, the S151 Officer undertook a further detailed review of earmarked reserves. The review set out to undertake a comprehensive review of General Fund Earmarked Reserves, with the objective of identifying funds that can be temporarily released from specific reserves to provide additional flexibility and resilience in the overall management of the Council's finances. The balances at 20 September 2022 were used as the basis for the review. It should be noted that any actual overspend at the end of 2022/23 will need to be funded from the Financial Resilience Reserve (FRR) and therefore it is necessary for the Council to have sufficient funds within the FRR to cover such an overspend position.
- 3.16 The review identified **£20.0m** from various reserves that are available to make a temporary contribution to the Finance Resilience Reserve to support finance resilience within the Council in 2023/24. The use of these identified reserves will need to be repaid over the term of the MTFP and will be subject to Council approval as part of the 2023/24 MTFP and is provided here for information. **Table 6** below shows details of these reserves:

TABLE 6: EARMARKED RESERVE: AMOUNTS FOR TEMPORARY RELEASE		
	Category	£
St Anns Valley JSC	Private Finance Initiative	149,920
BSF Bigwood & Oakfield PFI	Private Finance Initiative	1,643,801
Farnborough PFI Project	Private Finance Initiative	1,001,994
NET City Reserve Fund	Private Finance Initiative	0
NHS LIFT (Bulwell)	Private Finance Initiative	1,405,372
NHS Local Imp Finance (LIFT)	Private Finance Initiative	2,595,745
PFI Life Cycle	Private Finance Initiative	1,078,330
Street Lighting PFI	Private Finance Initiative	3,190,386
		11,065,548
Southglade Football Pitch Sinking Fund	Asset Maintenance	50,940
Employer Hub Innovation Fund	Local Economy	200,000
Flood Risk Management	Services	266,275
Local Plan	Services	201,237
Broad Marsh CP&BS Lifecycle Sinking Fund	Asset Maintenance	200,000
Collection Fund & Business Rates	Contingency & Risk	5,300,000
Housing Benefits	Contingency & Risk	1,900,000
IT Investment Fund	Information Technology	816,000
		20,000,000

- 3.17 In line with the Reserves policy as approved by July 2022 Executive Board and in response to the projected outturn forecast the S151 a detailed review of earmarked reserves was carried out during Quarter 3. This included the following:

- consolidation of several Capital reserves into one revenue reserve for Capital,

- the establishment of a rebasing reserve with a balance of **£2.6m**,
- the transfer of **£2.9m** of earmarked reserves balances into the Financial Resilience Reserve

Further details are contained within **Appendix C**.

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 D**.

4.2 Housing Rents Collection

The in-year collection rate for the 3rd quarter of this financial year stands at **96.96%** which is an increase of **0.45%** on the previous quarter. The arrears for Q3 2022/23 were **£3.8m** compared to **£3.6m** for the same period last year, this is an increase of **£0.1m**, 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 % of Rent collected is **100.31%**

4.3 The current arrears as a % of rent debit stands at **3.60%** which is an increase **0.25%** when compared to the same time last year. Considering the circumstances in which we are operating with a Cost of Living crisis our performance when compared to the other landlords within the benchmarking groups is better than the majority of those in the group who are of a similar sized organisation. We have seen an increase in arrears cases when compared to the same point last year, but those in arrears have larger debts as we manage the fine line of trying to keep customers in their homes and moving those cases forward to court action where necessary. We are also seeing an increase in the number of people who are being entered into court for non-engagement and non-payment. The increase in the cost of living and increased fuel costs is having a real impact on our resident's finances. NCH teams continue to work in partnership with NCC to deliver the Cost of Living campaign and the Household support fund.

4.4 We are not benefitting from the Rollover of Discretionary Housing Payment (DHP) monies that we have benefitted from for the last 2 years as DHP applications are no longer rolled over, the funding for DHP has also reduced which means that a number of our residents who rely on DHP to meet shortfalls in their housing costs will start to fall into arrears. Because of the increase in private rents within Nottingham and Local Housing Allowance (LHA) won't meet all of the housing costs, the demand for DHP will only increase. The budget for the responsible tenant reward was also reduced this year by **£1.5m** to **£0.5m**, which a large number of our residents benefitted from. A large number of our residents are struggling financially to meet all of the debt obligations, this includes any rent/shortfall payments. This is noted as we have seen an increase in the number of people being supported via our tenancy sustainment team.

4.5 Council Tax

Collection at the end of Quarter 3 of financial year 2022/23 was **75.59%**, which is a reduction compared to the equivalent time last year (**76.05%**) but still above target. In monetary terms collection increased to **£122.8m** compared to **£118.0m** for the same period in financial year 2021/22.

4.6 **National Non- Domestic Rates (NNDR)**

Collection at the end of Quarter 3 of financial year 2022/23 was **75.19%**, which is an increase of **9.46%** when compared to the equivalent period in 2021/22. Collection amounted to **£100.0m** compared to **£52.5m** for the same period in financial year 2021/22.

4.7 **Sundry Income**

The percentage of debts collected within 90 days in the 12 months to December 2022 is **82%**, which is an improvement the corresponding figure for 2021/22 of 81% but below the target of **99%**. The debtor day indicator (which shows how quickly debts are recovered) is currently 35 days which is below both the 32.3 day target and the 31 day figure for 2021/22. It is, however an improvement on the Q2 recovery period of 36 days.

4.8 **Estates Rents**

The collection rate of **97.95%** exceeds the target of **97.5%**. It is an improvement on the same period last year, when the rate was **96.19%**.

4.9 **Adult Residential Services**

Quarter 3 collection is **97.42%**, in line with the target of **97.5%** but slightly below the corresponding figure for last year of **97.8%**.

Budget Monitoring 2022/23 – as at 31 December 2022 by Portfolio

Portfolio	Original Budget £m	Budget as at Qtr3 £m	Qtr3 forecast outturn £m	Qtr3 forecast variance to budget £m
Adult Social Care & Health	90.801	86.360	90.357	3.997
Children, Young People & Schools	66.266	72.316	73.403	1.087
Energy, Environment & Waste Services	20.939	22.144	25.855	3.711
Finance	11.713	14.938	20.100	5.162
Highways, Transport & Parks	4.443	5.489	6.616	1.127
Housing & Human Resources	15.031	15.366	17.516	2.150
Leisure, Culture & Planning	6.234	7.647	6.545	(1.102)
Neighbourhoods, Safety & Inclusion	10.661	11.435	10.355	(1.080)
Skills, Growth & Economic Development	1.092	1.374	2.408	1.034
Strategic Regeneration & Communications	(10.021)	(8.575)	(9.307)	(0.732)
Total Portfolios	217.158	228.495	243.848	15.353
Companies	2.069	0.250	0.450	0.200
Corporate	8.423	(1.096)	(3.057)	(1.962)
Total	227.649	227.649	241.240	13.591

VIREMENT 2022-23 REQUIRING EXECUTIVE BOARD APPROVAL

APPENDIX B

Details	Net Amount £m	Department		Portfolio	
		Between		Between	
22-23 Pay Award	2.000	Corp	P	Finance	ASCH
	0.316	Corp	GCD	Finance	HTP
	0.542	Corp	CERS	Finance	HTP
	0.007	Corp	CX	Finance	CYPS
	2.274	Corp	P	Finance	CYPS
	0.832	Corp	CERS	Finance	NSI
	1.373	Corp	CERS	Finance	EE&W
	0.006	Corp	GCD	Finance	EE&W
	0.781	Corp	FR	Within Finance	
	0.006	Corp	CX	Within Finance	
	0.423	Corp	P	Within Finance	
	0.102	Corp	GCD	Finance	HHR
	0.594	Corp	FR	Finance	HHR
	0.056	Corp	CERS	Finance	HHR
	0.673	Corp	CERS	Finance	LCP
	0.126	Corp	GCD	Finance	LCP
	0.659	Corp	GCD	Finance	SRC
	0.125	Corp	CX	Finance	SRC
	0.002	Corp	CERS	Finance	SRC
	0.037	Corp	FR	Finance	SG&ED
	0.105	Corp	GCD	Finance	SG&ED
	0.045	Corp	CERS	Finance	SG&ED

Details	Net Amount £m	Department		Portfolio	
		Between		Between	
Transformation Programme	0.014	CERS	FR	HTP	Finance
	0.003	GCD	FR	HTP	Finance
	0.040	P	FR	CYPS	Finance
	0.022	GCD	FR	SRC	Finance
	0.009	CERS	FR	EE&W	Finance
Utilities budget reallocation	0.056	CERS	P	EE&W	
	0.006	Within CERS	EE&W	HTP	
	0.032	CERS	GCD	EE&W	
	0.184	CERS	P	EE&W	
	0.097	Within CERS	EE&W	NSI	
	0.001	CERS	P	EE&W	
	0.201	Within CERS	EE&W	LCP	
	0.082	CERS	GCD	EE&W	
Realignment of staff recharges budgets between Major Projects & Traffic Safety	0.176	Within GCD		SRC	HTP
Technical Adjustment (Prudential Borrowing)	1.029	GCD	Corp	SRC	
Management Restructure - Workplace Parking	7.864	GCD	CERS	Within HTP	
Management Restructure - Parking Services	7.193	GCD	CERS	Within HTP	
Management Restructure - Strategy & Policy (CYPS)	0.118	FR	CX	Within CYPS	
Management Restructure - Crime & Drugs	0.215	P	FR	Within NSI	
Management Restructure - CDP (part)	0.157	CERS	P	Within NSI	
Management Restructure - Pest Control Commercial	0.101	Within CERS		NSI	SRC
Management Restructure - Operations Parking Regulation & Compliance	0.237	GCD	CERS	Within NSI	
Management Restructure - Utilities	6.618	CERS	GCD	Within EE&W	
Management Restructure - Energy Services	0.476	CERS	GCD	Within EE&W	
Management Restructure - EE & Waste Strategy	5.572	CERS	GCD	Within EE&W	

Details	Net Amount £m	Department		Portfolio	
		Between		Between	
Management Restructure - Commissioning Policy & Insight and FFTF Projects	0.027	Within CX		SRC	Finance
Management Restructure - Business Support Transformation	0.340	FR	GCD	Within Finance	
Management Restructure - Transformation & Improvement	0.300	FR	CX	Within Finance	
Management Restructure - Housing Aid	1.079	P	GCD	Within HHR	
Management Restructure - One Nottingham	0.029	CERS	GCD	Within SRC	
Management Restructure - Facilities & Building Services	4.323	CERS	GCD	Within SRC	
Management Restructure - Marketing & Communications	0.677	FR	CX	Within SRC	
Management Restructure - Corporate Policy	0.149	FR	CX	Within SRC	
Management Restructure - Analysis & Insight Service	0.432	FR	CX	Within SRC	
Management Restructure - Strategy & Policy (SRC)	0.027	FR	CX	Within SRC	
Management Restructure - Facilities & Building Services (Public Toilets)	0.022	CERS	GCD	Within SG&ED	
Budget realignment between Crime & Drugs and Community Safety & Partnerships	0.123	P	CERS	Within NSI	
Post transfer between Procurement & Community Safety & Logistics	0.045	FR	CERS	Finance	NSI
Post realignment between Analysis & Insight & Legal	0.045	CX	FR	SRC	Finance
Business Rates reallocation	0.593	Corp	GCD	Finance	SRC
Post realignments between Facilities & Buildings and Depots	0.156	GCD	CERS	Within SRC	
Savings realignment	0.283	FR	Corp	SG&ED	Finance
	50.236				

Department	Key
People	P
Communities, Environment & Resident Services	CERS
Chief Executive	CX
Growth & City Development	GCD
Finance & Resources	FR
Housing Revenue Account	HRA

Portfolio	Key
Adult Social Care & Health	ASCH
Highways, Transport & Parks	HTP
Energy, Environment & Waste Services	EE&W
Children, Young People & Schools	CYPS
Neighbourhoods, Safety & Inclusion	NSI
Finance	Finance
Housing & Human Resources	HHR
Leisure, Culture & Planning	LCP
Strategic Regeneration & Communications	SRC
Skills, Growth & Economic Development	SG&ED

Full Earmarked Reserves listing as at 31 December 2022

Appendix C

Title of Reserve	Balance 31 March 2022 £m	Balance 31 December 2022 £m	Movement £m
Invest to Save Energy Park	(0.248)	0.000	0.248
Castle Project Team Trans Funding	(0.443)	0.000	0.443
Revenue Implications of Capital Schemes	(0.640)	0.000	0.640
Rev Reserves for Capital	(0.983)	(5.945)	(4.962)
Capital Risk Reserve	(1.868)	0.000	1.868
Flexible Fitness Equipment	(1.490)	0.000	1.490
Allotment Improvement	(0.086)	0.000	0.086
Total Capital	(5.757)	(5.945)	(0.187)
Schools Building Maintenance	(0.113)	(0.113)	0.000
Other Balances	(15.011)	(14.972)	0.039
SSR - School Balances	(8.702)	(8.702)	0.000
Total Schools	(23.826)	(23.787)	0.039
St Anns Valley JSC	(0.447)	(0.447)	0.000
BSF Bigwood & Oakfield PFI	(4.903)	(4.903)	0.000
PFI Life Cycle	(3.216)	(3.216)	0.000
Street Lighting PFI	(9.515)	(9.515)	0.000
Farnborough PFI Project	(2.988)	(2.988)	0.000
NHS Local Imp Finance (LIFT)	(7.742)	(7.742)	0.000
NHS LIFT (Bulwell)	(4.192)	(4.192)	0.000
NET City Reserve Fund	(16.945)	(16.101)	0.844
Total Private Finance Initiatives	(49.949)	(49.105)	0.844
LTA - Contribution Sinking Fund	(0.232)	(0.232)	0.000
Investment Property Maintenance Fund	(0.614)	(0.614)	0.000
Theatre & RCH Restoration Levy	(0.737)	(0.737)	0.000
Forest Rec Ground Sinking Fund	(0.261)	(0.261)	0.000
Mercury Filtr & Environmt	(0.106)	(0.106)	0.000
Ice Centre Sinking Fund	(0.834)	(0.834)	0.000
Southglade Food Park Sinking Fund	(0.199)	(0.199)	0.000
Southglade Food Park Phase 2	(0.187)	(0.187)	0.000
Southglade Football Pitch Sinking Fund	(0.481)	(0.481)	0.000
Broad Marsh CP&BS Lifecycle Sinking Fund	(0.158)	(0.347)	(0.189)
Total Asset Maintenance	(3.810)	(3.999)	(0.189)
Insurance Reserve	(3.919)	(3.919)	0.000
Housing Benefits	(4.615)	(4.615)	0.000
Collection Fund & Business Rates (excluding 22/23 planned usage)	(9.994)	(10.60)	(0.606)
Collection Fund & Business Rates (22/23 planned usage)	(15.647)	0.000	15.647
Rebasing Reserve	0.000	(2.555)	(2.555)
Resilience Reserve	(6.551)	(19.496)	(12.945)
Companies	(2.431)	(4.250)	(1.819)
Total Contingency & Risk	(43.157)	(45.435)	(2.278)
IT Investment Fund	(8.848)	(10.023)	(1.175)
Total Information Technology	(8.848)	(10.023)	(1.175)
Jobs Fund	(0.589)	(0.589)	0.000
Procurement Levy	(0.306)	(0.286)	0.020
Employer Hub Innovation Fund	(1.031)	(1.031)	0.000
Nottingham Investment Fund	(1.069)	(1.024)	0.045
Nottingham Growth Plan	(0.135)	(0.135)	0.000
ERDF Growth Hub	(0.125)	(0.125)	0.000

Growth Fund	(0.168)	(0.092)	0.076
Carrington Townscape	(0.109)	(0.109)	0.000
Total Local Economy	(3.532)	(3.392)	0.141
Bequest/Misc Funds - Heroism	(0.005)	(0.005)	0.000
Flood Risk Management	(0.656)	(0.506)	0.150
Selective Licensing - Non Recoverable	(0.325)	(0.100)	0.225
Add Licensing Scheme Non Recoverable	(0.039)	(0.039)	0.000
Selective Licensing Fee Income	(3.184)	(3.184)	0.000
HMO Mandatory Licensing	(0.149)	(0.149)	0.000
Leicester Bus Lane Enforcement	(0.964)	(0.964)	0.000
ASC Contingency	(0.096)	(0.096)	0.000
Bequest/Misc Funds - FT Perry	(0.007)	(0.007)	0.000
Museum Projects & Collections	(0.034)	(0.019)	0.015
Archaeology Fund	(0.011)	(0.011)	0.000
Wollaton Hall Development Fund	(0.014)	(0.014)	0.000
Newstead Abbey Development Fund	(0.061)	(0.061)	0.000
Proceeds of Crime	(0.091)	(0.091)	0.000
The Nottingham Education Trust	(0.021)	(0.021)	0.000
East Midlands Council	(0.615)	(0.615)	0.000
Holiday Activity Fund	(0.090)	(0.090)	0.000
Children & Adults Safeguarding Board	(0.041)	(0.041)	0.000
Moving Traffic Enforcement	(1.409)	(1.409)	0.000
SALIX - Energy Savings Fund	0.394	0.394	0.000
Local Plan	(0.301)	(0.301)	0.000
ERDF Sneinton Market	(0.678)	(0.678)	0.000
ERDF Dakeyne Street	(0.388)	(0.388)	0.000
Future Parks Accelerator Funding	(0.242)	(0.242)	0.000
Hackney Carriages	(0.194)	(0.194)	0.000
Civil Penalties	(0.170)	(0.162)	0.008
Local Government Elections	(0.392)	(0.392)	0.000
Area Committees	(0.041)	(0.041)	0.000
HAZ Delivery Plan	(0.114)	(0.114)	0.000
Adult Social Care S117 Aftercare	(0.50)	0.000	0.50
Public Health	(2.001)	(2.001)	0.000
Total Services	(12.440)	(11.541)	0.899
SEND Keyworker Service Reserve	(0.333)	(0.290)	0.043
Treasury Management MRP Transformation of Services	1.578	(2.446)	(4.024)
Transformation	(6.137)	(6.137)	0.000
Fit for the Future	(0.740)	(0.575)	0.165
Total Transformation	(5.632)	(9.448)	(3.816)
Treasury Management Reserve	(15.418)	(15.418)	0.000
Treasury Management/Capital	(4.370)	0.000	4.370
Capital Program Dept Prudential Borrowing Reserve	(5.851)	0.000	5.851
Total Treasury Management	(25.639)	(15.418)	10.221
Workforce Reserve	(5.221)	(5.221)	0.000
Pension Deficit	(2.555)	0.000	2.555
Total Workforce	(7.775)	(5.221)	2.555
Total Earmarked Reserves	(190.365)	(183.313)	7.052

Quarter 3 2022/23 movement in Earmarked reserves

Reserve Category	Reserve Name	Transfer Details	Reserve Replenishment £m	Use of Reserve £m	Total £m
Capital	Revenue Reserves for Capital	S151 Reserves Review – Consolidation of Capital Reserves	(5.757)		(5.757)
	Allotment Improvement			0.086	0.086
	Flexible Fitness Equipment			1.490	1.490
	Revenue Implications of Capital Schemes			1.949	1.949
	Castle Project Team Trans Funding			0.363	0.363
	Capital Risk Reserve			1.868	1.868
	Invest to Save Energy Park	S151 Reserves Review - release to Financial Resilience Reserve		0.248	0.248
	Revenue Reserves for Capital			1.740	1.740
		Sub-total Capital	(5.757)	7.744	1.988
Contingency & Risk	Rebasing Reserve	S151 decision - establish Rebasing Reserve from Pension Deficit Reserve	(2.555)		(2.555)
	Financial Resilience Reserve	S151 Decision - transfer to Companies Reserve		1.819	1.819
		S151 Reserves Review - contribution from Nottingham Investment Fund Reserve	(0.045)		(0.045)
		S151 Reserves Review – contribution from Invest to Save Reserve	(0.248)		(0.248)
		S151 Reserves Review – contribution from SEND Keyworker Service Reserve	(0.043)		(0.043)
		S151 Reserves Review – contribution from Selective Licencing Reserve	(0.225)		(0.225)
		S151 Reserves Review – contribution from Adult Social Care S117 Aftercare Reserve	(0.500)		(0.500)
		S151 Reserves Review – contribution from Revenue Reserves for Capital Reserve	(1.740)		(1.740)
S151 Reserves Review – contribution from Flood Risk Management Reserve	(0.150)		(0.150)		
		sub-total Contingency & Risk	(5.505)	1.819	(3.686)

Local Economy	Nottingham Investment Fund	S151 review of reserves - release to Financial Resilience Reserve		0.045	0.045
		sub-total Local Economy		0.045	0.045
Reserve Category	Reserve Name	Transfer Details	Reserve Replenishment £m	Use of Reserve £m	Total £m
Services	Flood Risk Management	S151 review of reserves - release to Financial Resilience Reserve		0.150	0.150
	Selective Licensing - Non Recoverable			0.225	0.225
	Adult Social Care S117 Aftercare			0.500	0.500
	Companies	S151 Decision - transfer from Financial Resilience Reserve	(1.819)		(1.819)
	Civil Penalties	In year expenditure		0.008	0.008
		sub-total Services	(1.819)	0.883	(0.936)
Transformation	SEND Keyworker Service Reserve	S151 review of reserves - release to Financial Resilience Reserve		0.043	0.043
		sub-total Transformation		0.043	0.043
Workforce	Pension Deficit Lump Sum	S151 decision - creation of Rebasing Reserve		2.555	2.555
		sub-total Workforce		2.555	2.555
Total			(13.081)	13.089	0.008

Quarter 3 2022/23 Debtors Monitoring

Quarterly Performance Review - 2022-23		Q1	Q2	Q3
BVPI 66a - Housing Rent Collection (%) <i>(cumulative - current tenants only)</i>				
<i>(arrears + debit)</i>	Actual	95.03	96.51	96.96
	Target	98.50	98.50	98.50
Last Year Actual 2021-22		95.77	96.25	97.10
BVPI 9 - Council Tax Collection (%)				
<i>(in year cumulative)</i>	Actual	26.11	51.10	75.59
	Target	25.60	49.90	75.30
Last Year Actual 2021-22		26.20	50.50	76.05
BVPI 10 - NNDR Collection (%)				
<i>(in year cumulative)</i>	Actual	28.89	52.83	75.19
	Target	28.50	55.50	80.50
Last Year Actual 2021-22		26.65	43.91	65.73
Sundry Income Collection (%)				
<i>(12 month rolling average)</i>	Actual	81.00	81.00	82.00
	Target	99.00	99.00	99.00
Last Year Actual 2021-22		74.50	74.90	81.00
Sundry Income Debtor Days -General				
<i>(12 month rolling average)</i>	Actual	37.00	36.00	35.00
	Target	32.30	32.30	32.30
Last Year Actual 2021-22		37.00	30.00	31.00
Estates Rents Collection (%)				
<i>(12 month rolling average)</i>	Actual	96.67	97.63	97.95
	Target	97.50	97.50	97.50
Last Year Actual 2021-22		94.60	95.27	96.19
Adult Residential Services Collection (%)				
<i>(12 month rolling average)</i>	Actual	97.50	97.44	97.42
	Target	97.50	97.50	97.50
Last Year Actual 2021-22		97.60	97.80	97.80

