

Executive Board – October 2024

Subject:	Budget Monitoring Period 7 (2024/25)
Corporate Director(s)/Director(s):	Stuart Fair, Interim Director of Finance and Resources (Section 151 Officer)
Executive Member(s):	Councillor Linda Woodings, Executive Member for Finance and Resources
Report author and contact details:	Clare Williams, Interim Assistant Director for Strategic Finance Parmjeet Jassal, interim Financial Planning & Monitoring Accountant
Other colleagues who have provided input:	<ul style="list-style-type: none"> • Corporate Leadership Team • Colleagues within respective departmental leadership teams • Transformation Team • Colleagues within Finance Business Partnering, Technical and Strategic Finance teams
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 type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: Capital budget approved 04/09/2024
Total value of the decision:	£4.736m (recommendation 6 and 7)
Section 151 Officer expenditure approval	Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/a Spend Control Board approval reference number: n/a
Commissioner Consideration	Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Any comments the Commissioners wish to provide are listed below.
Wards affected:	All
Date of consultation with Executive Member(s):	
Relevant Council Plan Key Outcome:	
Clean, Green 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"/>
Living Well in Our Communities	<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"/>
Serving People Well	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
This report provides an assessment of the Council's 2024/25 forecast outturn for the General Fund, Housing Revenue Account and Capital Programme, based on activity to the end of the Period 7 (31 October 2024).	

As seen across many other local authorities, the Council is experiencing significant cost pressures along with rising demand in adult's and children's social care. The recent 'cost of living crisis' is also impacting the various income streams of the Council. In addition to this pressure the Council is also seeing pressures across social care arising from withdrawal of health funding contributions towards cost of care.

Since June 2024, the Council has implemented a Financial Intervention Strategy which encompassed a range of measures alongside departmental management actions intended to mitigate the Council's in-year pressure.

The Council in March 2024 approved a 4-year Medium Term Financial Plan (MTFP) based on the best available information at the time. However, the financial environment within which the Council is operating is constantly evolving and its budget strategy and planning process will be refreshed over the coming months to reflect the current financial position to ensure it continues to meet its Best Value requirement to demonstrate continued financial sustainability.

The Council continues to face exceptional circumstances as best demonstrated by the 2024/25 General Fund Budget balanced only by taking all available saving options tabled to the executive Board and City Council in February 2024 and March 2024 respectively and the use of material sums of Exceptional Financial Support. The 2024/25 approved budget includes use of c£41m of Exceptional Financial Support flexibility with any in-year overspends requiring to be met from a combination of in-year mitigations and savings and one-off General Fund contingency. In case, where application of all available financial intervention strategies/tools does not fully close any in-year budget gap then use of reserves may be considered.

The predominate drivers of these pressures continue to be a combination of both significant demographic, complexity of provision and inflationary pressures across wide range of areas.

The Council's comprehensive Savings Programme, including the Transformation Programme, which is currently in its third year, is projected to achieve significant budgetary efficiencies, with combination of 2024/25 and 2023/24 undelivered savings totalling £37.669m (77.3%) either delivered or on track to be delivered in 2024/25. Additionally, the ongoing Finance Improvement Programme is expected to further streamline our financial operations, ensuring continued fiscal prudence and resource optimisation.

The Council is forecasting a General Fund overspend of £4.687mm (£1.31%) in Period 7 of 2024/25 and includes the planned management intervention.

The HRA forecast at Period 7 for 2024/25 is showing a net overspend of (£3.773m).

The revised Capital Programme of c£321m profiled for 2024/25 at Period 7 (combined General Fund and HRA) is forecasting to spend c£306m, a variance of (c£15m) when compared to 2024/25 budget.

Throughout the report, budget overspends are shown as a positive numbers and underspends as negative number.

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

No

Recommendation(s):

1) To note the General Fund forecast gross overspend for 2024/25 at Period 7 of £15.660m reduced by (£10.973m) following application of mitigating actions reducing the

<p>net overspend to £4.687m against approved budget of £356.800m (Section 5) and risks set out in Section 10.</p>
<p>2) To note that the Corporate Leadership Team in consultation with the Section 151 Officer has developed a mitigation strategy and plan to bring the forecasted spend back in line with approved budget (section 3).</p>
<p>3) To note the General Fund budget includes the Exceptional Financial Support flexibility of £41.024m for 2024/25, which will be deployed through a combination of capital receipts and short-term borrowing (section 5).</p>
<p>4) To note the progress of the approved savings over the Medium-Term Financial Plan (2024/25 – 2027/28) period of £88.335m (£62.166m 70.4%) either delivered or on track to be delivered of which:</p> <ul style="list-style-type: none"> • £2.440m relate to undelivered 2023/24 savings brought forward (paragraph 7.3) • £35.229m relate to 2024/25 savings (paragraph 7.2) • £24.497m relate to savings over the MTFP period 2025/26 to 2027/28 (paragraph 7.4) <p>See section 7 and Appendix 1 for further details.</p>
<p>5) To note the HRA forecast of net overspend for 2024/25 at Period 4 of (£3.773m) (section 8) resulting in a reduction to the planned contribution to reserves.</p>
<p>6) To approve the 2024/25 Capital Programme net slippage of (£23.014m) and net underspend of (£0.190) with regards to the following:</p> <ul style="list-style-type: none"> • General Fund (£16.511m), HRA (£5.7525m) and Accountable Body (£0.751m) net slippage to be carried forward and reprofiled across the medium-term financial plan. • Note £0.190m net underspend, for which budget amendments will be incepted into the capital programme. <p>Further details in relation to slippage and net overspend are contained in Appendix 2</p>
<p>7) To approve net departmental General Fund net budget changes as summarised in paragraph 6.7 and Appendix 3.</p>

1. Reasons for recommendations

- 1.1. This report forms a key part of formal General Fund Revenue, Capital and HRA monitoring against the 2024/25 budget.
- 1.2. As set out in the Financial Regulations and Financial Accountabilities Framework, the Chief Finance Officer is responsible for reporting the performance of the budget to Executive Board.
- 1.3. Budget reporting to councillors is essential for informed decision-making, transparency, and effective governance in local authorities, ensuring accountability and sound financial management.

2. Background (including outcomes of consultation)

- 2.1. Councils are required by law to ensure their budgets are balanced each year. This highlights the critical need for consistent reporting and diligent oversight of budgets that enables sound financial governance.

- 2.2. At the end of 2023/24 the Council reported a provisional overspend of £17.568m to the June 2024 Executive Board, being fully funded from the Exceptional Financial Support flexibility. Although significant service growth has been provided through the 2024/25 budget and MTFP process to manage the recurring pressures, the Council is continuing to experience an increased demand for services amidst a challenging macro-economic crisis. These demands occur against a backdrop of shifting economic conditions, characterised by variable inflation and interest rates and the residual effects of the pandemic. Therefore, it is crucial for Corporate Leadership Team to monitor the financial health of the Council with diligence, as minor changes in the needs of the community can significantly affect the budget.
- 2.3. Furthermore, the Council was faced with a challenging task of setting a balanced budget for 2024/25, with c£41m of the budget gap or structural deficit being funded from Exceptional Financial Support. However, this is a temporary arrangement, so the Council must find savings in the current year to ensure a balanced budget can be set next year. Corporate Leadership Team alongside the Transformation and Change Oversight Board are providing focus to this effort.
- 2.4. In response to the in-year financial challenge the Council has identified and included within the forecast mitigating and corrective actions of £10.973m leaving it with a net forecasted overspend of £4.687m. Although a substantial value of mitigating and corrective actions have been identified, the Council is still left with an unbalanced position as a percentage of its net budget. Corporate Directors are actively working to control expenditures within the approved 2024/25 budget, seeking to improve financial management and forecasting with support from the Finance team. The Corporate Leadership Team is committed to tight financial management along behavioural changes to manage any departmental overspends and ensure financial stability in the short term.

3. Exceptional Financial Support (EFS)

- 3.1. The granting of EFS by Government allows the Council to access its capital resources to finance its revenue spend, which is not allowed in normal circumstances.
- 3.2. In February 2024, the Council gained approval to utilise EFS flexibility of up to £65m. At provisional outturn 2023/24, £17.568m was utilised. £41m was allocated in 2024/25 to ensure a balanced budget position.
- 3.3. In 2023/24, the EFS was fully funded from capital receipts. As a result, the Council did not have to borrow. However, if the planned capital receipts forecast is not achieved, then the Council will have to borrow to fund the EFS. Borrowing costs impact on the General Fund through the MRP mechanism, so it is important that EFS utilisation is kept to a minimum.
- 3.4. The Council is committed to reducing the utilisation of EFS through early identification and delivery of additional savings in-year.

- 3.5. At Period 7, it is expected the full amount of EFS will be utilised in 2024/25, however due to the 2023/24 EFS requirement being fully met from capital receipts there is no longer a Minimum Revenue Provision (MRP) requirement against 2024/25 budget. The underspend is reflected in the Period 7 forecast for capital financing held corporately within treasury management. The table below sets the EFS requirement for 2024/25.

Table 1: 2024/25 Exceptional Financial Support Forecast

	Budget 2024/25 £m	Period 4 Forecast £m	Period 4 Net Variance (under) / overspend £m	Period 2 Net Variance (under) / overspend £m
General Fund Revenue Budget Use of EFS	41.024	41.024	0.000	0.000
Capital Receipts	25.200	25.200	0.000	0.000
Borrowing	15.824	15.824	0.000	0.000
Capital Financing Resource for EFS	41.024	41.024	0.000	0.000
Interest	0.664	0.664	0.000	0.000
MRP	0.185	0.000	(0.185)	(0.185)
Revenue Impact of EFS	0.849	0.664	(0.185)	(0.185)

- 3.6. Whilst Table 10 below (paragraph 9.4) is currently forecasting capital receipt shortfall of £10.731m in 2024/25, if this position holds true or gets worse, the Council will be required to undertake additional temporary borrowing of same value for the EFS, which will have an impact on the General Fund revenue budget with regards to interest payment in 2024/25 and MRP in 2025/26. Work is on-going within the Asset Transformation Programme to identify assets for disposal and therefore at this time it is too early to quantify the actual level of capital receipt shortfall. This is being closely monitored with updates planned to be provided to the Executive, Corporate Leadership Team, and Capital Board as part of the monitoring process.
- 3.7. As set out in the '2025/26 Budget Strategy' report to the Executive Board in July 2024, the Council is faced with a significant budget gap over the period covered by the MTFP. Consistent with an emerging pattern across most large urban unitary authorities, the largest pressure on keeping within budget has emerged within our demand led care services. Within the remaining period of 2024/25 every effort will be made by Corporate Directors to bring any such pressures within our approved budget position. It is worth noting that most core cities are facing substantially higher in-year overspends principally influenced by the common theme of rapidly increasing demand and cost care pressures
- 3.8. Significant work is being carried out towards reducing the expected budget gap for 2025/26 below the corresponding 2024/25 position of £41m. This will be largely influenced by a range of factors that are unknown at this point in time, including the Draft Local Government Settlement for 2025/26. The Council is aiming to bring overall income and expenditure back into balance over the next three years by reducing any budget gap. In the intervening period the Council may require additional EFS flexibility in order to deliver a balanced budget over the medium-term before the elimination of the structural deficit being achieved by 2027/28.

4. 2024/25 General Fund Revenue Forecast

- 4.1. As set out above, it is expected that Corporate Directors will seek to take mitigating actions to contain expenditure within the approved budget. Where overspends cannot be contained within a single department, the Corporate Leadership Team will continue to explore the issues and refine where appropriate the Financial Intervention Strategy in order to manage pressures within the overall approved General Fund Budget for the Council.
- 4.2. Table 2 below summaries the gross General Fund overspend variation of £15.660m (4.4%) which is reduced to a net overspend by £4.687m (1.31%) following application of forecasted management and mitigating actions of (£10.973m) against the General Fund budget of c£357m.

Table 2: 2024/25 General Fund Revenue Forecast

Directorate	2024/25 Budget	Year to Date Actuals	Gross Forecast Period 7	Management and Mitigating Actions	Period 7 Net Forecast including Management Actions / Mitigations	Period 7 Net Variance under (-) / over (+) spend	Period 4 Net Variance under (-) / over (+) spend
	£m	£m	£m	£m	£m	£m	£m
Adults	89.583	79.390	101.855	(6.703)	95.152	5.568	2.754
Commissioning	2.839	2.508	2.809	0.000	2.809	(0.031)	(0.120)
Public Health	0.000	(18.114)	0.000	0.000	0.000	0.000	0.000
Adults and Public Health Subtotal	92.422	63.785	104.663	(6.703)	97.960	5.538	2.634
Children's	86.628	48.762	91.912	(2.328)	89.584	2.957	3.148
Education	3.881	17.775	3.601	0.000	3.601	(0.280)	(0.229)
Schools	0.004	(31.532)	0.004	0.000	0.004	0.000	0.000
Children's and Education Subtotal	90.513	35.005	95.517	(2.328)	93.189	2.676	2.919
Communities Environment and Resident Services	48.245	(21.948)	48.239	(1.942)	46.297	(1.948)	(1.531)
Growth & City Development	1.461	(14.568)	0.986	0.000	0.986	(0.474)	(0.269)
Finance & Resources	44.938	19.623	45.846	0.000	45.846	0.908	1.019
Chief Executive	10.658	9.586	10.041	0.000	10.041	(0.616)	(0.544)
Companies	0.576	0.000	0.576	0.000	0.576	0.000	0.000
Total Service Departments	288.813	91.483	305.869	(10.973)	294.897	6.084	4.228
Corporate	67.987	(16.487)	66.590	0.000	66.590	(1.398)	(1.406)
Total Net General Fund Budget	356.800	74.996	372.459	(10.973)	361.486	4.687	2.822

- 4.3. The Council currently holds a revenue budget contingency of c£4m which is held within corporate services budget. For Period 7 there has been no request for its use however it would be premature to assume no use of this contingency at this stage of the financial year. If there are no requests for this use, then this will reduce the overall overspend by £4m.

- 4.4. The overspend is largely due to a combination of increased demand across adult social care placements that have exceeded the growth estimate, compounded by increased demand and complexity of need in children's social care placements. Continued efforts to reach ambitious savings goals through the Transformation Programme are creating added financial challenges especially across adult's programme who are reporting £6.942m of savings at risk on non-delivery (refer to section 7).
- 4.5. Corporate Directors continue to actively work to manage 2024/25 expenditures and achieve a balanced budget by the end of the financial year, however the forecast overspend has increased from Period 4 to Period 7 by c£1.865m while working closely with the finance team to enhance budget management processes and data quality. When a departmental overspend is predicted, the Corporate Leadership Team will determine the immediate actions and mitigations necessary to address the overspend in the current year, in line with the agreed Financial Strategy.
- 4.6. Additionally, the Corporate Leadership Team advocates for spending control measures, leading by example to alter spending habits within their departments and seeking short-term mitigations, all with the goal of cutting down and eliminating non-essential spending.
- 4.7. A number of virements were actioned between Period 4 and Period 7 which mainly relate to change in management structures, budget realignments with regards to previously approved savings and decisions. These are summarised in Appendix 4 and are reflected in the current budget.
- 4.8. Explanations for the significant overspends and underspends for directorates are set out below.
- 4.9. **Adults and Public Health**
- 4.10. Overall, the Adults and Public Health directorate is reporting a gross overspend of £12.231m (13.23%) against a net budget of £92.422m. A combination of one-off and recurring mitigating actions taken by management in Adult's service is forecast to reduce the overspend to £5.538m (5.99%).
- 4.11. The following highlights the main variances and risks:
- a) **Adult Social Care** – The current forecast is a 13.69% gross overspend of £12.261m against a budget of £89.583m.
- The main contributing factors towards the £12.261m overspend are –
- £2.346m 2023-24 red rag rated savings
 - £5.459m 2024-25 red rag rated savings
 - £2.832m reduction in joint funding income
- The forecast is reduced to a 6.22% net overspend of £5.568m through a combination of one-off and recurring mitigating actions by management, totalling (£6.703m).

The primary causes of the net overspend are set below:

- **Access & Prevention / Mental Health & Whole Life Disability –**
The current forecast is a 6.93% net overspend of £8.518m against a budget of £122.953m.
A favourable variance of (£0.729m) on Employees due to vacancies being held;
 - An adverse variance of £8.923m on external care due to 2024/25 red savings;
 - An adverse variance on income of (£0.197m) due to reduction in joint funding income.

At Period 4, as approved by the Director, a restructure of the Adults Service financial reporting hierarchy was implemented to better align areas of management and budget responsibilities for each Head of Service. As part of the restructure, changes were made to the coding of external care provision. These changes have taken several months to be fully realised, and it is now apparent that the budgets and forecasts for external care are not in alignment. Virements to correct will be proposed for implementation in Period 8 and if approved, will see material budget movements between the Access & Prevention and Mental Health & Whole Life Disability services.

- **ASC Directorate** - The current forecast is a 2.17% net underspend of (£0.979m) against a budget of (£45.207m).
 - A favourable variance of (£0.607m) on Employees due to one-off funding being held in the service but with associated costs in other service areas.
 - An adverse variance of £2.456m due to 2023/24 red savings is being partially mitigated by (£1.547m) and further offset by -
 - A favourable variance on income of (£0.372m) due to additional allocation of one-off grant funding of (£0.428m).
 - **Adult Social Care Provision** – The current forecast is a 18.69% net underspend of (£1.790m) against a budget of £9.578m. Primarily due to favourable variances totalling (£1.635m) on employee costs due to vacancies across the service, with (£1.292m) on Prevention Reablement & Support of which (£0.924m) is attributable to the closure of the Jackdawe service.
 - **Safeguarding & Quality Assurance** - The current forecast is an underspend of (£0.184m) against a budget of £2.259m (8.12%). (£0.139m) of this relates to staffing vacancies and (£0.043m) to re-profiling of Safeguarding Assessments.
- b) **Commissioning** – a small net underspend of (£0.031m).
- c) **Public Health** – is forecasting a break-even position with the budget fully funded from grant.

4.12. Children's and Education

- Overall, the Children's and Education is reporting a gross overspend of £5.003m (5.53%) against a budget of £90.513m. One off mitigating actions taken by management in the Children's department are predicted to reduce the overspend to £2.676mm (2.96%). The following highlight the main variances, risks, and opportunities.
 - a) **Children's** - the current forecast is a gross overspend of £4.16m (4.81%) against a net budget of £86.626m. Through one-off mitigating actions by management, the overspend is reduced to £2.957m (3.41%). The key drivers and risks are set out below:
 - The main pressure for Children's Social Care is the Children in Care budget which is forecasting a gross overspend of £7.385m at Period 7. The gross pressure is broken down into £5.957m for external placements, mainly external residential placements and £1.679m pressure for unregistered provision.

During 2023/24, the transformation programme was successful in a steady reduction in the number of children in care from 732 on 1 April 2023 to 676 on 31 March 2024. The safe reduction of children in care has continued during this year meaning that on 31 October 2024 there were 638 children in care. Our rate of children in care per 10,000 is nearing the rate of our statistical neighbour authorities where the average is 94.4 per 10,000. As of 31 October 2024, Nottingham's rate per 10,000 of children in care was 99.1, this is set against a rate of 109.2 per 10,000 at our highest point in 2022/23.

The issue continuing to impact on the Council is the mix and profile of children placed in external residential and unregistered placements, this provision stands at 6% (9% at month 4) of the current external and internal placement mix profile. The complexity and need of children in unregulated and residential placements are the reason for this reported overspend.

Currently there are 7 children placed in unregistered placements where the highest weekly cost is £21,349, most of the children in receipt of these care packages have substantial needs and require a high staffing ratio. The average cost for these 7 children is £13,631 per week. The cost of these placements may not significantly decrease when initially moved to a registered placement due to level of complex needs. The Medium-Term Financial Plan growth assumptions do not reflect the current profile mix of children and also assumed a smaller number of children on average being placed within this provision type over a year.

- A shortfall in the ICB funding for jointly funded places is anticipated to be £0.594m, due to eligibility reviews by the ICB.
- The external placement pressure is also offset by the in-house fostering services underspending particularly on fostering allowances. This is forecast as £1.526m underspend (£1.405m at month 4) and due to difficulties in recruiting foster carers which is a national trend.
- Staffing vacancies are currently reducing as a result of increasing the number of permanent staff recruited and ensuring that there are still manageable caseloads across the service. However, due to the pace of recruitment, agency workers have been employed in the short term within the Children in Care teams leading to an overall staffing overspend reported as £0.333m for Period 7.
- The staffing vacancy mitigation across the area as at Period 7 is £1.206m across Early Help (£0.308m), Fieldwork Services (£0.233m), First Response (£0.093m), Strategy and Improvement (£0.019m) and Fostering Teams (£0.411m), safeguarding & Quality (£0.141m) due to various factors including skills gap and the uptake of suitable applicants through recruitment process.

b) **Education** – the current forecast is a net underspend of -£0.208m (£0.229m at Period 4) (7.22%) against a net budget of £3.881m, which is mainly due to:

- Directorate non pay savings target within Curriculum Service not being achieved to be offset by underspends from staff vacancies - a mitigation plan is to be developed.
- Vacancies within the Education Psychology Service due to the shortage of workers nationally and delay in appointing locums, which has affected the service. We currently have a backlog of approximately 100 statutory assessments and no capacity to complete them and we still have more statutory assessments to complete each month.
- The staffing vacancy mitigation across the area at month 7 amounts to -£1.121m and is broken down as follows: Contract cleaning – schools _ -£0.311m, Education Partnerships -£0.41m and Nottingham catering -£0.469m.,

4.13. **Communities Environment and Resident Services** – are reporting a forecast underspend of (£0.006m) against a budget of £48.245m. One off mitigating actions taken by management are predicted to increase the underspend to (£1.948m) (4.04%) to support the overall Council's position. The main variances are set out below.

a) **Communities** – a net underspend of (£1.139m) is forecast as at Period 7.

- **Sports and Leisure** – a net underspend of (£0.520m) due to an improvement in the income from leisure which is better-than-expected due to service users returning to use the facilities quicker than

predicted, and also savings on staffing. The underspend is mitigating some of the pressures across other service areas within the directorate.

- **Community Development and Uniformed Services** – a net underspend of (£0.705m) which is largely due to the service maintaining staff vacancies whilst the new Neighbourhood Safety Team is established. There has also been additional Anti-Social Behaviour Hotspots income received from the police and some staff related recharges to the Ukraine grant funded scheme.
 - **Environmental Health and Licencing** – a net underspend of (£0.173m) which mainly relates to employee underspends within Trading Standards and Safer Places.
 - **Museums** - a net underspend of (£0.135m) is mainly due to improved income and staff vacancies.
 - **Community Safety and Logistics** - a net underspend of (£0.128m) due to additional partner income and staff vacancies.
 - **Security Services - a net underspend (£0.124m) mainly from alternative methods of providing security for Broad Mash Car Park.**
 - **Community Centres** – a net overspend of £0.143m is due to non-delivery of savings. The approved saving was to reduce the contribution from the general fund to Community Centres through delivering the service through alternative delivery models.
 - **Markets** - a net overspend of £0.214m relates to reduced income, mainly due to a reduction in the number of stallholders within Victoria Market.
 - **Libraries' service** – a net overspend of £0.407m in relation to slippage in the delivery of savings due to a revised in start date of libraries consultation following informal stakeholder engagement which ended on 19 August 2024. This shortfall in savings for this year will be met by one-off savings in Sports and Leisure.
- b) **Resident Services** – a net underspend of (£1.118m) is forecast as at Period
- **Waste and Street Cleansing** – a net underspend of (£1.303m) predominantly for income generation and savings on staffing in the Waste and Street Cleansing department for; Domestic Waste staff vacancies (£0.284m), increased volume of Waste Disposal (£0.157m), volume of Commercial Waste increased mainly within the Derby City Council contract (£0.282m), and additional uptake of Garden Waste collections (£0.499m).
 - **Enviroenergy** – a net underspend of (£0.415m) forecast relating to vacant posts, potential January 2025 tariff changes in relation to charges to the public and businesses for District Heating and additional

income for increased demand relating to Renewable Obligation Certificates.

- **Utilities** – a net overspend of £0.522m due to increased costs from energy usage at Loxley House and Broad Marsh Car Park.

c) **CERS Directorate** – a net overspend of £0.358m is forecast as at Period 7 (underspend of (£0.138m) in Period 4) which is mainly due to the Management Restructure savings which are being offset by vacancy savings within Communities. The overall savings target is forecast to be delivered.

d) **Other** – a net underspend across various budget lines of £0.089m with no significant variances identified within Environment and Sustainability.

4.14. **Growth and City Development** – forecasting a net underspend of (£0.474m) which is 32.5% under budget. The main variances, risks, and opportunities are set out below.

a) **Economic Development** – a gross overspend of £0.101m reduced from an original £0.322m relates to revenue costs associated with the Local Transport Plan (LTP) that cannot be funded from LTP capital grant in the current year. Original LTP pressure of £0.322m has been reduced over the months by not recruiting to vacant posts, staff working on external funded projects and putting a freeze on general fund spend where possible. This has reduced our in-year pressure to £0.101m. Variance includes P4 reserves movements of £0.383m that have now been approved

b) **Strategic Assets & Property** – a net overspend of £0.156m against a budget of £16.330m which is 0.95% of the budget. The adverse forecast of £0.156m covers many different services and cost centres, however the broad themes to be drawn out are overspend of £0.663m from voids within Regeneration Schemes and Investment Properties, lower than forecast income from Bridge Estate of £0.193m. The overspends are offset by surpluses within the following areas: Broadmarsh Redevelopment of (£0.199m) due to lower than forecast holding cost of the Broadmarsh Shopping Centre, Operational Buildings of (£0.195m) due to extension of the debt period on Broad Marsh Car Park (BMCP) and cleaning contingency no longer required since BMCP was protected by netting, Property Trading Account (£0.146m) due to over-delivery of income through lettings and rental reviews, Directorate/Disposals of (£0.137m) due to expected fee income from disposals, and Business Centres of (£0.024m) due to reduced running costs.

c) **Planning** – a net underspend of (£0.306m) against a budget of (£5.22m) which is mainly in relation to:

- Uncharacteristically the Council has seen low income from planning application submissions in the early months. This follows the national trend and caused by short term uncertainty from the general election, high borrowing/construction costs affecting development viability and introduction of new legislation/regulations. Management actions state

budgeted income is achievable this year. 0.282m forecast over budget - income level over year is expected to recover post general election and Receipts in Advance and management intervention to delay recruitment to vacancies will mitigate in full).

- Building control overspend is more structural following uncertainties created by new Building Safety Regulator (BSR) and requirement for additional staffing capacity/capability. £0.142m forecast pressure will be monitored closely and any opportunities to win work via BSR following successful accreditation of senior officers used to grow income share.
- Parking - Parking Enforcement £0.023m overspend. This includes transfer of £0.292m to reserves as part of the Special Parking Account 9SPA). The overspend is due to the drop in Fixed Penalty Notice income due to the reduction in Community Protection Officers.
- Traffic - (£0.410m) This includes a transfer to the SPA reserve of £0.114m. The underspend is due to vacancies and underspending in the highway repairs budget.

d) **Housing** – net underspend of (£1.893m) against a budget of £14.682m (12.89%) key drivers and risk include:

- There is a saving on temporary accommodation of £1.344m is due to the success of the Housing Solutions team working with landlords and tenants on preventing homelessness and moving people out of temporary accommodation. Also, the successful use of block booking, which has seen a reduction in the overall nightly rates.
- There is (£0.558m) underspend across other areas of which £0.202m relates to staff vacancy savings from Housing Solutions during the recruitment process and £0.313m across the remaining Housing Services

e) **FM & Building Services** – is forecasting a net overspend of £1.469m which is largely due to unachievable income of £2.018m. The income relates to Facilities Management and Building Services of £1.014m, Mechanical & Electrical Services of £0.642m and other income of £0.362m. There is also a forecast pressure of £0.075m due to cost increases on cleaning materials. These are partially offset by underspends of £0.518m due to vacancies and timing of recruitment, £0.100m savings from centralisation of Repairs and Maintenance and £0.006m of various smaller items.

4.15. **Finance and Resources** - a net overspend of £0.908m, is reported for period 7 which is 2.02% of the total budget of £44.938m. The key variances, risks, and opportunities are set out below.

- a) **Commercial and Procurement** - a net overspend of £0.950m is currently forecast which mainly relates to non-delivery of savings in Procurement Transformation £1.0m, this is being offset by underspends on staff costs.
- b) **Customer Services** – are reporting net overspend of £0.103m which is small overspends across several cost centres. The service is and on track in delivering total savings of c£2.9m.
- c) **Human Resources** – a net underspend of (£0.189m) is being reported mainly driven by vacancy management across the service.
- d) **Legal & Governance** - a net overspend of £0.271m mainly relating to underachievement of conveyancing income and overspend on staffing.
- e) **Audit and Risk** - a net underspend of (£0.085m) mainly relating to staffing.
- f) **IT** - a net underspend of (£0.143m) due to a savings on staff costs and equipment rental costs.
- g) **Finance** – finance is reporting a balanced position however the service is supported by reserves to fund the cost on agency staff.

4.16. **Chief Executive** – a net underspend of £0.616m against a budget of £10.658m (5.77%). The following highlights key variances, risks, and opportunities.

- a) **Strategy & Policy**- a net underspend of £0.077m is currently forecast due to savings on salary costs (long term sickness and vacancy) and funding relating to Early Help Services support.
- b) **Comms & Marketing and others** - a net underspend of (£0.204m) in Comms & Marketing mainly due to staff vacancy pending a management re-structure.
- c) **Transformation & Major Projects** – Transformation is reporting an underspend of £0.400m, due to a reduced Children’s Transformation investment requirement, which may still be required if a further call on this budget occurs before the year-end. There are several small overspends elsewhere between Transformation and Major Projects that bring the net underspend down to £0.335m.

4.17. **Corporate** - a net underspend of £1.397m is forecast. The following highlights the key variances.

- There is additional income of £1.016m. This relates to the non-general fund element of the Pension Fund Deficit payment that is recharged to HRA along with schools and grants to reflect their proportion of the deficit. The contributions arising from the recharges have not been reflected in the General Fund budget for 24/25.
- Treasury Management is underspending by £0.388m due to a lower MRP than budgeted due to Capital slippage and overachieving its interest

received due to interest rates being more favourable than anticipated when the budget was set.

5. Savings Programme

- 5.1. The total savings approved to date, including new savings approved by the Executive Board in February 2024, for the Medium-Term Financial Plan (MTFP) period 2024/25 to 2027/28 was £73.806m, of which, savings profiled for 2024/25, were £34.223m. Table 3 below provides an overview of savings approved including carry forward of under-delivered savings at the end of 2023/24.

Table 3: 2024/25 General Fund Approved Savings

Savings Overview	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total MTFP £m	Total to Monitor £m
Previous Savings		(11.149)	(12.416)	(12.672)	(0.278)	(36.515)	(36.515)
New Savings		(22.128)	(13.202)	(0.623)	(0.396)	(36.348)	(36.348)
Gross MTFP Savings		(33.277)	(25.618)	(13.295)	(0.674)	(72.863)	(72.863)
Unachieved 2023/24 Savings	(7.528)						(7.528)
Growth - Savings Written Off	1.175						1.175
2023/24 Unachieved savings	(6.353)						(6.353)
Gross MTFP position	(6.353)	(33.277)	(25.618)	(13.295)	(0.674)	(72.863)	(79.216)
Transformation - reprofile/write-off		(0.846)	(0.919)	0.692	0.190	(0.883)	(0.883)
Other - reprofile/write-off		(0.100)	0.040	0.000	0.000	(0.060)	(0.060)
Overall net position	(6.353)¹	(34.223)²	(26.497)	(12.603)	(0.483)	(73.806)	(80.159)

¹ The brought forward value has been adjusted to reflect other departmental savings delivered at the end of 2023/24

² The savings include reversal of previous one-off savings in Corporate of +£8.175m

5.2. 2024/25 Savings Programme Delivery

- The savings programme delivery track the overall in-year actual cashable benefit that each programme has either delivered (blue), is on track for delivery (green), requires further activity to realise including opportunities to convert non-cashable to cashable savings (amber) or is at risk of non-delivery (red).

The total savings target for 2024/25 is £42.398m as set out in Table 4 below. This saving includes a one-off saving of £8.175m which is a corporate saving target. The saving target of £34.223m in table 3 above excludes this saving as it is a one-off. Going forward, the performance delivery for 2024/25 will be compared to the overall savings figure of £42.398m as set out in table 4 below which includes the reversal of previous one-year saving £8.175m (£34.223m + £8.175m).

- Table 4 below summarises the performance of each directorate for 2024/25 savings, at Period 7, with £35.229m (83.1.%) of savings either delivered

(blue) or on track to be delivered (green), a deterioration compared to (84.9%) at period 4.

- Savings that are either at risk of delivery (amber) or is at risk of non-delivery (red) total £7.169m (16.9%) with those in RAG rated Red reflected as pressures in the directorate General Fund position above.

Table 4: 2024/25 General Fund Approved Savings

Saving Category / Directorate	2024/25 Saving £m	P7 % On Track or Delivered	Blue – Delivered £m	Green – On Track £m	Amber – At Risk £m	Red – Non-Delivery £m	P4 % On Track or Delivered
Duties & Powers	(1.943)	59.3%	(1.153)	0.000	0.000	(0.790)	99.7%
Transformation	(5.681)	19.1%	(0.826)	(0.259)	0.000	(4.596)	21.4%
Other	(1.073)	93.2%	(0.978)	(0.022)	0.000	(0.073)	93.7%
Adults	(8.696)	37.2%	(2.957)	(0.281)	0.000	(5.459)	47.8%
Duties & Powers	(0.355)	100.0%	(0.355)	0.000	0.000	0.000	100.0%
Commissioning	(0.355)	100.0%	(0.355)	0.000	0.000	0.000	100.0%
Adult Social Care & Health	(9.051)	39.7%	(3.312)	(0.281)	0.000	(5.459)	49.9%
Duties & Powers	(1.269)	100.0%	0.160	(1.429)	0.000	0.000	100.0%
Transformation	(4.045)	98.0%	(3.693)	(0.270)	0.000	(0.082)	100.0%
Children	(5.313)	98.5%	(3.533)	(1.698)	0.000	(0.082)	100.0%
Duties & Powers	(0.902)	47.9%	0.000	(0.432)	0.000	(0.470)	47.9%
Other	(0.246)	87.8%	0.000	(0.216)	(0.030)	(0.246)	87.8%
Education	(1.148)	56.5%	0.000	(0.648)	(0.030)	(0.470)	56.5%
Children & Education Services	(6.461)	91.0%	(3.533)	(2.347)	(0.030)	(0.552)	92.3%
Duties & Powers	(10.347)	93.5%	(2.259)	(7.414)	0.000	(0.675)	91.5%
Transformation	(0.163)	100.0%	(0.163)	0.000	0.000	0.000	100.0%
Other	(0.459)	100.0%	(0.410)	(0.049)	0.000	0.000	100.0%
Communities, Environment & Resident Services	(10.969)	93.8%	(2.832)	(7.462)	(0.368)	(0.307)	92.0%
Duties & Powers	(4.209)	99.2%	(1.058)	(3.118)	(0.034)	0.000	98.5%
Transformation	(5.256)	99.9%	0.000	(5.250)	0.000	(0.006)	99.9%
Other	(1.212)	100.0%	(0.050)	(1.162)	0.000	0.000	100.0%
Growth & City Development	(10.678)	99.6%	(1.108)	(9.530)	(0.034)	(0.006)	99.3%
Duties & Powers	(2.498)	100.0%	(0.613)	(1.885)	0.000	0.000	100.0%
Transformation	(1.917)	78.4%	0.000	(1.503)	0.000	(0.414)	78.4%
Other	(0.250)	100.0%	0.000	(0.250)	0.000	0.000	100.0%
Finance & Resources	(4.664)	91.1%	(0.613)	(3.638)	0.000	(0.414)	91.1%
Duties & Powers	(0.605)	100.0%	(0.338)	(0.268)	0.000	0.000	100.0%
Other (adjustment of one-off saving)	0.030	100.0%	0.030	0.000	0.000	0.000	100.0%
Chief Executive	(0.575)	100.0%	(0.308)	(0.268)	0.000	0.000	100.0%
Total¹	(42.398)	83.1%	(11.704)	(23.525)	(0.064)	(7.105)	84.9%
% overall			27.6%	55.5%	0.15%	16.8%	

¹2024/25 Savings total excludes reversal of previous one-off Corporate savings of +£8.175m

- As shown in Table 4 above, several Directorates are behind target and require remedial activity to provide mitigation plans to bring savings back on track or replacement plans where there is no prospect of delivery against the original saving.

- Adult's savings programme is behind target (£5.496m), and there are no mitigations identified to manage the pressure in-year and to bring savings back on track.
- Whilst the Growth and City Development (G&CD) Transformation is mainly on track to deliver savings (rag rated green), due to pressure funding allocated in 2024/25. It is imperative that the homelessness strategy is implemented in good time so that current and ongoing significant future savings targets can be secured.
- The key drivers that have led to the in-year under-delivery of savings include conflicting priorities and/or over ambitious assumptions within original delivery plans, which has particularly affected Adults (Transformation £5.496m, Duties and Powers £0.79m); and Finance and Resources Procurement Transformation (£0.414m).
- In addition, several Duties and Powers savings are at risk with the larger value ones being as follows:
 - Adults: £0.636m restructure and reduce ASC assessment function DP(A)-2401,2&3
 - Education: Seek additional funding for Children with Special Educational Needs and Disabilities (DPE 2403 £0.375m)
 - Community, Environment and Resident Services:
 - Review of Community Centres (DPE 2409 £0.307m)
 - Review of Libraries (DPE 2410 £0.368m) delayed implementation which is being mitigated by one-off sport and leisure fees and charges.

5.3. Under-delivery of Savings 2023/24 Brought Forward

- The provisional financial outturn 2023/24 reported under-delivery of savings totalling £7.528m (Transformation £6.765m, Other £0.763m). Savings proposals that had no prospect of delivery were provided with growth monies in the 2024/25 medium term financial plan (MTFP) totalling £1.175m resulting in net brought forward of adjusted under-delivered savings of £6.353m.
- Table 5 below which summarises the performance of each directorate for 2024/25, at Period 7, shows savings delivered (blue) or on track for delivery (green) totalled £2.440m (38.4%) which is a deteriorated position from 43.7% at Period 4. Savings of £3.913m (61.6%) remain at risk of delivery (amber) or non-delivery (red) with those rag rated Red are reflected as pressures in the
- directorate outturn positions above.

Table 5: Under-delivered 2023/24 Savings (adjusted by £0.05m write-offs of some previous proposals)

Directorate	2023/24 unachieved £m	P7 % On Track or Delivered	Blue – Delivered £m	Green – On Track £m	Amber – At Risk £m	Red – Non-Delivery £m	P4 % On Track or Delivered
Adults	(3.295)	24.9%	(0.089)	(0.730)	(0.130)	(2.346)	28.8%

Adult Social Care & Health	(3.295)	24.9%	(0.089)	(0.730)	(0.130)	(2.346)	28.8%
Children's	(0.427)	100.0%	(0.427)	0.000	0.000	0.000	100.0%
Education	(0.273)	4.1%	0.000	(0.011)	(0.030)	(0.232)	4.1%
Children & Education Services	(0.700)	62.6%	(0.427)	(0.011)	(0.030)	(0.232)	62.6%
Communities, Environment & Resident Services	(0.047)	100.0%	0.000	(0.047)	0.000	0.000	100.0%
Growth & City Development	(1.401)	81.1%	(0.125)	(1.012)	0.000	(0.265)	81.1%
Finance & Resources	(0.911)	0.0%	0.000	0.000	0.000	(0.911)	22.9%
Total	(6.353)	38.4%	(0.641)	(1.799)	(0.160)	(3.753)	43.7%
% Overall			10.1%	28.3%	2.5%	59.1%	

- As shown in Table 5 above, several directorates are behind target (red and amber) and require remedial activity to provide mitigation plans to bring savings back on track or replacement plans where there is no prospect of delivery against the original saving.
- Currently, Adults have a partial mitigation plan (£1.547m) for the Transformation undelivered saving 2023/24 (£2.346m) although only £0.923m (60%) is recurring. Finance and Resources - although Procurement has an approach for delivering the council saving of c£1m (£0.662m 2023/24 and £0.414m 2024/25), the likelihood of securing the actions required in 2024/25 is low. The I.T. saving related to cloud storage and voice convergence (£249k) is not implemented and is currently being mitigated by one-off staffing vacancies. Growth and City Development – the mitigation plan for delivering the introduction of residents parking permit (£0.207m) is outstanding.
- Corporate Directors submit mitigations as part of the financial intervention strategy, and they should ensure all mitigations submitted are robust and supported by realistic operational delivery plans to secure ongoing undelivered savings.

5.4. Overall Savings Programme Delivery

- Appendix 1 details the financial performance, per Directorate, for the approved savings over the MTFP period (2024-25 to 2027-28) including the 2023/24 under-delivered savings. Table 6 below summarises the performance of total savings of £88.335m (excluding reversal of previous one-off savings £8.175m) as at Period 7.

Table 6: Overall Savings Programme Dashboard

Overall Savings Programme Dashboard						
Financial Year	P7 % On Track or Delivered	Blue – Delivered £m	Green – On Track £m	Amber – At Risk £m	Red – Non-Delivery £m	Total £m
2023/24 Unachieved	38.4%	(0.641)	(1.799)	(0.160)	(3.753)	(6.353)
2024/25 MTFP	83.1%	(11.704)	(23.525)	(0.064)	(7.105)	(42.398)
2024/25 Combined Total	77.3%	(12.346)	(25.324)	(0.224)	(10.858)	(48.752)
2025/26 MTFP	56.7%	(0.720)	(14.317)	(1.872)	(9.589)	(26.497)

2026/27 MTFP	71.7%	(0.352)	(8.687)	0.000	(3.564)	(12.603)
2027/28 MTFP	87.3%	0.000	(0.422)	0.000	(0.061)	(0.483)
2025/26+ MTFP	61.9%	(1.072)	(23.425)	(1.872)	(13.214)	(39.583)
Total¹	70.4%	(13.418)	(48.750)	(2.095)	(24.072)	(88.335)

¹Excludes reversal of previous one-off Corporate savings of +£8.175m from 2024/25

- £68.301m (70.4%) of the savings across the MTFP period are shown as being delivered (blue) or on track for delivery (green). Whilst a significant amount of the savings are showing the right direction of travel, as at Period 7, £26.167m (29.6%) are at risk of delivery (amber) or non-delivery (red) which predominately relate to:
 - Adults Transformation (£12.081m). £1.547m of mitigations (of which £0.923m 60%) are recurrent) have been identified as part of the overall mitigation action plan for the Directorate which still requires further remedial activities to be identified in order to manage the pressure in-year and to bring savings back on track or replacement plans where there is no prospect of delivery against the original saving. The lack of potential for delivering the Adults Transformation Strengths Based Practice saving and how this could be resolved as part of the budget setting process was discussed at July T&COB.
 - Finance and Resources Transformation Procurement (£1.390m) and I.T. (£0.249m).
 - Duties and Powers savings:
 - Adult social care external placements (DP(C)-2401 £1.184m); restructure and reduce ASC assessment function DP(A)-2401,2&3 (£2.203m)
 - CERS – Review of community centres (DPE 2409 £0.613) CERS – Review of libraries (DPE 2410 £0.368m) which is being mitigated by non-recurrent sport and leisure fees and charges.
 - Education: Seek additional funding for Children with Special Educational Needs and Disabilities (DPE 2403 £0.375m)
- Early intervention is key to improving savings delivery, therefore, it is imperative that robust operational plans are developed by Corporate Directors and shared with the CPMO as well as identifying and submitting robust ongoing mitigations submitted as part of the financial intervention strategy where savings delivery is at risk or there is no prospect of delivery so they can be reviewed, and any risks presented to T&COB.

6. 2024/25 Housing Revenue Account (HRA) Forecast

- 6.1 Overall the HRA is reporting a net overspend of £3.773m (2.93%) against a budget £128.578m. (compared with £0.303m underspend at the end of Period 4). A comparison of forecast income and expenditure with the current budget is set out in Table 7

Table 7 – 2024/25 HRA Budget Forecast – Period 7

Housing Revenue Account	Revised Budget	Actual To Date	P7 Forecast	P7 Net Variance Under (-) / Over (+)	P4 Net Variance Under (-) / Over (+)
	£m	£m	£m	£m	£m
Income					
Dwelling Rents	(114.342)	(54.317)	(114.342)	0	0
Non-Dwelling Rents	(2.746)	(1.410)	(2.758)	(0)	0
Service Charges	(11.205)	(5.513)	(11.205)	0	0
Other Income	(0.285)	(0.244)	(0.485)	(0.200)	(0.200)
Total Income	(128.578)	(61.484)	(128.790)	(0.212)	(0.200)
Expenditure					
Repairs & Maintenance	34.684	19.148	39.946	5.263	0.057
Management & Supervision	36.102	11.379	34.825	(1.277)	(0.161)
Depreciation & Amortisation	30.427	17.749	30.427	0	0
Provision for Bad & Debts	2.213	0.174	2.213	0	0
Direct Revenue Financing	7.200	4.200	7.200	0	0
Total Expenditure	110.626	52.650	114.611	3.985	(0.103)
Net Cost of Housing Services	(17.952)	(8.834)	(14.179)	3.773	(0.303)
Capital Financing Charges					
Item 8 Interest Paid..	15.279	8.912	15.279	0	0
Item 8 Interest Received	(5.857)	(3.416)	(5.857)	0	0
Net Deficit/(Surplus)	(8.530)	(3.338)	(4.757)	3.773	(0.303)
Contribution (from)/to Reserves	8.530	3.338	4.757	(3.773)	0.303
Net (Surplus)/Deficit.	(0)	0	0	0	0

6.2 It can be seen from Table 7 that since Period 4 there has been a £4.076m adverse variance resulting in an increased contribution from reserves. The following highlight the main variances risks and opportunities.

- b) **Other Income** – The current forecast remains the same, but the budget has increased following the drawdown of £0.030m from the HRA grants reserve. Also, notification has been received of £0.034m additional grant for new information required Tenant Satisfaction Surveys.
- b) **Repairs & Maintenance** – The current forecast is a net overspend of £5.263m (compared with a £0.057m overspend forecast at Period 4). The main reason for the overspend is
- Legal and litigation cost from disrepair claims - £1.500m
 - Urgent work damp and disrepair works - £4.212m
 - Re-scheduling of stock condition survey costs (£2.000m)
 - Boundary (fencing) and security works - £1.494m
- b) **Management & Supervision** – The current forecast is a net underspend of £1.277m (compared with a £0.161m underspend forecast at Period 4). The main reasons for the underspend are

- Reduction in transformation recharge – (£0.193m)
- Savings in Independent Living Energy costs (£0.204m)
- Reduction in communal lighting costs (£0.256)
- Reduced costs furnished tenancies scheme (£0.155m)
- Vacancy within Customer Excellence service (0.138m)
- Corporate Governance staff savings (£0.170m)

b) **Reserves** – The anticipated net overspend will be financed by a draw down from the HRA General reserve

7. Capital Programme

7.1. This section of the report provides an update on the Council's 2024/25 Capital Programme performance against the approved 2024/25 budget.

7.2. Approved Capital Programme

- As part of September Executive Board Budget Monitoring Reports, the Capital Programme set the period 4 capital budget for 2024/25 at £200.213m for Council Capital Schemes and £125.587m where the Council is acting as Accountable Body.
- Since the Period 5 position the Capital Budget has increased by £3.099m in 2024/25 and £18.133m over the MTFP, the table below details the breakdown:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Budget at Period 7					
General Fund Capital Schemes	138.511	89.627	23.438	7.533	259.109
General Fund Accountable Body	125.004	0.000	0.000	0.000	125.004
HRA Capital Schemes	65.384	58.998	49.994	46.216	220.592
Total Budget at Period 7	328.899	148.625	73.432	53.749	604.705
Budget at Period 4					
General Fund Capital Schemes	134.829	75.593	22.438	7.533	240.393
General Fund Accountable Body	125.587	0.000	0.000	0.000	125.587
HRA Capital Schemes	65.384	58.998	49.994	46.216	220.592
Total Budget at Period 4	325.800	134.591	72.432	53.749	586.572
Budget movement Period 4 to Period 7					
General Fund Capital Schemes	3.682	14.034	1.000	0.000	18.716
General Fund Accountable Body	(0.583)	0.000	0.000	0.000	(0.583)
HRA Capital Schemes	0.000	0.000	0.000	0.000	0.000
Total Budget Movement	3.099	14.034	1.000	0.000	18.133

- The revised capital programme reflects approved slippage from Period 5 and budgets incepted for which approval has been sought through the usual process (Executive Board and/or Officer Decision).

7.3. 2024/25 Capital Programme

- A summary of the profiles capital programme budget for 2024/25 is set out in the table below, showing a net variance of (£23.204m) as at Period 7.

Table 9: Capital Programme Forecast Period 7

Directorate	Approved Budget 2024/25 £m	Year to Date Actuals £m	Forecast at Period 7 £m	Variance £m	Net Slippage (-) / Acceleration (+) £m	Under (-) / Over (+) spend £m
Adult Services	2.245	1.051	2.245	0.000	0.000	0.000
subtotal: Adults and Public Health	2.245	1.051	2.245	0.000	0.000	0.000
Children's Services	0.660	0.000	0.604	(0.056)	(0.056)	0.000
Education	6.592	1.409	5.135	(1.457)	(1.457)	0.000
subtotal: Children's and Education	7.252	1.409	5.739	(1.513)	(1.513)	0.000
Community, Environment and Resident Services	16.655	5.750	15.462	(1.193)	(1.232)	0.039
Growth & City Development	63.156	18.210	50.654	(12.502)	(12.456)	(0.046)
Finance & Resources	1.609	(0.049)	1.195	(0.414)	(0.414)	0.000
Chief Executive	0.113	0.113	0.113	0.000	0.000	0.000
Transformation	3.192	0.000	3.192	0.000	0.000	0.000
Exceptional Financial Support (EFS)	41.024	0.000	41.024	0.000	0.000	0.000
Total Council Capital Schemes Approved and Incepted	135.246	26.484	119.624	(15.622)	(15.615)	(0.007)
Planned Schemes	3.265	0.000	2.369	(0.896)	(0.896)	0.000
Total General Fund Approved Council Capital Schemes	138.511	26.484	121.993	(16.518)	(16.511)	(0.007)
HRA - Approved Programme	64.754		59.607	(5.147)	(5.147)	0.000
HRA - Planned Schemes	0.630		0.025	(0.605)	(0.605)	0.000
Total Council Capital Schemes	203.895	26.484	181.625	(22.270)	(22.263)	(0.007)
Midlands Net Zero Hub	94.476	22.972	94.293	(0.183)	0.000	(0.183)
Other Energy Schemes	7.469	0.734	7.469	0.000	0.000	0.000
Transforming Cities	21.592	12.558	20.841	(0.751)	(0.751)	0.000
Future Transport Zone	1.467	1.467	1.467	0.000	0.000	0.000
Total Accountable Body	125.004	37.731	124.070	(0.934)	(0.751)	(0.183)
TOTAL	328.899	64.215	305.695	(23.204)	(23.014)	(0.190)

- The net variance of (£23.204m) relates to the following:
 - Net Slippage / Acceleration – (£23.014m)**
The net slippage relates to re-profiled Capital Programme budget. All schemes with a slippage of over £0.500m are detailed in Appendix 2.
 - Net Underspend – (£0.190m)**
The net underspend includes projects which are forecasted to overspend and underspend, appendix 2 sets out the detail of the movements in forecast.

7.4. Capital Receipt Forecast

- At Period 7 the Council has secured receipts less 4% of fees of (£1.050m) since the reported Period 4 position. The below table details the Council has secured General Use Receipts of (£12.107m) and Ringfenced Receipts of (£2.148m). As part of finalising the 2023/24 Statement of Accounts an adjustment to the Capital Receipts carried forward is required due to a correction in 2023/24 capital funding.

Table 10: Capital Receipts Secured at Period 7 2024/25

Detail	General Use Receipts 2024/25 £m	Ringfenced Receipts 2024/25 £m	Total £m
Receipts carried forward from Provisional Capital Outturn	(8.098)	(0.584)	(8.682)
Receipts carried forward adjustment	1.962	0.000	1.962
Amended Receipt Carried Forward	(6.136)	(0.584)	(6.720)
Secured to Period 5 (Less 4% fees)	(4.921)	(1.564)	(6.485)
Pervious Reported Position	(11.057)	(2.148)	(13.205)
Further Receipts Secured to P7 (Less 4% Fees)	(1.050)	0.000	(1.050)
Secured Receipts as at Period 7	(12.107)	(2.148)	(14.255)

- All secured capital receipts are required to be applied in accordance with the capital receipts prioritisation methodology as defined in the approved Capital Strategy.
- The table below provides the current forecast of capital receipts required for the approved General Fund programme over the MTFP period. Although over the period MTFP period the capital receipts forecasted will be in surplus by (£4.517m). The current 2024/25 forecast is a shortfall of £10.731m based on approved receipts while £3.292m including all identified properties. If these positions hold true or gets worse, the Council could be required to undertake additional temporary borrowing of the same for to fund EFS. This would have an impact on the General Fund revenue budget with regards to interest and MRP.

Table 11: Capital Receipt Requirement and Forecast over the MTFP 2024/25 – 2027/28

Capital Receipt Requirement for Approved General Fund Programme	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Exception Financial Support Transformation	25.200	15.824	0.000	0.000	41.024
General Fund Capital Programme (P5)	3.192	0.000	0.000	0.000	3.192
	4.136	10.607	1.890	0.245	16.878
Budgeted Capital Receipt Requirement	32.528	26.431	1.890	0.245	61.094
Total General Use Capital Receipts banked as at Period 7	(12.107)	0.000	0.000	0.000	(12.107)
Committed Ringfenced Receipts as at Period 7	(0.251)	(5.536)	0.000	0.000	(5.787)
Capital Receipt Shortfall (+) / Surplus (-) as at Period	20.170	20.895	1.890	0.245	43.200
Assets approved for disposal (in process - estimated unsecured receipts risk adjusted)	(9.439)	(7.455)	(1.713)	(0.106)	(18.713)
Net estimated shortfall (+) or surplus (-) Approved Capital Receipts required against approved programme	10.731	13.440	0.177	0.139	24.487
Assets identified for disposal but not approved i.e. pipeline (estimated unsecured receipts risk adjusted)	(7.439)	(12.756)	(6.971)	(1.838)	(29.004)
Net estimated shortfall (+) or surplus (-) Approved & Pipeline Capital Receipts required against approved programme	3.292	0.684	(6.794)	(1.699)	(4.517)
Cumulative Position	3.292	3.976	(2.818)	(4.517)	

- Work is on-going with the Asset Transformation Programme to identify assets for disposal and therefore currently it is early to quantify the actual

level of capital receipt shortfall. This is being closely monitored monthly to ascertain the impact.

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

8.1. Not applicable.

9. **Consideration of Risk**

9.1. The Section 151 Officer is required to provide his statutory advice to Council on the robustness of the budget estimates and adequacy of reserves. More recently the Section 151 Officers' professional opinion was clearly set out in Appendix 1 of the budget report to City Council on 4 March 2024, setting out the risks and conditions for the 2024/25 budget, reasonably based on the best available information and assumptions at the time.

9.2. As set out in the 2025/26 Budget Strategy report presented to Executive Board in June 2024, the significance of the budget gap over the MTFP of c£172m combined with the need to rely on substantial amounts of EFS should not be underestimated. Although c£41m of EFS has allowed the Council to set a balanced budget in 2024/25, the Council has set itself a significantly higher hurdle for 2025/26 with an estimated budget gap of c£69m. The quantum of the financial challenge being faced by the Council alongside and the economic uncertainties over the medium to long term present a high risk to the Council in achieving a balanced budget, combination of which impact council's ability to respond and manage unforeseen financial risks and to achieving a financially sustainable budget over the MTFP. The MTFP will be refreshed to take account of revised growth and pressures and to review budget assumptions which may result in an increase in the overall MTFP budget gap.

9.3. As part of approving the budget both the Executive and City Council in February and March 2024 respectively, took into account the conditions upon which the Section 151 Officer provided their statutory statement on robustness of budget estimates. Those relevant to 2024/25 are restated below:

- The Council continuing to assess, learn, report, and respond appropriately at the earliest point to the existing and emerging financial pressures across all aspects of its operations and for Corporate Leadership Team leads to identify and formulate corrective and mitigating actions in managing any pressures from within their service areas.
- A recognition in the medium-term planning approach that the level of reserves and corporate risk assessment need to be regularly reviewed in the light of changing circumstances and that it may not be possible to match the two at any single point in time. The Council needs to show a commitment to maintain reserves at a level which provides adequate cover for most identified risks during the planning period. This approach is pragmatic and shows a clear commitment to prudent contingency planning.

- The 2024/25 budget is based on the current financial outturn forecast for 2023/24 and accounts yet to be audited for 2019/20 to 2022/23. Budget process for future years will need to reflect any impact of prior year accounting adjustments and 2023/24 outturn. The Government have proposed revised backstop dates for councils with audit opinions outstanding. These are 13 December 2024 for accounts up to 2022/23 and 28 February 2025 for 2023/24. The Council is assessing the implications of the proposed backstops dates on its draft Accounts with its external auditors and will continue to provide progress updates to Audit Committee.
- Executive Leads, Chief Executive, Corporate Directors, and managers not exceeding their cash limits for 2024/25.
- No further calls on reserves other than for those risks that were identified as part of the MTFP, those risks that could not have reasonably been foreseen and cannot be dealt through management or policy actions. The exception to this is where the Section 151 Officer has approved otherwise, as it is not prudent to finance ongoing spending from one-off reserves.
- Where there is a draw-down on reserves, which causes the approved Reserves Policy to be off target, that this is replenished as part of a revised MTFP.
- That the Council has arrangements and resources in place to consider and assess value for money across the delivery of all its services and operations in preparation for future years' budgets.

9.4. As set out in section 3 above, Corporate Leadership Team have implemented a Financial Intervention Strategy to support in identifying and delivering in-year management and mitigating actions that support the Council in achieving a balanced budget in year. As such Corporate Leadership Team, are closely monitoring the interventions to exercise firm grip required to deliver effective financial management of 2024/25 budgets.

9.5. Given the unique operating context of Nottingham City Council, the following are most immediate risks which need to be considered alongside the forecast and risks set out within the directive forecast narrative in Section 6 above:

- Organisational ability to deliver:
 - 2024/25 in-year General Fund balance budget within the approved EFS of c£41m; and
 - the scale of change required in the coming year to both deliver approved savings and further develop saving proposals to minimise the need for EFS in 2024/25 and thereby the unfunded budget gap for the year after.
- Delivery record on approved savings programmes to date
- Likelihood of further variances (overspends) against approved budget in particular social care placement and temporary accommodation pressures, which continue to be partly mitigated by one-off spend

controls and transformational cost reduction programmes which are closely monitored by Leadership and Corporate Leadership Team

- As set out above in Table 2, the likelihood of the forecasted management actions identified through the Financial Intervention Strategy of c£10m fully being realised
- Council ability to manage the current estimated risks
- The level of risks that have not been Subsidiary company risk - loans and risk of liabilities materialising
- Additional pressures relating to loss of funding from Health with regards to joint funded packages across adults and children's social care
- Prior year accounts and historic accounting treatments & practice corrections
- Assumptions regarding debt collection and impact on the collection fund
- Weakness in councils' system and data upon which financial forecast is produced by services.
- Economic factors such as inflation and interest rate environment
- Major project challenges and failure
- Capital receipts not being sufficient to meet existing capital obligations.
- Unfunded income loss pressures as a result of the long-term impact of the pandemic and cost of living crisis, particularly in relation to Council Tax and Business rates income.

9.6. Due to the uncertainties of the economic environment, impact of emerging macro-economic challenges including, inflation and interest rates, long-term impact of the pandemic and expenditure reductions of a significant scale required, there are inevitably significant risks involved in delivering balanced budgets over the medium term. Key strategic risks will continue to be.

- included in the Corporate Risk Register.
- regularly reported to Audit Committee; and
- reviewed through updated Budget and MTFP Strategy reports to the Executive Board.

10. **Best Value Considerations, including consideration of Make or Buy where appropriate**

10.1. The Best Value requirement to demonstrate the continued financial sustainability of the Council has been set out in the 2024/25 Budget and Council Tax Resolution report to City Council on 4 March 2024 and 2024/25 Budget and MTFP report to Executive Board on 13 February 2024.

10.2. Throughout the budget process the Council has taken a proactive and planned approach to delivering best value and financially sustainable services to its communities over the longer term. This will continue as the Council's agreed plans are delivered during 2024/25 and subsequent years.

10.3. Throughout the budget monitoring the Council will take a proactive and planned approach to delivering Best Value.

11. **Commissioner comments**

11.1 The Commissioners are content with this report. Considerable mitigations have been identified in the current year to manage the impact of overspends. The position remains fragile and requires continued attention.'

12. **Finance colleague comments (including implications and value for money/VAT)**

12.1. Finance comments are contained within the main body of the report and in the accompanying appendices.

13. **Legal colleague comments**

It is a legal requirement for a council to set an annual budget and for that budget to be 'balanced' or fully funded in accordance with the Local Government Finance Act 1992. This report sets out the Period 7 position and there remains a forecasted overspend. Finance is whole Council responsibility, and the Council must continue to implement the mitigations described in the body of the report to bring the forecasted spend back in line with approved budget. The main considerations are set out in the body of the report.

Beth Brown, Director of Legal and Governance, 6 December 2024

14. **Other relevant comments**

14.1. **Procurement comments**

Not applicable.

14.2. **HR**

Not applicable.

14.3. **IT**

Not applicable.

14.4. **Strategic Assets and Property**

Not applicable.

15. **Crime and Disorder Implications (If Applicable)**

15.1. Not applicable.

16. **Social value considerations (If Applicable)**

16.1. Not applicable.

17. **Regard to the NHS Constitution (If Applicable)**

17.1. Not applicable.

18. **Equality Impact Assessment (EIA)**

18.1. Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because EIAs are tools that help the Council make sure its policies, and the ways it carries out its functions, do what they are intended to do and for everybody. The report is presenting the Council with the financial position for 2024/25 and therefore at this time does not require for an EIA to be completed.

Yes

19. Data Protection Impact Assessment (DPIA)

19.1. Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because the report and appendices do not contain information which will subject to DPIA.

Yes

20. Carbon Impact Assessment (CIA)

20.1. Has the carbon impact of the proposals in this report been assessed?

No

A CIA is not required because the report and appendices do not contain information which will subject to CIA.

Yes

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

21.1. Not applicable.

22. Appendices

- Appendix 1 – Savings Dashboard
- Appendix 2 – Capital Programme Movements (Slippage and under/, Und
- Appendix 3 – General Fund Revenue Budget Virement Summary

23. Published documents referred to in this report

City Council	
2024/25 Budget and Council Tax Resolution	4 March 2024
Executive Board	
Budget Monitoring Period 4 (2024/25)	17 September 2024
Budget Monitoring Period 2 (2024/25)	16 July 2024
2023/24 Provisional Outturn	18 June 2024
2024/25 Budget and Medium-Term Financial Plan	13 February 2024