



**Corporate Overview Group**

**Tuesday, 19 November 2024**

**Financial and Performance Management**

## **Report of the Director – Finance and Corporate Services**

### **1. Purpose of report**

- 1.1. This report outlines the quarter two 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 two 2024/25, there is a predicted net revenue efficiency of £1.786m. Significant variances are highlighted in Table 1. This represents a variance of 11.75% against budgeted Net Service Expenditure. This is proposed to be earmarked for additional cost pressures and financial challenges discussed below, in particular meeting challenges with regards to demand for ongoing homes for resettled Ukraine nationals, improving economic growth, providing for increased demand for disabled facilities grants and modernising council technology infrastructure. The position may change as further variances are identified during the year.
- 1.4. There is a capital budget underspend projected of £3.598m, this includes rephasing of £1.525m to 2025/26 and the acceleration of £90k due to vehicle replacement for a new tanker from 2025/26, now required for 2024/25.

### **2. Recommendation**

It is RECOMMENDED that the Corporate Overview Group scrutinises:

- a) the expected revenue budget efficiency for the year of £1.786m and proposals to earmark this for cost pressures given at para 4.6 and Table 2.
- b) the projected capital budget efficiencies of £3.598m including the reprofiling of provisions totalling £1.435m (para 4.9 and Table 3)
- c) the proposed removal of £1m from the capital programme for travellers site acquisition and £1.5m to be added in relation to carbon offsetting land acquisitions for the 2024/25 programme going forward (paragraph 4.10)

- d) the expected largely balanced outturn position for special expenses (para 4.7)
- e) 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 £1.786m 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 (1,135)	Interest income £857k; and budget efficiencies on; insurance £25k, External Audit £31k, Contingency not allocated £252k, offset by £30k overspend on bank commission due to increased charges
Environmental Health (148)	Homes for Ukraine funding not allocated
Economic Development (82)	UKSPF management fee £65k and joint authority post, £17k contribution to salaries
Customer Services and Performance Management (78)	Staff vacancies
Revenues (55)	Increase in recovery of costs raised for Council Tax debtors
Strategic Housing (54)	Additional homelessness grant £145k offsets £41k spend on Choice Based Lettings software upgrade and home alarms income reduction £50k
Communities (54)	All weather pitch bookings performing better than budgeted
Environmental Health/Planning (50)	Savings from IDOX not moving to cloud hosting.

Depot & Contracts	(77)	Leisure Management contract (£128k), Diesel/HVO (£100k) and Eastcroft Depot rent savings (£47k) offset by shortfall in sales of waste bins £40k, Toothill Electricity £50k 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
Legal Services	(25)	Temporary staff vacancies and legal post currently not filled
Planning & Growth	167	Planning appeals and enforcement costs £167k
Benefits	170	Rent increase from supported housing provider not covered by HB subsidy
Streetwise	55	Sweeper maintenance not budgeted £30k, hire of vehicles to cover repairs £25k
Executive Management Team	25	Advertising and recruitment costs
Other minor variances	73	
<b>Net Revenue cost/(efficiencies)</b>	<b>(1,268)</b>	
Grant income	(141)	New burdens; Elections £38k, other new burdens £17k, Land charges compensation grant £30k, Audit grant £18k, Household Support Fund 5 admin £14k, Internal Drainage Board Grant £25k
Business Rates	(237)	
Business Rates Pool	(140)	
<b>Total Net Projected Budget Variance</b>	<b>(1,786)</b>	

- 4.3 The main revenue variances arise from planning appeals and enforcement, and the rent increase from supported housing providers, whilst there are specific reserves 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 There are additional cost incurred in relation to demolition at Flintham however a debtor will be raised to recover this cost and therefore it has a nil impact on the budget.
- 4.5 The main efficiencies arise from investment income and unallocated contingency, additional grant income, savings on leisure and depot contracts and the Business Rates.
- 4.6 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 (Q1 report)	148	Carried forward grant resources
Economic Growth (Q1 report)	70	To fund potential Economic Growth Strategy requirements e.g. Tourism, signs for the Borough
West Bridgford Town Centre Regeneration (Central Avenue) (Q1 report)	500	To put in a new 'WBTC reserve' towards pedestrianisation of WBTC
Disabled Facilities Grants additional support	200	See Paragraph 4.10 below.
Council Chamber AV System	150	Modernise the system to improve functionality and reliability for both council and third-party meetings, optimising the use of council facilities (mainly capital and to amend the capital 2024/25 programme).
Land acquisition	698	For bio-diversity net gain, taking the overall allocation to £1.123m (£0.425 from 2023/24 outturn report).
Legal case management system upgrade implementation	20	Modernise the legal services case management system
<b>Total</b>	<b>1,786</b>	

4.7 **Appendix E** shows the Quarter 2 position on the Special expenses budget. The expenditure is expected to be £3.9k above budget, this is due to some electrical works required for the Christmas Lights and Performing Rights Society Licence.

#### Capital Monitoring

4.8 The updated summary of the Capital Programme monitoring statement and funding position as of 30 September 2024 is shown at **Appendix C**. **Appendix D** provides further details about the progress of the schemes.

4.9 The original Capital Programme for 2024/25 was £11.079m, with £3.405m carry forwards and other adjustments of £2.407m and slippage approved in quarter 1 of £3.756, to give a current budget of £13.135m. The projected outturn at quarter 2 is £9.537m, giving an underspend of £3.598m. It is requested that a further £1.525m is rephased to 2025/26 and that £90k is brought forward from 2025/26. This is summarised in Table 3 below.

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

Scheme	Amount £000
Highways Verges: Cotgrave/Bingham/Cropwell Bishop due to complicated process needing consultation with Highways England and possible SLA	140
West Park Julien Cahn Pavilion Special Expense-Detailed design and cost plan to be drawn up. Wider refurbishment work being scoped	385
Cotgrave & Keyworth Leisure Centre Enhancements -Project slightly behind schedule but still aiming for Sept/Oct start on site.	1000
Vehicle Replacement – from 25/26 budget. A need to accelerate the purchase of a Tanker identified following fleet review	-90
<b>Total to re-phase</b>	<b>1,435</b>

4.10 The remaining £2.163m underspend is due to the following main areas:

- £1m travellers site acquisition – no sites have been identified, this provision is proposed to be removed releasing £1m back into the New Homes Bonus (NHB) Reserve and of this £0.377m to be allocated towards Carbon Offsetting; thus allowing for £1.5m in reserves to fund potential land acquisition so the Council can meet its BNG targets (£0.425m from 2023/24 underspends, £0.698m Qtr 2 underspend, £0.377m from NHB above).
- £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 If these underspends materialise a full year saving will be realised.
- 0.161m Disabled Facilities Grants, budgets are fully committed but timing of works may cause slippage, and this would require a carry forward. There are longer term pressures on this service, and we recognise the need to support some of the most vulnerable in our community. This follows on from discussions at the recent joint Communities and Growth Scrutiny Group meeting. It is proposed £0.2m is committed from in-year budget efficiencies to support this budget in the short term (to be carried forward for 2025/26). We retain the view that a prudent, affordable and sustainable longer term funding solution is required as both demand and costs rise.

4.11 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

- 4.12 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.
- 4.13 Inflation peaked in October 2022 at 11.1%, this has steadily reduced to 1.7% as at September 2024, however the legacy increase means higher costs are 'baked-in' to the base budget. Long term, interest receipts will reduce in line with projected reductions in interest rates. The budget has been set to reflect expectations and should therefore be insulated against any fluctuations.
- 4.14 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 collection is lower than at the same time last year, however this is skewed due to reliefs applied at the beginning of the year. The collection rate as at quarter 2 is still higher than the average of recent years figures.

**Table 4: Collection Rates Quarter 2**

Description	Q2 2024/25	Q2 2023/24	Increase/(Decrease)
Sundry Debtors	97.12%	95.96%	1.16%
Council Tax	57.33%	57.50%	(0.17%)
Business Rates	64.07%	67.20%	(3.13%)

- 4.15 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 2 a total of £0.339m of savings have been achieved against a year-to-date target of £0.366m (and is largely on target).
- 4.16 The value of the Council's Multi Asset investment or pooled funds is currently at £14.231m as at 30 September 2024), a £0.769m loss against original investment, this has improved since quarter 1 by £0.256m. 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 of the Council's overall return on investments (£0.614m in the past 12 months). 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 and given the positive trajectory of the reducing loss in capital value we do not propose to increase further at this moment in

time. This is a fluid position and if it was to worsen then further appropriations to this reserve may be required.

### **Conclusion**

- 4.17 The revenue position remains relatively healthy largely due to interest rates remaining higher for longer and business rates growth, but the position can quickly change as per the pressures paragraph 4.13 and risks (section 6).
- 4.18 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.
- 4.19 The Council has challenges such as meeting environmental objectives and responding to opportunities that arise in the Borough, including actively championing the Freeport and other economic growth objectives. 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**

- 4.20 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 second 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**

- 4.21 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** – currently 60% progress – as well as the delivery of significant projects such as Bingham Arena and the Crematorium, the Council's bin lorries have been converted to biofuel and progress is underway to replace other vehicles with electric vehicles.

- **Implement the Environment Act commitments** – showing as 20%. 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 three of them have not met their target:

- **Cumulative number of fly tipping cases (against cumulative monthly comparison for last year)** – the reported cases of fly tipping is 506, this is 26 cases above target. The Council and contractors WISE continue to proactively address fly-tipping with fixed penalty notices and education and publicity to residents to always check they use licensed waste traders. Building on topping regional leagues in previous years to tackle the problem there will be a renewed focus with the teams to combat the rise.
- **Percentage of household waste sent for reuse, recycling and composting** – the rate of 50.2% is lower than the 55.03% target (August data). For Rushcliffe, the figure is dependent not just on the amount of waste collected in the blue bins, but also includes glass collected from bring sites and the tonnage of garden waste collected from green bins. The Council has recently introduced a new WEEE (waste electrical and electronic equipment ) collection service which may add a small increase in the percentage of waste recycled but the bigger Simpler Recycling changes for both glass (late 2025) and food (late 2027) will see a significant uplift in recycling percentages
- **Percentage recycling contamination rate** – the rate of 14.6% is higher than the 12.0% target (August data). The Council has an action plan to continue to help reduce the wrong items going in the blue bin and includes 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. Much of the contamination reported will be resolved when other plastic items are included in the new input specification for Veolia when changes to what can go in the blue bin come into place in April 2026, including dry recyclables, glass and food waste.



ENVIRONMENT								
Strategic Tasks				Performance Indicators				
 0	 2	 0	 0	 3	 0	 3	 1	 0
No exceptions				Three exceptions: <ul style="list-style-type: none"> <li>• Cumulative number of fly tipping cases (against cumulative monthly comparison for last year)</li> <li>• Percentage of household waste sent for reuse, recycling and composting</li> <li>• Percentage recycling contamination rate</li> </ul>				











### Quality of Life

4.22 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 closed for production of coal powered energy 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 50%. Cotgrave Leisure Centre redevelopment started on 17 September and designs are being developed for Keyworth Leisure refurbishment.

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

- **Percentage usage of community facilities** – usage for quarter 2 is 40.4%. Promotion of the venues continues on the Council social media channels and actively contacting new and existing customers for future bookings. This quarter ties in with the six weeks of summer which is always a quieter quarter with a large proportion of block booking being term time only. Officers are working on a proposal to have formal contracts with our regular block booking hirers. This aims to improve the level of service for these customers and enable them to have an account where they pay for bookings in advance and have the ability to cancel and amend bookings via a customer portal within the digital management booking system. Staff training has also been increased within the Business Support Unit to help transfer more enquires into booking and this work is ongoing.

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










### Sustainable Growth

4.23 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. Ratcliffe on Soar Parish meeting held on 26 September at the Power station. Those in attendance received an update from Uniper and East Midlands Freeport. A further update meeting will be planned for Spring 2025. There has been extensive communication updates focussed on the closure of the site which happened at the end of September. Decommissioning work has now commenced.
- **Implement Levelling-up and Regeneration Bill commitments** – 0% progress.
- **Adopt a Greater Nottingham Strategic Plan** – currently 65% 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.

- **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.
- **Develop and deliver an Economic Growth Strategy for the Borough** – has been adopted.

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

### Efficient Services










4.24 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 50% 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 78%. 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 15%. 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. Three are exceptions at this stage of the year:

- **Percentage of complaints responded to within target times** – 4 out of 26 responses missed the 10-day target. One of these resulted from an officer leaving and having to pass on the completion of the response.
- **Income generated from community buildings** – usage for quarter 2 is 40.4%. Promotion of the venues continues on the Council social media channels and actively contacting new and existing customers for future

bookings. This quarter ties in with the month of August which is always a quieter month.

EFFICIENT SERVICES									
Strategic Tasks				Performance Indicators					
 0	 3	 0	 0	 23	 4	 2	 0	 0	
No exceptions				Two exceptions: <ul style="list-style-type: none"> <li>• Percentage of complaints responded to within target times</li> <li>• Income generated from community buildings</li> </ul>					

## 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. The outcomes of the

October budget and US Presidential election as well as current international conflict impacts economic confidence and can result in additional pressure on Council resources. Reserves are critical to meet these challenges

## 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

The recommendation to repatriate the traveller site budget for BNG land acquisition could potentially result in delivering traveller sites later than planned. However, the required sites are being delivered in accordance with the local plan as part of the Councils strategic sites.

### 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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- b) the projected capital budget efficiencies of £3.598m including the reprofiling of provisions totalling £1.435m (para 4.9 and Table 3)

- c) the proposed removal of £1m from the capital programme for travellers site acquisition and £1.5m to be added in relation to carbon offsetting land acquisitions for the 2024/25 programme going forward (paragraph 4.10)
- d) the expected largely balanced outturn position for special expenses (para 4.7)
- e) exceptions to judge whether further information is required.

<b>For more information contact:</b>	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148 439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	Council 7 March 2024 – 2024/25 Budget and Financial Strategy Cabinet 9 July 2024 – Financial Outturn Report 2023/24 Cabinet 10 September 2024 – Revenue and Capital Budget Monitoring 2024/25 Financial Update Quarter 1
<b>List of appendices:</b>	<b>Appendix A</b> – Revenue Outturn Position 2024/25 – September 2024 <b>Appendix B</b> – Revenue Variance Explanations – September 2024 <b>Appendix C</b> – Capital Programme 2024/25 – September 2024 <b>Appendix D</b> – Capital Variance Explanations September 2024 <b>Appendix E</b> – Special Expenses Monitoring September 2024 <b>Appendix F</b> – Strategic Performance Scorecard