

DRAFT 2021/22 Quarter 2 Financial Monitoring

Purpose

- 1.1 To summarise the Council's forecasted financial outturn position at 30th September 2021.

Summary

- a) Revenue budget:** The Council is currently forecasting a pressure of £8.113m against our base budget requirement of £255.080m. However this is being mitigated by use of the Covid Reserve, Covid placeholder budgets and the Business Rates smoothing reserve to give a forecast out-turn pressure on the budget risk reserve of £5.408m

Within this forecast is the expectation that £8.395m savings are delivered against a target of £9.654m included within the 2021/22 budget approved by Council in February

- b) Capital budget:** Capital expenditure to date is £37.852m and our forecast is estimated at £164.306m against an approved capital budget of £252.748m
- c) Reserves:** The General Reserve balance remains at £8.933m and our Earmarked Reserves including the budget risk reserve have a future years' forecast balance of £14.191m after taking account of the current forecast overspend of £5.408m. The Council will continue to seek to reduce the in-year overspend and will review the level and need for specific earmarked reserve levels as part of the budget process. This is being facilitated by the introduction of spending panels to review expenditure for from September onwards to ensure essential spend only.
- d) Dedicated Schools Grant (DSG):** The total grant of £272.785m has been allocated to schools and retained educational services. There is an overspend forecast on the High Needs Block of the DSG of £3.8m
- e) Collection Fund:** Council Tax billed for the 2021/22 financial year is £133.679m of which £71.155m or 53.08% has been collected. Business Rates billed for the 2021/22 financial year is £79.627m of which £38.417m or 48.08% has been collected
- f) Housing Revenue Account (HRA):** The full year forecast projects a planned use of the HRA reserve of £2.769m

g) Performance on sundry debt collection: As at 30th September 2021 the Council have billed £67m in Sundry Debts and we have collected 93.29%. This indicator is measured in a 12 month rolling cycle.

h) Covid forecast: The current full year potential forecast pressure for both revenue and capital is £8.324m (see Appendix 3) after use of Covid reserves, HRA reserves, MTFP Covid placeholder pressures and additional NHS funding allocated to Covid this leaves a forecast shortfall of £0.762m (shortfall included in forecast outturn overspend detailed in section 6.4.2), if there are no further changes this shortfall will need to be funded from the budget risk reserve and is included as a commitment within the revenue forecast outturn position.

1.2 Further analysis and explanations of key variances are provided in section 4 of the report.

1.3 A summary of the net revenue forecast by directorate is set out in the table below.

The summary 2021/22 revenue budget variance is shown below:

Table – Net Revenue Forecast to by Directorate

Directorate	Budget	In Year Adj.	Current Budget	Full Year Forecast Spend	Forecast Out-turn Variance
	£m	£m	£m	£m	£m
Peoples	165.184	(0.615)	164.569	172.803	8.234
Comms and Place	45.840	(0.370)	45.470	47.625	2.155
Corporate Resources	44.536	(0.308)	44.228	44.732	0.504
Covid Placeholder budgets	2.780	-	2.780	-	(2.780)
Budgeted out-turn position	258.340	(1.293)	257.047	265.160	8.113
Budgeted Reserves	(1.967)		(1.967)	(1.967)	-
Covid Reserve				(2.957)	(2.957)
NHS Placeholder				(0.653)	(0.653)
Funding Pressure				1.664	1.664
Business Rates Smoothing Reserve				(0.759)	(0.759)
Sub Total				(4.672)	(2.705)
TOTAL	256.373	(1.293)	255.080	260.488	5.408

The Council Budget 2021/22 approved at 26th February 2021 Full Council outlined the 2021/22 approved budget position. After this report was approved a number of further technical adjustments were actioned which included cross directorate transfers. These were required to give an accurate reflection of the detailed required budget position by directorate. These adjustments did not change the net approved budget total of £256.373m.

Recommendations

2.1 To note:

- a) The revenue projected outturn and key budget variances set out in the report in section 4.1 with a detailed analysis in Appendix 1 and the savings to be delivered in the year in section 4.2
- b) The current forecast Covid spend and funding as set out section 4.3 and in Appendix 3
- c) The Council's reserves position, as set out in section 4.4 and Appendix 2
- d) The capital programme forecast, and actual capital expenditure incurred during the quarter summarised in section 4.5
- e) The changes already approved under scheme of delegation to the capital programme detailed in Appendix 5
- f) The forecast Dedicated Schools Grant position summarised in section 4.6
- g) The Council Tax and Business Rates Collection performance as set out in section 4.7
- h) The Housing Revenue Account performance and projected outturn as set out in section 4.8

2.2 To approve:

- a) To approve changes to the 2020/21 - 2022/23 capital programme outlined in section 4.4 and detailed in Appendix 6
- b) To approve business rates write-offs of £1,149,302.74 and housing benefit overpayment write-offs of £67,774.10 as uncollectable outlined in section 4.7.10, with details at Appendix 7 and 8 respectively. A confidential paper is on this agenda and outlines further detail.

Reasons

- 3.1 To provide assurance that the budget approved by Council on 24th February 2021 is being effectively monitored and any major variances reported to Cabinet on a regular basis.

Supporting information

4.1 The Councils Revenue Budget Forecast position at Quarter 2

As we move into the second quarter of the financial year the Council continues to face pressures in demand for its services. The Council reacted quickly to the emerging pressures detailed in the Quarter 1 report and quickly set up processes to ensure that only critical essential expenditure was being incurred. The Quarter 2 position has held steady, and it is hopeful that the mitigation plans in place will improve this position further as we move into the second half of the financial year. It must be stressed though that demands across the care sector and on our care services will continue to be a pressure over the coming months and we will continue with our demand strategies and interventions to reduce the financial impact of this.

The out-turn position for the Council wide service budgets without mitigation is a pressure of £8.113m. This is outlined in the below summary:

Area	Quarter 2 £m	Quarter 1 £m	Movement £m
Pay Pressures	2.124	2.910	(0.786)
Net Income Position	(1.767)	(0.312)	(1.455)
Further Covid Comms & Place	0.615	1.012	(0.397)
Unbudgeted emerging pressure	10.509	8.219	2.290
Unachieved Savings	1.204	1.129	0.075
Use of Contingency - Corporate	(0.314)	(0.323)	0.009
Other net under and overspends	(1.478)	(0.952)	(0.526)
Sub total	10.893	11.683	(0.790)
Covid Placeholder budgets	(2.780)	(2.780)	-
TOTAL	8.113	8.903	(0.790)

4.1.1 The position is net of Covid ringfenced Contain Outbreak funding used to offset emerging pressures from the current year impact of Covid. Work is ongoing to analyse permanent and one-off pressures which will impact the Council going forward in the medium term.

4.1.2 A further detailed breakdown of the elements of the £8.113m within each area and directorate can be found at Appendix 1. These areas will continue to be updated and refined throughout the year. The narrative below outlines a summary of each section.

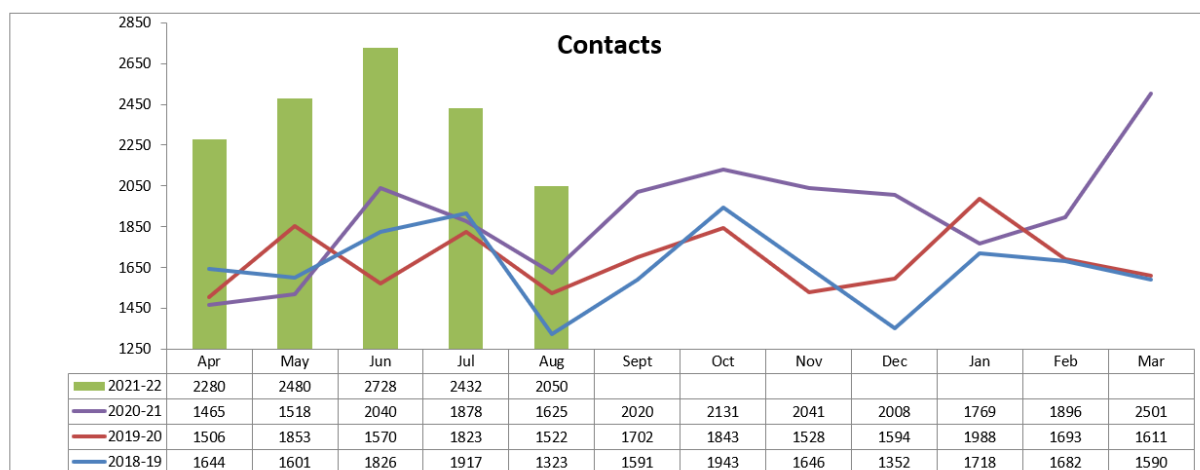
4.1.3 Pay Pressures £2.124m

There is an estimated Pay pressure of £2.124m for the Council.

This includes a pressure of £0.850m which has been included in the forecast to allow for an anticipated pay award of 0.75% above the 1% which was included in the base budget. This is based on the latest Employers Offer of 1.75% which has not currently been accepted by the Trade Unions. There is also a pressure of £0.103m emerging as a result of the revised scheme of Member allowances agreed at Council in July.

- 4.1.4 There is an estimated turnover pressure of £0.230m relating to staff at top of grade and low turnover of staff across the Council during the pandemic alongside the need to continue to recruit staff in a timely manner over the course of the pandemic.
- 4.1.5 There is a pressure of £0.375m in staff within the Streetpride service for the use of agency staff due to high sickness levels, maternity cover and test and trace.
- 4.1.6 There is an emerging staffing pressures of £0.566m due to the use of Agency social workers. Derby's social care workforce has remained resilient and strong throughout the pandemic and provided exceptional service delivery in the face of COVID uncertainty and continue to do so. However, this has not been without some impact. The social worker establishment is beginning to experience some rise in long term sickness absence and the level of maternity leave has also increased to all time high. Together with a small vacancy turnover, this has resulted in the need for additional agency social worker reliance. Derby currently has 22 agency social workers covering the equivalent of 23 posts. The social work establishment is 133 FTE in total. In comparison to May 2021, there were no long term absent social workers and need for only 13 agency social workers. In response to this, Derby continues to maintain its recruitment strategy and open advert. Significant success has been achieved through delivery of apprenticeships and Step up to social work programmes.

Whilst at the start of the pandemic there was an immediate reduction in the numbers of contacts and referrals to children's social care, there has been a continuous rise in demand, and since April 2021 there has been a significant increase in contacts and referrals to children's social care leading to a marked increase in the number of children open to the service; this clearly coincided with the end of lockdown and children becoming more visible to universal services. This also means that social work caseloads are under increasing pressure leading to the continued need for Agency Social Workers. 2050 contacts were recorded in August 2021. This compares to 1625 recorded in August 2020 (26% increase).



4.1.7 **Net Income position (£1.767m)**

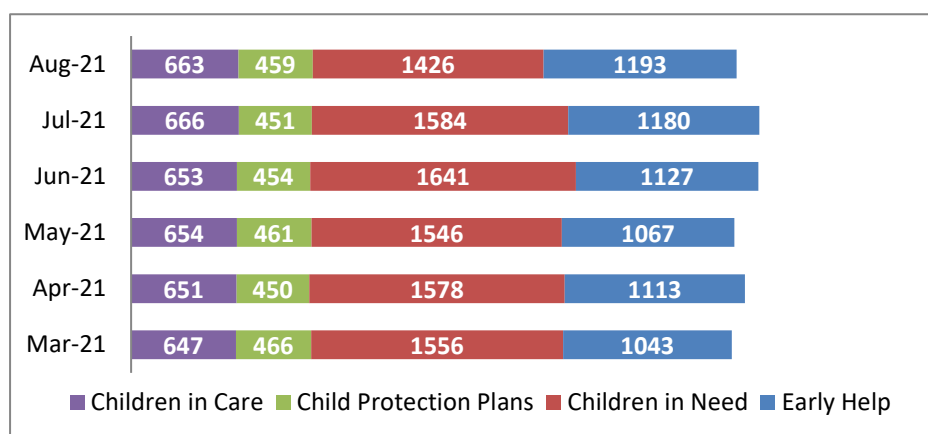
There is an estimated overachievement of income of (£1.863m) for the Council. This includes further income of (£5.773m) and income pressures of £4.551m. These are outlined below with further detail in Appendix 1.

- 4.1.8 The Highways capital programme has received additional investment and Highways Maintenance have carried out the work and recharged the programme, this has generated an additional income of (£0.600m) while managing costs.
- 4.1.9 The forecast position includes (£0.683) additional Better Care Fund income for 2021/2022 inflation and this is being used to offset pressures in care costs in Adult Social Care. There is (£1.261m) income from the Home Office to offset the increasing costs of accommodating unaccompanied asylum-seeking children. Both amounts are increased from Quarter 1 by a total of £0.238m.
- 4.1.10 There is a (£1m) income stream from DfE for pressures emerging in Home to School Transport and a further allocation from covid funds of £0.70m to cover the cost of single occupancy taxis, and finally (£1.325m) allocated across Adult social care services for one infection control grant covering the period to 20th September 2021 which will offset increased costs in the relevant services due to Covid. Government have just announced this funding is due to continue through to 21st March 2022, but allocations are unknown at this time.
- 4.1.11 The forecast includes and assumption that the NHS Covid 19 Hospital Discharge scheme continues in line with the government guidance until 31st March 2022, this covers the costs of client packages following hospital discharges during the period that assessments are being carried out.
- 4.1.12 Covid implications across the Planning, Transport and Parking departments are creating a forecast pressure of £1.790m, representing 24% of the total annual Service budget (76% forecast to be achieved). This relates to a significant loss of income which, in the main is due to reduced journeys and visitors to the city centre and a reduction in the number of planning applications. Without the implications of covid, it is assumed that these income targets would have been met, following the approval of a £0.600m pressure against Parking income in the 2021/22 MTFP. The various year to date data streams support these assumptions, in that parking enforcement numbers are in line with expectations whilst parking fee income is still recovering. The loss of income as a result of the demolition of the Assembly Rooms car park was funded in 2021/22 to the value of £0.446m. This is supporting the revenue position of the service following the delay in the demolition timeline (£0.446m).
- 4.1.13 Leisure, Culture and Tourism are projecting a shortfall of £0.674m in income generating activities directly related to the pandemic and the closure of facilities. This represents 8% of the income budget. As with Parking income, following approval in the 2021/22 MTFP to grant £0.460m to support the historic income shortfalls, there is an underlying assumption that the income budget would have been met this year. Ongoing Covid implications has meant that the activity in year was slow to start. Full recovery is now not expected until 2022/23 assuming no further restrictions take place. There is a further pressure of £0.172m as a direct result of the closure of the Guildhall Market relating to loss of income. There is also a £0.189m pressure following a reduction in demand for services in Licensing and Bereavement services. Additional income of (£0.545m) has also been received from Public Health towards covid prevention measures.

- 4.1.14 The Peoples directorate has income pressure of £0.338m 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. The service are reviewing plans to mitigate this overspend and these will come into fruition in the later part of the year.
- 4.1.15 Corporate Resources directorate has a net income pressure of £0.182m. £0.386m for the loss of rental income at Connect properties due to reduced demand for office space as a result of Covid and additional rental income at the Council House (£0.204m), for extended opening hours of office space rented by the Department of Works and Pensions.
- 4.1.16 Across Adult social care an income pressure of £1.002m has been forecast. Based on the current levels of debt recovery it is assumed that the bad debt provision will need to be increased by £0.340m and the recovery of domiciliary care contributions will be reduced by £0.400m. The impact of covid has led to the Carelink service not achieving its income target by £0.230m for a further year, and chargeable training not delivered as planned for 2021/2022 of £0.032m. Specific targeted mitigations are planned in respect of outstanding debt.
- 4.1.17 **Further Emerging COVID pressures £0.615m**
Communities and Place directorate are forecasting a further pressure as a result of costs incurred as a direct result of the Covid Pandemic which include:
- Increased waste tonnages whilst residents are still working from home £0.404m – a £0.021m increase from quarter 1.
 - Income shortfalls for Public Protection Officers, Market Hall and Milestone House £0.211m
- 4.1.18 **Unbudgeted Emerging Pressures £10.509m**
There are unbudgeted emerging pressures across all directorates resulting in a net pressure of £10.509m.
- 4.1.19 Corporate Resources has an unbudgeted pressure of £0.476m relating to increased uncontrollable recharges for the Coroners service from Derbyshire County Council
- 4.1.20 Unrelated to the pandemic, the Communities and Place directorate have the following emerging unbudgeted pressures totalling £0.328m. £0.063m relates to an ongoing pressure against NNDR as a result of revaluations to Springwood Leisure Centre and Moorways Stadium. These are currently in the process of being appealed. £0.042m is due to increased costs relating to Stores Road depot maintenance to keep the site operational and increased hire costs for fleet vehicles due to requests from across the Council for vehicle hire. £0.060m is due to increased Grounds Maintenance costs for bin collection, litter collection and fly tipping at Parks sites. £0.163m forecast overspend against Trade Waste. This is being managed through a projected saving in disposal tonnages of (£0.194m) and a reduced vehicle replacement programme (£0.290m). A one-off saving against of Moorways Sports Village of (£0.200m) is also included as a result of lower than anticipated costs due to the external operator model.

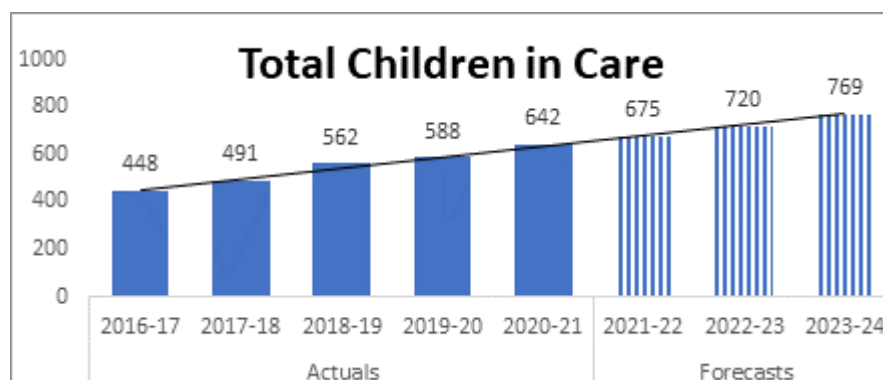
4.1.21 The Peoples directorate budget was increased for demand across children's social care by £8m in 2021/2022, however the service continues to have emerging unbudgeted pressures of £8.234m:

This pressure is predominantly linked to the cost of care (£5.895m for agency placements and £0.809m for allowances). The numbers of children in care at the end of Quarter 2 was 665, which is an increase of 10 compared to Qtr. 1. This level of increased pressure is not isolated to Derby, nationally there has been a 24% rise in children taken into care in England between 2010 and 2020.



The total number of children and families being supported by our Early Help and Children's Social Care Teams has **increased**. The **risk of budget overspend** on placements for our looked after children remains significant.

Whilst work on managing demand remains critical our analysis indicates that LAC numbers could increase to 700 by the end of the financial year. However, it's not just about new admissions to care, but the reality that children will stay in care for longer durations due to the significant backlog of cases in the family proceedings court which will cause significant bottle necks in placement provision and in some cases, children securing permanence.



The increase in looked after children correlates to the rising legal costs, over the last 2 years legal fees have seen an increase of 15% from 2019/20 to 2020/21 and the forecast for 2021/22 is predicting a further 28% increase. The current pressure includes £1.170m for legal fees.

Home to school transport pressures of £1.614m are partially offset by the additional income identified in section 4.1.10.

The high-risk areas that could further impact on the forecast include:

- Increase in the number of looked after children
- Increased costs of placements
- Increased Agency social worker costs
- Increased legal fees

For Adult services the longer-term impact of the Covid19 Pandemic is unknown at this time. However, now that almost all Covid restrictions have been there are signs of upward demand pressure on the service, particularly for safeguarding and mental ill health £0.250m is included in the forecast for emerging demand. This is currently being mitigated by one off income streams across the service of £1.325m across the service. The local care market capacity has been significantly affected during the pandemic. Recruitment and retention of staff is a major issue coupled with unfunded cost pressures.

The high-risk monitoring areas that could impact on this adversely include:

- Increased demand in Residential and nursing placements due to lack of community care capacity particularly following hospital admissions.
- Increased clients requiring higher cost placements due to their complex needs.
- Income generation and collection of debt.
- Care link service unable to achieve income targets due to recruitment issues
- General inflationary pressures in the Care Market.

4.1.22 Others – net (**£0.588m**)

This net figure includes unachieved savings of £1.204m outlined in detail in section 4.2 of this report. Use of corporate contingencies of (£0.314m) to mitigate overspends and one-off net underspends of (£1.478m) mainly in Communities and Place.

4.1.23 The pressure before use of covid placeholder budgets of £10.893m is being mitigated as outlined in the table below including a net funding issue of £0.905m. The net forecast pressure on the Council and the potential use of the Budget Risk Reserve at Qtr.2 is a forecast of £5.408m.

Directorate Position	£m
	10.893
Use of Reserves - Application of Covid for revenue	(2.957)
Use of Contingency - Covid Placeholders within the 21/22 Base Budget	(2.780)
Additional NHS Income	(0.653)
Sub Total (Position without Base funding issue)	4.503
Funding shortfall	1.664
Use of Reserves - Application of Business Rates Smoothing Earmarked Reserve	(0.759)
Sub Total (Funding Issue)	0.905
TOTAL Forecast variance	5.408

4.1.24 **Funding**

The current forecast for funding the base budget, is a pressure of £0.905m, this is net of the use of the Business Rates Smoothing reserve approved in quarter 1.

4.1.25 **Directorate Summaries**

4.1.26 **Mitigation plans - Peoples**

Further analysis of the overspend indicates that despite a demand management programme well underway with increasing evidence of impact, there are factors out of the direct control of the Council which directly impact on the overspend and could not have been forecast when preparing the MTFP.

4.1.27 This includes a higher number of young people remanded to secure placements by the Courts, the ongoing difficulty in recruiting a manager for a -Councils children's home which would create four placements for children currently in an external residential placement, and a high number of children with a plan for foster care currently placed in an external residential placement because there are no placements anywhere in the country. This latter point reflects the significant national challenge with the care market for children in care which is part of the Department for Education 'Children's Social Care Review' currently underway.

4.1.28 The service continues to work on robustly managing the demand through established demand management work reporting to the Corporate Demand Management Board, with each workstream having clear milestones, deliverables and with savings tracked. Areas include:

- The development of inhouse residential placements
- The lean review of the placement decision and tracking process
- Fostering opportunities through the Social Impact Bonds arrangement which is now well underway
- Build on the successful recruitment of the inhouse foster carers including bolstering our Friends and Families Team
- Embedding and building on the Staying Together Team which is successfully preventing teenagers from entering care.

4.1.29 In addition, CLT has agreed the following additional actions:

- Establishment of a Corporate Delivery Group to link with our accommodation strategy for children in care and care leavers. This includes all relevant senior leaders from across the Council and will be tasked with expediting relevant actions in the accommodation strategy to increase placement sufficiency
- A specific task and finish group has been established, reporting to the Corporate Delivery Group, on exploring options with the market on the potential of a different model to operate the four bedded children's home where despite a range of different methods it has not been possible to recruit a home's manager.

4.1.30 Whilst at Quarter 2 adult social care is forecasting an underspend the service has also seen an increase in demand in terms of safeguarding, mental health, and residential care placements. The number of adult clients has increased from 3344 in Qtr. 1 to 3359 in Quarter 2 (of these residential clients saw a significant increase of 32 clients and community support saw a reduction of 17 client packages). In Adult Social Care, we are starting to see the impact on the care sector from the pandemic with demand increasing in some areas and pressure on the external market with particularly acute challenges in the Home Care sector. All this, whilst we still await the much-anticipated Green Paper on social care reform and funding.

4.1.31 In terms of the specific focus in Adult Social Care:

- Continued reviewing of community packages early to ensure appropriate package size has been embedded into the social care process
- Ensure that we maximize advantage and capacity in working with the CCG and health providers including all appropriate income and funding streams, further integration opportunities and through building on our successful demand management approach
- Work with the NHS, Community and Housing Services to find non-statutory solutions to social care needs as part of the partnerships “Better Together” approach.

4.1.32 **Mitigation Plans – Communities and Place**

The directorate is heavily dependent on income from a range of sources and with the significant impact of the pandemic on the economy and resident behaviour in this year effective forecasting of likely income is an unprecedented challenge. Where possible modelling from national sources has been used to attempt prediction as to when pre pandemic levels of usage may return in leisure, parking and planning, but there are a range of factors which will play a role and the volatility of the position needs to be noted.

4.1.33 As such at this point in the financial year the review forecast is a total spend of £47.624m which is £2.155m over the allocated budget. This includes an underachievement of income at £2.040m and a further additional £0.414m of costs directly attributable to Covid impact. Focus is now on the recovery of the City as we emerge from the pandemic with the aim of increasing footfall and vibrancy within the City centre.

4.1.34 **Mitigation Plans – Corporate Resources**

4.1.35 The Corporate Resources directorate is currently forecasting a pressure of £0.504m. Within this overspend there is £0.604m directly attributable to Covid impact. The majority of the Covid related impact relates to lost rental income at Connect properties of £0.386m, in addition there is also reduced court cost income £0.080m, additional IT equipment £0.053m, loss of income at the Registrars Officer £0.055m and other pressures across the directorate of £0.030m.

4.1.36 Focus is now on identifying further underspends across the directorate to bring this in line with the directorate budget and help mitigate pressures in other directorates.

4.1.37 Corporate Resources is staffing based in the main therefore areas being considered include vacancy management, for example delay in recruitment if possible and the potential review and deletion of vacant posts.

4.1.38 The directorate will review and accelerate or increase any savings potential (e.g. digital, contract management) to help mitigate the Council wide position.

4.2 **Savings delivery**

The Council's Revenue budget for 2021/22 included savings targets for each directorate in order to support a balanced budget position.

2021/22 Directorate Savings Targets	Approved Savings Targets £m	Savings Delivered £m	Year End Shortfall £m	Forecast Variance Delivered %
Peoples Services	5.352	4.352	1.000	81%
Communities and Place	2.589	2.529	0.060	98%
Corporate Resources	1.713	1.514	0.199	88%
Total	9.654	8.395	1.259	87%

4.2.1 **People's Services:** The ongoing difficulty in recruiting a manager for a Derby City Council children's home, which would create four placements for children currently in external residential placements is likely to result in the savings target of £1.000m not being achieved.

4.2.2 **Communities and Place** are forecasting to achieve all but £0.060m of the 21/22 savings. The shortfall in savings relates to increased Grounds Maintenance costs for bin collection, litter collection and fly tipping at Parks sites.

4.2.3 **Corporate Resources:** There are three savings that are, at present, unachievable. The first relates to a review of the Absence monitoring System (First Care) (£0.124m) which needs further planning and will now be delivered in future years if achievable.

- 4.2.4 The second saving relates to hire of the civic suite for functions and charging for Council House tours in conjunction with Derby LIVE (£0.005m) which has been difficult to progress due to Covid restrictions. Finally there is a saving within Business Support relating to recovery of duplicate invoice payments that has been delayed. This saving will now achieve around (£0.025m) of the (£0.100m) originally planned leading to an unachieved saving in 21/22 of £0.075m all other savings in Corporate Resources are either on track to be delivered either wholly or in part with alternative mitigation in place where appropriate.

4.3 Covid Forecast

The current full year potential revenue forecast Covid pressure is £7.152m, this is excluding pressures on the Collection Fund and expenditure relating to specific grants received to date to support the economy, such as Business grants, Test and Trace, Infection Control, Public Health Covid grants and other covid specific grants.

Covid Pressures	2021/22 £m
Expenditure Pressures	4.028
Income Pressures	3.124
TOTAL REVENUE PRESSURES:	7.152
HRA Pressures	0.355
Capital Pressures	0.727
TOTAL COVID PRESSURES	8.234

- 4.3.1 The Council currently holds £2.957m in a Covid reserve, which is the remaining balance of the general Covid funding received in 2020/21 net of commitments to fund Capital and covid funding pressures. There is also £2.780m one off pressures available in the 2021/22 MTFP to fund emerging Covid pressures and further NHS funding has been identified as available £0.653m.

Funding Available:	2021/22 £m
*Covid Reserve	(2.957)
Budget Pressures included in the 2021/22 MTFP:	
Covid Scarring - Additional loss of income - place holder	(2.300)
Emerging Covid Pressures Fund	(0.480)
Additional Funding Identified:	
New NHS figure in Peoples to fund Covid Pressures – ringfenced covid funding for the council to provide practical support to those isolating, work is being carried out across the council, funding received to date will offset costs across the council.	(0.653)
TOTAL FUNDING AVAILABLE FOR REVENUE	(6.390)

*Covid Reserve is net of Capital £0.727m and funding pressures £0.357m.

** Impact on Budget Risk Reserve is: £7.152m minus £6.390m = £0.762m as shown table below

- 4.3.2 Covid Funding has provisionally been apportioned across directorates based on current total covid pressures, as breakdown below, however this will change as forecasts are refined.

Summary by Directorate	2021/22 £m	Forecast Covid Funding	Remaining Covid Pressure to be potentially funded from BRR
Peoples – Adults	0.155	(0.138)	0.017
Peoples - Public Health	-	-	-
Peoples - Children's	3.226	(2.883)	0.343
Communities and Place	3.030	(2.707)	0.323
Corporate Resources	0.741	(0.662)	0.079
TOTAL REVENUE PRESSURES	7.152	(6.390)	0.762

- 4.3.3 Any forecast shortfall (currently £0.762m) will need to be funded from budget risk reserve if no more government funding becomes available, this shortfall is included as a budget risk reserve commitment within the £5.356m outturn pressure, see Appendix 3 for a breakdown of pressures per directorates.

4.4 Usable Reserves

- 4.4.1 **General Fund Balance:** At 30th September 2021 the General Fund Balance is £8.933m. This is within the best practice accounting guidelines with expected percentage of budget being at 3.5% of the 2021/22 net budget requirement.
- 4.4.2 **Earmarked Reserves:** Earmarked Reserves have a future year's forecast balance of £7.747m. Earmarked reserves are held to fund specific projects, such as the Council's regeneration fund programme and the general insurance reserve.
- 4.4.3 **Budget Risk Reserve:** This has a future year's forecast balance of £5.638m after taking account of the current forecast overspend of £5.408m. Any further residual overspend at the end of 2021/22 would be a call on the reserves and potentially impact on the Council's financial resilience.
- 4.4.4 Reserves are set out in Appendix 2. The table includes other reserves which are not available to the Council for general use, such as School Balances. The year-end 2021/22 forecast reserves balance as at 30th September 2021 is £56.946m of which £43.560m is committed in future years, resulting in a future years forecast balance of £13.386m (excluding HRA ring-fenced balances, the general fund reserve and school balances).

4.5 Capital Monitoring

The capital expenditure forecast for 2021/22 has been reviewed and the updated forecast is now £164.306m and detailed at section 4.5.1 to 4.5.11. There is a forecast variance to the original approved capital budget of (£88.442m) against the approved budget of £252.748m agreed by Full Council on 24th February 2021. The majority of this underspend will slip (along with its financing source) into future years.

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

2021/22 Capital Programme by Service Area	Approved Capital Budget	Outturn slippage approved July 2021	Revised Approved	Actual Spend	Current full year forecast/ Revised Budget	Forecast Variance to original Approved Budget
	£m	£m	£m	£m	£m	£m
Schools	15.192	0.454	15.646	6.052	11.762	(3.430)
Housing General Fund	9.826	0.340	10.166	1.533	5.395	(4.431)
Property Improvement	26.349	6.458	32.807	9.690	31.126	4.777
Flood Defence	1.010	0.393	1.403	0.209	1.894	0.884
Highways & Transport	51.034	9.679	60.713	6.981	43.396	(7.638)
Vehicles Plant & Equipment	3.128	(0.014)	3.114	1.071	1.914	(1.214)
Regeneration	90.892	1.293	92.185	4.477	37.461	(53.431)
Information and Communication Technologies (ICT)	3.547	0.266	3.813	0.136	2.563	(0.984)
Housing Revenue Account (HRA)	44.270	2.599	46.869	7.703	22.575	(21.695)
Corporate	7.500	0.404	7.904	-	6.220	(1.280)
Total	252.748	21.872	274.620	37.852	164.306	(88.442)

4.5.2 Capital expenditure to date is low against the original approved budget due to the heavy profiling of schemes spend towards the end of the year and the impact of the Covid pandemic and slippage.

4.5.3 The revised approved capital programme including outturn slippage was £274.620m. Further reductions totalling (£93.252m) have been previously approved by either delegation or by Cabinet since quarter 1 and changes this quarter requiring approval are (£17.062m) which will reduce the programme. Appendix 4 outlines major forecast programme variances with changes requiring approval this quarter included in Appendices 5 and 6. The overall variance from original to forecast outturn is made up as follows:

Analysis	£m
Outturn Slippage detailed in the outturn report	21.872
Previous reported changes	(93.252)
Changes requiring approval this quarter *	(17.062)
Total Variance	(88.442)

*Changes requiring approval this quarter.

4.5.4 Capital Programme - Main Outturn Variances.

4.5.6 The variances between original approved budget and the Quarter 2 revised forecast outturn are outlined below with reasons for variances:

4.5.7

Strategy Area	Reasons for variances			Variance £m
	Additions	Slippage /Reprofiling	(Reductions)/ Reallocations	
Schools	5.523	(8.930)	(0.023)	(3.430)
Housing General Fund	2.084	(6.107)	(0.409)	(4.432)
Property Development	6.803	(1.059)	(0.967)	4.777
Flood Defence	0.393	-	0.491	0.884
Highways and Transportation	12.401	(19.321)	(0.719)	(7.639)
Vehicles Plant and Equipment	0.806	(0.355)	(1.686)	(1.235)
Regeneration Schemes	3.514	(52.594)	(4.351)	(53.431)
ICT	0.266	(1.250)	-	(0.984)
HRA	3.582	(20.268)	(4.649)	(21.695)
Corporate	0.404	-	(1.684)	(1.280)
TOTAL	35.777	(110.224)	(13.995)	(88.442)

4.5.8 Section 106 Contributions

Section 106 (S106) contributions are allocated through the S106 working group and are required to be reported to Cabinet. The table below outlines the additional S106 contributions allocated this quarter totalling £0.030m:

4.5.9 Additional S106 Allocations

Strategy Area	Scheme	Developer	Ward	£m	S106 ref no
Regeneration	Creative Pathways	Coleman Street	Alvaston	0.010m	ColS1-02
Regeneration	Creative Pathways	Sawley Packaging	Derwent	0.007m	SawP4-01
Regeneration	Creative Pathways	Kingsway Retail Park	Abbey	0.013m	KinR1-01

4.5.10 Current S106 balances are £11.280m. The table below shows these balances and commitments for all S106 contributions. For a detailed list of S106 contributions contact Head of Finance: Toni Nash at Toni.nash@derby.gov.uk:

Position	£m
Opening balance as at 01/4/20	12.665
Received to date	1.666
Adjustments/Clawbacks/Expired	(1.081)
Total Available	13.250
Committed 2021/22	1.970
Forecast Available Future Years	11.280

- 4.5.11 The S106 contributions are held under long term liabilities within the balance sheet as 'capital grant receipts' in advance.

4.6 **Dedicated Schools Grant - Centrally Retained Elements**

The 2021/22 allocation for the Dedicated Schools Grant (DSG) is £272.785m and there continues to be significant pressures in the High Needs Block (HNB) supporting children with additional needs.

- 4.6.1 Working groups involving Council Senior Officers and Head Teachers are working on a number of strategic themes which includes revising the process and panel arrangements for decision making about high needs provision, reviewing current out of authority placements, reviewing the criteria to assess requests for high needs funding and the future configuration of provision for children and young people with social, emotional, and mental health needs.
- 4.6.2 High Needs demand remains the single most significant pressure to the school's budget with a forecast £5.2m overspend. Whilst every effort is being made to make savings the demand and cost of higher needs provision is a concern. The DSG reserve is estimated to be significantly reduced by the end of the financial year with a projected DSG deficit at the end of 21/22. This position is mirrored in the majority of top tier Councils)
- 4.6.3 Placements made out of the authority are expected to be £3.8m pressure on a £12.3m budget.
- 4.6.4 Element 3/Top Up payments to mainstream settings is forecasting a pressure of £1.2m against a budget of £6m. The budget was set at an average annual cost of £0.004m per plan (based on 20 new funded plans a month), however the average monthly cost is considerably higher at circa £0.008m per funding approval, with a significant greater number of plans seemingly approved each month, 169 funding approvals were allocated in April and May.

4.7 **Collection Fund**

The collection fund forecast for the position at 31 March 2022 has been reviewed at Quarter 2 and we are currently forecasting a deficit of which the Councils share will be £2.606m.

Council Tax	1.886m
Business Rates	<u>0.720m</u>
	2.606m

4.7.1 **Council Tax:**

At Qtr.2 we are currently forecasting a Council Tax deficit of £2.277m with the Council's share of this being £1.886m. This forecast position is unchanged from Quarter 1.

This forecast deficit is in addition to the exceptional balance forecast for 2020/21 that was allowable by regulation to be spread over 3 years - Derby City Council's share was calculated as £0.196m per year, which was included in the 2021/22 MTFP. This will mean a current forecast deficit of £2.082m should be included in the 2022/23 MTFP for the anticipated Council Tax deficit, with a further £0.196m for 2023/24

- 4.7.2 Council Tax recovery activities have now returned back to pre-pandemic levels and we are issuing reminders monthly. Since September, we have also sent 7,000 summons and a further 6,000, at a value of £2.5m, will have been issued by the end of the calendar year and listed for one of the available courts.

Further, in quarter 2 just under 1,000 Attachment of Benefit or Attachment of Earnings Orders have been issued and around 1,500 cases passed to our Enforcement Agents. We have also handled over 2,000 payment arrangements in this-

- 4.7.3 The court position remains as set out in the quarter 1 budget monitoring report and we are actively chasing up our colleagues at the Magistrates Court for court time in 2022.

We continue, as far as possible, to ensure that the most appropriate course of recovery action is taken for each case. In doing this we will always try to balance the requirement not to cause undue hardship for our citizens but also offers the best chance of collecting the outstanding debt within the shortest time possible

- 4.7.4 This forecast deficit is in addition to the exceptional balance forecast for 2020/21 that was allowable by regulation to be spread over 3 years - Derby City Council's share was calculated as £0.196m per year, which was included in the 2021/22 MTFP. This will mean a current forecast deficit of £2.082m should be included in the 2022/23 MTFP for the anticipated Council Tax deficit, with a further £0.196m for 2023/24.

4.7.5 **Business Rates:**

At Quarter 2 we are forecasting a Business Rates deficit of £18.057m with Derby City Council's Share of this being £8.848m. The main reason for this large deficit is the extension of the retail and nursery relief schemes. This deficit will be partially offset by additional S31 funding for the extended retail and nursery relief schemes - we are currently forecasting the Council should receive an additional £8.128m S31 funding. This will mean a net deficit in the 2022/23 budget of £0.720m. This forecast position is unchanged from Qtr.1.

- 4.7.6 This is in addition to the exceptional balance forecast for 2020/21 that was allowable by regulation to be spread over 3 years - The Council's share was estimated in the 2021/22 MTFP as £1.158m per year but was confirmed in the 2021/22 NNDR1 as £1.356m per year. This will mean a current forecast deficit of £2.076m (£1.356m + £0.720m) should be included in the 2022/23 MTFP for the anticipated Business Rates deficit, with a further £1.356m for 2023/24.

- 4.7.7 We are also forecasting that S31 funded reliefs are slightly lower than budgeted and therefore there will be an estimated pressure in 2021/22 of £0.299m for S31 grants due back to the government.

- 4.7.8 As of 30th September 2021 the amount of Council Tax billed for the 2021/22 financial year is £133.679m, of which £71.155m or 53.08% has been collected. This compares with 53.13% at the same time last year. Compared with the position 12 months ago, in cash terms, we have collected £4.597m more from Council Tax-payers. The collection environment remains extremely challenging and a number of Covid related challenges

- 4.7.9 As at 30th September 2021 the amount of Business Rates billed for the 2021/22 financial year is £79.627m of which £38.417m or 48.08% has been collected. This compares with 51.71% at the same time last year. There is no direct comparison between our collection position at the end of quarter 2 in 21/22 with that of 20/21 because of changes to the expanded retail discount and nursery discount relief schemes that have taken place in 21/22. This has resulted in a number of large assessments losing some or all of their relief in 21/22 and new bills, containing new instalment plans have been sent. Therefore, despite our collection position being 3.63% down on a direct comparison there remains confidence that our collection rates will ultimately be better than those of last
- 4.7.10 Following a review of existing bad debt, approval is sought to write-off £1,149,302.74 of uncollectable Business Rates debt and £67,774.10 of uncollectable Housing Benefit Overpayment debt. These debts are in excess of £10,000 and therefore require Cabinet approval in line with existing financial regulations. Further detail is included at Appendix 7 and 8 respectively and on the confidential part of this agenda.

4.8 **Housing Revenue Account**

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

4.8.1

Department position as at 30 September 2021	Original Budget (annual) £m	Actual Spend Quarter 2 £m	% of Budget	Full year forecast £m	Forecast Variance £m
HRA	2.769	0.939	34%	2.769	-

- 4.8.2 As part of the 30 year HRA Business Plan, the HRA is budgeted to use £2.769m from the HRA reserve in 2021/22. It is currently forecast on target to use £2.769m from the reserve for business as usual activity.
- 4.8.3 There is an additional pressure of £0.175m relating to the Covid pandemic. This is a result of higher-than-normal void levels and will be managed within the projected use of reserves.

Public/stakeholder engagement

5.1 None directly arising.

Other options

6.1 None directly arising.

Financial and value for money issues

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

Legal implications

8.1 The report confirms that the Council can meet its statutory requirement to deliver a plan for a balanced budget.

Climate implications

9.1 None directly arising.

Other significant implications

10.1 Environmental Sustainability

The report sets out the implications of the capital programme.

10.2 Risk Management and Safeguarding

The report demonstrates it has the resources available to deliver the Council's priorities, but it will mean application of reserves if overspends are not reduced over the remainder of the year.

10.3 Corporate objectives and priorities for change

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

10.4 Equality implications

All appropriate equality impact assessments were considered when setting the budget.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal		
Finance	Toni Nash Head of Finance – Corporate Resources	
Service Director(s)	Alison Parkin – Director of Financial Services	
Report sponsor	Simon Riley – Strategic Director of Resources	
Other(s)		
For more information contact:	Toni Nash: Toni.Nash@derby.gov.uk	
Background papers:	None.	
List of Appendices:	Appendix 1 – Detailed analysis of revenue outturn variances Appendix 2 – Summary of reserves Appendix 3 – Forecast Covid pressures summary Appendix 4 – Main Forecast Outturn Variances Capital Appendix 5 – Changes to capital programme under delegation Appendix 6 – Further changes to the capital programme Appendix 7 – Business Rates Write offs Appendix 8 – Housing Benefit Overpayment Write offs	

Detailed analysis of revenue outturn variances (Appendix 1)

	PAY					Income														Unachieve d Savings				Unbudgeted emerging pressures														Further Covid Impact	Other net unders	Use of Contingency		Outturn per directorate
	Estimated Pay Award @ 0.75	Turnover	Agency Grounds Maint - sickness levels	Childrens Staffing/Ag ency Social Workers	Members allowance	Planning/T ransport/P arking	Overachie vement Highways Maint	Licensing and Bereavem ent	BCF inflation (TBC)	UASC income that offsets cost of children of	Childrens Loss of Income - sold service	HTST Income (ntes off HTST pressure of 1.614 in	Adults one off covid/gran t income	Adults income collection/ provisions for bad debts	Additional Public Health funding for Comms and Place	Leisure income shortfall including Guildhall	Connect Properties	Additional DWP	First Care	Civic suite	Business Support - Fiscal project delayed	CYP willows	NNDR pressure Springwoo d - beng appealed	Stores rd maintenan ce/increas ed hire costs	Additional grounds Maintenan ce costs	Trade Waste	Cost of Placemen t - Childrens	Provision for increased client costs (Winter and	Cost of Childrens Allowance s - Cost of Care	Childrens LEGAL FEES both care and SEN	Childrens - Cost of Home to school transport	Adults unspensd and additional income	Coroners	Comms and Place		Corporate Contingen cy	COVID Placeholde rs	TOTAL				
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Corporate	0.201				0.103												0.386	-0.204	0.124	0.005	0.075												0.476		-0.348	-0.314		0.504				
Comms & Place	0.221	0.066	0.375			1.790	-0.600	0.189							-0.545	0.846							0.063	0.042	0.060	0.163									0.615	-1.130		2.155				
Peoples	0.428	0.164		0.566					-0.683	-1.261	0.338	-1.700	-1.325	1.002														5.895	0.250	0.809	1.522	1.614	-0.385					8.234				
Funding issue																																						0.905				
Sub total	0.850	0.230	0.375	0.566	0.103	1.790	-0.600	0.189	-0.683	-1.261	0.338	-1.700	-1.325	1.002	-0.545	0.846	0.386	-0.204	0.124	0.005	0.075	1.000	0.063	0.042	0.060	0.163	5.895	0.250	0.809	1.522	1.614	-0.385	0.476	0.615	-1.478	-0.314	0.000	10.893				
COVID placeholder budgets																																						-2.780	-2.780			
Totals	0.850	0.230	0.375	0.566	0.103	1.790	-0.600	0.189	-0.683	-1.261	0.338	-1.700	-1.325	1.002	-0.545	0.846	0.386	-0.204	0.124	0.005	0.075	1.000	0.063	0.042	0.060	0.163	5.895	0.250	0.809	1.522	1.614	-0.385	0.476	0.615	-1.478	-0.314	-2.780	8.113				

Summary of Reserves Movement as at 30th September 2021

Statement of Reserves	2021/22 Opening Balance £m	In Year Movement £m	2021/22 Commitments £m	2021/22 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
General Fund							
Unallocated General Fund Balance	(8.933)	-	-	(8.933)	-	-	(8.933)
Balances Held By Schools	(8.868)	(1.578)	-	(10.446)	-	10.446	-
Budget Risk Reserve	(18.269)	-	7.820	(10.449)	4.811	-	(5.638)
TOTAL	(36.070)	(1.578)	7.820	(29.828)	4.811	10.446	(14.571)
Revenue Earmarked Reserves							
Covid-19 Reserve	(4.041)	-	4.041	-	-	-	-
Central Schools Budget Reserve	(3.233)	0.600	2.400	(0.233)	-	0.233	-
General Insurance Reserve	(2.656)	-	-	(2.656)	-	-	(2.656)
Trading Services Reserve	(0.155)	-	0.039	(0.116)	0.061	-	(0.055)
Year end grants with restrictions	(10.654)	(0.027)	10.408	(0.273)	0.173	0.099	(0.001)
DEGF Interest Reserve	(0.483)	(0.052)	0.535	-	-	-	-
Regeneration Fund Reserve	(1.135)	-	0.383	(0.752)	0.752	-	-
Assembly Rooms Reserve	(2.030)	-	2.030	-	-	-	-
Delivering Change Reserve	(1.073)	-	0.720	(0.353)	-	-	(0.353)
Business Rate Pilot Reserve	(0.134)	-	0.051	(0.083)	0.083	-	-
Business Rates Smoothing Reserve	(0.759)	-	0.759	-	-	-	-
Collection fund deficit smoothing reserve	(21.444)	-	21.444	-	-	-	-
Treasury Management Reserve	(1.619)	-	0.200	(1.419)	1.419	-	-
Public Health Reserve	(1.334)	-	-	(1.334)	-	1.334	-
Adult Social Care Reserve	(1.011)	-	0.755	(0.256)	0.256	-	-
Capital Feasibility Reserve	(0.660)	-	0.373	(0.287)	(0.040)	-	(0.327)
Other Service Reserves	(11.717)	(0.014)	5.117	(6.614)	2.276	0.120	(4.218)
PFI Reserves	(30.176)	-	(0.315)	(30.491)	30.491	-	-
Earmarked Reserves to support the capital programme	(1.910)	-	0.281	(1.629)	-	1.492	(0.137)
TOTAL	(96.224)	0.507	49.221	(46.496)	35.471	3.278	(7.747)

Statement of Reserves	2021/22 Opening Balance £m	In Year Movement £m	2021/22 Commitments £m	2021/22 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
Housing Revenue Account (Ringfenced)							
Housing Revenue Account (Ringfenced)	(46.151)	-	2.769	(43.382)	-	43.382	-
Major Repairs Reserve	(2.090)	-	-	(2.090)	-	2.090	-
Other Earmarked HRA Reserves	-	-	-	-	-	-	-
TOTAL	(48.241)	-	2.769	(45.472)	-	45.472	-

Forecast Covid Pressures Summary for General Fund, Capital and HRA

Summary by Directorate	2021/22 £m
Peoples – Adults	0.155
Peoples - Public Health	-
Peoples - Children's	3.226
Communities and Place	3.030
Corporate Resources	0.604
Corporate	0.137
TOTAL REVENUE PRESSURES:	7.152
Housing Revenue Account - funded from HRA Reserves	0.355
Capital	0.727
TOTAL REVENUE AND CAPITAL PRESSURES:	8.324

Covid Pressures	2021/22 £m
Expenditure Pressures	4.755
Income Pressures	3.479
TOTAL PRESSURES:	8.324

Funding Available:	2021/22 £m
Covid Reserve	(2.957)
HRA Reserve	(0.355)
Budget Pressures included in the 2021/22 MTFP:	
Covid Scarring - place holder pressure	(2.300)
Emerging Covid - place holder pressures	(0.480)
Additional Funding Identified:	
New NHS figure in Peoples to fund Covid Pressures	(0.653)
TOTAL FUNDING AVAILABLE	(6.745)

Potential Pressure from £1.440m Sales, fees and charges income included in MTFP Funding

£0.357

Potential Shortfall - Potential use of Budget Risk Reserve

£0.762

Capital Programme – Main Forecast Out-turn Variances Quarter 2

Strategy Area and Scheme	Variance £m	Reason Code*	
Housing General Fund			
Affordable Housing External RP	(0.463)	R1	An informal grant request for Castleward had been received from a Registered Provider. After further discussions it was agreed that the Registered Provider would submit a grant application direct to Homes England therefore the Council's grant is no longer required. The budget has been adjusted to reflect this.
Grants - Right to Buy Receipts	(0.300)	S	The use of Right to Buy receipts to part fund the delivery of the early stages of development at Castleward are included in the approved Castleward CPO capital budget on the Regeneration Capital Programme and therefore the budget here needs removing from the Housing General Fund capital programme to avoid duplication.
New Housing Homeless Service Centre	(0.850)	R2/S	There is a separate report on this agenda relating to the Padley Centre Relocation capital scheme which provides an update on the scheme including an explanation of the reasons for the delays in purchasing property and relocation refurbishment works, resulting in the slippage to 2022/23 included here. The separate Padley Centre report includes the slippage proposed here, but also considers other changes to the capital scheme. These other changes have not been built into the capital position in this monitoring report, and the capital programme will instead be updated accordingly for further approved changes following the Cabinet decision.
Property Development			
Darley Playing Fields	(0.250)	S	Over the summer, works were paused due to requiring access to gardens for events. Resurrection of the project will start in Autumn and winter due to the access requirement causing delays in the project completion which is now anticipated to be in Spring 2022.
Homes for Older People - Reconfiguration, Redevelopment, Relocation, Remodelling	(0.219)	R2	Realignment of capital budgets to fund emerging capital projects relating to Homes for Older People
HOP Reconfiguration - Perth House - Car Park	0.216	R2	Realignment of capital budgets to fund emerging capital projects relating to Homes for Older People
Council House - Detailed Survey	(0.200)	S	This project was delayed due to Covid-19 issues and site access. Therefore, slipping £0.200m into the next financial year when completion is expected in Spring 2022.
Kedleston Road - Heating System	(0.350)	S	This project was delayed due to Covid-19 issues, site access and end user negotiations. Therefore, slipping £0.350m into the next financial year when completion is expected in Spring 2022.
Flood Defence			

Cuttlebrook Flood Alleviation Scheme	0.534	R2	Additional funding is required for the Cuttle brook Alleviation Scheme for several reasons. The scheme was delayed from its original programme due to contractual issues and also the onset of the Covid 19 pandemic, which prevented use of voluntary workers. The delays naturally resulted in more staff time from both the Council, and the contractor being spent on the project. The scope of the scheme resulted in an unforeseen planning application being required, which added significant cost, both in staff time and additional design work. Finally the originally estimate construction cost provided by the contractor rose significantly in the three years since it was initially submitted, due to unforeseen additional construction requirements such as drainage provision, archaeological and ecological issue, additional tree planting and coir roll bank stabilisation provided by Highways & Transport programme.
Highways and Transportation			
	(0.475)	S/R2	A grant of £0.500m was accepted at September Cabinet. Work to establish the profile of expenditure has now been completed. The £0.500m has now been profiled as £0.025m in 2021/22 and £0.475m in 2022/23
Asset Management - Land Drainage & Flood Defence	(0.291)	R3	Flood defence schemes are split between Flood Defence and Highways programmes dependant on whether the works are on the Highway's Asset or not. This transfer to Cuttlebrook relates to more non-highways programme related activity than expected therefore transferred to the Flood Defence Programme.
TCF Tranche 2 - Bus & Rapid Transit Links	(3.500)	S	Additional works to progress to the construction stage, include further works (£2.500m) on electric Rapid Transport (eRT) and modelling which will require approval from Cabinet and Department for Transport for the variations, plus the procurement route for the bus shelters, as part of the Partnership Corridor (£1.000m), is under review to ensure value for money in delivering significant upgrades across the network. The TCF2 Business Case set out estimated timescales for delivery, prior to detailed feasibilities being completed. The detailed feasibilities have now been completed and a new timescale has been proposed for the works reflecting slippage for this scheme including covid delays
Vehicles Plant & Equipment			
Street Cleaning & Equipment	(0.294)	S/R2	Extended lead time in procuring vehicles due to covid-19 delays in relation to Street Cleaning vehicles have meant they will not arrive on site before 31 st March 2021 and therefore (£0.335m) is required to be slipped into 2022/23. The remaining £0.041m has been transferred from other Vehicle Plant and Equipment schemes due to increase costs in procuring vehicles.
Grounds Plant & Equipment	(0.338)	R1/R2	Issues in identifying a location for a charging point station has meant the Council has no current need to purchase additional electric vehicles for the Grounds Maintenance Service this year. Part of this budget has therefore been reallocated to other Vehicle Plant and Equipment schemes (£0.077m) and the remaining of the budget (£0.261m) has been removed from the programme at this time.
Safer Streets - Phase 3	0.550	A	An addition to the programme following approval and acceptance of the grant for from Home Office, to assist in making the city a safer more resilient one with installation of new CCTV cameras and workshops. This is profiled in 2021/22 as it needs to be spent by March 2022

Regeneration			
Alvaston District Centre Improvement	(0.731)	S	The outstanding proposals contained within the existing budget approvals for Alvaston District Centre are currently being reviewed and the slippage will be carried forward to 2022/2023 pending the outcome of these considerations.
Carbon Reduction Fund	(0.900)	S	Project opportunities are now coming forward to make use of this funding. Internal projects will be considered by the Climate Change Groups and will align with the Council's Climate Change Action Plan. It has also been agreed to open up this opportunity to innovative external projects through the City's Climate Change Commission and its four action hubs. To reflect the time required to turn these opportunities into actual spend is prudent to slip the majority of the budget into future years.
Ascend Capital (previously City Growth Fund)	(0.750)	S	Since the scheme was only formally launched in July 2021 it was prudent at quarter 1 monitoring to defer a decision on slippage pending evidence of level of take up post launch and assessment of the likely length of time between initial enquiry and actual completion. There has been a significant upturn in enquiries since July and a number of significant sized projects are in the pipeline, some of which will complete this financial year. However, it is now evident that a number of projects will not complete until next financial year due to the time taken to complete due diligence to enable the loans to be paid out
Market Hall Phase 2	0.250	S	£0.250m is required to be brought forward (re-phased) for Market Hall phase 2 for external fees based on the latest cashflow estimates relating to the progress of design work towards RIBA Stage 3.
Castleward – Compulsory Purchase Order (CPO)	(1.000)	S	Following confirmation of the Castleward Compulsory Purchase Order in Summer 2021, a revised profile of compulsory purchases has been planned for acquisitions in 2022/23 and 2023/24. In addition, a deal to purchase CPO's in advance has been re-scheduled to prolong business occupation.
Our City Our River - Package 1	(0.533)	S	Weather conditions have caused works to be delayed and consequently spend will fall into future years.
Our City Our River - Package 2	(0.536)	S	Weather conditions have caused works to be delayed and consequently spend will fall into future years.
ICT			
Major IT System Developments	(1.250)	S	The Financial Management System tender process is currently in progress. The associated procurement timetable and the initial responses revealed that only a fraction of the budget will need to be disbursed in 2021/22, with the remainder (£1.250m) being required to be slipped into 2022/23.
HRA			
Re-Roofing	0.250	R1	An Increase of £0.250m is required to the scheme budget due to the purchase of improved roof material specification (including solar panels built into the roof) for eligible properties
Solid Wall Installation	(0.250)	R1	Clarification of grant funding awarded has meant a reduction in the budget and associated works
New Build and Acquisitions	(2.702)	R1	Due to the property market currently being very volatile new acquisition are selling for more than market price. The changes to the Right to Buy (RtB) spend timescales and its added flexibility has meant the council has reduced the number of acquisitions and is now working on new build developments to secure a pipeline of new homes at a future time

Emergency call system replacement	0.225	R1	Additional spend is required for the Installation of emergency call care equipment to supported living properties that currently do not have this facility. This will allow tenants the option to join the Carelink scheme if they wish to do so.
Barlow Street	(0.200)	S	Due to partial redesign following arboriculture officer discussions, 15 planning conditions must now be resolved prior to any works on site causing delays with the scheme.
Hackwood Farm	0.547	R1	Budget for scheme has been brought in-line with the original approved budget and costs contractually agreed with the developer for Hackwood Farm. It was initially thought there needed to be slippage but this is not now the case
Unallocated Maintenance Funding	(2.000)	R1	Funding that was set aside, for decarbonisation match funding of government grants, has been awarded and made available for use, however the delivery of the scheme is subject to the contractor's capacity meaning funding required this financial year is less than initially budgeted for.
Crompton Street	(0.250)	S	Negotiations with existing users of an underused garage site has taken longer than anticipated. This has resulted in delays in undertaking the required bat survey, resulting in an impact on this programme.
Total main variances	(16.060)		
Schemes Decommissioned from Capital workshop	(0.924)		
Other variances	(0.078)		
TOTAL OUT-TURN VARIANCE	(17.062)		

*See Appendix 6 for Key of categories and Appendix 5 & 6 for full break down of all variances

Changes to the Capital Programme made under Delegation

Scheme Area	Latest Approved Capital Programme 2021/22 £m	Revised Capital Programme 2021/22 £m	Change £m
Schools			
Littleover Community School - Fire Alarm Works	0.087	0.070	(0.017)
Ridgeway Infant - Windows, Drainage Works & Fencing	0.222	0.255	0.033
Wren Park Additional Classroom Feasibility	0.030	0.001	(0.029)
Dale Primary School - Heating Replacement - Block C	0.003	0.006	0.003
Redwood Primary School - Electrical Rewire, Roof Cladding & Suspended Ceilings	0.002	0.013	0.011
Ravensdale Infant School - Electrical Rewire, Suspended Ceilings & Windows	0.002	0.004	0.002
St Clare's SEND feasibility grant	0.000	0.025	0.025
Summer 2022 Feasibility Schemes	0.000	0.060	0.060
Buildings at Risk urgent condition and suitability schemes	0.017	0.018	0.001
Total Delegated Changes Schools	0.363	0.452	0.089
Property Improvement			
Oakwood Park Improvements	0.067	0.000	(0.067)
Chellaston Community Centre	0.039	0.000	(0.039)
Osmaston BMX Track	0.100	0.050	(0.050)
Brigden Avenue Allotments	0.016	0.000	(0.016)
Chellaston Community Garden	0.000	0.037	0.037
Darley Playing Fields	0.430	0.180	(0.250)
Preliminary Design- Structural and Buildings at risk	0.470	0.321	(0.149)
Various Electrical Rewiring	0.000	0.013	0.013
Homes for Older People - Reconfiguration, Redevelopment, Relocation, Remodelling	0.841	0.622	(0.219)
Childrens Homes - ECP Building at Moorfields	0.000	0.006	0.006
Nottingham Road Cemetery - Toilets	0.000	0.011	0.011
Chaddesden Park Pavilion	0.000	0.015	0.015
HOP Reconfiguration - Perth House - Car Park	0.000	0.216	0.216
HOP Reconfiguration - Perth House - Upgrade to Electrics	0.000	0.003	0.003
Council House - Detailed Survey	0.901	0.701	(0.200)
Queens Leisure Centre - Steel Shell Calorifier	0.000	0.035	0.035
18A Osmaston Road & Ashtree House - Roof Repairs	0.000	0.034	0.034

Scheme Area	Latest Approved Capital Programme 2021/22 £m	Revised Capital Programme 2021/22 £m	Change £m
Moorways Stadium - Replacement of Boiler & Associated Equipment	0.000	0.025	0.025
Littleover Community School - Bungalow	0.100	0.000	(0.100)
Queen Leisure Centre - Flooring & Roofing	0.300	0.265	(0.035)
DEDA - Flooring & Roofing	0.000	0.018	0.018
Ashtree House - Heating System	0.000	0.027	0.027
Total Delegated Property Improvement	3.264	2.579	(0.685)
Flood Defence			
Cuttlebrook Flood Alleviation Scheme	1.071	1.605	0.534
Merrill Way and Boulton Lane Rain Gardens	0.114	0.000	(0.114)
Markeaton Brook	0.019	0.000	(0.019)
Sinfin Golf Course	0.058	0.000	(0.058)
Dale Road Park	(0.011)	0.000	0.011
Dale Road Park SuDS	0.051	0.000	(0.051)
Oakwood Natural Flood Maintenance	0.012	0.000	(0.012)
Total Delegated Changes Flood Defence	1.314	1.605	0.291
Highways & Transport			
Network Management - Local Traffic Management	0.832	0.865	0.033
Active Travel - Pedestrian Accessibility	0.138	0.105	(0.033)
Total Delegated Changes Highways & Transport	0.970	0.970	0.000
Vehicles Plant & Equipment Programme			
Replacement of Leased Vehicles	0.330	0.366	0.036
New Hydrogen Plant	0.012	0.000	(0.012)
Total Delegated Changes Vehicles Plant and Equipment	0.342	0.366	0.024
Total Net Changes	6.253	5.972	(0.281)

Summary of Further Changes to the Capital Programme 2021/2022

Summary of Further Changes to the Capital Programme 2021/2022	Latest Approved Capital Programme 2021/22 £m	Revised Capital Programme 2021/22 £m	Change £m	Category
Housing General Fund Programme				
Healthy Housing Assistance	0.205	0.150	(0.055)	S
Empty Property Assistance	0.287	0.237	(0.050)	S
Affordable Housing External RP	0.536	0.073	(0.463)	R1
Milestone House Capital Works	0.150	0.050	(0.100)	S
Grants - Right to Buy Receipts	0.300	0.000	(0.300)	S
New Housing Homelessness Service Centre	1.580	0.730	(0.850)	S
Total Changes to Housing General Fund Programme	3.058	1.240	(1.818)	
Property Improvement				
Kedleston Road - Heating System	0.755	0.405	(0.350)	S
Total Changes to Property Improvement	0.755	0.405	(0.350)	
Highways and Transport Programme				
Asset Management - ITS Network Management Maintenance	1.247	0.772	(0.475)	S
Asset Management - Land Drainage & Flood Defence	0.931	0.640	(0.291)	R3
TCF Tranche 2 - Bus & Rapid Transit Links	5.711	2.211	(3.500)	S
TCF Tranche 2 - Workplace Travel Grants	0.065	0.150	0.085	S b/fwd
Total Changes Highways and Transport	7.954	3.773	(4.181)	
Vehicles Plant and Equipment				
Grounds Plant & Equipment	0.434	0.096	(0.338)	R1/R2
Street Cleaning Equipment	0.610	0.316	(0.294)	R2/S
Safer Streets - Phase 3	0.000	0.550	0.550	A
Total Changes Vehicles Plant and Equipment	1.044	0.962	(0.082)	
Regeneration				
City Centre Masterplan	0.200	0.000	(0.200)	R2
Alvaston District Centre Improvement	0.731	0.000	(0.731)	S
DE-Carbonise	0.321	0.231	(0.090)	S
Carbon Reduction Fund	1.000	0.100	(0.900)	S
Ascend Capital (previously City Growth Fund)	1.250	0.500	(0.750)	S
Derby Enterprise Growth Fund - Recycled	0.333	0.250	(0.083)	S
Becket Well Regeneration	1.391	1.591	0.200	R2
Market Hall Phase 1	4.883	4.783	(0.100)	S
Market Hall Phase 2	0.326	0.576	0.250	S
Castleward - CPO	1.538	0.538	(1.000)	S
Creative Pathways	0.013	0.044	0.031	A

Summary of Further Changes to the Capital Programme 2021/2022	Latest Approved Capital Programme 2021/22 £m	Revised Capital Programme 2021/22 £m	Change £m	Category
iHub plot preparation	0.450	0.420	(0.030)	S
Brook realignment	0.177	0.137	(0.040)	S
IPD Contingency (City Centre Accelerated Development)	0.287	0.180	(0.107)	S
Our City Our River	0.465	0.279	(0.186)	S
Our City Our River - Package 1	1.262	0.729	(0.533)	S
Our City Our River - Package 2	1.058	0.522	(0.536)	S
Our City Our River - Munio	0.982	0.874	(0.108)	S
Total Changes to the Regeneration Programme	16.667	11.754	(4.913)	
ICT Programme				
Major IT System Developments	2.506	1.256	(1.250)	S
Total Changes to the ICT Programme	2.506	1.256	(1.250)	
HRA Programme				
Re-Roofing	1.500	1.750	0.250	R1
Communal Door Entry Systems	0.050	0.070	0.020	R1
Solid Wall Installation	0.350	0.100	(0.250)	S
New Build and Acquisitions	6.846	4.144	(2.702)	R1
The Knoll NB	0.000	0.150	0.150	S
Emergency call system replacement	0.250	0.475	0.225	R1
Barlow Street	0.500	0.300	(0.200)	R1
Hackwood Farm	1.100	1.647	0.547	R1
HRA Fire Safety	0.250	0.150	(0.100)	S
Unallocated Maintenance Funding	2.300	0.300	(2.000)	S
Crompton Street	0.300	0.050	(0.250)	S
The Grange	0.000	0.040	0.040	A
Whitaker Street	0.200	0.150	(0.050)	R1
Green Homes Grant Programme	0.791	0.864	0.073	R1
Brentford Drive	0.000	0.030	0.030	R1
Warwick House	0.000	0.030	0.030	R1
Total Changes HRA	14.437	10.250	(4.187)	
TOTAL CHANGES TO PROGRAMME	46.421	29.640	(16.781)	
Key of Categories				
A	Additional schemes from new funding secured			
A1	Scheme increase funded by previous years' reserves income			
S	Re-phasing			
P	Profiling of New additional spend approved			
R1	Other Adjustments - Scheme Reductions/Increases			
R2	Re-allocated Within Departments Programme			
R3	Re-allocated To Different Departments Programme			

Business Rates write-offs
Write offs

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

Case ref and billing number	Financial Year	Reason for Write Off	Balance Outstanding
1. 40716891 40716907	2019/20 2020/21	Company in Administration	£94,834.57
2. 40655590 40708937	2017/18 2018/19 2019/20 2020/21	Company in Liquidation	£95,260.99
3. 40674881 40674898 40674904	2012/13 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20	Company in Liquidation	£190,394.83
4. 40656036 40335896	2019/20 2021/22	Company in Administration	£95,767.98
5. 40687245	2019/20 2020/21	Company in Administration	£153,821.87
6. 40691763	2018/19 2019/20	Company in Administration	£75,468.80
7. 40597281	2017/18	Company in Liquidation	£60,000.95

	2018/19 2019/20 2020/21		
8. 40557443	2014/15 2015/16 2016/17 2017/18	Company in Liquidation	£64,825.96
9. 40537838	2015/16 2016/17 2017/18 2018/19 2019/20	Bankrupt	£48,067.63
10. 40612913	2019/20	Company in Administration	£30,172.20
11. 40615608	2017/18 2018/19 2019/20	Enforcement Agent unable to take control of goods	£33,419.95
12. 40690371 40690432	2018/19 2019/20	Company Dissolved	£31,738.75
13. 40649670	2019/20	Company in Administration	£26,147.98
14. 40656203	2018/19 2019/20	Company Dissolved	£25,881.53
15. 40643665	2017/18 2018/19 2019/20	Company Dissolved	£24,298.97
16. 40652621	2019/20	Cannot trace debtor	£27,547.06
17. 40602732	2018/19 2019/20	Company Dissolved	£21,351.43
18. 40631464	2017/18	Company Dissolved	£28,034.83
19. 40616649	2017/18 2018/19 2019/20	Cannot trace debtor	£22,266.46
TOTAL			£1,149,302.74

Appendix 8

Housing Benefit Overpayment write-offs

The table below lists Housing Benefit Overpayment debts that are recommended to Cabinet for write off. All the debts are historic and the value is contained within the existing bad debt provision.

Case ref and invoice number	Date invoice raised	Reason for Write Off	Balance Outstanding
1. 70509751	03/04/21	Uncollectable	£11,952.82
2. 71320971	23/09/19	Deceased, no estate	£14,671.43
3: 70616987 70642265 70697605	21/03/13 26/06/13 06/01/14	Deceased, no estate	£10,176.51
4. 71263876 71264914	11/03/19 15/03/19	Debtor subject to insolvency action	£16,492.34
5. 70872404	20/06/15	Deceased, no estate	£11,481.00
TOTAL			£67,774.10