EXECUTIVE BOARD – 17 December 2019

Subject:	Review of 2019/20 Revenue and Capital Budgets at 30 September 2019 (Quarter 2)
Corporate Director(s)/Director(s):	Laura Pattman, Strategic Director of Finance
Portfolio Holder(s):	Councillor Sam Webster, Portfolio Holder for Finance, Growth and the City Centre
Report author and contact details:	Theresa Channell, Head of Strategic Finance & Deputy Section 151 Officer 0115 8763649 theresa.channell@nottinghamcity.gov.uk

Subject to call-in: ☒ Yes ☐ No

Key Decision: ☒ Yes ☐ No

Criteria for Key Decision:

(a) ☒ Expenditure ☒ Income ☐ 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 ☐ Yes ☒ No

Type of expenditure: ☒ Revenue ☒ Capital

Total value of the decision: £2.709m

Wards affected: All

Date of consultation with Portfolio Holder(s): Throughout July – September 2019

Relevant Council Plan Key Theme:

Nottingham People	☒
Living in Nottingham	☒
Growing Nottingham	☒
Respect for Nottingham	☒
Serving Nottingham Better	☒

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 September 2019.

The City Council, like all other local authorities across the country, has seen a substantial and sustained reduction in Government funding because of austerity policies. Alongside this reduction in grant income, Nottingham has seen increased demand for a number of services, for example Adult Social Care and Children in Care. This has resulted in the Council having to make cumulative savings totalling **£271.4m** between 2010/11 and 2019/20.

The 2019/20 draft outturn position is showing a net overspend of **£7.527m**. This follows overspends in 2016/17, 2017/18 and 2018/19 of **£2.522m**, **£4.215m** and **£1.681m** respectively. The majority of the **£7.527m** overspend is due to Children & Young People (**£5.857m**); Early Years, Education & Employment (**£1.032m**) and Companies (**£1.127m)**. Reasons for these variances include overspends in Children in Care costs, increase in agency staff, unmet historical targets and other income reductions.

Management is committed to delivering an on budget outturn however this is increasingly challenging given the sustained financial context within which the Council is operating. Management action is in place as detailed in **section 2.2** and a key priority of this is monthly monitoring of the outturn position to review progress on reducing the overspend, however further action may be required.

Exempt information: State 'None' or complete the following

None

Recommendation(s):

1	To note: a) The overall current forecast net overspend of **£7.527m**, as set out in paragraph **2.2** and **Appendix A**. The Council is committed to delivering services on budget for 2019/20; b) the forecast working balance of **£7.260m** on the HRA, as set out in paragraph **2.7**; c) the forecast position on the Capital Programme, as set out in paragraph **2.9**; d) the Capital Programme projections at Quarter 1, as set out in paragraph **2.9** (**table 5**); e) the refreshed Capital Programme, including schemes in development, as set out in paragraph **2.9** (**tables 6, 7 and 8**).
2	To approve: a. The movements of resources set out in paragraph **2.6** and **Appendix D.**
3	To note and endorse the allocations from the corporate contingency as set out in paragraph **2.4**.

1 REASONS FOR RECOMMENDATIONS

1.1 It enables formal monitoring of progress against the 2019/20 budget and the impact of actual and planned management action.

1.2 The approval for virement of budgets is required by corporate financial procedures.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 The 2019/20 revenue budget was approved by City Council in March 2019. 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 overspend of **£7.527m** and is based on the ledger position as at 30 September 2019.

A range of management actions to address the forecast overspend have been introduced and communicated to colleagues, these include:

- Monthly monitoring reviewed by Corporate Leadership Team (CLT) and Executive Panel
- Vacancy freeze controls
- All but non-essential spend to cease
- Restrictions on travel and conference attendance to continue
- Stop all non-essential maintenance
- A review of earmarked reserves

A review of earmarked reserves has taken place and there is potential to release **£3.591m** to support the 2019/20 outturn position, which will therefore reduce the potential overspend to **£3.936m**. This decision is one-off in nature and reduces further budget flexibility. CLT and Executive Board are committed to delivering an on budget outturn for 2019/20 however this is increasingly challenging given the current financial climate in which the Council operates within.

Budget Managers and Senior Leaders are accountable for delivering services on budget including delivery of existing savings. To compensate for the overall overspend position it may be necessary to deliver alternative savings, however appropriate consultation will take place as required.

Following Executive Board in May, the portfolios have changed and the forecast outturn in **Table 1** below reflects the new portfolios. The 2018/19 outturn variance column has been restated as per the current portfolios.

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

TABLE 1: CURRENT FORECAST OUTTURN AS AT 30.09.19 (Q2)		
OUTTURN VARIANCE 2018/19 £m	**PORTFOLIO**	**FORECAST OUTTURN £m**
(1.593)	Adult Care & Local Transport	(1.767)
3.341	Children & Young People	5.857
(0.089)	Communities	0.018
0.933	Early Years, Education & Employment	1.032
1.277	Energy, Environment & Democratic Services	(0.504)
(0.034)	Finance, Growth & the City Centre	0.020
(0.346)	Health, HR & Equalities	0.001
(0.057)	Housing, Planning & Heritage	0.801
(0.326)	Leisure, Culture & IT	(0.366)
(0.715)	Regeneration, Safety & Communications	0.870
2.391	**TOTAL PORTFOLIOS**	**5.962**
0.083	Corporate budgets	0.438
1.276	Companies	1.127
3.750	**PRIOR TO CORPORATE MITIGATION**	**7.527**
(2.069)	Mitigation/ Managed Underspends	
1.681	**TOTAL**	**7.527**

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 general reserve.

TABLE 2: THE GENERAL RESERVE	
ITEM	**£m**
Opening Balance at 01.04.19	**9.643**
2019/20 MTFP Increase in General Reserve	1.000
2018/19 Outturn	(1.681)
Revised Opening Balance	**8.962**

The minimum level of opening reserves for 2019/20 was set at **£10.643m**. The impact of the outturn for 2018/19 as approved by Executive Board May 2019 was a reduction in the general fund balance of **£1.681m**. Management action is being undertaken to address the **£1.681m** 2018/19 overspend to ensure the general fund balance is restored to the required level.

2.4 **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 Strategic Director of Finance (SDF) using designated criteria. Services are required to accommodate unforeseen expenditure and/or income shortfalls from within their budgets, only seeking

allocations where this is proven impossible. Contingency is **£1.775m** in 2019/20. **Table 3** shows the allocations approved by the SDF up to the date of despatch of this report, which now require endorsement.

TABLE 3: CONTINGENCY ALLOCATIONS REQUIRING ENDORSEMENT	
Item	**Amount £m**
Midlands Engine Contribution	0.020
TOTAL	**0.020**

This leaves a remaining balance of **£1.584m**, although there are further pending applications, which will be reported as part of the next monitoring report. Forecast outturn assumes an underspend of **£0.500m** and this has been reflected within **Table 1** on the Corporate Budgets line**.** All future calls on this budget are being thoroughly scrutinised.

2.5 **Cost reductions and Potential Overspend Risks**

The 2019/20 budget includes new cost reductions of **£23.258m** and pressures of **£6.177m.** Any issues affecting the delivery of these are detailed in **Appendix B**.

2.6 **Movement of Resources**

Transfers of services between directorates and/or portfolios are reflected within the monitoring figures. These movements of resources now require approval and are detailed in **Appendix D**.

2.7 **Housing Revenue Account (HRA)**

The HRA budget was approved by the City Council in March 2019 and budgeted for a working balance of **£7.727m** at 31 March 2020. The working balance acts as a contingency to cover unexpected significant expenditure or loss of income. (During 2018-19 the Working Balance was increased from **£4.000m** to **£7.727m** to prepare for the impact of Universal Credit on arrears and bad debt). The latest forecast is a projected reduction of the working balance to **£7.260m**.

Working Balance Brought Forward: Increase of £0.010m

The actual position of the Working Balance carried forward from 2018-19 was **£7.737m**, which is an increase of **£0.010m** from that reported in the Budget. Details of variance were set out in the outturn report considered by Executive Board in May 2019.

Retained Housing: Decrease of £0.477m

Approval to commence pre-start investigation works for the HRA new build schemes has been given in Delegated Decision 3684 at Chingford, Beckhampton and Oakdene. These are revenue costs until these schemes complete the feasibility stage and are fully approved, when the costs can be classed as capital, and funded by capital resources. At that stage the costs will be transferred from the revenue account and the Working Balance will increase back to the level in the approved Budget.

Table 4 below shows the revised working balance at 31 March 2020**.**

TABLE 4: HRA WORKING BALANCE	
	£m
Estimated balance at 31 March 2020	**7.727**
Working Balance brought forward 2018/19	0.010
Retained Housing – pre-start site investigations	(0.477)
Revised working balance at 31 March 2020	**7.260**

2.8 **Debtors Monitoring (Appendix C)**

Housing Rents
The figure achieved for the end of Quarter 2 (**97.68%**) is slightly behind the position for the same period last year (**97.93%**). The performance is an improvement on last quarter, however is slightly short of the target (**98.50%**). Performance is being affected by the on-going roll out of Universal Credit, with an additional 60 – 70 NCH cases claiming each week. The average debt on these cases is much higher than all arrears cases because of the way in which Universal Credit is paid (one month in arrears). The Council is continuing to work closely with all tenants affected by Universal Credit and a new process is being launched this month. There are now over 2,600 tenants in receipt of Universal Credit and the Council continues with the "Rent First" message in order to maintain collection rates.

Council Tax
Collection for Quarter 2 of 2019/20 was **50.53%**, which exceeds the monthly profiled target by **0.33%** and in percentage terms, is a small decrease of **0.26%** when compared to 2018/19. Collection amounted to **£71.6m** compared to collection of **£68.2m** for the same period in 2018/19. Net debt collectable over the two financial years has increased from **£134.1m** in 2018/19 to **£142.4m** in 2019/20.

National Non- Domestic Rates (NNDR)
Collection for Quarter 2 of 2019/20 was **54.50%**, which is **1%** below the profiled target. However, collection amounted to **£78.4m**, compared to collection of **£78.3m** for the same period in 2018/19. Net debt collectable over the year has increased from **£141.8m** in 2018/19 to **£143.7m** in 2019/20.

Sundry Income
The percentage of debts collected within 90 days in the 12 months to September 2019 is **83.20%**, which is above the corresponding figure for 2018/19 of **79.80%**.

The debtor day indicator (which shows how quickly debts are recovered) is currently **41** days, which is below target and slightly worse than the corresponding figure for 2018/19 of **36** days.

There is significant work underway to improve debt collection rates in the Council's finance system, with particular focus on the implementation of Advanced Collections functionality as part of the Fit for the Future (FFtF) programme. Advanced Collections is a debt management tool that will provide vastly improved debt collection functionality, enabling tailored debt strategies to be built for different types of debt.

Adult Residential Services
Quarter 2 collection is **96.90%** against a target of **97.50%**. The corresponding figure for 2018/19 Quarter 2 was **97.70%**.

Adult Residential Services has implemented new routines for debt recovery and this has increased recovery by **0.4%** since Quarter 1. Money Carers Foundation / Court of Protection cases continue to present challenges and dedicated resource is necessary for this. Work is also being undertaken to identify and present cases for legal action where Adult Residential Services has exhausted current available action including obtaining charging orders and securing debt against assets where possible to protect the council position in the future.

Estates Rents
The collection rate of **98.05%** is above the set target of **97.50%**.

2.9 **Capital Programme**

The quarter 1 report approved an updated overall Capital Programme for 2019/20 of **£194.196m** for the approved (Category 1) General Fund Schemes and **£54.594m** for Public Sector Housing.

During quarter 2 the total 19/20 additions was **£24.961m**, while other scheme movements equate to **(£19.621m)**. These details are shown in **Table 5** below

TABLE 5: REVISED CAPITAL PRGRAMME AND ACTUAL SPEND FOR QUARTER 2

	19/20 Forecast Spend £m	19/20 Qtr2 Additions £m	Other Qtr2 Movements (Slippage / Reprofiling) £m	Projected Outturn at Qtr2 £m	Actual Spend Qtr2 £m	New Additions (Spend 20/21+) £m
Public Sector Housing						
Category 1 (Approved Schemes)	54.594	5.938	(2.815)	**57.717**	15.598	45.017
Category 2 (Planned Schemes)	0.210	0.000	(0.160)	**0.050**	0.000	8.000
Public Sector Housing Total	**54.804**	**5.938**	**(2.975)**	**57.767**	**15.598**	**53.017**
General Fund						
Category 1 (Approved Schemes)						
Transport Schemes	31.087	0.000	(0.214)	**30.873**	3.670	0.000
Education / Schools	6.502	1.280	(0.327)	**7.455**	2.494	0.883
Other Services	156.607	17.743	(15.640)	**158.710**	26.842	14.522
Category 2 (Planned Schemes)	9.403	0.000	(0.465)	**8.938**	0.000	0.000
General Fund Total	**203.599**	**19.023**	**(16.646)**	**205.976**	**33.006**	**15.405**
TOTAL	**258.403**	**24.961**	**(19.621)**	**263.743**	**48.604**	**68.422**

Approvals in Quarter 2
Scheme amendments and additions of **£24.961m** have been approved in quarter 2 where the capital spend is expected to be incurred during 2019/20. Details of approvals over the value of **£1.000m** in 2019/20 are listed below:

- **£11.476m,** Loan to Nottingham City Homes Enterprise Ltd – to enable the purchase of Market Rented Properties
- **£5.727m** Public Sector Housing Right to Buy Acquisitions (full scheme **£37.773m**). This project is for the Housing Revenue Account to increase housing stock by procuring houses
- **£2.193m**, Loan to Nottingham City Homes Enterprise Ltd – to enable the purchase of a new build development at Arkwright Walk Phase
- **£1.350m**, Replacement of Communication Equipment – replaces core IT infrastructure equipment that has reached the end of it's life. This project is to be funded by the IT Efficiency Reserve
- **£1.280m,** Nethergate Academy Expansion (full scheme **£2.383m**)

Further details of all quarter 2 approvals are provided in **Appendix E**.

Other Movements (Slippage / Reprofiling)
Scheme movements (slippages / reprofiling) in 2019/20 during quarter 2 is **(£19.621m)**. Schemes where slippage is over **£0.250m** are detailed below in **Table 6.**

TABLE 6: QUARTER 2 MOVEMENTS (SLIPPAGES / REPROFILING)			
Scheme	**2019/20 Forecast at Quarter 1 £m**	**2019/20 Scheme Forecast at Qtr2 £m**	**Movement £m**
Public Sector Housing			
High Rise Sprinkler Systems - FSW	1.197	0.597	(0.600)
Gas Safety Enhancements - FSW	0.250	0.000	(0.250)
EWI Schemes - CR&M	0.618	0.318	(0.300)
Knights Close - New Build	2.102	1.707	(0.395)
Tunstall Drive	1.181	0.800	(0.381)
Other Public Sector Housing Movements			(1.049)
Total Public Sector Housing			**(2.975)**
General Fund			
Other Services			
Solar Panels - Commercial PV Invest Prog	0.750	(0.061)	(0.811)
Nottingham Castle Transformation (HLF Scheme)	16.750	14.514	(2.236)
ERDF Axis 6 - Leen Park	1.989	0.000	(1.989)
Notts County Cricket Club - Loan 2	0.749	0.000	(0.749)
Loan - NCH Homeless	12.200	11.477	(0.723)
Loan - NCH-E Ltd Arboretum	3.000	0.395	(2.605)
Loan - NCHRP Radford Allotments	1.199	0.000	(1.199)
Exchange Bldgs Refurbishment Design	0.406	0.000	(0.406)
Broadmarsh - Car Park	30.158	22.500	(7.658)
Broadmarsh Centre - Shopping Centre	18.846	15.264	(3.582)
Other General Fund Movements			5.312
Total General Fund			**(16.646)**
Scheme Movements at Quarter 2 - Total			**(19.621)**

Public Sector Housing (HRA) Capital Programme
The Public Sector Housing Capital Programme has been updated to reflect movements in quarter 2. **Table 7** below sets out the updated programme and resources:

TABLE 7: PUBLIC SECTOR HOUSING (HRA) CAPITAL PROGRAMME						
Scheme	**2019/20 £m**	**2020/21 £m**	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**Total £m**
Category 1 - Approved Schemes	57.717	47.719	48.677	45.360	37.280	**236.753**
Category 2 - Planned Schemes	0.050	10.450	0.000	0.000	0.000	**10.500**
Total Programme	**57.767**	**58.169**	**48.677**	**45.360**	**37.280**	**247.253**
Resources Available						
Prudential Borrowing	(13.028)	(16.998)	(15.330)	(9.703)	(3.592)	**(58.651)**
Grants & Contributions	(3.909)	(1.319)	0.000	0.000	0.000	**(5.228)**
Major Repairs Reserve	(31.885)	(31.147)	(26.000)	(28.233)	(28.883)	**(146.148)**
Secured Capital Receipts	(8.945)	(4.124)	(3.989)	(3.989)	(0.506)	**(21.553)**
Unsecured Capital Receipts	0.000	(4.581)	(3.358)	(3.435)	(4.299)	**(15.673)**
Total Resources	**(57.767)**	**(58.169)**	**(48.677)**	**(45.360)**	**(37.280)**	**(247.253)**

General Fund Capital Programme

The General Fund Capital Programme has been updated to reflect the movements in quarter 2. **Table 8** below sets out the updated programme and resources.

TABLE 8: GENERAL FUND - CAPITAL PROGRAMME AND RESOURCES						
Scheme	**2019/20 £m**	**2020/21 £m**	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**Total £m**
Approved Schemes						
Transport Schemes	30.873	4.710	1.420	0.000	0.000	**37.003**
Education	7.455	0.883	0.000	0.000	0.000	**8.338**
Other Services	158.710	100.767	26.542	10.325	7.426	**303.770**
Category 2 - Planned Schemes	8.938	24.163	12.423	5.682	5.900	**57.106**
Total Programme	**205.976**	**130.523**	**40.385**	**16.007**	**13.326**	**406.217**
Resources Available						
Prudential Borrowing	(110.426)	(86.022)	(30.526)	(6.986)	(4.306)	**(238.266)**
Grants & Contributions	(73.550)	(30.864)	(5.793)	(8.076)	(8.077)	**(126.360)**
Internal Funds / Revenue	(8.340)	(3.617)	(0.830)	(0.195)	(0.195)	**(13.177)**
Secured Capital Receipts	(4.599)	0.000	0.000	0.000	0.000	**(4.599)**
Unsecured Capital Receipts	(9.061)	(10.020)	(3.236)	(0.750)	(0.748)	**(23.815)**
Total Resources	**(205.976)**	**(130.523)**	**(40.385)**	**(16.007)**	**(13.326)**	**(406.217)**

The general fund capital programme is predicated on receiving a significant amount of unsecured capital receipts (**£23.815m)** as detailed in **Table 8** above and **c£35m** relating to previous capital schemes.

Should capital receipts not be forthcoming the council would be required to temporarily fund this pressure by prudential borrowing, this temporary funding would lead to a budget pressure due to the costs of repaying debt.

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.

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

5.1 Continuous review and management of the budget and associated performance issues mitigate the risk of not achieving corporate priorities.

5.2 The five year proposed capital 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 general fund cost of borrowing on projected 2019/20 spend by **c£0.552m** 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.

5.3 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'

5.4 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.

5.5 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.

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 2019/20 – 2021/22 – Executive Board 19 February 2019

APPENDIX A

BUDGET MONITORING 2019/20 - Year to Period 6 (SEPTEMBER) £'m

Portfolio	Updated Estimate	Estimated Outturn	Variance (under)/ over
Adult Care & Local Transport	99.544	97.777	(1.767)
Children & Young People	51.334	57.191	5.857
Communities	11.615	11.633	0.018
Early Years, Education & Employment	3.200	4.232	1.032
Energy, Environment & Democratic Services	22.773	22.269	(0.504)
Finance, Growth & the City Centre	10.941	10.961	0.020
Health, HR & Equalities	(5.778)	(5.777)	0.001
Housing, Planning & Heritage	6.353	7.154	0.801
Leisure, Culture & IT	11.880	11.514	(0.366)
Regeneration, Safety & Communications	(12.239)	(11.369)	0.870
Total Portfolios	**199.623**	**205.585**	**5.962**
Corporate Budgets	40.162	42.227	1.565
Total General Fund	**239.785**	**247.812**	**7.527**

Portfolio Variances +/- £50k

Adult Care & Local Transport £1.767m favourable

Adult Social Care & Directorate £3.298m underspend
The underspend contains the following variances:

- £0.632m underspend on package costs
- £0.634m staffing underspend
- £2.032m increase in income

Traffic & Transport £0.125m overspend
The overspend is a consequence of additional costs associated with a Debt Management system.

Neighbourhood Services £0.161m overspend
Overall the Neighbourhood Services directorate is projecting an underspend at outturn, but there is an adverse variance within this portfolio relating to the Parking, Transport & Fleet service, where there are pressures associated with fuel & parts and loss of grant income.

Commercial & Infrastructure - £1.244m overspend
This overspend reflects a reduction in income in Highways due to the review of the charging mechanism to the capital programme.

Children & Young People £5.857m adverse

Children's Integrated Services £5.728m overspend
The overspend is due to pressures in Children in Care costs, most notably the result of placement costs exceeding budget due to increased levels of complexity, and grant funding not covering all costs.

This position is net of **£0.699m** of in year mitigation reducing the gross position from **£6.427m**. The service is progressing on in-year mitigation through the following Big Ticket Programmes:

- Demand Management (cost avoidance)
- Restorative and Performance Approaches
- High Cost Placements
- Fostering
- Semi Independence
- Workforce

Progress of these programmes is being undertaken routinely and monitoring will be updated to reflect progress and achievement.

The pressures identified will impact on 2020/21+.

Strategy & Policy £0.162m overspend
Income shortfall within the Data Analysis & Insight for School Improvement Team.

Communities £18k adverse

Commissioning & Procurement £50k overspend
Contractual overspend on Financial Vulnerability services due to the demand from citizens.

Early Years, Education & Employment £1.032m adverse

Education £1.032m overspend
The overspend is due to unmet historical saving targets which contributed towards the statutory functions of the service. Wherever possible costs have been reduced to mitigate this budget gap. The pressures identified will impact on 2020/21+.

Energy, Environment & Democratic Services £0.504m favourable

Energy Services £0.273m underspend
The waste disposal and utilities budgets are forecasting in accordance with the planned expenditure of **£12.057m**. **£1.864m** of budget has been transferred from corporate pressures as agreed through the 2019/20+ budget process with any remaining pressure funded by corporate contingency as part of the outturn process, and the current forecast for this is **£0.377m.**

Civic & Coronial Services £0.435m overspend
Overspend relates to the mortuary services contract price which is **£1.200m** more than previous years. This cost is split 50/50 with Nottinghamshire County Council creating an in year pressure of c. **£0.550m**. The forecast includes use of the provision created in previous years. This will impact on 2020/21+.

Legal & Democratic Services £0.242m underspend
Overachievement of income across Legal services & the use of one-off grant income.

Neighbourhood Services £0.433m underspend
Increased income growth & efficiencies within Commercial Waste and Facilities & Building Services.

Finance, Growth & the City Centre £20k adverse

Commissioning & Procurement £0.220m underspend
Staff vacancies and additional income.

Neighbourhood Services £88k underspend
Increased income growth within Catering.

Strategy & Policy £52k overspend
Management of non-essential spend and a delay in recruitment to vacancies are mitigating pressures relating to previous years' savings. Any ongoing savings will be captured as part of the 2020/21+ budget process.

Strategy & Resources Directorate £0.256m overspend
Pressure relating to the achievement of a savings target.

Housing, Planning & Heritage £0.801m adverse

Strategic Homelessness £0.801m overspend
The short supply of affordable settled accommodation has resulted in a forecast overspend in nightly paid temporary accommodation and emergency use of Bed & Breakfast accommodation.

The gross homelessness overspend in this area is estimated to be c. £1.000m however mitigation would be from the application of specific grants.

Leisure, Culture & IT £0.366m favourable

Neighbourhood Services £0.079m underspend
Income growth and efficiencies within the directorate.

Sport & Culture £0.239m underspend
Increased income growth across the directorate.

Regeneration, Safety & Communications £0.870m adverse

Strategic Assets & Property £0.780m overspend
The current projected forecast for Strategic Assets & Property is **£0.780m** overspend. This is due to:

- A refocus of strategic investment by the organisation, this has reduced the level of return from investing in rental properties and
- Other in-year pressures.

The service is progressing a disposal and investment strategy in order to mitigate this position but at this stage the specific properties and delivery plan for this mitigation have yet to be earmarked or realised and this remains a risk. This could impact on 2020/21+.

Crime & Drugs Partnership £0.146m overspend
Uncertainty over income and funding reduction from Police & Crime Commissioner.

Corporate Budgets £0.438m adverse

Contingency £0.500m favourable
Managed underspend to support the outturn position.

Other Corporate Items £0.938m adverse
Slippage of corporate savings however mitigating action is being progressed for the remainder of the year.

Companies £1.127m adverse
Relates predominately to a projected shortfall in dividend income.

DEBTORS MONITORING TO 30 SEPTEMBER 2019 **APPENDIX C**

Debtors - Performance Review – Q2 2019/20	**Q1 June**	**Q2 Sept**	**Q3 Dec**	**Q4 Mar**
BVPI 66a - Housing Rent Collection (%) *(cumulative - current tenants only)*				
(arrears + debit) Actual	96.80	97.68		
Target	98.50	98.50		
Last Year Actual 2018-19	97.09	97.93	98.55	98.26
BVPI 9 - Council Tax Collection (%)				
(in year cumulative) Actual	25.90	50.53		
Target	25.80	50.20		
Last Year Actual 2018-19	26.10	50.80	76.60	93.20
BVPI 10 - NNDR Collection (%)				
(in year cumulative) Actual	30.40	54.50		
Target	28.50	55.50		
Last Year Actual 2018-19	27.34	54.90	79.03	97.30
Sundry Income Collection (%)				
(12 month rolling average) Actual	79.50	83.20		
Target	99.00	99.00	99.00	99.00
Last Year Actual 2018-19	79.00	79.80	83.00	79.20
Sundry Income Debtor Days – General				
Actual	32.00	41.00		
(12 month rolling average) Target	32.30	32.30	32.30	32.30
Last Year Actual 2018-19	31.00	36.00	38.00	41.00
Estates Rents Collection (%)				
Actual	98.19	98.05		
(12 month rolling average) Target	97.50	97.50	97.50	97.50
Last Year Actual 2018-19	97.94	98.01	97.89	97.94
Adult Residential Services Collection (%)				
Actual	96.50	96.90		
(12 month rolling average) Target	97.50	97.50		
Last Year Actual 2018-19	97.90	97.70	97.50	96.80

VIREMENT 2019-20 REQUIRING EXECUTIVE BOARD APPROVAL **APPENDIX D**

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Utilities Realignment	0.002	within CO		EE&DS	ACLT
	0.004	CA	CO	ACLT	EE&DS
	0.001	DG			
	0.003	within CO		EE&DS	COM
	0.002	CA	CO		CYP
	0.000	CO	CA		EY, E&E
	0.000	CO	DG		
	0.001	DG	CO		FG&CC
	0.000	within CO			L,C&IT
	0.001	CO	SR		L,C&IT
	0.007	CO	DG		R,S&C
Pay Model Adjustments	0.003	CA	SR	EY, E&E	CYP
	0.003				FG&CC
Commissioning & Procurement Realignment	0.055	within SR		ACLT	
	0.195				HPH
	0.053			FG&CC	CYP
Savings Realignment	0.300	CO	Corporate	COM	FG&CC
	0.250	within CO		FG&CC	R,S&C
	0.025	within DG			ACLT
	0.050	within CO		COM	L,C&IT
	0.048			R,S&C	COM
Employee budget realignment b/t Streetscene and Waste	0.132	within CO		COM	EE&DS
Rent budget realignment within services	0.090	within CA		CYP	EY, E&E

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Transitional relief adjustment on Business Rates	0.240	CO	Corporate	ACLT	FG&CC
	0.066			EE&DS	
	0.348			L,C&IT	
Commissioning realignment	0.227	CA	SR	ACLT	
Transfer of cultural grant	0.020	within CO		COM	L,C&IT
Digital Apprentice Role	0.021	within CO			FG&CC
HR realignment	0.009	within SR		H,HR&E	EE&DS
Levy Adjustment	0.050	within CO		R,S&C	FG&CC
Capital scheme funding	0.418	Corporate	DG	FG&CC	R,S&C
Operational realignment b/t Legal & IT	0.027	within SR		L,C&IT	EE&DS
Employee budget realignment b/t Leisure & IT	0.060	CO	SR	L,C&IT	
	2.709				

Department	Key
Children & Adults	CA
Commercial & Operations	CO
Development & Growth	DG
Strategy & Resources	SR

Portfolio	Key
Adult Care & Local Transport	ACLT
Communities	COM
Energy, Environment & Democratic Services	EE&DS
Children & Young People	CYP
Early Years, Education & Employment	EY,E&E
Finance, Growth & The City Centre	FG&CC
Housing, Planning & Heritage	HPH
Leisure, Culture & IT	L,C&IT
Regeneration, Safety & Communications	R,S&C
Health, HR & Equalities	H,HR&E

CAPITAL PROGRAMME QUARTER 2 APPROVALS APPENDIX E

Scheme	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
PUBLIC SECTOR HOUSING (APPROVED SCHEMES)						
Rooftop Fan Project	0.211	0.000	0.000	0.000	0.000	**0.211**
Property Acquisition - RTB 1-4-1	5.727	6.732	8.729	8.729	0.000	**29.917**
Padstow Ridgeway New Build	0.000	0.000	4.893	4.893	4.893	**14.679**
Management Fee - Padstow	0.000	0.000	0.070	0.070	0.070	**0.210**
TOTAL PUBLIC SECTOR HOUSING	**5.938**	**6.732**	**13.692**	**13.692**	**4.963**	**45.017**
GENERAL FUND (APPROVED SCHEMES)						
Education / Schools						
Nethergate Academy Expansion	1.280	0.883	0.000	0.000	0.000	**2.163**
Other Services						
Alcohol Treatment Capital Fund	0.539	0.000	0.000	0.000	0.000	**0.539**
Beechdale Flood Alleviation	0.020	0.180	0.000	0.000	0.000	**0.200**
Control Centre Network Imps	0.021	0.000	0.000	0.000	0.000	**0.021**
Public Space CCTV	0.030	0.000	0.000	0.000	0.000	**0.030**
Opening Local Authority Transport Data	0.050	0.000	0.000	0.000	0.000	**0.050**
Colwick Marina Pontoons	0.170	0.000	0.000	0.000	0.000	**0.170**
Harvey Hadden Track Improvements	0.108	0.000	0.000	0.000	0.000	**0.108**
14-22 Shakepeare Street	0.000	0.020	0.000	0.000	0.000	**0.020**
Southglade Park Improvements	0.000	0.004	0.000	0.000	0.000	**0.004**
Bilborough Park Improvements	0.000	0.021	0.000	0.000	0.000	**0.021**
Greens Mill Park	0.000	0.007	0.000	0.000	0.000	**0.007**
Whitemoor Park	0.000	0.014	0.000	0.000	0.000	**0.014**
Northern Cemetery	0.000	0.020	0.000	0.000	0.000	**0.020**
Greens Alllotment & Marmion Park	0.000	0.029	0.000	0.000	0.000	**0.029**
Woodthorpe Park	0.000	0.106	0.000	0.000	0.000	**0.106**
Shipstone Street Play Area	0.000	0.017	0.000	0.000	0.000	**0.017**
Independent Street Park	0.000	0.027	0.000	0.000	0.000	**0.027**
Forest Recreation	0.000	0.006	0.000	0.000	0.000	**0.006**
Area 4 Trees (Bar 7)	0.000	0.044	0.000	0.000	0.000	**0.044**
Area 2 Trees (The Rowan)	0.000	0.061	0.000	0.000	0.000	**0.061**
Area 2 Trees (Nuthall)	0.000	0.005	0.000	0.000	0.000	**0.005**
Gabrielle Close Play Area Refurb	0.060	0.000	0.000	0.000	0.000	**0.060**
Sneinton Tenants Outreach Prog (Pocket Parks)	0.000	0.019	0.000	0.000	0.000	**0.019**
Dunkirk & Lenton CC (Pocket Park)	0.000	0.010	0.000	0.000	0.000	**0.010**
Colwick Country Park Footpath Imps	0.000	0.015	0.000	0.000	0.000	**0.015**
City Play Area Imps	0.000	0.010	0.000	0.000	0.000	**0.010**
Wollaton Hall Gallery (Stage 1)	0.932	0.688	0.466	0.000	0.000	**2.086**
Padstow Site Investigations	0.033	0.040	0.000	0.000	0.000	**0.073**
NCH E Loan - 100 Market Rented Properties	11.476	0.000	0.000	0.000	0.000	**11.476**
NCH E Loan - Forest Road	0.730	0.000	0.000	0.000	0.000	**0.730**
NCH E Loan - Arkwright Walk Ph1	2.193	0.000	0.000	0.000	0.000	**2.193**
NCH E Loan - Arkwright Walk Ph2	0.000	2.403	0.000	0.000	0.000	**2.403**
NCH E Loan - Clifton Triangle	0.000	3.284	0.000	0.000	0.000	**3.284**
NCH E Loan - Meadows Police Station	0.000	0.000	3.976	0.000	0.000	**3.976**
Replacement of Comms Infrastrucutre	1.350	0.000	0.000	0.000	0.000	**1.350**
Voice & Data Network	0.000	0.500	0.000	0.000	0.000	**0.500**
Heathcote Replacement Boilers	0.031	0.000	0.000	0.000	0.000	**0.031**
TOTAL GENERAL FUND	**19.023**	**8.413**	**4.442**	**0.000**	**0.000**	**31.878**
TOTAL APPROVAL	**24.961**	**15.145**	**18.134**	**13.692**	**4.963**	**76.895**