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DRAFT 2021/22 Quarter 3 Financial Monitoring

Purpose

- 1.1 To summarise the Council's forecasted financial outturn position at 31st December 2021.

Summary

- a) **Revenue budget:** The Council is currently forecasting a pressure of £4.813m against our base budget requirement of £253.460m. 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 £1.800m

Within this forecast is the expectation that £8.390m 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 £66.359m and our forecast is estimated at £141.393m against an approved capital budget of £252.748m.
- c) **Reserves:** In line with the budget setting report also on this cabinet agenda – the MTFP outlines plans to bring the General Fund Reserve balance up to 5% of the net budget requirement by 2024/25. The future years General Reserve forecast balance is now anticipated to £14.211m and our Earmarked Reserves including the budget risk reserve have a future years' forecast balance of £16.642m after taking account of the current forecast overspend of £1.800m. These changes are all subject to final approval of the Medium-Term Financial Plan due to be reported to Full Council on 28th February 2022. 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 continuation of spending panels which were introduced in September 2021.
- d) **Dedicated Schools Grant (DSG):** The total grant of £273.016m has been allocated to schools and retained educational services. There is an overspend forecast on the High Needs Block of the DSG of £4.6m
- e) **Collection Fund:** Council Tax billed for the 2021/22 financial year is £133.552m of which £105.952m or 79.33% has been collected. Business Rates billed for the 2021/22 financial year is £79.593m of which £60.125m or 75.54% 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 31st December 2021 the Council have billed £76.2m in Sundry Debts and we have collected 92%. This indicator is measured in a 12-month rolling cycle. Total Sundry balance as at 04 Jan was £14,688,415.03 of which £12,468,672.18 was overdue
- h) **Covid forecast:** The current full year potential forecast pressure for both revenue and capital is £7.635m (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 £0.035m (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	(0.643)	164.541	172.886	8.345
Comms and Place	45.840	(0.321)	45.519	46.462	0.943
Corporate Resources	44.536	(1.949)	42.587	40.892	(1.695)
Covid Placeholder budgets	2.780	-	2.780	-	(2.780)
Budgeted out-turn position	258.340	(2.913)	255.427	260.240	4.813
Budgeted Reserves	(1.967)		(1.967)	(1.967)	-
Covid Reserve				(2.957)	(2.957)
NHS Placeholder				(0.961)	(0.961)
Funding Pressure				1.664	1.664
Business Rates Smoothing Reserve				(0.759)	(0.759)
Sub Total				(4.980)	(3.013)
TOTAL	256.373	(2.913)	253.460	255.260	1.800

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 £0.613m of Direct Revenue Financing requests for the vehicles plant and equipment programme as detailed in 4.5.11.

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 3

As we move into the final 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 both Quarter 1 and Quarter 2 reports and quickly set up processes to ensure that only critical essential expenditure was being incurred. The Quarter 3 position has improved markedly, and supports the mitigation plans in place. 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 at Quarter 3 for the Council wide service budgets without mitigation is a pressure of £4.813m. This is outlined in the below summary:

Area	Quarter 3 £m	Quarter 2 £m	Movement £m
Pay Pressures	1.436	2.124	(0.688)
Net Income Position	(4.385)	(1.767)	(2.618)
Further Covid Comms & Place	0.483	0.615	(0.132)
Unbudgeted emerging pressure	12.343	10.509	1.834
Unachieved Savings	1.204	1.204	-
Use of Contingency - Corporate	(0.328)	(0.314)	(0.014)
Other net under and overspends	(3.160)	(1.478)	(1.682)
Sub total	7.593	10.893	(3.300)
Covid Placeholder budgets	(2.780)	(2.780)	-
TOTAL	4.813	8.113	(3.300)

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. Permanent and one-off pressures have been factored into the latest MTFP where appropriate.

4.1.2 A further detailed breakdown of the elements of the £4.813m can be found at Appendix 1. These areas will continue to be updated and refined for the remainder of the year. The narrative below outlines a summary of each section.

4.1.3 Pay Pressures £1.436m

There is an estimated Pay pressure of £1.436m for the Council.

This includes a pressure of £0.864m 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 on July 21, 2021.

4.1.4 There is an estimated net turnover saving of (£0.303m) relating to staff vacancies across the Council which has been a successful result of the Spending Panels.

- 4.1.5 There is an increasing staffing pressure of £0.772m due to the use of agency social workers in front line children's social care teams. 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 experiencing some long term sickness absence and maternity leave. Together with a small vacancy turnover, this has resulted in the need for additional agency social worker reliance. Derby currently has 18 agency social workers covering the equivalent of 16 posts. The social work establishment is 133 FTE in total. This is a reduction of 4 Agency social workers from Quarter 2. 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 programs.

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. 2259 contacts were recorded in December 2021. This compares to 2008 recorded in December 2020 (12.5% increase).



- 4.1.6 **Net Income position (£4.385m)**
There is an estimated net overachievement of income of (£4.385m) as the Council has received further income of (£8.453m) reduced by income pressures of £4.068m. These are outlined below with further detail in Appendix 1.
- 4.1.7 The Highways capital programme has received additional capital investment and Highways Maintenance have carried out the work and recharged the programme, this has generated an additional revenue income of (£0.713m) ..

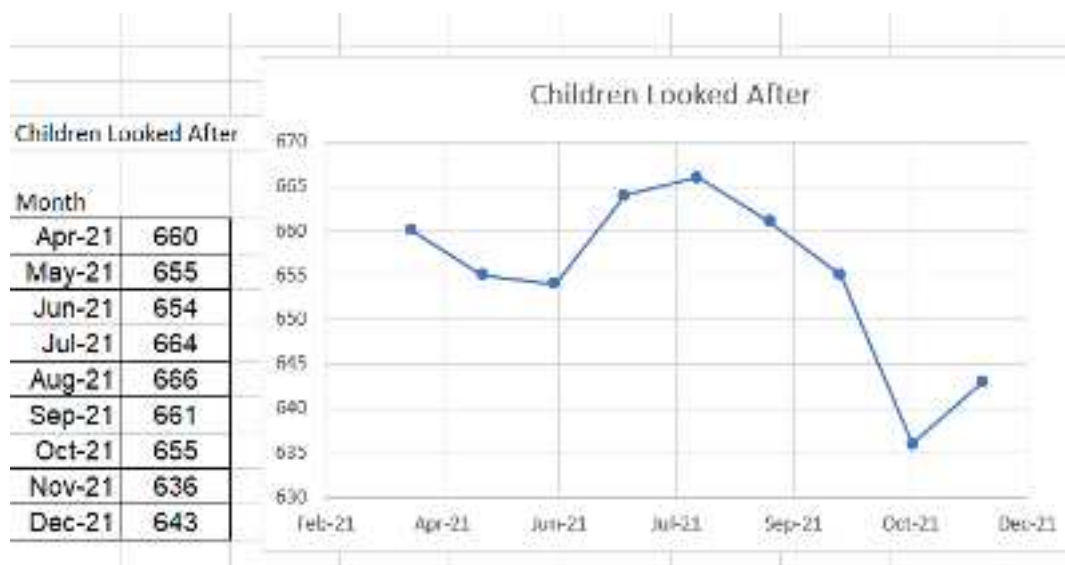
- 4.1.8 The forecast position includes (£0.683m) additional Better Care Fund income for 2021/2022 inflation, and this is being used to offset pressures in care costs in Adult Social Care. There is (£2.1m) income from the Home Office to offset the increasing costs of accommodating unaccompanied asylum-seeking children. Both amounts are increased from Quarter 2 by a total of £0.839m.
- 4.1.9 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, (£1.526m) allocated across adult social care services for one off infection control grant, and finally (£0.460m) of Covid funds to cover direct payment support and learning support for vulnerable families. Government have recently announced further funding for adult social care to assist with the Omicron variant, for Derby this is an increase of circa (£0.2m) which will be passed onto providers.
- 4.1.10 The forecast includes an 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.
- 4.1.11 Covid implications across the Planning, Transport and Parking departments are creating an income pressure, however the Quarter 3 position is more favourable than originally expected by £0.259m due to the rise in income across parking services. The current pressure is forecast at £1.531m, representing 15% of the total annual income budget. 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. 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).
- 4.1.12 Leisure, Culture and Tourism are projecting a shortfall of £0.744m in income generating activities directly related to the pandemic and the closure of facilities. This represents 11% 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. The overall pressure includes £0.172m as a direct result of the closure of the Guildhall Market relating to loss of income. There is also a £0.139m pressure following a reduction in demand for services in Licensing and Bereavement services (a slightly improved forecast position from Quarter 2). Additional income of (£0.545m) has also been received from Public Health towards covid prevention measures.
- 4.1.13 The Peoples Directorate has income pressure of £0.238m for the reduction of sold services to schools for Educational Psychologists Services, this is due to the demand on the service resulting in the team working on statutory responsibilities only for 2021/2022. This is an improved position from quarter to of £0.1m.

- 4.1.14 Corporate Resources directorate has a net income surplus of (£1.086m). (£0.710) for additional fee income relating to capital works within Property Services, (£0.107m) for rebates to water bills as a result of on-going investigative works, (£0.250m) for better than anticipated SCAPE dividends and (£0.204m) additional rental income at the Council House for extended opening hours of office space rented by the Department of Works and Pensions. These are partially offset by £0.386m for the loss of rental income at Connect properties due to reduced demand for office space as a result of Covid.
- 4.1.15 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.
- 4.1.16 **Further Emerging COVID pressures £0.328m**
Communities and Place directorate are forecasting a further pressure as a result of costs incurred as a direct result of the Covid Pandemic for Increased waste tonnages whilst residents are still working from home £0.328m – a £0.076m reduction from Quarter 2.
- 4.1.17 **Unbudgeted Emerging Pressures £12.343m**
There are unbudgeted emerging pressures across all directorates resulting in a net pressure of £12.343m.
- 4.1.18 Corporate Resources has an unbudgeted pressure of £0.446m relating to increased uncontrollable recharges for the Coroners service from Derbyshire County Council.
- 4.1.19 Unrelated to the pandemic, the Communities and Place Directorate have the following emerging unbudgeted pressures totalling £0.249m.
- £0.026m 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
 - £0.060m 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.

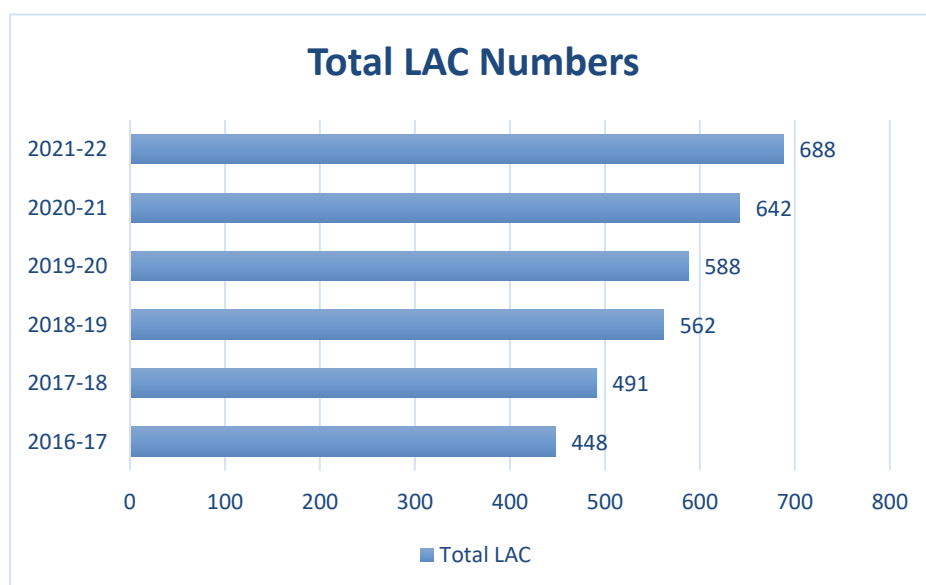
This is being managed through a projected saving in disposal tonnages of (£0.194m) and a reduced vehicle replacement programme (£0.290m). A one-off saving against for Moorways Sports Village of (£0.200m) is also included as a result of lower than anticipated costs due to the external operator model.

- 4.1.20 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 £8.345m:

This pressure is predominantly linked to the cost of care (£7.330m for agency placements and £0.852m for allowances). The numbers of children in care at the end of Quarter 3 was 643, which is a decrease of 22 compared to Quarter. 2 and the downward trend is continuing into Quarter 4



Managing demand remains critical and our early analysis indicated that LAC numbers could increase to 688 by the end of the financial year. Successful interventions are paying dividend and the Quarter 4 forecast looks much more favourable. There is still the risk however of 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 £1.4m for legal fees.

A significant change since Quarter 2 is the cost of Home to School Transport now the new school year has begun. There is an additional pressure of £1m reported resulting in a total pressure of £2.750 before deductions for COVID support (£1.7m). Work continues to understand the forecast position for the full academic year and following financial year, with the likelihood of pressures increasing due to the number of children with special educational needs being placed out of authority area to meet need.

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 out of authority education placements leading to increased Home to school transport costs
- Increased legal fees

For Adult Services the longer-term impact of the Covid19 Pandemic is still emerging. There has been upward demand pressure on the service, particularly for safeguarding and mental ill health (£0.250m is included in the budget forecast for emerging demand).

The local care market capacity has been significantly affected during the pandemic. The significant capacity deficit within all aspects of the adult social care sector since August 2021 has temporarily reduced financial commitments and the numbers of new individuals being supported. This is due to the severe shortage of staffing and therefore the availability of care at home and also new admissions to care homes. This significant down turn in capacity may however drive future demand for more expensive care arrangements as individual needs' may deteriorate in the intervening period to the point of crisis interventions having to be put in place.

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.

4.1.21 Others – net (**£2.284m**)

This net figure includes unachieved savings of £1.204m outlined in detail in section 4.2 of this report. Use of corporate contingencies of (£0.328m) to mitigate overspends and one-off net underspends of (£3.160m) mainly in Communities and Place.

- 4.1.22 The pressure before use of covid placeholder budgets of £7.593m 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 Quarter.3 is a forecast of £1.8m.

Directorate Position	£m
	7.593
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	(0.961)
Sub Total (Position without Base funding issue)	0.895
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	1.800

4.1.23 **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.

4.1.24 **Directorate Summaries**

4.1.25 **Mitigation plans People's**

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.

- 4.1.26 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.

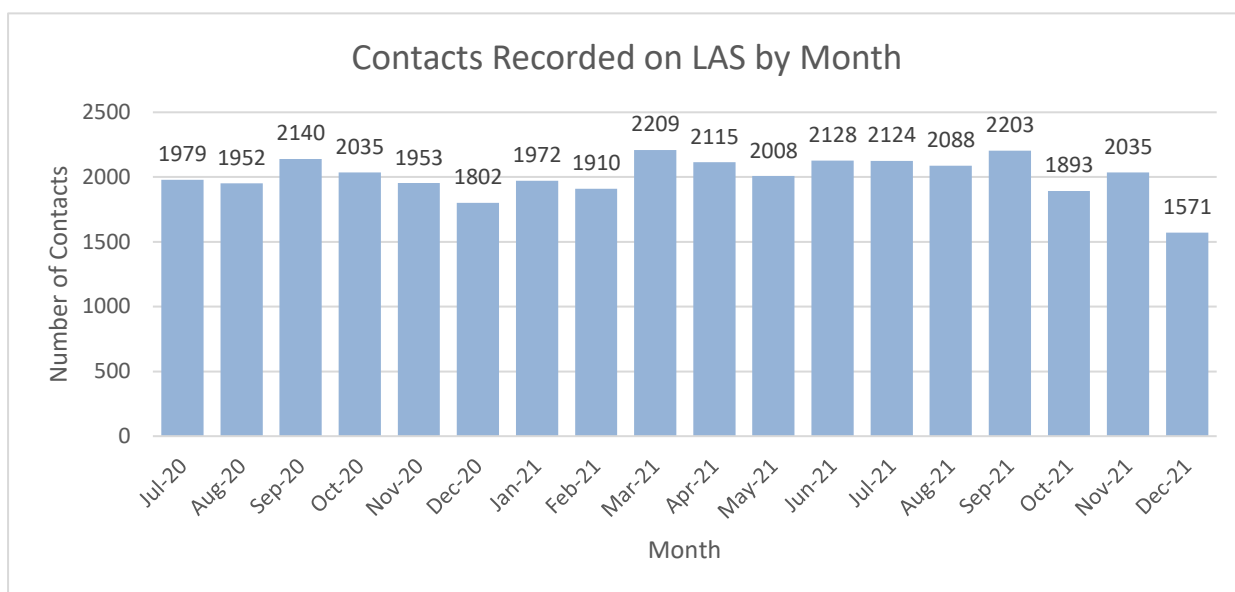
4.1.27 The service continues to work on robustly managing the demand through established demand management work reporting to the Corporate Demand Management Board, with each workstream having clear milestones, deliverables and with savings tracked. Areas include:

- 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.

4.1.28 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.

4.1.29 Whilst adult social care is forecasting an underspend the service has also seen an increase in demand in terms of safeguarding and mental health, with the number of contacts remaining high across the year.



The number of adult clients receiving packages of care has reduced from 3359 in Quarter. 2 to 3336 in Quarter 3. 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.

4.1.30 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.

4.1.31 **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 continues to be a 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.

- 4.1.32 As such at this point in the financial year the reviewed forecast is a total spend of £46.462m which is £0.943m over the allocated budget. This improved position from Quarter 2 has seen a reduced pressure of £0.626m. 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.

4.1.33 Mitigation Plans – Corporate Resources

4.1.34 The Corporate Resources directorate is currently forecasting an underspend of (£1.695m). Within this underspend there is £0.448m directly attributable to impacts of Covid within the directorate. The majority of this relates to lost rental income at Connect properties of £0.211m, 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 £0.049m.

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	1.509	0.204	88%
Total	9.654	8.390	1.264	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 as information governance protocols are established relating to data sharing agreements. This saving will now achieve around (£0.025m) of the (£0.100m) originally planned leading to an unachieved saving in 2021/22 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 estimated revenue forecast Covid pressure is £6.733m, 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	3.770
Income Pressures	2.963
TOTAL REVENUE PRESSURES:	6.733
HRA Pressures	0.175
Capital Pressures	0.727
TOTAL COVID PRESSURES	7.635

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 £0.961m.

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.	(0.961)
TOTAL FUNDING AVAILABLE FOR REVENUE	(6.698)

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

** Impact on Budget Risk Reserve is: £6.733m minus £6.698m = £0.035m 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	(0.154)	0.001
Peoples - Public Health	-	-	-
Peoples - Children's	3.224	(3.207)	0.017
Communities and Place	2.906	(2.891)	0.015
Corporate Resources	0.448	(0.446)	0.002
TOTAL REVENUE PRESSURES	6.733	(6.698)	0.035

- 4.3.3 Any forecast shortfall (currently £0.035m) 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 £1.8m outturn pressure, see Appendix 3 for a breakdown of pressures per directorates.

4.4 Usable Reserves

- 4.4.1 **General Fund Balance:** At 30th December 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. An allocation of funding has been included into the 22/23-24/25 current MTFP to increase the General Fund Reserve to 5% of the net budget requirement by 2024/25, the future years forecast balance is £14.211m – subject to Full Council approving the budget on the 28th of February. Work on the MTFP is ongoing and as plans are adapted to deal with change the future years net budget requirement will also change which will have an impact on the balance required to be transferred to the general fund to maintain a level of 5%.
- 4.4.2 **Earmarked Reserves (excluding PFI Reserves):** Earmarked Reserves have a future year's forecast balance of £7.284m. 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:** The Budget Risk reserve has a future year's forecast balance of £9.358m after taking account of the current year forecast overspend of £1.800m. This also includes the planned transfer to the reserve of £2m in 2023/24 and £1m in 2024/25 per the budget report due to cabinet on 16th February 2022. 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 December 2021 is £61.605m of which £44.963m is committed in future years, resulting in a future years forecast balance of £16.642m (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 £141.393m and detailed at section 4.5.1 to 4.5.11. There is a forecast variance to the original approved capital budget of (£111.355m) 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	9.006	11.839	(3.353)
Housing General Fund	9.826	0.340	10.166	2.686	4.494	(5.332)
Property Improvement	26.349	6.458	32.807	15.492	27.465	1.170
Flood Defence	1.010	0.393	1.403	1.085	1.894	0.884
Highways & Transport	51.034	9.679	60.713	12.231	29.396	(21.638)
Vehicles Plant & Equipment	3.128	(0.014)	3.114	1.748	4.580	1.452
Regeneration	90.892	1.293	92.185	13.472	31.218	(59.674)
Information and Communication Technologies (ICT)	3.547	0.266	3.813	0.637	2.213	(1.334)
Housing Revenue Account (HRA)	44.270	2.599	46.869	10.002	22.071	(22.199)
Corporate	7.500	0.404	7.904	-	6.220	(1.280)
Total	252.748	21.872	274.620	66.359	141.393	(111.355)

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 other slippage

- 4.5.3 The revised approved capital programme including outturn slippage was £274.620m. Reductions totalling (£111.489m) have been previously approved by Cabinet.

There has been a total of £21.757m changes this quarter. Delegated approved changes of £0.908m and therefore £20.839m of changes which require approval. Appendix 4 details Major programme variances with delegated approvals in Appendix 5 and further minor changes requiring approval detailed in Appendix 6. The overall variance from original to forecast outturn is made up as follows:

Analysis	£m
Outturn Slippage detailed in the outturn report	21.881
Previous reported changes	(111.489)
Delegated approvals this quarter	(0.908)
Changes requiring approval this quarter *	(20.839)
Total Variance	(111.355)

*Changes requiring approval this quarter.

4.5.4 **Capital Programme - Main Outturn Variances.**

- 4.5.6 A breakdown of changes from original budget to date are outlined below:

4.5.7

Strategy Area	Reasons for variances			Variance £m
	Additions	Slippage /Reprofiling	(Reductions)/ Reallocations	
Schools	5.523	(8.812)	(0.064)	(3.353)
Housing General Fund	2.084	(7.007)	(0.409)	(5.332)
Property Development	6.813	(4.649)	(1.043)	1.121
Flood Defence	0.393	0.000	0.491	0.884
Highways and Transportation	13.036	(29.730)	(4.945)	(21.639)
Vehicles Plant and Equipment	3.166	(0.335)	(1.380)	1.451
Regeneration Schemes	4.171	(59.494)	(4.351)	(59.674)
ICT	0.266	(1.600)	0.000	(1.334)
HRA	4.932	(21.887)	(5.244)	(22.199)
Corporate	0.404	0.000	(1.684)	(1.280)
TOTAL	40.788	(133.514)	(18.629)	(111.355)

4.5.8 **Section 106 Contributions**

Current S106 balances are £11.215m. 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:

4.5.9

Position	£m
Opening balance as at 01/4/20	12.665
Received to date	1.683
Adjustments/Clawbacks/Expired	(1.354)
Total Available	12.994
Committed 2021/22	1.779
Forecast Available Future Years	11.215

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

4.5.11 Direct Revenue Financing

Public Protection & Streetpride uses a mixture of service finance borrowing, capital receipts and direct revenue financing from base budget to purchase vehicle, plant and equipment. In 2021/22 the following direct revenue financing is required for approval up to the totals in the table below:

Scheme	£m
Refuse Vehicles & Plant	0.115
Street Cleaning Equipment	0.221
Grounds Plant & Equipment	0.193
Public Protection	0.006
Stores Road Depot	0.078
Total	0.613

4.6 Treasury Management

4.6.1 The Treasury Management forecast outturn for 2021/22 is a net underspend of (£0.925m) as at 31st December 2021. This is mainly made up of a £0.405m saving as MRP is less than anticipated due to capital programme slippage, and a net saving of (£0.520m) due to an estimated reduction in borrowing requirement and a consequential reduction in estimated interest costs. It is proposed that this underspend is transferred to the Treasury Management Reserve.

4.6.2 As at the 31st of December 2021, the total debt portfolio of the Council (including HRA debt) was £422.252m offset by investments of £69.558m resulting in an overall net debt position of £352.694m. The net debt portfolio is set out in the table below:

4.6.3

External Borrowing	As at 31/03/21 £m	As at 31/12/21 £m
Fixed Rate PWLB	291.236	291.000
Fixed Rate Market	20	20
Other Local Authorities	35	25
Other Loans	1.482	1.224
Other Long-term Liabilities:		
- Transferred Debt from other Local Authorities	0.318	0.318
- PFI Financing	83.414	83.414
- Finance Lease Liabilities	1.296	1.296
Total Gross External Debt	432.746	422.252
Investments	(37.159)	(69.558)
Total Net External Debt	395.587	352.694

4.6.4 £10m short-term borrowing from other Local Authorities was repaid during April, and we anticipate a need for short-term borrowing in Quarter 4 of this financial year in order to support Treasury's day-to-day cash management activities. The cost of this additional borrowing has been built into the Treasury Management budget.

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

The 2021/22 allocation for the Dedicated Schools Grant (DSG) is £273.016m and there continues to be significant pressures in the High Needs Block (HNB) supporting children with additional needs.

4.7.1 InPower, who are a specialist consultancy agency have been commissioned to work with the Council and the sector on an ambitious transformation programme and financial recovery plan. This work is being positively received and there are already improvements being seen. Further reporting of this work will be made in due course as the interventions mature.

4.7.2 High Needs demand remains the single most significant pressure to the school's budget with a forecast £4.6m 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 exhausted 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

4.7.3 Placements made out of the authority are forecast to be £4.1m pressure on a £12.3m budget. There are 366 children that are placed out of authority, compared to 338 placements at previous reporting period. Of the 366 children placed out of authority 210 are in independent schools costing an average of £0.060m per place, the remaining 156 are local authority placements with an average cost of £0.019m per place.

4.7.4 The budget for additional support to children in mainstream schools across the City ('Top up Funding') was set at £6.1m for 2021/22, this is an increase of £2.1m from the previous year's £4m. September saw a further 86 education and health care plans receiving funding at an average cost of circa £0.010m.

4.8 **Collection Fund**

The collection fund forecast for the position at 31 March 2022 has been reviewed at Quarter 3 and we are currently forecasting a deficit of which the Councils share will be £2.459m.

Council Tax	1.739m
Business Rates	<u>0.720m</u>
	2.459m

4.8.1 **Council Tax:**

At Quarter.3 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 2.

This forecast deficit is mainly due to an increase required in the bad debt provision due to the current amount of prior year arrears for Council Tax as a result of reduced in year collection due to the pandemic. We are monitoring collection rates for Council Tax and although collection rates have reduced during the pandemic, it is felt that longer term recoverability will improve. This 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.

4.8.2 Council Tax recovery activities have now returned back to pre-pandemic levels. However, the rise of the Omicron variant has brought with it new priorities and additional service pressures such as the new Omicron Hospitality and Leisure Grant that needs designing, implementing, and administering.

4.8.3 The court position has improved, and we now have a number of courts booked in both quarters 3 and 4. As with 4.7.2 though, the rise of the Omicron variant may result in courts being cancelled at short notice, or the number of cases we can list for courts being reduced. We are keeping this under review and are in regular contact with our colleagues at the Court Service.

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

4.8.4 **Business Rates:**

At Quarter 3 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 Quarter2.

- 4.8.5 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. We are also forecasting that S31 funded reliefs paid out 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.
- 4.8.6 As of 31st December 2021 the amount of Council Tax billed for the 2021/22 financial year is £133.552m, of which £105.952m or 79.33% has been collected. This compares with 79.07% at the same time last year. Compared with the position 12 months ago, in cash terms, we have collected £7.635m more from Council Tax-payers. The collection environment remains extremely challenging and a number of Covid related challenges
- 4.8.7 As at 31st December 2021 the amount of Business Rates billed for the 2021/22 financial year is £79.593m of which £60.125m or 75.54% has been collected. There is no direct comparison between our collection position at the end of quarter 3 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.

4.9 **Housing Revenue Account**

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

4.9.1

Department position as at 31 December 2021	Original Budget (annual) £m	Actual Spend Quarter 2 £m	% of Budget	Full year forecast £m	Forecast Variance £m
HRA	2.769	(13.047)	(471%)	2.769	-

- 4.9.2 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.
- 4.9.3 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 Service Director(s) Report sponsor Other(s)		
For more information contact: Background papers: List of Appendices:	Toni Nash: Toni.Nash@derby.gov.uk None. 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)

	Funding	PAY					Income																			
	TIG and Diff between Budget and NNDR assumptions re collection rate	Estimated Pay Award @ 0.75	Turnover	Agency Grounds Maint - sickness levels	Childrens Staffing/Agency Social Workers	Members allowance	Planning/Transport/parking	Overachievement Highways Maint	Licensing and Bereavement	Emergency Planning - Add COMF funding	Project management additional income	Regen income shortfall	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/grant income	Adults income collection/provisions for bad debts	Leisure income shortfall including Guildhall	Property additional fee income	Waterplus rebate	Connect Properties	SCAPE	Additional DWP	Staff recharges CD&G	
		£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 - Service Support		0.171				0.103																				
Corporate - Property		0.031	-0.084																	-0.710	-0.107	0.185	-0.250	-0.204		
Comms & Place -Service Support		0.224	0.168				1.531	-0.713	0.139										0.744							
Comms & Place -Major Projects		0.010	-0.113																0.172						0.057	
Peoples		0.428	-0.274		0.772								-0.683	-2.100	0.238	-1.700	-1.986	1.002								
Funding issue	1.664																									
TOTALS		1.664	0.864	-0.303	0.000	0.772	1.531	-0.713	0.139	0.000	0.000	0.000	-0.683	-2.100	0.238	-1.700	-1.986	1.002	0.916	-0.710	-0.107	0.185	-0.250	-0.204	0.057	

	Unachieved Savings				Unbudgeted emerging pressures													Further Covid impact	Other net unders		Use of Contingency		Use of Reserves		Outturn per directorate
	First Care	Civic suite	Business Support - Fiscal project delayed	CYP willows	NNDR pressure Springwood - beng appealed	Stores rd maintenance/increased hire costs	Additional grounds Maintenance costs	Trade Waste	Becketwell project management costs	Cost of Placements - Childrens	Provision for increased client costs (Winter and	Cost of Childrens Allowances - Cost of Care	Childrens LEGAL FEES both care and SEN	Childrens - Cost of Home to school transport	Adults unsponsored and additional income	Coroners	Comms and Place			NHS Income	Corporate Contingency	COVID Placeholder	Use of BR Smoothing	Application of COVID in reserves	TOTAL
	£m		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m	£m	£m	£m	£m
Corporate - Service Support	0.124	0.005	0.075													0.446		-0.739		-0.328					-0.143
Corporate - Property																		-0.413							-1.552
Comms & Place -Service Support					0.026		0.060	0.163									0.328	-1.962							0.708
Comms & Place -Major Projects																	0.155	-0.046							0.235
Peoples				1.000						7.330	0.125	0.852	1.400	2.750	-0.809										8.345
Funding issue																							-0.759		0.905
TOTALS	0.124	0.005	0.075	1.000	0.026	0.000	0.060	0.163	0.000	7.330	0.125	0.852	1.400	2.750	-0.809	0.446	0.483	-3.160	0.000	-0.328	0.000	-0.759	0.000		8.498

Appendix 2

Summary of Reserves Movement as at 30th December 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)	(5.278)	-	(14.211)
Balances Held By Schools	(8.868)	(1.578)	5.167	(5.279)	-	5.279	-
Budget Risk Reserve	(18.269)	(0.968)	5.519	(13.718)	4.360	-	(9.358)
TOTAL	(36.070)	(2.546)	10.686	(27.930)	(0.918)	5.279	(23.569)
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)	0.117	-	(0.038)	0.038	-	-
Year end grants with restrictions	(10.654)	(0.026)	10.173	(0.507)	0.408	0.099	-
DEGF Interest Reserve	(0.483)	(0.104)	0.587	-	-	-	-
Regeneration Fund Reserve	(1.135)	-	0.383	(0.752)	0.752	-	-
Assembly Rooms Reserve	(2.030)	(0.120)	2.150	-	-	-	-
Delivering Change Reserve	(1.073)	-	0.642	(0.431)	0.019	-	(0.412)
Better Care Fund Reserve	-	-	-	-	-	-	-
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)	-	(0.925)	(2.544)	2.544	-	-
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)	-	0.211	(0.449)	-	-	(0.449)
Other Service Reserves	(11.717)	(0.667)	5.780	(6.604)	2.854	0.120	(3.630)
PFI Reserves	(30.176)	-	(0.315)	(30.491)	30.491	-	-
Earmarked Reserves to support the capital programme	(1.910)	0.120	0.281	(1.509)	-	1.372	(0.137)
TOTAL	(96.224)	(0.080)	48.417	(47.887)	37.445	3.158	(7.284)

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	3.224
Communities and Place	2.906
Corporate Resources	0.302
Corporate	0.146
TOTAL REVENUE PRESSURES:	6.733
Housing Revenue Account - funded from HRA Reserves	0.175
Capital	0.727
TOTAL REVENUE AND CAPITAL PRESSURES:	7.635

Covid Pressures (General Fund)	2021/22 £m
Expenditure Pressures	3.770
Income Pressures	2.963
TOTAL PRESSURES:	6.733

Funding Available (General Fund):	2021/22 £m
Covid Reserve	(2.957)
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	(0.961)
TOTAL FUNDING AVAILABLE	(6.698)

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

£0.357

Potential Shortfall - Potential use of Budget Risk Reserve

£0.035

Capital Programme – Major Forecast Out-turn Variances at Quarter 3 with associated narrative

Strategy Area and Scheme	Variance £m	Reason Code*	Narrative
Housing General Fund			
Green Home Grant Local Authority Delivery (LAD) - Phase 2	(0.517)	S	The LAD 2 grant has received an extension for delivery from Department of Business & Energy. The originally appointed contractor withdrew from the project due to lack of capacity. This necessitated a re-procurement of an alternative contractor which has caused a delay in the programme. The completion date has now fallen back to summer and the spend slipped into future years. Any unused funding must be returned to the Government department after that date.
Children's services properties	(0.278)	S	This scheme is to aid delivery of the children's homes accommodation strategy budgeted for in the 2022/23 2024/25 programme. The Council are investigating an alternative model in delivering this by an external provider instead of inhouse. The alternative model would be a 3rd party undertaking. Any necessary refurbishment works, undertaking any necessary property maintenance and management and providing the service delivery. Until the delivery model is agreed and approved the 2 properties identified as Cluster Homes are being held vacant. As a result, they have been put on hold until that is complete, and the updated delivery model is agreed. Therefore, slippage of (£0.278m) is required.
Property Improvement			
Corporate Contingency	(1.800)	S	The Corporate contingency budget is not required in this financial year.
Swimming Pool New Build	(0.320)	S	The construction of the Moorways Sports Village remains on time and on budget. Slippage is required for the next financial year with plans to deliver completion of the stadium storage in 2022/23.
Council House - Detailed Survey	(0.400)	S	The complexity of the project has meant this is a more detailed and much longer capital project than originally anticipated. Access requirements and space needed for site accommodation required negotiation in the middle of Covid for access and space required on the site. Due to further tighter restrictions and the Corporate message of non-attendance at the Council House the works have been further delayed and therefore works have been scheduled to be carried out in Spring/Summer when the virus is less prevalent, and more people are allowed to work and enter the building.

Strategy Area and Scheme	Variance £m	Reason Code*	Narrative
Homes for Older People - Reconfiguration, Redevelopment, Relocation, Remodelling	(0.500)	S	Due to further tighter restrictions and the Corporate message of non-attendance or to limit attendance at front line services to protect the residents and key workers in this building, the works have been further delayed and therefore works have been scheduled to be carried out in Spring/Summer when the virus is less prevalent, and more people allowed to work and enter the building.
Project Development - Property Improvements	(0.200)	S	This funding is for the Museum Estate Development Fund (MEND) Bid which will now be delivered in the new financial year following the approval of the match funding that will be presented in the MTFP paper to cabinet and announcement of new bid, both in February 2022. This will take the project from Phase 2 to RIBA stage 4 and tie in with the successful bid as the bid funding covers all contractual work for the project, development covers Phase 1 pre-bid and Phase 2 post bid success.
Guildhall - Roof Covering	(0.200)	S	This project is awaiting Strategic direction on the future of this asset. The budget therefore requires slipping to 2022/23 until decisions on a way forward for the asset have been agreed and to ensure there is available budget to carry out any works required for the Guildhall in the meantime.
Highways & Transport			
Air Quality Improvement Project	0.268	S	The decision to slip this at December Infrastructure Board has been reviewed as the work is now expected to be complete this financial year. In December there were concerns about the capacity of the structure to withstand the necessary plant required for the works which meant looking at alternate ways to deliver the scheme, which have now been alleviated.
TCF Tranche 2 - Interchangeable Hubs	(1.731)	S	Changes to the project following feasibility works has resulted in a delay to the original programme therefore slipped to 2022/23. The junction improvement will be delivered in partnership with the city centre to rail station scheme, to coordinate costs and to minimise disruption on the network. The work is due to be completed by Summer 2022.
TCF Tranche 2 - Public Realm	(3.048)	S	Due to prolonged consultation in line with council policy, there has been delayed design and consequently delayed procurement of a contractor and starting on site. Anticipated costs will now be in 2022/23 when stage 1 commences.
TCF Tranche 2 - Cycle Expressway	(1.671)	S	The Council encountered procurement difficulties between Nottingham City Council and engineering company Via East Midlands (VEA) which prevented progression of the design and the Senior Responsible Officer (SRO) approval which was required to approve the procurement strategy.

Strategy Area and Scheme	Variance £m	Reason Code*	Narrative
TCF Tranche 2 - Bus Priority	(0.717)	S	The Pentagon signal refurbishment scheme is due to finish by January 2022. The remaining work will be programmed through to 2022/23 due to Derbyshire County Council delaying the sign off of documentation to get the agreement at the right level. The project includes upgrading of the controllers within the existing signal network. During 2022/23 there will be an additional commitment of up to £0.200m for neighbouring authorities to deliver schemes linked to the Transforming Cities programme. The agreements and project schedules are currently being agreed and signed off by the other authorities before a commitment is made to them and the confirmation of programme of works by the end December 2022.
TCF Tranche 2 - Park & Ride	0.464	S	The negotiation for the Park & Ride land purchase has taken up most of 2021/22 financial year , with cabinet approval needed to finalise the deal. The negotiated land acquisition price was higher than what was forecast at the start of the financial year.
TCF Tranche 2 - Bus & Rapid Transit Links	(1.835)	S	Delays in receiving the corridor surveys and agreeing the most suitable procurement strategy have put the project back on delivery. The infrastructure of transport networks and bus shelter procurement routes are currently being agreed. It is anticipated that a start date will be April 2022, with the coordination of a number of contractors at the sites on the main routes.
TCF Tranche 2 - LCWIP	(1.618)	S	Following a feasibility study, it was identified that the route for one of the paths required third party land, the landowner was unwilling to negotiate. A change to the route for effectiveness was required for the SRO approval to progress. The schemes in progress have been delivered under budget therefore this element of the scheme is to be slipped into future years.
Kingsway Roundabout	(0.600)	R1	The scheme is reliant on external contributions from Homes England and Keir. As discussions on the delivery and funding of the scheme are ongoing the decision has been taken to remove the scheme in 2021/22 and include a revised scheme as part of the 2022/23 H&T programme.
Vehicle, Plant & Equipment			
Waste Disposal Treatment Plant	2.350	A	The capital programme includes £2.350m in 2021/22 for the New Waste Treatment Facility. This forecast includes the completion of site surveys and the associated site preservation costs and advisor fees for this year funded from reserves.
Regeneration			
Becket Well Regeneration	(0.547)	S	The forecast spends in 2021/22 has been reprofiled in line with the latest Pennine Demolition contract programme, which is expected to complete in Spring 2022, together with professional fees and contingencies associated with the delivery of remaining elements of the project to be delivered in 2022/23.

Strategy Area and Scheme	Variance £m	Reason Code*	Narrative
Access Osmaston	(0.250)	S	A redesigned lower cost option for the junction improvement scheme at the turning into Victory Road from Osmaston Park Road (ring road) was agreed earlier this financial year with the cost provided for within the 2021/22 Access Osmaston capital budget. Informed by the latest works programme, budget slippage to 2022/23 is required as the main junction improvement works are now programmed with highways for Summer 2022
iHub plot preparation	(0.390)	S	The completion of the acquisition of the site at Infinity Park Derby (IPD) is now likely to slip to 2022/23 to enable resources to continue to be focused upon the delivery of key priorities at IPD, mainly the NAMRC project.
MRC Midlands (NAMRC)	(4.400)	S	The partners in the project are now in contract and will be on site by early February. The contractual obligations for the NAMRC project will require the Council to make payments to the developer, and thereby have evidenced eligible spend to claim the full £6.875m of GBF grant by end March 2022 to the satisfaction of the D2N2 LEP. In line with technical accounting requirements, this will need to be accounted for in the capital accounts over more than one financial year instead of all in 2021/22. This necessitates the slippage of an estimated £4.4m of the 2021/22 capital budget for the project in the capital programme to match when actual spend will be charged against the capital budget. The tendered price from the contractor was lower than the original cost forecast, therefore the Council has benefitted from a saving on this front. However, it is recommended that the full capital programme budget of £16.015m is retained at this stage, with the saving being held as client contingency for the project to be managed through project governance change control.
Economic Growth Fund- Ascend	(0.355)	S	The scheme was formally launched in July 2021 and we have seen a significant upturn in enquiries since. The Council anticipate the majority of businesses accessing our (Revenue) Bespoke Business Support element of Ascend first to support the formulation of a detailed growth plan which in a number of cases will identify a capital funding need and subsequent loan ask. It is also worth noting that after initial approval by our selection panel businesses have to complete a detailed due diligence & contracting process before they can draw down the funds. This often takes several months to be completed which means new applications that come through now are unlikely to draw down their funds until next financial year onwards.
Eastern Gateway	(0.381)	S	The capital budget represents the Councils contribution to the scheme being delivered by the owners of Derbion and will be by way of capital grant funded from Future High Street (FHSF) with a spend deadline of March 2024. The full anticipated spend for this financial year has been reprofiled due to slight delays with the project designs. The finer detail on designs will be developed so the Council can move to a point of issuing the funding agreement for the FHSF contribution, subject to the further work to complete due diligence.
ICT			
Major IT System Development	(0.350)	S	The associated procurement timetable for the FM System based on the initial responses has resulted in further delays with only a small amount of the budget to be used this financial year therefore slipping the remainder to 2022/23

Strategy Area and Scheme	Variance £m	Reason Code*	Narrative
HRA			
Re-Roofing	0.503	R1	Increased programme costs arising from incorporating solar panels into roof replacements, as well as additional contractor availability enabling greater pace on this multi-year rolling programme of roof replacements has meant the reallocation of budget from Unallocated Maintenance funding and the addition of appointing additional contractors, enabling the scheme to be expanded.
Rivermead Refurbishment	(0.250)	S	Due to delays to clarification on the specification of the roof works with bidders during the tender period, the consultation phase element of the budget is to be slipped into new year
Unallocated Maintenance Funding	(0.300)	R1	The budget has been reallocated to the reroofing schemes to allow for the expansion of reroofing This pot was introduced into the programme to allow flexibility of budget to be switched to schemes as and when the need
Chesapeake	(0.400)	S	Approvals for building control and land drainage have taken longer than anticipated due to resourcing capacity within the council therefore slippage has been necessary to progress the scheme in the next financial year.
Aida Bliss	(0.451)	S	Following on from planning permissions the council are unable to remove asbestos as planned due to hibernating bats therefore slipped until we can continue with the scheme.
Osmaston - HRA	(0.850)	R1	This project will still be delivered. However, following positive feedback in relation to a potential Homes England grant bid from Derby Homes it is now anticipated they will deliver the project, rather than the Council therefore the scheme has been removed from the programme
Total main variances	(20.774)		
Other variances	(0.973)		Minor variances
TOTAL OUT-TURN VARIANCE	(21.747)		

*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			
Chellaston Secondary School - Homeleigh Way Contribution	0.216	0.141	(0.075)
Ashgate Primary School- Final Phase Refurbishment	0.066	0.001	(0.065)
Ridgeway Infant - Windows, Drainage Works & Fencing	0.255	0.210	(0.045)
Shelton Junior - Roof, Windows & Fire Risk Assessments (FRA)	0.550	0.510	(0.040)
Mickleover Primary School - Fire Risk Mitigation Works	0.048	0.024	(0.024)
Wren Park Primary - Windows & Roof	0.170	0.150	(0.020)
Murray Park Community School - Windows, Doors & External Partitions	0.317	0.306	(0.011)
Oakwood Infant - Windows, Roof & Doors	0.233	0.226	(0.007)
Littleover Community School - Fire Alarm Works	0.070	0.068	(0.002)
Silverhill Primary - Windows & Roof	0.128	0.126	(0.002)
Becket Primary - Window & Doors	0.177	0.185	0.008
Oakwood School Kitchen	0.190	0.201	0.011
Roe Farm Primary - New Boiler	0.422	0.470	0.048
Buildings at Risk urgent condition and suitability schemes	0.001	0.085	0.084
Total Delegated Changes Schools	2.843	2.703	(0.140)
Property Improvement			
Chellaston Park	0.002	-	(0.002)
Chellaston Brickwork Improvements	0.009	0.002	(0.007)
Oakwood Park Improvements	-	0.010	0.010
Dirt Track - Osmaston Park	0.050	0.025	(0.025)
St Mary's Boardwalk	0.096	-	(0.096)
Mackworth Park	0.012	0.004	(0.008)
Silk Mill Park	0.010	-	(0.010)
Darley Fields Frontage Improvements	0.049	-	(0.049)
Preliminary Design- Structural and Buildings at risk	0.321	0.188	(0.133)
Nunsfield House - FRA	-	0.016	0.016
Derby Area - Property Improvement	-	0.002	0.002
The Keep (Previously known as Oakwood Children Centre)	-	0.007	0.007
Littleover Community School - Bungalow	-	0.004	0.004
Various Lighting Protection	-	0.005	0.005
Multicultural Education Centre - Replacement Windows	-	0.010	0.010

Scheme Area	Latest Approved Capital Programme 2021/22 £m	Revised Capital Programme 2021/22 £m	Change £m
Bold Lane Store	-	0.005	0.005
Queen Leisure Centre - Flooring & Roofing	-	0.080	0.080
Fire Gate Studios - Air Conditioner	-	0.004	0.004
Project Development - Property Improvements	0.431	0.231	(0.200)
Guildhall - Roof Covering	0.300	0.100	(0.200)
Total Delegated Property Improvement	1.280	0.693	(0.587)
Highways & Transport			
Street Lighting LED Replacement	1.460	1.270	(0.190)
Total Delegated Changes Highways & Transport	1.460	1.270	(0.190)
Housing General Fund			
Community Energy Savings Project (CESP)	0.130	0.004	(0.126)
Works at Shelton Lock	0.095	-	(0.095)
Milestone House Capital Works	0.050	0.100	0.050
Total Delegated Changes Housing General Fund	0.275	0.104	(0.171)
Vehicles Plant & Equipment Programme			
Grounds, Plant & Equipment	0.096	0.212	0.116
Street Cleansing Equipment	0.315	0.248	(0.067)
Standalone Cremator	-	0.006	0.006
Stores Road Depot Workshop	0.085	0.100	0.015
Derby Homes Vehicles	-	0.100	0.100
Public Realm Equipment	-	0.010	0.010
Total Delegated Changes Vehicles Plant and Equipment	0.496	0.676	0.180
Total Net Changes	6.354	5.446	(0.908)

All Changes requiring approval this quarter - 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				
Green Home Grant Local Authority Delivery - Phase 2	0.817	0.300	(0.517)	S
Children's services properties	0.381	0.103	(0.278)	S
Total Changes to Housing General Fund Programme	1.198	0.403	(0.795)	
Property Improvement				
Corporate Contingency – Swimming Pool	1.800	-	(1.800)	S
Swimming Pool New Build	16.574	16.254	(0.320)	S
Council House - Detailed Survey	0.701	0.301	(0.400)	S
HOP - Reconfiguration, Redevelopment, Relocation, Remodelling	0.622	0.122	(0.500)	S
Total Changes to Property Improvement	19.697	16.677	(3.020)	
Highways and Transport Programme				
Air Quality Improvement Project	3.778	4.046	0.268	S
Transforming Cities Fund (TCF) Tranche 2 - Interchangeable Hubs	2.481	0.750	(1.731)	S
TCF Tranche 2 - Public Realm	3.494	0.446	(3.048)	S
TCF Tranche 2 - Cycle Expressway	1.742	0.071	(1.671)	S
TCF Tranche 2 - Bus Priority	1.192	0.475	(0.717)	S
TCF Tranche 2 - Park & Ride	2.000	2.464	0.464	S
TCF Tranche 2 - Bus & Rapid Transit Links	2.211	0.376	(1.835)	S
TCF Tranche 2 - LCWIP	2.581	0.963	(1.618)	S
Kingsway Roundabout	0.600	-	(0.600)	R1
Total Changes Highways and Transport	20.079	9.591	(10.488)	
Vehicles Plant and Equipment				
Waste Disposal Treatment Plant	-	2.350	2.350	A
Total Changes Vehicles Plant and Equipment	-	2.350	2.350	
Regeneration				
City Centre Accelerated Development	0.180	-	(0.180)	S
Becket Well Regeneration	2.683	2.136	(0.547)	S
T12 Phase 1	0.070	-	(0.070)	S
Access Osmaston	0.341	0.091	(0.250)	S
Derby Enterprise Growth Fund - Recycled	0.250	0.229	(0.021)	S
iHub plot preparation	0.420	0.030	(0.390)	S
Brook realignment	0.137	0.110	(0.027)	S
D2EGF Growth & Innovation	0.887	0.790	(0.097)	S
Market Hall Refurbishments - Phase 1	4.783	4.633	(0.150)	S

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
Castleward – Compulsory Purchase Orders (CPO)	0.538	0.729	0.191	S
MRC Midlands (NAMRC)	6.821	2.421	(4.400)	S
Economic Growth Fund- Ascend	0.500	0.145	(0.355)	S
Becketwell Performance Venue Fees	0.201	0.295	0.094	R2
New Performance Venue at Becketwell	3.255	3.161	(0.094)	R2
Eastern Gateway	0.691	0.310	(0.381)	S
European Regional Development Fund (ERDF) GIP3	0.150	-	(0.150)	S
Total Changes to the Regeneration Programme	21.907	15.080	(6.827)	
ICT Programme				
Major IT System Developments	1.256	0.906	(0.350)	S
Total Changes to the Regeneration Programme	1.256	0.906	(0.350)	
HRA Programme				
Re-Roofing	1.750	2.253	0.503	R1
Rivermead Refurbishment	0.500	0.250	(0.250)	S
Unallocated Maintenance Funding	0.300	-	(0.300)	R1
Chesapeake	0.600	0.200	(0.400)	S
Osmaston	0.850	-	(0.850)	S
PVCU Windows & Doors	1.500	1.400	(0.100)	R1
Capital Salaries Mods Liaison	0.600	0.549	(0.051)	R1
One-off Mods/Major Refurbishments	0.700	0.785	0.085	R1
Disability Adaptions	0.700	0.800	0.100	R1
New & Replacement Central Heating	1.500	1.600	0.100	R1
Rewiring/Electrical Upgrades	0.500	0.419	(0.081)	R1
Solid Wall Installation	0.100	0.110	0.010	R1
New Build and Acquisitions	4.144	4.287	0.143	A/R1
The Knoll NB	0.150	0.202	0.052	R1
Emergency call system replacement	0.475	0.317	(0.158)	S
Riverview Site (Previously Brit Court)	0.150	0.222	0.072	R1
Barlow Street	0.300	0.150	(0.150)	S
Aida Bliss	0.590	0.589	(0.001)	S
HRA Shops	0.150	0.050	(0.100)	R1
Whitaker Street	0.150	0.100	(0.050)	S
Cummings Street Car Park	0.300	0.150	(0.150)	S
Green Homes Grant Programme	0.864	0.866	0.002	R1
Water Service	0.100	0.000	(0.100)	S
Brentford Drive	0.030	0.005	(0.025)	R1
Warwick House	0.030	0.020	(0.010)	R1
Total Changes HRA	17.033	15.324	(1.709)	
TOTAL CHANGES TO PROGRAMME	81.170	60.331	(20.839)	
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
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