



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

27 July 2023

**Joint Report of the Managing Director and the
Director of Finance & ICT**

Performance Monitoring and Revenue Outturn 2022-23
(Strategic Leadership, Culture, Tourism and Climate Change
and Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned (this is currently defined as £500,000).

3. Purpose

3.1 To provide Cabinet with a report on Council Plan performance and to set out the Council's final revenue outturn position for 2022-23, identify significant variations from the final net budget and identify commitments already agreed against the underspend, together with proposals for the further use of underspends. To also identify the impact of the 2022-23 outturn on future years and any action proposed. The report also sets out the Council's Earmarked Reserves position.

4. Information and Analysis

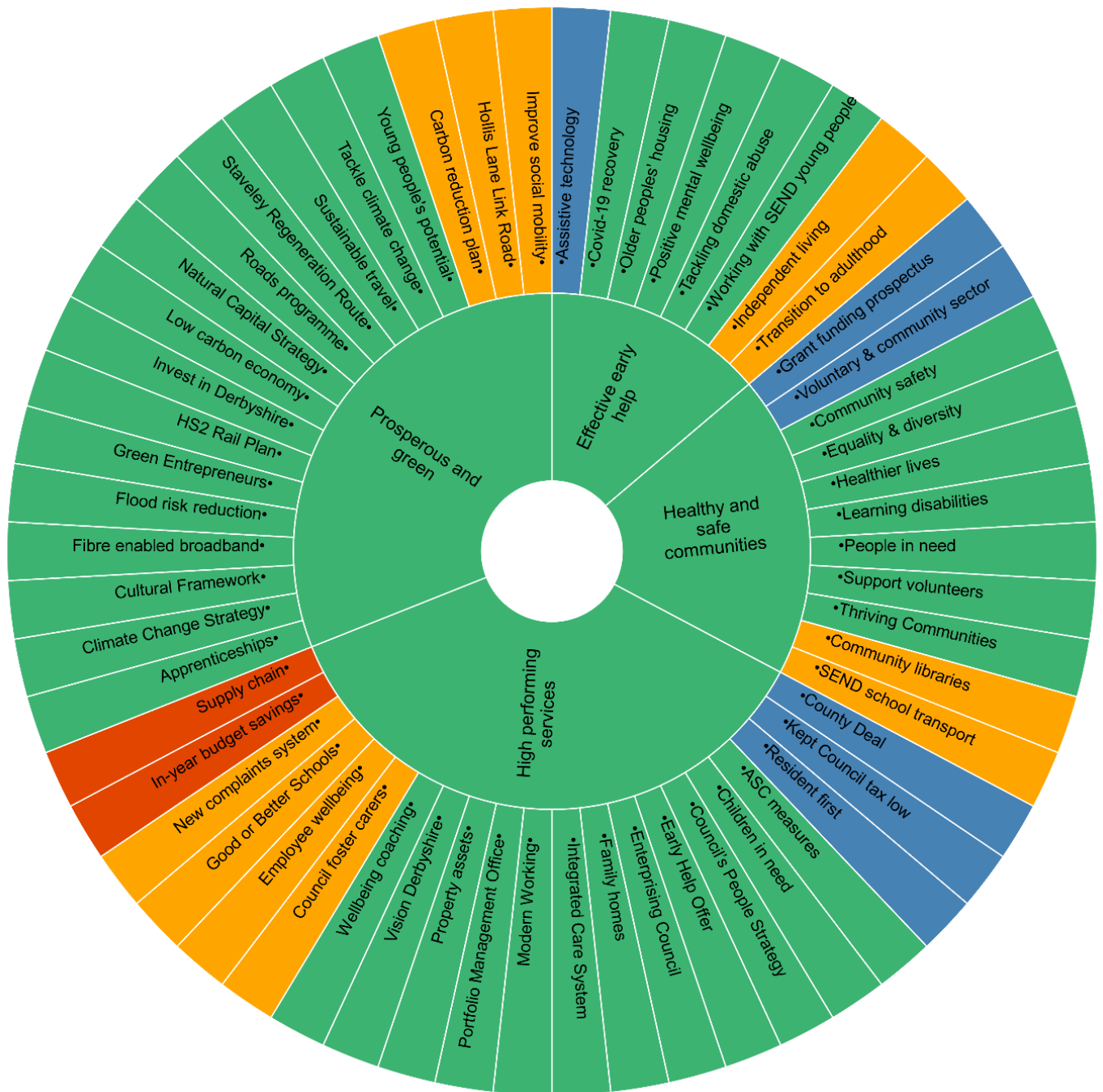
Integrated Reporting

- 4.1 This report presents both Council Plan performance and financial budget monitoring and outturn data.
- 4.2 The Performance Summary sets out the progress the Council is making on delivering the Council Plan, with a focus on the achievement of Council Plan priorities.
- 4.3 The Revenue Outturn Position and Financial Summary provides an overview of the Council's overall budget position and outturn for the year ended 31 March 2023.
- 4.4 Appendices to this report summarise progress on Council Plan deliverables and the controllable outturn position by Cabinet Member Portfolio for 2022-23.

Performance Summary

- 4.5 The Council Plan refresh for 2022-25, which outlines the Council's priorities, key deliverables and performance measures, was approved by Council in March 2022.
- 4.6 The 2022-23 Performance Report, attached at Appendix 3, sets out the position in full up to the end of March 2023 for each deliverable and associated key measures set out in the Council Plan.
- 4.7 The Council is performing well in delivering the new Council Plan, with 78% of the 58 deliverables in the Plan for 2022-23 showing "Good" or "Strong" progress. 19% have been rated as "Requiring Review" and 3% have been rated as "Requiring Action". Progress in delivering the Plan is shown in the graphic below.

Deliverable Progress



4.8 The graphic below shows performance against target for each measure by priority. For the 41 key measures where data for 2022-23 against target is available, fourteen have been rated as “Strong”, with a further seven rated as “Good”. Six have been rated as “Requiring Review” and fourteen as “Requiring Action”.

Key Measures Against Target



Performance by Priority

4.9 The resilient, healthy and safe communities priority shows overall “Good” performance for both deliverables and measures.

4.10 Key areas of success are as follows:

- The Council made significant progress in 2022-23 on the Council-wide Review of Voluntary and Community Sector Grant Funding, maintaining momentum and delivering a review of recurring grants, alongside continued work with infrastructure providers to embed a new approach.
- The Council successfully delivered the Council's new outcomes-based funding programme for the sector, through a new Funding Framework and Prospectus. In 2022-23, 153 grants were approved, totalling £964,974. This included investing in local people and communities to create opportunities for them to adapt, develop and grow.
- During 2022-23, 1,483 people achieved a 4-week quit smoking target following the Live Life Better smoking cessation programme, exceeding the target of 1,200 people.
- The Derbyshire Discretionary Fund made 32,741 awards, totalling over £2.8m, in 2022-23. Applications were up 42.5% compared to 2021-22. This is mostly driven by Emergency Cash Payment assessments and the cost-of-living crisis. Demand for the Public Health Advisory Service has been high throughout the year, both in GP surgeries and community settings. During 2022-23, the service supported people to gain £8.7m in income and to manage £2.8m of debt.

4.11 Areas for consideration are as follows:

- No new expressions of interest in transferring libraries to community management were received. A new approach is now being developed as part of a refresh of the Library Strategy.
- A number of new risks and challenges in delivering home to school transport for children with special educational needs were identified during the first quarter of 2022-23. These risks include staff turnover and capacity issues within associated areas of delivery, which impacted on the Council's ability to meet existing service objectives and therefore transform delivery. Whilst these delayed progress in 2022-23, progress was made with the establishment of a pilot process. The need for information at specific times is key for effective delivery and this will be clearer once the pilot starts to embed and is evaluated. The pilot process will take the Council into the 2023-24 financial year. Work to support better efficiencies and better outcomes will be developed, based on the information and intelligence gathered from the pilot, once it has been completed. This will remain as a priority.

- The number of people achieving a 5% weight loss on the Council's weight management programme during 2022-23 was 206. This is below the target of 281, showing that there is some work to be done in improving client retention on the programme. To improve client retention, it is planned to expand face-to-face clinics to meet demand and to complete a client survey to ascertain service improvement areas.
- During 2022-23, the Council successfully re-energised Thriving Communities activity in six communities. A shift in the Council's approach has meant that the planned expansion into eight communities has not taken place. Activity has been sustained but growth and expansion has proven difficult in the current climate. The Council has noted the challenges of supporting and scaling activity in the post-Covid environment of reduced public sector resource and fewer frontline staff based within communities. A review of the Council's Thriving Communities approach is underway, focused on developing a long-term strategy and identifying cross-departmental priorities for how the Council will work more collaboratively and embed ways of working across its service areas to support people and communities to thrive.
- In 2022-23, 28 people with a learning disability and/or who are autistic moved from 24-hour residential care to a more independent supported living setting, which is below the aspirational target of 40 people. The programme remains behind target, as workforce shortages within Supported Living are still having an impact. Outcome-focused reviews, concerning people with a learning disability and/or who are autistic living in supported living, have commenced, to release capacity for further moves.

4.12 The high performing, value for money and resident-focused services priority shows overall 'Good' performance for both deliverables and measures.

4.13 Key areas of success are as follows:

- The Government signed a devolution deal with Derbyshire, Derby, Nottinghamshire and Nottingham councils on 30 August 2022, which will result in the East Midlands receiving £1.14 billion over 30 years, to invest in the region and the establishment of an East Midlands Mayoral Combined County Authority, subject to the Levelling Up and Regeneration Bill receiving Royal Assent, formal approval by Government of the Councils' Proposal and the Councils' consent to the Statutory Instrument establishing the Combined County Authority.

- The new My Derbyshire portal successfully went live in December 2022, enabling individuals to raise requests for services and then track progress online. In particular, residents are using the portal to log and track pothole and highways issues, which in turn reduce some of the pressure on Call Derbyshire at peak times. By 31 March 2023, over 7,000 resident accounts had been opened, with 42,473 cases created and logged via the resident portal. Of those residents using the online portal, 82% of the feedback received gave either a 4 (good) or 5 (excellent) star rating.
- Despite inflationary pressures, the Council's Council Tax increase for 2023-24 was again one of the lowest amongst comparable county councils.
- The published letter from the Council's Ofsted focused visit in September 2022, which looked at children in need and subject to a child protection plan, has provided independent assurance confirming strong and consistent social work practice for children and families in Derbyshire, with 'many families empowered to make positive changes and adjustments enabling their children to make good progress'. The strength of the Council's practice is further evidenced by regular reflective case reviews and strong performance across a range of indicators throughout 2022-23.
- Disposal of property assets in 2022-23 realised capital receipts of £3.936m, £1m over the target of £2.900m.

4.14 Areas for consideration are as follows:

- So far during the 2022-23 academic year, the percentage of children and young people attending a good or better primary school in Derbyshire increased but at a slower rate than nationally. At secondary level, the proportion of Derbyshire pupils attending a good or better school was the same as at the end of the last academic year. Nationally there has been a small increase. The proportion of Derbyshire pupils attending a good or better school remains below the average nationally, for both primary and secondary phases. This remains a priority for the Council. Findings and learning from recent Ofsted inspections continue to be routinely disseminated at briefings with headteachers and governors, with additional focus and support provided on any emerging themes, such as discussions about safeguarding procedures.

- By 31 March 2023, there were 313 children living with Council foster carers. The target for 2022-23 was to be in line with, or increase, the 31 March 2022 position, when 328 children were living with Council foster carers. Foster carer utilisation remains strong but recruiting and retaining foster carers remains a challenge, as it does nationally. The Fostering Modernisation Programme is reviewing many aspects of fostering, such as pay and remuneration, therapeutic placement support, placement sufficiency planning and service structure.
- 14% of children returned home after a period of care during 2022-23, which is down from 17% last year. The Council's target is to be higher than the national average for this indicator, which was 18% in 2021-22. Although this target has not been met, due to the lag in assessments translating to young people leaving care, performance during the final quarter of 2022-23 was very strong. Of the 131 children who left care during this quarter, 31 (24%) were discharged following a return to family.
- Timescales for implementing a new complaints and feedback system for Children's Services and Place have been moved back from the original completion date of July 2023, to early 2024. Corporate Services and Transformation timescales have yet to be agreed, although work is underway, and at pace within Children's Services, who aim to have migrated all complaints over to the Customer Relationship Management system by February 2024. Timescales within Adult Services are being reviewed in line with service area priorities.
- Employee sickness absence rose to 5.5% for 2022-23, compared with 5.1% for 2021-22. The target for the year was 4.6%. The sickness absence rate excluding Covid-19 was 4.9%. Sickness levels continue to be reported to Departmental and Council Management teams on a regular basis. Sickness data has been further refined, to better understand the direct effect that unmanageable absence (such as Covid-19) is having on sickness levels, and to further break down the underlying causes of sickness across the most significant primary causes of sickness.
- Budget savings of £7.048m were achieved for 2022-23 but this falls short of the £8.057m target. The Council is reviewing all of its savings initiatives and developing a programme of savings proposals to address the estimated funding gap over the medium term. Where savings have not been achieved in previous years and have been brought forward into the current financial year, mitigations and alternative savings delivery is being considered.

- The full implementation of a supply chain management regime has not been possible due to difficulties in recruiting to new posts. These difficulties include a shortage of suitable candidates, which is a national issue. Senior posts have now been appointed and a new recruitment process is underway to fill the remaining vacancies. Despite problems with recruitment, some progress is being made. Contract management training has been made available to appropriate employees across the Council and work has been undertaken on classification of contracts, which will support Contract and Supply Chain management when all posts have been filled.

4.15 The effective early help for individuals and communities priority shows overall 'Good' performance for both deliverables and measures.

4.16 Key areas of success are as follows:

- The assistive technology service successfully supported 1,048 people to live safely in their home, by providing assistive technology. This is 448 people greater than the original target of 600 people.
- During 2022-23, around 100 mental health related courses were delivered. These sessions were attended by over 1,000 people from more than 300 different organisations. The Derbyshire and Derbyshire Emotional Health and Wellbeing website had over 112,000 page views during 2022-23.

4.17 Areas for consideration are as follows:

- Progress in finalising the new ways of working with older people and people with a disability is being delayed by a shortage of homecare to support people to be independent in their own homes. This is a national issue and is not unique to Derbyshire. The redesign of the Homecare Short Term Service is now underway, with formal consultation being undertaken with colleagues.
- Progress in helping and empowering more young people with disabilities to be independent in their transition to adulthood slowed in the final quarter of 2022-23, due to the next stage of delivery being linked to the review of the wider special educational needs (SEND) strategy and the re-design and re-modelling of the operating model for the services that touch SEND. Once work on the wider SEND strategy and the re-design and re-modelling of the operating model is concluded, activity focused on delivering support and empowering young people through transition will continue. This will build on the Preparation for Adulthood work delivered earlier in 2022-23.

4.18 The priority for a prosperous and green Derbyshire shows overall 'Good' performance for both deliverables and measures

4.19 Key areas of success are as follows:

- Significant amounts of work were undertaken to deliver £37m of improvements to roads and highways in 2022-23.
- The Climate Change Strategy had a strong first year, with the majority of actions being on track to meet or exceed the desired outcomes, and action being taken to address any risks to delivery of any targets and actions currently not on track.
- The Natural Capital Strategy document is now complete and will form an important part of the baseline information for the Local Nature Recovery Strategy.
- The Derbyshire Renewable Energy Study and the Climate Change Planning Guidance and associated assessment tool were produced, and a Memorandum of Understanding with the minerals and quarrying sector established, to explore and map out the delivery of collaborative opportunities for decarbonisation and renewable energy generation.
- Following significant lobbying by the Council and other stakeholders, East Midlands Railway began to reintroduce direct rail services along the Derwent Valley line from Matlock to Nottingham.
- Derbyshire's national rank quartile for the proportion of pupils achieving the expected standard in Year 1 phonics (75.0%) improved over the year, from bottom quartile in 2019 to lower-middle quartile during 2022-23. Provisional data also suggests that the gap between disadvantaged pupils in Derbyshire and all other pupils nationally in phonics has also narrowed, from 20.6 percentage points in 2019 to 18.7 points in 2022-23. The proportion of pupils achieving a standard pass (grades 4-9) in English and Maths at GCSE (67.8%) was again significantly better than national figures and the annual figure for the percentage of 16 to 17 year olds in education, employment or training (94.9%) maintained a top quartile position nationally.

4.20 Areas for consideration are as follows:

- The revised planning application for the Hollis Lane Link Road was not determined but engagement continues with consultees. Due to economic conditions, cost uncertainty will remain until a construction contractor is appointed. A rigorous process in the procurement of a contractor is underway to ensure best value.

- The speed of reducing the Council's emissions from property, vehicles and streetlighting is slowing. To date, the Council has made good progress towards its net zero target of 2032, or sooner, with a 64.2% reduction in Council emissions achieved between 2009-10 and 2021-22 (from 42,965 tonnes CO₂e to 15,378 tonnes CO₂e). Supplemental work is now underway to explore how the further reductions necessary might be achieved, and to understand the resource implications of doing so.
- Progress in developing the scope and delivery programme to improve social mobility has been limited due to difficulties in recruiting to the Vision Derbyshire programme team, which will take forward this work. However, arrangements for the programme team have been finalised, and a light touch review of the Vision Derbyshire approach will consider the resourcing of the approach, local priorities to progress the social mobility agenda across the county and the alignment of wider partnership structures and governance arrangements, to ensure resources enable Derbyshire to fully maximise opportunities over the coming period.
- In 2022-23, 20,766 highways defects were completed, with 76.6% being completed within target timescales, compared to a target of 90%. This compares to a total of 22,747 defects completed, 75% within target timescales, for 2021-22. Defects requiring an urgent response were above target but defects for completion within 32 hours, 9 days and 28 days were below target. However, throughout the final quarter of 2022-23, 7,663 defects were completed, compared to 3,862 in the previous quarter, with 75.9% being completed within target timescales. There is a seasonal increase in the volume of defects in the final quarter and more resources are put in place to respond to the increase.
- The percentage of principal roads where maintenance should be considered was 15.4% against a target of 13.0%, based on the Annual Engineers' Inspection. Whilst the condition of principal roads did not achieve target, the condition of non-principal roads and unclassified roads was better than target. The annual National Highways and Transportation Survey showed residents' overall satisfaction is at 51% compared with 52% last year and against a target of 57%. Comparatively, the level of satisfaction has dropped to 50% regionally when local area authorities were compared.
















- The Council continues to prioritise investment in the delivery of its Local Transport Programme, to provide well-managed roads and highways and address road safety concerns. The annual survey of road condition is undertaken between April and June and therefore the results do not reflect the investment and work undertaken over the last six months. Similarly, the National Highways and Transportation Survey is undertaken early in the year and therefore results are more retrospective.

4.21 The annual Your Council Your Voice survey included three measures to indicate overall residents' perception of the Council. Responses to the Council's Your Council Your Voice residents' survey questions regarding satisfaction with the Council, value for money and feeling informed about Council decisions were below target, although similar to results from the previous year. The Council continues to develop its strategic and operational approach to improving residents' perceptions and is also putting in place improvements to consultation methodologies employed across the Council.

4.22 With 78% of deliverables rated as "Strong" or "Good", there is much to celebrate in the progress the Council has made in delivering the Council Plan. Further detail regarding each of the deliverables in the Council Plan and the key measures is set out in Appendix 3.

Revenue Outturn Summary

4.23 The Council's revenue outturn for 2022-23, compared to controllable budget, is summarised below. The outturn table shows the position net of the impact of the ring-fenced Dedicated Schools Grant (DSG) of £389.554m and Public Health grant of £43.803m, other ring-fenced grants and income from other third parties and their associated spend. The outturn is reported on the basis of the Council's portfolios operating in 2022-23.

| | Budget | Actuals | Outturn | Budget Performance |
|-----------------------------------------------------------|----------------|----------------|----------------|---------------------------------------------------------------------------------------|
| | £m | £m | £m | |
| Adult Care | 278.284 | 289.026 | 10.742 |  |
| Children's Services and Safeguarding and Education | 156.907 | 157.665 | 0.758 |  |
| Clean Growth and Regeneration | 1.768 | 1.492 | (0.276) |  |
| Corporate Services and Budget | 61.149 | 62.825 | 1.676 |  |
| Health and Communities | 16.935 | 15.789 | (1.146) |  |
| Highways and Transport | 41.937 | 46.057 | 4.120 |  |
| Infrastructure and Environment | 47.249 | 47.152 | (0.097) |  |
| Strategic Leadership, Culture, Tourism and Climate Change | 14.684 | 13.958 | (0.726) |  |
| Total Portfolio Outturn | 618.913 | 633.964 | 15.051 |  |
| Risk Management | 17.156 | 0.000 | (17.156) |  |
| Debt Charges | 39.815 | 40.311 | 0.496 |  |
| Interest and Dividend Income | (4.203) | (7.676) | (3.473) |  |
| Levies and Precepts | 0.363 | 0.363 | 0.000 |  |
| Corporate Adjustments | 8.440 | 8.842 | 0.402 |  |
| Total | 680.484 | 675.804 | (4.680) |  |

4.24 There was an overall Council underspend of £4.680m for 2022-23. However, this was after substantial one-off support from the use of £54.789m of the Council's Earmarked reserves. Of these significant Earmarked reserves drawdowns, which underpin the Council's outturn position, £21.003m were for planned service pressures identified in the Revenue Budget 2022-23, and a further £33.786m were in response to emerging issues in the year. The unfunded pay offers, demand pressures and inflationary costs are ongoing cost pressures, and they have been addressed as part of the budget setting process for 2023-24. The amounts drawn from reserves are:

| Reserve: | Budget Management | Covid Emergency Grant | Inflation Risks | Departmental Reserves | TOTAL |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------|------------------------|------------------------------|---------------|
| | £m | £m | £m | £m | £m |
| Planned use in 2022-23 Revenue Budget | 21.003 | 0.000 | 0.000 | 0.000 | 21.003 |
| 2021-22 Pay Award shortfall | 0.000 | 1.896 | 0.000 | 0.000 | 1.896 |
| 2022-23 Pay Award shortfall | 9.746 | 0.140 | 0.000 | 0.000 | 9.886 |
| Identified Covid costs | 0.000 | 1.379 | 0.000 | 0.000 | 1.379 |
| Identified inflation costs | 0.000 | 0.000 | 8.773 | 0.000 | 8.773 |
| Supporting Adult Care portfolio overspends (Adult Social Care and Health: Older People Housing reserve) | 0.000 | 0.000 | 0.000 | 3.337 | 3.337 |
| Supporting Clean Growth and Regeneration portfolio overspends (Place: Prior Year Underspends reserve) | 0.000 | 0.000 | 0.000 | 0.385 | 0.385 |
| Supporting Highways Assets and Transport portfolio overspends (Place: Prior Year Underspends reserve £3.465m; Place: Commuted Sums reserve £1.933m; Place: Winter Maintenance reserve £0.955m) | 0.000 | 0.000 | 0.000 | 6.353 | 6.353 |
| Supporting Infrastructure and Environment portfolio overspends (Place: Prior Year Underspends reserve) | 0.000 | 0.000 | 0.000 | 1.777 | 1.777 |
| Total | 30.749 | 3.415 | 8.773 | 11.852 | 54.789 |

- 4.25 Of the £15.051m portfolio overspend, the significant variances were:
- a £10.742m overspend on the Adult Care portfolio, after the use of £3.337m of departmental Earmarked reserves and a £5m contribution from the Contain Outbreak Management Fund;
 - a £4.120m overspend on the Highways Assets and Transport portfolio, after the use of £6.353m of departmental Earmarked reserves;
 - a £0.097m underspend on the Infrastructure and Environment portfolio, but only after the use of £1.777m of departmental Earmarked reserves; therefore, there was a £1.680m underlying overspend on this portfolio;
 - a £1.676m overspend on the Corporate Services and Budget portfolio; and
 - a £1.146m underspend on the Health and Communities portfolio.
- 4.26 An increase in the loss allowance for doubtful debts of £3.865m contributed to the portfolio overspend. The main contributors to this movement were an update to the scaling factor to reflect deteriorating economic conditions (£1.721m), an increase in the allowance for specific debts which are considered doubtful (£1.575m), an increase in Adult Care's trade debtors which are more than 30 days old (£0.390m) and a decrease in the expected rate of recovery (£0.304m). The method used to calculate the allowance has to comply with accounting standard IFRS 9 Financial Instruments.
- 4.27 The £10.742m overspend on the Adult Care portfolio relates to Purchased Services costs. There has been an increase in demand in relation to hospital discharges and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home. As a result, expenditure on independent sector placements has increased. The outturn is after £2.582m of support from the Inflation Risks Earmarked reserve for inflationary pressures in respect of Direct Care utilities and catering supplies, transport and fuel payments, Home Care fuel payments and Private, Voluntary and Independent sector contract payments. Furthermore, it is after the use of £3.337m of departmental Earmarked reserves and a £5.000m contribution from the Contain Outbreak Management Fund towards the costs of hospital discharges.

- 4.28 The £4.120m overspend on the Highways Assets and Transport portfolio mainly relates to costs arising from an increase in contractor spend and an increase in the workforce assigned to routine highways maintenance, unachieved savings from previous years, salary capitalisation targets which proved unachievable and winter maintenance costs which were more than budgeted. The outturn is after £0.486m of support from the Inflation Risks Earmarked reserve and after the use of £6.353m of departmental Earmarked reserves, including the Winter Maintenance reserve. Approval is sought for a contribution to Earmarked reserves of the £6.358m underspend on the Bus Service Improvement Plan grant. This contribution to reserves has already been accounted for in the Highways Assets and Transport portfolio outturn position.
- 4.29 The £0.097m underspend on the Infrastructure and Environment portfolio has arisen after £2.158m of support from the Inflation Risks Earmarked reserve and after the use of £1.777m of departmental Earmarked reserves. The underlying overspend was mainly due to unachieved savings from previous years and inflationary pressures affecting waste disposal contracts, although these were somewhat offset by an estimated 6% decrease in tonnages.
- 4.30 The £1.676m overspend on the Corporate Services and Budget portfolio has mainly arisen in the Corporate Property division, primarily because of delays in achieving previously allocated savings. There is underachievement of the Industrial Development income target, which is based on full occupancy. Full occupancy cannot be achieved as vacancies occur during the turnover of lettings, and some units are offered at rents below market rates for occupying charities. There is a further cost pressure related to incurring running costs on buildings that are awaiting disposal or repurpose. The outturn is after the use of £1.144m of support from the Inflation Risks Earmarked reserve for inflationary pressures in respect of buildings maintenance, the cleaning and caretaking contract and gas and electricity utilities costs.

- 4.31 The £1.146m underspend on the Health and Communities portfolio has resulted from costs which would ordinarily have been funded from the Prevention budget being met from alternative sources, such as the Household Support Fund and Public Health Grant supporting Covid-19 responsibilities, and a temporary increase in registration income from a higher number of events resulting from the backlog which arose during the period of Covid-19 restrictions. Approval is sought for contributions to Earmarked reserves of the £0.801m underspend on the Domestic Abuse Capacity Building Fund grant, the £0.792m underspend on the Community Safety Resettlement grants, the £0.278m underspend on the Syrian Refugee Resettlement grant and the £0.069m underspend on the Afghan Relocations and Assistance Policy grant. These contributions to Earmarked reserves have already been accounted for in the Health and Communities portfolio outturn position.
- 4.32 Approval is sought for a contribution of £0.946m to an Earmarked reserve to enable the purchase and conversion of Childrens Homes. This amount was an unspent service pressure allocated in the 2022-23 Revenue Budget. Delays have been incurred in the Childrens Homes refurbishment programme due to options for homes for the children during the refurbishment period having been unsuccessful. An independent review has been commissioned to consider further options for the future of the mainstream Childrens Homes' estate, with a final decision yet to be taken regarding the vision for the estate and the application of planned significant capital investment already identified. Maintaining funds for immediate availability will enable a more agile approach once the vision and approach is agreed. This contribution to Earmarked reserves has already been accounted for in the Childrens Services and Safeguarding and Education portfolio's outturn position.
- 4.33 The overspends on the Adult Care, Children's Services and Safeguarding and Education, Corporate Services and Budget and Highways Assets and Transport portfolios are effectively a call on the General Reserve, however, they are offset by underspends from the other portfolios and Corporate budgets (see paragraph 4.34 below).
- 4.34 There was an underspend of £19.731m on Corporate budgets in 2022-23:
- There was a £17.156m underspend on the Risk Management budget which relates to:

| Risk Management Budget Impacts | Over / (Under) Spend £m | Further Detail |
|-----------------------------------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Unallocated Contingency Funding | (1.691) | Includes: £1.000m for food/energy inflation, £0.795m for National Insurance Social Care Levy, £0.115m General, Less £0.219m budget savings targets adjustment |
| Adjustment for Business Rates income | (4.791) | Business Rates income in 2021-22 was significantly reduced because of the impact of Covid-19 and the extent of recovery was uncertain at the time the Revenue Budget 2022-23 was set, with amounts finalised after. |
| Adjustment for Business Rates Pool gain, updated estimate | (3.540) | A favourable adjustment to the estimate of income arising from Business Rates Pool gains. |
| Additional Non-ringfenced Grants | (5.717) | Announced after the 2022-23 Revenue Budget was set. |
| One-off Funding Returned from Departments | (1.417) | Service pressure funding returned by a portfolio following receipt of grant income announced after the 2022-23 Revenue Budget was set. |
| Total | (17.156) | |

- There was an overspend of £0.496m on the Debt Charges budget, which reflects recent hikes in interest rates, as well as higher charges providing for the repayment of debt principal resulting from the Council's strategy of funding new capital expenditure from borrowing instead of Revenue Contributions.
- There was a favourable variance of £3.473m on the Interest and Dividends budget. The Council utilises a range of investments to maximise its income on cash balances. As interest rates have risen, forecast income from short-term lending has increased, but this is somewhat offset by an increase in the interest the Council pays to meet its temporary borrowing needs. Interest income includes interest accrued on the loan advances to Buxton Crescent Ltd.

- An overspend of £0.402m on Corporate Adjustments reflects the presentation of reserve movements attributable to the ring-fenced Dedicated Schools Grant, a deficit relating to the Property Direct Service Organisation within the Corporate Services and Budget portfolio, phasing of project expenditure within the Highways Assets and Transport portfolio and a saving arising from the Council paying its employer pension contributions in advance.

4.35 The Council continues to look at ways to save money and generate income, whilst trying to protect and deliver services suitable for the residents of Derbyshire. Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure. In many cases the proposals will be subject to consultation and equality analysis processes. Progress against budget savings targets will be closely monitored, with a programme of action underway involving the Council's Corporate Management Team.

4.36 At 31 March 2023, there were £1.140m of portfolio ring-fenced commitments. These commitments were:

| Portfolio | Detail | Commitment £m |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| AC | Increased hosting costs of MOSAIC software | 0.375 |
| CSB | Remainder of funding allocated for project and financial management of the Corporate Landlord project | 0.221 |
| CSB | To support additional ICT commitments and resource requirements | 0.150 |
| AC | To fund new recruitment and retention scheme for Council-employed care workers | 0.132 |
| CSB | Remainder of funding allocated to Modern Ways of Working project for additional staff to plan, process manage and implement new spaces and new technologies, processes and procedures | 0.116 |
| CSB | To employ an additional surveyor and specialist consultant to undertake insurance valuations to avoid over- or under-insurance on listed buildings, conservation areas and heritage assets | 0.048 |
| HC | Additional income received by Emergency Planning to use for urgent works to address damp and mould in the control room | 0.042 |

| | | |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| CSB | For employment of a consultant to support and advise on the implementation of the full Corporate Landlord operating model | 0.026 |
| CSSGE | For a post for the Virtual School | 0.025 |
| CSB | For furniture, removals and minor building alterations and other relocation related expenditure connected with rationalisation of the Council's estate | 0.005 |
| Total | | 1.140 |

- 4.37 In recognition of the significant support that portfolios have received from Corporate reserves, it is not proposed to allocate portfolio underspends to departmental Earmarked reserves for 2022-23, beyond the ring-fenced commitments detailed above. It is proposed that the remainder of the overall Council underspend will be retained, to help maintain an adequate balance on the Budget Management Earmarked reserve, which is required for the Council to balance its budget and manage cross-cutting budget pressures which may arise in 2023-24. Any decisions on the use of departmental Earmarked reserves containing underspends will continue to be subject to appropriate approvals by the appropriate Cabinet Member.
- 4.38 Reviews of Earmarked Reserves will continue, and any available balances will be returned to the General Reserve, and, if appropriate, reallocated to other Earmarked Reserves. As referred to above, it is proposed to allocate £3.540m from the overall Council underspend to the Budget Management Earmarked reserve. Furthermore, sums of £3.750m, £1.000m, £6.407m and £1.227m held in the Business Development and Economic Recovery, Business Rates Pool, Covid Emergency Grant and Inflation Risks Earmarked reserves will also be released and reallocated to the Budget Management Earmarked reserve.
- 4.39 The delivery of the Council's FYFP is heavily dependent on an adequate level of General Reserve. The need to maintain an adequate, risk assessed level of reserves has been a key part of the Council's success in both maintaining its financial standing and continuing to deliver high quality services.

4.40 The General Reserve balance has decreased by £27.789m from 31 March 2022, to £32.716m at 31 March 2023. There are commitments of £4.680m against this balance, set out in the table at paragraph 4.63 and the balance will be further reduced by the measures required to deliver the Council's FYFP noted in paragraph 4.39. In the Council's 2023-24 Revenue Budget Report, in a reasonable, pessimistic forecast, the General Reserve was predicted to decrease to £12.873m by 31 March 2028. The adequacy of the Council's General Reserve balance is considered at paragraphs 4.64 and 4.65

Portfolio Costs

4.41 There was a Council portfolio overspend of £15.051m in 2022-23, after the use of £1.379m of DLUHC Covid-19 grant funding, £8.773m from the Inflation Risks reserve and £11.852m from departmental Earmarked reserves. In addition, a further £11.782m has been drawn from the Budget Management and Covid-19 Emergency Grant Earmarked reserves to fund the funding shortfalls on the 2021-22 and 2022-23 Pay Awards.

4.42 Portfolio costs are explained in more detail in Appendices 4 to 12.

Risk Management Budget

4.43 There was an underspend on the Risk Management Budget of £17.156m in 2022-23.

| | Budget £m | Expenditure £m | Over / (Under) Spend £m |
|----------------------------------------------------------------------|--------------|-------------------|----------------------------------|
| Pay Award 2022-23 Contingency | 6.789 | 0.000 | (6.789) |
| Allocation of Pay Award 2022-23 | (16.535) | 0.000 | 16.535 |
| Pay Award 2022-23 | (9.746) | 0.000 | 9.746 |
| Pay Award 2021-22 Contingency | 2.313 | 0.000 | (2.313) |
| Allocation of Pay Award 2021-22 | (4.209) | 0.000 | 4.209 |
| Pay Award 2021-22 | (1.896) | 0.000 | 1.896 |
| Budget Management Reserve, for 2022-23 Pay Award shortfall | 9.746 | 0.000 | (9.746) |
| Covid LA Emergency Grant Reserve, for 2021-22 Pay Award shortfall | 1.896 | 0.000 | (1.896) |

| | | | |
|------------------------------------------------------------------|--------------|--------------|----------------|
| Use of Earmarked Reserves | 11.642 | 0.000 | (11.642) |
| Energy/Food Inflation | 1.000 | 0.000 | (1.000) |
| National Insurance Social Care Levy | 0.795 | 0.000 | (0.795) |
| General Contingency | 0.115 | 0.000 | (0.115) |
| Departmental Savings Targets not achievable/duplicated | (0.219) | 0.000 | 0.219 |
| Total Contingency Funding | 1.691 | 0.000 | (1.691) |
| Adjustment for Business Rates income | 4.791 | 0.000 | (4.791) |
| Adjustment for Business Rates Pool gain, updated estimate | 3.540 | 0.000 | (3.540) |
| Business Rate Relief Grant | 2.262 | 0.000 | (2.262) |
| Extended Rights to Home to School Transport Grant | 1.614 | 0.000 | (1.614) |
| Business Rates Levy Account Surplus Grant | 0.947 | 0.000 | (0.947) |
| Local Reform and Community Voices Grant | 0.520 | 0.000 | (0.520) |
| War Pensions Disregard Grant | 0.164 | 0.000 | (0.164) |
| Social Care in Prisons Grant | 0.101 | 0.000 | (0.101) |
| Redmond Review Audit Costs Grant | 0.059 | 0.000 | (0.059) |
| Food Info Allergen Labelling Grant* | 0.019 | 0.000 | (0.019) |
| *grant allocated to HAC portfolio | (0.019) | 0.000 | 0.019 |
| Revenue Support Grant adjustment | 0.018 | 0.000 | (0.018) |
| Increased Family Court Fees Grant | 0.018 | 0.000 | (0.018) |
| Transparency Code New Burdens Grant | 0.013 | 0.000 | (0.013) |
| Business Rates Relief Flood Recovery Framework 2019-20 Grant | 0.001 | 0.000 | (0.001) |
| Additional Non-ringfenced Grants | 5.717 | 0.000 | (5.717) |
| Domestic Abuse Service Pressure | 1.417 | 0.000 | (1.417) |
| One-off Funding Returned from Departments | 1.417 | 0.000 | (1.417) |

| | | | |
|-------------------------------------|---------------|--------------|-----------------|
| Total Risk Management Budget | 17.156 | 0.000 | (17.156) |
|-------------------------------------|---------------|--------------|-----------------|

4.44 The Risk Management Budget of £17.156m includes:

- £1.691m of remaining contingency funding set aside in the 2022-23 Revenue Budget. This comprises remaining pay and price issue elements of £1.795m and general contingency of £0.115m, less an adjustment for departmental savings targets which were duplicated or not considered achievable of £0.219m:
 - £1.000m to support Departments with the rising cost of energy and food in non-school budgets, considered at paragraph 4.49;
 - £0.795m balance of contingency for the April 2022 1.25% increase in National Insurance contributions. This was no longer required following a reversal of this rise, which took effect on 6 November 2022. See paragraph 4.49;
 - £0.115m general contingency; and
 - Less: £0.063m of savings target allocated to the Corporate Services and Budget portfolio not considered deliverable and a £0.156m savings target allocated to the Strategic Leadership, Culture and Climate Change portfolio, which was duplicated in financial years 2021-22 and 2022-23.
- £4.791m adjustment for Business Rates income. The amounts were finalised after the 2022-23 Revenue Budget was approved by Council on 2 February 2022.
- £3.540m adjustment for an updated estimate of the Business Rates pool gains income due.
- £5.717m of additional non-ringfenced grants that had not been announced when the 2022-23 Revenue Budget was approved by Council on 2 February 2022. This comprises:
 - £2.262m Business Rates Relief Grant;
 - £1.614m Extended Rights to Home to School Transport Grant;
 - £0.947m Business Rates Levy Account Surplus Grant;
 - £0.520m Local Reform and Community Voices Grant;
 - £0.164m War Pensions Disregard Grant;
 - £0.101m Social Care in Prisons Grant;
 - £0.059m Redmond Review Audit Costs Grant;
 - £0.018m Revenue Support Grant adjustment;
 - £0.018m Increased Family Court Fees Grant;
 - £0.013m Transparency Code New Burdens Grant; and
 - £0.001m Business Rates Relief Flood Recovery Framework 2019-20 Grant.

- £1.417m approved in the Council's 2022-23 Revenue Budget to fund ongoing service pressures managing additional statutory duties in relation to the Domestic Abuse Act 2021. These funds were returned unused from the Health and Communities portfolio as the portfolio was able to alternatively finance this pressure from a Domestic Abuse Grant for 2022-23, which had not been announced when the 2022-23 Revenue Budget was approved by Council on 2 February 2022.

4.45 £1.000m of contingency is shown as available to support departments with the rising cost of energy and food in non-school budgets; inflation expenditure which has already been included in the portfolio outturn.

4.46 The 2021-22 pay award for Local Government Service Employees (effective from 1 April 2021) was agreed in February 2022. Employees on pay point 1 received an increase of 2.75%, those on pay point 2 and above an increase of 1.75%, and Chief Officers an increase of 1.50%, which results in a total cost to the Council of £4.209m. For 2021-22 budget purposes a sum of £2.313m was set aside for 'bottom loading' but there was no general increase. The agreed pay increase for 2021-22 left the Council with a shortfall of £1.876m in 2021-22 and a £1.896m ongoing pressure in each subsequent year. The shortfall in 2022-23 has been funded from the Covid-19 Emergency Grant reserve and has been addressed on an ongoing basis as part of the 2023-24 Revenue Budget setting process.

4.47 The 2022-23 pay award for Local Government Service Employees (effective from 1 April 2022) was agreed in November 2022. The National Employers' final one-year offer that was agreed with the unions representing the main local government workforce was as follows:

- With effect from 1 April 2022, an increase of £1,925 on all pay points covered by the Council's Pay Grades up to and including Grade 21, which is equivalent to a 10.5% increase for employees on pay point 1 and 4.0% for employees on the highest pay point, and an increase of 4.0 per cent on all allowances, except for travel rates.
- With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement and the deletion of pay point 1.

The final 2022-23 pay offer is equivalent to an average pay increase of 7.3% across the Council's workforce, which results in a total ongoing cost to the Council of £16.425m. For 2022-23 budget purposes a sum of £6.789m was set aside, based on a 2% 'bottom loaded' pay award increase. The agreed pay increase for 2022-23 leaves the Council with a shortfall of £9.734m in 2022-23 and a £9.636m ongoing pressure in each subsequent year. The shortfall in 2022-23 has been funded from the Budget Management reserve and has been addressed on an ongoing basis as part of the 2023-24 Revenue Budget. The Council has elected not to implement the increase of one day of annual leave as it already provides leave entitlement at a level over and above the minimum that this proposal relates to.

- 4.48 In addition to the ongoing pressure which falls to the Council, the pay award impacts the cost of services which are separately funded from its core budget. Some employees work in areas wholly funded by grants and it is essential that these grants take up their fair share of additional costs in line with their workforce cost, however, this may be too late for 2022-23 in respect of the Dedicated Schools Grant. A review of sales, fees and charges will identify amendments required in the short term to reflect additional associated workforce cost. An ongoing review of Traded Services, where the Council receives income in return for providing discretionary services to external organisations and/or individuals, has been accelerated, and should capture additional workforce cost, to accurately inform discussions and decisions regarding services' sustainability, as cost increases cannot be supported by base budget.
- 4.49 The reversal of April 2022's 1.25% rise in National Insurance took effect from 6 November 2022 across the UK. It is estimated that this will result in an ongoing saving of £1.9m from 2023-24 and a one-off saving in 2022-23. Therefore, there is £0.795m of contingency funding, identified for this purpose, which is no longer required; this is held in the Risk Management budget.

4.50 The Council lobbied the Secretary of State for Levelling Up, Housing and Communities, to reinforce the unaffordability in the medium term of the local government 2022-23 pay award and general inflation on budgets. The £17.156m underspend on the Council's in-year risk management budget was substantially utilised in reducing the portfolio overspend. The Council's Revenue Budget 2022-23 set aside £1.000m to support Departments with the rising cost of energy and food in non-school budgets and the Outturn Report 2021-22 set aside a further £10m in an Earmarked reserve to meet increasing inflation risks. Total inflationary pressures of around £8.773m have been identified and included in the portfolio outturn have been funded on a one-off basis from this Earmarked reserve.

Debt Charges

- 4.51 The Debt Charges budget was overspent by £0.496m in 2022-23.
- 4.52 Debt charges are based on interest payments, the Capital Financing Requirement (CFR), a Minimum Revenue Provision (MRP) of 2.5% (in keeping with the policy reported to Cabinet on 22 November 2016).
- 4.53 The interest the Council is required to pay to meet its temporary borrowing needs has been increasing in line with the rises in interest rates experienced since January 2022. There has also been a higher MRP charge to provide for the repayment of debt principal, due to the Council's recent strategy of funding new capital expenditure from borrowing instead of Revenue Contributions.

Interest and Dividend Income

- 4.54 Interest and dividend income budgets underspent by £3.473m in 2022-23.
- 4.55 The interest base rate rose from 0.75% to 1.00% on 5 May 2022, to 1.25% on 16 June 2022, 1.75% on 4 August 2022, 2.25% on 22 September 2022, 3.00% on 3 November 2022, 3.50% on 15 December 2022, 4.00% on 2 February 2023 and to 4.25% on 23 March 2023. However, the Council utilises a range of investments, including pooled funds, to maximise its interest and dividend income on balances.

4.56 The underspend mainly relates to interest receipts on the Council's temporary loans to other local authorities, which have exceeded the expectation at the time the 2022-23 Revenue Budget was approved. Increases in base rate impact favourably when the Council loans money to other local authorities, however this is offset by higher interest costs on its temporary borrowing from other local authorities.

Corporate Adjustments

4.57 There was an overspend of £0.402m on Corporate Adjustments in 2022-23.

4.58 The overspend reflects the presentation of reserve movements attributable to the ring-fenced Dedicated Schools Grant and a deficit relating to the Property Direct Service Organisation within the Corporate Services and Budget portfolio. These were partially offset by a saving of £0.441m from the Council paying its Local Government Pension Scheme 2022-23 employer contributions early and the phasing of project expenditure within the Highways Assets and Transport portfolio.

Budget Savings

4.59 A summary of the achievement of budget savings targets for 2022-23 is provided at Appendix 17. The budget savings target for 2022-23 is £8.057m, with a further £14.905m target brought forward from previous years. Of the in-year savings target, £7.048m was delivered in the current financial year. The Council is reviewing all of its savings initiatives and developing a programme of savings proposals to address the estimated funding gap over the medium term. Where savings have not been achieved in previous years and brought forward into the current financial year, mitigations and alternative savings delivery is being considered. Where there is non-achievement of savings brought forward, the resulting base budget overspend is offset to some extent by one-off underspends, one-off funding from earmarked reserves and additional grant funding received.

Debt Age Profile

4.60 The age profile of debts owed to the Council and the value of debts written off is disclosed in Appendix 18. This information is collected on a departmental rather than on a portfolio basis.

Earmarked Reserves

- 4.61 Earmarked reserves are held to meet known or predicted liabilities and the funds should be used for the item for which they have been set aside. Any funds no longer required are returned to the General Reserve. The Council reviews the level of Earmarked reserves at least annually. The last review of Earmarked reserves took place in December 2022 and was reported to Cabinet on 2 February 2023. The next review is scheduled to be reported in January/February 2024, however paragraph 4.38 proposes to release a total sum of £12.384m from the Council's existing Earmarked Reserves, in order to maintain an adequate balance on the Budget Management Earmarked reserve, which is required for the Council to balance its budget and manage cross-cutting budget pressures which may arise in 2023-24, assisting the Council in meeting revenue budget pressures over the period of the FYFP.
- 4.62 A summary of outstanding balances on the Council's earmarked reserves at 31 March 2023 is set out in Appendix 16.

General Reserve

- 4.63 The General Reserve stands at £32.716m at 31 March 2023. The level of General Reserve, before the commitments below, is 4.8% of the Council's Net Budget Requirement for 2023-24. The commitments held against this balance are as follows:

General Reserve at 31 March 2023

| | £m |
|----------------------------------------------------------------|---------------|
| Balance in Pre-Audit Accounts | 32.716 |
| Add: Release of Earmarked Reserves | |
| Business Development and Recovery Reserve Release | 3.750 |
| Business Rates Pool Reserve Release | 1.000 |
| Covid Emergency Grant Reserve Release | 6.407 |
| Inflation Risks Reserve Release | 1.227 |
| Less: Allocations to Portfolios* and Corporate Reserves | |
| Adult Care | (0.507) |
| Children's Services and Safeguarding and Education | (0.025) |
| Corporate Services and Budget | (0.566) |
| Health and Communities | (0.042) |
| Budget Management Reserve | (15.924) |
| Balance After Commitments | 28.036 |

**Anticipated Balance Expected as part of FYFP in Revenue
Budget Report 2023-24**

22.738

* Use of departmental Earmarked Reserves containing underspends subject to appropriate approvals, either by Executive Director or Cabinet Member.

4.64 The majority of chief financial officers consider an acceptable level of generally available reserves to be one that reflects a risk-based approach to potential liabilities. A relatively crude measure is to expect the resulting figure to be between 3% to 5% of a council's net spending, representing a prudent level of risk-based reserves. As at 31 March 2023, after the commitments above, the figure for the Council stood at 4%, indicating a suitable balance. However, it is necessary to consider this indicator over the medium term to gain a better understanding of its adequacy.

4.65 In the Council's 2023-24 Revenue Budget Report, in a reasonable pessimistic forecast, the General Reserve was predicted to decrease to 1.8% (£12.873m) of the Council's Net Budget Requirement by 2027-28. Taking account of demand led pressures, any overspends in services over and above those currently projected would see the balance fall below £13m. It is recognised that the forecast General Reserve balance over the medium term is significantly lower than would be preferred. If funding allows, restorative measures will be utilised over the period of the Five-Year Financial Plan (FYFP) and beyond to build back up the balance of the General Reserve

Portfolio Summaries

4.66 A summary of the performance and outturn positions of each of the individual portfolios and the ringfenced Dedicated Schools and Public Health grants for 2022-23 is detailed in Appendices 4 to 13.

4.67 Whilst budgets are monitored by portfolio, the individual portfolios are not separate entities. All the portfolios operate in conjunction with the others and it is important to consider the Council's budgetary position as a whole in the context of its FYFP and its overall level of reserves.

Traded Services

4.68 A trading area is where the Council receives income in return for providing discretionary services to external organisations and/or individuals.

- 4.69 'Fully traded' trading areas are separately identifiable and have a net controllable budget of £0, i.e. there is an expectation that on average all the controllable expenditure within this area will be funded from external income. There was an overall deficit to general overheads of £1.740m for 2022-23 on fully traded areas across the Council as a whole. The main area that was in deficit was School Catering and Free School Meal Eligibility Checking and this was because of inflationary impacts.
- 4.70 'Partially traded' trading areas do not have a net controllable budget of £0, but they do receive income from external entities which contributes to funding some of the discretionary services they provide. There was an overall excess of £1.423m compared to the budgeted income target for 2022-23 on partially traded areas across the Council as a whole. The main areas where income was greater than budgeted were Outdoor Education and Sport, Registrars and Vehicle Maintenance.
- 4.71 Appendix 15 summarises the financial performance of the separate trading areas.

Capital Adjustment 2023-24

- 4.72 The Capital Programme Approvals, Treasury Management and Capital Strategies for 2023-24 Report approved by Council on 15 February 2023 included approval for carbon reduction in maintained schools of £4.000m. The scheme was approved as an invest to save scheme, therefore recognising that there would be cashable cost reductions which would exceed the financing costs of borrowing over the pay-back period.
- 4.73 However, the financing costs would be a pressure on school budgets at a time when school budgets are stretched due to inflationary and other demand pressures. Therefore, it is proposed that the £4.000m is recognised as a borrowing rather than an invest to save scheme. The borrowing costs can be met from within the existing debt charges budget as the Council continues to pay off older loans.

5. Consultation

- 5.1 No consultation is required.

6. Alternative Options Considered

- 6.1 N/A – the Council is required to outline its revenue outturn position to ensure compliance with good financial management to support the development of short and medium-term financial planning. Not producing an outturn report would be contra to the Council's Financial Regulations which requires the reporting of departmental outturn positions to be reported to Cabinet after the end of the Financial Year.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 None identified.

9. Appendices

- 9.1 Appendix 1 - Implications
- 9.2 Appendix 2 – Key to Performance Ratings
- 9.3 Appendix 3 – Performance Report 2022-23 Council Overview
- 9.4 Appendix 4 – Adult Care - Portfolio Summary
- 9.5 Appendix 5 – Children's Services and Safeguarding and Education - Portfolio Summary
- 9.6 Appendix 6 – Clean Growth and Regeneration - Portfolio Summary
- 9.7 Appendix 7 – Corporate Services and Budget - Portfolios Summary
- 9.8 Appendix 8 – Health and Communities - Portfolio Summary
- 9.9 Appendix 9 – Highways Assets and Transport - Portfolio Summary
- 9.10 Appendix 10 – Infrastructure and Environment - Portfolio Summary
- 9.11 Appendix 11 – Strategic Leadership, Culture, Tourism and Climate Change - Portfolio Summary
- 9.12 Appendix 12 – Dedicated Schools Grant (DSG)
- 9.13 Appendix 13 – Public Health Grant

- 9.14 Appendix 14 – Summary of Revenue Budget Underspends/ Overspends, Commitments and General Reserves Impacts
- 9.15 Appendix 15 – Traded Services
- 9.16 Appendix 16 – Earmarked Reserves
- 9.17 Appendix 17 – Budget Savings Monitoring 2022-23
- 9.18 Appendix 18 – Aged Debt

10. Recommendations

That Cabinet:

- 10.1 Notes and agrees the Council Plan performance and the revenue outturn position for 2022-23;
- 10.2 Notes the position on General and Earmarked Reserves;
- 10.3 Approves the allocation of underspend amounts and commitments to Portfolios as set out in paragraph 4.40 and 4.41.
- 10.4 Approves the release of the sums of £3.750m from the Business Development and Economic Recovery Earmarked reserve, £1.000m from the Business Rates Pool Earmarked reserve, £6.407m from the Covid Emergency Grant Earmarked reserve and £1.227m Inflation Risks Earmarked reserve as set out in paragraph 4.42.
- 10.5 Approves the allocation of £15.924m to the Budget Management Earmarked reserve, from the available underspend and reserves releases detailed in paragraph 4.42.
- 10.6 Approves contributions to Earmarked reserves of £6.358m from the underspend on the Bus Service Improvement Plan grant, £0.801m from the underspend on the Domestic Abuse Capacity Building Fund grant, £0.792m from the underspend on the Community Safety Resettlement grants, the £0.278m from the underspend on the Syrian Refugee Resettlement grant and £0.069m from the underspend on the Afghan Relocations and Assistance Policy grant, as detailed in paragraphs 4.32 and 4.35, to fund future expenditure consistent with the purpose of each respective grant.

- 10.7 Approves that any underspends arising in future financial years on the Bus Service Improvement Plan grant, the Domestic Abuse Capacity Building Fund, the Community Safety Resettlement, the Syrian Refugee Resettlement and the Afghan Relocations and Assistance Policy grants may be contributed to Earmarked reserves to fund future expenditure consistent with the purpose of each respective grant.
- 10.8 Approves the contribution of £0.946m from an unspent service pressure as detailed in paragraph 4.36 to an Earmarked reserve to fund expenditure associated with the purchase, conversion and refurbishment of Childrens Homes.
- 10.9 Approves the transfer of £4.000m for the Carbon Reduction in Maintained Derbyshire Schools from an invest to save scheme to a borrowing scheme as outlined in paragraphs 4.73 -4.74 above.

11. Reasons for Recommendations

- 11.1 The outturn report provides a summary of the overall finance performance and use of resources against the Council's approved budget for the financial year 2022-23. The outturn position supports the development of budgets in both the short and medium term.
- 11.2 Underspends can be carried forward with the approval of Cabinet as set out in the Council's Financial Regulations.
- 11.3 Releasing the total sum of £12.384m, from its existing Earmarked reserves, enables the Council to refocus the balances it is holding based on the latest assessment of the most significant and immediate financial risks it is facing.
- 11.4 The balance of both the General and Earmarked Reserves supports good financial planning. The allocation of £15.924m to the Budget Management Earmarked Reserve will support the Council in setting a balanced budget in future years, through the use of one-off funding to support services.
- 11.5 Contributions to Earmarked reserves from underspends on various grants will ensure this funding remains available to be used in a manner consistent with the purpose of each respective grant.

- 11.6 A contribution of £0.946m to an Earmarked reserve, from an unspent service pressure allocated in 2022-23 provided for the purchase and conversion of new Childrens Homes, will allow a more agile approach to implement the changes to the mainstream Childrens Home estate when a final vision and approach has been agreed.
- 11.7 The movement of £4.000m from an invest to save scheme to borrowing recognises that schools are not in a position to pay the financing costs of borrowing.

12. Is it necessary to waive the call in period?

12.1 No

There should be a list of appendices.

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Appendix 1

Implications

Financial

- 1.1 There was an overall Council underspend for 2022-23 of £4.680m, after accounting for the use of £21.003m from the Budget Management Earmarked reserves for planned service pressures identified in the Revenue Budget 2022-23, a further £13.161m from the Budget Management and Covid Emergency Grant Earmarked reserves to meet the shortfall in funding for the 2021-22 and 2022-23 Pay Awards and identified costs of Covid, £8.773m from the Inflation Risks Earmarked reserve to meet identified inflationary costs and £11.852 from departmental Earmarked reserves to support the Adult Care, Highways Assets and Transport and Infrastructure and Environment portfolios' outturn positions. The impact of the unfunded pay offers, demand pressures and inflationary costs have been addressed as part of the budget setting process for 2023-24 as the effect of these are ongoing cost pressures.

Legal

- 2.1 None.

Human Resources

- 3.1 None.

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 None.

Corporate objectives and priorities for change

- 6.1 The Council Plan values commit to spending money wisely, making the best use of the resources that the Council has.
- 6.2 High inflation and the proposed pay award for 2022-23 has increased the financial uncertainty for all local authorities. The Council is committed to ensuring that it sets a balanced budget over the medium-term, therefore ensuring good financial management and use of reserve.






Appendix 1

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Appendix 2

Key to Performance Ratings

| | Strong  | Good  | Review  | Action  | Unknown  |
|---------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Council Plan Deliverables | On track or complete with outcomes exceeding expectations /requirements. | On track or complete with outcomes in line with expectations/ requirements. | Some risk to achieving timetable and/or outcomes. | Unlikely to achieve timetable and/or not delivering required outcome. | |
| Council Plan Measures | More than 5% better than target. | Less than 5% better than target but not less than 2% worse than target. | Between 2% and 10% worse than target. | More than 10% worse than target. | Either waiting for confirmed year end data or have no target set for 2022 23 pending baseline or benchmarking data being established. |
| Service Lines Outturn | | Outturn below budget. | Outturn less than or equal to 2% over budget. | Outturn more than 2% over budget. | |
| Portfolio Outturn | | Outturn below budget. | | Outturn over budget. | |
| Budget Savings | | Forecast savings better than target. | | Forecast savings worse than target. | |