



Corporate Overview Group

Tuesday, 3 September 2024

Financial and Performance Management

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. This report outlines the quarter one position in terms of financial and performance monitoring for 2024/25.
- 1.2. The financial climate is beginning to show signs of improvement; however, the effect of recent high inflation has impacted both residents' cost of living and created cost pressures for the Council's budget. It is imperative that the Council maintains due diligence with regards to its finances and ensures necessary action is taken to ensure a balanced budget is maintained.
- 1.3. At Quarter one, there is a predicted net revenue efficiency of £1.106m for 2024/25. Significant variances are highlighted in Table 1. This represents a variance of 7.27% of Net Service Expenditure. This is proposed to be earmarked for additional cost pressures and financial challenges discussed below. The position is likely to change as further variances are identified during the year.
- 1.4. There is a capital budget underspend projected of £5.968m, this includes rephasing of £3.756m to 2025/26.

2. Recommendation

It is RECOMMENDED that the Corporate Overview Group scrutinises:

- a) the expected revenue budget efficiency for the year of £1.106m and proposals to earmark this for cost pressures given at para 4.5 and Table 2
- b) the projected capital budget efficiencies of £5.968m including the reprofiling of provisions totalling £3.756m (para 4.8 and Table 3)
- c) the expected balanced outturn position for special expenses (para 4.6); and
- d) exceptions to judge whether further information is required.

3. Reasons for Recommendation

- 3.1. To demonstrate good governance in terms of scrutinising the Council's on-going performance and financial position.

4. Supporting Information

Revenue Monitoring

- 4.1 For 2024/25, the overall budget variance is expected to be an efficiency of £1.106m with proposals to earmark the in-year efficiencies for specific reserves as detailed in **Appendix A**, should this direction of travel be maintained.

- 4.2 **Table 1** below summarises the main pressures and efficiencies with a full summary of all significant variances at **Appendix B**.

Table 1: Main pressures and efficiencies

Projected in year cost/(efficiency)	£000	Reason
Financial Services	(304)	Interest income £250k and insurance savings £21k, vacant post £33k
Environmental Health	(158)	Homes for Ukraine funding not allocated
Strategic Housing	(104)	Additional homelessness grant
Economic Development	(82)	UKSPF management fee £65k and joint authority post £17k contribution to salaries
Depot & Contracts	(39)	Leisure Management contract £128k and Eastcroft Depot rent savings £47k offset by shortfall in sales of waste bins £35k and net expected loss of £101k at Edwalton Golf Course made up of £40k loss against expected profit of £61k due to extended course closure following a very wet winter and spring
Environmental Health/Planning	(60)	Savings from IDOX not moving to cloud hosting
Customer Services and Performance Management	(60)	Staff vacancies and savings on relocation of Contact Centre
Revenues	(55)	Increase in costs raised for Council Tax debtors
Legal Services	(30)	Temporary staff vacancies and legal post currently not filled
Communities	(27)	All weather pitch bookings performing better than budgeted
Planning & Growth	130	Planning appeals and enforcement
Streetwise	32	Vehicle Maintenance £47k less increase in income for Grounds Maintenance £15k
Other minor variances	5	
Net Revenue cost/(efficiencies)	(752)	
Grant income	(102)	New burdens; Elections £38k, other new burdens £17k,

		Land charges compensation grant £30k, Audit grant £18k
Business Rates	(152)	
Business Rates Pool	(100)	
Total Net Projected Budget Variance	(1,106)	

- 4.3 The main revenue variances arise from planning appeals and enforcement, whilst there is a specific reserve for this purpose, it is expected that this can be covered by in year efficiencies without need to draw on the reserve at this time.
- 4.4 The efficiencies arise from investment income, additional grant income, savings on leisure and depot contracts and the Business Rates pool expected surplus.
- 4.5 The favourable projected budget position does enable the Council to utilise this for risks that materialise in what remains a challenging financial environment and carry forward balances or replenish reserves or create reserves for alternative opportunities or risks. These are highlighted in the table below.

Table 2: Use of Projected Underspend

Area for Use	Amount (£'000)	Comment
Homes for Ukraine	158	Carried forward grant resources
Economic Growth	70	To fund potential Economic Growth Strategy requirements eg Tourism, signs for the Borough
West Bridgford Town Centre Regeneration (Central Avenue)	500	To put in a new 'WBTC reserve' towards pedestrianisation of WBTC
Treasury Depreciation Reserve	378	See Para 4.15 below.
Total	1,106	

- 4.6 **Appendix E** shows the Quarter 1 position on the Special expenses budget. The expenditure is expected to be £700 above budget, this is not significant.

Capital Monitoring

- 4.7 The updated summary of the Capital Programme monitoring statement and funding position as of 30 June 2024 is shown at **Appendix C**. **Appendix D** provides further details about the progress of the schemes.
- 4.8 The original Capital Programme for 2024/25 was £11.079m, with £3.405m carry forwards and other adjustments of £2.236m giving a current budget of £16.720m. The projected outturn is £10.752m, giving an underspend of £5.968m. It is requested that £3.756 is rephased to 2025/26. This is summarised in Table 3 below.

Table 3: Rephasing of 2024/25 schemes to 2025/26

Scheme	Amount £000
Manvers Business Park Enhancements	200
Unit 10 Moorbridge	100
Bridgford Park Kiosk	25
Colliers Business Park Enhancements	16
The Point	25
Devonshire Railway Bridge	100
Keyworth Cemetery	25
Hound Lodge Enhancements	325
Edwalton Community Facility	500
Support for registered housing providers	2,440
Total to re-phase	3,756

- 4.9 The remaining £2.212m underspend is due to the following main areas:
- £1m travellers site acquisition – no sites have been identified, this provision will potentially be removed later in the year
 - £0.319m Rushcliffe Oaks Crematorium – £0.550m was set budgeted for post opening enhancement works and potential VAT liability if partial exemption calculation is breached. Drainage and paving works have taken place but there are currently no further commitments. There is potential for an underspend to be released later in the year
 - £0.248m Bingham Arena – allowance to cover any post opening enhancements, no commitments made to date, potential for an underspend to be released later in the year
 - £0.330m contingency is currently unallocated.
- 4.10 The current projected overall variance means that any borrowing requirement can be met from internal resources with no recourse to borrow externally this financial year.

Pressures Update

- 4.11 The legacy of COVID and international conflict has had a significant impact on inflation in recent years which has increased costs specifically around pay, contracts and utilities and the associated increase in cost of living could have implications for collection rates and income from fees and charges.
- 4.12 Inflation peaked in October 2022 at 11.1%, this has steadily reduced to 2% as at June 2024, however the legacy increase means higher costs are ‘baked-in’ to the base budget. The budget has been set with inflation levels of between 3%-8% and should therefore be insulated against any fluctuations. If inflation starts to rise then interest rates may also increase, this remains an ongoing risk.
- 4.13 The position on collection rates (see Table 4 below) will continue to be monitored. Given the challenges on residents and businesses this represents

a relatively positive position. Business rates tend to be skewed due to the high amount of reliefs businesses receive at the start of the year.

Table 4: Collection Rates Quarter 1

Description	Q1 2024/25	Q1 2023/24	Increase/(Decrease)
Sundry Debtors	96.13%	95.01%	1.12%
Council Tax	29.4%	29.61%	(0.21%)
Business Rates	38.2%	41.16%	(2.96%)

4.14 The Council's Transformation and Efficiency Plan (TEP), or Productivity Plan, is designed to meet emerging financial challenges. In 2024/25 the three most significant savings targets are income from Green Bin Collection (£0.238m), income from car parks (£0.214m) both due to increases in fees and charges which have been applied in 2024/25, and Leisure Management contract savings (£0.228m). At quarter 1 a total of £0.173m of savings have been achieved against a target of £0.183m.

4.15 The value of the Council's Multi Asset investment or pooled funds is currently at £13.974m as at 30 June 2024), a £1.025m loss against original investment. It should be noted that whilst the value of the assets does fluctuate, the returns from these investments are stable and represent a healthy proportion (20%) of the Council's overall return on investments. When the capital appreciates in value the Council's revenue position will benefit. They are long term investments and form part of the Council's Treasury Management Strategy approved by Full Council as part of the (MTFS). It should also be noted that the statutory override currently in place has been extended to April 2025, it is prudent to maintain a reserve whilst we retain such investments. The Council hold £1.173m in reserves to smooth the impact of movements in value. We have recalculated the provision, liaising with the Council's Treasury advisors. It is proposed that a further £0.378m is added from in year efficiencies in line with this advice.

Conclusion

4.16 The revenue position remains relatively healthy but the position can quickly change as this reflects the position after 3 months and mindful of the risks (section 6).

4.17 The position on capital is currently positive although in the long-term resources are diminishing and headroom in the budget will be required to ensure future capital commitments can be met. There will still be no need to externally borrow this financial year. Challenges can arise during the year, such as sourcing labour and materials and inflated costs, which may still impact on the projected year end position, and this will continue to be reported.

4.18 The Council still has its own challenges such as meeting its own environmental objectives and positively upside risks to provide more employment opportunities, and economic and environmental development in

the Borough by actively championing the Freeport and Development Corporation. As the economic background appears to be ever more volatile it is imperative that the Council continues to keep a tight control over its expenditure, identifies any impact from changing income streams, maintains progress against its Transformation Strategy and retains a healthy reserves position to help manage risk.

Performance Monitoring – Corporate Strategy 2024-27

- 4.19 The Corporate Strategy 2024-27 was approved at Council on 7 December 2023. The four themes contained within the 2019-2023 Strategy have been retained and The Environment will continue to be a major priority both in the medium and longer term. This is the first report of the new Strategy and performance will be monitored by theme to better show how corporate tasks and performance indicators for each of the four corporate priorities are progressing. The full corporate scorecard is in **Appendix F**.

The Environment

- 4.20 The Corporate Strategy 2019-23 pushed forward actions to improve the environment in Rushcliffe, with major investment made in large projects like Bingham Arena and Rushcliffe Oaks Crematorium. The Council has an ambitious target to achieve net-zero carbon emissions in its own operations by 2030 and much of the planned activity in the next four years will be focussed on this aim.

There are two strategic tasks:










- **Deliver the Climate Change Strategy 2021-2030** – the introduction of Bingham Arena and the Crematorium have briefly caused emissions to increase. However, the Council has still made 60% progress towards its target, and this will be further improved by the switch to using biofuel for the Council's refuse fleet. In addition, work is underway to replace other fleet vehicles with electric vehicles.
- **Implement the Environment Act commitments** – this is showing as 20% progress. New legislation has been introduced which will change the way the Council collects household waste. Work is underway with other districts, the County Council and Veolia to put the necessary infrastructure in place to collect glass at the kerbside by April 2026 and food waste from the kerbside by October 2027.

There are seven performance indicators in this theme and two of them have not met their target:

- **Percentage of household waste sent for reuse, recycling and composting** – there is currently a national reduction in waste being presented for recycling. For Rushcliffe, the figure is dependent not just on the amount of recyclable materials collected in the blue bins, but also

includes glass collected from bring sites and the tonnage of garden waste collected from green bins which can be affected by the weather.

- Percentage recycling contamination rate** – this target was marginally missed by 2.13%. Contamination levels are measured by Veolia (NCC disposal contractor) on a monthly basis during a sampling process of waste collected and disposed of in the blue recycling bin; however, it should be noted that the sample rate is relatively small. Clearly gross contamination levels such as nappies can lead to a reduction in the overall recycling rate however much of the contamination reported will be resolved when other plastic items are included in the new input specification by Veolia when changes to what can go in the blue bin come into place in April 2026. In the meantime, the Council has already responded by developing an action plan to continue to help reduce the wrong items going in the blue bin including a current social media campaign, working with collection crews and residents, and a focus on hard-to-reach communities and communal bin areas which can sometimes lead to higher levels of contamination.

ENVIRONMENT									
Strategic Tasks					Performance Indicators				
 0	 2	 0	 1	 3	 1	 2	 1	 0	
No exceptions					Two exceptions: <ul style="list-style-type: none"> Percentage of household waste sent for reuse, recycling and composting Percentage recycling contamination rate 				

Quality of Life

4.21 Rushcliffe is renowned for providing excellent community facilities for residents and will continue to do so by delivering the Rushcliffe Leisure Strategy 2021-2027. The other task in this theme is Being an active partner in the delivery of the East Midlands Devolution Deal, which is expected to bring extra funding to the whole Derbyshire / Nottinghamshire area. By maximising involvement in the future of the combined authority, Rushcliffe can benefit from the future prosperity that this new Mayoral area provides.










- Be an active partner in the delivery of the East Midlands Devolution Deal** – progress is currently 30%. The Leader and Deputy Leader have both been allocated places on the East Midlands Combined County Authority (EMCCA) committees (Transport and Overview, and Scrutiny) and will attend to represent all districts. Rushcliffe has been allocated

funding for the Local Area Energy Plan for Rushcliffe by EMCCA. This work has been procured and will be delivered over the next 12-24 months. The Chief Executive is the Nottinghamshire Districts representative on the Environment Officer Working Group and colleagues are engaging with workstreams around homelessness and tourism. Ratcliffe on Soar Power Station will close on 30 September 2024 and the future of that site continues to be regionally significant. The Chief Executive chairs a Ratcliffe Forum which links Uniper with the Freeport, EMCCA, Nottinghamshire County Council and various government agencies.

- **Deliver Rushcliffe’s Leisure Strategy 2021-2027** – progress is currently at 20%.

There are 11 quality of life performance indicators, only one is an exception:

- **Percentage usage of community facilities** - positive signs of usage growth has been seen in most areas, however usage of Gamston Community Hall and Sir Julian Cahn is lower than we would like. The Council has responded by developing a robust marketing plan. We have also taken additional regular booking for taekwondo and Little Kickers at Gamston Community Hall which will show up in July usage statistics.

QUALITY OF LIFE									
Strategic Tasks					Performance Indicators				
 0	 2	 0	 0	 9	 0	 1	 0	 1	
No exceptions					One exception: <ul style="list-style-type: none"> • Percentage usage of community facilities 				










Sustainable Growth

4.22 The Core Strategy is due to be replaced by the Greater Nottingham Strategic Plan which will largely determine development up to 2041.

There are five strategic tasks:

- **Provide community leadership in the redevelopment of the Ratcliffe on Soar site, during and post decommissioning of the power station** – 20% progress. Arrangements are in place for a Community Forum in September.
- **Implement Levelling-up and Regeneration Bill commitments** – all current requirements of the Levelling Up and Regeneration Act 2023 have been met in the last monitoring year. Secondary legislation is expected which may lead to further requirements, however no timescales have been provided. Therefore, no work has been required so far this year.

- **Adopt a Greater Nottingham Strategic Plan** – currently 60% progress. A timetable is in place and the submission of a draft plan is expected in March 2025 with adoption of the plan anticipated to be in June 2026.
- **Develop and deliver an Economic Growth Strategy for the Borough** – 10% progress. Public consultation done in April to inform priorities. An executive summary document produced for consultation and adoption of full the strategy is due in October.
- **Support the delivery of the new employment sites and new homes, including meeting affordable housing targets, at key sites including Fairham, Gamston, RAF Newton and Bingham** – currently 40% progress. Fairham land is being developed, both commercial and residential sites. Bingham housing development sites have progressed as the build out continues.

SUSTAINABLE GROWTH								
Strategic Tasks				Performance Indicators				
 0	 5	 0	 0	 5	 0	 0	 2	 4
No exceptions				There are no exceptions.				











Efficient Services

4.23 The Council strives to deliver services in the most efficient way. New ways of working and cost saving where possible will be sought during the four years of this Strategy. There are three strategic tasks within this priority:

- **Deliver good value for money in Council operations for residents** – current progress is 11% and being monitored through the year with the Medium-Term Financial Strategy (MTFS).
- **Participate in an LGA Corporate Peer Challenge and implement recommendations** – progress is 70%. A number of key recommendations have already been implemented e.g. establish a corporate project management office, revise RBC values, with others in progress.
- **Conduct a review of the Council's asset base** – current progress at 5%. This task will be a multi-year project; work has commenced but will gather pace in the latter half of 2024/25 and through 2025/26.

There are 11 performance indicators falling under the Efficient Services priority. Four are exceptions at this stage of the year:

- **Income from all activities at Rushcliffe Oaks** –The income is far higher than June 2023 when it was £79,954. The income stream fluctuates according to demand which varies across the year and is anticipated will increase in the winter months, the additional marketing work as reported to Growth and Development Scrutiny recently is also supporting the increase compared to last year. The quieter period has enabled maintenance work in relation to both the cremator and the grounds.
- **Percentage of complaints responded to within target times** – 2 out of 16 responses missed the 10-day target. One of these resulted from an officer leaving and having to pass on the completion of the response.
- **Streetwise income from external customers and key partners** – good progress is being made with the Streetwise business plan in terms of targeting key public sector partners within Rushcliffe. As a result, annual contract income has increased to over £70,000 per annum, which is invoiced on a quarterly basis. A number of external work packages have been won, including shrub maintenance, epicormic and pollarding which will be delivered by grounds maintenance and tree teams throughout the remainder of the year. The overall number of one-off work requests continues to increase and these total £60,000 for the first quarter (payments yet to show), which is balanced with the work from internal Rushcliffe service areas. Further to this, Streetwise have been awarded the full £27,500 grant in partnership with Keep Britain Tidy and the Chewing Gum Taskforce to remove gum litter from various parts of the Borough. This is the second successful application where Streetwise have received the full amount of funding available. At this stage of the year, the total annual income target looks achievable.
- **Income generated from community buildings** – positive signs of usage growth has been seen in most areas, however usage (and therefore income) of Gamston Community Hall and Sir Julian Cahn is lower that we would like. The Council has responded by developing a robust marketing plan. We have also taken additional regular booking for taekwondo and Little Kickers at Gamston Community Hall which will show up in July usage statistics.

EFFICIENT SERVICES									
Strategic Tasks				Performance Indicators					
 0	 3	 0	 0	 22	 3	 4	 0	 0	 0

EFFICIENT SERVICES	
No exceptions	Four exceptions: <ul style="list-style-type: none"> • Income from all activities at Rushcliffe Oaks • Percentage of complaints responded to within target times • Streetwise income from external customers and key partners • Income generated from community buildings

5. Risks and Uncertainties

- 5.1. Failure to comply with Financial Regulations in terms of reporting on both revenue and capital budgets could result in criticism from stakeholders, including both Councillors and the Council's external auditors.
- 5.2. Areas such as income can be volatile and are particularly influenced by public confidence and the general economic climate and Government legislation. The impact of this remains to be seen at this stage but is being closely monitored. Areas of risk include, but are not exclusive to, planning and the crematorium particularly dependent on changes in demand.
- 5.3. Any delay in anticipated capital receipts will mean that a higher level of temporary internal borrowing will be required. This can, however, be accommodated due to the level of cash reserves. There will be an opportunity cost by way of lost interest on sums invested. There remains a risk in the event of the need to borrow externally that the cost to the Council would be significant due to the level of interest rates.
- 5.4. The Council needs to be properly insulated against potential risks hence the need to ensure it has a sufficient level of reserves, as well as having the ability to use reserves to support projects where there is 'upside risk' or there is a change in strategic direction. Sufficient reserve levels are critical in ensuring the Council can withstand the financial shocks and maintaining sufficient reserves to address significant risks remains a key objective of the Council's MTFS and is good financial practice.
- 5.5. There remains much uncertainty as the new Government starts to legislate for, and implement, new policies. Areas of uncertainty in particular concern planning and waste reform as we continue to be vigilant.

6. Implications

6.1. Financial Implications

Financial implications are covered in the body of the report.

6.2. Legal Implications

There are no direct legal implications arising from this report. It supports the delivery of a balanced budget.

6.3. Equalities Implications

There are no direct equalities implications arising from this report.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no direct Section 17 implications arising from this report.

6.5. Biodiversity Net Gain

There are no direct Biodiversity Net Gain implications arising from this report.

7. Link to Corporate Priorities

The Environment	Successful management of the Council's resources can help the Council deliver on its goals as stated in the Corporate Strategy and monitored through this quarterly report
Quality of Life	
Efficient Services	
Sustainable Growth	

8. Recommendations

It is RECOMMENDED that the Corporate Overview Group scrutinises:

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- d) exceptions to judge whether further information is required.

For more information contact:	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148 439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	Council 7 March 2024 – 2024/25 Budget and Financial Strategy Cabinet 9 July 2024 – Financial Outturn Report 2023/24
List of appendices:	Appendix A – Revenue Outturn Position 2024/25 – June 2024 Appendix B – Revenue Variance Explanations – June 2024 Appendix C – Capital Programme 2024/25 – June 2024 Appendix D – Capital Variance Explanations June 2024 Appendix E – Special Expenses Monitoring June 2024 Appendix F – Strategic Performance Scorecard