

Report sponsor: Alison Parkin, Director of Financial Services

Report author: Toni Nash, Head of Finance, Resources

Final Accounts – 2021/22 Outturn Report for General Fund, Capital Programme, Treasury Management, Housing Revenue Account, Dedicated Schools Grant and Collection Fund

Purpose

- 1.1 To summarise the overall Councils final outturn position, subject to external audit opinion, for the 2021/22 financial year. The report describes the final year end positions and the main variances from Qtr. 3 and sets out issues to note and requiring approval. In summary the outturn is as follows:

- a) **Revenue Budget:** The general fund revenue outturn position is an underspend of £2.836 million when compared to the revenue budget for 2021/22. The balanced position is achieved after utilising the (£2.880m) Covid Reserve and (£0.759m) Business Rates Smoothing reserve to mitigate revenue and the funding pressures of £2.793m. There has been further funding received and applied of (£1.990m) from the NHS and the Contain Outbreak Management Fund - COMF.

This has enabled a £2.836m replenishment of reserves, £1.2m for a new Pay and Inflation reserve and £1.636m to replenish the Covid reserve. These will be utilised to mitigate the impact of potential escalating costs in 2022/23 and future years. A detailed table is outlined in section 4.1.

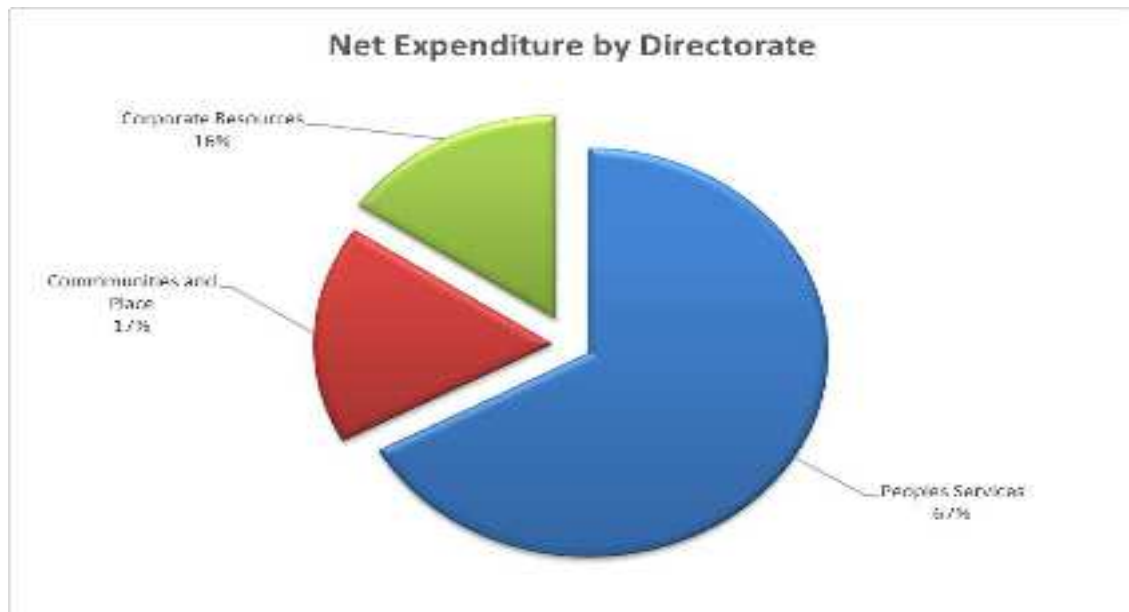
£8.365m of the Councils savings target of £9.654m for 2021/22 has been achieved which is 86% a table and associated narrative is outlined in section 4.1.35

- b) **Capital Budget:** The capital programme outlines the delivery of 84.84% of the latest approved £132.932m capital programme. Details of the capital outturn for 2021/2022 totalling £112.785m for work completed and an analysis of the (£20.084m) slippage against the final approved capital programme is set out in section 4.6
- c) **Treasury Management:** Total borrowing for the Council is £342.927m and total investments are £31.851m as at 31 March 2022, as detailed in section 4.7
- d) **Housing Revenue Account (HRA):** The HRA shows an outturn deficit of £0.191m against a planned shortfall of £2.769m, this is a positive variance of £2.578m. The overall HRA balances at 31 March 2022 are detailed in section 4.8

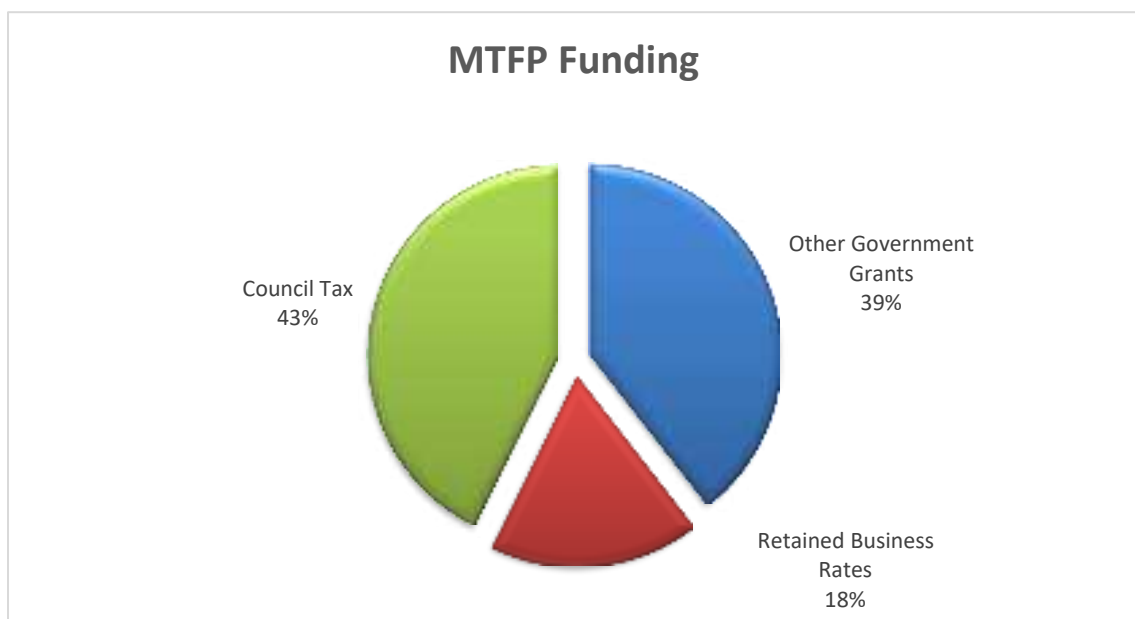
- e) **Dedicated Schools Grant:** The Dedicated Schools Grant closed with a deficit of £2.8m on the central non-delegated items as detailed in section 4.9. Individual school balances are £8.5m
- f) **Collection Fund:** The Councils share of the collection fund outturn is a deficit of £12.282m as detailed in section 4.10.

1.2 General Fund

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



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



Recommendations

2.1 To note the position for 2021/22 (subject to external audit review):

- a) The overall general fund revenue budget outturn position and budget variances as set out in section 4.1
- b) The savings achieved as summarised in section 4.1. 35
- c) The capital outturn and the capital expenditure incurred during the year as set out in section 4.6
- d) The flexible use of capital receipts to fund transformation projects as set out in section 4.6.11
- e) The Private Finance Initiative (PFI) reserve movements as set out in as set out in section 4.6.15
- f) The treasury management outturn and prudential indicators as set out in section 4.7
- g) The overall dedicated schools budget position as set out in section 4.9
- h) The Councils share of the collection fund is a deficit of £12.282m as set out in section 4.10
- i) The use of reserves under delegation as outlined in section 4.1.6.

2.2 To approve:

- a) The final required movements in revenue reserves set out in section 4.1.2 to 4.1.4
- b) The carry forward requests to reserves outlined and subsequent use of these carry forwards as detailed in section 4.1.5
- c) The set-up of a pay and inflation reserve as detailed in section 4.1.4
- d) The addition of net £18.199m budget (slippage £20.084m and spend brought forward (£1.885m) to the 2022/23 capital programme as detailed in section 4.6.5 and 4.6.10

- e) The identification of available funding streams from the net scheme underspends of (£4.197m) of the capital programme detailed in section 4.6.6 to 4.6.8 for use to fund emerging priorities within the programme for 2022/23 and delegate these decisions to the Strategic Director of Corporate Resources (Section 151 officer)
- f) The use of £0.719m from the Flexible use of Capital Receipts to fund transformation projects as set out in section 4.6.11
- g) The HRA outturn deficit of £0.191m as set out in section 4.8
- h) The annual report in respect of Treasury Management activity for 2021/22 as outlined in section 4.7

2.3 To authorise and approve:

The Section 151 Officer to adjust the Councils accounts if the Council or its external auditors (Ernst Young) require any adjustments to the final accounts for 2021/22 that alter the overall Councils position.

Reasons

- 3.1 Under the Local Government Act 2003, the Council has a legal obligation to achieve an annual balanced budget position.
- 3.2 The Medium-Term Financial Plan (MTFP) sets the funding for the Council for the financial year and the use of those funds is then monitored throughout the year to ensure delivery of Council priorities. The outturn report indicates how the Councils resources have been used to support the delivery of budgetary decisions.
- 3.3 The Councils Financial Procedure Rules requires amendments to the capital programme and revenue budget to be reported to Cabinet.
- 3.4 In accordance with CIPFA Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code"), members should approve the annual report for Treasury Management activity in 2021/22 which forms part of this document.
- 3.5 The HRA Business Plan sets out the forecasted funding and the use of those funds is then monitored throughout the year to ensure delivery of HRA priorities. The outturn report indicates how the resources have been used to support the delivery of budgetary decisions.

Supporting information

- 4.1 The following provides further analysis and explanations of key variances for each element of the actual financial outturn, subject to external audit opinion.
 - 4.1.1 **Revenue Budget**
The overall general fund revenue position at 31st March 2022 is a balanced position. However this is achieved by a series of transfers outlined below.
 - 4.1.2 **Use of Revenue Reserves and Carry Forward Requests**
In establishing the Councils final outturn position several additional movements in reserves require appropriate approval as per the Councils Financial Procedure Rules.

- 4.1.3 Approval is requested for the transfer to and from reserves for the total amount of £15.020m. Appendix 2 (a) outlines the detail and narrative of the transfers requiring Cabinet approval.
- 4.1.4 Cabinet is asked to approve the set-up of a Pay and inflation budget to facilitate the transfer of £1.2m to reserves to mitigate potential escalating costs in future years.
- 4.1.5 Demands on resources and re-aligning priorities in the short term have meant that some budget allocations were not spent. It is therefore requested that approval be given to carry forward of funding requirements totalling £0.764m. Appendix 2 (b) outlines the detail and narrative of carry forward request requiring Cabinet approval.
- 4.1.6 For completeness Cabinet is asked to note the further use of reserves that have been actioned under delegated authority totalling £3.675m as outlined in detail in Appendix 2 (c).
- 4.1.7 The summary 2021/22 revenue budget variance and associated mitigation to demonstrate a balanced position is shown below:

Directorate	Restated Budget	In Year Adj.	Current Budget	Spend	Final Outturn Variance	Qtr.3 Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m
Peoples	165.045	(3.038)	162.007	169.096	7.089	8.345
Comms and Place	45.878	(0.700)	45.178	43.399	(1.779)	0.943
Corporate Resources	44.637	(3.799)	40.838	39.573	(1.265)	(1.695)
Covid Placeholder budgets	2.780	-	2.780		(2.780)	(2.780)
Sub Total	258.340	(7.537)	250.803	252.068	1.265	4.813
Budgeted Reserves	(1.967)	-	(1.967)	(1.967)	-	
Covid Reserve				(2.880)	(2.880)	
NHS Funding				(0.990)	(0.990)	
Funding Pressure				1.528	1.528	
Business Rates Smoothing Reserve				(0.759)	(0.759)	
Unused COMF and Omicron Funding				(1.000)	(1.000)	
Transfer to/(from) Reserves				2.836	2.836	(3.013)
TOTAL	256.373	(7.537)	248.836	248.836	-	1.800

- 4.1.8 The outturn was a £1.8m improvement on the position reported in Qtr. 3. Details for each directorate are outlined below.

- 4.1.9 The Councils revenue budget has a net overspend at year end of £1.265m before further mitigations. As set out in the table above, the combined use of reserves and other one-off funding facilitates not only a balanced position but also a transfer to reserves of £2.836m.
- 4.1.10 The final out-turn position of £1.265m for the Council wide service budgets is outlined in the below summary and in detail and Appendix 6.

Out-turn 2021/22 position without mitigation			
Area	Final Outturn £m	Quarter 3 £m	Movement £m
Pay Pressures	1.174	1.436	(0.262)
Net Income Position	(7.800)	(4.385)	(3.415)
Further Covid Comms & Place	0.483	0.483	-
Unbudgeted pressure	12.385	12.343	0.042
Unachieved Savings	1.289	1.204	0.085
Use of Contingency - Corporate	(0.328)	(0.328)	-
Other net under and overspends	(3.158)	(3.160)	0.002
Sub total	4.045	7.593	(3.548)
Covid Placeholder budgets	(2.780)	(2.780)	-
TOTAL	1.265	4.813	(3.548)

The narrative below outlines a summary of each section and Appendix 6 outlines further detailed analysis.

- 4.1.11 **Pay Pressure £ 1.174m**
The final Pay Pressure for the Council is £1.174m. The main variances are outlined below;
- 4.1.12 There is a pressure of £0.864m for the pay award which was 0.75% above the 1% included in the base budget. There is a pressure of £0.103m as a result of the revised scheme of Member allowances agreed at Council on July 21, 2021. A turnover saving of (£0.565m) has been achieved, relating to staff vacancies across the Council which has been a successful result of the Spending Panels.

- 4.1.13 There is a pressure of £0.772m due to the use of agency social workers in front line children's social care teams. The social worker establishment continues to experience vacancy turnover together with some long-term sickness and maternity leave; this has resulted in the need for additional agency social worker reliance in order to ensure that all statutory work can be allocated to a qualified social worker. The social worker establishment is 133FTE in total. Derby currently has 14 agency social workers covering the equivalent of 14 posts. This is a reduction of 4 agency social workers from Quarter 3 (reported18).

Both February and March reported significant increases in contacts which reached 2201 for the month of February and 2662 for the month of March 2022. This compares to 1896 in February 2021 and 2501 recorded in March 2021.



- 4.1.14 **Net income position (£7.800m)**
There is a net overachievement of income of (£7.800m). The Council has received further income of (£10.385m) which has been reduced by income pressures of £2.585m.
- 4.1.15 **The further income analysis of (£10.385m) includes:**
- 4.1.16 The Highways capital programme has received additional capital investment and Highways Maintenance have carried out rechargeable works, this has generated an additional unanticipated revenue income of (£0.713m).
- 4.1.17 Licensing and Bereavement Services have performed much better than originally anticipated and moved from an income pressure at Qtr. 3 to an income surplus of (£0.461m) at outturn.

- 4.1.18 There is (£0.683m) additional Better Care Fund income for 2021/2022 inflation, and this has been used to offset pressures in care costs in Adult Social Care. There is (£2.1m) income from the Home Office to offset the increasing costs of accommodating unaccompanied asylum-seeking children.
- 4.1.19 A (£1m) income stream has been received from the DfE for pressures emerging in Home to School Transport and a further allocation from Covid funding of (£0.700m) to cover the cost of single occupancy taxis. There is a further (£2.970m) one off covid income for Adult Social care to support infection control, testing and vaccination of staff and workforce recruitment and retention of social workers.
- 4.1.20 Resources has income overachievements including (£0.710) for additional fee income relating to capital works within Property Services, (£0.107m) for rebates to water bills as a result of on-going investigative works, (£0.250m) for better than anticipated SCAPE dividends and (£0.204m) additional rental income at the Council House for extended opening hours of office space rented by the Department of Works and Pensions.
- 4.1.21 Legal and Democracy has one-off income for Services provided for the Police and Crime Commissioner elections of (£0.177m), Central Midlands Audit Partnership – CMAP has a refund of operating surplus (£0.134m) and there is additional Human Resource casework income of (£0.176m) mainly due to trade union recharges and overachieved income for the recruitment service team.
- 4.1.22 ***Income pressure analysis of £2.585m includes:***
- 4.1.23 There is a pressure of £0.185m for the loss of rental income at Connect properties due to reduced demand for office space and reduced charging rates.
- 4.1.24 Covid implications across the Planning, Transport and Parking departments has created an income pressure of £0.531m, however the outturn position is more favourable than the Qtr.3 forecast due to the rise in income across parking services.
- 4.1.25 There are other net income pressures including loss of income at the Registry Office due to Covid restrictions, £0.027m and £0.076m under recovery of staff recharges in Regeneration & Major Projects where staff time has been diverted to project governance and pipeline feasibility work.
- 4.1.26 Leisure, Culture and Tourism are projecting a shortfall of £0.526m in income generating activities directly related to the pandemic and the closure of facilities. Ongoing Covid implications has meant that the activity in year was slow to start. It is hoped that now Covid restrictions have been lifted a full recovery will be made in 2022/23.
- 4.1.27 There is an income pressure of £0.238m for the reduction of sold services to schools for Educational Psychologists Services, this is due to the demand on the service resulting in the team working on statutory responsibilities only for 2021/2022
- 4.1.28 Across adult social care there is an income pressure of £1.002m due to the increased bad debt provision for outstanding residential client contributions and uncollected client charges for domiciliary care.

- 4.1.29 **Further Covid Comms and Place £0.483m**
Communities and Place directorate have a further pressure as a direct result of costs incurred as a result of the Covid Pandemic for increased waste tonnages whilst residents were working from home of £0.328m.
- 4.1.30 Further direct pressures caused by COVID include; Economic Growth for the cost of developing an Economic recovery Plan £0.020m, an income pressure at the Market Hall prior to closing for redevelopment £0.075m, and underachievement of income at Milestone House due to COVID and the requirement of single occupancy within shared rooms, £0.060m.
- 4.1.31 **Unbudgeted Pressures £12.385**
There are unbudgeted pressures across all directorates resulting in a net pressure of £12.385m.
- 4.1.32 The overspend is mainly due to the increased costs of looked after children placements of £6.574m, increase in children's allowances £0.852m, the associated increase in Legal Fees £1.400m and the pressure in Home to School Transport £3.113m. The increased bad debt provision for Adult Social Care Client contributions was offset by one of Covid grant funding for Adult social care.
- 4.1.33 Resources has an unbudgeted pressure of £0.446m relating to increased uncontrollable recharges for the Coroners service from Derbyshire County Council.
- 4.1.34 **Other net under and overspends (£3.486m)**
Other net under and overspends include corporate contingencies of (£0.328m) to and one-off net underspends of (£3.158m) mainly in Communities and Place.
- 4.1.35 **Unachieved Savings £1.289m**
Details of the unachieved savings are outlined below:
- 4.1.36 The Councils revenue budget for 2021/22 included savings targets for each directorate in order to support a balanced budget position. The achievement of these savings has been included within the overall budget outturn position.

Directorate	Budget Savings Targets 2021/22 £m	Full year effect of savings delivered £m	Year End Variance £m	% Achieved
Peoples Services	5.352	4.352	1.000	81%
Communities and Place	2.589	2.529	0.060	97%
Corporate Resources	1.713	1.484	0.229	86%
Total	9.654	8.365	1.289	86%

The Council achieved 86% of the total saving target. However, some of these savings were achieved by one off solutions. Below is an outline of this mitigation.

- 4.1.37 **The Peoples Services Directorate** achieved 81% of its savings requirement, however some of these were achieved through one of solutions. The unachieved saving within Peoples relate to £1m for opening the Willows children's home which has been delayed due to recruitment issues.

- 4.1.38 **The Communities and Place Directorate** achieved 97% of its saving requirement, however some of these were achieved through one off solutions. The unachieved saving within Communities and Place of £0.060m relates to litter collection duty. This was unachievable due to increased costs for bin and litter collection and fly tipping at parks.
- 4.1.39 **The Corporate Resources Directorate** achieved 86% of its saving requirement. The unachieved savings have been identified relating to delayed absence management system (Good shape) of £0.124m due to service redesign issues, impact of COVID 19 on ability to hire out the Civic suite £0.005m and delayed implementation of the Accounts Payable fiscal forensic project £0.100m.

4.2 Peoples Services Directorate

Directorate	Budget	In Year Adj.	Current Budget	Spend	Final Outturn Variance	Qtr.3 Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m
Adults	79.469	(1.120)	78.350	75.683	(2.667)	(2.028)
Children's	69.058	(2.982)	66.076	75.832	9.756	10.373
Public Health	16.518	1.063	17.581	17.581	-	-
Total	165.045	(3.038)	162.007	169.096	7.089	8.345

The Peoples directorate outturn position is a £7.089m overspend. The forecast at Qtr.3 was an overspend of £8.345m, there has been a change of (£1.256m).

Despite the number of looked after children reducing towards the end of 2021/22 the average cost of external agency residential placement has increased by 17% to £0.294m per annum (from £0.251m in 2020/21) and the average cost of independent fostering placements is now 10% higher than last year at £0.048m per annum.

The lack of suitable internal capacity for children's placements means we are placing more children in the private and independent sector, a key issue here is market sufficiency for our children's placements.

Please click on the link below for Qtr.3 narrative variances reported to 16th February 2022 Cabinet:

[Quarter 3 Financial Monitoring Cabinet Report](#)

4.2.1 Adult Services

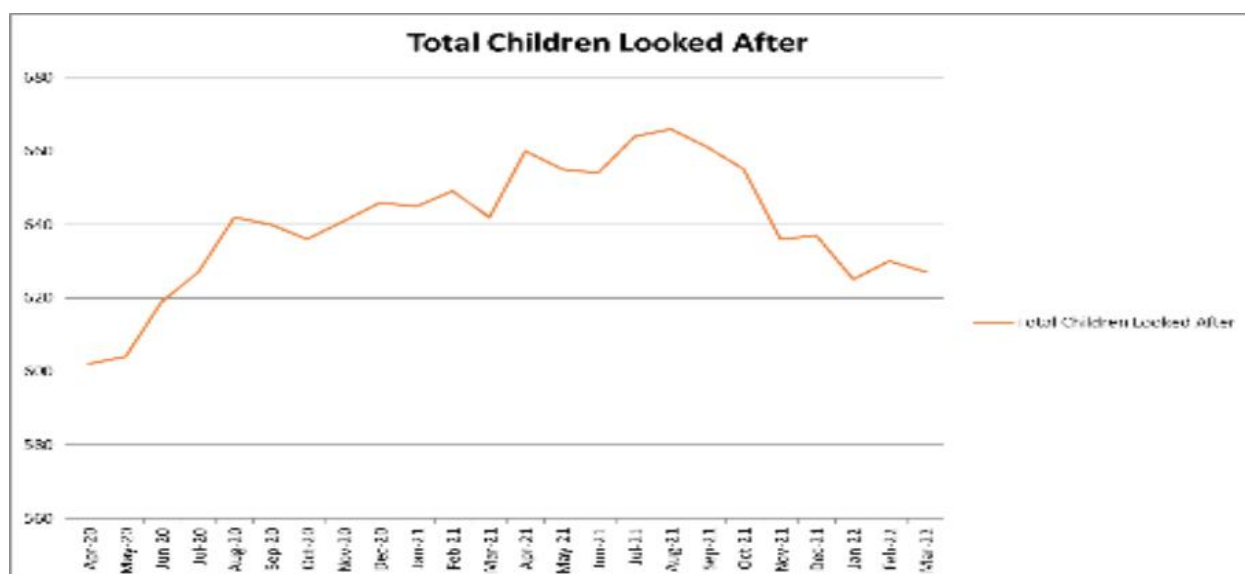
Adults Social Care outturn position is an underspend of (£2.667m), an increased underspend of (£0.640m) from Qtr. 3. The principal reason for increased underspend is that additional temporary funding continued in Qtr. 4 covering the costs of hospital discharges, infection control and prevention and workforce recruitment and retention, this one-off income offset the increased pressures across the mental health service.

4.2.2 Children's Services

The final outturn position is an overspend of £9.756m, a positive (£0.600m) movement since Qtr. 3. An increase in Home to school transport costs in the final quarter was offset with additional income for joint contribution of care from the Clinical Commissioning Group - CCG.

4.2.3 The numbers of children in care continued to reduce throughout the final quarter of the financial year and at the end of Qtr. 4 was 627, which is a decrease of 10 compared with 637 at the end of Qtr. 3. Market sustainability continues to be a challenge with national demand for children's complex placement outstripping supply which leads to over inflated prices. The redesign of early help services and the formulation of the Children's Accommodation Strategy is the Council's response to these challenging areas.

4.2.4



4.3 Communities and Place Directorate

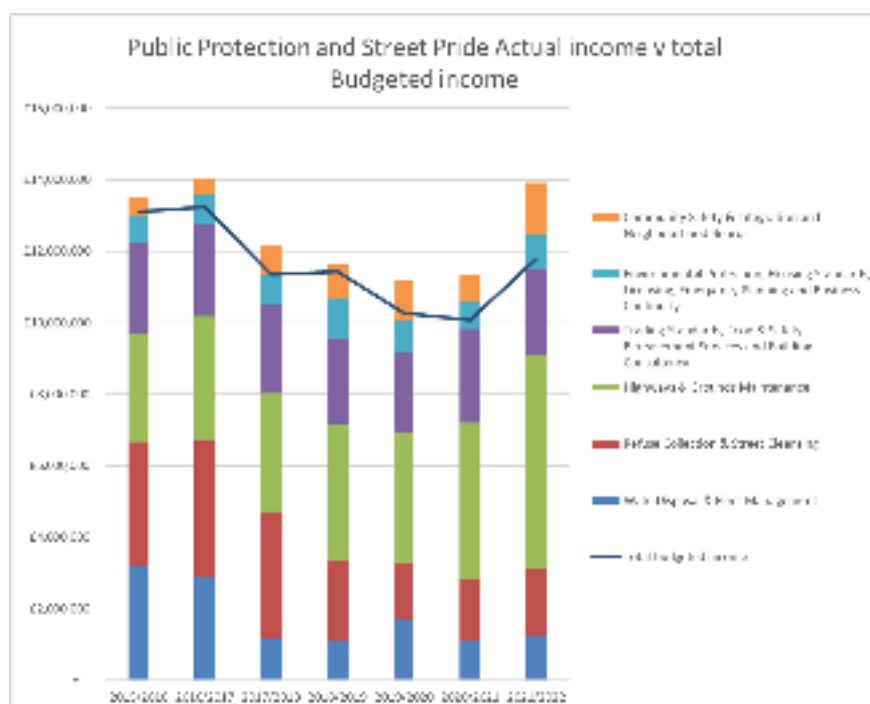
Directorate	Budget	In Year Adj.	Current Budget	Spend	Final Outturn Variance	Qtr.3 Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m
Comms and Place	45.878	(0.700)	45.178	43.399	(1.779)	0.943
Total	45.878	(0.700)	45.178	43.399	(1.779)	0.943

4.3.1 The Communities and Place directorate outturn position is an underspend of (£1.779m). The forecast at Qtr.3 was an overspend of £0.943m, which means that there has been a change in the outturn of (£2.722m) in the last quarter of the year. The change from Qtr.3 is outlined below:

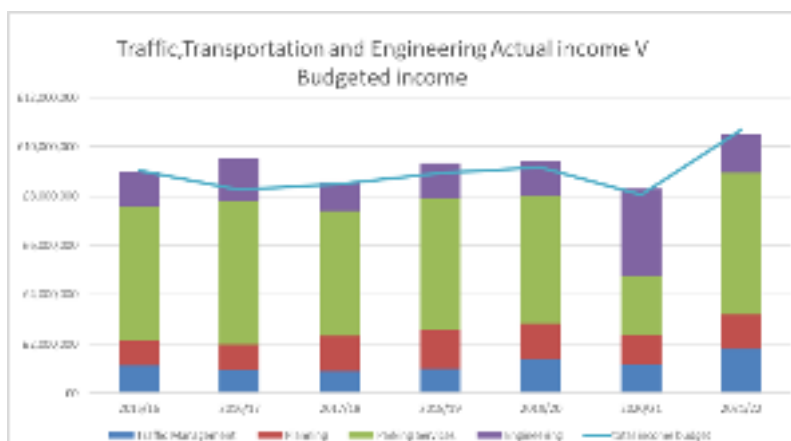
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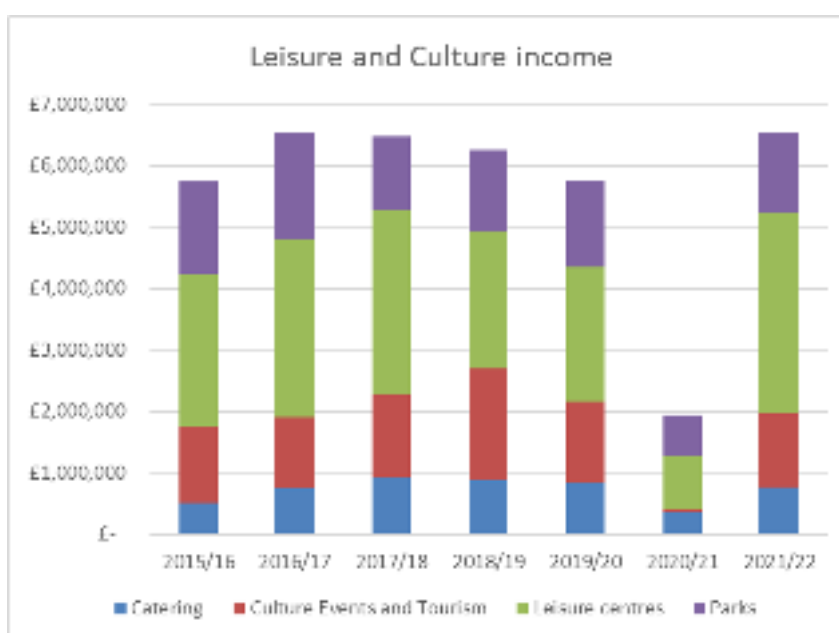
- 4.3.2 Within Communities and Place final outturn underspend position of (£1.779m), there are overspending budgets in Planning, Transport & Engineering £0.284m and City, Leisure Culture and Tourism, £0.320m and City Development & Growth £0.133m which are predominantly due to income pressures due to the ongoing impact of COVID. However, these pressures are being offset by one-off savings achieved through delaying Refuse Collection vehicle replacement, Moorways Sports Village and the non-requirement for the operational costs budget until the following financial year and Assembly Rooms car park closure delay meant that income continued to be generated.
- 4.3.3 The net change from Qtr. 3 is a positive change of (£2.772m). The main key reasons for the variance include:
- Increased income within Bereavement services and highways maintenance (£0.600m)
 - Reduced tonnage costs (improved commodity prices) (£0.270m)
 - Increased parking income and income for concessionary fares (£1.250m)
 - Increased income in Leisure and culture (£0.400m)
 - Increased Engineering income (£0.140m)
 - Other Net Variances (£0.112m)
- 4.3.4 Income levels across Public protection and Street Pride exceeded the planned budget, further analysis of this will be needed to establish the sustainability of maintaining these levels, as identified in the analysis above some income may be one off.



- 4.3.5 Total income for the Planning, Transport and Engineering budgets almost reached the income budgets, this was mostly due to the actual Engineering income exceeding its budget by about £1.2m, further analysis of this will be needed to establish the sustainability of maintaining these levels



- 4.3.6 The total income levels across Leisure and Culture saw a positive return to pre pandemic levels in the final quarters of 2021/22.



4.4 Corporate Resources Directorate

Directorate	Budget	In Year Adj.	Current Budget	Spend	Final Outturn Variance	Qtr.3 Forecast Outturn Variance
	£m	£m	£m	£m	£m	£m
Corporate Resources	35.611	(3.489)	32.122	31.728	(0.394)	(1.338)
Corporate	9.026	(0.310)	8.716	7.845	(0.871)	(0.357)
Total	44.637	(3.799)	40.838	39.573	(1.265)	(1.695)

- 4.4.1 The Corporate Resources directorate outturn position is a net underspend of (£1.265), the position at Qtr.3 was a forecast underspend of (£1.695m). There has been change of £0.430m in the last quarter. The main reasons for the change from Qtr.3 are outlined below.

Please click on the link below for Qtr.3 narrative variances reported to 16th February 2021 Cabinet:

[Quarter 3 Financial Monitoring Cabinet Report](#)

- 4.4.2 Within Corporate Resources final outturn underspend of (£1.265m). There are overspending budgets in Legal, Procurement & Democratic Services £0.470m and Financial Services £0.209m. These are mainly due to additional Member Allowance payments, proposed additional uncontrollable coroners charge from Derbyshire County Council and increased bad debt provision across Council Tax billing and Benefit payments.

- 4.4.3 The net change from Qtr. 3 is a pressure of £0.430m. The change is mostly due in the following key areas:

- Financial Services – reduced Council Tax court fee income and increased bad debt provision across Council Tax billing and Benefit payments £0.386m.
- Legal, Procurement & Democratic Services – increased insurance provision requirement of £0.125m
- Property Services – Additional maintenance works undertaken in last quarter £0.350m together with other net variances across the service £0.083m
- Corporate – Additional unanticipated receipts (£0.189m), lower than anticipated Pension recharges from Derbyshire County Council (£0.103), and other net variances of (£0.222m)

4.5 Analysis of Reserves *(including School Balances and Dedicated Schools Grant)*

The Councils main revenue reserve for general purposes is the General Fund Balance. This is set aside to support the management of risks in the Revenue Budget. At 31 March 2022 the General Fund Balance is £8.933m.

- 4.5.1 The Council also holds several revenue earmarked reserves to fund specific priorities included within the Councils Plan. As at 31st March 2022 revenue earmarked reserves held by the Council total £73.980m. A review of all revenue earmarked reserves is carried out on an annual basis as part of the Medium-Term Financial planning process in line with the adequacy of reserves review. Further details of the Councils revenue earmarked reserves are provided at Appendix 1.
- 4.5.2 The budget risk reserve has a balance of £20.524m at 31 March 2022. The budget risk reserve is held to support future budget planning risks and unforeseen in-year budget pressures.
- 4.5.3 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.

- 4.5.4 School balances as at 31 March 2022 for the 36 remaining LA maintained schools are £8.577m compared to £8.868m across 38 maintained schools in 2020/21.

4.6 Capital

4.6.1 The Capital Programme

The final capital expenditure outturn for 2021/22 is £112.785m, £161.835m below the original approved budget of £274.620m. During the year, the capital programme has been revised to reflect slippage in all projects including regeneration schemes, highways and transport schemes housing and flood defence schemes.

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

Final Outturn Capital:

2021/22 Capital Programme by Service Area	Restated Approved Budget (inc. 2020/21 slippage) £m	Actual Spend P12 £m	(Under)/Over spend on Restated budget (inc. slippage) £m	Latest Approved Capital Budget £m	Actual Spend P12 £m	Outturn variance Actual to Latest Approved Budget £m
Schools	15.646	12.847	(2.799)	11.838	12.847	1.009
Housing General Fund	10.166	4.037	(6.129)	4.494	4.037	(0.457)
Property	32.807	20.869	(11.938)	27.651	20.869	(6.782)
Flood Defence	1.403	1.274	(0.129)	1.894	1.274	(0.621)
Highways & Transport	60.713	21.657	(39.056)	28.581	21.657	(6.924)
Vehicles Plant & Equipment	3.114	3.231	0.117	4.384	3.231	(1.153)
Regeneration	92.185	27.663	(64.522)	29.065	27.663	(1.402)
Information and Communication Technologies (ICT)	3.813	0.974	(2.839)	2.214	0.974	(1.240)
Housing Revenue Account (HRA)	46.869	19.514	(27.355)	21.622	19.514	(2.108)
Corporate	7.904	-	(7.904)	0.470	-	(0.470)
Flexible use of Capital Receipts	-	0.719	0.719	0.719	0.719	-
Total	274.620	112.785	(161.835)	132.932	112.785	(20.148)

- 4.6.2 The net variance against the final adjusted approved capital programme includes the addition of the 2021/22 outturn slippage of (£20.084m) plus further changes reported and approved at Cabinet throughout the year. The net programme variance is analysed in table below:

Programme Variance	
Reason for Variance	Amount £m
Slippage	(20.084)
Spend Brought Forward	1.885
Net Slippage	(18.199)
Net underspends	(3.423)
Additional Spend Backed by Funding	1.474
Total Programme Variance	(20.148)

4.6.3 **Explanation of Programme Variances**

4.6.4 **Slippage**

The programme variance includes slippage of (£20.084m). Approval is sought to add this slippage to the 2022/23 capital programme. Details of slippage requests are listed in Appendix 4. Progress in 2022/23 will be reported as part of the planned monitoring to Cabinet.

4.6.5 **Net Scheme Underspends**

The net underspend of (£3.423m) is predominantly due to underspends within the Housing Revenue Account, Highways and Transport, Regeneration Projects and Vehicle, Plant & Equipment programmes. The main areas are explained at Appendix 3 and include:

- I. HRA underspend of (£2.107m)
- II. Highways and Transport underspend of (£1.012m)
- III. VPE underspend of (£0.188m)
- IV. Other net underspends of (£0.116m)

- 4.6.6 The main variances of the net scheme underspends (£3.423m) in 2021/22 are outlined in Appendix 3. An initial analysis of the net scheme underspends has identified £1m potential available funding streams to redirect to emerging priorities within the capital programme for 2022/23. These include:

Area	£m	Funding
Highways & Transport	1.000	UBC
Total	1.000	

4.6.7 **Additional Spend Backed by Funding**

£1.474m additional spend supported by associated funding has arisen. This additional spend is mainly due to:

- V. Schools £1.163m
- VI. Housing General Fund £0.274m
- VII. Other minor net movements £0.037m

This is outlined where significant in Appendix 3.

4.6.8 **Spend Brought Forward**

There is £1.885m spend brought forward from 2022/23. This has been necessary mainly due to schemes originally programmed for 2021/22 within the strategy areas progressing more rapidly than originally anticipated. Main areas include:

- I. £0.747m for the Schools Programme
- II. £0.715m for the Highways and Transport programme
- III. £0.372m for the Housing General Fund programme
- IV. £0.051m for the Regeneration programme

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

4.6.9 **Capital Programme - Main Outturn Variances**

4.6.10 The main variances between actual capital expenditure and the final adjusted approved budget are outlined at Appendix 3, variances per strategy area are included in the table below:

Strategy Area	Variance £m
Schools	1.009
Highways and Transport	(6.924)
Property	(6.782)
Housing Revenue Account (HRA)	(2.108)
Regeneration	(1.402)
Information and Communication Technologies (ICT)	(1.240)
Vehicles Plant & Equipment	(1.153)
Flood Defence	(0.621)
Corporate	(0.470)
Housing General Fund	(0.457)
TOTAL	(20.148)

4.6.11 **Flexible use of Capital Receipts – Transformation**

A change in the use of capital receipts rules was introduced in March 2016. The Council opted into the new rules from 2021/22 which allowed authorities to use qualifying receipts to fund transformational projects.

4.6.12 In 2021/22 receipts from the Wholesale Market and Allestree Hall were identified for transformational projects under this legislation within the Council. These receipts were identified to invest in the Council's transformation programme and achieve associated savings and efficiencies.

4.6.13 As set out in the 2021/22 MTFP approved at 10th February 2021 Cabinet, The Council set out the following use of £2m capital receipts to fund the below transformation projects over the next two years. £0.719m has been allocated across these themes in 2021/22, a breakdown is provided in the table below:

Theme	Project	Investment £m	Return over 3 years £m	Actual Spend 2021/22 £m
Insight and Commissioning	1. Further development of business intelligence and more effective approaches to commissioning and contract management	0.300	0.500	0.272
Workflow and Digital	2. Business process streamlining and workflow change within People Services	0.108	0.600	0.069
	3. Digital Traffic Enforcement	0.242	0.680	0.195
	4. Enabling technologies	0.315	0.750	-
Demand Management and Better Together	5. Development of the Better Together Strategy	0.280	0.840	-
	6. D2N2 Single Strategy for the procurement of foster carers	0.120	0.300	-
Commercialisation	7. Commercial Management capacity to implement income generation and cost avoidance initiatives in Streetpride Services	0.060	0.250	0.057
	8. Communications & Marketing commercial activity	0.050	0.200	-
Enabling Capacity	9. Enhanced capacity to support the deliverability of the projects. This will include a range of internal and external support, utilisation of local networks, partnerships and alliances.	0.525	-	0.126
	TOTAL	2.000	4.120	0.719

4.6.14 This is a rolling programme of transformation, therefore the balance will be used to continue to fund the specified themes in 2022/23.

4.6.15 2021/22 PFI reserve movements

For all PFI schemes PFI credits are received in year from the government departments to support the PFI business models and contractual commitments any surplus at the end of the year is transferred to a PFI reserve and any deficit is met from the accumulated surplus PFI credits held in the PFI reserves. It is therefore recommended that the transfers (to)/from the PFI reserves are approved as per the below table:

PFI Reserve Movements	
Transfer to Reserves	£m
Building Schools for the Future (BSF) PFI Reserve	(0.681)
Grouped Schools PFI Reserve	(0.609)
Housing PFI reserve	(0.141)
Transfer from Reserve	£m
Street Lighting Reserve	1.791
Facilities Management Reserve for Grouped Schools PFI	0.014
Housing PFI Reserve	0.034
Net Movement	0.408

4.7 Treasury Management

4.7.1 Treasury Management Final Outturn 2021/22

The Treasury Management outturn is a balanced position, after (£1.141m) has been transferred to the treasury management reserve to manage the future capital programme borrowing requirements. The underspend position increased by (£0.216m) compared to the forecast position reported at Qtr.3. The underspend for 2021/22 is mainly due to:

- (£0.533m) Less than anticipated MRP due to capital programme outturn slippage
- (£0.610m) due to a reduction in the planned borrowing requirement, reduction in estimated interest charges and an increase in investment income originally forecast due to the increases in the Bank of England's Base rate.

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

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

4.7.4 For 2021/22 all prudential indicators and limits in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance have been adhered to. All but one treasury management activity undertaken complied with our internal Treasury Management Strategy with the exception of breaching the minimum balance to be held with Lloyds, our main bank. Further details are outlined in section 4.7.24.

4.7.5 The Financial Markets During 2021/22

The information relating to the overall global position of the UK financial markets in 2021/22 has been considered as advised by Arlingclose, our treasury advisors, who continue to update the Council with on-going market activity and interest rates.

- 4.7.6 The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the year. The Bank of England Base Rate was 0.1% at the beginning of the financial year. April and May saw the economy improve as the pandemic restrictions were eased, however rising inflation changed that and the base rate rose to 0.25% in December and then a further 0.5% to 0.75% by the end of the financial year.
- 4.7.7 The UK's Consumer Price Index (CPI) was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. However price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series.
- 4.7.8 In March, the Monetary Policy Committee (MPC) noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push the Consumer Price Index (CPR) inflation to around 8% later in 2022 even higher than forecast only a month before in the February Monetary Policy Report.
- 4.7.9 The institutions and durations on the Authority's counterparty list recommended by treasury management advisors, Arlingclose, remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.
- 4.7.10 **Local Context**
On 31st March 2022, the Council had net borrowing of £311.076m, an increase on 31st March 2021 of £0.517m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below:

Table 1: Balance Sheet Summary

Balance Sheet Summary	31/03/2021 Actual £m	2021/22 Movement £m	31/03/22 Actual £m
General Fund CFR	481.576	30.019	511.709
HRA CFR	214.819	(3.962)	210.857
Total CFR	696.395	26.057	722.556
Less: Other debt liabilities *	(85.342)	4.885	(80.571)
Borrowing CFR	611.053	30.942	641.995
Less: Usable reserves	(212.357)	(14.039)	(226.396)
Less: Working capital	(88.137)	(16.386)	(104.523)
Net borrowing	310.559	0.517	311.076

*Finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

- 4.7.11 The CFR has increased between 2020/21 and 2021/22 due to the Councils capital programme. Net borrowing has increased even though actual borrowing has fallen because our investment balances have reduced. We have used internal balances to fund capital expenditure which in turn has led to lower investment balances.
- 4.7.12 Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used *in lieu* of borrowing. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31st March 2022 and the year-on-year change is shown in Table 2 below:

4.7.13 **Table 2: Treasury Management Summary**

TM Summary	31/03/21 Balance £m	2021/22 Movement £m	31/03/22 Balance £m
Long-term borrowing	336.927	(7.477)	329.450
Short-term borrowing	10.791	2.686	13.477
Total borrowing	347.718	(4.791)	342.927
Long-term investments	-	-	-
Short-term investments	12.000	(5.000)	7.000
Cash and cash equivalents	25.159	(0.308)	24.851
Total investments	37.159	(5.308)	31.851
Net borrowing	310.559	0.517	311.076

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

- 4.7.14 Total borrowing has decreased between 2020/21 and 2021/22, meaning that we have taken out less new loans than those we have repaid. However net borrowing has increased due to using cash balances to fund capital expenditure and in turn delaying our need to borrow.
- 4.7.15 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2021/22, the Council's investment balance ranged between £25m and £103m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change is shown in table 3 below:

Table 3: Treasury Investment Summary

Counterparty	31/03/2021 Balance £m	2021/22 Movement £m	31/03/2022 Balance £m
Banks & building societies (unsecured)	3.690	(1.100)	2.590
Local authorities	10.000	(3.000)	7.000
Money Market Funds	16.969	1.292	18.261
Local Government (DMO)	6.500	(2.500)	4.000
Total investments	37.159	(5.308)	31.851

- 4.7.16 The investment activity in 2021/22 together with a comparison for the previous year is summarised in table 4 below:

Table 4: Treasury Investment Activity

TM Activity	2020/21	2021/22
Number of fixed-term deposits made	184	102
Number of instant access and money market accounts used	10	12
Number of deposits/withdrawals from money market funds/ call accounts	94	43
Value of deposits/ investments held at 31 March	£37.159m	£31.851m
Average size of deposit/ investment portfolio	£95.288m	£67.481m
Average size of Lloyds Balance (operational)	£11.978m	£6.315m
Total interest earned on deposits/ investments (including Lloyds)	£0.199m	£0.045m
Average Return on deposits/ investment portfolio	0.15%	0.50%

- 4.7.17 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.7.18 The credit risk and return metrics for the Council's investments extracted from Arlingclose's quarterly investment benchmarking are shown in Table 5 below:

Table 5: Investment Benchmarking

Investment Benchmarking	Credit Score*	Credit Rating	Bail-in Exposure	WAM** (days)	Rate of Return
30.09.2021	4.51	AA-	52%	22	0.06%
31.12.2021	4.42	AA-	54%	12	0.01%
31.03.2022	4.58	AA-	65%	72	0.50%
Similar LAs	4.58	A+	67%	43	3.19%
All LAs	4.39	AA-	60%	14	2.10%

*The lower the credit score the lower risk

** Weighted Average Maturity

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

4.7.19 **Non-Treasury Investments**

The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

4.7.20 The Council held £2.859m of loans to Derby Homes and £1.575m regeneration loans to local businesses as at 31st March 2022.

4.7.21 **Borrowing Activity 2021/22**

As at the 31st March 2021 the total external debt portfolio of the Council (including HRA debt and other long- term liabilities) was £433m. The analysis of external debt outstanding is £424m at 31st March 2022 is shown in the table 6 below:

Table 6: External Debt at 31st March 2021 and 2022

External Debt	As at 31st March 2021 £m	As at 31st March 2022 £m
External Borrowing:		
- Fixed Rate PWLB	291.236	290.838
- Fixed Rate Market	20	20
- Other Local Authorities	35	31
- SALIX Energy Efficiency	0.882	0.556
- University of Derby	0.6	0.533
Total External Borrowing as at 31st March	347.718	342.927
Other Long-term Liabilities:		
- Transferred Debt from other Local Authorities	0.318	0.277
- PFI Financing	83.398	78.814
-Lease Liabilities	1.642	1.365
Total Gross External Debt at 31st March	433.076	423.384

4.7.22 During March 2022, a sum of £6m temporary borrowing from other local authorities was taken in order to meet our day-to-day cash management activities.

4.7.23 **Compliance Report**

All treasury management activity undertaken up to 31st March 2022 complied fully with the CIPFA Code of Practice.

- 4.7.24 All but one treasury management activity undertaken up to 31st March 2022 complied with our internal Treasury Management Strategy. In February we breached the minimum limit for funds to be held with our bank, Lloyds, this represented minimal risk. The breach was due to human error, procedures have been reviewed and additional steps have been put in place to minimise this risk in the future.
- 4.7.25 Compliance with specific investment limits are demonstrated in Table 7 below:

Table 7: Investment Limits

Investment Limits	2021/22 Maximum	Actual 31.03.21	2021/22 Limit	Complied
The Council's Banking Provider – Lloyds	£39.7m	£6m	£15m	x
Any single organisation, except the UK Central Government (excluding the operational bank)	£7m	£7m	£7m	✓
Any group of pooled funds under the same management	£10.4m	£2.6m	£20m	✓
Money Market Funds (MMF)	£7m	£7m	£7m	✓

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

Table 8: Debt Limits

Debt Limits	2021/22 Maximum £m	31/03/2022 Actual £m	2021/22 Operational Boundary £m	2021/22 Authorised Limit £m	Complied
Borrowing	535.7	342.9	711	878.2	✓
PFI & finance leases	85.4	80.5	96.8	116.2	✓
Total debt	621.1	423.4	807.8	994.4	✓

- 4.7.27 **Treasury Management Indicators**
The authority measures and manages its exposures to treasury management risks using the following indicators.
- 4.7.28 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.
- 4.7.29 Local Authorities are unrated, therefore fixed term deposits with Local Authorities have to be assigned a score. The score assigned is AAA=1, this means the investments are of the highest credit quality. This is due to Local Authorities not being subject to bail-in and having an insignificant risk of insolvency.

4.7.30 Table 9 shows the target for the portfolio average credit score and the actual for 2021/22:

Table 9: Security Indicator - Portfolio average credit score

Security Indicator	Target	Actual
Portfolio average credit score	3.00	1.41

4.7.31 The actual credit score is below the target showing the exposure to credit risk in the year to date achieved has been lower than the target set this is due to higher credit quality investment being used over lower credit quality investment. This is because of the use of fixed term deposits with Local Authorities, the Debt Management Office and high credit quality MMF's.

4.7.32 **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period.

Liquidity	31/3/22 Actual	2021/22 Target	Complied?
Total cash available within one month	£26m	£15m	✓

4.7.33 The council has maintained adequate liquidity throughout 2021/22.

4.7.34 The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates as at 31 March 2021 are shown in Table 10 below:

Table 10: Interest Rate Exposure

Interest rate risk indicator	Limit	Complied
Upper limit on one-year revenue impact of a 1% rise in interest rates	£0.368m	✓
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0.098m	✓

4.7.35 These figures show that the Council has not exceeded any limits for the fixed and variable rate borrowing.

4.7.36 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The indicator is calculated as the amount of projected borrowing that is maturing in each period expressed as a percentage of total projected borrowing. For each maturity period, an upper and lower limit is set.

- 4.7.37 The actual maturity structure of borrowing as at 31st March 2022 has been compared to the loan maturity limit profile that was approved in the Treasury Management Strategy 2021/22. Table 11 below shows that this indicator has been met as follows:

Table 11: Maturity Structure of Borrowing

Number of Years to Maturity	Borrowing Profile Set per the 2021/22 Strategy	Actual Profile of Borrowing at 31st March 2022
	%	%
Up to 1 year	10	3.79
Up to 2 years	20	5
Up to 5 years	30	9.12
Up to 10 years	50	17.66
Up to 20 years	70	31.23
Up to 30 years	80	50.61
Up to 40 years	95	99.7
Up to 50 years	100	100

- 4.7.38 The final Treasury Management indicator required relates to the limit at any one time on investments with a period to maturity of more than 365 days. Investments made in 2021/22 were in accordance with this criterion and no investment made was greater than 365 days.
- 4.7.39 **IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard was due to come into force for local authorities from 1st April 2022. Following a consultation CIFPA/LASAAC announced an optional two year delay to the implementation of this standard a decision which was confirmed by the Financial Reporting Advisory Board in early April 2022. Authorities can now choose to adopt the new standard on 1st April 2022, 1st April 2023 or 1st April 2024. The Authority currently intends to adopt the new standard on 1st April 2023.

4.8 Housing Revenue Account – HRA

- 4.8.1 The HRA shows an outturn deficit of £0.191m against a planned shortfall of £2.769m, this is a positive variance of £2.578m. The outturn deficit represents 0.33% of the total income generated of circa £59.812m across the HRA. It contributes to a reduction to HRA balances, including the Major Repairs Reserve, from £48.241m to £47.585m for 2021/22.
- 4.8.2 The variance includes overachievement of income against dwelling rents and other income, alongside lower than budgeted increase in the bad debt provision. A summary and supporting explanation of the key variances are provided at Appendix 5. The reserve is managed annually as part of the 30-year HRA Business Plan.
- 4.8.3 The 2021/22 £0.656m change in the HRA Reserve balances is a result of funding the capital programme from the Major Repairs Reserve and £0.191m to fund the revenue deficit using the HRA General Reserve for 2021/22.

4.9 Dedicated Schools Grant – DSG

The final outturn position for the central elements of the DSG for the financial year 2021/22 is a £2.8 million pressure.

- 4.9.1 The DSG is reporting a deficit for the first time due to accumulating pressure within the High Needs Block and Early Years Block. The deficit has reduced from Qtr. 3 due to the number of High Needs payments not made as previously planned and the reduced demand on contingency budgets.
- 4.9.2 The total number of Education Health and Care (EHC) plans has continued to increase both nationally and locally. In Derby, there were 2,900 statutory EHC plans maintained by the LA at January 2022. This is an increase of 287 from the previous year. This represents an increase of 11% which is a higher rate than our comparator authorities who have seen an increase of 8.3% (nationally the increase is reported to be 9.9%).
- 4.9.3 The latest statistical data produced by the Department for Education also shows, 69.7% of Derby Children with new EHC plans attended a mainstream school, compared to 72.8% nationally. And 21.1% attended a special or hospital school, compared to 14.2% nationally.
- 4.9.4 The High Needs Block outturn is a £2.8m deficit, there are some significant pressures reported, offset by savings including one-off maximisation of grants to ease in year pressures:
- Out of Authority payments for children with SEN reported a pressure of £3.3m (Budget set £12.3m), associated transport costs for these placements are not funded from the DSG but from the Council's General Fund reported a pressure of £2.3m on a £3.5m transport budget.
 - Additional funded places within Special Schools and Enhanced resource units reported a pressure of £0.370m.
 - E3 additional support to mainstream schools reported an underspend of £0.350m, however with £0.750m of payments that were ceased during the year it is anticipated that these will need to be funded (backdated), this presents the service with a forecast pressure going into the new financial year.
 - Personal budgets and additional tailored support reported a pressure of £0.230m
 - Post 16 provision reported an underspend of £0.5m (Budget set £3m)
 - Hospital and Medical provision reported a £0.058m pressure on a budget of £0.330m, this was offset by a reported underspend in behaviour support.
 - Other reported contingency underspends total £0.250m.
- 4.9.5 The High Needs Transformation Project which had previously been approved is broadly spent as planned, £1.2m with £0.36m remaining.
- 4.9.6 The regulations remain whereby there is little or no ability to allow other funding blocks to offset the pressure. This is due to the both the ring-fencing of some of the elements of the DSG and financial pressures across the whole system. The maximum allowable amount of £0.9m (0.5% of the Schools Block) had already been transferred to the High Needs Block with £0.5m used to support in year pressures and the remaining to fund the transformational programme.

- 4.9.7 The School's block and Central Block are reporting balanced positions. Maintained school balances held are broadly the same as the previous year-end, circa £8m.
- 4.9.8 The Early years block was forecasting a balanced position in Qtr. 3 (which included the anticipated clawback of funding totalling £0.4m due to the reduced actual participation).
- 4.9.9 The Early Years Block budget is adjusted by the Education and Skills Funding Agency - ESFA during the year for early years payments. Due to the actual hours falling in the sector Derby had an in-year clawback during Qtr. 4 of circa £1m. The consequences of such a significant budget change is the impact on the initial budget top slice and inclusion fund set at the start of the year, the reduced hours leaves a pressure where the top slice has been set too high, currently there is no mechanism to revisit any top slice budget within the year.
- 4.9.10 The final out turn is now a reported overspend of £0.677m (budget £19m). This was due to the £1m clawback being partially offset with one off covid funding and increased income generation. The concern with the overspend is that it was unknown until Qtr. 4. Previous years hours have been in line with the budget initially set, however if numbers continue to trend downwards, there are implications for future year pressures.
- 4.9.11 A final adjustment for 2021/22 is expected in July 22 and at the time of reporting there is an estimated reimbursement of £0.18m in 2022/23.
- 4.9.12 The balance of DSG reserves carried forward into 2021/22 is £4.21m the existing commitments and the 2021/22 deficit leaves the current deficit balance at £1.407m. The Councils year end accounts will reflect the DSG reserve as £0.7m deficit due to some of the commitments not being actually dispersed.
- 4.9.13 The forecast deficit for financial year 2022/23 of £4.081m will leave a cumulative deficit balance of £5.488m.

The table below shows the breakdown:

DSG Reserves 21-22		Committed	Actual reserves used in 2021/22	Balance of commitments to be dispersed in 2022/23
		£m	£m	£m
2020/2021	Balance C/fwd.	4.21	4.21	-0.721
Commitments approved by school's forum Jan 21	Use of reserves to balance the 21/22 budget	-0.6	-0.6	
Commitment approved by school's forum June 21	Underspend on Early Years will be clawed back in 2021/22	-0.415	-0.415	
Approved as part of the 20/21 budget setting by school's forum January 20	SEN Graduated response	-0.426	-0.426	
Approved by school's forum	E4E school's forum commitment	-0.048		-0.048
Approved by school's forum	IYFA commitments	-0.09	-0.09	
Approved By school's forum October 21	HN transformation	(0.96) – ** £0.36m to be spent	-0.6	-0.36
	2021-22 In Year Deficit	-2.8	-2.8	
	Further committed spend 21-22 AY	-0.278		-0.278
	21-22 FINAL DEFICIT	-1.407	-0.721	-1.407
			As per the statement of accounts	As per the final reported deficit
	Forecast Deficit for 2022/23	-4.081		
	cumulative Deficit 2022/23	-5.488		

4.10

The Collection Fund

Collection Fund accounting is based on estimates and actuals and is determined by statutory regulations. To avoid budgeting uncertainty only amounts estimated are transferred in year; therefore, the amounts recognised in 2021/22 will be the amounts determined on 15th January 2021 for Council Tax and in the NNDR1 return completed in February 2021 for Business Rates.

4.10.1

There was a timing difference between finalising the NNDR1 and setting the 2021/22 budget which left a net final shortfall of £1.664m, however minor additional funding of (£0.136m) has netted the funding pressure to £1.528m. The £1.664m has been reported to cabinet throughout the financial year. The difference between these estimates and the 2021/22 Medium Term Financial Plan has been funded from the business rates smoothing reserve of £0.759m approved during 2021/22 and underspends and overachievement of income and further funding across the directorates.

4.10.2

The current estimates at 31 March 2022 detailed below will impact 2022/23 and future years as per the regulations determining collection fund accounting.

4.10.3 Latest estimate for the impact on the Collection Fund for Council Tax

The City Council administers the collection of Council Tax on behalf of the preceptors, Derbyshire Police and Crime Commissioner and Derbyshire Fire and Rescue Service and therefore any surplus or deficit is shared with them. The apportionment of the current deficit estimate is outlined below:

Authority	Latest Estimate	Percentage
	£m	%
Derby City Council	2.171	82.8
Derbyshire Police and Fire Commissioner	0.339	12.9
Derbyshire Fire and Rescue	0.111	4.2
TOTAL	2.621	100

4.10.4 Council Tax

The actual deficit on Council Tax at 31 March 2022 is £2.621m. This is a decrease of (£0.129m) from the position reported at Qtr.3. This is mainly due to a slight reduction in the forecast bad debt provision required as a result of the current arrears position and the final year-end review of collection rates.

4.10.5 Latest estimate for the impact on the Collection Fund for Non-Domestic Rates

The Council collects Non-Domestic Rates - NDR - for its local area. NDR is based on the individual rateable value, set by the Government's Valuation Office Agency multiplied by a national multiplier set by Central Government.

4.10.6 The City Council administers the collection of NDR on behalf of the preceptors, being Central Government and Derbyshire Fire and Rescue Service and therefore any surplus or deficit is shared with them. The apportionment of the current deficit estimate is outlined below:

Authority/Government	Latest Estimate	Percentage
	£m	%
Derby City Council	10.111	49
Central Government	10.317	50
Derbyshire Fire and Rescue	0.206	1
Sub Total	20.634	100
S31 Grant	(15.771)	
TOTAL	4.863	

4.10.7 The actual gross deficit for Business Rates at 31 March 2022 is £20.634m. Due to the Covid pandemic, further unbudgeted discounts for extended retail, nursery and newspapers relief were provided during 2021/22, additional S31 grant funding is paid to local authorities and preceptors to compensate for these. The total S31 funding for these reliefs paid in 2021/22 was £15.771m.

4.10.8 The net deficit on the collection fund at 31 March 2022 was therefore £4.863m. The forecast net deficit at Qtr.3 was £7.013m; the main reason for this decrease is due to an improved position on collection rates in the final few months of the financial year. When budgeting/completing the NNDR1 in January 2021 the Council assumed collection for the remainder of the financial year would be similar to 2020/21 as the impact of the pandemic was still ongoing – actual collection was much improved and had returned to pre-pandemic levels for the final quarter of the year.

4.10.9 **Total Deficit for Derby City Council**

Deficit	Latest Estimate
	£m
Derby City Council – Council Tax	2.171
Derby City Council – NDR	10.111
Derby City Council – S31 Funding for retail and nursery relief	(8.208)
Sub Total	4.074

The total net deficit estimate of the two collection funds of £4.074m which relates to the City Council will be accounted for in both the 2022/23 and 2023/24 financial years (initial assumptions were built into the MTFP in February 2022); the impact of this is detailed in paragraph 4.10.10

4.10.10 2022/23 budget and future years

As per the statutory regulations for Collection Fund Accounting, in 2022/23 the Council has set the budget based on the amounts forecast at 15 January 2022 for Council Tax and in the NNDR1 return completed in January 2022 for Business Rates.

The table below outlines the £4.158m which will be recognised in 2022/23 and a further £1.552m to be recognised in 2023/24 (as a result of the statutory provision to spread the 2020/21 exceptional balance over 3 years). As the current forecast deficit calculated at 31st March 2022 is an improved position; this (£1.636m) will be factored into the calculation of the estimated (surplus)/deficit to be recognised in 2023/24 which will be finalised in January 2023.

Analysis	2022/23	2023/24
	£m	£m
<u>Council Tax</u>		
Gross Deficit forecast January 2022	1.886	
<u>Business Rates</u>		
Gross Deficit forecast January 2022	8.838	
S31 funding from reserves	(8.118)	
Fixed - Exceptional balance to be recognised in 2022/23 and 2023/24	1.552	1.552
Total Deficit recognised in 2022/23 for Budget Setting purposes	4.158	1.552
Updated estimates as of 31/03/2022		
<u>Council Tax</u>		
Gross Deficit calculated	2.171	
Business Rates	10.111	
S31 funding from reserves	(8.208)	
Total Deficit calculated	4.074	-
Difference between total deficit recognised in 2022/23 for budget purposes and actuals	(0.084)	(1.552)
Total deficit to be recognised in 2023/2024		<u>(1.636)</u>

Public/stakeholder engagement

5.1 None directly arising.

Other options

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

Financial and value for money issues

7.1 The report demonstrates it has the resources available to deliver the Councils Services.

Legal implications

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

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

Climate implications

- 9.1 Non directly arising.

Other significant implications

9.2 Equality implications

Equality impact assessments are produced when setting the Councils budget.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu – Head of Legal Services	
Finance	Toni Nash – Head of Finance	
Service Director(s)	Alison Parkin – Director of Financial Services	
Report sponsor	Simon Riley – Strategic Director of Corporate Resources	
Other(s)	Ann Webster - Lead on Equality & Diversity	30/06/2022
	Liz Moore – Head of HR	
For more information contact:	Toni Nash: Toni.Nash@derby.gov.uk	
Background papers:	None	
List of appendices:	Appendix 1 – Statement of reserves	
	Appendix 2(a) – Transfers to/from reserves requiring cabinet approval	
	Appendix 2(b) – Carry forward requirements requiring approval	
	Appendix 2(c) – Transfers to reserves under delegation	
	Appendix 3 – Capital – Main out-turn variances	
	Appendix 4 – Capital Slippage to 2022/23 and Spend Brought Forward	
	Appendix 5 – HRA Out-turn analysis	
	Appendix 6 – Detailed analysis of Revenue Out-turn Variance	

Statement of Reserves

Statement of Reserves	2020/21 Opening Balance £m	In Year Movement £m	2020/21 Closing Balance £m
General Fund			
Unallocated General Fund Balance	(8.933)	-	(8.933)
Balances Held By Schools	(8.868)	0.291	(8.577)
Budget Risk Reserve	(18.269)	(2.255)	(20.524)
TOTAL	(36.070)	(1.964)	(38.034)
Revenue Earmarked Reserves			
Covid-19 Reserve	(4.041)	1.776	(2.265)
Central Schools Budget Reserve	(3.233)	3.233	-
General Insurance Reserve	(2.656)	(0.003)	(2.658)
Trading Services Reserve	(0.155)	0.117	(0.039)
Yearend grants with restrictions	(10.654)	6.419	(4.235)
DEGF Interest Reserve	(0.483)	0.276	(0.207)
Regeneration Fund Reserve	(1.135)	0.218	(0.917)
Assembly Rooms Reserve	(2.030)	(0.060)	(2.090)
Delivering Change Reserve	(1.074)	0.133	(0.941)
Business Rate Pilot Reserve	(0.134)	0.051	(0.083)
Business Rates Smoothing Reserve	(0.759)	0.759	-
Collection fund deficit smoothing reserve	(21.444)	13.236	(8.208)
Treasury Management Reserve	(1.619)	(1.141)	(2.759)
Public Health Reserve	(1.334)	(2.535)	(3.869)
Adult Social Care Reserve	(1.011)	(1.425)	(2.435)
Capital Feasibility Reserve	(0.660)	0.133	(0.527)
Ravensdale Insurance Reserve	-	-	-
Pay and Inflation Reserve	-	(1.200)	(1.200)
Other Service Reserves	(11.717)	1.997	(9.720)
PFI Reserves	(30.175)	0.408	(29.767)
Earmarked Reserves to support the capital programme	(1.911)	(0.149)	(2.060)
TOTAL	(96.224)	22.243	(73.980)
Housing Revenue Account (Ringfenced)			
Housing Revenue Account (Ringfenced)	(46.151)	0.230	(45.922)
Major Repairs Reserve	(2.090)	0.465	(1.625)
TOTAL	(48.241)	0.695	(47.547)

Approval requested for transfers to/from reserves requiring cabinet approval

Appendix 2 (a)

Directorate	£	Reserve	Description
Communities and Place	275,552	DEGF - Interest Reserve	The Council is the accountable body for the Derby Enterprise Growth Fund (DEGF), facilitates the DEGF Investment Panel and manages the grants and loan book. In line with the ongoing arrangements agreed for the operation of these activities, and the purpose for which the DEGF revenue reserve is held, the DEGF loan interest receipts in year net of revenue operating costs is transferred to the DEGF revenue reserve. This totalled a net £0.016m transfer to the reserve in 2021/22. In addition, £0.292m was applied from the reserve for the repayment to corporate reserves due in 2021/22 relating to a previous cash injection from corporate reserves approved by an Urgent Leader decision in May 2018. The net movement is therefore £0.276m
Communities and Place	218,138	Regeneration Fund Reserve	In line with the intended use of this earmarked reserve, £0.218m of the Regeneration Fund reserve has been applied in 2021/22 to fund net costs arising from approved regeneration schemes supported by the fund, mainly service financed borrowing costs
Communities and Place	(33,002)	Budget Risk Reserve	Transfer to reserves for DASH Services providing shared housing services, improvements & efficiencies in 2021/22 & 2022/23
Communities and Place	(33,619)	Budget Risk Reserve	Transfer to reserves for Heritage Lottery Funding
Communities and Place	18,963	Budget Risk Reserve	Use of Reserves for the Market Place Events Vibrancy Project
Communities and Place	(136,777)	Budget Risk Reserve	Transfer to reserves for Market Hall decant provision for future years - transfer £0.137m balance remaining to cover net costs over the remaining decant period
Communities and Place	(120,274)	Assembly Rooms Reserve	Transfer to Assembly rooms reserve for correction in 21/22 of previous 20/21 year end entry to corporate capital reserves.
Peoples - Adults	(60,000)	Adult Social Care Reserve	Transfer to reserves for Clinical Commissioning Group funding for 2 social workers in 2022/23
Peoples - Adults	(2,535,126)	Public Health Reserve	Transfer to reserves of ring-fenced Public Health Grant

Peoples - Adults	(287,142)	Adult Social Care Reserve	Transfer to reserves of Omicron Funding
Peoples - Adults	702,463	Adult Social Care Reserve	Use of reserves of funding from the NHS, which was transferred to reserves in 2020/21, to facilitate all hospital discharges via the Councils existing Home First service and a new Enhanced care pathway following three ward closures at London Road Community Hospital
Peoples - Adults	(779,870)	Adult Social Care Reserve	Transfer to reserves for Ageing Well Programme Board Funding, which is hosted by Derbyshire & Derby Clinical Commissioning Group, for Ageing Well Programme funding, to provide the Adult Social Care element of the NHS's Urgent Community Response in Derby
Corporate Resources	100,617	Equal Pay Reserve	In line with the intended use of this earmarked reserve, use of reserves for 2021/22 cost of claims
Corporate Resources	(167,169)	Budget Risk Reserve	Transfer to reserves for Ministry of Justice Council Tax Liability Order Refunds
Corporate Resources	(8,207,789)	Collection Fund Deficit Smoothing Reserve	Transfer to reserves of section 31 Grant received in 2021/22 for extended retail, nursery and newspaper relief awarded as a result of the Covid pandemic which is being transferred to reserves to offset the large deficit impacting on 2022/23 as a result of the issuing of these reliefs
Corporate Resources	(243,960)	Council Tax Discount Grant Reserve	Transfer to reserve for Council Tax Hardship support
Corporate Resources	(1,140,624)	Treasury Management Reserve	Transfer to Treasury Management Reserve
Corporate Resources	(1,200,000)	Pay and Inflation Reserve	Transfer to Pay and Inflation Reserve to smooth the impacts during 2022/23
Corporate Resources	(1,636,000)	Covid Reserve	Transfer to Covid Reserve to replenish following decision not implement additional 1% Council Tax increase that was temporarily funded from this reserve
Cross Directorate	125,547	Budget Risk Reserve	Use of reserves for redundancies linked to Medium Term Financial Plan savings
Total	(15,140,072)		

Approval is requested for the following Carry Forward Requirements

Appendix 2 (b)

Directorate	£	Reserve	Description
Corporate Resources	(105,895)	Budget Risk Reserve	Transfer to reserves for anticipated additional 2021/22 audit fees
Communities and Place	(179,119)	Budget Risk Reserve	Transfer to reserves to maintain the momentum and create the foundations for longer term culture led regeneration in Derby
Communities and Place	(479,247)	Budget Risk Reserve	Transfer to reserves for Moorways Sports Village pre-opening costs to be incurred in 22/23
Total	(764,261)		

Cabinet is asked to note the following transfers actioned under delegation

Appendix 2 (c)

Directorate	£	Reserve	Description
Peoples - CYP	(15,869)	Education Revenue Earmarked Reserve	As the host for the Youth Offending Board, in accordance with the partnership interagency agreement, any underspend is ring fenced for the board and will be carried forward for use in the following financial year
Peoples - CYP	(96,300)	Education Revenue Earmarked Reserve	Transfer to reserves for Further Education Professional Development Grant for the academic year 21/22, the grant was received in 21/22 however the academic year spans two financial years and will be carried forward for use in the following financial year
Peoples - CYP	(150,074)	Education Revenue Earmarked Reserve	Transfer to Education Revenue Fund Reserve for ESOL outcome payments Academic year 21/22 and will be carried forward for use in the following financial year
Cross Directorate	2,880,000	Covid Reserve	Transfer from Covid Reserve to fund 21/22 COVID revenue pressures
Capital	532,320	Covid Reserve	Transfer from Covid Reserve to fund 21/22 COVID capital pressures
Total	(3,150,077)		

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

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Over spend £m	Additional Spend Backed by Funding £m	Spend Brought Forward £m	Explanation of variances over £200k
Schools						
New Castleward School	(0.235)	(0.235)				Minor slippage on the major £8m new school scheme, whilst final accounts, fees and kit-out costs are to be confirmed. As planned, the school opened initial intake classes on a phased basis from September 2021. The school has also been used as a temporary base for pupils decanted from Ravensdale Infant school following the school fire. Therefore it has been necessary to re-profile the budget to account for rephased expenditure of the kit-out and equipment costs of Castleward school.
Ravensdale Infant School – Demolition	0.747				0.747	Following the fire, the new school building works have progressed well, with valuations and some elements of work being completed slightly ahead of the profiled cash-flow. This has resulted in the requirement to bring forward approximately 8% of the overall scheme budget at year-end. The new build is currently on schedule to be handed over early in the new financial year.
Schools Total	0.512	(0.235)	-	-	0.747	
Highways & Transport						
Asset Management - Highways Maintenance	(0.691)	(0.691)				A slippage request is required due to difficulties in obtaining quotations for necessary works to improve riverside retaining walls and completion of multiple elements. These elements include part of a bridge inspection that had to be abandoned due to machine failure on site in February and our PFI lighting partner needing to obtain and install a bespoke off-set lighting column. Both the procurement and installation was delayed by problems with consultants and works not able to be completed due to lack of resources and demands in other areas.
Asset Management - Structures Maintenance	(0.252)	(0.252)				It has not been possible to progress as many 2021/2022 Structures Maintenance schemes as anticipated in the last quarter as there has been a national shortage in skilled staff to deliver signal schemes and available resource has been prioritised on Transforming Cities Fund schemes. In addition it has not been possible to recruit a specialist skilled Signals Engineer, as a result the role has had to go through an evaluation process to examine the pay requirements to attract appropriate candidates, which has further exacerbated delays. This has resulted in a slippage request.
Network Management - Local Traffic Management	(0.467)	(0.421)	(0.050)		0.004	It has not been possible to progress as many 2021/2022 Traffic Management schemes as planned in the last quarter due to prioritising staff resources to the Emergency Active Travel Fund. Due to a recognised skills shortage in this field, a number of new but less experience staff have been recruited, but staff training has also taken up additional resource, therefore slippage is required.
Active Travel - Cycle Derby	(0.421)	(0.421)				A shortage of staff resources within the Traffic & Transportation section has transpired in the last quarter and resulted in this scheme being delayed and therefore slippage is required.
A52 Strategic Transport Scheme	(1.337)	(0.337)	(1.000)			For the last 12 months the A52 Wyvern Transport Improvement scheme has been in its contractual defect period which means that defects are identified and corrected. While the majority of the issues with the constructed scheme have been corrected there remains a few elements that have not been completed 2021/22. Despite on-going progress with the closing out of statutory undertakers costs and land compensation associated with scheme, it has not been possible to conclude all the negotiations. There have also been claims for compensation, and while some of these have been settled others have yet to reach this stage, therefore slippage is required. The underspend of £1m is no longer required for this scheme (any additional contracted costs have been factored into the slippage request) this underspend is available to support other Capital priorities.
Street Lighting LED Replacement	(0.260)	(0.450)			0.190	(£0.450m) Slippage is required due to Contractor resource issues around the retention and recruitment of qualified electricians. Our contractor, like many other contractors in the industry have had leavers whose posts are still unfulfilled. They are prioritising Temporary Deemed to Comply works and Safer Streets 3 for labour utilisation which has affected the overall programme. £0.190m spend has been brought forward to correct slippage duplication error at Qtr.3

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Over spend £m	Additional Spend Backed by Funding £m	Spend Brought Forward £m	Explanation of variances over £200k
Air Quality Improvement Project	(1.682)	(1.682)				<p>This slippage request, which includes a sizeable contingency fund which was programmed into the overall budget in case of need is required for a number of reasons, including, delays in the procurement processes for certain elements of the project and the availability of road space which has meant that work on the carriageway has had to be re-programmed. The Council are nearing the end of the delivery phase of the Roadside NO2 project and as we have delivered the individual elements of the project it has become evident that actual costs have been less than the estimates included in the original Full Business Case, which determined the grant received from DEFRA .</p> <p>In addition, delivery of one of the largest elements of the project benefitted from the Covid 19 pandemic, as reduced traffic levels on the highway network allowed for increased time working on site which reduced the construction programme and therefore the overall cost of delivery. A review of remaining works and likely underspends is underway therefore slippage is required until we determine a way forward.</p> <p>This grant may be required to be paid back, but the team are actively looking for alternative uses to utilise the grant.</p>
Highways Infrastructure	(0.402)	(0.402)				Highways and Transport had a very ambitious programme of works planned for 2021/22, however slippage is required due to a shortage of resources both inhouse and external contractor availability due to wider industry shortages, works will continue in 2022/23.
TCF Tranche 2 - Interchangeable Hubs	(0.582)	(0.582)				Slippage is required due to delays in getting signed documentation from partners, clarity about the framework conditions and pricing finalised for the D2N2 display contract.
S31 - Emergency Active Travel Fund	(0.468)	(0.468)				Slippage is required because work on the scheme has taken longer than anticipated due to staff capacity and the requirement of the funding to carry out a thorough public consultation over a three month period. Consultation came to an end in February however the results need to be disseminated and any amendments to designs carried out prior to a procurement exercise taking place. Original grant conditions required the grant to be spent by the 31 st March, however post Qtr. 3 and due to the timing of the consultation period, the funding body (DfT) have given consent for the remainder of this funding to be spent in 2022/2023.
Highways & Transport Total	(6.562)	(5.706)	(1.050)	-	0.194	
Property						
Swimming Pool New Build	(0.801)	(0.801)				Slippage required as spend in year is less than anticipated due to the timing of deliveries relating to the fit out of the building, many of which fall in early April. The project remains on time and on budget.
Property Total	(0.801)	(0.801)	-	-	-	
Parks & Open Spaces						
Parklife Strategic Football Hub	(0.227)	(0.227)				The feasibility stage for the project is still on-going and not likely to be completed until August 2022, this is following the planning application outcome to allow the council to complete RIBA Stage 4 with cost certainty for the project, which has delayed the project. The budget that we have confirmed is to complete these stages.
Parks & Open Spaces Total	(0.227)	(0.227)	-	-	-	
Housing Revenue Account (HRA)						
PVCU Windows & Doors	(0.212)		(0.212)			This underspend is due to contractor availability to install PVUC windows and doors which did not materialise as planned for the last quarter of the year. This scheme is an annual rolling programme and the backlog will be planned into the 2022/23 project. This cost has been factored into 2022/23 budgets.
Kitchens and Bathrooms	(0.372)		(0.372)			This underspend is due to delays to the kitchen programme caused by a dispute with the contractor over pricing of supply & fit of kitchens. These Contractors now fit only. An alternative supplier has been found to provide the kitchen equipment, however this delay has resulted in the 2021/22 programme delivering fewer kitchen replacements than planned. This scheme is an annual rolling programme and the backlog will be planned into the 2022/23 project. This cost has been factored into 2022/23 budgets.
Re-Roofing	(0.559)		(0.559)			This underspend is because of issues with the contractor onsite, due to the quality of works and availability of roofing gangs. This has resulted in significant delays. Issues have now been resolved with the contractor back on site with estimated completion in the summer. This cost has been factored into 2022/23 budgets.
HRA Total	(1.143)	-	(1.143)	-	-	

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Over spend £m	Additional Spend Backed by Funding £m	Spend Brought Forward £m	Explanation of variances over £200k
Regeneration						
FHFS - Eastern Gateway	(0.261)	(0.261)				The capital budget represents the Councils contribution to the scheme being delivered by the owners of Derby which is being funded through Future High Street Fund grant (FHSF). The Grant Agreement with the owners of Derby was anticipated to be in place within Qtr. 4, triggering the Stage 1 grant payment. However, the completion of due diligence and design has been delayed due to complexities of the design to address both scheme viability and align with FHSF objectives, this has resulted in the Grant Agreement and Stage 1 payment now expected to be completed in the next financial year. No FHSF grant has been lost due to the delay.
Regeneration Total	(0.261)	(0.261)	-	-	-	
Information and Communication Technologies (ICT)						
Major IT Hardware Developments	(0.517)	(0.517)				Slippage required due to worldwide supply chain issues, delivery times have been significantly delayed and the funding is required to fund the committed spend in 2022/23.
Major IT Systems Developments	(0.521)	(0.521)				£0.320m – Enterprise Resource Planning System – contract with new supplier was signed in February 2022 with work to commence in April 2022 this was delayed due to the length of the procurement and approval process. This process has therefore delayed confirmation of the invoice total and this was unable to be processed by statutory deadlines therefore slippage is required. £0.201m Digital by Default work was originally delayed to prioritise service delivery during the covid pandemic, this work was planned to be completed in quarter 4, however this was pushed back again due to priorities in other areas, slippage is required to get the project back on track in 2022/23.
ICT Total	(1.038)	(1.038)	-	-	-	
Vehicle, Plant & Equipment (VPE)						
Replacement of Leased Vehicles	(0.252)	(0.252)				Slippage required as it was identified after the Christmas break that Stores Road did not have the capacity to purchase various vehicles to replace leased ones. A focus group has been set up to find capacity in 2022/2023 to allow the Council to purchase the remaining required vehicles.
Safer Streets Fund - Phase 3	(0.204)		(0.204)			Some elements of the scheme were unachievable due to limited resources. The Council can only claim the expenditure accounted for by 31 st March 2022. Any underspend on this scheme is effectively 'unclaimed' from the Home Office and will be pooled with all other unclaimed funding from other Councils to provide allocations for the next phase of Safer Streets if Derby City Council wish apply for Phase 4 once announced.
VPE Total	(0.456)	(0.252)	(0.204)	-	-	
Flood Defence						
Cuttlebrook Flood Alleviation Scheme	(0.335)	(0.335)				The construction element of the project was completed in 2021/22 as planned, but the scheme contract includes establishing the site into years 2 and 3. The council will also need to pay money to the contractor as an incentive for delivering under budget, as required by the contract, on completion of the contract deliverables (estimated Summer 2022). For all of these elements we require slippage into 2022/23 to cover this.
Kings Croft Drainage Design	(0.208)	(0.208)				A Ground Penetrating Radar survey unveiled some unexpected barriers to completion therefore further design is needed. The Council have not been able to procure a contractor to undertake further inspection of the highway drainage and fully scope project due to a shortage in contractor availability (wider labour shortage nationally) within the financial year therefore slippage is required.
Flood Defence Total	(0.543)	(0.543)	-	-	-	
Corporate						
MTFP Provision for Future Investments	(0.470)	(0.470)				This is part of the future investments pot to be utilised as required over the Medium Term. This element needs to be slipped and reprofiled in future years as required.
Corporate Total	(0.470)	(0.470)	-	-	-	

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Over spend £m	Additional Spend Backed by Funding £m	Spend Brought Forward £m	Explanation of variances over £200k
Housing General Fund (HGF)						
Disabled Facilities Grant 96 Act	0.324				0.324	Spend was required to be brought forward as this programme experienced less than anticipated covid related delay and higher costs in the construction industry have also contributed to a higher than anticipated outturn.
Green Home Grant Local Authority Delivery - Phase 1	(0.557)	(0.557)				There has been delayed commencement of the project due to rising costs. High demand for external wall insulation nationally and inflation of costs in the construction industry generally have contributed to increased cost of External Wall Installation. A redesign of the project delivery plan was necessary to overcome these issues and contain costs. Post Qtr. 3 it has been confirmed that this funding can be carried forward, therefore slippage is required to allow maximum outputs for the service in 2022/23.
Green Home Grant Local Authority Delivery - Phase 2	(0.245)	(0.245)				There has been delayed commencement of the project due to rising costs. High demand for external wall insulation nationally and inflation of costs in the construction industry generally have contributed to an increased cost of External Wall Installation. A redesign of the project delivery plan was necessary to overcome these issues and contain costs, Post Qtr. 3 it has been confirmed that this funding can be carried forward, therefore slippage is required to allow maximum outputs for the service in 2022/23.
HGF Total	(0.478)	(0.802)	-	-	0.324	
Other Variances						
Variance less than £200k/Delegated approval changes	(8.681)	(9.749)	(1.026)	1.474	0.620	
Other Variances Total	(8.681)	(9.749)	(1.800)	1.474	0.620	
TOTAL	(20.148)	(20.084)	(3.423)	1.474	1.885	

Capital Slippage to 2022/23 and Spend Brought Forward from 2022/23

Strategy area	Scheme	Amount £	Funded By
Corporate	MTFP Provision for Future Investments - FUNDING POT	470,000	UBC
Flood Defence	Cuttlebrook Flood Alleviation Scheme	334,523	GG
Flood Defence	Markeaton Lane Phase 3	14,061	UBC
Flood Defence	Gully Replacement Programme	13,911	UBC
Flood Defence	Kings Croft Drainage Design	208,018	UBC
Flood Defence	Oakwood Flood Study	10,000	UBC
Flood Defence	Thulston Brook Flood Study	10,000	UBC
Flood Defence	Markeaton Brook Stiling Bay Reinstallation	30,000	UBC
Highways & Transport	Connecting Derby - Integrated Transport	12,000	UBC
Highways & Transport	Asset Management - Highways Maintenance	691,289	UBC
Highways & Transport	Asset Management - Structures Maintenance	251,719	UBC
Highways & Transport	Asset Management - ITS Network Management Maintenance	70,270	GG/UBC/S106
Highways & Transport	Network Management - Strategic Network Management	56,413	UBC
Highways & Transport	Network Management - Local Traffic Management	420,898	UBC
Highways & Transport	Network Management - Casualty Reduction	116,504	UBC
Highways & Transport	Active Travel - Smarter Choices	19,898	UBC
Highways & Transport	Active Travel - Pedestrian Accessibility	38,510	UBC
Highways & Transport	Active Travel - Cycle Derby	420,848	UBC/S106
Highways & Transport	A52 Strategic Transport Scheme	337,340	UBC
Highways & Transport	Street Lighting LED Replacement	449,936	UBSS
Highways & Transport	Asset Management - Land Drainage & Flood Defence	217,180	UBC
Highways & Transport	Air Quality Improvement Project	1,681,597	GG
Highways & Transport	Highways Infrastructure	401,960	UBC
Highways & Transport	A52 Artwork	13,869	UBC
Highways & Transport	TCF Tranche 2 - Interchangeable Hubs	582,232	GG
Highways & Transport	TCF Tranche 2 - Cycle Expressway	412	GG
Highways & Transport	TCF Tranche 2 - LCWIP	158,721	GG
Highways & Transport	TCF Tranche 2 - Workplace Travel Grants	61,997	GG
Highways & Transport	S31 - Emergency Active Travel Fund	467,771	GG
Highways & Transport	Future Transport Zone	156,080	GG
Housing General Fund	Healthy Housing Assistance	18,897	EC
Housing General Fund	Empty Property Assistance	129,239	EC
Housing General Fund	Community Energy Savings Project (CESP)	268	EC
Housing General Fund	Performance Venue - Padley Centre	51,609	UBC
Housing General Fund	Green Home Grant Local Authority Delivery - Phase 1	557,484	GG
Housing General Fund	Social Care Housing Fund	100,000	CRES
Housing General Fund	Green Home Grant Local Authority Delivery - Phase 2	244,835	GG

Strategy area	Scheme	Amount £	Funded By
ICT	Major IT Hardware Developments	517,067	CR
ICT	People Services IG Improvements	122,464	SCE C
ICT	Major IT Systems Developments	521,247	CR/SCE C
ICT	SEND IT Systems	78,575	CR
Property	Oakwood Community Centre Refurbishment	19,972	S106
Property	Parklife Strategic Football Hub	227,128	EC/GG
Property	Borrowood Park	867	S106
Property	Darley Playing Fields	82,000	UBC
Property	Swimming Pool New Build	801,078	UBC
Property	Various Replacement Windows	72,000	UBC
Property	Pickford House Museum	44,000	UBC
Property	Performance Venue	5,290,462	SR
Property	Energy Projects	62,000	UBC
Property	Disabled Access	97,000	UBC
Property	Project Development - Property Improvements	88,000	UBC
Property	Assembly Room Car Park - Fire Alarm Installation	40,000	UBC
Regeneration	Becket Well Regeneration	118,809	UBC
Regeneration	Access Osmaston	61,392	EC
Regeneration	REFCUS - Darley Abbey Mills	17,069	SCE C
Regeneration	Creative Pathways	38,993	S106/EC
Regeneration	Derby Enterprise Growth Fund - Recycled	71,608	CR
Regeneration	iHub plot preparation	20,351	EC
Regeneration	Brook realignment	62,121	EC
Regeneration	Market Hall Refurbishments - Phase 1	156,071	UBC
Regeneration	DE-Carbonise	121,781	GG
Regeneration	City Growth Fund	145,000	SCEC
Regeneration	Becketwell Performance Venue Fees	2,002	UBC
Regeneration	Carbon Reduction Fund	100,000	SCEC
Regeneration	New Performance Venue at Becketwell	103,057	CR
Regeneration	Market Hall Refurbishments - Phase 2	79,419	UBC
Regeneration	FHFS - Eastern Gateway	261,398	GG
Regeneration – OCOR	Our City Our River - Package 2	35,330	GG
Schools	Devolved Formula Cap - FUNDING POT	86,320	SCE C DFC
Schools	Adaptions For Foster Carers	6,896	SEC C
Schools	Buildings at Risk urgent condition and suitability schemes - FUNDING POT	60,461	SCE C SCA
Schools	Basic Need/Additional Places - FUNDING POT	13,928	SCE C SCA
Schools	Ashgate Primary School- Final Phase Refurbishment	858	SCE C
Schools	Brackensdale Infant and Junior – Expansion Design	42,756	S106
Schools	REFCUS - Hackwood Farm Primary School - New School S106 scheme	60,011	S106

Strategy area	Scheme	Amount £	Funded By
Schools	Chellaston Secondary School - Homeleigh Way Contribution	125,054	SCE C BN
Schools	Landau Forte Expansion Scheme	93,875	SCE C SCA/SCE C BN
Schools	New Castleward School	235,102	TB/S106/U BC
Schools	Roe Farm Primary - New Boiler	13,356	SCE C SCA
Schools	Littleover S106 Expansion - 2021 to 2023	17,000	S106
Schools	St Clare's SEND Feasibility	25,000	SCE C SPF
Schools	Central Nursery Community Boiler Replacement	16,637	SCE C SCA
Schools	Becket Primary - Heating System Feasibility	3,000	SCE C SCA
Schools	Becket Primary - Renew Flat Roof Feasibility	3,000	SCE C SCA
Schools	Dale Primary - Renew Playground Surface	3,000	SCE C SCA
Schools	Dale Primary - Window Phase 2 Feasibility	1,138	SCE C SCA
Schools	Kingsmead School - Renew Fire Doors	715	SCE C SCA
Schools	Littleover Community School - Roof Feasibility	653	SCE C SCA
Schools	Littleover Community School - Windows Feasibility	1,569	SCE C SCA
Schools	Meadow Farm - Renew Fire Doors	1,202	SCE C SCA
Schools	Mickleover Primary - Emergency Lighting Feasibility	1,461	SCE C SCA
Schools	Mickleover Primary - Roof Feasibility	760	SCE C SCA
Schools	Murray Park - Heating System Feasibility	3,000	SCE C SCA
Schools	Oakwood Infant - Fire Doors Feasibility	986	SCE C SCA
Schools	Peartree Infant - Roof Feasibility	1,669	SCE C SCA
Schools	Rosehill Infant - Cavity Barrier Feasibility	761	SCE C SCA
Schools	Shelton Junior - Emergency lighting Feasibility	3,000	SCE C SCA
Schools	Silverhill Primary - Roof Cavity Barrier Feasibility	520	SCE C SCA
Schools	Various Schools - External Lightning Protection Feasibility	3,000	SCE C SCA
Vehicle, Plant & Equipment	Grounds Plant & Equipment	149,913	UBC
Vehicle, Plant & Equipment	Waste Disposal - New Treatment Plant	196,234	SR
Vehicle, Plant & Equipment	New Vehicle Fleet	75,300	UBC
Vehicle, Plant & Equipment	Reintroduction of Garden Waste Scheme	81,015	CRES
Vehicle, Plant & Equipment	Replacement of Leased Vehicles	252,207	UBC
Vehicle, Plant & Equipment	Digital Traffic Enforcement	46,739	CR
Vehicle, Plant & Equipment	Stores Road Depot Workshop	15,042	GG
Vehicle, Plant & Equipment	New Vehicle - Parking Services	52,000	CR
Vehicle, Plant & Equipment	Derby Homes Vehicles	100,000	CR
Vehicle, Plant & Equipment	Public Realm Equipment	10,000	S106
Total Slippage		20,083,689	

Strategy area	Scheme	Amount	Funded By
	Spend Brought forward		
Highways & Transport	Network Management - Local Traffic Management	(4,000)	UBC
Highways & Transport	Street Lighting LED Replacement	(190,000)	UBSS
Highways & Transport	Asset Management - Land Drainage & Flood Defence	(150,000)	UBC
Highways & Transport	TCF Tranche 2 – Public Realm	(37,256)	GG
Highways & Transport	TCF Tranche 2 - Bus Priority	(153,659)	GG
Highways & Transport	TCF Tranche 2 - Park & Ride	(62,933)	GG
Highways & Transport	TCF Tranche 2 - Bus & Rapid Transit Links	(116,818)	GG
Housing General Fund	Disabled Facilities Grant 96 Act	(324,467)	GG
Housing General Fund	Milestone House Capital Works	(34,513)	CR
Housing General Fund	Children's Services - Properties	(12,863)	CR
Regeneration	D2EGF Growth & Innovation	(10)	GG/EC/CR
Regeneration	Castleward - CPO	(48,151)	GG
Regeneration	Smartparc	(3,361)	CR
Schools	Ravensdale Infant School - Demolition	(746,624)	SCE C
	Total Spend Brought Forward	(1,884,655)	
	Net Slippage/Spend Fwd.	18,199,034	

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

Housing Revenue Account – Outturn Analysis

	£m
Original budgeted outturn for 2021/22	2.769
Variations at outturn	
Overachievement of rents and service charges budget	(2.500)
Lower than budgeted provision for bad debts	(0.631)
Higher than anticipated costs	0.553
Outturn variance to original budget	(2.578)
Outturn position	0.191
Funding used	
Use of HRA general reserves in 2021/22	0.191
Net use of Major Repairs Reserve	0.465
Total reduction in HRA resources	0.656
Reserves movements	
Total reserves 2020/21	48.241
Total reserves 2021/22	47.585
Difference	0.656
Final reserves position made up of	
Major Repairs Reserve	1.625
General reserves, including contingency	45.960
Total reserves at 31 March 2022	47.585

Appendix 6 Final Revenue Out-turn Detailed Analysis

Area	PAY				Income																			
	Estimated Pay Award @ 0.75	Turnover	Children's Staffing/ Agency Social Workers	Members allowance	Parking	Highways Maintenance	Licensing and Bereavement	BCF inflation	UASC income	Loss of Income - sold service	HTST Income	Adults one off covid income	Adults income collection/ provisions for bad debts issue	Legal/Dem one off additional income	One off CMAP income	Additional income from HR casework	Loss of Registry office income	Leisure income shortfall	Property additional fee income	Waterplus rebate	Connect Properties income pressure	SCAPE	Additional DWP income	Staff recharges
	£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	0.428	-0.274	0.772					-0.683	-2.100	0.238	-1.700	-2.571	1.002											
Comms & Place	0.234	0.002			0.531	-0.713	-0.461											0.526						0.076
Corporate Resources	0.202	-0.293		0.103								-0.399		-0.177	-0.134	-0.176	0.027		-0.710	-0.107	0.185	-0.250	-0.204	
TOTALS	0.864	-0.565	0.772	0.103	0.531	-0.713	-0.461	-0.683	-2.100	0.238	-1.700	-2.970	1.002	-0.177	-0.134	-0.176	0.027	0.526	-0.710	-0.107	0.185	-0.250	-0.204	0.076
Total Pay				1.174	Total Income																			-7.800

Area	Unachieved Savings					Unbudgeted emerging pressures						Further Covid impact	Other net unders	Use of Contingency	Outturn per Area		
	First Care	Civic suite	Business Support - Fiscal project delayed	Litter collection duty	Willows Care Home	Cost of Placements - Children's	Cost of Children's Allowances - Cost of Care	Children's LEGAL FEES both care and SEN	Children's - Cost of Home to school transport	Adults underspends and additional income	Coroners	Comms and Place		Corporate Contingency	TOTAL		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Peoples					1.000	6.574	0.852	1.400	3.113				-0.962		7.089		
Comms & Place				0.060								0.483	-2.517		-1.779		
Corporate Resources	0.124	0.005	0.100								0.446		0.321	-0.328	-1.265		
TOTALS	0.124	0.005	0.100	0.060	1.000	6.574	0.852	1.400	3.113	0.000	0.446	0.483	-3.158	-0.328	4.045		
Total unachieved Savings					1.289	Total unbudgeted emerging pressures						12.385					-2.780