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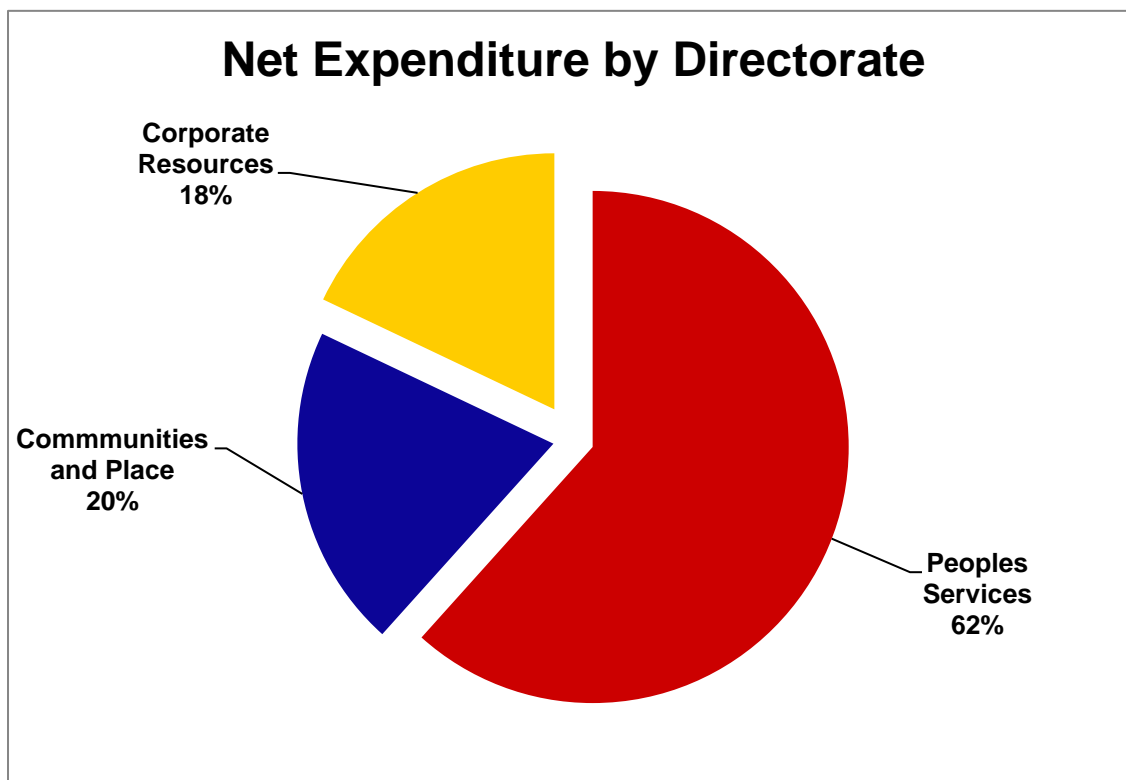
Final Accounts – 2020/21 Outturn Report for General Fund, Capital Programme, Treasury Management, Housing Revenue Account, Dedicated Schools Grant and Collection Fund

Purpose

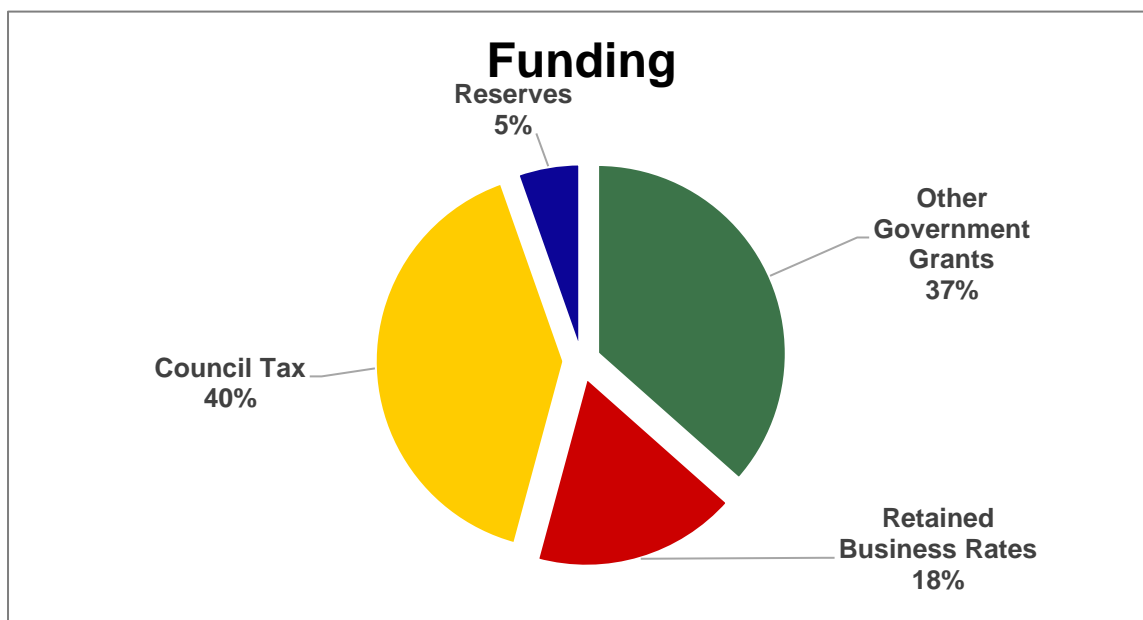
- 1.1 To summarise the overall Councils final outturn position, subject to external audit opinion, for the 2020/21 financial year. The report describes the final year end positions and the main variances from Qtr. 3 and sets out issues to note and requiring approval. In summary the outturn is as follows:
- a) **Revenue Budget:** The general fund revenue outturn position is a balanced position when compared to the revenue budget for 2020/21. The balanced position is achieved after transfer of underspends to the budget risk reserve of £1.892m, as detailed in section 4.1. All of the £4.746m of the Councils savings target for 2020/21 has been achieved, however some were through one off solutions as outlined in section 4.1.12
 - b) **Capital Budget:** The capital programme outlines the delivery of 75.84% of the latest approved £130.101m capital programme. Details of the capital outturn for 2020/2021 totalling £98.668m for work completed and an analysis of the £22.686m slippage against the final approved capital programme is set out in section 4.6
 - c) **Treasury Management:** Total borrowing for the Council is £347.718m and total investments are £37.159m compared to £358.926m and £76.873m as at 31 March 2021, as detailed in section 4.7
 - d) **Housing Revenue Account (HRA):** The HRA shows an outturn deficit of £1.160m against a planned shortfall of £4.592m, this is a positive variance of £3.432m. The overall HRA balances at 31 March 2021 are detailed in section 4.8
 - e) **Dedicated Schools Grant:** The Dedicated Schools Grant closed with a surplus of £1.6m on the central non-delegated items and individual school balances are £8.868m, as detailed in section 4.9
 - f) **Collection Fund:** The Councils share of the collection fund outturn is a deficit of £26.228m as detailed in section 4.10.

1.2 General Fund

During the year the Council manages and controls spending on services through its general fund. A summary of the net cost of running each main service area is shown below:



1.3 This spending is financed from council tax, business rates, government grants and reserves as shown below.



Recommendations

2.1 To note:

- a) The overall general fund revenue budget outturn position for 2020/21 (subject to external audit) and budget variances at 31 March 2021 as set out in section 4.1
- b) The savings achieved in 2020/21 as summarised in section 4.1.12
- c) The capital outturn and the capital expenditure incurred during the year as set out in section 4.6
- d) The treasury management outturn and prudential indicators as set out in section 4.7
- e) The overall dedicated schools budget position for 2020/21 as set out in section 4.9
- f) The Councils share of the collection fund is a deficit of £26.228m as set out in section 4.10
- g) The use of reserves under delegation as outlined in section 4.1.5.

2.2 To approve:

- a) The final required movements in revenue reserves set out in section 4.1.1 to 4.1.4
- b) The carry forward requests to reserves outlined and subsequent use of these carry forwards as detailed in section 4.1.4
- c) The transfer to the budget risk reserve of £1.892m as set out in section 4.1.10 to achieve a balanced out-turn position
- d) The addition of net £21.898m budget (slippage £22.686m and spend brought forward (£0.788m) to the 2021/22 capital programme as detailed in section 4.6.5 and 4.6.10
- e) The reallocations from slippage on the Flood Defence programme and Highways Maintenance programme as detailed in section 4.6.14 to 4.6.20
- f) The review and identification of available funding streams from the net scheme underspends of (£10.883m) of the capital programme detailed in section 4.6.6 to 4.6.8 for use to fund emerging priorities within the programme for 2021/22 and delegate these decisions to the Strategic Director of Corporate Resources (Section 151 officer) with the appropriate portfolio Cabinet Member

- g) The HRA outturn deficit of £1.160m out in section 4.8
- h) The 2020/21 Private Finance Initiative (PFI) reserve movements as set out in Appendix 5
- i) The annual report in respect of treasury management activity for 2020/21 as outlined in section 4.7
- j) Delegated authority to the Strategic Director of Corporate Resources any further transfers to and from the reserve as appropriate to meet emerging budget priorities.

2.3 To authorise:

The Section 151 Officer to adjust the Councils reserves if the Council or its external auditors (Ernst Young) require any adjustments to the final accounts for 2020/21 that alter the overall Councils position.

Reasons

- 3.1 Under the Local Government Act 2003, the Council has a legal obligation to achieve an annual balanced budget position.
- 3.2 The Medium-Term Financial Plan (MTFP) sets the funding for the Council for the financial year and the use of those funds is then monitored throughout the year to ensure delivery of Council priorities. The outturn report indicates how the Councils resources have been used to support the delivery of budgetary decisions.
- 3.3 The Councils Financial Procedure Rules requires amendments to the capital programme to be reported to Cabinet.
- 3.4 In accordance with CIPFA Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code"), members should approve the annual report for Treasury Management activity in 2020/21 which forms part of this document.
- 3.5 Under CIPFA's Prudential Code for Capital Finance in Local Authorities, members have a statutory duty to adopt a set of annual indicators relating to capital expenditure and Treasury Management.
- 3.6 The HRA Business Plan sets out the forecasted funding and the use of those funds is then monitored throughout the year to ensure delivery of HRA priorities. The outturn report indicates how the resources have been used to support the delivery of budgetary decisions.

Supporting information

- 4.1 The following provides further analysis and explanations of key variances for each element of the actual financial outturn, subject to external audit opinion.

4.1.1 Revenue Budget

The overall general fund revenue position at 31st March 2021 is a balanced position. However to achieve this position, this includes transfer of underspends to the Budget risk reserve of £1.892m.

4.1.2 Use of Revenue Reserves and Carry Forward Requests

In establishing the Councils final outturn position several additional movements in reserves require appropriate approval as per the Councils Financial Procedure Rules.

4.1.3 Approval is requested for the transfer to and from reserves for the total amount of £20.436m as outlined in detail in Appendix 2 (a).

4.1.4 Due to unprecedented demands on resources and re-aligning priorities in the short term some budget allocations were not spent. It is therefore requested that approval be given to carry forward of funding requirements totalling £0.337m as outlined in detail in Appendix 2 (b).

4.1.5 Cabinet is asked to note the further use of reserves that have been actioned under delegated authority totalling £0.032m as outlined in detail in Appendix 2 (c).

4.1.6 Covid Grant Allocation

Government provided four tranches of Covid un-ringfenced grants to Local Authorities to manage the immediate and long-term impacts of the pandemic. The Councils total allocation was (£23.518m), of which £0.527m was used to fund pressures in 2019/20. There has been £18.950m application of this grant in 2020/21 for eligible expenditure across the Council. The remainder of the funding (£4.041m) has been transferred to the Covid reserve to fund pressures that will continue into 2021/22.

4.1.7 Covid Income Allocation

One off funding has been provided to Local Authorities to compensate for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of our services. The Councils forecast allocation is (£6.180m) for the 2020/21 financial year and this has been used to fund eligible loss of income across the directorates.

4.1.8 The summary 2020/21 revenue budget variance is shown below:

Directorate	Budget	In Year Adj.	Covid General Funding	Current Budget	Spend	Final Outturn Variance	Qtr.3 Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m	£m
Peoples	155.089	(10.932)	11.197	155.354	155.066	(0.288)	6.741
Comms and Place	43.737	(1.206)	10.374	52.905	51.336	(1.569)	0.300
Corporate Resources	42.146	(0.552)	3.559	45.153	45.118	(0.035)	(0.626)
Sub Total	240.972	(12.690)	25.130	253.412	251.520	(1.892)	6.415
Budgeted Reserves	(2.772)			(2.772)	(2.772)		
Transfer to Budget Risk					1.892	1.892	
TOTAL	238.200	(12.690)	25.130	250.640	250.640	-	6.415

4.1.9 The outturn was a £8.307m improvement on the position reported in Qtr. 3. Details for each directorate are outlined in section 4.2 to 4.4.6.

4.1.10 The Councils revenue budget has a net underspend at year end of £1.892m and this has been transferred to the budget risk reserve to achieve a balanced position.

4.1.11 The Councils revenue budget for 2020/21 included savings targets for each directorate in order to support a balanced budget position. The achievement of these savings has been included within the overall budget outturn position.

Directorate	Budget Savings Targets 2020/21 £m	Full year effect of savings delivered £m	Year End Variance £m	% Achieved
Peoples Services	1.596	1.596	-	100%
Communities and Place	1.415	1.415	-	100%
Corporate Resources	1.735	1.735	-	100%
Total	4.746	3.750	-	100%

The Council achieved 100% of the total saving target. However some of these savings were achieved by one off solutions. Below is an outline of this mitigation.

4.1.12 **The Peoples Services directorate** achieved all of its savings requirement, however some of these were achieved through one off solutions.

4.1.13 The unachieved savings within Adult Social Care relate to £0.500m review of adult social care packages which has been delayed due to the Covid pandemic. Savings from Foster carer recruitment £0.200m and Social Impact Bonds of £0.296m for children's placements have not been achieved in 2020/21 but it is expected these will be achieved in 2021/22. These were achieved in 2020/21 were mitigated with one off Covid funding.

- 4.1.14 **The Communities and Place directorate** achieved all of its saving requirement, however some of these were achieved through one off solutions.
- 4.1.15 The £0.280m Carelink saving was funded by alternative one-off Communities and Place underspends during 2020/21. These savings are still being formulated and have been reduced to £0.150m in the latest Medium Term Financial Plan. The aim is to achieve this in 2021/22 following delays in implementation during the Covid period.
- 4.1.16 There was an unachievable saving of £0.100m additional Leisure income due to the reduced income levels whilst the service has been closed however this was mitigated by a one off solution. The saving is expected to progress in 2021/22 subject to the potential on-going impacts of Covid.
- 4.1.17 **The Corporate Resources directorate** achieved all of its saving requirement, however some of these were achieved through one off solutions.
- 4.1.18 The layers and levels saving of £0.250m was funded by alternative corporate underspends and a £0.250m commercialisation saving expectation funded from the Covid grant allocation. Both of these savings have been addressed in the updated MTFP that went to 24th February Council.
- 4.1.19 There was a £0.070m unachievable saving associated with grey fleet and mileage for 2019/20 and 2020/21 (£0.035m per year) of which (£0.070m) has been funded from the Covid grant allocation as a one off, however this saving will need to be progressed in 2021/22.

4.2 Peoples Services Directorate

Directorate	Budget	In Year Adj.	Covid General Funding	Current Budget	Spend	Final Outturn Variance	Qtr.3 Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m	£m
Adults	77.355	(0.916)	1.922	78.361	75.971	(2.390)	(1.084)
Children's	61.799	(2.668)	9.006	68.138	70.502	2.364	8.075
Public Health	15.935	(7.348)	0.269	8.855	8.593	(0.262)	(0.250)
Total	155.089	(10.932)	11.197	155.354	155.066	(0.288)	6.741

The Peoples directorate outturn position is a net underspend of (£0.288m), the forecast at Qtr.3 was an overspend of £6.741m, there has been a change of £7.029m. Application of further Covid funding for looked after children of £5m is the main reason for the significant variance. The change from Qtr.3 is outlined below.

Please click on the link below for Qtr.3 narrative variances reported to 10th February 2021 Cabinet:

[Link to Qtr3 Report](#)

4.2.1 **Adult Services**

The final outturn position is an underspend of (£2.390m), a (£1.306m) movement from the (£1.084m) forecast underspend at Qtr.3. The principle reasons for the increased underspend is that additional temporary income throughout the year continued into Qtr.4 covering the costs of packages following hospital discharges through the continuation of the National NHS Hospital Discharge Scheme and other income streams associated with the pandemic. In addition, activity levels during the first lockdown period were significantly below the volumes we would normally expect to encounter, although there has been the expected upturn later in the year.

Locally early intervention work from the Local area coordinators and the pilot of the follow up team within home first to ensure clients packages are being adjusted to best suit their needs has had an impact. The impact of joining forces with Derby Direct and the Community Hub during the pandemic most likely further strengthened the impact of our preventative approach as we made the best use of community alternatives to support people with lower level needs.

4.2.2 **Children's Services**

The final outturn position is an overspend of £2.364m, a (£5.711m) movement from the £8.075m forecast overspend at Qtr3, the main reason for this is an additional application of the £5m Covid allocation to fund additional costs associated with looked after children which have arisen through the numbers of looked after children increasing and the stagnation of the care and legal system during the pandemic.. Further movement include increased income supporting the Priority Families programme and additional Covid funding to support the additional costs of Home to School Transport that arose due to the requirement for social distancing

4.3 **Communities and Place Directorate**

Directorate	Budget	In Year Adj.	Covid General Funding	Current Budget	Spend	Final Outturn Variance	Qtr.3 Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m	£m
Comms and Place	43.737	(1.206)	10.374	52.905	51.336	(1.569)	300
Total	43.737	(1.104)	10.374	52.905	51.336	(1.569)	300

The Communities and Place directorate outturn position is a net underspend of (£1.569m). The forecast at Qtr.3 was an overspend of £0.300m, which means that there has been a change in the outturn of (£1.869m) in the last quarter of the year. The change from Qtr.3 is outlined below:

Please click on the link below for Qtr.3 narrative variances reported to 10th February 2021 Cabinet:

[Link to Qtr3 Report](#)

- 4.3.1 Demand for burials and cremations were much higher than the forecast as bereavements were significantly higher than expected due to further Covid infections during Qtr. 4. Qtr. 4 also saw unexpected increased demand for bulky waste collection. This resulted in combined additional income of (£0.313m).

- 4.3.2 The directorate recovered (£0.200m) from Seven Trent Water to cover costs relating to burst mains damage to Alfreton Road Bridge in a previous financial year.
- 4.3.3 There was (£0.389m) income received from rechargeable works above initial estimated amounts for Highways Maintenance, the Project Management Hub and Regeneration projects.
- 4.3.4 The final quarter resulted in (£0.398m) of previously unanticipated income from Derby Arena.
- 4.3.5 The Leisure and Cultural service expected to operate 'as normal' for a busy new year influx. The announcement of further lockdown in the final quarter resulted in (£0.263m) underspend on staffing costs.
- 4.3.6 (£0.267m) underspend across General Fund Housing as a result of lower than anticipated costs across the service (including Healthy Housing Hub and Decent and Safer Homes).
- 4.3.7 Several other minor variance across the directorate net to an underspend of (£0.039m).

4.4 Corporate Resources Directorate

Directorate	Budget	In Year Adj.	Covid General Funding	Current Budget	Spend	Final Outturn Variance	Qtr.3 Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m	£m
Corporate Resources	34.144	(0.565)	2.073	35.653	34.581	(1.072)	(0.159)
Corporate	8.002	0.013	*1.486	9.500	10.537	1.037	(0.467)
Total	42.146	(0.552)	3.559	45.153	45.118	(0.035)	(0.626)

* Covid Corporate funding includes cross directorate costs charged directly to the Covid cost centre.

The Corporate Resources directorate outturn position is a net underspend of (£0.035m), the position at Qtr.3 was a forecast underspend of (£0.626m). There has been change of (£0.591m) in the last quarter. The main reasons for the increased underspend from Qtr.3 are outlined below.

Please click on the link below for Qtr.3 narrative variances reported to 10th February 2021 Cabinet:

[Link to Qtr3 Report](#)

4.4.1 Corporate Resources

The final outturn position is an underspend of (£1.072m) a (£0.913m) movement from the position forecast at Qtr.3.

- 4.4.2 The main differences include (£0.470m) for reduced bad debt provision requirement relating to Housing Benefit overpayment recovery as a result of improved debt recovery rates that has led to lower than anticipated debt outstanding. There is also (£0.231m) for a reduced provision requirement for uninsured losses due to lower drawdown requirement from the provision during the year.
- 4.4.3 There is a (£0.110m) net reduction in property maintenance costs and (£0.119m) reduction in property rationalisation costs as a result of lockdown restrictions in the final quarter and other minor net variances across the directorate of £0.017m.
- 4.4.4 **Corporate Budgets**
The final outturn position is an overspend of £1.037m a £1.504m movement from the position forecast at Qtr.3.
- 4.4.5 The main differences includes a pension pre-payment adjustment of £1.074m which previously anticipated use of reserves if not resolved, is now being funded from emerging underspends in the directorate. The adjustment will now be addressed in the triannual review of the fund. There is also pension added years pressure now funded from underspends, not a planned draw down on reserves which was originally anticipated £0.040m.
- 4.4.6 SCAPE, the public sector procurement specialists have not paid dividends this year creating a further pressure of £0.250m and there are further net movements on corporate contingency budgets of £0.140m.
- 4.5 **Analysis of Reserves** (including School Balances and Dedicated Schools Grant)
- 4.5.1 The Councils main revenue reserve for general purposes is the General Fund Balance. This is set aside to support the management of risks in the Revenue Budget. At 31 March 2021 the General Fund Balance is £8.933m.
- 4.5.2 The Council also holds several revenue earmarked reserves to fund specific priorities included within the Councils Plan and Recovery Plan. As at 31 March 2021 revenue earmarked reserves held by the Council total £96.224m. A review of all revenue earmarked reserves is carried out on an annual basis as part of the Medium Term Financial planning process in line with the adequacy of reserves review. Further details of the Councils revenue earmarked reserves are provided at Appendix 1.
- 4.5.3 The budget risk reserve has a balance of £18.269m at 31 March 2021. The budget risk reserve is held to support future budget planning risks and unforeseen in-year budget pressures.
- 4.5.4 Each individual Council controlled school in Derby has its own financial reserve, collectively known as 'School Balances'. School balances are delegated directly to schools and are not available to the Council for general use. The use of any surplus balances is defined within the local Scheme for Funding Schools.
- 4.5.5 School balances as at 31 March 2021 are £8.868m compared to £5.866m in 2019/20. Non delegated DSG balances are currently £4.2m.
- 4.6 **Capital**

4.6.1 The Capital Programme

The final capital expenditure outturn for 2020/21 is £98.668m, £84.995m below the original approved budget of £183.663m. During the year, the capital programme has been revised to reflect slippage in key projects including regeneration schemes, highways and transport schemes housing and flood defence schemes.

4.6.2 The table below analyses the main variances by service against the original budget and revised programme:

Final Outturn Capital:

2020/21 Capital Programme by Service Area	Original Approved Capital Budget	Actual Spend	(Under)/ Overspend on Original budget	Final Adjusted Approved Original Capital Programme	Actual Spend	Outturn variance Actual to Adjusted
	£m	£m	£m	£m	£m	£m
Schools	32.325	12.170	(20.155)	12.622	12.170	(0.452)
Housing General Fund	6.167	2.388	(3.779)	2.682	2.388	(0.294)
Property Improvement	29.552	25.732	(3.820)	38.448	25.732	(12.716)
Flood Defence	0.250	0.467	0.217	0.861	0.467	(0.394)
Highways & Transport	28.313	20.986	(7.327)	31.909	20.986	(10.923)
Vehicles Plant & Equipment	2.092	7.160	5.068	7.239	7.160	(0.079)
Regeneration	42.021	8.959	(33.062)	10.271	8.959	(1.312)
Information and Communication Technologies (ICT)	3.921	1.788	(2.133)	2.054	1.788	(0.266)
Housing Revenue Account (HRA)	33.022	19.018	(14.004)	23.611	19.018	(4.593)
Corporate	6.000	-	(6.000)	0.404	-	(0.404)
Total	183.663	98.668	(84.995)	130.101	98.668	(31.433)

4.6.3 The net variance against the final adjusted approved capital programme includes the addition of the 2019/20 outturn slippage of £13.414m plus further changes reported and approved at Cabinet throughout the year. The net programme variance is analysed in table below:

Programme Variance	
Reason for Variance	Amount £m
Slippage	(22.686)
Spend Brought Forward	0.788
Net Slippage	(21.898)
Net underspends	(10.634)
Additional Spend Backed by Funding	1.099
Total Programme Variance	(31.433)

4.6.4 Explanation of Programme Variances

4.6.5 **Slippage**

The programme variance includes slippage of (£22.686m). Approval is sought to add this slippage to the 2021/22 capital programme. Details of slippage requests are listed in Appendix 4. Progress in 2021/22 will be reported as part of the planned monitoring to Cabinet.

4.6.6 **Net Scheme Underspends**

The net underspend of (£10.883m) is predominantly due to underspends within the Housing Revenue Account, Highways and Transport and Property programmes. The main areas are explained at Appendix 3 and include:

- I. HRA underspend of (£2.835m)
- II. Highways & Transport underspend (£1.343m)
- III. Property underspend of (£6.258m) including clawback of £5.5m for the Assembly Rooms
- IV. Minor underspends net (0.198m)

4.6.7 The capital programme has net scheme underspends of (£10.883m) in 2020/21, the main variances are outlined in Appendix 3. An initial analysis of the net scheme underspends has identified potential available funding streams to redirect to emerging priorities within the capital programme. These include:

Area	£m
Highways and Transportation	1.277
Property	0.684
Vehicles plant and Equipment	0.020
	1.981

4.6.8 It is recommended to approve The review and identification of available funding streams from the net scheme underspends of (£10.883m) of the capital programme for use to fund emerging priorities within the programme for 2021/22 and delegate these decisions to the Strategic Director of Corporate Resources (Section 151 officer) with the appropriate portfolio Cabinet Member.

4.6.9 **Additional Spend Backed by Funding**

£1.099m additional spend supported by associated funding has arisen. This additional spend is mainly due to the focusing of resources on the HRA new build and acquisition programme in order to ensure the Right to Buy targets are met.

4.6.10 **Spend Brought Forward**

There is £0.788m spend brought forward from 2021/22. This has been necessary mainly due to schemes originally programmed for 2020/21 within the regeneration area and vehicles plant and equipment area progressing more rapidly than originally anticipated. Main areas include:

- I. £0.202m for the Regeneration programme
- II. £0.118m for the Vehicles Plant and Equipment programme
- III. £0.098m for the Highways and Transport programme
- IV. £0.029m for the Property programme
- V. £0.011m for the Flood Defence programme
- VI. £0.329m for the schools programme

A total list of all schemes requiring spend brought forward is detailed in Appendix 4.

4.6.11 **Capital Programme - Main Outturn Variances**

4.6.12 The main variances between actual capital expenditure and the final adjusted approved budget are outlined at Appendix 3

Strategy Area	Variance £m
Schools	0.274
Housing General Fund	-
Property Development	(12.022)
Flood Defence	(0.315)
Highways and Transportation	(10.833)
Vehicles Plant and Equipment	-
Regeneration Schemes	(0.823)
ICT	-
HRA	(3.050)
Corporate	(0.404)
Other minor variances	(4.260)
TOTAL	(31.433)

4.6.13 **Capital Programme Developments**

4.6.14 **Cuttlebrook flood alleviation scheme**

4.6.15 Cuttlebrook flood alleviation scheme has increased. As the scheme has developed through the detailed design stage the cost of the scheme has risen. This only became fully apparent in January 2021 when Balfour Beatty finally confirmed the construction costs. An underspend has been identified on the Markeaton Brook of £0.019m which is required to be slipped and reallocated to the Cuttlebrook scheme. A further update to outline the increases to the scheme and the funding identified will be included a future report for 2021/22.

4.6.16 It is recommended to approve the reallocation of slippage from Markeaton Brook of £0.019m to the Cuttlebrook flood alleviation scheme.

4.6.17 **Highways and Transport re-allocation of slippage**

4.6.18 The highways and transport programme also require some reallocations of slippage within the programme in 2021/22 as follows;

4.6.19

Scheme	Slippage £m	Reallocated to £m	Details
Network Management Strategic network management	(0.971)	0.748	Reallocation of programme underspends to meet programme overspends
ITS Network Management Maintenance		0.162	
Structures Maintenance		0.003	
Highways Maintenance		0.058	
Active Travel - Smarter Choices	(0.912)		In order to ensure Smarter Choices grant funding was fully spent by 31st March, as per the grant conditions, the grant was spent on eligible Highways Maintenance schemes in 2020/21. This reallocation and slippage allows the completion of the Smarter Choices scheme in 2021/22.
Highways Maintenance		0.912	
Highways infrastructure	(0.159)	0.153	Reallocation of programme underspends to meet programme overspends
VPE programme for a vehicle for parking services		0.006	
Public transport	(0.034)	0.031	
Active Travel Pedestrian accessibility		0.002	
Network Management Casualty Reduction		0.001	
TOTAL	(2.076)	2.076	

4.6.20 It is recommended to approve the reallocation of slippage in 2021/22 as detailed in the table above.

4.7 Treasury Management

4.7.1 Treasury Management Final Outturn 2020/21

The Treasury Management outturn shows a net overspend for 2020/21 of £0.4m. This compares to the forecast overspend of £0.5m previously reported at Qtr. 3. The overspend for 2020/21 was mainly due to the historic split between debt charges allocated to the General Fund and HRA being amended to reflect the application of capital receipts for the redemption of debt. £0.8m general fund pressure, and a reduction in interest payable to the HRA and PFI balances (£0.4m) due to a reduction in interest rates.

4.7.2 It is recommended that the treasury management overspend is to be transferred from the Treasury Management reserve as outlined in Appendix 2 (a).

4.7.3 The Council continues to have a prudent approach to Treasury Management in that it does not borrow more than it needs, due to the cost of carry where interest rates on loans is significantly higher than the return the Council would receive on cash investments. It only lends to approved financial institutions, and this discipline is enforced by reviewing the approved list of counterparties, which is regularly updated in consultation with the Councils treasury advisors – Arlingclose and the Director of Financial Services.

- 4.7.4 For 2020/21 all prudential indicators and limits in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance have been adhered to. With the exception of breaching the maximum balance to be held with Lloyds, our main bank. Further details are outlined below.
- 4.7.5 **The Financial Markets During 2020/21**
The information relating to the overall global position of the UK financial markets in 2020/21 was provided by Arlingclose, our treasury advisors, who continue to update the Council with on-going market activity and interest rates.
- 4.7.6 The coronavirus pandemic has dominated the year, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut its Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.
- 4.7.7 A Brexit trade deal was agreed by the 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.
- 4.7.8 Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.
- 4.7.9 Inflation has remained low over the 12 month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% in February, below expectations (0.8%) and still well below the Bank of England's 2% target.
- 4.7.10 The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to (0.03%) at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. 1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.
- 4.7.11 The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

4.7.12 Local Context

On 31st March 2021, the Council had net borrowing of £310.559m arising from its revenue and capital income and expenditure, an increase on 31 March 2020 of £28.506m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31/03/20 Actual £m	2020/21 Movement £m	31/03/21 Actual £m
General Fund CFR	435.305	46.271	481.576
HRA CFR	214.819	-	214.819
Total CFR	650.124	46.271	696.395
Less: Other debt liabilities *	(89.721)	4.379	(85.342)
Borrowing CFR	560.403	50.650	611.053
Less: Usable reserves	(210.659)	(1.698)	(212.357)
Less: Working capital	(67.691)	(20.446)	(88.137)
Net borrowing	282.053	28.506	310.559

*finance leases, PFI liabilities and transferred debt that form part of the Councils total debt

- 4.7.13 The CFR has increased between 2019/20 and 2020/21 due to the Councils capital programme. Net borrowing has increased even though actual borrowing has fallen because our investment balances have reduced. We have used internal balances to fund capital expenditure which in turn has led to lower investment balances.

The Councils future liability to repay borrowing has significantly increased by £46m.

- 4.7.14 Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31st March 2021 and the year-on-year change is shown in table 2 below.

Table 2: Treasury Management Summary

	31/03/20 Balance £m	2020/21 Movement £m	31/03/21 Balance £m
Long-term borrowing	337.717	(0.790)	336.927
Short-term borrowing	21.209	(10.418)	10.791
Total borrowing	358.926	(11.208)	347.718
Long-term investments	-	-	-
Short-term investments	29.000	(17.000)	12.000
Cash and cash equivalents	47.873	(22.714)	25.159
Total investments	76.873	(39.714)	37.159
Net borrowing	282.053	28.506	310.559

Note: the figures in the table are from the balance sheet in the Councils statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

- 4.7.15 Total borrowing has decreased between 2019/20 and 2020/21, meaning that we have taken out less new loans than those we have repaid. However net borrowing has increased due to using cash balances to fund capital expenditure and in turn delaying our need to borrow.
- 4.7.16 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2020/21, the Councils investment balance ranged between £30m and £141m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change is shown in table 3 below.

Table 3: Treasury Investment Summary

Counterparty	31/03/20 Balance £m	2020/21 Movement £m	31/03/21 Balance £m
Banks & building societies (unsecured)	0.747	2.943	3.690
Local authorities	29.000	(19.000)	10.000
Money Market Funds	13.126	3.843	16.969
Local Government (DMO)	34.000	(27.500)	6.500
Total investments	76.873	(39.714)	37.159

- 4.7.17 The investment activity in 2020/21 together with a comparison for the previous year is summarised in table 4 below:

Table 4: Treasury Investment Activity

	2019/20	2020/21
Number of fixed-term deposits made	51	184
Number of instant access and money market accounts used	10	10
Number of deposits/withdrawals from money market funds/ call accounts	112	94
Value of deposits/ investments held at 31 March	£76.873m	£37.159m
Average size of deposit/ investment portfolio	£86.594m	£95.288m
Average size of Lloyds Balance (operational)	£9.879m	£11.978m
Total interest earned on deposits/ investments (including Lloyds)	£0.695m	£0.199m
Average Return on deposits/ investment portfolio	0.73%	0.15%

- 4.7.18 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.7.19 In furtherance of these objectives and given increasing risk and low returns the council has made good use of the Debt Management Office investments function. This government guaranteed deposit facility is a safe haven in times of uncertainty, for example BREXIT and Covid. Interest rates have fallen across the board in line with cuts to the Bank of England base rate.

Table 5: Investment Benchmarking

	Credit Score*	Credit Rating	Bail-in Exposure	WAM** (days)	Rate of Return
30.09.2020	3.62	AA-	23%	16	0.06
31.12.2020	4.64	A+	58%	27	0.05
31.03.2021	4.51	AA-	52%	22	0.06
Similar LA's	4.66	AA-	68%	32	0.98
All LAs	4.63	A+	63%	14	0.90

*The lower the credit score the lower risk

** Weighted Average Maturity

The above table shows the Council is pursuing security/low risk demonstrated by a lower credit score and lower bail in exposure than other Local Authorities (LA's).

- 4.7.20 Following the cut in Bank rate from 0.75% to 0.10% in March 2020, the Authority has received significantly lower income from its cash and short-dated money market investments, including money market funds in 2020/21, as rates on cash investments are close to zero percent.
- 4.7.21 **Non-Treasury Investments**
The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government's (MHCLG) and Welsh Government, in which the definition of investments is further broadened to also include all such assets held partially for financial return.
- 4.7.22 The Council held £2.917m of loans to Derby Homes and £2.023m regeneration loans to local businesses as at 31st March 2021.
- 4.7.23 **Borrowing Update**
In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26th November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.
- 4.7.24 Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.
- 4.7.25 Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.
- 4.7.26 The Authority is not planning to purchase any investment assets primarily for yield within the medium term and so is able to take advantage of the reduction in the PWLB borrowing rate.
- 4.7.27 In his March 2021 budget the Chancellor confirmed that a UK Infrastructure Bank will be set up with £4bn in lending earmarked for local authorities from the summer of 2021. Loans will be available at gilt yield plus 0.60%, 0.20% lower than the PWLB certainty rate. A bidding process to access these loans is likely with a preference to projects likely to help the government meet its Net Zero emissions target. However other "high value and complex economic infrastructure projects" may also be considered.

4.7.28 **Borrowing Activity 2020/21**

As at the 31 March 2021 the total external debt portfolio of the Council (including HRA debt and other long- term liabilities) was £433m, this is a result of the strategy for funding previous years' capital programme. The analysis of external debt outstanding at 31 March 2021 is shown in the table 6 below:

Table 6: External Debt at 31 March 2020 and 2021

	£m	£m
	As at 31 March 2020	As at 31 March 2021
External Borrowing:		
- Fixed Rate PWLB	312.053	291.236
- Fixed Rate Market	20.000	20.000
- Other Local Authorities	25.000	35.000
- SALIX Energy Efficiency	1.207	0.882
- University of Derby	0.667	0.600
Total External Borrowing as at 31 March	358.927	347.718
Other Long-term Liabilities:		
- Transferred Debt from other Local Authorities	0.359	0.318
- PFI Financing	87.444	83.398
-Lease Liabilities	1.918	1.642
Total Gross External Debt at 31 March	448.648	433.076

4.7.29 During March 2021 £20m PWLB borrowing was repaid and £10m temporary borrowing from other local authorities was taken to meet our cashflow requirements.

4.7.30 **Compliance Report**

All but one treasury management activity undertaken up to 31st March 2021 complied fully with the CIPFA Code of Practice and the Councils approved Treasury Management Strategy. At the end of March we breached the £15m limit for funds to be held with our bank, Lloyds. This was due to Derby Homes having more than £15m in their Lloyds account. Compliance with specific investment limits are demonstrated in Table 7 below.

Table 7: Investment Limits

	2020/21 Maximum	Actual 31.03.21	2020/21 Limit	Complied
The Councils Banking Provider – Lloyds	£18.4m	£18.4m	£15m	x
Any single organisation, except the UK Central Government (excluding the operational bank)	£8m	£5m	£8m	✓
Any group of pooled funds under the same management	£10.6m	£4.4m	£17m	✓
Money Market Funds (MMF)	£8m	£8m	£8m	✓

- 4.7.31 Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 8 below.

Table 8: Debt Limits

	2020/21 Maximum £m	31/03/21 Actual £m	2020/21 Operational Boundary £m	2020/21 Authorised Limit £m	Complied
Borrowing	367.7	347.7	609.6	756.5	✓
PFI & finance leases	89.4	85.0	102.7	123.3	✓
Total debt	457.1	432.7	712.3	879.8	✓

4.7.32 Treasury Management Indicators

The authority measures and manages its exposures to treasury management risks using the following indicators.

- 4.7.33 Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.
- 4.7.34 Local Authorities are unrated, therefore fixed term deposits with Local Authorities have to be assigned a score. The score assigned is AAA=1, this means the investments are of the highest credit quality. This is due to Local Authorities not being subject to bail-in and having an insignificant risk of insolvency.
- 4.7.35 Table 9 shows the target for the portfolio average credit score and the actual for 2020/21:

Table 9: Security Indicator - Portfolio average credit score

	Target	Actual
Portfolio average credit score	3.00	1.50

- 4.7.36 The actual credit score is below the target showing the exposure to credit risk in the year to date achieved has been lower than the target set this is due to higher credit quality investment being used over lower credit quality investment. This is because of the use of fixed term deposits with Local Authorities, the Debt Management Office and high credit quality MMF's.
- 4.7.37 Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period.

	31.3.21 Actual	2020/21 Target	Complied?
Total cash available within one month	£49m	£20m	✓

- 4.7.38 The council has maintained adequate liquidity throughout 2020/21.
- 4.7.39 The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates as at 31 March 2021 are shown in Table 10 below:

Table 10: Interest Rate Exposure

Interest rate risk indicator	Limit	Complied
Upper limit on one-year revenue impact of a 1% rise in interest rates	£0.195m	✓
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0.550m	✓

- 4.7.40 These figures show that the Council has not exceeded any limits for the fixed and variable rate borrowing.
- 4.7.41 **Maturity Structure of Borrowing** - The actual maturity structure of borrowing as at 31 March 2021 has been compared to the loan maturity limit profile that was approved in the Treasury Management Strategy 2020/21. Table 11 below shows that this indicator has been met as follows:

Table 11: Maturity Structure of Borrowing

Number of Years to Maturity	Borrowing Profile Set per the 2020/21 Strategy	Actual Profile of Borrowing at 31 March 2021
	%	%
Up to 1 year	10	2.88
Up to 2 years	20	4.97
Up to 5 years	30	9.24
Up to 10 years	50	16.34
Up to 20 years	70	31.96
Up to 30 years	80	49.41
Up to 40 years	95	91.5
Up to 50 years	100	100

- 4.7.42 The final Treasury Management indicator required relates to the limit at any one time on investments with a period to maturity of more than 365 days. Investments made in 2020/21 were in accordance with this criterion and no investment made was greater than 365 days.
- 4.7.43 CIPFA consultations: In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

- 4.7.44 In the Prudential Code the key area being addressed is the statement that “local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”. Other proposed changes include the sustainability of capital expenditure in accordance with an authority’s corporate objectives, i.e. recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the “gross debt and the CFR” with the liability benchmark as a graphical prudential indicator.
- 4.7.45 Proposed changes to the Treasury Management Code include requiring job specifications and “knowledge and skills” schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

4.8 Housing Revenue Account - HRA

4.8.1

HRA	Original Budget	In Year Adj.	Current Budget	Actual Expenditure	% Current Budget	Final Outturn Variance
	£m	£m	£m	£m	£m	£m
HRA	4.592	-	4.592	1.160	25%	3.432

- 4.8.2 The Housing Revenue Account includes only income and expenditure relating to the Councils 12,659 housing stock. It does not include Local Authority expenditure on other Housing services, for example support for Registered Social Landlords or Housing Benefit Payments. The purpose of the HRA is to separately identify the services that council tenants pay for through their rents as opposed to their Council Tax. It includes expenditure on management and maintenance of Council housing and how these costs are met by rents, charges, grants and other income.
- 4.8.3 The HRA shows an outturn deficit of £1.160m against a planned shortfall of £4.592m, this is a positive variance of £3.432m. The outturn deficit represents 1.98% of the total income generated of circa £58.729m across the HRA. It contributes to a reduction to HRA balances, including the Major Repairs Reserve, from £50.196m to £48.241m for 2020/21.
- 4.8.4 The variance include overachievement of income against dwelling rents and other income, alongside lower than budgeted depreciation charges. A summary and supporting explanation of the key variances are provided at Appendix 6. The reserve is managed annually as part of the 30-year HRA Business Plan.
- 4.8.5 The 2020/21 £1.955m change in the HRA Reserve balances, is a result of funding the capital programme using £0.795 of the Major Repairs Reserve and £1.160m to fund the revenue deficit using the HRA General Reserve for 2020/21.

4.9 Dedicated Schools Grant

- 4.9.1 The final outturn position of the DSG was an underspend of (£1.6m), this was a much more favourable position than the forecast at Qtr. 3. The Qtr. 3 position reported a variance on the High Needs Block element and the Early Years element.
- 4.9.2 Pressures within the High Needs Block continued as forecast with a final overspend of £0.258m compared to £2.1m as forecasted at Qtr. 3. The full demand of claims for High Needs support was not realised in 2020/21 however it is expected that these will require funding in 2021/22. Going forward it is anticipated that with some system redesign and a transformational work programme to ensure that demand, which continues to rise, does not exceed the funding allocations.
- 4.9.3 The Early Years Block had forecast an overspend position at Qtr. 3 of £0.750m. The Early Years funding allocations were more favourable than forecast leaving a final out turn underspend position of £0.392m. As the funding is allocated based on actual activity it is anticipated that there will be an unfavourable adjustment in the 2021/22 allocation.
- 4.10 **Collection Fund**
Collection Fund accounting is based on estimates and actuals and is determined by statutory regulations. To avoid budgeting uncertainty only amounts estimated are transferred in year; therefore, the amounts recognised in 2020/21 will be the amounts determined on 15th January 2020 for Council Tax and in the NNDR1 return completed in January 2020 for Business Rates. The difference between these estimates and the 2020/21 MTFP has been funded via reserves approved during 2020/21. The current estimates at 31 March 2021 detailed below will impact 2021/22 and future years as per the regulations determining collection fund accounting.
- 4.10.1 **Council Tax**
The actual deficit on Council Tax at 31 March 2021 is £2.097m. This is an increase of £1.047m from the position reported at Qtr.3 This is partly due to a decrease in the Council Tax debit raised figure of £0.245m due to an increase in discounts and exemptions awarded (including backdated awards) in the last quarter and also because of an increase in the required bad debt provision at year end of £0.802m as a result of an increase in arrears due to the Covid pandemic. It is anticipated that overall recovery of this debt will improve over time when a debt recovery plan is actioned.
- 4.10.2 The City Council administers the collection of Council Tax on behalf of the preceptors, Derbyshire Police and Crime Commissioner and Derbyshire Fire and Rescue Service and therefore any surplus or deficit is shared with them. The apportionment of the current deficit is as follows:
- Derby City Council £1.738m 82.9%
 - Derbyshire Police and Crime Commissioner £0.267m 12.7%
 - Derbyshire Fire and Rescue £0.092m 4.4%
- 4.10.3 **Non-Domestic Rates**
The Council collects Non-Domestic Rates - NDR - for its local area. NDR is based on the individual rateable value, set by the Government's Valuation Office Agency multiplied by a national multiplier set by Central Government.

- 4.10.4 The actual gross deficit for Business Rates at 31 March 2021 is £49.979m; due to the Covid pandemic further discounts for extended retail, nursery and newspapers relief were provided during 2020/21 for which the Council received S31 grant funding to compensate for these; the total of which was £40.794m. The net deficit on the collection fund at 31 March 2021 was therefore £9.185m. The forecast net deficit at Qtr.3 was £7.763m; the main reason for this increase is due to the revised appeals forecast; the forecast was not available at Qtr. 3 monitoring but was factored into the NNDR1 return (which forecast a net deficit of £8.974m).
- 4.10.5 The City Council administers the collection of NDR on behalf of the preceptors, being Central Government and Derbyshire Fire and Rescue Service and therefore any surplus or deficit is shared with them. The apportionment of the current deficit is as follows:
- Derby City Council £24.490m 49.0%
 - Central Government £24.989m 50.0%
 - Derbyshire Fire and Rescue £0.500m 1.0%
- 4.10.6 The total deficit of the two collection funds of £26.228m (£24.490m NDR + £1.738m Council Tax) which relates to the City Council will be transferred from the collection fund from 2021/22 and planned into future financial forecasts accordingly.
- 4.10.7 The Councils share of the gross Business Rates deficit estimated in January 2021 and therefore the amount that will be recognised in the 2021/22 financial year is £21.668m (after spreading the impact of the in-year deficit across three financial years). £20.1m of S31 grant funding has been transferred into earmarked reserves to be used to offset this gross deficit. The Council will also recognise a £0.479m deficit for Council Tax in 2021/22 (again after spreading the impact of the in-year deficit across three financial years).
- 4.10.8 The Council will be receiving funding from the government for 75% of the loss of income in Business Rates and Council Tax as a result of the Covid pandemic. It is currently estimated that this funding will be approximately £1.344m. This funding has been put into an earmarked reserve with the intention of using this to partially offset the 2021/22 deficit.

Public/stakeholder engagement

- 5.1 None directly arising.

Other options

- 6.1 No other options considered as the Council has a statutory obligation to achieve a balanced budget position.

Financial and value for money issues

- 7.1 The financial and value for money implications are set out in the report. The report demonstrates it has the resources available to deliver the Councils Services.

Legal implications

- 8.1 Under Section 28 of the Local Government Act 2003 the Council must review its performance against budget.

- 8.2 The report confirms that the Council has met its statutory requirement to deliver a plan for a balanced budget.

Climate implications

- 9.1 Non directly arising.

Other significant implications

9.2 Equality implications

Equality impact assessments are produced when setting the Councils budget.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu – Head of Legal Services	
Finance	Toni Nash – Head of Finance	19/05/2021
Service Director(s)	Alison Parkin – Director of Finance	19/05/2021
Report sponsor	Simon Riley – Strategic Director of Corporate Resources	
Other(s)	Ann Webster - Lead on Equality & Diversity Liz Moore – Head of HR	
For more information contact: Background papers: List of appendices:	Toni Nash: Toni.Nash@derby.gov.uk None Appendix 1 – Statement of reserves Appendix 2 – Detail of Reserve movements and Carry forward Requests Appendix 3 – Capital – Main out-turn variances Appendix 4 – Capital Slippage to 2021/22 and Spend Brought Forward from 2021/22 Appendix 5 - 2020/21 PFI reserve movements Appendix 6 – HRA Out-turn analysis	

Statement of Reserves

Statement of Reserves	2020/21 Opening Balance £m	In Year Movement £m	2020/21 Closing Balance £m
General Fund			
Unallocated General Fund Balance	(10.933)	2.000	(8.933)
Balances Held By Schools	(5.866)	(3.002)	(8.868)
Budget Risk Reserve	(13.045)	(5.224)	(18.269)
TOTAL	(29.844)	(6.226)	(36.070)
Revenue Earmarked Reserves			
Covid-19 Reserve	(7.142)	3.101	(4.041)
Central Schools Budget Reserve	(2.582)	(0.651)	(3.233)
General Insurance Reserve	(2.667)	0.012	(2.655)
Trading Services Reserve	(0.116)	(0.039)	(0.155)
Year-end grants with restrictions*	(3.874)	(6.780)	(10.654)
DEGF Interest Reserve	(0.717)	0.234	(0.483)
Regeneration Fund Reserve	(1.493)	0.358	(1.135)
Assembly Rooms Reserve	(2.030)	-	(2.030)
Delivering Change Reserve	(2.036)	0.963	(1.073)
Better Care Fund Reserve	(0.939)	0.939	-
Business Rate Pilot Reserve	(2.906)	2.772	(0.134)
Business Rates Smoothing Reserve	(1.552)	0.793	(0.759)
Collection fund deficit smoothing reserve	-	(21.444)	(21.444)
Public Health Reserve	(0.540)	(0.794)	(1.334)
Adult Social Care Reserve	(0.265)	(0.746)	(1.011)
Ravensdale Insurance Reserve	0	(0.198)	(0.198)
Capital Feasibility Reserve	(0.919)	0.259	(0.660)
Treasury Management Reserve	(1.987)	0.368	(1.619)
Other Service Reserves	(8.732)	(2.788)	(11.520)
PFI Reserves	(29.029)	(1.147)	(30.176)
Earmarked Reserves to support the capital programme	(2.254)	0.344	(1.910)
TOTAL	(71.780)	(24.444)	(96.224)
Housing Revenue Account (Ringfenced)			
Housing Revenue Account (Ringfenced)	(47.311)	1.160	(46.151)
Major Repairs Reserve	(2.885)	0.795	(2.090)
TOTAL	(50.196)	1.955	(48.241)

*Test and Trace Grant totalling £1.197m and COMF Covid grant totalling £5.427m transferred to year end grants with restrictions reserve – approval for transfers to/from reserve approved at Council Cabinet on 20 March 2013.

Approval requested for transfers to/from reserves requiring cabinet approval

Appendix 2 (a)

Directorate	£	Reserve	Description
Peoples	122,463	Education Revenue Earmarked Reserve	Transfer from reserve to correct 2019/20 Integrated Disabled Children's Service Receipt in advance previously miscoded as a transfer to reserve
Peoples	117,182	Education Revenue Earmarked Reserve	Derby's Youth Offending Service (YOS) is the host of the YOS board , in accordance with the board's agreement, any underspend in year is ring fenced for the board and is requested to carried forward for use in the following financial year
Peoples	(793,935)	Public Health Reserve	Transfer to reserves of ring-fenced Public Health Grant
Peoples	(745,804)	Adult Social Care Reserve	Transfer to reserves the unspent funding from NHS to facilitate all hospital discharges via the Councils existing Home First service and a new Enhanced care pathway following three ward closures at London Road Community Hospital
Communities & Place	357,871	Regeneration Fund Reserve	In line with the intended use of this earmarked reserve, £0.358m of the Regeneration Fund reserve has been applied in 2020/21 to fund net costs arising from approved regeneration schemes supported by the fund, mainly service financed borrowing costs and associated regeneration feasibility work
Communities & Place	234,307	DEGF Interest Reserve	The Council is the accountable body for the Derby Enterprise Growth Fund (DEGF), facilitates the DEGF Investment Panel and manages the grants and loan book. In line with the ongoing arrangements agreed for the operation of these activities, and the purpose for which the DEGF revenue reserve is held, the DEGF loan interest receipts in year net of revenue operating costs is transferred to the DEGF revenue reserve. This totalled a net £0.113m transfer to the reserve in 2021/22. In addition, £0.347m was applied from the reserve for the repayment to corporate reserves due in 2020/21 relating to a previous cash injection from corporate reserves approved by an Urgent Leader decision in May 2018
Corporate Resources	368,328	Treasury Management Reserve	In line with intended use of this earmarked reserve £0.368m of the Treasury Management reserve has been applied to fund pressures. Treasury Management is a cyclical process and is reviewed quarterly – use of this reserve smooths the volatility of the treasury management costs to match factors including timings of capital spend
Corporate Resources	113,840	Welfare Reform Reserve	In line with intended use £0.114m of the Welfare Reform reserve for associated welfare reform expenditure to continue to supply services for the vulnerable residents of the city
Corporate Resources	(20,100,027)	Collection Fund Deficit Smoothing Reserve	Transfer to reserves of section 31 Grant received in 2020/21 for extended retail, nursery and newspaper relief awarded as a result of the Covid pandemic which is being transferred to reserves to offset the large deficit impacting on 2021/22 as a result of the issuing of these reliefs
Corporate Resources	(110,128)	Council Tax Discount Grant Reserve	Transfer to reserves of unspent Council Tax Discount Grant for use in future years for Council Tax Hardship Funding
Total	(20,435,903)		

Approval is requested for the following Carry Forward Requirements

Appendix 2 (b)

Directorate	£	Reserve	Description
Peoples	(23,843)	Education Revenue Earmarked Reserve	Transfer to reserves, due to the impact of the second lockdown Derby's commitment to the Wellbeing for Education Return programme has now overlapped two financial years. The Programme funders have expressed their wish that the programme is completed as planned and in light of the challenges posed by lockdown and school closures, are content for Derby to use the Wellbeing for Education Return name and materials throughout 2021.
Communities & Place	(74,906)	Budget Risk Reserve	Use the balance of Economic Regeneration's budget for international activities, halted due to Covid, to support the development and implementation of a Redeployment Portal. The budget had been allocated for this purpose, but works were not complete by 31st March
Communities & Place	(38,639)	Trading Service Reserve	In January 2020 and following publication of the Grenfell Report, CLT agreed funding of £210,346 over a two year fixed term period to establish a Joint Audit and Inspection Team (JAIT) to undertake a programme of work on high rise buildings. Unfortunately the Covid pandemic and subsequent lock down periods have created delays in the recruitment and appointment to the posts identified in the project plan. Approval is sought to transfer the year one staffing budget underspend to reserves to be used in future years. This will allow the programme to run for 2 years
Corporate Resources	(100,000)	Budget Risk Reserve	Transfer to reserves for potential costs of year end closure
Corporate Resources	(100,000)	Budget Risk Reserve	Transfer to reserves for City Vision works that have been delayed in year because of Covid
Total	(337,388)		

Cabinet is asked to note the following transfers actioned under delegation

Appendix 2 (c)

Directorate	£	Reserve	Description
Peoples	(28,214)	The Derby Safeguarding Adults Board	As the host for the Adult Safeguarding Board, in accordance with the memorandum of understanding and agreed by all board members, any underspend is ring fenced for the board and will be carried forward for use in the following financial year
Peoples	(8,914)	Area Child Protection Committee	As the host for the Children's Derby and Derbyshire Safeguarding Board, in accordance with the partnership interagency agreement, any underspend is ring fenced for the board and will be carried forward for use in the following financial year
Peoples	2,054	Education Revenue Earmarked Reserve	Approval is requested for use of reserves Derby's Adoption Support Fund which has been held in reserves for use by those adopters under the terms of the adoption support fund
Communities & Place	2,804	RAM Energy Reserve	Use of reserves due to the unforeseen closure of Robin Hood Energy, who were the energy supply partner for Ram Energy. It is proposed to utilise this to offset costs where it is no longer possible to recover them. This minimal amount is the final amount left in the reserve
Total	(32,270)		

Capital Programme – Main out-turn variances following Qtr. 3

Appendix 3

Strategy Area and Scheme	Variance £m	Narrative
Schools		
New Castleward School	0.274	There is £0.274m net overspend for these capital works within the 2020/21 allocated budget however this does not represent an overspend on the project as a whole. Progress onsite at Castleward school is slightly ahead of schedule and therefore the spend in 2020/21 is above the approved annual budget. Funding has been brought forward from the 2021/2022 approved budget. Profiling can be influenced by a number of factors on site and there were high value mechanical and electrical packages on site which have affected the previous profiled figures for February and March
Property Development		
Preliminary Design- Structural and Buildings at risk	(0.570)	There is (£0.570m) slippage for these capital works. Due to Covid and regulations on workforce and work streams being undertaken, the council were unable to commission external third parties to carry out investigatory structural works as staff employed by the third parties were furloughed, internal staff are therefore carrying out these works which led to the slippage. Because of the issues with furlough outlined there was a delay in instructing the internal staff to start these works therefore spend is lower than anticipated
Moorways Swimming pool	(0.244)	There is (£0.244m) slippage for the capital works on this project. This is due to the timing of materials being delivered to site. This has had no impact on the overall project timeline
Assembly Rooms	(10.977)	There has been (£10.977m) change to the assembly rooms demolition project. This variance is mainly made up of £5.402m slippage for the demolition of the Assembly Rooms delayed due to planning permission requirements, and £5.455m which has been repaid to the external funding partners.
Project Development - Property Improvements	(0.231)	There is slippage of (£0.231m) for these capital works. The council has redirected resources to Covid workstreams therefore they have not commissioned works around future direction and vision for major assets property improvement and therefore some project development work was placed on hold
Flood Defence		
Cuttlebrook Flood Alleviation Scheme	(0.315)	There is slippage of (£0.315m) for these capital works. The scheme has been delayed this year primarily due to requiring planning permission and associated design delays. As the scheme developed it became apparent that the impact on the public open space would be more substantial than originally envisaged. The planning authority indicated that the scheme would now require planning permission. The scheme is now due for completion in 2021

Strategy Area and Scheme	Variance £m	Narrative
Highways and Transportation		
Asset Management - Highways Maintenance	(1.402)	There is slippage of (£1.402m) for these capital works. The Highways Maintenance strategy area has had an exceptional year in terms of funding allocations. These allocations include the annual DFT allocation, additional investment awarded by the council, and further Pothole, Challenge and Incentive Funding awarded by the DfT during the course of 2020/21. This has resulted in a total strategy area exceeding £8.5m. Schemes have been scoped, designed and delivered consistently, at a faster pace than in previous years and during a Covid pandemic, both by the Inhouse provider and in collaboration with an external provider. Scheme savings have been realised and this slippage is requested for further initiatives and to maximise the value of investment into the network
Asset Management - Structures Maintenance	(0.257)	There is slippage of (£0.257m) for these capital works. The council have managed a number of limiting factors during 2020/21 including resourcing difficulties, Covid, work pressures in other priority areas and adverse weather conditions which have resulted in the inability to develop as many schemes as anticipated, or to progress some of the current schemes under development
Network Management - Strategic Network Management	(0.971)	There has been slippage of (£0.971m) for these capital works. It has not been possible to progress as many 2020/21 schemes as planned due to other emerging priorities during the year. These include Transforming Cities Fund (TCF), Emergency Active Travel Fund and Covid activities which led to resources being redirected
Network Management - Local Traffic Management	(0.241)	There has been slippage of (£0.241m) for these works. It has not been possible to progress as many 2020/21 schemes as planned due to other emerging priorities during the year. These include TCF, Emergency Active Travel Fund and Covid activities which led to resources being redirected
Active Travel - Smarter Choices	(0.912)	There has been slippage of (£0.912m) for these capital works. There have been delays to several cycle infrastructure schemes in 2020/21 due to unforeseen issues including difficulties in commissioning the Environment Agency approval for construction of the Riverside scheme, additional structural design requirements for Infinity Park bridge, lengthy external consultations involving privately owned land and resourcing issues due to sickness and also re-deployment in connection with Covid

Strategy Area and Scheme	Variance £m	Narrative
Active Travel - Cycle Derby	(0.217)	There has been (£0.217m) slippage for these capital works. Priority has been directed to TCF, Emergency Active Travel and Covid activities
A52 Strategic Transport Scheme	(3.408)	There has been slippage of (£2.008m) and an underspend of (£1.400m) for this scheme. Despite the effects of Covid, works progressed well allowing the scheme to be substantially completed by the end of the financial year. As the work got closer to completion project risks were closed out, contingencies held by the Principal Contractor against sub-contracts were released and substantial progress was made in agreeing compensation events under the contract. This council is not in a position to agree the Final Account with the Contractor by year end, or to complete the negotiations relating to land compensation, it is estimated there will be a significant forecasted underspend of circa £1.4m on the scheme as a whole at this stage
Street Lighting LED Replacement	(0.660)	There has been slippage of (£0.660m) on this scheme. The scheme has been delayed due to legal issues and the necessity to enter a Deed of Variation, unavailability of lantern components due to Brexit and manufacturer reduced workforce due to Covid
Air Quality Improvement Project	(1.327)	There has been slippage of (£1.327m) on this scheme. Procurement and contractual arrangements for the intelligent transport and urban transport management control (UTMC) systems have been complex and protracted, with external expert legal and technical support having to be obtained. In respect of UTMC, there were a number of queries raised by prospective bidders during the tendering process and further matters to resolve once the preferred contractor was selected. This has resulted in a delay to the award of the contract and therefore the commencement of the physical scheme. In addition, programmed work on the junction amendment element of the project was delayed in February due to a Covid outbreak amongst the contractors, this resulted in the site being shut down for 10 days and no work taking place
Transforming Cities Fund	(1.438)	There has been slippage of (£1.438m) on this programme of works. The delivery of Transforming Cities in 2020/21 has progressed despite the pandemic and the limited team resources. A recruitment exercise was completed in December 2020 with the appointment of three programme delivery managers and three engineers to manage the programme. Work has progressed on the programme with initial studies being commissioned across the programme and some of the cycling schemes have commenced on the ground and have progressed well through the year. The supply chain and more importantly external assessment and design resources have been disrupted by the pandemic with staff furloughed or working part-time, which had led to delays in the development of some of the complex projects.
Regeneration		
iHub plot preparation	(0.385)	There has been slippage of (£0.385m) for this scheme. There has been a delay in progressing this project in part due to Covid and the focusing of resources on other activities within the Infinity Park Derby Programme. In 2021/22 works will commence on the site to prepare it for development

Strategy Area and Scheme	Variance £m	Narrative
Market Hall Refurbishments	(0.438)	There has been slippage of (£0.386m) on this scheme plus a further use of (£0.052m) which has been switched with revenue to allow funding for the decant costs that cannot be capitalised. The initial profiling of the budget following Qtr3 monitoring assumed spend profile of decant, construction contingency and some design fees as 2020/21. Following further refinement in line with the programme of works, it has been confirmed that these will be profiled from 2021/22 onwards
HRA		
Estates Pride - General	(0.315)	There has been slippage of (£0.300m) and an underspend of (£0.015m) on this scheme. Delays to the car park resurfacing are due to the need for leaseholder consultation and contractor availability for construction
PVCU Windows & Doors	(0.674)	There has been an underspend of (£0.674m) on this scheme. This is a cyclical programme. Procurement and supply difficulties during the summer/autumn has created an underspend in 2020/21 that will be reprogrammed in future years
Capital Salaries Mods Liaison	(0.327)	There has been an underspend of (£0.327m) for these capital works. Works to areas such as Kitchen & Bathrooms, Replacement Heating Systems, Electrical Improvements were placed on hold due to Covid resulting in an underspend on capitalised salaries
Kitchens and Bathrooms	(0.825)	There has been an underspend of (£0.825m) on these capital works. A substantial amount of the teams time was re-directed to works on newly acquired properties, which needed immediate works to bring them to lettable standard. Additionally, the variance includes some unproductive time relating to Covid and an underspend due to materials supply delays throughout the year
New Build and Acquisitions	0.840	There has been a planned overspend of £0.840m. Resources have been focused on acquiring properties to ensure the Right to Buy expenditure targets are met. This has been managed and offset by underspends on other budgets
Next Steps Accommodation	(0.401)	There has been an underspend of (£0401m). Prices obtained for the works were lower than expected
HRA Fire Safety	(0.250)	There has been an underspend of (£0.250m) for these capital works. A budget was set aside in the anticipation of forthcoming government legislation for fire safety, however as yet this has yet to be issued. A budget has been set aside in future years to fund these works
Hackwood Farm	(1.098)	There has been slippage of (£1.098m) for this scheme. There has been a delay to the completion of the 10 properties on Hackwood Farm to incorporate works to the required specification. These properties were designed to be wheelchair accessible which has required some specialist components and compliance with higher standards. Due to lockdown and Brexit there was a substantial delay in securing some of the specialist equipment, such as through floor lift parts. These are now expected to complete in 2021/22

Strategy Area and Scheme	Variance £m	Narrative
Corporate		
Futures Pot	(0.404)	There has been slippage of (£0.404m) for this strategy area. This is a funding pot for future requirements or emerging issues. This is therefore the unallocated element that has not been utilised in year
Total main variances	(27.173)	
Other variances	(4.260)	
TOTAL OUT-TURN VARIANCE	(31.433)	

Capital Slippage to 2021/22 and Spend Brought Forward from 2021/22

Strategy area	Scheme	Amount £	Funded By
Schools	Devolved formula Capital	168,603	SCEC
Schools	Adaptations for Foster Carers	66,896	SCEC
Schools	Noel Baker BSF Scheme - agreed PFI contribution	16,000	GG
Schools	School Access Initiative Projects	20,000	SCEC/SCA
Schools	Fire Risk Assessment Works	15,317	UBC
Schools	Basic Need/Additional Places	188,000	SCEC
Schools	Ashgate Primary School- Final Phase Refurbishment	3,871	SCEC SCA
Schools	Chellaston Junior School - Hall extension	1,500	SCEC BN
Schools	Brackensdale Infant and Junior – Expansion Design	2,862	S106
Schools	Derby Moor – 170 Place School Expansion	2,185	UBC
Schools	Hackwood Farm Primary School - New School	60,011	S106
Schools	Chellaston Secondary School - Homeleigh Way	16,054	SCEC BN
Schools	Special Educational Needs (SEND)	17,464	SCEC BN to be slipped to 2022/23
Schools	Mickleover Primary School	27,689	SCEC BN
Schools	Landau Forte Expansion Scheme	40,500	SCEC BN
Schools	Oakwood Junior School Kitchen	49,800	SCEC SCA
Schools	Ravensdale Infant - New Build	85,931	RR
Highways & Transport	Asset Management - Highways Maintenance	1,402,196	UBC
Highways & Transport	Asset Management - Structures Maintenance	257,173	UBC
Highways & Transport	Network Management - Strategic Network Management	971,106	S106/UBC
Highways & Transport	Network Management - Local Traffic Management	240,726	UBC/S106
Highways & Transport	Network Management - Casualty Reduction	10,630	UBC/S106

Strategy area	Scheme	Amount	Funded By
Highways & Transport	Active Travel - Smarter Choices	911,814	UBC
Highways & Transport	Active Travel - Cycle Derby	217,292	S106
Highways & Transport	Public Transport - Public Transport	33,654	GG
Highways & Transport	A52 Strategic Transport Scheme	2,008,108	UBC
Highways & Transport	Street Lighting LED Replacement	660,000	UBC
Highways & Transport	Air Quality Improvement Project	1,326,894	GG
Highways & Transport	Highways Infrastructure	158,850	UBC
Highways & Transport	A52 Artwork	43,069	UBC
Highways & Transport	Transforming Cities Fund (TCF) Tranche 2 - Interchange Hubs	140,749	GG
Highways & Transport	TCF Tranche 2 - Cycle Expressway	12,937	GG
Highways & Transport	TCF Tranche 2 - Bus Priority	183,346	GG
Highways & Transport	TCF Tranche 2 - Park & Ride	333,611	GG
Highways & Transport	TCF Tranche 2 - Bus & Rapid Transit Links	504,186	GG
Highways & Transport	TCF Tranche 2 - LCWIP	361,170	GG
Property Improvement	Preliminary Design- Structural and Buildings at risk	570,000	UBC
Property Improvement	Pickford House Museum	60,000	UBC
Property Improvement	Performance Venue	5,402,130	UBC
Property Improvement	Energy Projects	29,500	UBC
Property Improvement	Home Lands House - Heating System	79,000	UBC
Property Improvement	Project Development - Property Improvements	231,000	UBC

Strategy area	Scheme	Amount	Funded By
Property Improvement	Chellaston Park	1,777	S106
Property Improvement	Local Authority Parks Improvement	1,836	GG
Property Improvement	Osmaston BMX Track	49,645	S106
Property Improvement	Parklife Strategic Football Hub	59,644	GG/Cres
Property Improvement	Sinfin Moor Footpath	3,094	S106
Flood Defence	Merrill Way and Boulton Lane Rain Gardens	6,341	UBC
Flood Defence	Markeaton Lane Phase 3	14,061	UBC
Flood Defence	Cuttlebrook Flood Alleviation Scheme	315,186	UBC/GG
Flood Defence	Markeaton Brook	37,138	GG
Flood Defence	Gully Replacement Programme	14,001	UBC
Flood Defence	Sinfin Golf Course - Flood Defence	6,088	UBC
Flood Defence	Kings Croft Preliminary Drainage Design	11,623	UBC
Regeneration	Marble Hall	7,090	EC
Regeneration	Access Osmaston	41,187	EC
Regeneration	Darley Abbey Mills	17,069	SCEC
Regeneration	Creative Pathways	12,700	EC
Regeneration	Victory Road Re-alignment	51,718	EC
Regeneration	iHub plot preparation	385,145	EC
Regeneration	Brook realignment	140,096	EC
Regeneration	Market Hall Refurbishments	385,856	UBC
Regeneration	Castleward Regeneration Compulsory Purchase Orders	133,011	GG
Regeneration	DE-Carbonise	32,902	GG
Regeneration	Performance Venue - Padley Centre	25,954	UBC
Regeneration	MRC Midlands (NAMRC)	41,213	GG
Regeneration	Becketwell Performance Venue	25,059	UBC
Regeneration	Our City Our River - Package 1	41,199	GG
Regeneration	Our City Our River - Package 2	36,921	GG
Regeneration	Our City Our River - Munio	143,764	GG
HGF	Disabled Facilities Grant 96 Act	112,930	GG
HGF	Healthy Housing Assistance	4,986	EC
HGF	Empty Property Assistance	136,739	EC
HGF	Community Energy Savings Project (CESP)	9,716	EC

Strategy area	Scheme	Amount	Funded By
HGF	Affordable Housing External Registered Provider	75,903	CR
HRA	Estates Pride - General	300,000	MRA/CR
HRA	The Knoll New Build (NB)	114,770	MRA/CR
HRA	Perth Street NB	151,083	MRA/CR
HRA	Emergency call system replacement	14,400	MRA/CR
HRA	Berwick Avenue	30,000	MRA/CR
HRA	Gerard Street	20,239	MRA/CR
HRA	Bracknell	60,006	MRA/CR
HRA	Hatfield Road	69,657	MRA/CR
HRA	Barlow Street	49,580	MRA/CR
HRA	Hackwood Farm	1,098,290	MRA/CR
HRA	Aida Bliss	104,973	MRA/CR
HRA	Parliament Street	185,837	MRA/CR
HRA	Rivermead Refurbishment	25,000	MRA/CR
HRA	Bridge Street	75,000	MRA/CR
HRA	Oakland Avenue	100,000	MRA/CR
HRA	Crompton Street	100,000	MRA/CR
HRA	The Grange	100,000	MRA/CR
ICT	Major IT Hardware Developments	34,123	SCEC
ICT	Replacement/ Retender Council Tax System	5,090	SCEC
ICT	People Services IG Improvements	122,464	SCEC
ICT	Major IT Systems Developments	16,891	CR
ICT	DMC Scanners	9,306	SCEC
ICT	SEND IT Systems	78,575	CR
VPE	Grounds Plant & Equipment	33,873	UBCSF
VPE	Refuse Vehicles & Plant	863	UBCSF
VPE	Street Cleaning Equipment	866	UBCSF
VPE	New Vehicle Fleet	60,645	UBCSF
VPE	Parking Services - Vehicles	7,548	UBCSF
Corporate	Futures provision	404,000	UBC
	Total Slippage	22,686,493	

Strategy area	Scheme	Amount	Funded By
	Spend Brought forward		
Schools	Buildings at Risk urgent condition and suitability schemes	(36,944)	SCEC SCA
Schools	Fellows Lands Way Primary s106	(15,787)	S106
Schools	New Castleward School	(274,007)	GG/SCER
Schools	Littleover Community School - Fire alarm Works	(2,223)	SCEC SCA
Property Improvement	Oakwood Community Centre Refurbishments	(17,288)	S106
Property Improvement	Alvaston Park Improvements	(12,000)	S106
Flood Defence	Dale Road Park	(11,009)	UBC
Regeneration	Becket Well	(153,011)	UBC
Regeneration	D2EGF Growth & Innovation	(49,309)	GG
Highways & Transport	Transforming Cities Fund Tranche 2 - Public Realm	(98,155)	GG
VPE	Waste Disposal - New Treatment Plant	(118,118)	UBC
	Total Spend Brought Forward	(787,850)	
	Net Slippage/Spend Bfwd	21,898,642	

Key of Funding Sources	
Supported Capital Expenditure Capital	SCE C
Supported Capital Expenditure Capital - Basic Need	SCE C BN
Supported Capital Expenditure Capital – School Condition Funding	SCE C SCF
Major Repairs Allowance	MRA
Capital Receipts	CR
Government Grants	GG
External Contributions	EC
Unsupported Borrowing corporate	UBC
Unsupported Borrowing Service Financed	UBCSF
Section 106 contributions	S106
Service Reserves	SR

2020/21 PFI reserve movements

For all PFI schemes PFI credits are received in year from the government departments to support the PFI business models and contractual commitments any surplus at the end of the year is transferred to a PFI reserve and any deficit is met from the accumulated surplus PFI credits held in the PFI reserves. The transfers to and from the PFI reserves in 2020/21 are detailed in the table below and are required to be approved.

Transfer to Reserves	£m
Building Schools for the Future (BSF) PFI Reserve	0.828
Grouped Schools PFI Reserve	0.595
Housing PFI reserve	0.126
Transfer from Reserve	£m
Street Lighting Reserve	0.388
Facilities Management Reserve for Grouped Schools PFI	0.014

Housing Revenue Account – Outturn Analysis

The outturn position for 2020/2021 shows cumulative resources of £48.241m, a reduction of £1.955m on the previous year's position. The table below shows the variations at outturn.

	£m
Original budgeted outturn for 2020/21	4.592
<u>Variations at outturn</u>	
Overachievement of rents and service charges budget	(1.320)
Lower than budgeted provision for bad debts	(0.970)
Lower than budgeted depreciation charges	(2.476)
Higher than budgeted employee costs due to reduced capital work	0.551
Higher than budgeted capital charges	0.660
Other minor variances	0.123
Out-turn variance to original budget	(3.432)
Out-turn Position	*1.160
<u>Funded by:</u>	
Use of HRA general reserves in 2020/21	*1.160
Use of Major Repairs Reserve (to fund capital programme)	0.795
Total reduction in HRA resources	**1.955
<u>Reserves Movements:</u>	
Total reserves 2019/20	50.196
Total reserves 2020/21	48.241
Difference	**1.955
<u>Final Reserves position - made up of:</u>	
Major Repairs Reserve	(2.090)
General reserves, including contingency	(46.151)
Total reserves at 31 March 2021	(48.241)