

## Budget Outturn Quarter 3, 2017/18

### SUMMARY

- 1.1 The report summarises the Council's overall financial position at the end of December 2017 against the budget approved by Council on 15 February 2017 as follows:
- **Revenue budget:** The full year forecast projects a balanced position (a minor underspend of £4,000) against approved budget of £214.978m outlined in this report. Action plans, developed by relevant Departmental Management Teams (DMTs) to manage cost pressures, continue to manage overspends and ensure budgets are met.
  - **Capital budget:** Capital expenditure to date is £38.503m. The year end forecast is estimated at £73.0m, reflecting known project slippage and the impact of the deferred waste project investment into 2018/19. The total original approved capital budget was £104.935m.
  - **Reserves:** the General Reserve balance remains at £8.764m.
  - **Treasury:** At the end of December 2017, total debt is £461.475m and total investments are £84.226m and no new borrowings have been made in the year.
  - **Dedicated Schools Grant (DSG):** The total grant of £215.188m has been allocated to schools and retained educational services, the centrally retained element is expected to be fully spent by the end of the year.
  - **Collection Fund:** Council Tax billed for the 2017/18 is just over £106m, of which £86m, 81% has been collected. Business Rates billed for the 2017/18 was £92m of which £75.9m, 83% has been collected.
  - **Housing Revenue Account (HRA):** The forecast projects a pressure of £1.4m against approved budget, to achieve a surplus of £2.138m.
- 1.2 Further analysis and explanations of key variances are provided in sections 4 to 11 of the report.
- 1.3 Included in the revenue forecast are planned savings of £9.974m, 71% of the £14.016m savings target set by Council. A summary of the net revenue cost by

directorate is set out below:

Directorate position Quarter 3 2017/18	Original Budget £000's	Actual Spend £000's	% of Budget	Full year forecast £000's	Forecast Variance £000's
Peoples Services	139,325	104,058	75%	145,049	5,724
Communities and Place	38,608	33,507	53%	40,790	2,182
Organisation and Governance	24,845	21,698	87%	27,083	2,238
Corporate	17,468	7,970	46%	9,044	(8,424)
<b>Sub Total</b>	<b>220,246</b>	<b>167,233</b>	<b>76%</b>	<b>221,966</b>	<b>1,720</b>
Original approved use of reserves	(5,268)			(5,268)	-
Adult Social Care Reserve				(1,724)	(1,724)
<b>TOTAL</b>	<b>214,978</b>			<b>214,974</b>	<b>(4)</b>

## RECOMMENDATIONS

2.1 Cabinet is requested to note:

- the revenue projected outturn and key budget variances set out in the report in section 4 and the savings to be delivered in the year in section 5.
- the capital programme forecast and actual capital expenditure incurred during the quarter summarised in section 6.
- the reserves position, as set out in section 7 and appendix 4.
- the Council's treasury position, and performance in the quarter, section 8.
- the forecast DSG position summarised in section 9.
- the Council Tax and Business Rates Performance as set out in section 10.
- the HRA Performance as set out in section 11.
- the changes already approved under scheme of delegation to the capital programme detailed in Appendix 2.

2.2 Cabinet is requested to approve the following:

- the changes and additions required to the 2017/18 capital programme as detailed in Appendix 3; together with corresponding amendments to 2018/19 – 2019/20 capital programme totalling £12.431m and £5.144m respectively. This includes the addition of £75,000 for the Occupational Health IT software in 2018/19 detailed in Paragraph 6.15.
- to approve the housing benefit write off of £64,034 outlined in section 10, with details at Appendix 5.
- to approve the historic business rates write-off of £250,430 outlined in section 10, with details at Appendix 5.

<b>REASON FOR RECOMMENDATIONS</b>
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- 3.1 To provide assurance that the Budget approved by Council on 15 February 2017 is being effectively monitored and major variance reported on a regular basis.
- 3.2 To report significant changes to the budget, including capital and treasury matters in line with the Council's Financial Regulations.

**SUPPORTING INFORMATION**

4.1 The following notes, in sections 4 to 11, provide further analysis and explanations of key variances for each element of the financial forecast outturn.

**4.2 Revenue Budget**

4.3 The full year forecast projects a pressure of £200,000 against approved budget of £214.978m outlined in this report. The key variances by directorate are provided below:

**4.4 Peoples Services Directorate**

The major pressures and underspends by directorate are set out in the table below and result in a pressure of £3.224m:

Department Quarter 3 2017/18	Original Budget £000's	Actual Spend £000's	% of Budget	Full year forecast £000's	Forecast Variance £000's
Adults Services	88,247	64,745	73%	89,971	1,724
Children's Services	51,078	39,313	77%	55,078	4,000
<b>Peoples Services</b>	<b>139,325</b>	<b>104,058</b>	<b>75%</b>	<b>145,049</b>	<b>5,724</b>
Adult Social Care Reserve				<b>(1,600)</b>	<b>(1,600)</b>
Adult Social Care Reserve (additional)				<b>(124)</b>	<b>(124)</b>
<b>TOTAL</b>	<b>139,325</b>			<b>143,325</b>	<b>4,000</b>

4.4.1 The Directorate's full year revenue forecast indicates a cost pressure of £5.724m over its allocated budget of £139.3m; this pressure is partly offset by the use of £1.7m of the Adult Social Care reserve leaving a balance of £4m. The main variances can be explained as follows:

4.4.2 **Adults Services.** Demands on adult social care continue with demographic increases and growing complexities of customers. The service continues to work closely with other agencies, including health and continues to invest in early intervention strategies such as community led support programmes and local area coordination to alleviate the demands on the service.

4.4.3 **Children's Services** Increasing, unplanned demand for services to support vulnerable children in the city continues to rise. The number of looked after children appear to be stabilising after a peak earlier in the year but are higher than budgeted for and are the main contributor to the forecast overspend.

There has been some recent positive recruitment of children's social workers which has slightly reduced the need to use agency staff although this still remains as a significant pressure in the service of £400,000.

The service has benefited this year from an early years top-slice of £500,000 which will fund two teams supporting early years and provide ongoing trajectory funding for early years provision.

4.4.4

Actions across the whole of the People's Directorate to bring the budget back into balance include:

- a vacancy freeze on non essential posts
- an expenditure freeze on non essential spend
- additional approval levels established for high cost placements
- additional reviewing capacity and panel scrutiny of high cost placements

4.4.5

The slippage in achieving savings proposals in year, as originally planned, is contributing to the overspend forecast this financial year. Plans are in place to deliver these savings in full for 2018/19 and beyond ensure the forecast overspend this financial year is contained in future years. £2.5 million of the forecast overspend relates to delayed savings delivery and a detailed analysis of savings is set out in section 5.1.3.

## 4.5 Communities and Place Directorate

Department 2017/18	Quarter 3	Original Budget (annual) £000's	Actual Spend £000's	% of Budget	Full year forecast £000's	Forecast Variance £000's
Strategic Partnerships, Planning & Streetpride		27,539	17,800	64%	27,012	(527)
Communities, Environment & Regulatory Services		1,842	1,617	88%	2,275	433
Leisure, Culture and Tourism		6,813	6,122	89%	7,615	802
Regeneration, Property and Housing (Exc. HRA)		2,414*	7,518**	311%	3,888	1,474
<b>Communities and Place</b>		<b>38,608</b>	<b>33,057</b>	<b>86%</b>	<b>40,790</b>	<b>2,182</b>

- \* £2.5m credit budget to be adjusted using reserves and returned service financing
- \*\* £1.3m DEGF reserve funded at outturn

4.5.1 The Directorate's full year revenue forecast is a total spend of £40.790m, £2.182m over its allocated budget of £38.608m. The main variances can be explained as follows:-

4.5.2 The overall pressure has arisen through:

- under achievement of income targets within services operating on a commercial basis.
- reduced planned savings and efficiencies
- unplanned expenditure

### 4.5.3 Income:

The Directorate's Budget assumed additional income generation (e.g. by selling professional advice and services and increases in general income targets) which are not expected to be achieved. The net underachievement of the income target of £347,000 includes:

- Parking Services (£200,000)
- Development Control £100,000
- Leisure Centres £423,000
- Various Other £24,000

### 4.5.4 Savings:

Delayed implementation of planned savings total £1.240m, however a one off saving has been found to cover £300,000 of this so the in-year pressure is £940,000 the details of which are provided in section 5.1.4.

### 4.5.5 Expenditure:

Pressures were also incurred totalling £598,000 on unbudgeted expenditure; these include pressures on:

- health and safety work as a result of statutory duties (dangerous structures and storm damage) £125,000
- unplanned expenditure in Markets £482,000
- loan repayments (Marble Hall and i-Hub) £266,000
- staffing budgets £240,000
- Valuations Programme £300,000
- Underspend on waste disposal and financing budget underspend (£834,000)
- Various Other £19,000

#### 4.5.6 Actions to mitigate overspends

Every effort is being made to manage or mitigate the pressures within the current budget and specific actions include:

- Exploring new options for income generation across the service and reviewing the health and fitness and swimming programmes to support higher income generation
- Delayed savings totalling £940,000 will be closely monitored though the year and any projected slippage will be reported through the MTFP process
- Options to renegotiate the terms of some loans linked to Regeneration projects has already been explored
- There is £125,000 of unbudgeted health and safety work will be considered across the Directorate but Corporate support has been sought to cover this expenditure
- Essential spend only.

#### 4.6 Organisation and Governance Directorate

Department Quarter 3 2017/18	Original Budget £000's	Actual Spend £000's	% of Budget	Full year forecast £000's	Forecast Variance £000's
Finance (actual spend column includes Housing Benefit Income of £3.998m)	4,793	88	2%	5,280	487
Governance	6,358	7,690	121%	7,695	1,338
Strategic	7,687	8,346	109%	8,105	418
Digital	6,008	5,575	93%	6,003	(5)
<b>Organisation and Governance</b>	<b>24,845</b>	<b>21,699</b>	<b>87%</b>	<b>27,083</b>	<b>2,238</b>

4.6.1 The Directorate's full year revenue forecast is a total spend of £27.1m, £2.2m more than its allocated budget of £24.845m. The main variances can be explained as follows:

- Finance: Increased unsubsidised spend on Housing Benefit Budgets.
- Governance: Additional costs relating to internal audit, insurance, legal services, coroner's fees and HR casework.

- Strategic: Overspends mainly due to staff low turnover pressures and increased demand in Business Support.

## 4.7 Corporate

Department Quarter 3 2017/18	Original Budget £000's	Actual Spend £000's	% of Budget	Full year forecast £000's	Forecast Variance £000's
Corporate costs	17,468	7,970	45.63	9,044	(8,424)
<b>Corporate</b>	<b>17,468</b>	<b>7,970</b>	<b>45.63</b>	<b>9,044</b>	<b>(8,424)</b>

### 4.7.1 Corporate

The underspend of (£8.424m) arises from treasury management savings (£6,421m) and Corporate Contingency underspends (£2.003m), (£1.238m of the corporate underspends are to be removed in 18/19 as part of the MTFP)

## 5.1 Savings delivery

- 5.1.1 The Council's Revenue budget for 2017/18 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.

2017/18 Directorate Savings Targets	Savings Targets £'000s	Savings Delivered £'000s	Year End Shortfall £'000s	Forecast Variance %
Peoples Services	7,232	4,680	2,552	65%
Communities and Place	3,555	2,315	1,240	65%
Organisation and Governance	1,360	1,360	0	100%
Corporate	1,869	1,619	250	87%
<b>Total</b>	<b>14,016</b>	<b>9,974</b>	<b>4,542</b>	<b>71%</b>

- 5.1.2 The following notes provide a summary of each directorate's performance in delivering its savings targets:

- 5.1.3 **People's Services:** The £2.552m savings not yet delivered are attributable to:

- £400,000 Education Services Grant; schools not transferring to academy status and hence service reductions not being made



in line with the funding reductions.

- £125,000 increased commercial activity for sold services to schools.
- £2.027m Delivering Differently Programme – Community Led Support has not yet delivered efficiencies in full and any shortfall is being funded from the Adult social care reserves.

5.1.4 **Communities and Place** are planning on achieving £2.315m of the target, a shortfall of £1.240m. Savings not yet delivered are attributable to:

- Strategic review of libraries service £336,000.
- Closure of Moorways, maximise usage and income at Queens £104,000.
- Diversion of garden waste from black bin change in policy £100,000.
- Efficiencies in the management and operation of the Housing Management and Repairs services £300,000.
- Acquisition of new investment property stock to generate additional rental income £400,000.

5.1.5 **Organisation and Governance:** All savings are planned to be achieved.

5.1.6 **Corporate** are planning on achieving £1.619m of the target, a shortfall of £250,000 due to an undeliverable saving for Contribution from HRA towards historic pension deficit repayment.

## 6.1 **Capital**

6.2 The capital expenditure forecast for 2017/18 has been reviewed and the updated forecast is now £73.014m and detailed at 6.3. There have been £31.921m net changes to the approved budget of £104.935m.

- 6.3 The table below analyses the main variances by service against the profiled quarter 3 budget and the actual spend.

2017/18 Capital Programme by Service Area	Approved Capital Budget	Actual Spend	% of Budget	Current full year forecast	Forecast Variance
	£000's	£000's	£000's	£000's	£000's
<b>Schools</b>	11,238	6,294	56.00	9,002	(2,236)
<b>Housing General Fund</b>	3,233	1,002	30.99	2,503	(730)
<b>Property Improvement</b>	7,061	3,282	46.48	7,828	767
<b>Flood Defence</b>	13,952	4,714	33.79	8,677	(5,275)
<b>Highways &amp; Transport</b>	14,345	7,303	50.91	16,113	1,768
<b>Vehicles Plant &amp; Equipment *</b>	25,564	90	0.35	807	(24,757)
<b>Regeneration</b>	13,100	7,156	54.63	12,833	(267)
<b>Information and Communication Technologies (ICT)</b>	2,747	1,281	46.63	2,297	(450)
<b>Housing Revenue Account (HRA)</b>	13,695	7,381	53.90	12,954	(741)
<b>Total</b>	104,935	38,503	36.69	73,014	(31,921)

\*deferral of the Waste Plant investment £25m

- 6.4 Capital expenditure to date is low against the original approved budget due to the heavy profiling of schemes spend towards the end of the year.
- 6.5 At the end of 2016/17 a total of £4.217m of the capital programme budget was carried forward into 2017/18, further net reductions of (£23.727m) have been previously approved by cabinet and changes this quarter requiring approval, of (£12.411m) to reduce the programme, are detailed below and in Appendix 2 and 3.
- 6.6 **Forecast Spend**  
This forecast spend is provided by programme managers and has been repeatedly challenged.

## 6.7 **Schools**

The schools capital programme requires net changes of (£506,000) as detailed in Appendix 2 and 3. The significant changes being:

- £240,000 saving reallocated to other projects across the schools programme. This saving relates to a range of provisional sums in the original budget, where costs have now been confirmed the saving has been reallocated.
- £240,000 slippage on the Brackensdale infant and junior expansion Scheme due to the redesign following approval of the proposed merger of the two separate Infant and Junior schools to form a single primary school. In addition the programme has also slipped as a result of a delay to the full s106 contribution from the Manor Kingsway housing development.

## 6.8 **Highways and Transport**

The Highways and Transport capital programme requires net changes of (£2,556,000) as detailed in Appendix 2 and 3. The significant changes are:

- £1.800m slippage on the A52 improvement scheme. Negotiations are still continuing over the required land purchases; however it is not possible to complete the purchase before 31 March 2018.
- £570,000 rephrasing of the St Lighting LED replacement bulb programme due to the incorrect addition of the full budget into 2017/18 which should have been profiled as £1.863m 2017/18 and £917,000 2018/19.

## 6.9 **Property Improvement**

The Property Improvement capital programme requires net changes of (£2.497m) as detailed in Appendix 3. The significant changes are:

- A number of reallocations to fund the market hall roof high level glazing works totalling £916,000 have been necessary the most significant of these being:
  - £477,000 Cricklewood Children's Centre - Refurbishment funding has been reallocated to the Market hall roof, as the Cricklewood Children's Centre project is not expected to commence this financial year.
- £713,000 slippage on the Ground Floor reconfiguration is due to initial delays in procuring the main contractor.
- £555,000 reduction for the cattle market demolition which has now been sold and the demolition will be undertaken by the purchasers, this funding will therefore be retained for future year's property rationalisation initiatives.

£320,000 addition for the completion of the Queens Leisure Centre roof repairs. This was works to the family pool roof carried out in 2016/17 originally funded through revenue but now capitalised. This is therefore the residual payment owed for completion of the works.

- £160,000 addition for the refurbishment of the libraries project which includes capacity and improvement works at all three libraries, Alvaston, Mickleover and Pear Tree Libraries.

## 6.10 **Vehicles Plant and Equipment**

The Vehicles Plant and Equipment capital programme require net changes of (£14,000) as detailed in Appendix 2.

## 6.11 **Flood Defence**

The Flood Defence capital programme requires net changes of (£5.039m) as detailed in Appendix 3. The significant changes are:

- (£5.540) slippage on the Our City Our River scheme due to unforeseen delays in the delivery of the Gallifords Black and Veach stand-alone construction works.
- £250,000 addition for Markeaton Brook funded from ERDF
- £126,000 addition for Burley Brook funded from ERDF
- £125,000 addition for Wilmore road rain garden funded from ERDF.

## 6.12 **Regeneration**

The Regeneration capital programme requires net changes of (£624,000) as detailed in Appendix 2 and 3. The significant changes are:

- £200,000 slippage for Townscape Heritage Initiative. The Townscape Heritage Initiative is a demand led programme. This year a major scheme has come forward which requires a significant level of funding and therefore a greater level of due diligence which has delayed the scheme starting.
- £35,000 addition to begin preliminary designs for improvements to Alvaston District Centre.
- £321,000 slippage for T12 Phase 2 Local Growth Fund (LGF) Funded. The delay to the T12 Phase 2 scheme has been caused by a leaking high pressure gas main on site; the road construction works could not be started until the leak was repaired.
- £196,000 slippage for Brook realignment. This is delayed due to the knock on effect of the delays on the T12.
- £198,000 slippage for the iHub Plot Preparation LGF Funded. Plans for the iHub Plot Preparation project were delayed due to an interest from a major employer. The interest from the major employer at the iHub has gone and therefore the plans for car parking have changed. Planning permission for the final car park scheme will be sought in January and work is expected to start on site in February.
- £1.347m increase to the DEGF recycled loan fund due to increased funding being available within the DEGF cash flow occurring as a result of the early repayment of loans.
- £234,000 increase to the DEGF growth and innovation scheme. The increase forecast this year is the result of increased funding being available within the DEGF cash flow due to the early repayment of loans.
- £210,000 slippage for the T12 Phase 1 project. The re-profiling of forecast spend in 2017/18 is required due to delays in getting the utilities contractor back up on site, the remaining works are now expected to be delivered in 2018/19.
- £654,000 slippage for the Victory Road project due to additional constraints that have emerged in Q3 including traffic management requirements at Merrill Way junction and site contamination.
- £498,000 net change which includes the reallocation of the total budget from the Property Programme and slippage of £500,000 of this to 2018/19 for the Market Hall high level glazing works. The spend has been re-profiled in line with the contractors current cash-flow. The project requires complex and detailed engineering designs and there has been a delay while this expertise has been procured. Additional time has also been built into the programme to ensure consultation with the Health and Safety Executive. These issues have led to the delay in the programme.

#### 6.13 **Housing General Fund**

The Housing General Fund capital programme requires net changes of (£292,000) as detailed in Appendix 2. The significant changes are:

- £212,000 slippage on the affordable housing external Registered Provider (RP) scheme. Due to a recent re-phasing of the delivery of affordable dwellings, these funds cannot now be claimed in 2017/18 as initial contractual payments due are now set to 2018/19.

#### 6.14 **HRA**

The HRA capital programme requires net changes of (£778,000) as detailed in Appendix 3. The significant changes are:

- £240,000 slippage on Perth Street new build. Contract to build has been let. A separate contractor has been procured for the demolition. Mobilisation period has been slightly extended meaning Stage 1 payments will be pushed into the new financial year.
- £418,000 slippage on the Knoll new build. The scheme is still awaiting planning approval.
- £614,000 reallocation from the new build and acquisitions scheme to fund the new build schemes such as Underhill Close.
- £100,000 addition of Hatfield Road new build scheme.
- £662,000 reallocation to a new scheme for acquisition of Underhill Close.
- £50,000 addition of Britannia Court.

6.15 **ICT**

The ICT capital programme requires net changes of (£105,000) as detailed in Appendix 3. There are no significant changes.

**Occupational Health IT system**

The Council's Occupational Health Service urgently needs to replace its outdated manual records system with specialist electronic OH IT system. The new software will enable it to:

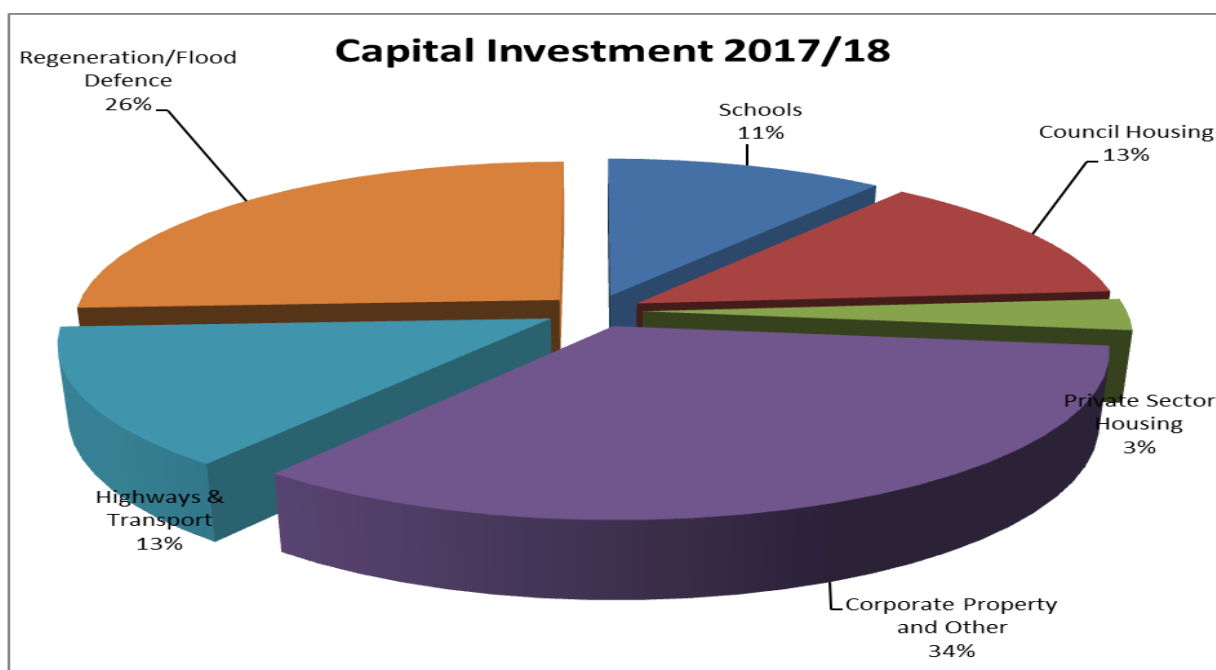
- Meet national standards for the handling of medical records
- Meet current and planned information governance requirements (new legislation comes into force in May 2018)
- Effectively plan, implement and record health surveillance, enabling the Council to meet its statutory health and safety requirements
- Improve efficiency in records management

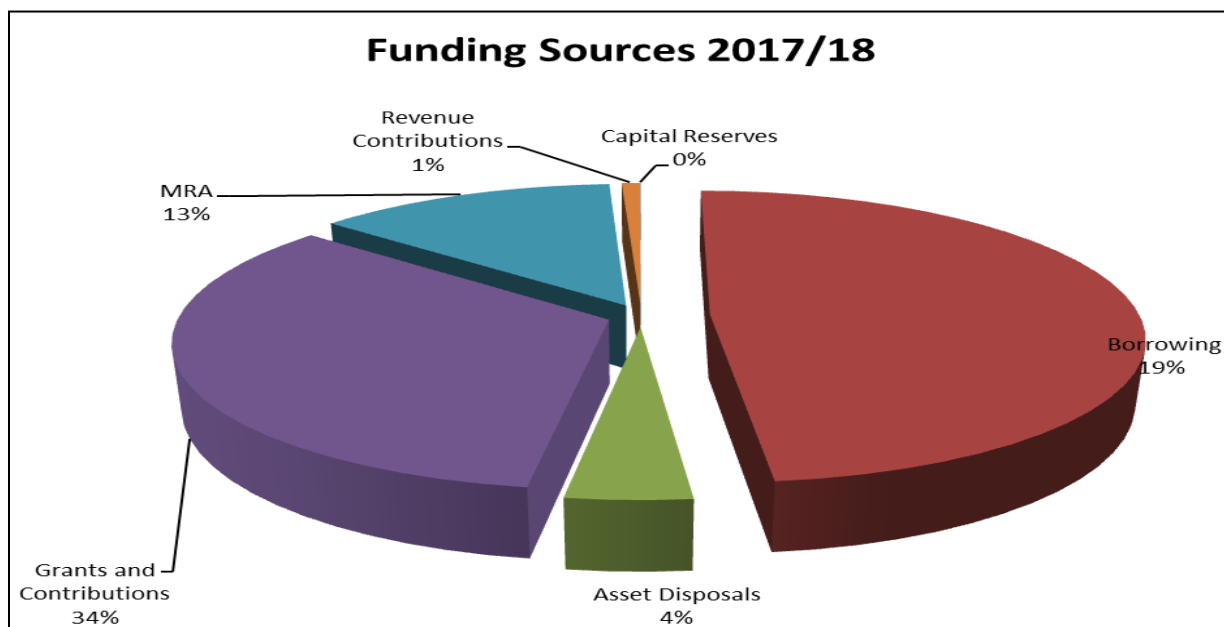
The cost of implementation of the new IT system has only recently been confirmed at £75k and will be funded from the 2018/19 ICT capital programme; this was not available for inclusion in the 2018/19 budget approved at Council 24<sup>th</sup> January 2018. It is now proposed that this is included in the capital programme for 2018/19.

6.16 **S106 Contributions**

S106 contributions are allocated through the S106 working group and are required to be reported to cabinet. There are no new S106 allocated this quarter.

6.17 The following graphs summarise where the capital programme is planned and funded:





## 7 Usable Reserves

- 7.1 **General Fund Balance** At 30 September 2017 the General Fund Balance is £8.764m and remains within the recommended target range.
- 7.2 **Earmarked Reserves.** These are held to fund specific projects, such as the Council's regeneration fund programme and include other reserves which are not available to the Council for general use; such as School Balances. At 31 December 2017 reserves totalled £109.368m of which School balances were £10.525m. At 31 December the PFI Reserve Balance is £24.846m

## 8 Treasury Management

- 8.1 All Treasury Management activities in quarter 3 were in accordance with the Treasury Management Strategy 2017/18, approved by Council Cabinet on 15 February 2017 and are within CIPFA's Prudential Code for Capital Finance in Local Authorities.



- 8.2 The Treasury Management forecast at quarter 3 2017/18 is £6.454m underspend (£3.070m forecast underspend as at quarter 2). This arises from further backdating of changes to the Council's MRP to reflect recommendations by the Council's Treasury Management Advisors, Arlingclose and external auditor, Ernst & Young.
- 8.3 As at the 31 December 2017 the total debt portfolio of the Council (including HRA debt) was £461.475m offset by investments of £84.226m resulting in an overall net debt position of £377.249m. No additional borrowing has been completed in 2017/18 to date. The loan portfolio is set out in the table below:

<b>External Borrowing</b>	<b>£m As at 31/03/17</b>	<b>£m As at 31/12/17</b>
Fixed Rate PWLB	305.897	304.931
Fixed Rate Market (LOBO)	20.000	20.000
Other Local Authorities	35.000	35.000
Other Loans	2.864	2.596
Other Long-term Liabilities:		
- Transferred Debt from other Local Authorities*	2.931	0.507
- PFI Financing	98.441	98.441
<b>Total Gross External Debt</b>	<b>465.133</b>	<b>461.475</b>
Investments	(69.696)	(84.226)
<b>Total Net External Debt</b>	<b>395.437</b>	<b>377.249</b>

\*During quarter 3 the remaining transferred debt was settled with Derbyshire County Council. The impact of this is included in the forecast in 8.2.

## **9 Delegated Schools Grant (DSG)**

- 9.1 This ring fenced grant is used specifically for school related and educational services. In 2017/18, Derby City Council's allocation was £215.188m of which £183.704m (85.4%) was delegated to schools. The balance of £31.484m is used to support other educational expenditure including non- maintained special educational needs places and specialist support services.
- 9.2 DSG balances are currently £6.955m of which £2.365m has been earmarked for specific purposes as agreed by School's Forum and the Council Cabinet, the remainder is to be retained and used for the purposes defined within the Schools funding regulations, with approval from the Schools.

## **10 Collection Fund**

- 10.1 As at 31 December 2017 the amount of Council Tax billed for the 2017/18 financial year is just over £106m and of that we have collected just over £86m, which is 80.67%. Compared with the position 12 months ago we have collected over £5.75m more of the current year Council Tax debt.

- 10.2 Non Domestic Rates: As at 31 December 2017 the amount of Business Rates billed for the 2017/18 financial year is around £92m of which we have collected £75.9m or 82.26%. This is £75,000 less than we had collected of current year debt 12 months ago but is understandable given we had billed nearly £1.5m more as at this time last year.
- 10.3 Following a review of existing bad debt, approval is sought to write-off £64,033.96 Housing Benefit Overpayment debt and £250,430.01 of historic Business Rates debt. These debts are in excess of £10,000 and therefore require Cabinet approval in line with existing financial regulations. Further detail is included at Appendix 5.

## 11 Housing Revenue Account (HRA)

- 11.1 The Housing Revenue Account (HRA) reports on the management of the Councils housing stock.

Department Quarter 3 2017/18	Original Budget (annual) £000's	Actual Spend Qtr3 £000's	% of Budget	Full year forecast £000's	Forecast Variance £000's
HRA	(2,138)	(12,555)	587%	(738)	1,400

- 11.2 The HRA has budgeted to achieve a surplus of £2.138m for the financial year 17/18. The current projection is a pressure of £1.400m. The pressures result from additional financing costs of £1.000m and £400,000 of additional central support costs following a review of how these are allocated.

### OTHER OPTIONS CONSIDERED

- 12 No other options are considered. The report is prepared to demonstrate the Council has met its statutory obligation to deliver a balanced budget.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Mark Taylor, Interim Director of Finance and S151 Officer
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Toni Nash: <a href="mailto:Toni.nash@derby.gov.uk">Toni.nash@derby.gov.uk</a> None Appendix 1 – Implications Appendix 2 – Changes to capital programme under delegation Appendix 3 – Further changes to the capital programme Appendix 4 – Summary of reserves

	Appendix 5 – Write offs
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<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 The financial and value for money implications are set out in the report.

**Legal**

- 2.1 The report confirms that the Council has met its statutory requirement to deliver a balance budget.

**Personnel**

- 3.1 None directly arising.

**IT**

- 4.1 These were assessed in full when the budget was approved by Council.

**Equalities Impact**

- 5.1 None directly arising.

**Health and Safety**

- 6.1 None directly arising.

**Environmental Sustainability**

- 7.1 The report sets out the implications of the capital programme.

**Property and Asset Management**

- 8.1 The report demonstrates that a key risk of not balancing the Council's budget has been fully mitigated, with potential use of reserves in respect of 2017/18.

**Risk Management and Safeguarding**

- 9.1 The report demonstrates it has the resources available to deliver the Council's priorities.

**Corporate objectives and priorities for change**

- 10.1 The budget provides the financial resources to deliver key objectives and priorities

## Appendix 2

### Changes to the Capital Programme made under delegation.

<b>Scheme Area</b>	<b>Latest Approved Capital Programme 2017/18 £000</b>	<b>Revised Capital Programme 2017/18 £000</b>	<b>Change £000's</b>
Ashgate Primary - Final Phase Refurbishment	21	6	(15)
Rosehill Infant School - Extension	35	4	(31)
Markeaton Primary - Dining Hall Floor	21	0	(21)
West Park Secondary - Expansion	100	91	(9)
Littleover Phase 1	122	143	21
Dale - FRA	109	101	(8)
Mickleover - Vic Hallam	99	95	(4)
Oakwood Jnr - FRA	198	188	(10)
Pear Tree - Roofing and Windows	299	323	24
Ravensdale Jnr - Windows	124	114	(10)
St Clares - Roofing	398	393	(5)
<b>Total Delegated Changes Schools</b>	<b>1,526</b>	<b>1,458</b>	<b>(68)</b>
<b>Housing General Fund</b>			
Empty Property Assistance / Acquisitions & demolitions of unfit properties	180	100	(80)
<b>Total Delegated Changes Housing General Fund</b>	<b>180</b>	<b>100</b>	<b>(80)</b>
<b>HRA</b>			
Underhill Close	0	662	662
<b>Total Delegated Changes HRA</b>	<b>0</b>	<b>662</b>	<b>662</b>
<b>Highways &amp; Transport</b>			
Highways Maintenance	2,706	2,858	152
Intelligent Transport Systems Maintenance	220	218	(2)
Strategic Network Management	949	884	(65)
Traffic Management	648	561	(87)

Pedestrian Accessibility	40	42	2
A52 Strategic Transport Scheme	8,611	8,729	118
A52 Strategic Transport Scheme	8,729	8,611	(118)
Highways Maintenance	2,858	2,783	(75)
Traffic Management	561	573	12
<b>Scheme Area</b>	<b>Latest Approved Capital Programme 2017/18</b>	<b>Scheme Area</b>	<b>Latest Approved Capital Programme 2017/18</b>
<b>Total Delegated Changes Highways &amp; Transport</b>	<b>25,322</b>	<b>25,259</b>	<b>(63)</b>
<b>VPE</b>			
Grounds Maintenance	622	598	(24)
Highways Maintenance Vehicles	25	32	7
Street Cleansing	88	105	17
Pest Control	31	17	(14)
<b>Total Delegated Changes VPE</b>	<b>766</b>	<b>752</b>	<b>(14)</b>
<b>Regeneration</b>			
Market Hall Refurbishment - Design and Feasibility	150	50	(100)
Townscape Heritage Initiative	350	150	(200)
Building Frontage Enhancement Scheme	167	25	(142)
Climate Change ERDF	200	65	(135)
Marble Hall	35	12	(23)
Access Osmaston	693	800	107
Becketwell	656	510	(146)
Site consolidation (Sadler Squire)	20	12	(8)
City Living Fund	50	0	(50)
iHub Plot Preparation	298	100	(198)
Brook re-alignment extension to Innovation Drive	196	0	(196)
DEGF - Growth and Innovation	713	947	234
<b>Total Delegated Changes Regeneration</b>	<b>3,528</b>	<b>2,671</b>	<b>(857)</b>
<b>Total Net Changes</b>	<b>31,322</b>	<b>30,902</b>	<b>(420)</b>

### Appendix 3

<b>Summary of Further Changes to the Capital Programme 2017/2018</b>	<b>Latest Approved Capital Programme 2017/18 £000</b>	<b>Revised Capital Programme 2017/18 £000</b>	<b>Change £000</b>	<b>Category</b>
<b>Schools</b>				
Bemrose Primary School - Expansion	1,247	1,007	(240)	R2
Design Works for schemes to be carried out in 18/19	0	80	80	R2
Kingsmead Special School Site Consolidation	0	160	160	R2
Alvaston Infant School - Early Years Scheme	241	402	161	R2 £157k A £4k
2 Year Old Early Years Capital Programme	101	0	(101)	R2
Chellaston Junior School - Hall Extension	272	122	(150)	S
Brackensdale Inf and Jnr - Expansion	347	107	(240)	S
Springfield Primary - New Classroom	107	7	(100)	S
Little over Phase 2	748	665	(83)	R2
Brackensdale Infant - EY scheme	287	362	75	R2
<b>Total Changes to the Schools Programme</b>	<b>3,350</b>	<b>2,912</b>	<b>(438)</b>	
<b>Housing General Fund</b>				
Affordable Housing external RP	212	0	(212)	S
<b>Total Changes to the Housing General Fund Programme</b>	<b>212</b>	<b>0</b>	<b>(212)</b>	
<b>Property Improvement</b>				
Lift Replacement/ Maintenance	34	0	(34)	R2
Queens Leisure Centre roof	0	320	320	A
Libraries Refurbishment	0	160	160	A
Perth House Lift replacement	54	0	(54)	R2
1 Abbey Yard Boundary Wall Repair	67	0	(67)	R2
Market Hall FRA Works	153	0	(153)	R2
Various Boiler Replacements	40	0	(40)	R2
Planned Maintenance (Contingency pot)	96	0	(96)	R2
Audley Centre Bridge - traffic control measures and steel reinforcements to barr	96	56	(40)	R2
Cricklewood Children's Centre- Refurbishment	483	6	(477)	R2
Market Hall high level glazing (this is roof replacement works initial design)	82	998	916	R2
Market Hall high level glazing (this is roof replacement works initial design)	998	0	(998)	R3

Warwick House platform lift	85	0	(85)	R2
Silk Mill Museum - FRA Works	138	0	(138)	R2
FRA Works Various Sites	118	276	158	R2
<b>Summary of Further Changes to the Capital Programme 2017/2018</b>	<b>Latest Approved Capital Programme 2017/18</b>	<b>Summary of Further Changes to the Capital Programme 2017/2018</b>	<b>Latest Approved Capital Programme 2017/18</b>	<b>Summary of Further Changes to the Capital Programme 2017/2018</b>
Derwent Community Centre	92	146	54	R2
Guild Hall Roof Covering and Replacement	168	179	11	R2
9-11 Cheapside - FRA Works	48	38	(10)	R2
St Werburghs Spondon rebuilding and improvement	132	142	10	R2
Arboretum park -Boundary Wall Repairs	39	23	(16)	R2
Ashtree House fire doors, glazing and fire barrier. FRA Works	86	111	25	R2
Rycote - FRA works including compartmentation	101	52	(49)	R2
Mickleover Community Centre - Window Replacement	92	129	37	R2
Sinfin Children's Centre - Window Replacement	86	89	3	R2
Rycote Centre - Phase 2 FRA Works	196	242	46	R2
Market Hall Refurbishments	150	0	(150)	R3
Kedleston Road Training Centre Refurbishment	143	30	(113)	R2
Ground Floor re Configuration	2,713	2,000	(713)	S
Stores Road Tram Shed Demolition	185	0	(185)	S
Cattle Market Demolition - Property Rationalisation	555	0	(555)	R2
Wholesale Market Demolition - Property Rationalisation	145	0	(145)	R2 R2 S
Varsity Grange	14	0	(14)	S
Normanton Park Improvements	29	2	(27)	S
Dale Road Spondon Improvements	15	2	(13)	S
BMX Tack improvements - Onslow Rd & Chaddesden Park	20	2	(18)	S
Littleover Parks - Improvements	65	18	(47)	S
<b>Total Changes to the Property Improvement Programme</b>	<b>7,518</b>	<b>5,021</b>	<b>(2,497)</b>	
<b>Flood Defence</b>				
Derby OCOR	13,337	7,797	(5,540)	S
Markeaton Brook	0	250	250	A
Burley Brook	0	126	126	A



Wilmore Road Rain Gardens	0	125	125	A
<b>Total Changes to The Flood Defence Programme</b>	<b>13,337</b>	<b>8,298</b>	<b>(5,039)</b>	
<b>Summary of Further Changes to the Capital Programme 2017/2018</b>	<b>Latest Approved Capital Programme 2017/18</b>	<b>Summary of Further Changes to the Capital Programme 2017/2018</b>	<b>Latest Approved Capital Programme 2017/18</b>	<b>Summary of Further Changes to the Capital Programme 2017/2018</b>
<b>Highways &amp; Transport</b>				
A52 Strategic Transport Scheme	8611	6,811	(1,800)	S
St Lighting LED investment	2,433	1,863	(570)	R1
Local Traffic Management	618	495	(123)	S
<b>Total Changes to Highways &amp; Transport Programme</b>	<b>11,662</b>	<b>9,169</b>	<b>(2,493)</b>	
<b>Regeneration</b>				
Vibrant City Placemaking	1,080	768	(312)	S
T12 Phase 2	1,321	1,000	(321)	S
DEGF Recycled	70	1,417	1,347	A1
Market Hall high level glazing (this is roof replacement works initial design)	0	998	998	R3
Market Hall high level glazing (this is roof replacement works initial design)	998	498	(500)	S
Becketwell	510	410	(100)	S
T12 Phase 1	410	200	(210)	S
Victory Road	6,654	6,000	(654)	S
ihub Plot Prep	100	50	(50)	S
Alvaston District Centre Improvements	0	35	35	A
<b>Total Changes to the Regeneration Programme</b>	<b>11,143</b>	<b>11,376</b>	<b>233</b>	
<b>ICT</b>				
ICT Stabilisation - Hardware Renewal	1,991	1,886	(105)	S
<b>Total Changes to the ICT Programme</b>	<b>1,991</b>	<b>1,886</b>	<b>(105)</b>	
<b>HRA</b>				
Perth Street	300	60	(240)	S
Lexington bungalows	690	710	20	R2
Flood wall Britannia Court	0	100	100	R1
The Knoll	508	90	(418)	S
New Build & Acquisitions	964	350	(614)	R2
Alum Close NB	127	0	(127)	R1
Watson Street NB	55	0	(55)	R1
Peel NB	86	0	(86)	R1
Richmond Road	153	178	25	R1
Berwick Close	135	0	(135)	S

Carson Street	60	0	(60)	S
Hatfield Road	0	100	100	A
Britannia Court	0	50	50	A
<b>Total Changes to The HRA Programme</b>	<b>3,078</b>	<b>1,638</b>	<b>(1,440)</b>	
<b>TOTAL CHANGES TO PROGRAMME</b>	<b>52,291</b>	<b>40,300</b>	<b>(11,991)</b>	
Deduct Budget envelope changes	0	0	0	
<b>Total Changes affecting budget forecast</b>	<b>52,291</b>	<b>40,300</b>	<b>(11,991)</b>	

<b>Key of Categories</b>	
<b>A</b>	Additional schemes from new funding secured
<b>A1</b>	Scheme increase funded by previous years' reserves income
<b>S</b>	Re-phasing
<b>R1</b>	Other Adjustments - Scheme Reductions/Increases
<b>R2</b>	Re-allocated Within Departments Programme
<b>R3</b>	Re-allocated To Different Departments Programme

## Appendix 4

### Summary of Reserves at 31 December 2017

<b>Reserves</b>	<b>£000's</b>
General Reserve	8,764
Earmarked Reserves	71,856
Balances Held By Schools	10,525
PFI Scheme reserves	24,846
Earmarked Reserves to support the capital programme	2,141
<b>TOTAL</b>	<b>118,132</b>

**Write offs****APPENDIX 5**

Table 1 below lists five Housing Benefit Overpayment debts that are recommended to Cabinet for write off.

<b>Debtor/Invoice number</b>	<b>Date invoice raised</b>	<b>Reason for Write Off</b>	<b>Outstanding Total £</b>
<b>1:</b> 70618163	26/03/2013	Debtor has absconded	13,587
<b>2:</b> 70620627 70620614 70620601	05/04/2013	Recovery options exhausted	12,315
<b>3:</b> 71033543 71040730	30/01/2017 06/03/2017	Debt Relief Order prevents further recovery	10,673
<b>4:</b> 71043368	20/03/2017	Overpayment was not the customers fault and they did not know they were being overpaid – In line with statutory requirements	10,011
<b>5:</b> 71034021	31/01/2017	Overpayment was not the customers fault and they did not know they were being overpaid – in line with statutory requirements	17,448
<b>TOTAL</b>			64,034

## Write offs

Table 2 below lists seven Business Rates debts that are recommended to Cabinet for write off. All the debts are historic and the value is contained within the existing bad debt provision.

<b>Case ref and billing number</b>	<b>Financial Year</b>	<b>Reason for Write Off</b>	<b>Balance Outstanding</b>
<b>1.</b> 4045081	2011/12 and 2012/13	Uncollectable debt as recovery options exhausted	£13,493
<b>2.</b> 4032191	2008/09	Debtor absconded and we are unable to trace whereabouts	£37,524
<b>3.</b> 4044167	2010/11 and 2011/12	Debtor absconded and we are unable to trace whereabouts	£61,570
<b>4.</b> 4045285	2011/12 and 2012/13	Debtor absconded and we are unable to trace whereabouts	£93,243
<b>5.</b> 4034701	2011/12	Uncollectable debt as recovery options exhausted	£13,175
<b>6.</b> 4046187	2012/13	Debtor absconded and we are unable to trace whereabouts	£12,063
<b>7.</b> 4038304	2009/10 and 2010/11	Debtor absconded and we are unable to trace whereabouts	£11,451
<b>TOTAL</b>			<b>£242,519</b>