

EXECUTIVE BOARD – 19 SEPTEMBER 2017

Subject:	Review of 2017/18 Revenue and Capital Budgets at 30 June 2017 (Quarter 1)
Corporate Director(s)/Director(s):	Geoff Walker, Strategic Director of Finance
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration
Report author and contact details:	Theresa Channell, Head of Strategic Finance 0115 8763649 theresa.channell@nottinghamcity.gov.uk
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 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
Total value of the decision:	£33.135m
Wards affected:	All
Date of consultation with Portfolio Holder(s):	Throughout April – June 2017
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input checked="" type="checkbox"/>
Schools	<input checked="" type="checkbox"/>
Planning and Housing	<input checked="" type="checkbox"/>
Community Services	<input checked="" type="checkbox"/>
Energy, Sustainability and Customer	<input checked="" type="checkbox"/>
Jobs, Growth and Transport	<input checked="" type="checkbox"/>
Adults, Health and Community Sector	<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years	<input checked="" type="checkbox"/>
Leisure and Culture	<input checked="" type="checkbox"/>
Resources and Neighbourhood Regeneration	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
This report provides an up to date assessment of the Council's current and forecast year-end financial position for the General Fund revenue account, Capital Programme and the Housing Revenue Account (HRA) based on activity to the end of June 2017.	
Strong financial planning and management are essential in the Council's work to commission, enable and provide value for money services to citizens to deliver corporate priorities.	
Exempt information: State 'None' or complete the following	
None.	
Recommendation(s):	
1	To note:
a)	the overall current (medium case) forecast net overspend of £7.858m , as set out in paragraph 2.2 and Appendix A. Planned management action is forecast to reduce the overspend to £0.858m although the Council is committed to delivering services on budget for 2017/18;
b)	the management action being taken to control the identified cost pressures across services, as set out in Appendix B;
c)	the forecast working balance of £5.195m on the HRA, as set out in paragraph 2.8;
d)	the forecast position on the Capital Programme, as set out in paragraph 2.10;
e)	the Capital Programme projections at Quarter 1, as set out in paragraph 2.10 (table 7);
f)	the additions to the Capital Programme listed in Appendix E;
g)	the refreshed Capital Programme, including schemes in development, as set out in

paragraph 2.10 (tables 8, 9 and 10).

- 2 To approve:
 - a. The movements of resources set out in paragraph 2.7 and Appendix D.
- 3 To note and endorse the allocations from the corporate contingency as set out in paragraph 2.5.

1 REASONS FOR RECOMMENDATIONS

- 1.1 It enables formal monitoring of progress against the 2017/18 budget and the impact of actual and planned management action.
- 1.2 The approval for virements of budgets is required by corporate financial procedures.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The 2017/18 revenue budget was approved by City Council in March 2017. This periodic report summarises the current assessment of the Council's forecast outturn of the General Fund and HRA. Some report tables may not sum exactly due to rounding.
- 2.2 Forecasting is risk-based, reflecting the diverse nature of the Council's activities and the wide range of issues impacting on the financial position. Table 1 shows the current forecast using best, medium and worst case scenarios and is based on the ledger position as at 30 June 2017 updated for known factors, before management action.

In accordance with the trading account principles set out in the Medium Term Financial Strategy, 50% of traded surplus may be retained for reinvestment in the service. The decision to reserve these surpluses is to be taken in the context of the overall corporate outturn position. Given the current size and scale of the financial overspend, no traded surplus retention is planned in 2017/18.

Appendix A provides more detail and Appendix B explains the main variances.

TABLE 1: FORECAST OUTTURN VARIANCE AS AT 30.06.17				
OUTTURN VARIANCE 2016/17 £m	PORTFOLIO	(UNDER) / OVER SPEND		
		BEST £m	MEDIUM £m	WORST £m
0.367	Adults and Health	1.849	2.249	2.984
1.712	Business, Education and Skills	0.358	0.358	0.358
(0.549)	Community and Customer Services	(0.030)	(0.030)	(0.030)
2.750	Early Intervention and Early Years	3.748	3.748	3.748
(0.806)	Energy and Sustainability	(0.120)	(0.120)	(0.120)
(0.608)	Leisure and Culture	(0.170)	(0.170)	(0.170)
0.122	Planning, Housing and Heritage	0.824	0.824	0.824
(0.719)	Neighbourhood Services and Local Transport	(1.748)	(1.748)	(1.748)
(0.333)	Resources and Neighbourhood Regeneration	(0.064)	(0.064)	(0.064)
0.583	Strategic Infrastructure and Communications	0.000	0.400	1.000
2.518	TOTAL PORTFOLIOS	4.647	5.447	6.782
(1.337)	Corporate budgets	0.000	0.000	0.000
	Health Integration	6.111	10.111	10.111
1.181	PRIOR TO CORPORATE MITIGATION	10.758	15.558	16.893

	Corporate Mitigation	(7.700)	(7.700)	(7.700)
	NET COUNCIL POSITION PRIOR TO MANAGEMENT ACTION	3.058	7.858	9.193

Reasons for the overspend include:

- **£2.249m Adults and Health**
 - Budget pressures in Adult Social Care:
 - increased life expectancy and the associated additional care needs this presents
 - increased disability life expectancy
 - additional care costs from providers due to increased National Living Wage rates
 - The MTFP for 2017/18 and 2018/19 assumes **3.00%** Adult Social Care precept. However, the budgetary pressures in Adult Social Care exceed the funds raised through this precept.
- **£3.748m Early Intervention and Early Years**
 - Increased cost of children in care, predominantly due to complexity and an increase of 22 (3.7%) children above budget
 - Investment profile of the Newly Qualified Social Worker programme and associated double running costs whilst workers are undertaking post qualification training.
- **£10.111m Health Integration**
 - Nationally councils are working with the NHS to develop local Sustainability and Transformation Plans (STP) in recognition of the national Adult Social Care issue and the budgetary pressures. The overall aims are to enable the NHS to manage its budget and keep citizens at home, living independently rather than spending time in hospital.
 - The MTFP assumed that the STP is fully agreed with a contribution of **£10.111m** planned in 2017/18, however discussions have not progressed to a stage that gives confidence that this will be delivered in 2017/18.

2.3 General Reserves

These provide a financial safety net to cover above-budget costs during the year. Variations in forecast outturn will impact on general reserves. Underspends increase reserves and overspends decrease them. Table 2 shows the potential impact of the current medium case forecast variance on the general reserve.

TABLE 2: POTENTIAL IMPACT ON THE GENERAL RESERVE	
ITEM	£m
Opening Balance at 01.04.17	11.600
2016/17 Outturn	(2.522)
Revised Opening Balance	9.078
Increase/(Decrease) in Reserves to medium case	(7.858)
Estimated Reserves at 31.03.18 (medium case)	3.742
Required level of reserves	11.600
Management Action required to address overspend	7.858

The minimum level of opening reserves for 2017/18 was set at **£11.600m**; a **£2.000m** increase on the 2016/17 level as a consequence of the inherent risk in the 2017/18 budget. The impact of the outturn for 2016/17 as reported to Executive Board June 2017 was a reduction in the general fund balance of **£2.522m**. If general reserves fall below the minimum defined level, the shortfall has to be replenished when setting the budget for the following year. Mitigating actions need to be implemented, and have effect, to ensure the minimum level of reserves is maintained. The recommended minimum level for next year will be advised by the Strategic Director of Finance (SDF) based on the prevailing risk assessment of the financial position at that time. For example, if this assessment remains at £11.600m, further savings of £7.858m would be required in 2018/19. This position is not sustainable and therefore management action is required for the remainder of this financial year to address the forecast overspend.

2.4 Management Action

Due to the size of the forecast overspend, management have instigated a series of immediate action to mitigate the financial pressures. These are:

- **£4.000m** consisting of service efficiencies from:
 - Collaborative service delivery with partners **£1.500m**
 - Efficiencies from reviews and commissioned activities **£2.500m**
- **£3.000m** from departmental mitigations, consisting of a vacancy freeze, further encouragement of My Time, discretionary spend and developing budget proposals for 2018/19 in the current year
- **£7.700m** of corporate mitigation as shown in table 3 below:

TABLE 3: CORPORATE MITIGATION	
Issue	2017/18 £m
Reduce General Fund Balance	(2.000)
Reduce revenue contribution – to capital programme	(1.150)
Reduced contingency budget for 2017/18	(0.650)
Capital Programme slippage/Treasury Management	(0.550)
Review of earmarked reserves	(3.350)
Corporate Mitigation (one-off)	(7.700)

The impact on 2018/19 will be considered as part of the December Executive Board report.

TABLE 4: MANAGEMENT ACTION TO MITIGATE FORECAST OVERSPEND	
ITEM	MEDIUM £m
Net Council Position	7.858
Working with Health	(4.000)
Departmental Mitigation Savings	(3.000)
Revised Medium Case Council	0.858

Planned management action is forecast to reduce the overspend to £0.858m although the Council is committed to delivering services on budget for 2017/18.

2.5 Corporate Contingency

This enables management of the financial impact of issues that were not reflected when the budget was set. It is allocated under the delegated authority of the SDF in consultation with the Deputy Leader using designated criteria. Services are required to accommodate unforeseen expenditure and/or income shortfalls from within their cash limited budgets, only seeking allocations where this is proven impossible. Contingency is **£1.800m** in 2017/18; this has been reduced in 2017/18 by **£0.650m** to support the corporate mitigation. Table 5 shows the allocations approved by the SDF and Deputy Leader up to the date of despatch of this report, which now require endorsement.

Item	Amount £m
Schools Out Programme	0.056
Historic Abuse Work	0.030
Shared Services Partnership Oracle Review	0.245
Eudaimonia Super Kitchens	0.004
PATRA transition	0.050
D2N2 Local Enterprise Partnership	0.063
TOTAL	0.448

This leaves a remaining balance of **£0.702m**, although there are further pending applications, which will be reported as part of the next monitoring report. Forecast outturn assumes full use of contingency.

2.6 Cost reductions and pressures

The 2017/18 budget includes new cost reductions of **£13.088m**. Any issues affecting the delivery of these are detailed in Appendix B.

2.7 Movement of Resources

Transfers of services between directorates and/or portfolios are reflected within the monitoring figures. Some transfers are before the change in Executive arrangements approved at Council in May so refer to previous portfolios that were in place until then. These movements of resources now require approval and are detailed in Appendix D.

2.8 HRA Budget

The HRA budget was approved by the City Council at the February 2017 meeting and budgeted for a working balance of **£4.000m** brought forward at 31 March 2017 and closing balance of **£5.195m** at 31 March 2018. The working balance acts as a contingency to cover unexpected significant expenditure or loss of income. The surplus of **£1.195m** is earmarked to support the capital programme.

Rent Income: Increase of £0.981m

The level of rent collected is higher due to Right to Buy sales being lower in 2016/17 than budgeted leading to a higher actual rent receipt than budget in 2016/17 which was carried into 2017/18.

Depreciation: Increase of £0.289m

Increase in the depreciation charge following the revaluation of the stock at 31 March 2017.

Capital Charges: Decrease of £0.373m

Lower level of debt forecast for 2017/18 due to a delay in borrowing to finance the new build programme.

Retained Housing: Increase of £0.131m

Realignment of budget to match current anticipated expenditure.

The table below shows the revised working balance at 31 March 2018.

TABLE 6: HOUSING REVENUE ACCOUNT WORKING BALANCE	
	£m
Estimated balance at 31 March 2018	4.000
Rent income – additional	0.981
Depreciation	(0.289)
Capital Charges	0.373
Retained Housing – budget realignment	(0.131)
Revised working balance at 31 March 2018	5.195

2.9 Debtors Monitoring (Appendix C)

Housing Rents

Performance (97.27%) is still behind target (98.40%) and slightly behind the position at this point last year (97.41%). A robust approach is being taken to tackle high level and persistent debt; however, the increase in Court costs means that cases are being taken to Court at a higher level of debt, which can have an impact on overall arrears levels. In addition, the effect of the Governments Welfare reform measures continues to influence income collection rates. The “Rent First” campaign will continue this year with activities planned including weeks of action and the use of behavioural insight principles to improve collection rates and reduce arrears.

Council Tax – on track to deliver the assumed position in the MTFP

Collection for Quarter 1 of 2017/18 was 26.35%, which is 0.55% above the profiled target of 25.80%, and ahead by 0.20% when compared to 2016/17. Collection amounted to £32.8m compared to collection of £30.7m in 2016/17.

National Non- Domestic Rates (NNDR) – on track to deliver the assumed position in the MTFP

Collection for Quarter 1 of 2017/18 was 28.17%, which was 0.33% below the profiled target for 2017/18. Collection amounted to £39.7m, compared to collection of £39.3m in 2016/17. Net debt collectable over the year has increased from £134.6m in 2016/17 to £141.1m in 2017/18.

Sundry Income

The percentage of debts collected within 90 days in the 12 months to June 2017 was 83.30%, which compares favourably to the corresponding figure for 2016/17 of 82.40%.

The debtor day indicator (which shows how quickly debts are recovered) is currently 31 days, exceeding the target of 32.30 days. Management action continues to target the application of receipts and the 90 day collection percentage should maintain an improvement over future periods.

Adult Residential Services

The Q1 collection rate of 95.31% is below target by 0.59% and 0.24% below Q1 in 2016/17. This is due to cases where no action can be taken currently due to probate, legal and court of protection pending, and includes accounts where agreements are in place to recover the outstanding balance by instalments.

Estates Rents

The collection rate of 95.54% is below the set target of 97.50% but individual periods within the quarter have shown a sustained improvement. Management action is required to deliver an improved position across future periods.

2.10 Capital Programme Update

The outturn report approved an updated overall Capital Programme for 2017/18 of **£108.458m** for the General Fund and **£65.653m** for Public Sector Housing. During quarter 1 schemes to the value of **£25.923m** have been approved while slippage and other movements of approved schemes equates to **£22.635m**. Actual spend to the end of quarter 1 is **£29.799m**.

TABLE 7: REVISED CAPITAL PROGRAMME AND ACTUAL SPEND FOR QUARTER 1

PORTFOLIO	17/18 Forecast Spend £m	17/18 New Approvals £m	Other Movements (Slippage / Reprofiling) £m	Projected Outturn at Qtr1 £m	Actual Spend to Qtr1 £m	New Approvals (Spend 18/19+) £m
Public Sector Housing	65.653	2.498	(2.267)	65.884	12.285	15.553
Transport Scheme	28.080	0.968	(8.023)	21.025	1.578	0.000
Education / Schools	8.938	1.415	(0.268)	10.085	1.154	0.000
All Other Services	71.440	21.042	(12.077)	80.405	14.783	0.757
TOTAL	174.111	25.923	(22.635)	177.399	29.799	16.310

Approvals in Quarter 1

Scheme amendments and additions of **£25.923m** have been approved in quarter 1 where the capital spend is expected to be incurred in 2017/18. Further additions of **£16.310m** have been included as future commitments.

Details of approvals over the value of £1.000m in 2017/18 are listed below:

- **£12.909m** Investment Property Acquisition: These property purchases are to be funded by Prudential Borrowing. Investment Property Acquisitions are expected to result in increased income to the Chamber Estate investment portfolio to meet the MTFP targets.
- **£4.969m** Southside Regeneration: This project is being funded by a mixture of Grant, Reserves and Prudential Borrowing.

- **£1.000m** Neighbourhood Improvements Programme: The funding in this project has been allocated for additional parking and boundary works treatment prioritising spend to Bestwood, Bulwell, Clifton North and Clifton South Wards with some funds also being available for other wards across the city. The purpose of this funding is to improve both the parking provision and the visual appearance of these neighbourhoods. Priorities are currently being developed by ward Councillors and NDOs for consideration.

For further details of all quarter 1 approvals are provided in Appendix E.

Other Movements (Slippage / Reprofilng)

Scheme movements (slippages / reprofiling) in 2017/18 at quarter 1 is **£22.635m**. Schemes where slippage is over £0.500m are detailed below in **Table 8**.

TABLE 8: QUARTER 1 SLIPPAGE / REPROFILING			
Scheme	2017/18 Forecast at Outturn £m	2017/18 Scheme Forecast at Qtr1 £m	Movement £m
Business, Education & Skills			
Waterside Spine Road	1.500	0.750	(0.750)
NET Lines 2/3 - Land Acquisitions	1.710	0.800	(0.910)
NET Lines 2/3 - Quantative Risk Assessment	2.440	1.400	(1.040)
Business, Education & Skills - TOTAL	5.650	2.950	(2.700)
Leisure & Culture			
Highfields Park HLF Scheme	3.670	3.045	(0.625)
Nottingham Castle Transformation (HLF Scheme)	3.549	1.560	(1.989)
Leisure & Culture - TOTAL	7.219	4.605	(2.614)
Strategic Infrastructure & Communications			
Exchange Buildings Refurbishment Design	3.542	0.097	(3.445)
Strategic Infrastructure & Communications - TOTAL	3.542	0.097	(3.445)
Resources and Neighbourhood Regeneration			
IT - Service Improvement - Citrix	0.587	0.000	(0.587)
Resources and Neighbourhood Regeneration - TOTAL	0.587	0.000	(0.587)
Other movements			(13.289)
Scheme Movements at Quarter 1 – TOTAL			(22.635)

Public Sector Housing (HRA) Capital Programme

The Public Sector Housing programme has been updated to reflect movements in quarter 1, the table below sets out the updated programme and resources.

Table 9 sets out the updated programme and resources.

TABLE 9: PUBLIC SECTOR HOUSING – CAPITAL PROGRAMME AND RESOURCES

PORTFOLIO	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Public Sector Housing Programme	65.884	42.166	36.342	34.079	32.366	210.837
Resources Available						
Resources b/fwd	35.993					35.993
Prudential Borrowing	0.000	0.000	8.714	5.408	7.472	21.594
Grants and Contributions	3.721	2.191	2.000	0.000	0.000	7.912
Major Repairs Allowance	27.166	26.759	26.568	26.408	26.248	133.149
Internal Funds / Revenue	4.913	0.877	0.000	0.000	0.000	5.790
Capital Receipts (RTB)	0.000	0.000	0.000	0.000	0.000	0.000
Capital Receipts (Other)	0.925	0.840	0.200	0.200	0.200	2.365
Capital Receipts (RTB 1-4-1)	3.000	1.035	0.000	0.000	0.000	4.035
Total Resources	75.717	31.701	37.482	32.016	33.920	210.837
Cumulative (Surplus) / Shortfall	(9.834)	10.466	(1.140)	2.063	(1.555)	0.000

General Fund Capital Programme

The General Fund programme has been updated to reflect the movements in quarter 1. The table below sets out the updated programme and resources for each portfolio. Schemes in developments arising from the investment strategy which have been split between the initial approved amount and any additional expenditure identified during the business case.

PORTFOLIO	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Programme						
Transport Schemes	21.025	7.263	7.039	0.000	0.000	35.327
Education / Schools	10.085	0.000	0.000	0.000	0.000	10.085
Other Services	80.405	43.032	33.850	17.992	10.924	186.203
Schemes in Development	78.503	88.187	18.661	0.000	0.000	185.351
Total Programme	190.018	138.482	59.550	17.992	10.924	416.966
Resources Available						
Prudential Borrowing	101.869	76.570	17.238	12.483	6.882	215.042
Grants and Contributions	64.230	51.717	39.091	2.392	2.595	160.025
Internal Funds / Revenue	17.975	3.711	2.336	0.199	0.034	24.255
Capital Receipts Secured	0.456	0.000	0.000	0.000	0.000	0.456
Total Resources	190.170	139.176	61.165	17.574	12.011	420.096
Secured (Surplus)/Shortfall	5.488	6.484	0.885	2.918	1.413	17.188
Capital Receipts Unsecured	5.640	7.178	2.500	2.500	2.500	20.318
Cumulative (Surplus)/Shortfall	(0.152)	(0.846)	(2.461)	(2.043)	(3.130)	(3.130)

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 No other options were considered as the Council is required to ensure that, at a corporate level, expenditure and income are kept within approved budget levels and this report sets out how this is being managed.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 Financial implications appear throughout the report.
- 4.2 The financial plans and budgets support delivery of the Council Plan. Monitoring the financial position in parallel with service plan activity helps to ensure the delivery of corporate priorities. The Council has developed a robust approach to providing value for money and efficiency savings to support the delivery of the Council Plan and the Medium Term Financial Strategy.

Geoff Walker 30/08/17

5 RISK MANAGEMENT COLLEAGUE COMMENTS

- 5.1 Continuous review and management of the budget and associated performance issues mitigate the risk of not achieving corporate priorities.
- 5.2 Enhanced monitoring is being undertaken by the management team to focus attention on accountability of budget managers to control expectation within approved budgets.
- 5.3 The five year proposed programme is ambitious and will require the Council to use much of its available resources. Substantial investment of this nature will result in the Council being exposed to additional risks as follows: a significant increase in the authority's borrowing over the next five years;
- exposure to interest rate changes; a 0.5% increase in interest rates will increase the cost of borrowing by c£0.508m per annum;
 - major schemes have a long payback period which will require the use of reserves in the early years to fund short term deficits in business plans;
 - the cost of feasibility studies are all undertaken at risk;
 - schemes may not cover their costs or make the desired return.
- 5.4 In order to manage these risks the following key principles will be adopted in managing the programme:
- new projects (unable to cover their costs) added to the programme, will result in an existing project being removed or amended;
 - all projects must have a robust and viable full business case, which considers and includes whole life costing and revenue implications;
 - all schemes will be subject to robust and deliverable business plans and models which demonstrate the necessary return on investment required;
 - the decision to progress schemes will be dependent on securing the stated level of external funding or grant as appropriate;
 - new projects will be considered where the Council can make a return on investment;
 - where new sources of external funding/grants become available, the programme will be revisited;
 - all schemes will be subject to an independent internal 'Gateway review process'.
- 5.5 The City Council recognises the importance of individual and collective accountability and requires managers to formally acknowledge their responsibilities. Financial management is an integral aspect of effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of capital investment plans.

- 5.6 Corporate Directors will be accountable for the success and deliverability of all capital projects within their remit; including:
- ownership of business cases and any subsequent changes to them;
 - ensuring that capital projects are delivered in line with agreed targets and resources;
 - the successful outcome and benefits realisation of capital projects.

Tom Straw 04/18/17

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 None

7 SOCIAL VALUE CONSIDERATIONS

7.1 None

8 REGARD TO THE NHS CONSTITUTION

8.1 None

9 EQUALITY IMPACT ASSESSMENT (EIA)

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

No

An EIA is not required because:

The report does not contain proposals for new or changing policies, services or functions.

Yes

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Medium Term Financial Plan 2017/18 – 2019/20 - Executive Board 21 February 2017

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

12.1 Charlotte Marsh – Senior Accountant (Current Year Monitoring & Forecasting)
0115 8764132

Charlotte.marsh@nottinghamcity.gov.uk

Julie Dorrington – Senior Accountant (HRA)
0115 8764617

Julie.dorrington@nottinghamcity.gov.uk

Tom Straw – Senior Accountant (Capital Programmes)
0115 8763659

Thomas.straw@nottinghamcity.gov.uk

BUDGET MONITORING 2017/18 - Year to Period 3 (JUNE) £'m

APPENDIX A

Portfolio	POSITION TO THE END OF P3 (JUNE)				YEAR END FORECAST POSITION					
	Updated Estimate	Profile d Estimate	Actual + Commitments	Variance	Estimated Outturn (BEST CASE)	Estimated Outturn (MEDIUM CASE)	Estimated Outturn (WORST CASE)	Variance (under)/over to BEST CASE	Variance (under)/over to MEDIUM CASE	Variance (under)/over to WORST CASE
Adults and Health	101.714	32.420	37.851	5.430	103.563	103.963	104.698	1.849	2.249	2.984
Business, Education & Skills	3.951	4.472	(7.806)	(12.278)	4.309	4.309	4.309	0.358	0.358	0.358
Community & Customer Services	23.681	5.419	8.438	3.019	23.650	23.650	23.650	(0.030)	(0.030)	(0.030)
Early Intervention & Early Years	57.103	17.830	12.848	(4.982)	60.851	60.851	60.851	3.748	3.748	3.748
Energy & Sustainability	11.852	2.356	2.495	0.139	11.732	11.732	11.732	(0.120)	(0.120)	(0.120)
Leisure & Culture	8.020	2.024	(2.491)	(4.515)	7.850	7.850	7.850	(0.170)	(0.170)	(0.170)
Planning, Housing & Heritage	1.264	0.251	(1.725)	(1.976)	2.088	2.088	2.088	0.824	0.824	0.824
Neighbourhood Services & Local Transport	10.763	(3.874)	5.682	9.556	9.016	9.016	9.016	(1.748)	(1.748)	(1.748)
Resources & Neighbourhood Regeneration	21.117	7.492	4.853	(2.638)	21.053	21.053	21.053	(0.064)	(0.064)	(0.064)
Strategic Infrastructure and Communications	(9.770)	(1.871)	(2.623)	(0.752)	(9.770)	(9.370)	(8.770)	0.000	0.400	1.000
Total Portfolios	229.695	66.520	57.522	(8.997)	234.342	235.142	236.477	4.647	5.447	6.782
Corporate Budgets	8.850	(4.358)	(13.208)	(8.850)	8.850	8.850	8.850	0.000	0.000	0.000
Total General Fund	238.544	62.162	44.315	(17.847)	243.192	243.991	245.327	4.647	5.447	6.782

Portfolio Variances +/- £50k (medium case)**Adults and Health Portfolio – overall variance £2.249m adverse****Adults - £2.249m adverse**

The gross overspend of £2.249m is made up of:

1. £2.400m Adults External Care Spend. Overspend is due to an increase in complexity of care packages. A programme of work is being undertaken to review the packages to ensure they are robust, appropriate and the right sources of funding are supporting the package.
2. (£0.151m) other service underspends

Business, Education and Skills Portfolio – overall variance £0.358m adverse**Education £0.358m adverse**

The material issues contributing to this overspend are:

1. Schools Education Transport of £0.358m. Work is ongoing to look at the c. £1m spend on taxi transport and alternative transport provision/procurement options.

Reducing demand for SEN transport/charging options requires policy change and options are being prepared for the portfolio holder to consider. These changes, if agreed will need to be consulted upon so unlikely to be implemented until start of 2018 academic year.

Early Intervention and Early Years Portfolio – overall variance £3.748m adverse**Children's £3.352m adverse**

The gross overspend of £3.352m is made up of:

1. £1.540m from the investment profile of the Newly Qualified Social Worker (NQSW) programme and the associated double running costs whilst the NQSW are undertaking their post qualification training.
2. £1.581m cost of children in care. This increased cost is predominantly due to complexity and an increase of 22 children above budget.
3. £0.231m other service underspends in CIS.

Directorate £0.396m adverse

The gross overspend of £0.396m is made up of:

- Unachieved historical savings of £0.396m.

Energy and Sustainability Portfolio – overall variance £0.120m favourable**Energy Services - Policy- £0.063m adverse**

There have been unforeseen costs as a result of an extended summer shutdown of the Incinerator for maintenance purposes. There is a reserve set aside for this purpose, the waste reserve, but this balance assumes full use of these reserves, with the £63k balance sitting within the energy service budget.

Energy Services – Projects - £0.183m favourable

Commercial & Operations are working towards published Business Plans for 2017/18. Overall, Commercial & Operation's strategy is to focus on commercialism and driving external income. A combination of delivery of these business plans sees an overall positive variance.

Leisure and Culture Portfolio – overall variance £0.170m favourable

Commercial & Operations are working towards published Business Plans for 2017/18. Overall, Commercial & Operation's strategy is to focus on commercialism and driving external income. A combination of delivery of these business plans sees an overall positive variance.

- **Cemeteries and Crematoria - £0.059m favourable**
- **Museums - £0.080m favourable**
- **Sports and Leisure - £0.204m favourable**
- **Royal Centre - £0.052m favourable**

Markets - £0.261m adverse

INTU have significantly increased the service charges for the Victoria Market repeatedly over recent years and in January 2017, INTU increased them again by a further 9%. This has resulted in the Indoor Market moving from a position whereby stallholder rents covers the costs to one whereby the rents do not meet operating costs. This higher stall rents has resulted in an increased number of vacant stalls

The overall markets budget is forecasting an adverse variance of £0.261m but the Indoor Market alone, is forecasting an adverse variance of £0.270m

Planning, Housing and Heritage Portfolio – overall variance £0.824m adverse

Homelessness - £0.824m adverse

There has been a nationwide rise in homelessness which has impacted Nottingham and expenditure on Bed and Breakfast accommodation has increased exponentially. The current medium forecast for the end of year overspend on Bed and Breakfast is £0.824m based on spend to date and the trend of use during last financial year. This forecast assumes the delivery of preventative work utilising some of the Homelessness Grant that has been provided from DCLG. There will be monthly monitoring on the spend and impact of this work.

Neighbourhood Services and Local Transport – overall variance £1.748m favourable

Commercial & Operations are working towards published Business Plans for 2017/18. Overall, Commercial & Operation's strategy is to focus on commercialism and driving external income. A combination of delivery of these business plans sees an overall positive variance.

- **Highways and Energy Infrastructure - £0.380m favourable**
- **Neighbourhood Operations - £0.148m favourable**
- **Parking, Transport and Fleet - £0.339m favourable**
- **Trading Operations - £0.881m favourable**

Resources and Neighbourhood Regeneration Portfolio – overall variance £0.064m favourable

Commercial & Operations are working towards published Business Plans for 2017/18. Overall, Commercial & Operation's strategy is to focus on commercialism and driving external income. A combination of delivery of these business plans sees an overall positive variance.

- **Facilities and Building Services - £0.064m favourable**

Strategic Infrastructure and Communications Portfolio – overall variance £0.400m adverse

Strategic Assets and Property - £0.400m adverse

The SAM Big Ticket Property Savings target for 17/18 of £3.9m has been delivered however there are £1m of pressures within the Property Trading Account. The Q1 forecast is for a worst case year end outturn of £1m overspent, a medium case of £400k overspent and the best case being balanced on budget.

The Strategic Assets & Property Directorate are seeking appropriate investment opportunities to generate the required revenue income to meet the current financial pressure within the PTA. The current income gap stands at £1m and will be mitigated if suitable investment properties are found and then approved and there is no change in the current capital funding provisions.

APPENDIX C

Debtors - Performance Review – Q1 2017/18		Q1 June
BVPI 66a - Housing Rent Collection (%) <i>(cumulative - current tenants only)</i>		
	<i>(arrears + debit)</i> Actual	97.27
	Target	98.40
	Last Year Actual 2016/17	97.41
BVPI 9 - Council Tax Collection (%)		
	<i>(in year cumulative)</i> Actual	26.35
	Target	25.80
	Last Year Actual 2016/17	26.15
BVPI 10 - NNDR Collection (%)		
	<i>(in year cumulative)</i> Actual	28.17
	Target	28.50
	Last Year Actual 2016/17	29.25
Sundry Income Collection (%)		
	<i>(12 month rolling average)</i> Actual	83.30
	Target	99.00
	Last Year Actual 2016/17	82.40
Sundry Income Debtor Days -General		
	Actual	31.00
	<i>(12 month rolling average)</i> Target	32.30
	Last Year Actual 2016/17	30.00
Estates Rents Collection (%)		
	Actual	95.54
	<i>(12 month rolling average)</i> Target	97.50
	Last Year Actual 2016/17	94.17
Adult Residential Services Collection (%)		
	Actual	95.31
	<i>(12 month rolling average)</i> Target	95.90
	Last Year Actual 2016/17	95.55

VIREMENT 2017-18 REQUIRING EXECUTIVE BOARD APPROVAL

APPENDIX D

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Operational virements prior to changes in Portfolio arrangements					
Children's Partnership Board Responsibilities	0.012	S&R	C&A	ADH	ELY
Service Move between Contracts & Procurement and Community Engagement	0.100	S&R	C&O	ADH	CYS
	2.330			SRN	CYS
Income budget realignment within Facilities & Building Services	0.450	within C&O		CYS	SRN
Security Recharges	0.132	C&O	D&G	CYS	RNR
	0.003	C&O	D&G	RNR	SRN
Operational realignments within Property Directorate	0.050	within D&G		RNR	SRN
Transfer of Services resulting from changes in Portfolio arrangements					
Commissioning & Procurement	0.485	within S&R		ADH	RNR
Strategy & Policy	2.334	within S&R		ADH	RNR
Commissioning & Procurement Director	0.088	within S&R		ADH	RNR
Strategy & Resources Directorate	0.344	within S&R		ADH	RNR
City Advertising Trading Acct	0.320	within S&R		ADH	SI&C
Marketing & Communications	1.076	within S&R		ADH	SI&C
Customer Access Programme	0.155	within S&R		ESU	C&CS
Works Perks	0.080	within S&R		RNR	C&CS
One Nottingham	0.124	within S&R		ELY	C&CS
Voluntary Sector	0.085	within S&R		SRN	C&CS
Crime & Drugs Partnership	0.111	within S&R		CYS	SI&C

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Information Technology	4.924	within S&R		RNR	C&CS
Commercial & Operations Support Services	0.851	within C&O		CYS	NST
Neighbourhood Operations	6.436	within C&O		CYS	NST
Business Development & Innovation	0.537	within C&O		CYS	NST
Performance & Improvement	0.265	within C&O		CYS	NST
Trading Operations	1.808	within C&O		CYS	NST
Facilities and Building Services	0.980	within C&O		CYS	RNR
Facilities and Building Services	1.529	within C&O		SRN	RNR
Neighbourhood Services	0.735	within C&O		CYS	NST
Parking, Transport and Fleet	0.014	within C&O		CYS	NST
Community Centres	1.006	within C&O		SRN	C&CS
Energy Services - Commercial Activity	0.238	within C&O		RNR	ESU
Economic Development Business Growth	0.341	within D&G		BGT	BES
Major Programmes	0.270	within D&G		RNR	SI&C
NET Project	0.058	within D&G		BGT	SI&C
Operational virements after changes in Portfolio arrangements					
Pay Model Adjustments (Technical)	0.065	Corporate	C&A	RNR	BES
	0.143	D&G	Corporate	BGT	RNR
	0.118	Corporate	C&O	RNR	C&CS
	0.001		S&R		ELY
	0.145		C&O		NST
	0.156		D&G		NST
	0.106		S&R	within RNR	
	0.024		D&G	within RNR	

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Pay Model Adjustments (Technical)	0.058	Corporate	S&R	RNR	SI&C
	0.040		S&R		C&CS
	0.007		S&R		SI&C
	0.090		D&G		SI&C
Realign Contact Centre Budgets	0.139	C&O	S&R	NST	C&CS
	0.161	C&O	S&R	within C&CS	
Leadership Support Centralisation	0.046	C&A	S&R	ADH	C&CS
	0.072	C&A		ELY	
	0.109	C&O		NST	
	0.266	S&R		RNR	
	0.108	D&G		RNR	
Housing Related Support	0.100	within S&R		ADH	C&CS
	0.057	S&R	C&O		C&CS
	0.628	within S&R			SI&C
transfer budget to Contact Centre	0.042	C&O	S&R	NST	C&CS
realign vacancy saving	0.005	C&O	S&R	C&CS	NST
Operational realignment Parks / Uniformed Services	0.005	within C&O		LCT	C&CS
Security Recharges adjustment	0.259	D&G	C&O	RNR	C&CS
Post transfer (Highways & Energy to Energy Services Projects)	0.040	within C&O		NST	ESU
Integration of Parks into Street Scene	0.475	within C&O		LCT	NST
Vehicles reallocation	0.008	within C&O			
Woodfield Industries	0.150	D&G	C&O	within NST	
Operational realignment Commissioning & Procurement / Crime & Drugs	0.071	C&O	S&R	SI&C	RNR
Technical Adjustment - Prudential Borrowing	1.126	Corporate	D&G	within RNR	
Savings realignment	0.017	CX	D&G	within RNR	
	0.029	S&R			
Total	33.135				

Key	Department
CA	Children & Adults
C&O	Commercial & Operations
CX	Chief Executive
D&G	Development & Growth
S&R	Strategy & Resources

Key	Portfolio
ADH	Adults & Health
BES	Business, Education & Skills
BGT	Business, Growth & Transport
CYS	Community Services
C&CS	Community & Customer Services
EES	Education, Employment & Skills
ELY	Early Intervention & Early Years
ESU	Energy & Sustainability
LCT	Leisure & Culture
NST	Neighbourhood Services & Local Transport
PLNH	Planning & Housing
RNR	Resources & Neighbourhood Regeneration
SI&C	Strategic Infrastructure & Communications
SRN	Strategic Regeneration

Public Sector Housing Schemes

PORTFOLIO	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Sutton House Flats	0.300	0.000	0.000	0.000	0.000	0.300
Woodthorpe / Winchester Extra Care Scheme	0.000	0.715	0.000	0.000	0.000	0.715
Redevelopment of Knights Close	0.319	2.354	1.008	0.000	0.000	3.681
Construction of Additional Homes	0.999	0.000	0.000	0.000	0.000	0.999
Morley School	0.000	0.000	0.000	0.000	0.000	0.000
Shared Ownership & Affordable Homes Programme	0.300	4.700	4.500	0.000	0.000	9.500
ERDF Deep Innovative Retrofit	0.580	1.138	1.138	0.000	0.000	2.856
TOTAL – Transport Schemes	2.498	8.907	6.646	0.000	0.000	18.051

Transport Schemes

PORTFOLIO	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
National Productivity Investment Fund	0.968	0.000	0.000	0.000	0.000	0.968
TOTAL – Transport Schemes	0.968	0.000	0.000	0.000	0.000	0.968

Education / Schools

PORTFOLIO	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Dunkirk Primary (Roof)	0.200	0.000	0.000	0.000	0.000	0.200
South Wilford (Drainage)	0.200	0.000	0.000	0.000	0.000	0.200
Walter Halls (Boiler)	0.100	0.000	0.000	0.000	0.000	0.100
Cantrell Primary (Roof)	0.100	0.000	0.000	0.000	0.000	0.100
Southwold Primary (Structural Repairs)	0.030	0.000	0.000	0.000	0.000	0.030
Claremont Primary (Heating)	0.150	0.000	0.000	0.000	0.000	0.150
Greenfields Primary (Roof)	0.125	0.000	0.000	0.000	0.000	0.125
Whitegate Primary (Boilers)	0.100	0.000	0.000	0.000	0.000	0.100
Rufford Primary (Asbestos)	0.200	0.000	0.000	0.000	0.000	0.200
Stanstead Primary (New Flue)	0.025	0.000	0.000	0.000	0.000	0.025
Stanstead Remedial	0.110	0.000	0.000	0.000	0.000	0.110
Dovecote Heating	0.075	0.000	0.000	0.000	0.000	0.075
TOTAL – Education / Schools	1.415	0.000	0.000	0.000	0.000	1.415

Other Services						
PORTFOLIO	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
Community Services						
Neighbourhood Improvement Programme	1.000	0.000	0.000	0.000	0.000	1.000
Community Protection Replacement Vehicles	0.138	0.000	0.000	0.000	0.000	0.138
Early Intervention & Early Years						
30 Hour Capital Grant Award	0.307	0.000	0.000	0.000	0.000	0.307
Energy and Sustainability						
DEFRA Air Quality	0.250	0.000	0.000	0.000	0.000	0.250
Jobs Growth & Transport						
CCTV Control Room Upgrade	0.235	0.000	0.000	0.000	0.000	0.235
Leisure and Culture						
Melbourne Park	0.000	0.015	0.000	0.000	0.000	0.015
Bilborough Park	0.000	0.010	0.000	0.000	0.000	0.010
Broxtowe CP & Strelly Rec	0.000	0.059	0.000	0.000	0.000	0.059
Moorfield Allotment	0.004	0.004	0.000	0.000	0.000	0.008
Peggy's Park & Play Area	0.005	0.076	0.000	0.000	0.000	0.081
Queens Walk Rec	0.010	0.025	0.000	0.000	0.000	0.035
Trafford Gardens Play Area	0.000	0.059	0.000	0.000	0.000	0.059
Valley Road Park & Play Area	0.020	0.090	0.000	0.000	0.000	0.110
Bulwell Hall Golf Course	0.040	0.000	0.000	0.000	0.000	0.040
Colville Street Play Area	0.020	0.000	0.000	0.000	0.000	0.020
Forest Rec Ground	0.034	0.013	0.000	0.000	0.000	0.047
Overflow Car Park Harvey Hadden	0.140	0.000	0.000	0.000	0.000	0.140
Resources and Neighbourhood Regeneration						
Investment Property Acquisition (Project Wellington)	2.189	0.000	0.000	0.000	0.000	2.189
One Public Estate - Loxley	0.121	0.000	0.000	0.000	0.000	0.121
One Public Estate - Crocus Place	0.141	0.000	0.000	0.000	0.000	0.141
One Public Estate - Joint Service Centres	0.045	0.000	0.000	0.000	0.000	0.045
IT - Update Cisco	0.034	0.046	0.000	0.000	0.000	0.080
IT - Anti Virus	0.120	0.120	0.120	0.120	0.000	0.480
Investment Property Acquisition (Project 118)	10.720	0.000	0.000	0.000	0.000	10.720
Strategic Regeneration & Development						
Southside Regeneration	4.969	0.000	0.000	0.000	0.000	4.969
Partial Demolition of Elms Primary	0.500	0.000	0.000	0.000	0.000	0.500
TOTAL - Other Services	21.042	0.517	0.120	0.120	0.000	21.799

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
TOTAL - Approvals Quarter 1	25.923	9.424	6.766	0.120	0.000	42.233