

APPENDIX 2

FINANCIAL PERFORMANCE – Q3

Employee Position

The summary position as at 31 December 2021 for employee budgets is as shown:

Department	Annual Budget £'000	Budget to 31/12/21 £'000	Actual to 31/12/21 £'000	Variance £'000
Chief Executive's Dept.	3,060	2,260	2,205	(55)
Deputy Chief Executive's Dept.	3,140	2,315	2,185	(130)
Executive Director's Dept.	5,858	4,324	3,848	(476)
General Fund – Total	12,058	8,899	8,238	(661)
Housing Revenue Account	4,051	2,985	2,729	(256)
Grand Total	16,109	11,884	10,967	(917)

The budget position to 31 December 2021 for gross employee costs shows a £917k underspend, which includes savings made with vacancies and the unresolved status of the 2021/22 pay award. This underspend is split £661k for the General Fund (GF) and £256k for the Housing Revenue Account (HRA).

The budget figures above exclude the vacancy rate target set for the GF of £360k when the 2021/22 budget was approved.

The budget for 2021/22 included an allowance for pay inflation based upon the earlier announcement from the Chancellor of the Exchequer of a guaranteed public sector pay award of at least £250 on any earnings below the median wage of £24k. The final pay award for 2021/22 was unresolved as at 31 December 2021 and is not reflected in the actuals above. The impact of an annual pay award at 1.75% on gross pay for all employees would see an estimated additional cost to the Council of around £170k (£130k GF and £40k HRA) in 2021/22.

If the pay award is not finalised in time to enable payment to be made in the March payroll, an appropriate accrual will be included in the 2021/22 accounts.

In addition, the 'market supplements' agreed up to 31 December 2021 are not included in the annual budget figures as the immediate impact of these in Q3 was not significant. The additional budget will be incorporated into future budget monitoring reports and the final outturn for 2021/22.

Income Budgets

The position to 31 December 2021 in respect of the most significant variable income budgets is as follows:

Income	Annual Budget £'000	Income to 31/12/21 £'000	Latest Projection £'000	Projected Variance to Budget £'000
Planning Fees	(450)	(462)	(585)	(135)
Pre-Planning and History Fees	(40)	(13)	(20)	20
Industrial Units Rents	(177)	(155)	(200)	(23)
Craft Centre Complex Rents	(34)	(25)	(33)	1
Garden Waste Income	(750)	(862)	(862)	(112)
Sale of Glass	(45)	(27)	(50)	(5)
Sale of Wheeled Bins	(30)	(29)	(35)	(5)
Recycling Credits - Glass	(120)	(67)	(140)	(20)
Trade Refuse Income	(468)	(624)	(624)	(156)
Special Collections Income	(55)	(41)	(55)	-
Parking Income (Pay & Display)	(180)	(110)	(145)	35
Off-Street PCN Income	(50)	0	(30)	20
Cemeteries	(211)	(187)	(220)	(9)
Miscellaneous Legal Charges	(10)	(33)	(25)	(15)
Land Charges Income	(80)	(66)	(80)	-
Licence Income	(164)	(99)	(140)	24
Interest on Investments	(289)	(190)	(250)	39
Beeston Square Rent	(500)	(413)	(500)	-
General Properties Rents	(58)	(30)	(58)	-
Total	(3,711)	(3,433)	(4,052)	(341)

Notes

The current status is in respect of income billed rather than income collected. The majority of the current annual projections above are pro-rata based upon activity to 31 December 2021 and/or profiled projections based upon 2020/21 outturn.

- i) The projected income from Planning Fees is consistent with previous outturn.

- ii) Industrial unit tenants are billed for rent in advance, so the final outturn will be adjusted for any accruals, receipts in advance and provision for doubtful bad debts. The earlier 2020/21 rent income budget was reduced by Finance and Resources Committee on 8 October 2020 as a prudent measure in anticipation of tenants having difficulty in paying their rent as a consequence of the pandemic. The Council will benefit from additional income from the two new industrial units at Mushroom Farm. The current position for 2021/22 is regularly monitored.
- iii) Garden waste income exceeded expectations with over 21,000 subscriptions in 2021/22 which compares favourably with the original budget estimate.
- iv) Income from the sale of wheeled bins in 2021/22 has exceeded expectations. This will be offset by additional expenditure on wheeled bin replacements.
- v) Income from trade refuse has exceeded expectations, although the final outturn will be adjusted for adjusted for accruals, receipts in advance and provision for doubtful bad debts.
- vi) Pay and display car parking income continue to be adversely affected by the pandemic. The loss of town centre car parking due to the Cinema development and a car park being used by the NHS as a Covid-19 testing site is also having an impact. The Finance and Resources Committee received reports to reduce the 2021/22 budgets in response to the restrictions imposed following the national lockdowns, slow recovery and the impact of increasing store closures. The Council has received some compensation from central government as part of the Covid-19 sales, fees and charges support to offset loss of income as a direct result of the pandemic. Income in 2022/23 will continue to be carefully monitored as the local economy slowly recovers.
- vii) Penalty Charge Notice (PCN) income from off-street car parking is received from Nottinghamshire County Council at the end of each financial year.
- viii) The estimated increase in Cemeteries income is based on current trend.
- ix) Legal Services are allowed to charge when instructed on certain matters with the level of income being dependent on the number of instructions received. There has been an increase in leasehold enquiry instructions and an increase in Section 106 agreements.
- x) Licensing income received 2021/22 is below the budget as a direct and ongoing consequence of reduced economic activity caused by the pandemic.
- xi) Commercial unit tenants are billed for rent in advance, so the final outturn will be adjusted for any accruals, receipts in advance and provision for doubtful bad debts. Covid-19 has impacted upon the tenants at Beeston Square in different ways. Whilst some managed to continue trading, others were forced to close for a period and some ceased trading completely. The current position for is being regularly monitored and a detailed report on commercial matters was presented to Finance and Resources Committee on 9 December 2021.

Capital Programme

Capital Programme expenditure as at 31 December 2021 is summarised as follows:

	Approved Budget 2021/22 £'000	Actual Spend to 31/12/21 £'000	Proportion of Budget Spent
General Fund	8,959	3,483	39%
Housing Revenue Account	13,684	6,890	50%
Grand Total	22,643	10,373	46%

The summary figures include all capital schemes brought forward from 2020/21, as previously approved, in addition to any other budget changes made up to 31 December 2021. No account has been taken of any invoices received but not yet paid or work that has taken place but where no invoices have, as yet, been received.

The General Fund Capital Programme excludes schemes totalling £1.013m for which the approval to proceed will be granted once a source of funding has been identified.

The most significant schemes with regards to spending to 31 December 2021 are:

Scheme	Approved Budget 2021/22 £'000	Actual Spend to 31/12/21 £'000	Comments
General Fund			
Disabled Facilities Grants	1,362	423	A number of grants are committed which are not included in spend to date
Replacement Vehicles and Plant	1,087	786	Orders have been raised for vehicles in the replacement programme
Beeston Square Phase 2	3,993	1,758	Scheme nearing conclusion with regular updates provided to the Policy and Performance Committee
HRA			
Aids and Adaptations – Disabled Persons	593	213	Adaptations will not fully catch up and some committed work will slip due to the delays associated with working in vulnerable households.
Modernisation Programme	2,215	1,670	This project is progressing well.

Scheme	Approved Budget 2021/22 £'000	Actual Spend to 31/12/21 £'000	Comments
Central Heating Replacement	2,407	1,113	Progressing well, however the Government have put back the deadline for completion of LAD2 funded insulation scheme twice now due to the difficulties experienced by many authorities. The new date is 30 June 2022 so some work and funds will slip into 2022/23. It is proving more difficult to satisfy the requirements of the funding which will impact on expenditure.
Windows/Doors Replacement Programme	688	113	Work output is accelerating but some slippage is expected here because of production delays caused by labour shortages and industry wide shortages of glass and plastics. This is linked to the LAD2 project.
External Decoration and Pre- Paint Repairs	929	557	Progressing well but some external repairs and repainting will slip due to the delayed procurement of a new contract partner.
Acquisition of Properties	2,201	644	Five properties purchased with further opportunities expected to progress to completion in year.
New Build – Housing Feasibility Costs	617	164	Budget likely to be underspent as schemes taking longer to submit for planning but spend will increase over next quarter.
New Build - Oakfield Road	691	540	Anticipated completion of these units in Q4. Bulk of budget will be spent in year with small retention held back for payment in 2022/23.
New Build – Fishpond Cottage site	550	0	Scheme to proceed with the bulk of spend to be in 2022/23.
New Build – Chilwell and Watnall Garage Sites (including Inham Nook)	600	424	Bulk of budget committed in 2021/22 with purchase of the Inham Nook pub.