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2023/24 Quarter 1 Financial Monitoring

Purpose

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

- a) **Revenue Budget:** The Council is currently forecasting a pressure of £6.091m against the base budget of £283.412m before mitigations

There will be continued focus throughout the year on spending panels, spending moratoriums and vacancy control which will help ensure the Council delivers a balanced position to mitigate any potential use of reserves

£15.601m of the Council's savings target of £16.196m for 2023/24 is currently forecast to be achieved which is 96%. Work will continue throughout the year to achieve these or alternative savings. Further detail is outlined section 4.2.40

- b) **Capital budget:** Capital expenditure to date is £17.091m and our forecast is estimated at £225.938m against an approved capital budget of £226.213m. Further detail is outlined in section 4.5
- c) **Reserves:** The General Reserve has a current year forecast balance of £5.583m and a future year's forecast balance of £10.861m (This includes apportioning £3.350m of Qtr.1 forecast overspend). The future years balances in reserves are reliant upon planned replenishments in the current MTFP of £10.278m outlined in section 4.4.4

The Budget Risk reserve has current year forecast balance of zero and a future years' forecast balance of £0.752m (This includes apportioning £2.741m of Qtr.1 forecast overspend) This has been done as an illustration of the impact of the current forecast

- d) **Housing Revenue Account (HRA):** The full year forecast projects a planned use of the HRA reserve of £3.098m is outlined in 4.7
- e) **Dedicated Schools Grant (DSG):** The total grant of £307.86m has been allocated to schools and retained educational services. There is an overspend forecast for 2023/24 on the High Needs Block of the DSG of £10.85m taking the cumulative deficit to £15.29m

- f) **Collection Rates:** Council Tax billed for the 2023/24 financial year is £145.520m of which £40.364m or 27.74% has been collected. Business Rates billed for the 2023/24 financial year is £87.373m of which £28.073m or 32.13% has been collected

Recommendations

2.1 To note:

- a) The National context as set out in section 4.1 of this report
- b) The revenue projected outturn and key budget variances are set out in the report in section 4.2 with a detailed analysis in Appendix 7 and the savings to be delivered in the year outlined in section 4.2.40
- c) The Council's reserves position, as set out in section 4.4 and Appendix 1
- d) The capital programme forecast, and actual capital expenditure incurred during the quarter summarised in section 4.5
- e) The changes already approved under scheme of delegation to the capital programme detailed in Appendix 4
- f) The forecast Dedicated Schools Grant position summarised in section 4.8
- g) The Council Tax and Business Rates Collection performance as set out in section 4.9
- h) The Housing Revenue Account performance and projected outturn as set out in section 4.7
- i) The clarification of the 2022/23 out-turn report outlined in Appendix 5 of this report.

2.2 To approve:

- a) The Infrastructure Board Terms of reference delegated authority as outlined in the Infrastructure Board Terms of Reference Extract detailed in section 4.5 and Appendix 6
- b) Changes and additions to the 2023/24 capital programme outlined in section 4.5. and detailed in Appendix 3

Reasons

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

Supporting information

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

4.1.2 Revenue Budget

The overall general fund revenue position at 30 June 2023 is a £6.091m overspend.

4.1.3 **National Context**

Local Government Finances have been under pressure for over a decade. To date local authorities have seen no reform of local government finance and no return to multi-year funding agreements. One year settlements do not help with medium term financial planning for local government. The Core Spending Powers contained with the one-year settlements received included the expectation that local authorities raise council tax.

4.1.4 The multiple main considerations facing Local Government finances include:

- 4.1.5
 - Additional pressures placed on council finances caused by inflation. The financial pressures resulting from the ongoing war in Ukraine and the impact of Covid have been well documented in the media for many months. Increasing costs of Energy, Fuel, Inflation, and Interest Rates affect all types of expenditure
- 4.1.6
 - Additional pressures on services as a result of the cost of living crisis. As people have found their cost of living increasing, they have become more reliant on the services provided by local government, added to this, councils are suffering from exactly the same economic pressures

National trends include:

- In the UK, the price of consumer goods and services rose at the fastest rate in four decades in the year to October 2022. The annual inflation rate dropped slightly from 9.2% to 8.9% between February and March 2023 but was still high compared with recent years. Derby's inflation rate in March 2023 continued to be higher than the national average, at 10.9%
- Around half (49%) of adults are using less fuel in their homes because of increases in the cost of living. However, this is a slight fall from 54% when the question was last asked (between 19 April and 1 May 2023), and the lowest since July 2022
- The most-reported problem was the cost of energy (49%), while the same proportion of people said they had worried about the cost of food. The prices of food and non-alcoholic drinks rose at the fastest rate in more than 45 years in the 12 months to March 2023
- Recruiting the necessary staff for essential service provision. The knock-on effects of unsustainable council finances are also causing significant issues for councils finding and retaining the right staff. Recruiting the staff necessary for essential service provision is an issue. Without well-qualified and trained staff, councils cannot provide the services that millions of people around the country rely on
- The backlog in service provision caused by Covid still remains an issue. However, Local government finances were in need of reform before Covid, the problem is now exacerbated.

4.1.7 These factors will continue to impact on the current year revenue forecast. This inevitably impacts on the Councils ability to forecast expenditure within the revenue budget envelope.

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

Directorate	Current Budget	Full Year Forecast Spend	Forecast Out-turn Variance
	£m	£m	£m
Peoples	188.868	190.469	1.601
Comms and Place	44.170	46.866	2.696
Corporate Resources	50.374	51.190	0.816
Council-wide Unachieved Savings	-	0.978	0.978
Budgeted forecast out-turn position	283.412	289.503	6.091
Budgeted Reserves	0.286	0.286	-
Sub Total	283.698	289.789	
<i>Mitigation illustration</i>			
Use of Reserves:			
Budget Risk Reserve	-	(2.741)	(2.741)
General Fund Reserve	-	(3.350)	(3.350)
TOTAL	283.698	283.698	-

4.2.1 The Councils approved revenue budget has a forecast net overspend of £6.091m at Qtr.1 before mitigations. As set out in the table above, the use of reserves facilitates a balanced position, but this is not without risk. The above use of reserves (which has been outlined to illustrate one method of balancing the forecast position) would take the Budget Risk Reserve to a nil balance at 31 March 2024, whilst the forecast General Fund Reserve balance at 31st March 2024 would reduce to £5.583m, which would represent around 1.97% of the current revenue budget. This would take the General Fund Reserve below the current expected range of 3-5%.

4.2.2 There will be continued focus throughout the year on spending panels, spending moratoriums and vacancy control which will help ensure the Council delivers a balanced position to mitigate any potential use of reserves. There will also be an ongoing use of reserves to check and challenge of use and commitments to potentially free up resources to fund any final out-turn pressure. The overspend currently assumes that all pay pressures over and above that contained within the base budgets will require a draw down on reserves, this is still to be considered and opportunities for service absorption of those pressures absorbed.

4.2.3 The main areas of the forecast out-turn position for the Council wide revenue budget is outlined in the below summary and narrative with further detail at Appendix 6.

4.2.4

Forecast Out-turn 2022/23 position without mitigation at Qtr.1	
Area	Forecast Qtr. 1 £m
Pay award net pressure	3.410
Other Pay Pressures/Savings	0.487
Net Income Position	(3.187)
Unbudgeted pressure	4.932
Underspends	(1.124)
Unachieved Savings	1.573
TOTAL	6.091

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

4.2.5

The 2 main inflationary pressures are in the table below however the impact of inflation will be present in all areas of revenue spend.

Description	Forecast Qtr. 1 £m
Net pay pressure	3.410
Energy	0.148
TOTAL	3.558

4.2.6

Pay award net pressure £3.410m

There is an estimated pay pressure of £3.410m. This is modelling of the pressure of an increase of £1,925 on all NJC pay points 1 and above. This pressure is above the 3% which was included in the base budget.

4.2.7

Other Pay Pressures/Savings £0.487m

Peoples – Other direct staffing pressures across people’s services are offset with vacancies leaving a net underspend forecast to be (£0.753m).

4.2.8

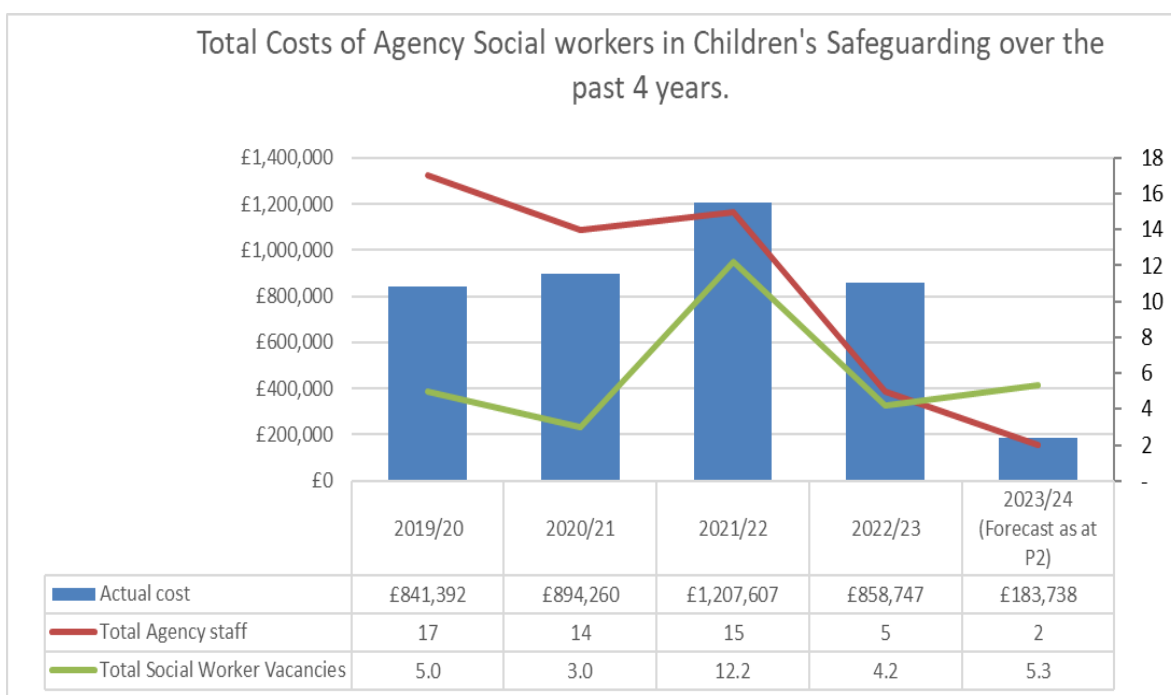
The staffing pressures are due to staff at top of scale and unfunded posts £1.599m, agency staff pressures within Education services £0.399m and agency staff in the Adults mental health teams £0.070m, being offset with vacancy underspends (£2.357m) and underspends on agency social worker budgets (£0.464m)

4.2.9

At the end of Qtr.1 records show 2 agency workers covering vacancies, maternity leave and long-term sickness. This is a significant improvement and the lowest ever recorded number of agency social workers in children’s social care. This is a result of a number of factors including purposeful and targeted recruitment, the safe and appropriate use of alternatively qualified workers and the impact of being judged Outstanding at the last Ofsted inspection (March 22).

4.2.10

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



4.2.11 Communities & Place – has salary direct overspends totalling £0.631m. This is made up of Staffing pressure across the service mostly due to staff being at top of scale and the minimal opportunity for turnover savings. These pressures are predominantly within refuse collection, Leisure and traffic and transport services.

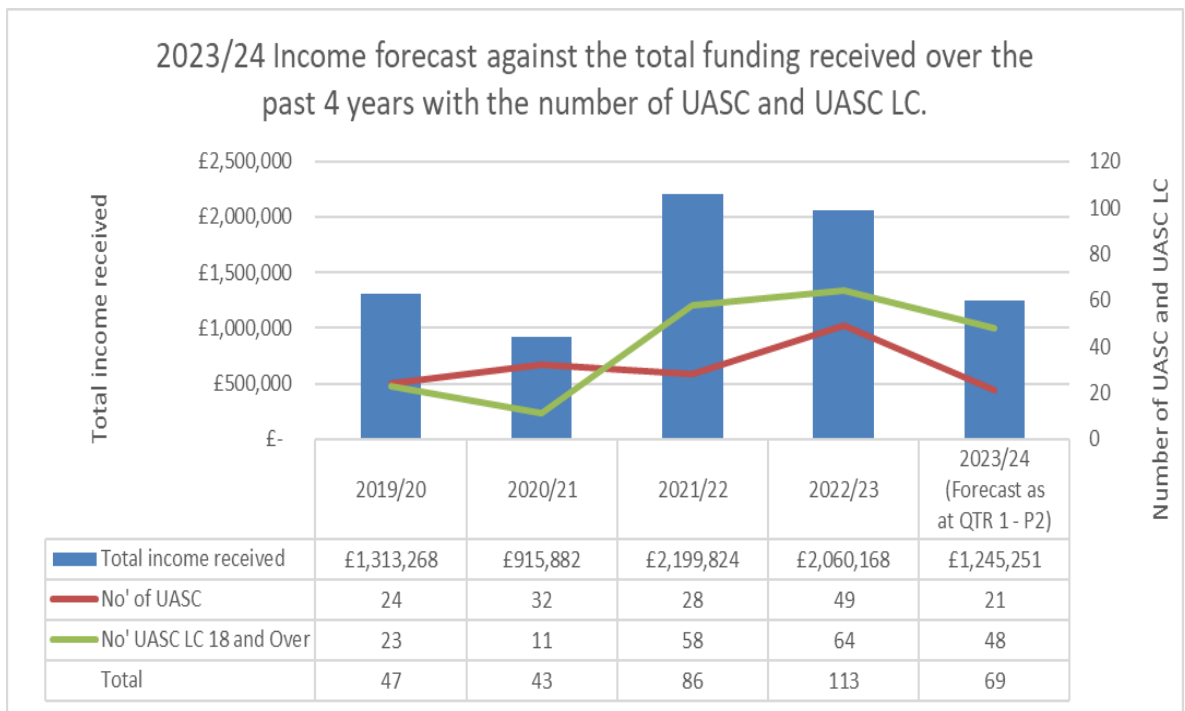
4.2.12 Corporate Resources - has salary direct overspends totalling £0.609m. This is made up of Staffing pressure across the service mostly due to staff being funded through additional internal and external income sources and not meeting turnover expectations

4.2.13 **Net Income position (£3.187m)**

4.2.14 Peoples

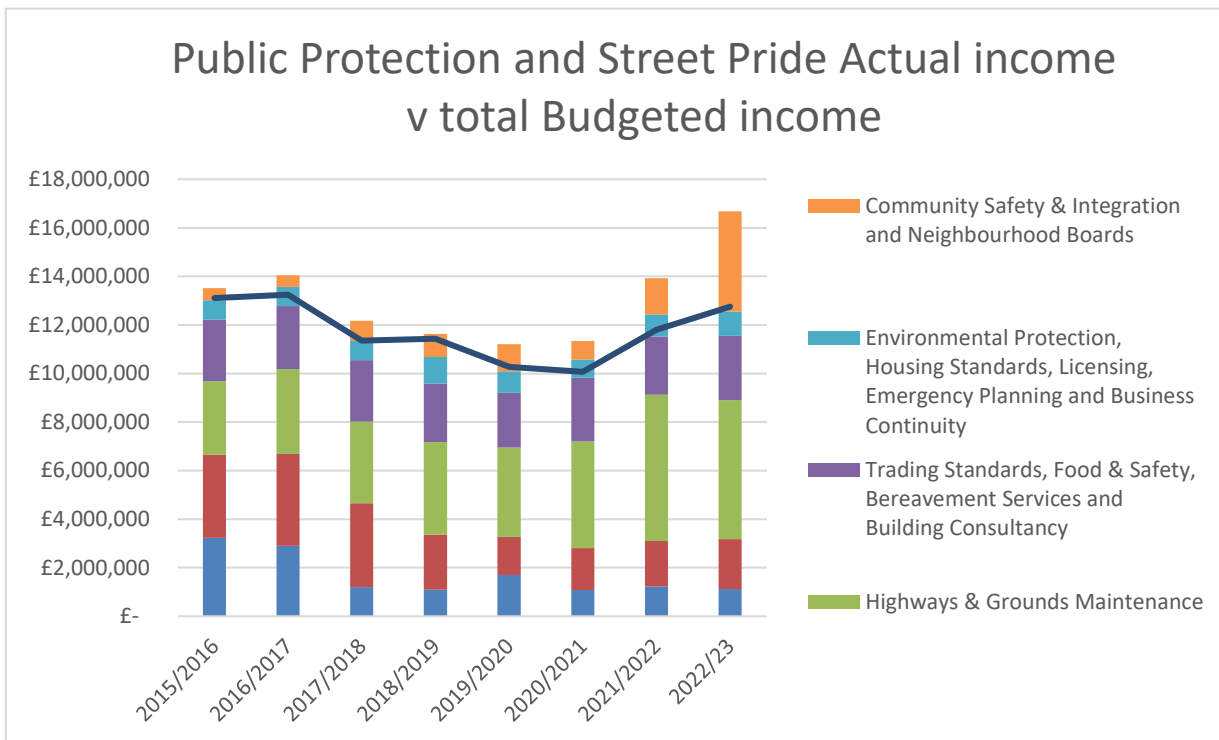
The forecast includes grant income being claimed in 2023/24 for the unaccompanied asylum seekers (UASC) totalling (£1.090m) This income will partially offset the emerging overspends on allowances and placement costs across Children's Services. (The claim for Qtr.1 was £0.6m and covered 21 UASC plus a further 48 leaving care UASC (UASCLC).The income forecast in this area is significantly reduced when compared to 2022/23 due to the reduced numbers currently being claimed for, the graph below shows the change forecast. Income is expected to increase over the next two quarters, however expenditure will too.

4.2.15

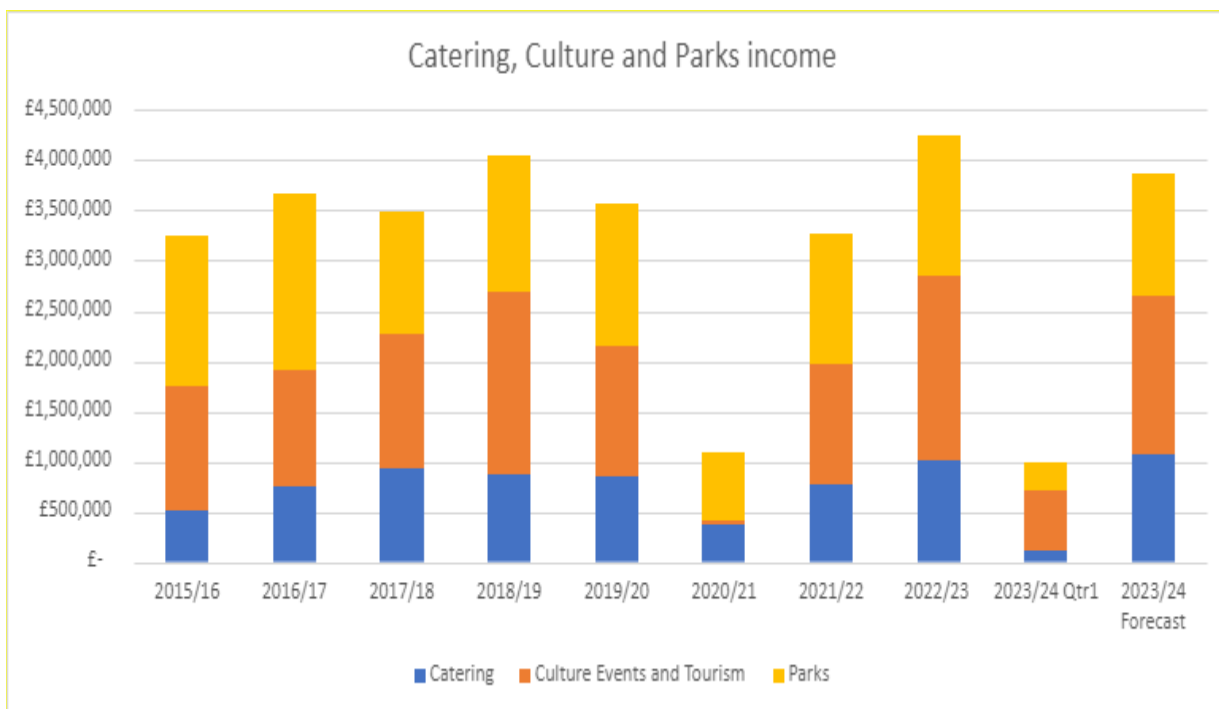


- 4.2.16 Unachievable income within the learning and skills service of £0.395m is due to the service no longer able to offer a paid service to schools for additional school improvement activities, due to the focus on statutory service delivery. Education Welfare services are forecasting an overachievement of income of (£0.192m) based on services sold to schools and the income generated through truancy fines.
- 4.2.17 Across Childrens services various income and small grants have increased income by (£0.488m) various small grants across the services including Learning and Skills, Youth Offending and Early Help. Children’s services also have planned use of priority family reserves of (£0.526m) to fund posts.
- 4.2.18 Within Adult Social care there is an income pressures of £0.107m in the Carelink service – this is due to an unachievable income target. Within the Adults Mental Health team the forecast includes additional funding from Heath to fund posts (including the additional agency staff within the Mental Health team) (£0.256m).
- 4.2.19 **Communities & Place**
Additional income is being forecast in Qtr.1 of (£0.359m) across the Public Protection and Street Pride Services (including £0.082m for overachieving income for cemeteries due to increased burials and £0.094m overachievement on cremations in bereavement services) and Highways Maintenance. The graph below shows the historical trend for this area overachieving income budgets.

4.2.20



4.2.21 Underachievement of income is currently being forecast within leisure services of £0.162m mostly due to a reduction forecast at Derby Arena.



4.2.22 Corporate Resources
Corporate resources are forecasting additional income totalling (£0.940m) this is made up of the following.

- 4.2.23 Within IT services there is a one off grant income relating to Cyber security (£0.075m). Internal funding from grants and transformation money to support services within insight and communications teams totals (£0.591m) (which is a use of capital receipts for transformation purposes not new external income) . There is minor one off income for elections (£0.014m).
- 4.2.24 Minor additional income generation has been forecast in registration services (£0.012m). There is Legal services additional income generation is (£0.083m) and the use of Welfare Reform reserves to fund posts in customer services (£0.165m).
- 4.2.25 **Unbudgeted Pressure £4.932m**
- 4.2.26 Peoples
The majority of the emerging pressures across Peoples is due to the cost of placements in social care. £2.238m in adult social care is due to increased costs in Mental Health services and younger adults due to the rising costs of complex placements transitioning from children’s social care. Children’s placement costs pressure totals £1.244m this is partially offset with the UASC income detailed within this report.
- 4.2.27 Whilst numbers of children in care are reducing compared to the same period last year, the costs of externally commissioned placements, together with the use of unregulated placements for looked after children where a regulated placement cannot be found, continues to place significant pressure on the placements budget. This is not a unique issue for Derby, and is a national problem, due to the broken market for children’s care placements. Steps are being taken nationally and locally to address the children’s placement market.
- 4.2.28 Other pressures include the cost of travel £0.121m – the level of travel activity is returning to pre-covid activity with the associated costs, however budgets across the council were reduced to reflect the change of working patterns as part of the MTFP savings. This is generating an emerging pressure.
- 4.2.29 Communities & Place
The cost of electricity for the street lighting is currently forecasting a pressure of £0.148m against a total budget of £0.987m due to inflationary pressures.
- 4.2.30 Within Leisure a pressure of £0.155m is emerging due to the non-domestic rates charges exceeding the allocated budget.
- 4.2.31 Across public protection and street pride services are emerging pressures totalling £0.850m. This is made up of the depot workshop costs £0.502m relating to the maintenance of the aging fleet and the increased costs of parts, Trade waste £0.166m which is a historic pressure from the transfer of contract – this may be mitigated depending on any profit share materialising, and the Waste Disposal £0.182m this is due to the blue bin waste, the forecast is based on current tonnage including growth and inflation. The new waste contract started at the end of 2022, the forecast position may improve when data and trend analysis is available.

- 4.2.32 Strategic Housing has an emerging issue due to the increased costs of hotel accommodation creating a £0.200m pressure. This has in the main been offset by various forecast underspends across the service, resulting in a net pressure of £0.047m.
- 4.2.33 Corporate Resources
Unbudgeted and emerging pressures across corporate resources total £0.129m. This is made up of one-off costs relating to contracts ending as part of the MTFP saving in human resources £0.035m and an increase in postage costs £0.050m. Postage costs assumes a 12% cost increase, however if it looks to increase beyond this rate forecasts will increase. There is an emerging pressure in Property Services of £0.044m for Castleward rent shortfall because of a loss of rental income from properties that have had a compulsory purchased as part of the Castleward regeneration scheme.
- 4.2.34 **Underspends (£1.124m)**
- 4.2.35 Peoples
Across Peoples services are emerging underspends due to non-essential spend (£0.215m in ASC and £0.474m in CYP) – these underspends are mitigating pressures across the service.
- 4.2.36 Communities & Place
Across the service are emerging underspends due to non-essential spend totalling (£0.134m) these underspends are mostly in Highways maintenance.
- 4.2.37 Corporate Resources
Across the service are emerging one off underspends due to contracts in IT & Insurance (£0.161m) – however these are unlikely to be ongoing as contracts are renewed later on in the year, and minor underspends in HR of (£0.078m) which is made up of service underspends and Trade union duties underspends.
- 4.2.38 Corporate budgets have a minor underspend of £0.062m
- 4.2.39 **Forecast Unachieved Savings £1.573m**
- 4.2.40 The Councils revenue budget for 2023/24 includes savings targets for each directorate in order to support a balanced budget position. The Qtr.1 forecast achievement of these savings is outlined below:

Directorate	Budget Savings Targets £m	Forecast Full year effect of savings delivered £m	Variance £m	Forecast % Achieved
Peoples Services	(6.262)	(6.137)	0.125	98%
Communities and Place	(5.067)	(4.912)	0.155	97%
Corporate Resources	(4.867)	(4.552)	0.315	94%
Subtotal for 2023/24 Savings	16.196	15.601	0.595	96%
Previous Years savings				
2022/23 Council-wide	(0.978)	-	0.978	0%
Total	(17.174)	15.601	1.573	91%

The Council is forecast to achieve 96% of the total saving target for 2023/24. However unachieved previous year council wide savings reduces the percentage to 91%. Below is an outline for each directorate and the council wide savings issue.

4.2.41 **Council Wide unachieved savings of £0.978m**

There are unachieved savings from previous years that need to be mitigated which include:

- 4.2.42 The council wide contract saving of £0.650m this was not achieved in full due to a combination of exceptional rising inflation and lack of identified opportunities.
- 4.2.43 The Council House front door reconfiguration saving of £0.134m has slipped and will be achieved through the front door review that is currently being carried out.
- 4.2.44 Historic Saving of £0.194m, further work needs to be carried out in the next quarter to identify mitigation plans
- 4.2.45 **The Peoples Services Directorate** is forecast to achieve 98% of its savings requirement, there is currently a forecast unachievable savings of £0.125m these include:
- 4.2.46 There is £0.043m unachieved saving in Quality Standards and Performance in the learning and skills team due to delays in the restructure impacting on the ability to deliver sold services.
- 4.2.47 There is a £0.060m pressure in premises costs at Ashtree House and Stanley Road because the plan to move teams into the council house has been delayed.
- 4.2.48 There is an Adult Social Care commissioning structure non achievement of £0.022m of saving, due to delays in the review of the ASC commissioning team.
- 4.2.49 **The Communities and Place Directorate** is forecast to achieve 97% of its savings requirement, there is currently a forecast unachievable savings of £0.155m which include:
- 4.2.50 Economic growth restructure unachieved saving of £0.020m because of because of a strategic decision after the budget was set to continue with the Council's annual subscription in 2023/24 to the Midlands Engine Partnership.
- 4.2.51 There is an unachieved saving in Refuse due to a delay in reducing an FTE in the supervisory team of £0.045 due to long term sickness absence. A further review of the service is being carried out.
- 4.2.52 Energy pressures – following a review of options to reduce pressure on energy costs by £0.060m for street lighting, the legal and liability risks raised were assessed as not value for money for the small level of saving that might be achieved.
- 4.2.53 There is a £0.030m unachieved saving due to the delayed staffing restructure within Derby Live for the delivery of events.

- 4.2.54 **The Corporate Resources Directorate** is forecast to achieve 94% of its savings requirement, there is currently a forecast unachievable savings of £0.315m
- 4.2.55 Property has a £0.075m unachieved savings for further reduction in the repair and maintenance revenue budget. This is to have an essential reactive maintenance only approach. Further work is required within the service to identify any potential saving, it is difficult to forecast savings against this work this early in the new financial year due to the reactive nature of the repairs and maintenance work required and requested.
- 4.2.56 There is an unachievable property rationalisation saving of £0.100m. Current resource and progress for 2023/24 requires further input to identify properties and associated revenue savings from the disposal of these properties. This saving is expected to slip and an alternative savings will need to be found in the first instance to mitigate this saving in year.
- 4.2.57 There is an unachievable Estates Rental income saving of £0.020m, this is due to reduced rental income from properties within the Castleward development area due to Compulsory Purchase Orders as part of the Regeneration scheme.
- 4.2.58 From the £0.5m saving target in the MTFP to deliver a review of admin and finance functions across the council, it is currently forecast that £0.120m will be unachievable in 2023/24 but work is ongoing to reduce this figure.

4.3 Mitigations

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

4.3.1 Peoples Services Directorate

Area	Current Budget	Full Year Forecast Spend	Forecast Outturn Variance
	£m	£m	£m
Peoples	188.868	190.469	1.609

The Peoples directorate outturn position is forecast outturn position is a £1.609m

4.3.2 Mitigation Plans for Peoples services

4.3.3 Children's Services:

- Maintain the opening of all Council run children's homes and subject to appropriate matching of children based on their presenting needs maximise all available placements, noting that priority is given to stepping children down from costly external residential placements and/or unregulated placements.
- First small children's home run by an external organisation opens in Derby during Qtr.2 with a young person already identified to step down from an external residential placement.
- Continue to successfully build on recruiting specialist foster carers for specific schemes, including the Fostering Plus Scheme launched in 2022/23 which aims to step down children from residential settings to specialist foster carers.
- Proactively follow up strategic discussions which started at the City Partnership Board about businesses across the city becoming Foster Friendly organisations in anticipation this will increase enquiries and approvals.
- As part of D2N2 an expression of interest will be made to the Department for Education to develop a fostering service across the four authorities; this would result in pump priming for Derby to host on behalf of D2N2 a collaborative service which would see pooling recruitment and assessment of carers and also the matching of our children with a much wider number of foster carers across the whole area.
- Targeted and purposeful prevention of children coming into care and thereby avoiding future cost remains critical. The Staying Together team continues to work with families to appropriately and safely prevent children coming into care.
- Mobilisation of the SMART contract for home to school transport in September.

4.3.4 Adult Social Care:

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

4.3.5 Communities and Place Directorate

Area	Current Budget	Full Year Forecast Spend	Forecast Outturn Variance
	£m	£m	£m
Comms & Place	44.170	46.866	2.696

The Communities and Place directorate forecast outturn position is a £2.696m

4.3.6 Mitigation plans for Communities and Place

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

4.3.6 **Resources Directorate**

Area	Current Budget	Full Year Forecast Spend	Forecast Outturn Variance
	£m	£m	£m
Resources	50.374	51.190	0.816
Total			

The Resources directorate forecast outturn position is a £0.816m

4.3.7 **Mitigation plans for the Resources**

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

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

4.4 **Reserves**

4.4.1 **General Fund Balance:** At 30 June 2023, the General Fund Balance is £8.933m. This is in line with the councils reserves policy with expected percentage of budget being at 3.14% of the 2023/24 net budget requirement. However due to the Qtr.1 overspend a commitment of £3.350m has been allocated to this reserve, which has resulted in a current year forecast remaining balance of £5.583m (1.97%) and a future years forecast balance of £10.861m. This future years balance is reliant upon the planned replenishment of £2.639m in 2024/25 and a further £2.639m in 2025/26.

4.4.2 **Budget Risk Reserve:** This has a forecast balance of zero in 2023/23 after apportioning £2.741m of the current forecast Qtr.1 overspend and a future year's forecast balance of £0.752m. The future years balance is reliant upon planned replenishment including £2m in 2024/25 and £1m in 2025/26 approved in the current MTFP.

4.4.3 Each individual Council controlled school in Derby has its own financial reserve, collectively known as 'School Balances.' School balances are delegated directly to schools and are not available to the Council for general use. The use of any surplus balances is defined within the local Scheme for Funding Schools. School balances as at 30 June 2023 for the 36 remaining LA maintained schools are £9.324m.

4.4.4 For context, the reserves balances are reliant on assumptions in the MTFP that reserves will be replenished by £10.278m as follows:

24/25 - £5.639m

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

25/26 - £4.639m

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

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

4.5 Capital Monitoring

4.5.1 The capital expenditure forecast for 2023/24 has been reviewed and the updated full year forecast is now £225.938m. There is a forecast variance of (£0.275m) against the original approved budget of £226.213m agreed by Full Council in February 2023.

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

2023/24 Capital Programme by Service Area	Original Approved Capital Budget	Outturn Slippage approved June 2022	Revised Approved Budget	Actual Spend	Full year forecast/ Revised Budget	Forecast Variance to Final Approved Budget
	£m	£m	£m	£m	£m	£m
Schools	29.494	2.015	31.509	2.462	23.068	(6.426)
Housing General Fund	5.807	2.913	8.720	0.865	8.022	2.215
Property Improvement	19.031	0.505	19.536	1.319	19.560	0.529
Flood Defence	0.436	0.182	0.618	0.111	0.618	0.182
Highways & Transport	59.299	12.321	71.620	1.957	69.513	10.214
Vehicles Plant & Equipment	7.038	0.017	7.055	0.639	7.062	0.024
Regeneration	65.684	10.290	75.974	6.751	60.524	(5.160)
Information and Communication Technologies (ICT)	4.144	1.033	5.177	2.387	5.177	1.033
Housing Revenue Account (HRA)	33.469	1.118	34.587	0.600	29.183	(4.286)
Corporate	1.811	16.488	18.299	-	3.211	1.400
Total	226.213	46.882	273.095	17.091	225.938	(0.275)

4.5.3 There has been a total of (£0.275m) changes this quarter. There are delegated changes of (£7.777m) and therefore (£39.380m) of changes which require approval. Appendix 2 details major programme variances, with further minor changes requiring approval in Appendix 3 and delegated approvals in Appendix 4. The overall variance from original to forecast outturn is made up as follows:

4.5.4

Programme variance	
Reason for variance	Amount £m
Outturn slippage detailed and approved in the 2022/23 Outturn Report	46.882
Quarter 1 net changes:	
Changes requiring approval this Qtr. (Appendix 2 & 3)	(39.380)
Pre Qtr.1 Cabinet & Delegated Approvals (Appendix 4)	(7.777)
Quarter 1 Reported Net Changes	(47.157)
Total Net Programme Variance	(0.275)

4.5.5 **Capital Programme - Main Outturn Variances**

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

4.5.6

Strategy Area	Variance £m	Slippage to future years £m	Additions £m	Others (reallocations/increases and reductions) £m
Schools	(8.441)	(10.777)	0.304	2.032
Housing General Fund	(0.698)	(0.196)	0.398	(0.900)
Property Improvement	0.024	-	0.022	0.002
Highways & Transport	(2.105)	-	1.240	(3.345)
Vehicles Plant & Equipment	0.007	-	0.007	-
Regeneration	(15.451)	(15.223)	-	(0.228)
Housing Revenue Account (HRA)	(5.405)	(8.654)	0.010	3.239
Futures Pot	(15.088)	(15.088)	-	-
TOTAL	(47.157)	(49.938)	1.981	0.800

4.5.7 **Corrected table from 2022/23 Outturn Report**

The 2022/23 Outturn report approved at June Cabinet had omissions in one of the Capitals strategy areas within the appendices. The Capital Schemes names were not included, this has been outlined in Appendix 5 of this report.

4.5.8 Infrastructure Board Terms of Reference

Cabinet is asked to consider approving delegated authority for certain decisions to the Infrastructure Board as per the Highways and Maintenance strategy areas Terms of Reference outlined in the Infrastructure Board Terms of Reference extract outlined in Appendix 6 of this report.

4.5.9 Section 106 Contributions

Current S106 balances are £18.420m. 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 01/4/23	19.439
Received to date *	-
Adjustments/Clawbacks/Expired	(1.019)
Total Available	18.420
Committed 2023/24	(5.793)
Forecast Available Future Years	12.627

**Awaiting update on Qtr.1 S106 income/expenditure balances*

4.6 Treasury Management

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

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

4.6.3 As at the 30 June 2023, the total debt portfolio of the Council (including HRA debt) is £393.190m offset by investments of £23.520m resulting in an overall net debt position of £369.670m.

External Borrowing	As at 31/03/23 £m	As at 30/06/23 £m
Fixed Rate PWLB	283.752	280.104
Fixed Rate Market	20.000	20.000
Other Local Authorities	55.000	25.000
Other Loans	0.697	0.535
Other Long-term Liabilities:	-	-
- Transferred Debt from other Local Authorities	0.193	0.148
- PFI Financing	70.228	66.382
- Finance Lease Liabilities	1.021	1.021
Total Gross External Debt	430.891	393.190
Investments	(16.697)	(23.520)
Total Net External Debt	414.194	369.670

4.6.4 £30m short-term borrowing from other Local Authorities was repaid during Qtr. 1.

4.6.5 The Council anticipates a need for borrowing. The cost of this borrowing has been forecast and built into the Treasury Management budget and TM reserve. Any further impact above budgeted estimates will be mitigated from the TM reserve in the first instance.

4.7 Housing Revenue Account – HRA

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

4.7.1

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

4.7.2 As part of the 30- year HRA Business Plan, the HRA is budgeted to use £3.098m from the HRA reserve in 2023/24. It is currently forecast on target to use £3.098m from the reserve for business- as-usual activity.

4.8 Dedicated Schools Grant – DSG

The Dedicated Schools Grant (DSG) 2023/24 allocation for Derby is £307.86m and is split into four blocks: -

- Schools Block £228.23m
- Central School Services Block £2.65m
- High Needs Block £56.63m
- Early Years Block £20.35m

4.8.1 The current in-year pressure being reported on the Dedicated Schools Grant is forecast at £10.85m against an initial unmitigated deficit budget set of £12.225m - a £1.375m reduction to the unmitigated budget.

4.8.2 **The High Needs Block** set a deficit budget for 2023/24 which included a contingency for growth and demand pressure of **£4.510m**, currently **£3.135m** of the contingency is required for the pressures detailed below leaving **£1.375m** variance, reducing the overall forecast deficit from £12.225m to £10.85m.

4.8.3 Within Derby the demand for Education and Health Care Plans (EHCP) continues to rise at an average of 50 new requests each month (and increase from 40 in 2019/20). The greater proportion of referrals are coming from educational setting and other professionals. Leaving around and average of 30-40% being referrals from parents, carers and young people

- 4.8.4 The budget for additional support to children in mainstream schools across the City ('Top up Funding') was set at £7.06m for 2023/24. This is currently showing a pressure of £1.325m (applying the growth contingency as noted above) due to an increase in EHCP funding through mainstream schools.

As at May 764 mainstream pupils are receiving top-up funding, with package costs ranging from £300 to £39,000 for the 23-24 financial year, the current average cost of an E3 remains high at £10,731, this has risen since the end of March 23 from an average of £6,366. Currently there are 420 plans waiting to be written. The current forecast of £8.36m is a significant pressure within the HNB .

- 4.8.5 Special schools are currently showing a saving of £0.39m against the budget set due to a delay in the implementation of the HUB & Spoke model.

- 4.8.6 The 2023/24 budget for Independent and out of authority specialist placements was increased by a further £0.8m to a budget of £18.7m. Due to the limited capacity for specialist placements within the city together with the increased demand costs this financial year are seeing further increased levels.

Current records show that in May 2023 there are 405 out of area placements this is a reduction from 2022/23 of 66 placements. However, the increased costs of placements are showing a pressure of £2.25m. (applying the growth contingency as noted above) The full year forecast is currently £21m which includes an expected increase of 16 places.

- 4.8.7 All other areas of the DSG are currently forecasting a balanced position at Qtr.1

4.9 The Collection Fund – Council Tax and Business Rates

- 4.9.1 Collection Fund accounting is based on estimates and actuals and is determined by statutory regulations. To avoid budgeting uncertainty only amounts estimated are transferred in year; therefore, the amounts recognised in 2023/24 will be the amounts determined in January 2023 for Council Tax and in the NNDR1 return completed in February 2023 for Business Rates. Therefore, the analysis below does not impact 2023/24 revenue budget.

4.9.2 Council Tax

At Qtr.1 the council are currently forecasting an overall Council Tax surplus of (£0.542m) with the Council's share of this being (£0.447m).

4.9.3 Business Rates

At Qtr.1 the council are forecasting a Business Rates deficit of (£1.608m) with Derby City Council's share of this being (£0.788m). This forecast is draft and subject to further work required on the Business Rates appeals provision which was not available at time of writing.

4.9.4 Impact of the Collection fund forecast on 2024/25

Forecast changes to assumptions in Medium Term financial plan at Qtr.1

Analysis	2024/25
Council Tax	
Surplus forecast Jan 2023	(0.345)
Business Rates	
Gross deficit forecast Jan 2023 (including Fixed exceptional balance to be recognized in 2023/24)	0.835
Total deficit recognized in 23/24 based on Jan 23 budget setting purposes	0.490
Updated estimates at 30/06/23	
Council tax estimated deficit	(0.447)
Business Rate deficit	0.788
Total deficit calculated	0.341
Total surplus to be recognised in 2024/2025	(0.149)

Currently in the MTFP we are including a deficit of £0.490m for 2023/24, this will be replaced by the forecast deficit of £0.341m resulting in a movement of (£0.149m). However, given the potential volatility of the Collection Fund and further work needed on the Appeals provision for business rates, it is too early to include this in any revisions to the MTFP. The collection fund impacts will continue to be monitored and refreshed through this financial year. The final estimates for 2023/24 will be included in the NNDR1 form.

4.9.5 Collection comparison

As of 30th June 2023 the amount of Council Tax billed for the 2023/24 financial year is £145.520m, of which £40.364m or 27.74% has been collected. This compares with 27.52% at the same time last year. Although, still very early days and with a number of Cost-of-Living related challenges remaining this is an encouraging start to the 2023/24 year.

4.9.6 As at 30th June 2023 the amount of Business Rates billed for the 2023/24 financial year is £87.373m of which £28.073m or 32.13% has been collected. This compares with 27.17% at the same time last year. Given the Cost-of-Living related issues our Qtr.1 position is a good start.

Public/stakeholder engagement

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

Other options

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

Financial and value for money issues

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

Legal implications

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

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

Climate implications

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

Other significant implications

9.2 Equality implications

Equality impact assessments are produced when setting the Councils budget.

Socio Economic implications

10.2 As outlined in the body of the report.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu – Head of Legal Services	25/07/2023
Finance	Toni Nash – Head of Finance	20/07/2023
Service Director(s)	-	
Report sponsor	Alison Parkin – Director of Finance	
Other(s)		
For more information contact: Background papers: List of appendices:	Toni Nash: Toni.Nash@derby.gov.uk None Appendix 1 – Statement of reserves Appendix 2 – Capital – Main out-turn variances over £0.2m Appendix 3 – Capital – Further changes requiring approval under £0.2m Appendix 4 – Changes to Capital Programme made under Delegation Appendix 5 – Correction to table included in 2022/23 Outturn Report Appendix 6 – Infrastructure Board extract – Terms of Reference Appendix 7 – Detailed analysis of Revenue Out-turn Variance	

Appendix 1

Statement of Reserves

Statement of Reserves	2023/24 Opening Balance £m	In Year Movement £m	2023/24 Commitments £m	2023/24 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
General Fund							
Unallocated General Fund Balance	(8.933)	-	3.350	(5.583)	(5.278)	-	(10.861)
Balances Held By Schools	(9.323)	-	1.500	(7.824)	1.500	6.324	-
Budget Risk Reserve	(5.070)	-	5.070	0	(0.752)	-	(0.752)
TOTAL	(23.326)	-	9.920	(13.407)	(4.530)	6.324	(11.613)
Revenue Earmarked Reserves							
General Insurance Reserve	(2.804)	-	-	(2.804)	-	-	(2.804)
Yearend grants with restrictions	(4.392)	-	4.200	(0.192)	0.093	-	(0.099)
DEGF Interest Reserve	(0.252)	-	0.022	(0.230)	0.230	-	-
Regeneration Fund Reserve	(0.615)	-	0.318	(0.297)	0.297	-	-
Assembly Rooms Reserve	(1.930)	-	1.930	-	-	-	-
Delivering Change Reserve	(0.050)	-	0.038	(0.012)	-	-	(0.012)
Business Rate Pilot Reserve	(0.001)	-	0.001	-	-	-	-
Collection fund deficit smoothing reserve	(0.580)	-	0.580	-	-	-	-
Treasury Management Reserve	(4.207)	-	(0.983)	(5.190)	5.190	-	-
Public Health Reserve	(3.777)	-	-	(3.777)	-	3.777	-
Adult Social Care Reserve	(1.839)	-	0.726	(1.113)	-	1.113	-
Capital Feasibility Reserve	(0.479)	-	0.375	(0.104)	-	-	(0.104)
Cost of Change Reserve	(4.000)	-	1.000	(3.000)	3.000	-	-
Other Service Reserves	(10.320)	-	3.878	(6.442)	1.388	2.108	(2.946)
PFI Reserves	(25.576)	-	(1.594)	(27.170)	27.170	-	-
Earmarked Reserves to support the capital programme	(3.565)	-	-	(3.565)	-	3.223	(0.342)
TOTAL	(64.387)	-	10.491	(53.896)	37.368	10.221	(6.307)

Statement of Reserves	2023/24 Opening Balance £m	In Year Movement £m	2023/24 Commitments £m	2023/24 Closing Balance £m	Future Years Commitments £m	Ringfenced £m	Future Years Closing Balance £m
Housing Revenue Account (Ringfenced)							
Housing Revenue Account (Ringfenced)	(42.351)	-	2.702	(39.649)	-	-	(39.649)
TOTAL	(42.351)	-	2.702	(39.649)	-	-	(39.649)

*The opening 2023/24 balances between the Budget Risk Reserve and the DEGF Interest Reserve has been revised by £0.086m following the 2022/23 final accounts report.

Capital – Main out-turn variances over £0.2m

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Over spend £m	Reallocation	Additional Spend Backed by Funding £m	Explanation of variances over £200k
Highways & Transport						
Highways Maintenance	0.492				0.492	To note the acceptance of additional pothole funding from the Department for Transport of £0.492m to add to the existing budget envelope.
Highways & Transport Total	0.492	-	-	-	0.492	
Highways & Transport - TCF						
TCF Tranche 2 - Interchange Hubs	2.854			2.854		Projects have been re-profiled across the whole TCF programme based on affordability. Electronic Rapid Transport (ERT) and Park & Ride schemes have been scaled back to release funds for strategic bus corridors, rail links and cycleways, and the public realm. While changes are contained within the overall budget envelope proposed changes have been shared with Nottingham City Council and DfT and are proceeding albeit at minimal risk.
TCF Tranche 2 - Public Realm	7.454			7.454		
TCF Tranche 2 - Cycle Expressway	(1.873)			(1.873)		
TCF Tranche 2 - Bus Priority	(1.211)			(1.211)		
TCF Tranche 2 - Park & Ride	(5.978)			(5.978)		
TCF Tranche 2 - Bus & Rapid Transit Links	(7.892)			(7.892)		
TCF Tranche 2 - LCWIP	5.881			5.881		
Future Transport Zone	(3.345)		(3.345)			
Future Transport Zone: Bikeshare	0.764			0.764		
Highways & Transport - TCF Total	(3.345)	-	(3.345)	-	-	
Housing General Fund						
Disabled Facilities Grant 96 Act	0.448			0.050	0.398	Following on from 2022/23, this year's completions/demands are partly a backlog from covid recovery. The remaining work, along with consistent service demands and rising supply costs are resulting in a predicted DFG pressure. The overspend will be funded from slippage of a historical external contribution. Continued monitoring of the programme demands and spends through 2023/24 will provide more accuracy on the expected pressure which will be reported to cabinet at a future date.
Community Energy Savings Project (CESP)	(0.600)		(0.600)			Due to DFG increasing cost pressures the scheme has had to redesigned and so the commitment for CESP has been withdrawn to support the DFG Programme.
Carelink Equipment - DFG Funded	(0.200)		(0.200)			Removal of scheme from capital programme. Funding was proposed from DFG however due to recent DFG increasing cost pressures the scheme has had to redesigned and so the commitment has been withdrawn.
Housing General Fund Total	(0.352)	-	(0.800)	0.050	0.398	
Corporate Resources						
MTFP provision for Future Investment	(15.088)	(15.088)				To realign budgets in line with MTFP budget report approved at February 2023 Cabinet.
	(15.088)	(15.088)	-	-	-	
Housing Revenue Account (HRA)						
Kitchens and Bathrooms	(1.136)	(0.574)	(0.562)			Slippage caused by staffing availability for the procurement for an additional kitchen contractor. The underspend in 2023/24 relates to payments made in advance to Derby Homes, this payment was managed within 2022/23 budgets
One-off Mods/Major Refurbishments	0.457		0.457			Requirement for works to asphalt walkways & flat roofs at Prince Charles Avenue. The programme of works on this area is subject to change depending on which properties become void in the year (and what modernisation works are required to them), which properties are identified for extensions relating to disabled adaptations / overcrowding issues for example. In addition, condition survey remediation works on other assets. This is funded from a reduction in MRR funding of £1m on the Green Homes Grant budget line.

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Over spend £m	Reallocation	Additional Spend Backed by Funding £m	Explanation of variances over £200k
Re-Roofing	1.126		0.226	0.900		Re-allocation of £0.9m integrated solar panel scheme, as solar panels are now being incorporated into replacement roof structures rather than stand-alone solar panels being added to existing roofs. There is £0.226m for completion of roofing programmes started in 2022/23, this relates purely to the timing of actual works, and is due to a contractor ceasing trading in 2022/23 delaying a part of that years re-roofing programme and the subsequent finalisation of connecting the solar panels on the new roofs to the electricity grid.
Solid Wall Installation	1.166		1.166			Add Phase 2 scheme for 75 properties to receive external wall insulation funded from MRA and Social Housing Decarbonisation Grant.
New Build and Acquisitions	1.990		1.990			Due to the escalated demand for single properties on the housing register, the target for single acquisitions properties has been increased from 20 to 41 properties. The number of acquisitions and associated costs are contained within the 5-year HRA capital spend programme.
Riverview Site (Previously Britannia Court)	(0.700)	(0.700)				Reprofiled budget to match the latest project cost estimate and delivery programme. Cost still contained within the existing HRA budget. Project will be approved under a Cabinet report before start on site, report underpinned by a full business case. Slippage due to delays in the pre application planning feedback.
HRA Fire Safety	0.300		0.300			Increase in budget due to compartmentation (fire breaks in roof space) programme in flats required. This has been identified following the completion of Fire Risk Assessments across all flats, with remediation works identified and prioritised on a risk basis. Works will take place on these remediations over the next 5 years.
Rivermead Refurbishment	(2.000)	(2.000)				Scheme specification to be re-appraised, works to slip into 2024/25 and 2025/26. The consultants are now recommending that further works are added to the original planned scope. Specifically, they are recommending that the external render system is clad now rather than in 10 to 15 years as previously planned. This is to utilise the £0.4m of scaffold costs in this phrase of works and avoid the scaffold costs on a separate cladding scheme in the future. By cladding the building this also brings thermal benefits to the building assisting with retaining warmth in the winter and mitigating heat gain in the summer. The cladding costs are circa £0.5m (excluding scaffold) so an evaluation is being considered whether or not to bring forward these works into this refurbishment.
Oakland Avenue	(0.668)	(0.667)	(0.001)			Reprofiled budget to match the latest project cost estimate and delivery programme. Cost still contained within the existing HRA budget. Programme delay due to land acquisition issues.
Crompton Street	(0.594)	(0.178)	(0.416)			Reprofiled budget to match the latest project cost estimate and delivery programme. Cost still contained within the existing HRA budget. Delay due to staffing capacity in appointment of an external contractor. Following this delay, a re-design of the buildings is required to meet new buildings regulation standards.
The Grange	(3.520)	(3.520)				Reprofiled budget to match the latest project cost estimate and delivery programme. Cost still contained within the existing HRA budget. Project will be approved under a Cabinet report before start on site, report underpinned by a full business case. Resolution of complex issues, with Building Control, Engineers & Planners, around new adopted road running through site has delayed start on site, alongside approvals for drainage design, hence slippage to future years.
Elmwood	(0.334)	(0.334)				Reprofiled budget to match the latest project cost estimate and delivery programme. Costs are still contained within the existing HRA budget. Spend re-profiled to next financial year as per latest estimate on works completion periods.
Green Home Grant	(1.000)			(1.000)		Core HRA funding removed from the programme and reallocated to Drewry Lane and Cricklewood Road HRA schemes on the programme. This is substituted by external grant funding – Social Housing Decarbonisation Grant funding. Those works will provide External Wall Insulation to 75 cast iron properties in 2023/24.
Former Council House Acquisitions	1.200		1.200			Due to the escalated demand for single properties on the housing register, the target for single acquisitions properties has been increased from 20 to 41 properties. The number of acquisitions and associated costs are contained within the 5-year HRA capital spend programme.
Falcon	(0.402)	(0.402)				Reprofiled budget to match the latest project cost estimate and delivery programme. Cost still contained within the existing HRA budget. Delay due to acquiring the properties prior to subsequent demolition. Construction delays due to capacity have also impacted the programme so this project cannot start on site till other projects completed. Project will be approved under an existing delegated approval before start on site.
Integrated Solar Panels	(0.900)			(0.900)		Budget moved to the Roofing programme scheme. Solar panels are now embedded into replacement roofs rather than stand-alone solar panels added to existing roof structures. This is to improve the EPC rating of the property which contributes towards the decarbonisation obligations. It also provides a significant amount of free electricity to the tenant each year, with the balance of solar panel generation fed back into the grid.

Strategy Area and Scheme	Total Variance £m	Slippage £m	Under/Over spend £m	Reallocation	Additional Spend Backed by Funding £m	Explanation of variances over £200k
Pre-Development Costs	(1.897)		(1.516)	(0.381)		Reprofiled budget. This cost centre is for projects that are at an early design stage and do not have a separate schemes. Once its own scheme is in place all budgets relating to that project are moved (e.g. Drewry Lane, Cricklewood, Monyash Close). This allows for more accurate cost monitoring for each individual scheme that has been approved.
Drewry Lane	0.800			0.800		Addition of a new scheme– funding allocated from Pre-Development Costs scheme.
Cricklewood Road	0.200			0.200		Addition of a new scheme– funding allocated via Pre-Development Costs scheme.
Monyash Close	0.253			0.253		Addition of a new scheme– funding allocated via Pre-Development Costs scheme.
HRA Total	(5.661)	(8.376)	2.844	(0.128)	-	
Regeneration						
Smartparc	(1.410)	(1.410)				The Council are awaiting a business case proposal from Smartparc to utilise the second stage the Councils match grant and the scheme is now not expected to commence until later in 2023/24. It is prudent therefore to slip a proportion of the budget to 2024/25.
New Becketwell Performance Venue	(13.593)	(13.593)				Becketwell Performance Venue is a developer led delivery model. The building contract was executed in May 2023 and works are now underway. A revised developer cashflow informed by the construction contract has been provided. This has informed the latest forecast spend profile and resulted in the need to update the budget profile. It is proposed to move £13.593m from 2023/24 and 2024/25 on the Council's capital programme. The master delivery programme is subject to review with the developer and will be reported to the Becketwell Board.
Regeneration Total	(15.003)	(15.003)	-	-	-	
Total Major Variance	(38.957)	(38.467)	(1.301)	(0.078)	0.890	
Other Variances						
Outturn Slippage	46.882	46.882				Outturn Report 14 June 2023 Cabinet
Variance less than £200k	(0.424)	(0.694)	0.153	0.078	0.039	See Appendix 3
Delegated approval changes plus outturn slippage	(7.777)	(10.777)	1.948		1.052	See Appendix 4
Other Variances Total	38.682	35.411	2.101	0.078	1.091	
TOTAL	(0.275)	(3.056)	0.800	-	1.981	

Capital – Further changes requiring approval under £0.2m

Summary of Further Changes to the Capital Programme 2023/2024	Latest Approved Capital Programme Budget 2023/24 £m	Revised Capital Programme Budget 2023/24 £m	Change £m	Category
Regeneration				
IPD Accelerated Development Contingency	0.190	0.000	(0.190)	S - EC
Creative Pathways	0.044	0.014	(0.030)	S - S106
NAMRC Midlands	3.140	3.073	(0.067)	R1 - UBC
GIP3	0.362	0.285	(0.077)	R1 - GG/CR
Total Changes Regeneration	3.736	3.372	(0.364)	
Housing General Fund				
Social Care Housing Fund	0.100	0.000	(0.100)	R1 - CRES
Home Upgrade Grant - Phase 2	0.596	0.400	(0.196)	S - GG
HIA Energy Efficiency	0.500	0.450	(0.050)	R2 - EC
Total Changes Housing General Fund	1.196	0.850	(0.346)	
HRA Programme				
Rewiring/Electrical Upgrades	0.500	0.604	0.104	R1 - MRA
The Knoll NB	0.314	0.425	0.111	R1 - MRA/CR
Barlow Street	0.096	0.050	(0.046)	S - MRA/CR
Hackwood Farm HRA	0.000	0.010	0.010	A - MRA/CR
Whitaker Street	0.293	0.438	0.145	R1 - MRA/CR
Water Service	0.150	0.050	(0.100)	S - MRA
Brentford Drive	0.332	0.200	(0.132)	S - MRA/CR
Warwick House	1.047	1.076	0.029	R1 - MRA/CR
Mickleover Bungalow	0.358	0.364	0.006	R1 - MRA/CR
Greenwood Avenue	0.000	0.128	0.128	R2 - MRA/CR
Total Changes HRA	3.091	3.346	0.255	
Parks & Open Spaces				
Stockbrook Street Recreation Ground	0.024	0.031	0.007	A - S106 R1 - S106
South Avenue Park	0.085	0.102	0.017	A - EC R1 - S106
Total Changes to the Parks & Open Spaces Programme	0.109	0.133	0.024	
Vehicles, Plant & Equipment				
Children Homes Vehicles	0.000	0.007	0.007	A - CR
Total Changes to the VPE Programme	0.000	0.007	0.007	
TOTAL CHANGES TO PROGRAMME	8.131	7.708	(0.424)	

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

Changes to Capital Programme made under Delegation

Strategy Area and Scheme	Latest Approved Capital Programme Budget 2023/24 £m	Revised Capital Programme Budget 2023/24 £m	Change £m	Category
Highways & Transport				
Highways Maintenance	5.401	5.301	(0.100)	R2 - UBC
ITS Network Management Maintenance	0.959	1.134	0.175	A - S106 R2 - UBC
Strategic Network Management	1.217	1.167	(0.050)	R2 - UBC
Casualty Reduction	0.105	0.580	0.475	A - GG
Highways Infrastructure	0.188	0.000	(0.188)	R2 - UBC
S31 - Emergency Active Travel Fund	0.342	0.476	0.134	A - GG
Kingsway Roundabout	0.558	0.860	0.302	R2 - UBC
The Bus Service Improvement Plan	2.890	0.920	(1.970)	R2 - GG
Highways & Transport - TCF				
Future Transport Zone	4.339	6.309	1.970	R2 - GG
Total Delegated to Highways & Transport	15.999	16.747	0.748	
Regeneration				
Becketwell	0.814	0.551	(0.263)	R1 - UBC
SPF Grants	0.000	0.180	0.180	R1 - GG
Total Delegated Regeneration Total	0.814	0.731	(0.084)	
Schools				
Buildings at Risk	0.783	0.000	(0.783)	R1 - SCE C R2 - SCE C
School Condition Works	1.100	0.000	(1.100)	A - SCE C
The Bemrose School - SEN Unit	12.353	0.000	(12.353)	S - SCE C R2 - UBC
St Clare's Expansion	0.353	2.946	2.593	S - UBC R2 - UBC
Devolved Formula Funding - Indicative	0.000	0.304	0.304	A - SCE C
Gayton Community School - Boiler Replacement	0.000	0.244	0.244	R2 - SCE C
Gayton Community School - Structural Works	0.000	0.167	0.167	R2 - SCE C
Meadow Farm Primary - Roof Works	0.000	0.644	0.644	R2 - SCE C
Murray Park - Window Replacement	0.000	0.273	0.273	R2 - SCE C
Oakwood Infant - Electrical Rewiring	0.000	0.208	0.208	R2 - SCE C
Ridgeway Infant - Structural Works	0.000	0.376	0.376	R2 - SCE C
Shelton Infant - Boiler Replacement	0.000	0.380	0.380	R2 - SCE C
Shelton Junior - Window Replacement	0.000	0.300	0.300	R2 - SCE C
Bemrose School - Structural Works	0.000	0.118	0.118	R2 - SCE C
Littleover School - Roof Works	0.000	0.188	0.188	R2 - SCE C
Total Delegated Schools	14.589	6.148	(8.441)	
Total Net Changes	31.402	23.626	(7.777)	

The Capital Programme Scheme names within the HRA Strategy area were omitted in the June Cabinet 2022/23 Outturn Report.

Table 1 shows the descriptor reported in June Cabinet
 Table 2 shows the correct descriptor.

The figures and narrative were reported correctly for the HRA schemes.

Table 1:

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
HRA						
To Follow	0.500		0.500			Additional asbestos removal and management related costs on works associated with the insulation works to 80 cast iron properties funded from MRA Reserves
To Follow	0.274		0.274			Rolling programme of consumer unit upgrades progressing quicker than anticipated plus additional works undertaken at Kestrel House (meter board changes) alongside works to fit individual meters in properties and supply capacity increase funded from MRA Reserves.
To Follow	(0.715)	(0.715)				Slippage - Contract being re-engineered due to rising costs of new roof. Contractor unable to deliver on tendered price. Slippage of approximately 3 months is anticipated at this stage.
To Follow	(0.385)	(0.385)				Progress on site delayed during January due to complexities with substructures and requirement for additional retaining walls to perimeter of the site. The scheme was due to complete in early 2023 but has been pushed back to Qtr. 3 of 2023/24, therefore slippage is required.
HRA Pre-Development Costs	0.265				0.265	Funding to be brought forward from 23/24 to fund additional fees and increased costs for pre-developed properties.

Table 2:

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
HRA						
PVCU Windows & Doors	0.500		0.500			Additional asbestos removal and management related costs on works associated with the insulation works to 80 cast iron properties funded from MRA Reserves
Rewiring/Electrical Upgrades	0.274		0.274			Rolling programme of consumer unit upgrades progressing quicker than anticipated plus additional works undertaken at Kestrel House (meter board changes) alongside works to fit individual meters in properties and supply capacity increase funded from MRA Reserves.
Rivermead Refurbishment	(0.715)	(0.715)				Slippage - Contract being re-engineered due to rising costs of new roof. Contractor unable to deliver on tendered price. Slippage of approximately 3 months is anticipated at this stage.
Chesapeake – New Build	(0.385)	(0.385)				Progress on site delayed during January due to complexities with substructures and requirement for additional retaining walls to perimeter of the site. The scheme was due to complete in early 2023 but has been pushed back to Qtr. 3 of 2023/24, therefore slippage is required.
HRA Pre-Development Costs	0.265				0.265	Funding to be brought forward from 23/24 to fund additional fees and increased costs for pre-developed properties.

Infrastructure Programme Board Terms of Reference (ToR) Extract**5. Delegated Authority – Financial Approval Limits****i. Financial Approval Limits**

In line with the Council's Financial Procedure Rules, a Strategic Director can approve a £100k variation as long as it is contained within a Programme Area. The Strategic Director of Communities and Place has delegated absolute authority to the Infrastructure Programme Board. This approval is included in the report that accompanies the work programmes to Cabinet each year and will normally be made via the Infrastructure Programme Board. However in exceptional circumstances, approval can be made by the Director of Planning and Transport and/or the Director of Public Protection and Streetpride outside of scheduled board meetings.

In instances where neither the Director of Planning and Transport nor the Director of Public Protection and Streetpride are present at board meetings, there are two alternative routes available for decision-making outcomes. The first involves the remaining board members who have been delegated authority to recommend approval. Their decision is however subject to ratification, retrospectively securing formal consent from either director. The Strategic Director of Communities and Place has agreed a further delegation if neither the Director of Planning and Transport nor the Director of Public Protection and Streetpride are available. In that instance, the Director of Communities and Place can approve, however this will only be utilised in extenuating circumstances.

Infrastructure Programme Board, with the approval of the appropriate Cabinet Member can approve budget variation between £100k and £250k subject to being contained within the approved funding. This includes budget variations up to £250k moving between Programme Areas contained within a Cabinet Member's portfolio, or with approval of both portfolio holders. This approval will normally be secured at the briefings attended by the Director of Planning and Transport and/or the Director of Public Protection and Streetpride and Cabinet Member.

Each year, when seeking Cabinet approval for the Highways & Transport, Vehicles, Plant & Equipment and Flood Defence work programmes, a specific recommendation is included to seek delegated approval to permit Infrastructure Programme Board, in consultation with the relevant Portfolio Holder, to introduce new schemes or bring forward the implementation of schemes at the expense of others.

Any change of £250k or greater requires Cabinet approval.

Cabinet approval is also required where a scheme is being funded from revenue or capital reserves, which have not previously been earmarked for specific uses consistent with the purpose of the capital scheme.

In line with financial procedure rules, any new scheme(s) to be added to the capital programme must seek Council Cabinet approval for the addition, subject to funding being available. If the new scheme(s) is funded through additional borrowing full council approval is also required. Financial procedure rules define a scheme by an individual cost centre.

Appendix 7

Area	PAY						Income											PPSP inc. Bereavement Services & Highways Maintenance	C & P Unachieved income inc. Derby Arena	legal services income generation
	Estimated Pay Award issue	Turnover	Agency - Education	Agency - Social Worker	Unfunded posts	Regeneration - staff capitalisation less abortive costs (Eastern Gateway/Project Assemble)	Unaccompanied Asylum Seekers	Learning and skills sold service	Education Welfare Officers sold service income	Other generated income and small grants across CYP	Unachievable income target in Carelink	One off additional Health income to fund posts in Mental Health	One off Cyber security funding	Internal funding from Grants and transformation money	Elections/Registrations income	use of reserves				
	£m	£m	£m	£m	£m		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Peoples Adults and PH	0.470	-1.188		0.070						0.107	-0.256									
Peoples CYP	0.895	0.074	0.399	-0.464	0.356		-1.090	0.395	-0.192	-0.488						-0.526				
Comms & Place	1.021	0.651															-0.359	0.162		
Comms & Place - Major Projects	0.020					-0.020														
Corporate - Property	0.286	-0.026																		
Corporate																				
Corporate Resources - Service support	0.718	0.635										-0.075	-0.591	-0.026	-0.165				-0.083	
Council-wide																				
TOTALS	3.410	0.146	0.399	-0.394	0.356	-0.020	-1.090	0.395	-0.192	-0.488	0.107	-0.256	-0.075	-0.591	-0.026	-0.691	-0.359	0.162	-0.083	
						3.897													Total Income	-3.187

Area	Previous Year Savings				Current Year Savings											
	Contract Saving	Front Door	Revs & Bens Restructure	Corporate Resources historic savings	Property PPTS	Estates Property Rationalisation	Estates Income Generation	Services review	Quality standards Performance	Ashtree & Stanley Road premises	Review of team structure within ASC commissioning - Slippage	Economic Growth restructure saving	Refuse - Reduction in supervisory team within refuse collection by 1FTE	Engineering - ENERGY SAVING: Switch off/Dim street lights on major	Derby Live - Review staffing for the delivery of events	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Peoples Adults and PH											0.022					
Peoples CYP								0.043	0.060							
Comms & Place													0.045	0.060	0.030	
Comms & Place - Major Projects											0.020					
Corporate - Property					0.075	0.100	0.020									
Corporate																
Corporate Resources - Service support								0.120								
Council-wide	0.650	0.134	0.100	0.094												
TOTALS	0.650	0.134	0.100	0.094	0.075	0.100	0.020	0.120	0.043	0.060	0.022	0.020	0.045	0.060	0.030	
															Total Savings	1.573

Area	Emerging Underspends									Unbudgeted Pressures											Outturn per Area			
	Corporate contingency	Opportunity Fund	Corporate Minor Underspends	One off Recruitment hold - CHST	one off underspends on contracts (IT & insurance)	CYP savings to off set pressure	Small underspends across ASC non staffing & non care budgets	C&P Minor Underspends Across the service	Underspend on HR (TU duties and other services)	Castleward Rent Shortfall	Minor Overspends - Property	Travel pressure (Mileage)	CYP Placements	ASC Care pressures - split over MH, PFA & OL	C&P Energy - Street Lighting PFI	Derby Arena - NNDR	PPSP inc. Stores Road, Trade Refuse Collection and	Net pressure Strategic Housing	HR - end of contracts and outsourcing for Drs	C&P Other	Postage	TOTAL		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Peoples Adults and PH							-0.215							2.238									1.248	
Peoples CYP						-0.474						0.121	1.244										0.353	
Comms & Place															0.148	0.155	0.850						2.629	
Comms & Place - Major Projects																		0.047					0.067	
Corporate - Property				0.000						0.044	0.000												0.499	
Corporate			-0.062																				-0.062	
Corporate Resources - Service support					-0.161				-0.078										0.035		0.050		0.379	
Council-wide																							0.978	
TOTALS	0.000	0.000	-0.062	0.000	-0.161	-0.474	-0.215	-0.134	-0.078	0.044	0.000	0.121	1.244	2.238	0.148	0.155	0.850	0.047	0.035	0.000	0.050	6.091		
									Emerging Underspends													Emerging Pressures	4.932	
																							Overspend before mitigations	6.091
																							Use of Reserves	-6.091
																							Net overspend after mitigations	0