

Council Cabinet
21 November 2023



Report sponsors:

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Cabinet Member for Strategy, Governance and
Finance

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ITEM 10

2023/24 Quarter 2 Financial Monitoring

Purpose

1.1 To summarise the Council's forecasted financial outturn position at 30th September 2023

- a) **Revenue Budget:** The Council is currently forecasting a pressure of £6.560m against the current budget of £284.805m before use of reserves to mitigate which is an increase of £0.469m from the Qtr.1 position of 6.091m

There has been continued focus on controlling spend including spending panels, spending moratoriums and vacancy control which will help ensure the Council delivers a balanced position and reduce any use of the Budget Risk reserve or the General reserve

£15.402m of the Council's in year savings target of £16.196m for 2023/24 is currently forecast to be achieved which is 95%. Work is ongoing to achieve the shortfall by one off mitigations or alternative savings. Further detail is outlined in 4.2.47

- b) **Capital budget:** Capital expenditure to date is £83.428m and our forecast is estimated at £233.406m against an approved capital budget of £226.213m. Further detail is outlined in 4.5
- c) **Reserves:** The General Reserve has a current year forecast balance of £4.629m and a future year's forecast balance of £9.907m (This includes apportioning £4.304m of Qtr.2 forecast overspend). The future years balances in reserves are reliant upon planned replenishments in the current MTFP of £10.278m outlined in 4.4

The Budget Risk reserve has current year forecast balance of zero and a future years' forecast balance of £0.752m (This includes apportioning £2.256m of Qtr.2 forecast overspend).

These apportionments have been done as an illustration of the impact of the current forecast.

- d) **Housing Revenue Account (HRA):** The full year forecast projects a planned use of the HRA reserve of £3.098m is outlined in 4.7
- e) **Dedicated Schools Grant (DSG):** The total grant of £307.529m has been allocated to schools and retained educational services. There is an overspend forecast for 2023/24 on the High Needs Block of the DSG of £12.225m taking the cumulative deficit to £15.972m as outlined in 4.8
- f) **Collection Rates:** Council Tax billed for the 2023/24 financial year is £145.573m of which £78.745m or 53.82% has been collected. Business Rates billed for the 2023/24 financial year is £86.601m of which £48.685m or 55.82% has been collected as outlined in 4.9

Recommendations

2.1 To note:

- a) The National context as set out in section 4.1.2 of this report
- b) The revenue projected outturn and key budget variances are set out in the report in section 4.2 with a detailed analysis in Appendix 7 and the savings to be delivered in the year outlined in section 4.2.47
- c) The Council's reserves position, as set out in section 4.4 and Appendix 1
- d) The capital programme forecast, and actual capital expenditure incurred during the quarter summarised in section 4.5
- e) The changes already approved under scheme of delegation to the capital programme detailed in Appendix 4
- f) The Housing Revenue Account performance and projected outturn as set out in section 4.7
- g) The forecast Dedicated Schools Grant position summarised in section 4.8
- h) The Council Tax and Business Rates Collection performance as set out in section 4.9

2.2 To approve changes including additions to the 2023/24 capital programme outlined in section 4.5. and detailed in Appendix 3.

Reasons

- 3.1 To provide assurance that the budgets approved by Council in February 2023 are being effectively monitored and any major variances reported to Cabinet on a regular basis and to update cabinet on the latest estimated reserves position.

Supporting information

- 4.1 The following provides the national context and also an analysis and explanation of key variances for each element of the forecast financial outturn for the Council.

4.1.1 Revenue Budget

The overall general fund revenue position at 30 September 2023 is a £6.560m overspend. This excludes any additional associated costs relating to the flooding caused by storm Babet.

4.1.2 **National Context**

Birmingham, the country's largest local authority issued a section 114 notice in September, signalling that it does not have the resources to balance its budget. It means that in effect, all new spending, except for protection of vulnerable people and statutory services must stop. It has followed other Councils, including, Woking, Croydon, Thurrock and Slough. There are specific local issues that have led to these situations but they have occurred against a backdrop of deep cuts to local government funding since 2010.

- 4.1.3 Councils are legally responsible for funding some of the most critical services: children's social care for at risk children and children in the care of the local authority, social care for older and disabled adults and housing and homelessness for those with the greatest need. Because statutory council services are relied upon by people on low incomes, the councils in the least affluent areas face the greatest demand for its services.
- 4.1.4 Local Government Finances have been under pressure for over a decade. Derby City Council has made £226m savings over the last 14 years. Local authorities have seen no reform of local government finance and no return to multi-year funding agreements. One year settlements do not help with medium term financial planning for local government to aid the planning for critical services. It is not anticipated that the local government funding settlement will be received until the end of December, by which time the plans for next year's budget will have to be ready for consultation.
- 4.1.5 The Core Spending Powers contained within the one-year settlements received include the expectation that local authorities raise council tax. Also, the uncertainty around one off grants (for example social care grants) and their future treatment adds uncertainty to the councils funding forecast positions. The Councils Medium term Financial Strategy Summary presented to Cabinet in October outlines a summary of the councils plans for financial sustainability in the medium term.

Medium Term Financial Strategy

- 4.1.6 Further issues facing Local Government include (this list is not exhaustive):
 - Pressures placed on council finances caused by inflation. The financial pressures resulting from the ongoing war in Ukraine and the impact of Covid continues to be an issue. Increasing costs of Energy, Fuel, Inflation, and Interest Rates affect all types of expenditure.
 - Pressures on services as a result of the cost of living crisis. As people have found their cost of living increasing, they have become more reliant on the services provided by local government, added to this, councils are suffering from exactly the same economic pressures.
 - Recruiting the necessary staff for essential service provision. The knock-on effects of unsustainable council finances are also causing significant issues for councils finding and retaining the right staff. Recruiting the staff necessary for essential service provision is an issue. Without well-qualified and trained staff, councils cannot provide the services that millions of people around the country rely on.

- The backlog in service provision caused by Covid still remains an issue. However, Local government finances were in need of reform before Covid, the problem is now exacerbated. Aging infrastructure and backlog of maintenance through resource and staff availability adds to this issue
- Adapting to climate change will mean changing the way we do things in all areas of the city to respond to changing circumstances. It means not only protecting against negative impacts, but also makes us better able to take advantage of opportunities. Potential impacts of climate change and associated costs remain an issue for the council and the city
- A key pressure where we have seen increasing levels of demand and uncertainty over the last 12-months has been in relation to housing and housing support

4.1.7 These factors will continue to impact on the current in year revenue forecast and the Medium Term Financial Plan. It impacts on the Councils ability to forecast expenditure aligned with the budget envelope.

4.2 The summary 2023/24 forecast revenue budget variance estimated at September 30th, 2023, is outlined below:

Directorate	Current Budget	Full Year Forecast Spend	Qtr.2 Forecast Out-turn Variance	Qtr. 1 Variance	Difference between Qtr.1 and Qtr.2
	£m	£m	£m	£m	£m
Peoples	188.200	190.872	2.672	1.601	1.071
Comms and Place	44.299	46.197	1.898	2.696	(0.798)
Corporate Resources	52.020	52.782	0.762	0.816	(0.054)
Council-wide Unachieved Savings	-	1.228	1.228	0.978	0.250
Budgeted forecast out-turn position	284.519	291.079	6.560	6.091	0.469
Budgeted Reserves	0.286	0.286	-	-	
Sub Total	284.805	291.365	6.560	6.091	0.469
<u>Mitigation illustration</u>					
Use of Reserves:					
Budget Risk Reserve		(2.256)	(2.256)	(2.741)	0.485
General Fund Reserve		(4.304)	(4.304)	(3.350)	(0.954)
TOTAL	284.805	284.805	-	-	-

4.2.1 The Councils approved revenue budget has a forecast net overspend of £6.560m at Qtr.2 before mitigation through reserves. As set out in the table above, the use of reserves facilitates a balanced position, but this is not without risk.

- 4.2.2 The above use of reserves (which has been outlined to illustrate one method of balancing the forecast position) would take the Budget Risk Reserve to a nil balance at 31 March 2024, whilst the forecast General Fund Reserve balance at 31st March 2024 would reduce to £4.629m, which would represent around 1.63% of the current revenue budget. This would take the General Fund Reserve below the current recommended range of 3-5% which is a risk to the financial sustainability of the Council.
- 4.2.3 There will be continued focus throughout the year on spending panels, spending moratoriums and vacancy control which will help ensure the Council delivers a balanced position and reduce the impact on reserves. There continues to be a use of reserves check and challenge to limit the use and free up resources to fund any final out-turn pressure.
- 4.2.4 The main areas of the forecast out-turn position for the Council wide revenue budget is outlined in the below summary and narrative with further detail at Appendix 6.

4.2.5

Forecast Out-turn 2023/24 position without mitigation at Qtr.2			
Area	Forecast Qtr. 2 £m	Forecast Qtr. 1 £m	Difference £m
Pay award pressure	3.423	3.410	0.013
Pay award mitigations	(2.683)	-	(2.683)
Other Pay Pressures/Savings	(0.801)	0.487	(1.288)
Net Income Position	(4.368)	(3.187)	(1.181)
Unbudgeted pressure	11.373	4.932	6.441
Underspends	(2.156)	(1.124)	(1.032)
Unachieved Savings	1.772	1.573	0.199
TOTAL	6.560	6.091	0.469

- 4.2.6 The two main inflationary pressures are in the table below however the impact of inflation will be present in all areas of revenue spend.

Description	Forecast Qtr. 2 £m	Forecast Qtr. 1 £m	Difference £m
Pay award pressure	3.423	3.410	0.013
Energy	0.270	0.148	0.122
TOTAL	3.693	3.558	0.135

- 4.2.7 The narrative below outlines a summary of each section and Appendix 6 outlines further detailed analysis:

4.2.8 Pay award pressure £3.423m and mitigations (£2.683m)

There is a gross estimated pay pressure of £3.423m, however, mitigations of (£2.683m) have been identified leaving a net pressure of £0.740m. This is modelling of the pressure of an increase of £1,925 on all NJC pay points 1 and above. This pressure is above the 3% which was included in the base budget. This has been mitigated through holding vacancies where possible to reduce pressures both in year and in the medium term.

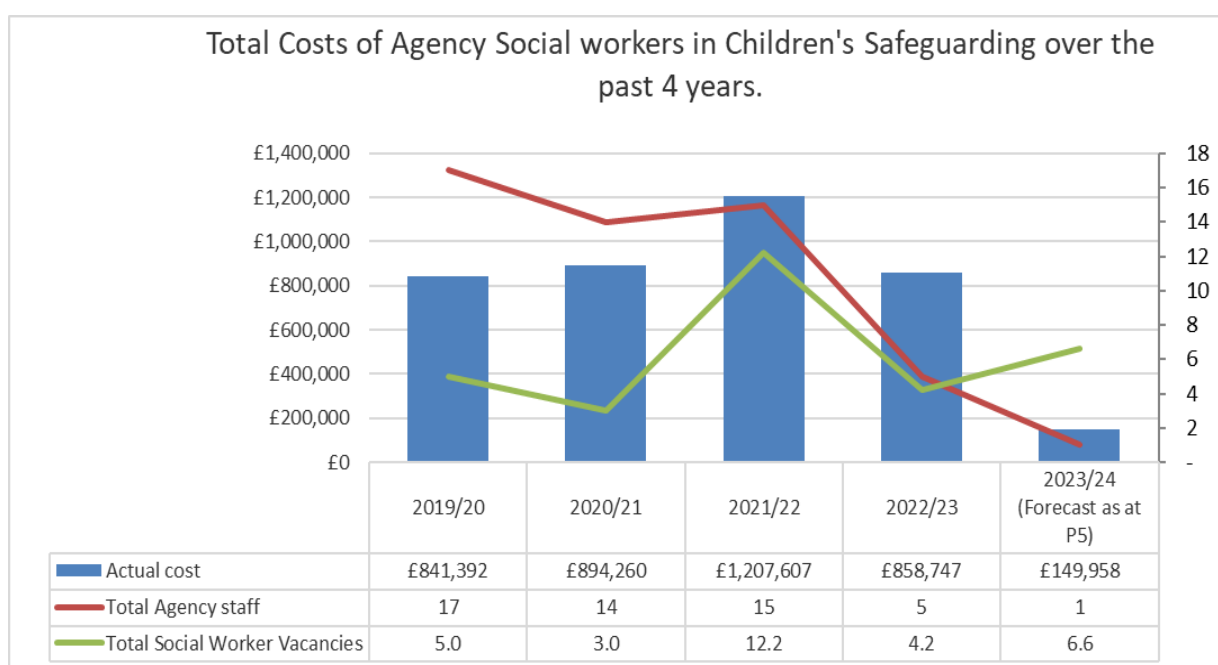
4.2.9 Other Pay Pressures/Savings (£0.801m)

Peoples - The staffing savings are due to staff at top of scale, as we budget at penultimate point £0.926m, being offset with vacancy underspends (£1.906m) and underspends on agency social worker budgets (£0.298m) leaving a net underspend forecast of (£1.278m).

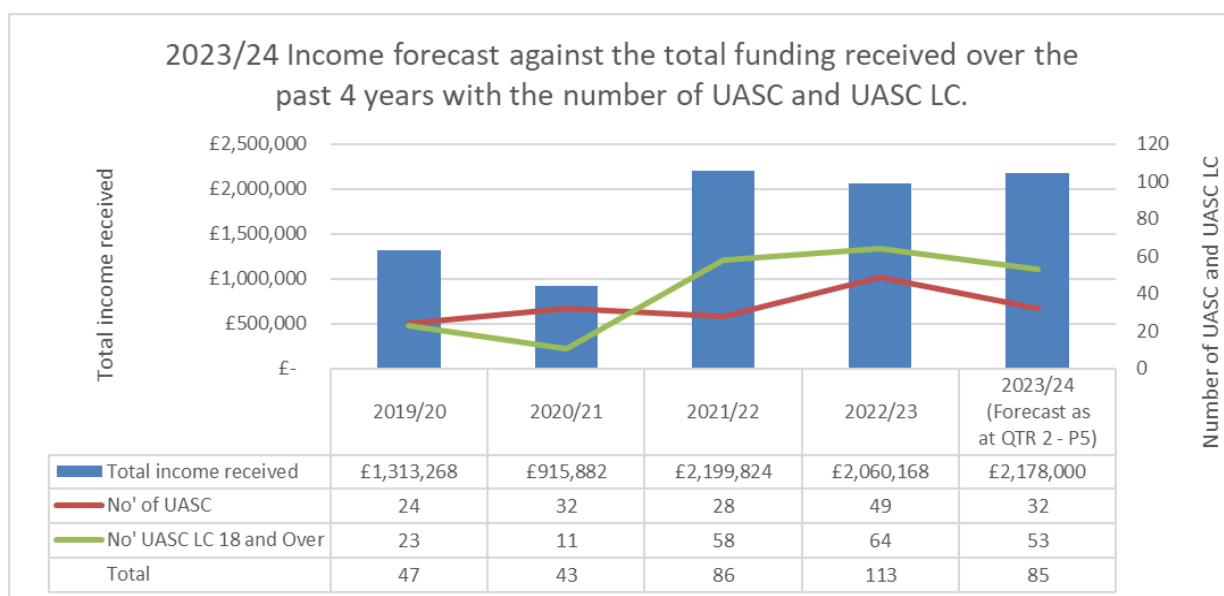
4.2.10 At the end of Qtr. 2 records show 1 agency worker in children's social care which is at an unprecedented low level. There was a slight reduction in this service area since Qtr. 1 due to an agency worker leaving in August 2023. There is currently no plan of recruiting anymore agency workers this year.

4.2.11 This is a significant improvement and the lowest ever recorded number of agency social workers in children's social care. This is a result of a number of factors including purposeful and targeted recruitment, the safe and appropriate use of alternatively qualified workers and the impact of being judged Outstanding at the last Ofsted inspection (March 2022).

4.2.12 The graph below shows the cost of agency social workers over the last 4 years and the number of agency social workers employed.

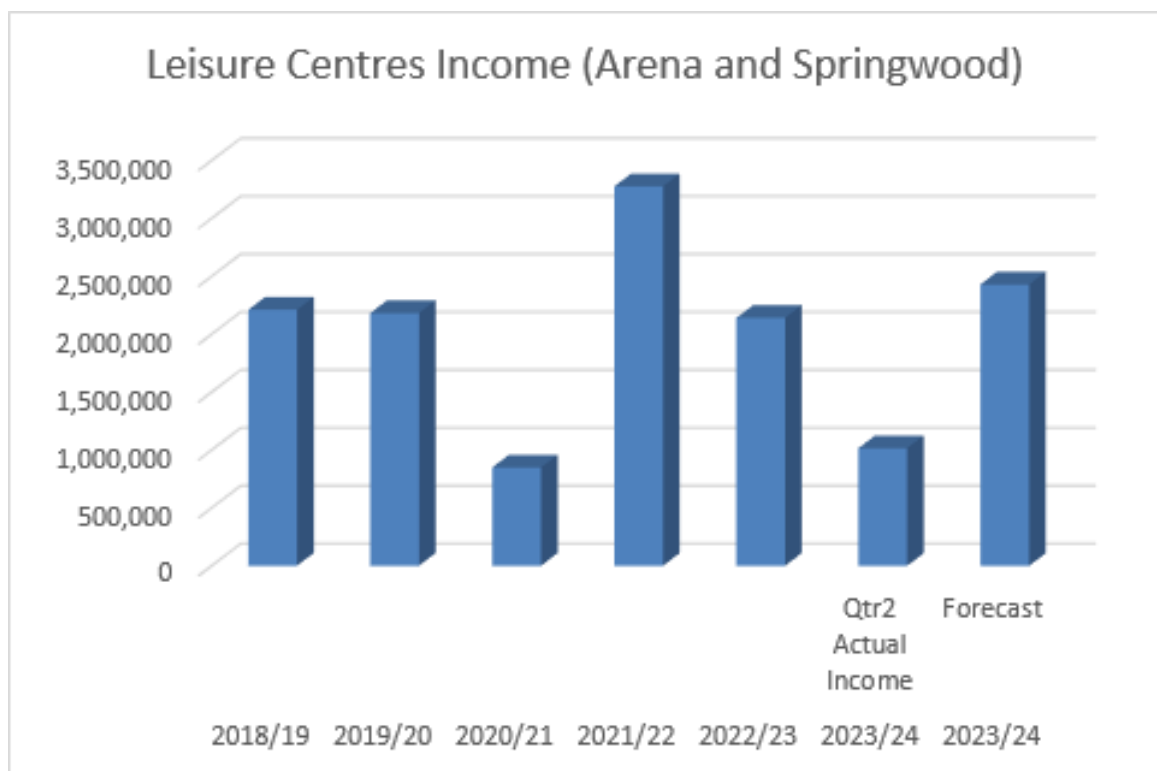


- 4.2.13 Communities & Place – has salary direct overspends totalling £0.347m. This is made up of staffing pressure across the service mostly due to staff being at top of scale and the minimal opportunity for turnover savings. These pressures are predominantly within Refuse Collection and Traffic & Transportation.
- 4.2.14 Corporate Resources - has salary direct overspends totalling £0.130m. This is made up of staffing pressure across corporate management and financial services. Within corporate management staffing budgets rely on income generation and full cost recovery to projects, the current forecast includes a variance due to some staff costs not being eligible for full recovery. Financial services have high volumes of staff with minimum turnover and staff at the top of scales. The budget is based on penultimate salary grades and a 6% turnover.
- 4.2.15 **Net Income position (£4.368m)**
 Peoples - The forecast includes grant income being claimed in 2023/24 for the unaccompanied asylum-seeking children (UASC) and totalling (£2.122m). This income will offset the costs of this cohort which is recorded elsewhere within the service. ease of UASC cases within the past month through the National Transfer Scheme and as a result of children presenting through the adult asylum system in Derby (in hotels and Laverstoke Court).



- 4.2.16 Unachievable income within the learning and skills service of £0.203m is due to the service no longer having the capacity to offer a paid service to schools for additional school improvement activities due to staff vacancies.
- 4.2.17 Education Welfare services are forecasting an overachievement of income of (£0.192m) based on services sold to schools and the income generated through truancy fines.
- 4.2.18 Across Childrens services various income and small grants have increased income by (£0.622m) various small grants across the services including Learning and Skills, Youth Offending and Early Help.

- 4.2.19 Communities & Place -Additional income is being forecast in Qtr.2 of (£0.342m) across City Sustainability including Highways maintenance and engineering teams. This income is mostly recharges; a revised price framework has been implemented from September 2023 to ensure costs are being recovered fully.
- 4.2.20 Public Protection and Street Pride Services are forecasting additional income of (£0.078m) – within housing standards and bereavement services.
- 4.2.21 An overachievement of income is currently being forecast within leisure services of (£0.042m), the underachievement of income within Derby Arena due to track works is being offset with additional income generation at Springwood leisure from increased memberships and bookings.



- 4.2.22 Additional rental income of (£0.107m) is forecasting with Strategic Housing due to increased occupancy at Milestone House, and above-forecast rent at Shelton Lock and Imari Park sites. Over-achievement of Decent and Safe Homes (DASH) Service income due to take up of accreditation and training courses. In-year underspend on the OCOR revenue budget due to additional income from staff recharged direct to the capital project (£0.110m).
- 4.2.23 Corporate Resources - Corporate Resources are forecasting additional income totalling (£0.956m) this is made up of the following.

- 4.2.24 Additional income generation forecast in registration services (£0.015m), increased income from advertising (£0.074m), increased court fee income in Council Tax, unbudgeted new burdens income within Housing Benefit services (£0.485m), Facilities Management one-additional Rental Income (£0.174m) from DWP and NHS for inflation and service charges respectively and backdated DWP income relating to expenditure in 2021/22 (£0.208m).
- 4.2.25 **Unbudgeted Pressure £11.373m**
Peoples - The majority of the emerging pressures across Peoples is due to the cost of placements in social care, which is a position seen nationally, £2.212m in adult social care is due to increased costs in Mental Health services and for the younger adults due to the rising costs of complex placements transitioning from children's social care.
- 4.2.26 Within the Mental Health service whilst there has been a reduction since this time last year of clients accessing Residential and Nursing placements of 12%, the average weekly costs have increased by 9%.
- 4.2.27 The service has seen a 3% increase since this time last year for those clients supported in the community, with an additional increase in weekly costs of 17%.
- Costs for younger adults supported in the community have seen an increase in the average cost from this time last year of 48% - demand has also increased by 11%
 - Residential and Nursing packages has increased by 10%
- 4.2.28 Childrens placement costs pressure totals £4.262m; this is partially offset with the UASC income detailed above. Whilst numbers of children in care are reducing compared to the same period last year, the costs of externally commissioned placements, together with the use of unregulated placements for looked after children where a regulated placement cannot be found, continues to place significant pressure on the placements budget.
- 4.2.29 This is not a unique issue for Derby, and is a national problem, due to the broken market for children's care placements. Steps are being taken nationally and locally to address the children's placement market.
- 4.2.30 Other pressures include the cost of travel £0.120m – the level of travel activity is returning to pre-covid activity with the associated costs, however budgets across the council were reduced to reflect the change of working patterns as part of the MTFP savings. This is generating an emerging pressure.
- 4.2.31 Communities & Place - The cost of electricity for the street lighting is currently forecasting a pressure of £0.270m against a total budget of £0.987m.
- 4.2.32 Within Leisure a pressure of £0.143m is emerging due to the non-domestic rates charges exceeding the allocated budget.

- 4.2.33 Across public protection and street pride services are emerging pressures totalling £1.016m. This is made up of the depot workshop costs £0.5m relating to the maintenance of the aging fleet and the increased costs of parts, an overspend of £0.150m within Bereavement services on unplanned repairs, Trade waste £0.166m which is a historic pressure from the transfer of contract – this may be mitigated depending on any profit share materialising, and the Waste Disposal £0.2m this is mostly due to a 10% inflation on the Blue and Brown bin waste contracts from June (3% was planned in the budget)
- 4.2.34 Parking services & Traffic and Transport are reporting pressure of £0.814m, This is mostly due to contract costs, which have increased in Parking services and overspends across various expenditure lines within Traffic and Transportation teams.
- 4.2.35 A net pressure within City Growth and Vibrancy of £0.065m is mostly due to staffing cost pressures and an additional unbudgeted payment to the museums to cover additional pension costs.
- 4.2.36 Strategic Housing has an emerging issue due to the increased costs of hotel accommodation creating a £0.193m pressure.
- 4.2.37 Corporate Resources - Unbudgeted and emerging pressures across corporate resources total £2.278m. This is made up of the following; costs relating to the final 2 months of contracts for services that ended as part of the MTFP saving in human resources £0.028m and an increase in postage costs £0.110m. Postage costs are seeing an increase of circa 17% from November 2023.
- 4.2.38 The pressure on housing benefit subsidy and discretionary payments is £2.048m. Over the last 3 years there has been a dramatic increase in discretionary payments due to the economic crisis, meaning more and more families are forced to leave their homes due to rent arrears caused by high rents and increasing bills. Subsidy losses occur from the use of temporary board and lodgings for people that are homeless and supported accommodation for those customers who require additional support. The government formula for repaying councils for supported accommodation and homeless accommodation creates a significant pressure for the council.
- 4.2.39 There are also pressures in Property Services of £0.044m for a shortfall in rental income and a reduction in capital fees within Estates of £0.048m due to reduced capital programme activity.
- 4.2.40 **Underspends (£2.156m)**
- 4.2.41 Peoples - Across Peoples services are emerging underspends due to non-essential spend of (£0.111m) in ASC and (£0.190m) in CYP – these underspends are mitigating pressures across the service.
- 4.2.42 Communities & Place - Across the service are emerging underspends due to concessionary fares (£0.544m) and residual budgets across leisure including balances of residual budgets in Moorways and Queens leisure centre totalling (£0.341m) these underspends are mitigating pressures in the service.

- 4.2.43 Corporate Resources - Across the service are emerging one off underspend due to contracts in IT infrastructure – due to adjusting the implementation timescales of projects (£0.575m) and a minor underspend in HR of (£0.049m) which is made up of service underspends .
- 4.2.44 Corporate budgets have a minor underspend of (£0.062m) and an underspend on the Opportunity Fund of (£0.103m) and a contingency underspend of (£0.181m) due to continued spend moratoriums to mitigate overspends.
- 4.2.45 **Forecast Unachieved Savings £1.772m**
- 4.2.46 The Councils revenue budget for 2023/24 includes savings targets for each directorate in order to support a balanced budget position. The Qtr.2 forecast achievement of these savings is outlined below:

Directorate	Budget Savings Targets £m	Forecast Full year effect of savings delivered £m	Variance £m	Forecast % Achieved
Peoples Services	(6.262)	(6.159)	0.103	98 %
Communities and Place	(5.067)	(4.886)	0.181	96 %
Corporate Resources	(4.617)	(4.357)	0.260	94 %
Council Wide	(0.250)	-	0.250	-
Subtotal for 2023/24 Savings	(16.196)	(15.402)	0.794	95%
Previous Years savings				
2022/23 Council-wide	(0.978)	-	0.978	-
Total	(17.174)	(15.402)	1.772	90%

- 4.2.48 The Council is forecast to achieve 95% of the total saving target for 2023/24. However unachieved previous years council wide savings reduces the percentage to 90%. Below is an outline for each directorate and the council wide savings issue.
- 4.2.49 **Council Wide previous year unachieved savings of £0.978m**
There are unachieved savings from previous years that need to be mitigated which include:
- 4.2.50 The council wide contract saving of £0.650m was not achieved in full due to a combination of exceptional rising inflation and lack of identified opportunities.
- 4.2.51 The Council House front door reconfiguration saving of £0.134m has slipped and will be achieved through the front door review that is currently being carried out.
- 4.2.52 Historic Saving of £0.194m, further work needs to be carried out to identify mitigation plans
- 4.2.53 The Peoples Services Directorate is forecast to achieve 98% of its savings requirement, there is currently forecast unachievable savings of £0.103m these include:

- 4.2.54 There is £0.043m unachieved saving in Quality Standards and Performance in the learning and skills team due to delays in the restructure impacting on the ability to deliver sold services.
- 4.2.55 There is a £0.060m pressure in premises costs at Ashtree House and Stanley Road because the plan to move teams into the council house has been delayed.
- 4.2.56 The Communities and Place Directorate is forecast to achieve 96% of its savings requirement, there is currently forecast unachievable savings of £0.181m which include:
- 4.2.57 Strategic Housing have an unachieved saving of £0.026m against a planned £0.062m saving for optimisation of capitalisation across Strategic Housing posts due to higher than forecast staff costs ineligible for capitalisation.
- 4.2.58 Economic growth unachieved saving of £0.020m because of a strategic decision after the budget was set to continue with the Council's annual subscription in 2023/24 to the Midlands Engine Partnership.
- 4.2.59 There is an unachieved saving in Refuse due to a delay in reducing an FTE in the supervisory team of £0.045 due to long term sickness absence. A further review of the service is being carried out.
- 4.2.60 Energy pressures – following a review of options to reduce pressure on energy costs by £0.060m for street lighting, the legal and liability risks raised were assessed as not value for money for the small level of saving that might be achieved.
- 4.2.61 There is a £0.030m unachieved saving due to the delayed staffing restructure within Derby Live for the delivery of events.
- 4.2.62 **The Corporate Resources Directorate** is forecast to achieve 94% of its savings requirement, there is currently a forecast unachievable savings of £0.260m
- 4.2.63 There is an unachievable property rationalisation saving of £0.100m. Current resource and progress for 2023/24 requires further input to identify properties and associated revenue savings from the disposal of these properties. This saving is expected to slip and an alternative savings will need to be found in the first instance to mitigate this saving in year.
- 4.2.64 From the £0.5m saving target in the MTFP to deliver a review of admin and finance functions across the council, it is currently forecast that £0.120m will be unachievable in 2023/24 but this will be achieved in 2024/25.
- 4.2.65 There is an unachievable saving of £0.040m to reduce the Central Midlands Audit Partnership - CMAP support for the council, this was an additional saving which is not included in the SLA.
- 4.2.66 **Council Wide Saving** - There is an unachievable saving of £0.250m due to lack of identified opportunities.

4.3 Mitigations

In order to remain within budget and reduce/negate the need to utilise reserves all overspending budgets will require service mitigation plans. There will be continued focus throughout the year on spending panels, spending moratoriums and vacancy control which will help ensure the Council delivers a balanced position to mitigate any potential use of reserves. There will also be an ongoing use of reserves to check and challenge of use and commitments to potentially free up resources to fund any final out-turn pressure. Below outlines the current position per directorate and current plans for mitigations.

4.3.1 Peoples Services Directorate

Area	Current Budget	Full Year Forecast Spend	Q2 Forecast Outturn Variance	Q1 Forecast Outturn Variance	Movement
	£m	£m	£m	£m	£m
Peoples	188.200	190.872	2.672	1.601	1.071

The Peoples directorate outturn position is forecast outturn position is a £2.672m an increased overspend of £1.071m from Qtr.1.

4.3.2 The differences between Qtr.1 monitoring and Qtr.2 for Peoples Services:

Area	£m
Reduction to Pay Award net pressure	(1.078)
Increase to Other Pay Savings	(0.525)
Increase to Net Income Position	(0.683)
Increase to unachieved savings	(0.022)
Increase to Unbudgeted pressures	2.991
Decrease to Underspends	0.388
Total	1.071

4.3.3 Mitigation Plans for Peoples services

4.3.4 Children's Services:

- Maintain the opening of all Council run children's homes and subject to appropriate matching of children based on their presenting needs maximise all available placements, noting that priority is given to stepping children down from costly external residential placements and/or unregulated placements
- First small children's home run by an external organisation opened in Derby during Qtr.2 with a young person stepped down from an external residential placement

- Continue to successfully build on recruiting specialist foster carers for specific schemes, Friends and Family, Supported Lodgings and the Fostering Plus Scheme launched in 2022/23 which aims to step down children from residential settings to specialist foster carers.
- D2N2 Recruitment and Retention Fostering Hub funded by Department for Education to develop a fostering service across the four authorities will roll out from April 2024 with Derby acting as the host; this would result in pump priming for Derby to host on behalf of D2N2.
- Continue to proactively follow up strategic discussions which started at the City Partnership Board about businesses across the city becoming Foster Friendly organisations in anticipation this will increase enquiries and approvals
- Targeted and purposeful prevention of children coming into care and thereby avoiding future cost remains critical. The Staying Together team continues to work with families to appropriately and safely prevent children coming into care
- Mobilisation of further SMART contract opportunities for home to school transport following successful implementation of initial contract in September
- Continued use of alternative qualified workers to maintain low level of agency social workers.

4.3.5 Adult Social Care:

- Corporately as part of implementing the senior management restructure we are prioritising income maximisation and debt collection thus ensuring that income due to the Council is appropriately managed
- Reviewing community packages to ensure the appropriate size package has been embedded into the social care process and work to reduce new allocations through adult social care panel processes.
- Undertake deep dive into mental health community spending.
- Working with Children services upstream to manage transitions case costs
- Working to maximise government grants and contributions from health.

4.3.6 Communities and Place Directorate

Area	Current Budget	Full Year Forecast Spend	Q2 Forecast Outturn Variance	Q1 Forecast Outturn Variance	Movement
	£m	£m	£m	£m	£m
Comms & Place	44.299	46.197	1.898	2.696	(0.798)

The Communities and Place directorate forecast outturn position is a £1.898m a reduction in the overspend of (£0.798m) from Qtr.1.

4.3.7 The differences between Qtr.1 monitoring and Qtr.2 for Communities and Place:

Area	£m
Reduction to Pay Award net pressure	(0.608)
Increase to Other Pay Savings	(0.284)
Increase to Net Income Position	(0.482)
Increase to Underspends	(0.751)
Increase to unachieved savings	0.026
Increase to Unbudgeted pressures	1.301
Total	(0.798)

4.3.8 Mitigation plans for Communities and Place

4.3.9 Within Streetpride services, front line resource is required to be operating at full capacity in order to complete all scheduled rounds. A full review of the operating model and collection rounds is planned to identify opportunities for efficiencies.

4.3.10 Resources Directorate

Area	Current Budget	Full Year Forecast Spend	Q2 Forecast Outturn Variance	Q1 Forecast Outturn Variance	Movement
	£m	£m	£m	£m	£m
Resources	52.020	52.782	0.762	0.816	(0.054)
Total					

The Resources directorate forecast outturn position is a £0.762m a reduction in the overspend position of (£0.054m).

The differences between Qtr.1 monitoring and Qtr.2 for Corporate Resources:

Area	£m
Reduction to Pay Award net pressure	(0.984)
Increase to Other Pay Savings	(0.479)
Increase to Net Income Position	(0.016)
Increase to Underspends	(0.669)
Decrease to unachieved savings	(0.055)
Increase to Unbudgeted pressures	2.149
Total	(0.054)

4.3.11 Mitigation plans for the Resources

4.3.12 Resources budgets are typically staff based and the continued focus on staffing expenditure and turnover through either a moratorium on spend in these areas as appropriate or review at spending panel. This will continue for the remainder of the year in order to reduce spend and help mitigate overspends.

- 4.3.13 There will be a focus on essential spend only in other areas of Resources including Property services and a focus on increasing income where possible for example through rental of spaces.

4.4 Reserves

- 4.4.1 **General Fund Balance:** At 30 October 2023, the General Fund Balance is £8.933m. This is in line with the councils reserves policy with expected percentage of budget being at 3.14% of the 2023/24 net budget requirement. However due to the Qtr.2 overspend a commitment of £4.304m has been allocated to this reserve, which has resulted in a current year forecast remaining balance of £4.629m (1.63%) and a future years forecast balance of £9.907m. This future years balance is reliant upon the planned replenishment of £2.639m in 2024/25 and a further £2.639m in 2025/26.
- 4.4.2 **Budget Risk Reserve:** This has a forecast balance of zero in 2023/24 after apportioning £2.256m of the current forecast Qtr.2 overspend and a future year's forecast balance of £0.752m. The future years balance is reliant upon planned replenishment including £2m in 2024/25 and £1m in 2025/26 approved in the current MTFP.
- 4.4.3 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. School balances as at 30 October 2023 for the 36 remaining LA maintained schools are £9.324m.
- 4.4.4 For context, the reserves balances are reliant on assumptions in the current MTFP that reserves will be replenished by £10.278m as follows:

24/25 - £5.639m

- £2.639m to the General Fund Reserve
- £2.0m to the Budget Risk Reserve
- £1.0m to PFI reserve (cost of change)*

25/26 - £4.639m

- £2.639m to the General Fund Reserve
- £1.0m to the Budget Risk Reserve
- £1.0m to PFI Reserve (cost of change)*

*In line with the latest MTFP, the cost of change replenishment has a further 2 years (2026/27 and 2027/28) to run at £1m per year which will be factored into the rolling MTFP.

4.5 Capital Monitoring

- 4.5.1 The capital expenditure forecast for 2023/24 has been reviewed and the updated full year forecast is now £233.406m. There is a forecast variance of £7.193m against the original approved budget of £226.213m agreed by Full Council in February 2023.

4.5.2 The table below analyses the main variances by service area:

2023/24 Capital Programme by Service Area	Original Approved Capital Budget	Outturn Slippage approved June 2022	Revised Approved Budget	Actual Spend	Full year forecast/ Revised Budget	Forecast Variance to Final Approved Budget
	£m	£m	£m	£m	£m	£m
Schools	29.494	2.015	31.509	7.386	21.736	(7.759)
Housing General Fund	5.807	2.913	8.720	2.875	7.997	2.191
Property Improvement	19.031	0.505	19.536	7.623	19.373	0.342
Flood Defence	0.436	0.182	0.618	(0.017)	0.235	(0.201)
Highways & Transport	59.299	12.321	71.620	8.022	47.809	(11.489)
Vehicles Plant & Equipment	7.038	0.017	7.055	37.755	46.351	39.313
Regeneration	65.684	10.290	75.974	15.403	56.313	(9.372)
Information and Communication Technologies (ICT)	4.144	1.033	5.177	2.890	5.677	1.533
Housing Revenue Account (HRA)	33.469	1.118	34.587	1.992	26.439	(7.030)
Corporate	1.811	16.488	18.299	(0.500)	1.477	(0.335)
Total	226.213	46.882	273.095	83.428	233.406	7.193

4.5.3 There has been a total of £7.193m changes this quarter. There are delegated changes of £35.980m and therefore (£28.512m) of changes which require approval. Appendix 2 details major programme variances, with further minor changes requiring approval in Appendix 3 and delegated approvals in Appendix 4. The overall variance from original to forecast outturn is made up as follows:

4.5.4

Programme variance	
Reason for variance	Amount £m
Outturn slippage detailed and approved in the 2022/23 Outturn Report	46.882
Qtr. 1 changes	(47.157)
Quarter 1 Reported Net Changes:	(0.275)
Quarter 2 changes:	
Changes requiring approval this Qtr. (Appendix 2 & 3)	(28.512)
Pre Qtr.2 Cabinet & Delegated Approvals (Appendix 4)	35.980
Quarter 2 Reported Net Changes:	7.468
Total Net Programme Variance	7.193

4.5.5 Capital Programme - Main Outturn Variances

The main variances between actual capital expenditure and the approved budget as per Qtr. 1 are outlined at Appendix 2, variances per strategy area are included in the table below:

4.5.6

Strategy Area	Variance £m	Slippage to future years £m	Budget b fwd from 2024/25 £m	Additions £m	Others (reallocations / increases and reductions) £m
Schools	(1.332)	(1.332)	-	-	-
Housing General Fund	(0.023)	-	-	0.203	(0.226)
Flood Defence	(0.383)	(0.131)	-	-	(0.252)
ICT	0.500	-	-	0.500	-
Property Improvement	(0.706)	(0.586)	-	0.134	(0.255)
Highways & Transport	(21.706)	(20.783)	-	0.062	(0.985)
Vehicles Plant & Equipment	39.289	(0.743)	37.560	0.687	1.785
Regeneration	(3.692)	(5.440)	-	0.068	1.680
Housing Revenue Account (HRA)	(2.744)	(3.074)	-	-	0.330
Corporate	(1.735)	-	-	-	(1.735)
TOTAL	7.468	(32.088)	37.560	1.655	0.341

4.5.8 Section 106 Contributions

Current S106 balances are £22.036m. The table below shows these balances and commitments for S106 contributions. For a detailed list of S106 contributions contact Head of Finance at Toni.nash@derby.gov.uk:

4.5.9

Position	£m
Opening balance as at 01/4/23	19.439
Received to date	2.597
Total Available	22.036
Committed	(8.827)
Balance Remaining	13.209

4.6 Treasury Management

4.6.1 The Treasury Management forecast outturn for 2023/24 is a net balanced position as at 30 September 2023.

4.6.2 The 2023/24 revenue budget includes £0.670m use of TM reserves to provide an appropriate budget for the forecast requirement.

- 4.6.3 As at the 30 September 2023, the total debt portfolio of the Council (including HRA debt) is £492.014m offset by investments of £46.298m resulting in an overall net debt position of £445.716m.

External Borrowing	As at 31/03/23 £m	As at 30/09/23 £m
Fixed Rate PWLB	283.752	285.104
Fixed Rate Market	20.000	20.000
Other Local Authorities	55.000	115.000
Other Loans	0.697	0.468
Other Long-term Liabilities:		
- Transferred Debt from other Local Authorities	0.193	0.193
- PFI Financing	70.228	70.228
- Finance Lease Liabilities	1.021	1.021
Total Gross External Debt	430.891	492.014
Investments	(16.697)	(46.298)
Total Net External Debt	414.194	445.716

- 4.6.4 The Council is in a need to borrow position. The cost of this borrowing is being forecast and is built into the Treasury Management budget and will require use of TM reserve. Due to current high interest rates, cashflow is being managed by short term borrowing to avoid being tied into longer term costly rates, this is being reviewed regularly. Any further impact above budgeted estimates will be mitigated from the TM reserve in the first instance.
- 4.6.5 At this point in time with interest rates rising the strategy is to borrow in the short term to alleviate any cash flow requirements – whilst monitoring and taking advantage of longer term borrowing when rates are favourable.
- 4.6.6 The 2021 Treasury Management Code introduced a new requirement for monitoring of the treasury management and capital expenditure indicators from 2023/24.

For Qtr. 2 this will be reported in the Treasury Management Mid-Year at December Cabinet and will be incorporated in future reports to cabinet.

4.7 Housing Revenue Account – HRA

The Housing Revenue Account (HRA) update on the management of the Council's housing stock.

4.7.1

HRA position as at 30 September 2023	Original Budget (annual) £m	Full year forecast £m	Forecast Variance £m
HRA	3.098	3.098	-

- 4.7.2 As part of the 30- year HRA Business Plan, the HRA is budgeted to use £3.098m from the HRA reserve in 2023/24. It is currently forecast on target to use £3.098m from the reserve for business- as-usual activity.
- 4.8 Dedicated Schools Grant – DSG**
The Dedicated Schools Grant (DSG) 2023/24 allocation for Derby is £307.529m and is split into four blocks: -
- Schools Block £228.23m
 - Central School Services Block £2.65m
 - High Needs Block £56.649m
 - Early Years Block £20m
- 4.8.1 The current in-year pressure being reported on the Dedicated Schools Grant is forecast at £11.529m against an initial unmitigated deficit budget set of £12.225m - a £0.696m reduction to the unmitigated budget.
- 4.8.2 **The High Needs Block** set a deficit budget for 2023/24 which included a contingency for growth and demand pressure of £5.514m, currently £4.818m of the contingency is required for the pressures detailed below leaving £0.696m variance, reducing the overall forecast deficit from £12.225m to £11.529m.
- 4.8.3 Within Derby the demand for Education and Health Care Plans (EHCP) continues to rise at an average of 65 new requests each month (an increase from 40 in 2022/23). Such an ongoing increase in EHCP's requests has led to larger number of plans undergoing assessment. Currently, our team are processing 366 open EHCP assessments. Of these, 107 are more than 20 weeks old.
- 4.8.4 The budget for additional support to children in mainstream schools across the City ('Top up Funding') was set at £7.06m for 2023/24. This is currently showing a pressure of £3.148m due to an increase in EHCP funding supporting mainstream schools additional to School's basic notional SEN allocations.
- 4.8.5 As at August 600 mainstream pupils are receiving top-up funding, with package costs ranging from £500 to £52,500 for the 2023/24 financial year, the current average cost of an E3 remains high at £11,356, this has risen since the end of May 23 from an average of £10,731.
- 4.8.6 Special schools are currently showing an underspend of £0.394m due to a delay in the implementation of the HUB & Spoke model and lower than predicted numbers in the personalised programmes for April to August 23.
- 4.8.7 The 2023/24 budget for Independent and out of authority specialist placements was increased by a further £0.8m to a budget of £18.75m. Due to the limited capacity for specialist placements within the city together with the increased costs this financial year is predicting a further pressure.
- 4.8.8 Current records show that in August 2023 there are 405 out of area placements this is a reduction from 2022/23 of 66 placements. However, the increased costs of placements have resulted in a pressure of £1.716m. The full year forecast of £20.463m at Qtr. 2 does include provision for a further 10 places not yet confirmed.

- 4.8.9 The annual average placement fee has increased by 26.87% for out of area Maintained and Academy schools and 18.67% for independent schools from 2022/23.
- 4.8.10 All other areas of the DSG are currently forecasting a balanced position at Qtr. 2

4.9 The Collection Fund – Council Tax and Business Rates

- 4.9.1 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 2023/24 will be the amounts determined in January 2023 for Council Tax and in the NNDR1 return completed in February 2023 for Business Rates. Therefore, the analysis below does not impact 2023/24 revenue budget.

4.9.2 Council Tax

At Qtr.2 the council are currently forecasting an overall Council Tax surplus of (£0.782m) with the Council's share of this being (£0.645m). This forecast is subject to change throughout the year

4.9.3 Business Rates

At Qtr.2 the council are forecasting a Business Rates deficit of £2.040m with Derby City Council's share of this being £1.047m. This forecast is draft and subject to further monitoring as appeals and bad debts are unpredictable and therefore difficult to forecast.

4.9.4 Impact of the Collection fund forecast on 2024/25

Forecast changes to assumptions in Medium Term financial plan at Qtr.2

Analysis	2024/25
Council Tax	
Surplus forecast Jan 2023	(0.345)
Business Rates	
Gross deficit forecast Jan 2023 (including Fixed exceptional balance to be recognized in 2023/24)	0.835
Total deficit recognized in 23/24 based on Jan 23 budget setting purposes	0.490
Updated estimates at 30/09/23	
Council tax estimated deficit	(0.645)
Business Rate deficit	1.047
Total deficit calculated	0.402
Total surplus to be recognised in 2024/2025	(0.088)

Given the potential volatility of the Collection Fund and further work needed on the Appeals provision for business rates, it is too early to include this in any revisions to the MTFP. The collection fund impacts will continue to be monitored and refreshed through this financial year. The final estimates for 2023/24 will be included in the NNDR1 form.

4.9.5 Collection comparison

As of 30th September 2023 the amount of Council Tax billed for the 2023/24 financial year is £145.573m, of which £78.745m or 53.82% has been collected. This compares with 53.66% at the same time last year.

- 4.9.6 As at 30th September 2023 the amount of Business Rates billed for the 2023/24 financial year is £86.601m of which £48.685m or 55.82 has been collected. This compares with 55.59% at the same time last year.

Public/stakeholder engagement

- 5.1 None directly arising – however suitable engagement will be actioned for all applicable expenditure.

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 implications are set out in the report.

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 can meet its statutory requirement to deliver a plan for a balanced out-turn for 2023/24. At this point it can use reserves – however the intention is to continue to look for alternative solutions as use of reserves is not without risk and impacts on the future financial resilience of the Council.

Climate implications

- 9.1 Non directly arising – however suitable engagement will be actioned for all applicable expenditure.

Other significant implications

- 9.2 **Equality implications**
Equality impact assessments are produced when setting the Councils budget.

Socio Economic implications

- 10.2 As outlined in the body of the report.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu – Head of Legal Services	24/10/2023
Finance	Toni Nash – Head of Finance	20/10/2023
Service Director(s)	-	
Report sponsor	Alison Parkin – Director of Finance	08/11/2023
Other(s)	Ann Webster - Lead on Equality & Diversity	25/10/2023
	Liz Moore – Head of HR	25/10/2023
For more information contact: Background papers: List of appendices:	Toni Nash: Toni.Nash@derby.gov.uk None Appendix 1 – Statement of reserves Appendix 2 – Capital – Main out-turn variances over £0.2m Appendix 3 – Capital – Further changes requiring approval under £0.2m Appendix 4 – Changes to Capital Programme made under Delegation Appendix 5 – Detailed analysis of Revenue Out-turn Variance	

Appendix 1

Statement of Reserves	2023/24 Opening Balance £m	In Year Movement £m	2023/24 Commitments £m	2023/24 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
General Fund							
Unallocated General Fund Balance	(8.933)	-	4.304	(4.629)	(5.278)	-	(9.907)
Balances Held By Schools	(9.323)	-	1.500	(7.823)	1.500	6.323	-
Budget Risk Reserve	(5.070)	0.685	4.385	-	(0.752)	-	(0.752)
TOTAL	(23.326)	0.685	10.189	(12.452)	(4.530)	6.323	(10.659)
Revenue Earmarked Reserves							
General Insurance Reserve	(2.804)	-	-	(2.804)	-	-	(2.804)
Yearend grants with restrictions	(4.392)	0.386	3.814	(0.192)	0.093	-	(0.099)
DEGF Interest Reserve	(0.252)	-	0.022	(0.230)	0.230	-	-
Regeneration Fund Reserve	(0.615)	-	0.318	(0.297)	0.297	-	-
Assembly Rooms Reserve	(1.930)	-	1.930	-	-	-	-
Delivering Change Reserve	(0.050)	-	0.038	(0.012)	-	-	(0.012)
Business Rate Pilot Reserve	(0.001)	-	0.001	-	-	-	-
Collection fund deficit smoothing reserve	(0.580)	-	-	(0.580)	0.580	-	-
Treasury Management Reserve	(4.207)	-	(0.983)	(5.190)	5.190	-	-
Public Health Reserve	(3.777)	-	-	(3.777)	-	3.777	-
Adult Social Care Reserve	(1.839)	-	0.726	(1.113)	-	1.113	-
Capital Feasibility Reserve	(0.479)	-	0.375	(0.104)	-	-	(0.104)
Cost of Change Reserve	(4.000)	-	1.000	(3.000)	3.000	-	-
Other Service Reserves	(10.320)	(0.500)	4.236	(6.584)	1.633	2.108	(2.843)
PFI Reserves	(25.576)	-	(1.594)	(27.170)	27.170	-	-
Earmarked Reserves to support the capital programme	(3.565)	-	-	(3.565)	-	3.223	(0.342)
TOTAL	(64.387)	(0.114)	9.882	(54.616)	38.191	10.221	(6.204)

	2023/24 Opening Balance £m	In Year Movement £m	2023/24 Commitments £m	2023/24 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
Housing Revenue Account (Ringfenced)							
Housing Revenue Account (Ringfenced)	(42.351)	-	3.098	39.253	-	-	(39.253)
Major Repairs Reserve	-	-	-	-	-	-	-
Other Earmarked HRA Reserves	-	-	-	-	-	-	-
TOTAL	(42.351)	-	3.098	(39.253)	-	-	(39.253)

To note: The transfer of £0.5m from Budget Risk Reserve to the Place Pilot Reserve, to correct the funding that was incorrectly included in the 2022/23 service outturn position and subsequently not transferred to reserves. As a result of this the drawdown on the Budget Risk Reserve at 2022/23 outturn position was understated by £0.5m. The funding was received from the Cabinet Office for the Derby Place Pilot scheme and is required to be repaid if funding is not spent.

Capital – Main out-turn variances over £0.2m

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Overspend £m	Reallocation	Additional Spend Backed by Funding £m	Spend Brought Forward £m	Explanation of variances over £200k
Corporate Resources							
Future Investment Pot	(1.725)			(1.725)			Required for the Derby and Derbyshire Waste Treatment Centre. This forecast includes site preservation costs and advisor fees during this period.
Corporate Resources Total	(1.725)	-	-	(1.725)	-	-	
Highways & Transport							
Strategic Network Management	(0.735)	(0.735)					Slippage of (£0.241m) DEFRA Retrofitting Grant to 2024/25: The Council are currently in dialogue with DEFRA on how the grant can be spent to ensure that the programme of works are mutually beneficial both for the Council and DEFRA. Given the negotiations taking place and the limited time/resource capacity remaining in the current financial year, there is limited prospect of the revised schemes being delivered in 2023/24. Slippage of (£0.494m) required. Work has been ongoing to agree a cross departmental scheme that met the Council's needs which was in line with the grant provider conditions, which has resulted in delays in implementation. The Cleaner Taxis grant is to be used towards providing electric infrastructure in Grove Street car park over a three year period. Year 1 (2023/24) will be linked to the Future Mobility Zones project and will be delivered with existing resource. The remaining project is split into packages for year 2 and 3.
The Bus Service Improvement Plan	(0.433)	(2.403)		1.970			£1.970m returned to the Future Transport Zone due to previous quarter change actioned in error. Slippage required of (£2.403m) to reprofile budget due to a delayed start to the project and subsequent extension of the project by 6 months, which has led to a delay in the delivery programme. A six month extension to the programme to September 2025 has been agreed by Department for Transport (DfT).
Future Transport Zone	(2.111)	(0.141)		(1.970)			(£1.970m) returned to BSIP code as description above (previous quarter change actioned in error). Slippage of (£0.141m) required due to Change to the original design and delivery of Campus and Neighbourhood e-Mobility Hub schemes have been necessary and agreed with funding body the DfT, along with an extension to the end of June 2025.
TCF Tranche 2 - Public Realm	(6.653)	(6.653)					Transforming Cities, a joint fund partner Nottingham City Council, was awarded to build a package of schemes to be delivered to strengthen transport and employment connections. The DfT, the awarding body, retain certain controls over the design and delivery of those schemes. Stage gate approval has now been received from the DfT for public realm scheme and has been sought for strategic corridor and cycle route schemes. This has resulted in a reprofiled budget with a revised target completion date of February 2025.
TCF Tranche 2 - Bus & Rapid Transit Links	(5.214)	(5.214)					
TCF Tranche 2 - LCWIP	(5.969)	(5.969)					
Highways & Transport	(21.115)	(21.115)	-	-	-	-	
Housing General Fund							
Disabled Facilities Grant 96 Act	0.203				0.203		Additional Disabled Facilities Grant (DFG) allocation for 2023/24 has been confirmed by the Department of Health and Social Care (DHSC)
Housing General Fund Total	0.203	-	-	-	-	-	

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Overspend £m	Reallocation	Additional Spend Backed by Funding £m	Spend Brought Forward £m	Explanation of variances over £200k
Housing Revenue Account (HRA)							
New & Replacement Central Heating	0.275		0.275				Increase to the number of replacement electric fires and Carbon Dioxide monitor installs delivered this year over and above planned budgeted figure, this is necessary to comply with Health and Safety. Additional spend will be funded from the Major Repairs Reserve.
Whitaker Street	(0.300)	(0.300)					Slippage required due to delays to programme and spend caused by issues with the contractor not having the correct piling equipment therefore reprogramming required which delayed start.
Warwick House	(1.000)	(1.000)					Slippage required due to delays to the programme due to a longer period than expected for determination of the planning application.
Drewry Lane	(0.478)	(0.478)					Slippage required due to delays to the programme due to a longer period than expected for determination of the planning application, therefore entry into contract and start on site dates have been pushed back.
HRA Total	(1.503)	(1.778)	0.275	-	-	-	
ICT							
Meraki Replacement Works	0.500				0.500		This allocation is to fund replacement networking equipment that needs to be implemented before June 2024 to avoid 25 sites being without connectivity, if not in place, including the Connect Derby sites. The current network equipment provider unexpectedly informed us that the equipment currently in place was end of life, could no longer be licenced and therefore would no longer work past June 2024. This is a new scheme to be added the programme.
ICT Total	0.500	-	-	-	0.500	-	
Property							
Swimming Pool New Build	(0.350)	(0.030)		(0.320)			(£0.320m) distribution of budget to fund the Stadium Store to be added as a separate scheme for reporting. The remaining (£0.030m) is an underspend.
Moorways Stadium Store	0.320			0.320			As above addition of the Stadium Store to be funded from existing budget above.
HOP - Reconfiguration	(0.422)			(0.422)			Distribution of budgets to various Homes for Older People (HOP) Reconfiguration - Perth & Arboretum House improvements as below.
HOP Reconfiguration – Perth & Arboretum House Improvements	0.407	(0.049)		0.456			£0.422m As above Distribution of budgets to various Homes for Older People (HOP) Reconfiguration for various works on homes. £0.034m movement is included in appendix 3.
Kedleston Road Heating System	(0.500)	(0.500)					Slippage is required, as a review of the roof has identified a need to delay works as it would be unwise to proceed throughout the winter season due to weather conditions.
Disabled Toilet Facilities - Levelling Up	0.200				0.200		Grant from the Department for Levelling Up, Housing and Communities (DLUHC) received for works in Toilet facilities.
Property Total	(0.345)	(0.579)	-	0.034	0.200	-	

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Overspend £m	Reallocation	Additional Spend Backed by Funding £m	Spend Brought Forward £m	Explanation of variances over £200k
Regeneration							
NAMRC Midlands	(0.434)	(0.434)					Slippage required into 2024/25 due to change in practical completion, which had previously been expected by 31 March 2023, slipped a few days to 3 April 2023. resulting in the final 3% retention payment being due in the next financial year April 2024 instead of the current financial year March 2024.
Smartparc	(1.410)	(1.410)					Smartparc expenditure has been slipped because the current focus is on working with Smartparc to help them secure further tenancies to ensure momentum on development is maintained and employment opportunities created as quickly as possible. The Council are proactively working with Smartparc to explore the most impactful use of the Council's funding allocation which could include further on-site infrastructure and opportunities created by new tenancies.
Ascend Capital	(1.000)	(1.000)					Ascend capital loan drawdown is now expected to slip to 2024/25, considering the time required for new/pipeline applications to come forward following a relaunch after the Ascend programme review, together with approval, detailed due diligence and contracting. The Ascend pipeline is now strong and it is expected that the majority of businesses are accessing the Ascend revenue support first to help formulate their detailed growth plan which in a number of cases will identify a capital funding need and subsequent capital loan application.
Climate Change Fund	(0.500)	(0.500)					The Climate Change Fund has a very healthy pipeline of project opportunities that demonstrate some impressive carbon savings, especially in the form of LED replacement schemes. The remaining LED project applications will be submitted once all the information and costings are confirmed for evaluation and approval, some of which are now expected to be 2024/25.
Market Hall Refurbishment - Phase 2	(2.000)	(2.000)					Over the summer, the project team have undertaken a review of the project to ensure the design meets the refined vision for the transformed Market Hall. This review has led to a re-design of the Central Stall area to ensure this critical location best meets the objectives of the project. As a result, the Contractor has re-programmed the corresponding value of construction works and cashflow profile which is a key driver for this slippage. In addition, the project team have also revised assumptions about the risk / contingency budget for the project based on current progress and slipped a proportion of this to a future year.
Our City Our River - Package 1	(0.407)		(0.407)				Derby Riverside budget reprofiled to reflect latest forecast target cost for project infrastructure and land purchase. Additional spend will be funded by Environment Agency Grant.
Our City Our River - Package 2	2.680		1.438		1.242		
Our City Our River - Munio	(1.031)		(1.031)				
Regeneration Total	(4.102)	(5.344)	-	-	1.242	-	

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Overspend £m	Reallocation	Additional Spend Backed by Funding £m	Spend Brought Forward £m	Explanation of variances over £200k
Schools							
Littleover S106 Expansion - 2021 to 2023	(0.324)	(0.324)					The Council are continuing to explore a potential opportunity to incorporate the proposed works within a larger scheme to achieve greater economies of scale that will better meet longer term school place planning requirements. This therefore requires the slippage of the £0.324m in ringfenced s106 funding into 2024/25 whilst the Council continues to explore this potential opportunity.
Childrens Home Accommodation Strategy	(0.340)	(0.239)		(0.101)			Slippage is required of £0.239m into 2024/25. This is a joint initiative across D2N2 authorities and two Health Authorities for complex and specialist placements. Work is continuing to finalise the co-production of the specification, soft market testing with providers, progress the procurement and commissioning process to appoint a provider, and then jointly work with the provider to purchase properties, with an integrated approach. This has therefore led to the revised cashflow forecast for the scheme. Following the completion of detailed design and procurement work, it is necessary to increase the budget of the Homes 2 Inspire scheme by £0.101m, to be funded by an allocation of existing Childrens Homes Accommodation Strategy capital programme funding approved for this programme of work.
D2N2 Childrens Homes	(0.300)	(0.300)					It has been necessary to slip the funding following a review of specific provision requirements, procurement and appointment of provider, and now jointly sourcing of appropriate properties available on the market. This has meant that property acquisitions are likely to be later than initially programmed and a reprofiling of proposed adaptations is required as a result.
Schools Total	(0.964)	(0.863)	-	(0.101)	-	-	
Vehicle, Plant & Equipment							
New Waste Plant Treatment Centre	1.725			1.725			Required for the Derby and Derbyshire Waste Treatment Centre. This forecast includes site preservation costs and advisor fees during this period. This has been added to the programme in year and proposed to be funded from the Future Investment Pot.
Refuse Vehicles & Plant	0.895	(0.135)				1.030	Funding brought forward of £1.030m for the purchase of refuse vehicles now due to arrive on site in February 2024, because it was more cost effective to purchase the vehicles this year (in advance) to secure fixed price and avoid added inflationary costs. Slippage of (£0.135m) is required due to a hold on planned vehicle replacement purchase while a review of Vehicle Storage is undertaken, therefore slippage required until a decision has been made,
Street Cleaning Equipment	(0.404)	(0.404)					Slippage of (£0.404m) is required due to a hold on planned vehicle replacement purchase while a review of Vehicle Storage is undertaken, therefore slippage required until a decision has been made,
Derby Homes Vehicles	0.660				0.660		Addition of the Purchase of funded from external contributions.
Vehicle, Plant & Equipment Total	2.876	(0.539)	-	1.725	0.660	1.030	
Total Major Variance	(26.175)	(30.218)	0.275	(0.067)	2.805	1.030	
Other Variances							
Variance less than £200k	(2.337)	(2.335)	(0.229)	0.067	0.160		See Appendix 3 which outlines all changes requiring approving this Qtr.

Delegated approval changes plus outturn slippage	35.980		(0.035)	(0.684)		36.699		See Appendix 4 which outlines all changes requiring approving this Qtr.
Other Variances Total	33.644		(2.370)	(0.913)	0.067	36.860	-	
TOTAL	7.468		(32.588)	(0.638)	-	39.664	1.030	

Capital – Further changes requiring approval under £0.2m

Summary of Further Changes to the Capital Programme 2023/2024	Latest Approved Capital Programme Budget 2023/24 £m	Revised Capital Programme Budget 2023/24 £m	Change £m	Category
Flood Defence Programme				
Markeaton Brook Stiling Bay Reinstallation	0.101	-	(0.101)	UBC
Oakwood Flood Study	0.011	0.070	0.059	UBC
Thulston Brook Flood Study	0.050	0.020	(0.030)	UBC
Oakwood Natural Flood Maintenance	0.059	-	(0.059)	UBC
Total Changes Flood Defence	0.221	0.090	(0.131)	
Highways & Transport Programme				
Land Drainage & Flood Defence	1.153	1.052	(0.101)	UBC
Local Traffic Management	1.074	1.083	0.009	UBC
Pedestrian Accessibility	0.040	0.031	(0.009)	UBC
Total Changes Highways & Transport	2.267	2.166	(0.101)	
Housing General Fund				
Works at Shelton Lock	0.150	-	(0.150)	(0.080m) - GG (0.070m) - EC
Performance Venue/Padley Centre	0.876	0.800	(0.076)	GG
Total Changes Housing General Fund	1.026	0.800	(0.226)	
HRA Programme				
PVCU Windows & Doors	1.500	1.600	0.100	MRA
One-off Mods/Major Refurbishments	1.207	1.059	(0.148)	MRA
Re-Roofing	2.626	2.746	0.120	MRA
The Knoll NB	0.426	0.277	(0.149)	MRA/CR
Riverview Site (Previously Britannia Court)	0.200	0.050	(0.150)	MRA/CR
HRA Shops	0.200	0.075	(0.125)	MRA
Crompton Street	0.020	0.120	0.100	MRA/CR
Falcon	0.200	0.050	(0.150)	MRA/CR
Brentford Drive	0.200	0.050	(0.150)	MRA/CR
Pre-Development Costs	1.312	1.144	(0.168)	MRA/CR
Greenwood Avenue	0.128	0.028	(0.100)	MRA/CR
Cricklewood Road	0.200	0.060	(0.140)	MRA/CR
Kitchens and Bathrooms	2.789	2.705	(0.084)	MRA
Communal Door Entry Systems	0.050	0.010	(0.040)	MRA
Rewiring/Electrical Upgrades	0.604	0.664	0.060	MRA
HRA Fire Safety	0.800	0.808	0.008	MRA
Oakland Avenue	0.020	0.108	0.088	0.053m - MRA 0.035m - CR
The Grange	0.120	0.035	(0.085)	(0.051m) - MRA (0.034m) - CR
Cummings Street Car Park	0.106	0.127	0.021	0.013m - MRA 0.008m - CR
Elmwood	0.120	0.040	(0.080)	(0.048m) - MRA (0.032m) - CR
Water Service	0.050	-	(0.050)	MRA
The Meadows (Snelsmoor Grange)	-	0.060	0.060	0.036m - MRA 0.024m - CR
Monyash Close	0.253	0.075	(0.178)	MRA/CR
Total Changes HRA	13.131	11.891	(1.240)	

Summary of Further Changes to the Capital Programme 2023/2024	Latest Approved Capital Programme Budget 2023/24 £m	Revised Capital Programme Budget 2023/24 £m	Change £m	Category
Property				
Parklife Strategic Football Hub	11.293	11.143	(0.150)	EC
Parks - Various	-	0.002	0.002	CRES
Chellaston Park	-	0.064	0.064	S106
Arboretum Park	0.034	0.037	0.003	S106
Darley Park Improvement	0.049	-	(0.049)	S106
Oakwood Park Improvements	0.031	0.025	(0.006)	S106
Heatherton Community Centre	0.037	-	(0.037)	S106
Darley Fields Frontage Improvement	-	0.049	0.049	S106
Stockbrook Street Recreation Ground	0.031	0.034	0.003	S106
South Avenue Park	0.102	0.087	(0.015)	S106
Parks Levelling Up Fund	0.103	0.041	(0.062)	GG
Parks & Open Spaces Rolling Programme	0.300	0.250	(0.050)	UBC
The Sanctuary	-	0.004	0.004	S106
Darley Playing Fields	0.055	-	(0.055)	UBC
Preliminary Design	0.236	0.218	(0.018)	UBC
Council House - Replacement of CCTV	-	0.001	0.001	UBC
Littleover Community School - Bungalow	0.050	0.016	(0.034)	UBC
Project Development - Property Improvement	-	0.006	0.006	UBC
Marble Hall - Fence Upgrade	-	0.011	0.011	UBC
Darley Park Rangers Centre - Roof Replacement	0.242	0.297	0.055	UBC
Sinfin Children's Centre - Rain Canopy Installation	-	0.006	0.006	UBC
Spondon Village Hall - Window Replacement	-	0.013	0.013	UBC
Whitaker T2 - Window Replacement	-	0.013	0.013	UBC
2 Stanley Road - Window Replacement	0.074	0.058	(0.016)	UBC
Ashtree House - Window Replacement	0.074	0.058	(0.016)	UBC
Moorways Sports Village Gym Development	-	0.084	0.084	S106
Multi-Cultural Education Centre - Heating System Improvements	0.099	-	(0.099)	UBC
Multi-Cultural Education Centre - Upgrades	0.272	0.371	0.099	UBC
Total Changes to the Property Programme	13.082	12.888	(0.194)	
Regeneration				
Derby Enterprise Growth Fund - Recycled	0.648	0.620	(0.028)	CR
Our City Our River	0.296	0.474	0.178	GG
Total Changes to the Regeneration Programme	0.944	1.094	0.150	
Schools				
Priority Homes 2 Inspire	0.060	0.161	0.101	UBC
Ridgeway Infant - Structural Works	0.376	0.256	(0.120)	SCE C SCA
Adaptions For Foster Carers	0.083	-	(0.083)	SCE C
Design Works	-	0.074	0.074	SCE C SCA
New Castleward School	0.118	0.059	(0.059)	S106
Gayton Community School - Boiler Replacement	0.244	0.153	(0.091)	SCE C SCA
Meadow Farm Primary - Roof Works	0.644	0.625	(0.019)	SCE C SCA
Murray Park - Window Replacement	0.273	0.264	(0.009)	SCE C SCA
Shelton Infant - Boiler Replacement	0.380	0.399	0.019	SCE C SCA
Shelton Junior - Window Replacement	0.300	0.201	(0.099)	SCE C SCA
Bemrose School - Structural Works	0.118	0.003	(0.115)	SCE C SCA
Littleover School - Roof Works	0.188	0.223	0.035	SCE C SCA
Total Changes to the Schools Programme	2.784	2.418	(0.366)	
Vehicles, Plant & Equipment				
Grounds Plant & Equipment	0.389	0.349	(0.040)	UBSF
Replacement of Leased Vehicles	0.096	0.075	(0.021)	UBSF
Safer Streets Fund - Phase 4	0.095	0.084	(0.011)	GG
Public Realm Equipment	0.010	-	(0.010)	GG
Childrens Home Vehicles	0.007	0.008	0.001	CR
Flood Risk Management Vehicles	0.034	-	(0.034)	UBC
Highways Vehicle, Plant & Equipment	0.250	0.137	(0.113)	UBSF (0.285m) UBC
Total Changes to the VPE Programme	0.882	0.653	(0.229)	
TOTAL CHANGES TO PROGRAMME	34.337	32.000	(2.337)	

Key of Categories	Category
Additional schemes from new funding secured	A
Scheme increase funded by previous years' reserves income	A1
Re-phasing	S
Profiling of New additional spend approved	P
Other Adjustments - Scheme Reductions/Increases	R1
Re-allocated Within Departments Programme	R2
Re-allocated To Different Departments Programme	R3

Changes to Capital Programme made under Delegation

Strategy Area and Scheme	Latest Approved Capital Programme Budget 2023/24 £m	Revised Capital Programme Budget 2023/24 £m	Change £m	Category
Flood Defence				
Local flood alleviation scheme	0.450	0.050	(0.400)	
Cuttlebrook Flood Alleviation Scheme	0.048	0.030	(0.018)	
Kings Croft Preliminary Drainage Design	0.045	0.035	(0.010)	
Thulston Brook Flood Study	0.010	0.050	0.040	
Oakwood Natural Flood Maintenance	-	0.059	0.059	
Markeaton Brook Stiling Bay Reinstallation	0.044	0.101	0.057	
Previsico - Flood Defence Software	0.010	-	(0.010)	
Pumping Station Asset Management	-	0.030	0.030	
Total Delegated to Flood Defence	0.607	0.355	(0.252)	
Highways & Transport Programme				
Asset Management - Structures Maintenance	1.272	1.268	(0.004)	UBC
Asset Management - ITS Network Management Maintenance	1.134	1.006	(0.128)	UBC
MULTIPLE - Network Management - Local Traffic Management	1.013	1.074	0.061	UBC
Public Transport - Public Transport	0.684	0.016	(0.668)	UBC
Street Lighting LED Replacement	0.828	0.844	0.016	UBC
Asset Management - Land Drainage & Flood Defence	0.946	1.153	0.207	UBC
Highways Trees	0.189	0.214	0.025	UBC
Total Changes Highways & Transport	6.066	5.575	(0.491)	
Property				
Sinfin Park - Zipline	-	0.024	0.024	S106
Chaddesden Park Play Area	-	0.017	0.017	S106
Energy Projects	0.325	0.585	0.260	SCE C
Parks & Open Spaces Rolling Programme	0.250	0.300	0.050	UBC
Springwood Leisure Centre Equipment	-	0.027	0.027	S106
Total Delegated Property Total	0.575	0.953	0.378	
Regeneration				
Carbon Reduction Fund	2.503	2.243	(0.260)	
Ascend Fund	1.487	1.237	(0.250)	
Regeneration Capital Loans	0.750	1.240	0.490	
FHSF Eastern Gateway	5.247	5.007	(0.240)	
Total Delegated Regeneration Total	9.987	9.727	(0.260)	
Schools				
Devolved Formula Capital	0.816	0.760	(0.056)	SCE C DFC
Ridgeway Infant - Boiler Repair	-	0.056	0.056	SCE C DFC
Total Delegated to Schools	0.816	0.816	-	
Vehicle, Plant & Equipment				
New Waste Plant Facility	-	36.570	36.570	UBC
Flood Risk Management Vehicle Renewal	-	0.034	0.034	UBC
Total Delegated to Vehicle, Plant & Equipment	-	36.604	36.604	
Total Net Changes	18.051	54.031	35.980	

Appendix 5

	Pay					Income														
Area	Gross Pay Award	Mitigations	Turnover	Agency - Social Workers	Unfunded posts	Unaccompanied Asylum Seekers	Learning and skills sold service	Education Welfare Officers sold service income	Other generated income and small grants across CYP	One off Cyber security funding	Registrations income	Increased Council Tax Court Costs & Housing Benefit Bad Debt Collection	Backdated DWP income	Public Protection & Street Pride inc. Bereavement Services	City Sustainability - inc. Highways Maintenance & Engineering	C& P Unachieved income inc. Derby Arena (offset by Springwood)	FM - Additional one off rental income	Strategic Housing - over achieved rents/income	In-year underspend	OCOR project
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Peoples Adults and Public Health	0.470	-0.470	-1.272																	
Peoples CYP	0.895	-0.608	-0.179	-0.298	0.471	-2.122	0.203	-0.192	-0.622											
Comms & Place	1.021	-0.621	0.347											-0.078	-0.342	-0.042				
Comms & Place - Major Projects	0.033	0.000																-0.107	-0.110	
Corporate - Property	0.286	-0.266															-0.174			
Corporate																				
Corporate Resources - Service support	0.718	-0.718	0.130							-0.074	-0.015	-0.485	-0.208							
Council-wide																				
TOTALS	3.423	-2.683	-0.974	-0.298	0.471	-2.122	0.203	-0.192	-0.622	-0.074	-0.015	-0.485	-0.208	-0.078	-0.342	-0.042	-0.174	-0.107	-0.110	
					-0.061															Total Inco -4.368

	Previous Year Savings				Current Year Savings											Emerging Underspends									
Area	Contract Saving	Revs & Bens Restructure	Corporate Resources historic savings	Customer Management -Front Door	Contract Savings	Estates Property Rationalisation	Services review	Internal Audit - reduced SLA	Quality standards Performance	Ashtree & Stanley road premises	Strategic Housing Capitalisation Target	Economic Growth restructure saving	Refuse - Reduction in supervisory team within refuse collection by IFFE	Engineering - ENERGY SAVING: Switch off/Dim street lights on major routes	Derby Live - Review staffing for the delivery of events	Corporate Minor Underspends	Opportunity Fund Underspend	Corporate Contingency Underspend	One off underspends on contracts (IT)	CYP savings to off set pressure	Small underspends across ASC non staffing & non care budgets	City Sustainability - Concessionary Fares	City Growth & Vibrancy inc. Leisure (Residual budgets for Queens & Moorways)	Underspend on HR (TU duties and other services)	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Peoples Adults and Public Health																									
Peoples CYP									0.043	0.060										-0.190		-0.111			
Comms & Place														0.045	0.060	0.030						-0.544	-0.341		
Comms & Place - Major Projects											0.026	0.020													
Corporate - Property						0.100											-0.062	-0.103	-0.181						
Corporate																									
Corporate Resources - Service support							0.120	0.040											-0.575						
Council-wide	0.650	0.100	0.094	0.134	0.250																				
TOTALS	0.650	0.100	0.094	0.134	0.250	0.100	0.120	0.040	0.043	0.060	0.026	0.020	0.045	0.060	0.030	-0.062	-0.103	-0.181	-0.575	-0.190	-0.111	-0.544	-0.341	-0.049	
														Total Savings	1.772									-2.156	

Area	Unbudgeted Pressures															Outturn per Area @ 6
	Castleward Rent Shortfall	Estates - reduction in Tramps fees	Travel pressure (Mileage)	CYP Placements	ASC Care pressures - split over Mental Health, Preparing for Adulthood, &	C&P Energy - Street Lighting PFI	Derby Arena - NNDR	Public Protection and Street Pride Inc. Stores Road, Trade Refuse Collection and Waste Disposal	City Sustainability - Parking Services, Traffic & Transport	C & P Other (in City Growth & Vibrancy)	Net pressure Strategic Housing - Homelessness/Housing Options	Internal Audit - subscriptions	Housing Benefit Subsidy loss and Discretionary Payments	HR - end of contracts and outsourcing	Postage	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Peoples Adults and Public Health					2.212											0.829
Peoples CYP			0.120	4.262												1.843
Comms & Place						0.270	0.143	1.016	0.814	0.065						1.843
Comms & Place - Major Projects											0.193					0.055
Corporate - Property	0.044	0.048														0.038
Corporate																-0.346
Corporate Resources - Service support												0.009	2.048	0.019	0.110	1.070
Council-wide																1.228
TOTALS	0.044	0.048	0.120	4.262	2.212	0.270	0.143	1.016	0.814	0.065	0.193	0.009	2.048	0.019	0.110	6.560
															11.373	
															Overspend before mitigations	6.560