

Cabinet

11 September 2019

Forecast of Revenue and Capital Outturn 2019/20 – Period to 30 June 2019



Ordinary Decision

Report of Corporate Management Team

John Hewitt, Corporate Director of Resources

Councillor Alan Napier, Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Cabinet with information on the:
 - (a) forecast revenue and capital outturn for 2019/20;
 - (b) forecast for the council tax and business rates collection fund position at 31 March 2020;
 - (c) forecast use of earmarked, cash limit and general reserves and estimated balances to be held at 31 March 2020.
- 2 To seek approval of the budget adjustments and proposed sums outside of the cash limit.

Executive summary

- 3 The 2019/20 projected revenue outturn a forecast cash limit underspend of £0.049 million plus an underspend on all other budgets of £1.138 million. This forecast net underspend of £1.187 million represents 0.3% of the net expenditure budget of £419.581 million.
- 4 Total earmarked and cash limit reserves (excluding school reserves) are forecast to reduce by £8.769 million in 2019/20, from £209.069 million to £200.300 million.

- 5 The projected capital outturn is £142.663 million.
- 6 The estimated outturn for the Council Tax Collection Fund is a surplus of £0.132 million. Durham County Council's share of this forecasted surplus is £0.111 million, which will be available to support the 2020/21 budget.
- 7 The estimated outturn for the Business Rates Collection Fund is a surplus of £2.525 million Durham County Council's share (49%) of this estimated surplus is £1.237 million which will be available to support the 2020/21 budget.

Recommendations

- 8 It is recommended that Cabinet:
 - (a) note the council's overall financial position for 2019/20;
 - (b) agree the proposed 'sums outside the cash limit' for approval;
 - (c) agree the revenue and capital budget adjustments;
 - (d) note the forecast use of earmarked reserves;
 - (e) note the forecast end of year position for the cash limit and general reserves;
 - (f) note the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates.

Background

- 9 In accordance with the council's constitution, Council agreed the Medium Term Financial Plan (MTFP), which incorporates the revenue and capital budgets for 2019/20, on 20 February 2019.
- 10 The constitution also states that the Chief Finance Officer must report to Cabinet on the overall council budget monitoring position on a quarterly basis.
- 11 This report provides an forecast of the revenue and capital outturn for 2019/20, based upon expenditure and income up to 30 June 2019. This is the first report on forecast financial performance against the 2019/20 budgets this financial year.

Revenue Outturn Forecast – Based on Position to 30 June 2019

- 12 The following table compares the forecast of outturn with the revised budget. Further detail is provided in Appendices 2 and 3.
- 13 The following adjustments have been made to the original budget agreed by Council on 20 February 2019:
 - (a) agreed budget transfers between service groupings;
 - (b) additions to budget for items outside the cash limit (for Cabinet consideration and recommended approval);
 - (c) planned use of or contribution to earmarked reserves (please refer to Appendix 4).

Forecast of Revenue Outturn 2019/20

| | Original Budget 2019/20 | Budget - incorporating adjustments | Service Groupings Forecast of Outturn | Forecasted Variance |
|---|-------------------------|------------------------------------|---------------------------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Adult and Health Services | 123,776 | 116,873 | 114,223 | -2,650 |
| Children and Young People's Services | 123,639 | 131,080 | 133,204 | 2,124 |
| Regeneration and Local Services | 137,586 | 135,385 | 136,290 | 905 |
| Resources | 21,268 | 19,809 | 19,344 | -465 |
| Transformation and Partnerships | 10,784 | 24,718 | 24,755 | 37 |
| Cash Limit Position | 417,053 | 427,865 | 427,816 | -49 |
| Contingencies | 5,161 | 2,665 | 2,665 | 0 |
| Corporate Costs | 3,728 | 3,924 | 3,705 | -219 |
| NET COST OF SERVICES | 425,942 | 434,454 | 434,186 | -268 |
| Capital charges | -64,132 | -64,132 | -64,132 | 0 |
| Interest and Investment income | -2,400 | -2,400 | -3,319 | -919 |
| Interest payable and similar charges | 35,579 | 35,579 | 35,579 | 0 |
| Levies | 16,061 | 16,080 | 16,080 | 0 |
| Net Expenditure | 411,050 | 419,581 | 418,394 | -1,187 |
| Funded By: | | | | |
| Council tax | -222,275 | -222,275 | -222,275 | 0 |
| Use of earmarked reserves | -11,010 | -19,113 | -19,113 | 0 |
| Estimated net surplus on Collection Fund | -2,168 | -2,168 | -2,168 | 0 |
| Business Rates | -54,401 | -54,401 | -54,401 | 0 |
| Top up grant | -71,613 | -71,613 | -71,613 | 0 |
| Revenue Support Grant | -27,620 | -27,620 | -27,620 | 0 |
| New Homes Bonus | -6,709 | -6,709 | -6,709 | 0 |
| Section 31 Grant | -10,423 | -10,423 | -10,423 | 0 |
| Adult/Childrens Pressures Grant | -4,822 | -4,822 | -4,822 | 0 |
| Forecast contribution to/from(-) Cash Limit Reserve | -9 | -437 | -388 | 49 |
| Forecast contribution to/from (-) General Reserves | 0 | 0 | 1,138 | 1,138 |
| TOTAL | 0 | 0 | 0 | 0 |

- 14 The above table identifies a forecast cash limit underspend of £0.049 million plus an underspend on all other budgets of £1.138 million. This total net underspend of £1.187 million represents 0.3% of the net expenditure budget of £419.581 million.
- 15 The Transformation and Partnerships revenue budget has been increased in 2019/20 by £14.8 million due to transfers of budget from other service groupings resulting from the Business Support review.

- 16 Approval is being sought for the following sums to be funded from, or transferred to general contingencies. These sums are deemed to be outside of service grouping cash limits.

| Service Grouping | Proposal | Amount £ million |
|-------------------------|---|-----------------------------|
| All | Increased employers pension contributions resulting from auto-enrolment | 1.112 |
| All | Pension deficit budget reallocation | 0.130 |
| CYPS | Extension to ICS Contract to support Children's Social Care | 0.333 |
| CYPS | Reallocation of transport costs for Pupil Referral Unit to the General Fund | 0.600 |
| Resources | Enhanced Corporate Learning and Development Programme | 0.267 |
| Resources | LCTRS grant adjustment | -0.008 |
| T&P | Communications and marketing additional support for Fostering and Adoption | 0.043 |
| TOTAL | | 2.477 |

- 17 After adjusting the budgets and reserves as detailed above, the forecast outturn for cash limit reserves and the general reserve are summarised in the following table.

| Type of Reserve | Opening Balance as at 1 April 2019 £ million | Budgeted use at 1 April 2019 £ million | Movement during 2019/20 £ million | 2019/20 Forecast of Outturn £ million |
|--------------------------------------|--|--|---|---|
| Service Grouping Cash Limit | | | | |
| Adult and Health Services | -7.919 | 0.000 | -2.448 | -10.367 |
| Children and Young People's Services | 0.000 | 0.000 | 1.424 | 1.424 |
| Regeneration and Local Services | -3.152 | 0.000 | 1.205 | -1.947 |
| Resources | -1.572 | 0.009 | -0.465 | -2.028 |
| Transformation and Partnerships | -0.272 | 0.000 | 0.080 | -0.192 |
| Total Cash Limit Reserve | -12.915 | 0.009 | -0.204 | -13.110 |
| General Reserve | -25.106 | 0.000 | -1.138 | -26.244 |

- 18 The forecasted cash limit and general reserves position is a prudent one given the forecasted levels of savings the council needs to make of £34.32 million over the period 2020/21 to 2023/24 with the delivery of further savings becoming ever more challenging to achieve.

- 19 The table above highlights that CYPS are forecast to have a deficit cash limit reserve of £2.124 million at the end of 2019/20.
- 20 The reasons for the major variances against the revised budgets are detailed as follows by each service grouping.

Adult and Health Services (AHS)

- 21 The 2019/20 updated projected outturn for AHS is a cash limit underspend of £2.650 million, representing circa 2.3% of the total budget for AHS.
- 22 The projected outturn takes into account adjustments for sums outside the cash limit including redundancy costs which are met from the corporate reserve, capital accounting entries and use of / contributions to earmarked reserves.
- 23 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across AHS to remain within the cash limit and to prepare for 2020/21 MTFP savings requirements. The outturn position is accounted for as follows:
 - (a) early achievement of a number of future years' MTFP savings from management and support service proposals across the Adult Care and related areas, together with the careful management and control of vacant posts and supplies and services budgets across the service, has created a net underspend for the year of £1.917 million.
 - (b) net spend on adult care packages is £0.733 million under budget. This area of spend is being closely monitored to assess the impact of demographic and procedural/operational changes, where significant MTFP savings have been taken over recent years.
 - (c) net expenditure on Public Health-related activity is in line with grant allocations.
- 24 In arriving at the forecast outturn position, a net £4.983 million relating to contributions to and from reserves and contingencies has been excluded from the outturn. £0.105 million has been drawn from Corporate Contingencies to meet the additional costs of pension auto enrolment and £0.737 million to Corporate Contingencies as part of the re-alignment of budgets across Service Groupings in respect of Pension Deficit Contributions. There has also been a net contribution of £5.006 million to the Adult Social Care reserve linked to system wide integration and associated NHS contributions and a £0.655 million use of Public Health reserves.

- 25 Taking the projected outturn position into account, including the transfer to/from reserves in year the estimated cash limit reserve to be carried forward for AHS is forecast to be £10.367 million.

Children and Young People's Services (CYPS)

- 26 The 2019/20 projected outturn for CYPS is a cash limit overspend of £2.124 million, representing circa 1.83% of the total budget for CYPS. This considers adjustments for sums outside the cash limit, such as MTFP related redundancy costs, which are met from the strategic reserve, year end capital entries and contributions to and from earmarked reserves. The reported net overspend position results from an overall overspend within Children's Services of £1.967 million mitigated in part by an underspend within Education and Operational Support of £0.543 million. Further details are provided below:
- 27 The outturn position is accounted for as follows:
- (a) The Education Service is forecast to be £0.157 million over budget. The net overspend primarily relates to underspending as a result of alternative funding arrangements for Nursery sustainability of £0.455 million, over achievement of income £0.288 million, staff related savings connected to early achievement of MTFP savings and reduced pension liability £0.1 million. This is offset by a forecast overspend on the home to school transport budget of £1 million.
 - (b) Children's Services is forecast to be a net £1.967 million over budget for the year. This is primarily related to costs associated with children's placements, both those who have a legal status of looked after and those young people in permanent placements that are financially supported by the council (£2.896 million). This is mitigated in part by savings resulting from vacancies and supplies and services budgets £0.929 million.
- 28 The need to increase the budget in children's social care has been prevalent over the last few years, as the number of children in the care system has increased significantly whilst their needs have become more complex. This budget was increased by £5.5 million in 2018/19 and a further increase in the base budget of £6.5 million was approved by County Council on 20 February 2019 to cover anticipated care costs as well as additional costs for staffing in order to meet the expected challenges and pressures identified for 2019/20.
- 29 In 2018/19 £1.632 million was transferred from general reserves to the CYPS cash limit reserve to prevent the service having a deficit reserve balance carried forward at 31 March 2019 and to balance the CYPS cash limit reserve to zero. Taking the forecast outturn position into

account, there is a forecast £2.124 million negative cash limit position at year end.

Regeneration and Local Services (REAL)

- 30 The forecast revenue outturn for 2019/20, based on the position to 30 June 2019, is a cash limit overspend of £0.905 million, after taking account of the forecast use of reserves and items outside the cash limit.
- 31 The main reasons accounting for the outturn position are as follows:
- (a) Environmental Services is forecast to be £1.282 million overspent. This is mainly as a result of forecast overspends on waste contracts of £0.720 million, relating to increased tonnages, a £66,000 overspend following a business rates revaluation at the Joint Stocks landfill site, a £98,000 overspend in Neighbourhood Protection following a group regrading and a £0.121 million overspend at Meadowfield depot following receipt of a trade effluent water bill which was backdated to April 2016. There are also unachieved MTFP savings within Fleet Services of £0.204 million and within Clean and Green Services of £73,000;
 - (b) Culture and Sport is forecast to be overspent by £0.607 million. This is mainly the result of an overspend of £0.257 million at the Gala Theatre and a £0.159 million overspend relating to former Derwentside Culture and Sport. In addition, there are £0.209 million of unachieved MTFP savings pending a service restructure;
 - (c) Technical Services is forecast to be £0.170 million underspent. There is a forecast overspend of £0.592 million attributable to additional policy led expenditure on highways maintenance, mainly in relation to Category 1 and 2 defects and footway maintenance, which is offset by additional surpluses generated within the Highways Services Trading Accounts of £0.627 million. There are also managed employee underspends of £0.350 million due to vacancies, but this is partially offset by an overspend of £0.264 million on drainage inspections;
 - (d) Business Durham is forecast to be £0.244 million underspent due to increased income across industrial estates and other trading areas;
 - (e) Transport and Contracted Services is forecast to be £98,000 underspent. This is mainly due to forecast underspends in Sustainable Transport of £0.118 million, relating to reduced costs on local bus routes and the replacement of less economic buses and efficiency savings in Care Connect of £0.184 million, offset by

anticipated additional traffic management costs and reduced parking income of £0.225 million;

- (f) Development and Housing is forecast to be overspent by £96,000. This is the result of Durham Employment & Skills (DES) forecasting an overspend of £0.411 million due to under recovered contract income, which is substantially offset by additional planning fee income of £0.157 million, and an underspend in Housing Solutions of £0.195 million;
- (g) Corporate Property and Land is forecast to be £0.567 million underspent. This is mainly due to managed savings from vacant posts of £0.257 million, an underspend on utilities of £0.231 million and additional workloads in Building Services producing an extra £0.194 million of trading income surplus. These underspends are partially offset by an £80,000 overspend on the Catering Service and £35,000 of unachieved MTFP savings, where the anticipated restructure within this newly created service is currently being reviewed by the recently appointed Head of Service;
- (h) Environment, Health and Consumer Protection is forecast to overspend by £6,000. This is mainly due to a forecast under achievement of licensing income of £0.131 million, partially offset by managed underspends relating to vacant posts of £0.116 million, underspends on transport related expenses of £31,000, and a £8,000 forecast underspend on supplies, partially offset by £30,000 of additional costs relating to contamination from the Evenwood fire.

32 In arriving at the forecast outturn position, £3.262 million relating to use of reserves and cash limits has been excluded from the outturn. The major items being:

- (a) £1.238 million use of reserves relating to Development and Housing;
- (b) £0.369 million use of reserves in respect of Culture and Sport
- (c) £0.142 million use of reserves relating to Environmental Services
- (d) £0.131 million use of reserves relating to Business Durham and Environmental Health
- (e) £0.792 million from Corporate Contingencies as part of the re-alignment of budgets across Service Groupings in respect of Pension Deficit Contributions

- (f) £0.591 million from Corporate Contingencies in respect of increased pension contribution costs as a consequence of auto-enrolment into the Pension Fund
- 33 Taking the projected outturn position into account, the forecasted cash limit reserve to be carried forward for Regeneration and Local Services is £1.947 million.

Resources

- 34 The 2019/20 forecast revenue outturn for Resources is a cash limit underspend of £0.465 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves and use of / contributions to earmarked reserves.
- 35 The Heads of Service across Resources continue to proactively manage activity to remain within the cash limit. The projected under budget position is the net effect of the following items:
- (a) Corporate Finance and Commercial Services is forecast to be under budget by £97,000, primarily due to a managed underspend on supplies and services costs in Financial Systems (£0.129 million). There are also a number of other minor variances in this service area.
 - (b) Finance and Transactional Services is forecast to be under budget by £0.141 million, primarily due to underspends in employee costs (£56,000) and supplies and services costs (£55,000) in Financial Management. Revenues & Benefits is forecast to be under budget by £67,000 due to a managed overspend on employee costs (£44,000) which has been more than offset by an underspend on supplies and services (£11,000) and additional income (£0.100 million). Operations & Data is forecasting to be over budget by £37,000 due to a managed overspend on employee costs.
 - (c) Digital and Customer Services is forecast to be under budget by £0.297 million. This is mainly due to a forecast underachievement of income amounting to £0.300 million in ICT Services which has been more than offset by a forecast underspend on supplies and services of £0.566 million in ICT Services. There are also a number of other minor variances in this service area.
 - (d) Internal Audit, Risk and Corporate Fraud is forecast to be over budget by £7,000, comprising of a managed overspend of £23,000 on employee related expenditure and £2,000 on transport costs, offset partly by additional income £18,000.

- (e) Legal and Democratic Services is forecast to be over budget by £50,000. This includes a £0.328 million managed overspend on employees which has been more than offset by additional income amounting to £0.379 million, and a forecast overspend on supplies and services of £0.111 million. There are also a number of other minor variances in this service area.
- (f) People and Talent Management is forecast to be over budget by £13,000, which includes a £29,000 managed overspend on employees and £29,000 on supplies and services, offset by an overachievement of income of £45,000.
- (g) There are no material variances in Service Management.

36 The forecast cash limit outturn shows the position after some £0.376 million of contributions from reserves and cash limits have been applied to finance the following items:

- (a) £0.160 million from Corporate Contingencies in respect of increased pension contribution costs as a consequence of auto-enrolment into the Pension Fund;
- (b) £0.267 million from Corporate Contingencies to support the delivery of the Corporate Learning and Development Programme;
- (c) £0.142 million to Corporate Contingencies as part of the re-alignment of budgets across Service Groupings in respect of Pension Deficit Contributions;
- (d) £8,453 to Corporate Contingencies as a result of an additional allocation of the Localised Council Tax Support (LCTS) Administration Subsidy Grant for 2019/20.
- (e) £50,663 from the ICT Reserve to support ICT developments;
- (f) £95,012 to the Elections Reserve in respect of the transfer of funds from unused balances on the election accounts;
- (g) £0.207 million from the Welfare Reforms New Burdens Reserve in respect of a forecast overspend on Discretionary Housing Payments;
- (h) £0.238 million to the Welfare Reforms New Burdens Reserve to help deliver the Welfare Assistance Scheme;
- (i) £79,194 from the Legal Expenses Reserve to fund the costs of additional legal employees to deal with increased activity arising from Deprivation of Liberty Standards requirements;

- (j) £68,542 from the Microsoft Office 365 Reserve to support the roll out of the new software;
 - (k) £4,200 from the Commercialisation Support Reserve to fund legal expenses in respect of the Milburngate development;
 - (l) £13,947 from the Oracle Development Reserve to finance system development works;
 - (m) £7,500 from the Insurance Reserve to cover the costs of upgrading the insurance claims handling system;
 - (n) £2,500 from the CRM System Implementation Reserve to support the implementation of the new system.
- 37 Taking the outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve to be carried forward for Resources is forecast to be £2.028 million.

Transformation and Partnerships (T&P)

- 38 The forecast revenue outturn for 2019/20 is a cash limit overspend of £37,000 for the year after taking account of the forecast use of reserves and items outside the cash limit.
- 39 The forecast underspend is a managed position, reflecting the proactive management of activity by Heads of Service across T&P to try and remain within the cash limit. A full review of the budgets in T&P is scheduled to take place in the Autumn of 2019 to identify and deliver savings to address the ongoing budget pressures as well as T&P's share of the MTFP savings. It is fully expected that with more considered monitoring of budgets, and in particular the management of vacancies that the small projected cash limit overspend will be addressed before the end of the financial year.
- 40 A summary of the forecast outturn position across the service is provided below:
- (a) Partnership and Community Engagement is forecast to be over budget by £20,000, primarily due to a managed overspend on employee costs (£11,000) and supplies and services (£6,000). There are also a number of other minor variances in this service area.
 - (b) Strategy is forecast to be under budget by £39,000, primarily due to a managed underspend on employee costs.

- (c) Communications and Marketing is forecast to be under budget by £78,000, primarily due to a managed underspend on employee costs (£71,000) and supplies and services (£64,000), offset by a forecast of unachievable income (£58,000). There are also a number of other minor variances in this service area.
- (d) Transformation is forecast to be over budget by £5,000, primarily due to a managed overspend on employee costs.
- (e) Central Charges is forecast to be over budget by £0.129 million, primarily due to a managed overspend on employee costs amounting to £0.113 million. In addition, the Civil Contingencies Unit is forecasting to be overspent by £16,000 and is made up of a managed underspend on employee costs (£24,000) and an overspend on supplies and services (£5,000) and unachievable income (£35,000).

41 In arriving at the forecast cash limit outturn position, a net £0.892 million relating to contributions to and from reserves and cash limits have been excluded from the outturn and include:

- (a) £67,547 contribution to the Transformation Programme Reserve. The contribution reflects the forecast underspend on employee costs in 2019/20 associated with the Transformation Team;
- (b) £1.129 million to the Business Support Reserve in respect of the forecast underspend on the unitised Business Support function in lieu of future MTFP savings;
- (c) £80,794 contribution to reserves to support the work of the Local Safeguarding Childrens Board;
- (d) £37,294 from reserves in respect of employee costs associated with the Syrian Resettlement Programme;
- (e) £2,500 from reserves in respect of undertaking consultation with residents;
- (f) £51,303 from the Promoting Durham Reserve to help Durham raise its profile both regionally and nationally so it can continue to attract inward investment and build a bright and stable economic future;
- (g) £27,262 from the My Future is Durham Reserve to support various initiatives to promote the Council's successes and career opportunities for the next generation;

- (h) £151,505 from the Social Isolation Reserve to support community led initiatives that meet local needs to improve outcomes for older people who are socially isolated;
- (i) £0.140 million to reserves to support the work of the Area Action Partnerships;
- (j) £35,750 agreed contribution from the T&P Cash Limit Reserve in respect of the Durham County News;
- (k) £7,462 agreed contribution from the T&P Cash Limit Reserve in respect of the Hardwich Hall Awards Event;
- (l) £7,940 from the Transformation Challenge Grant Reserve to fund new software developments;
- (m) £45,358 from the EU Exit Funding Reserve to fund the forecast spend in respect of preparing for Brexit;
- (n) £0.103 million from Corporate Contingencies as part of the re-alignment of budgets across Service Groupings in respect of Pension Deficit Contributions;
- (o) £12,159 from Corporate Contingencies in respect of increased pension contribution costs as a consequence of auto-enrolment into the Pension Fund;
- (p) £43,000 from Corporate Contingencies to fund additional expenditure in respect of Fostering and Adoption in the Communications and Marketing Team.

42 Taking the projected outturn position into account, including items proposed to be treated as outside the cash limit, the total cash limit reserve forecasted to be carried forward for T&P at 31 March 2020 is £0.191 million.

Corporate Costs

43 The forecast revenue outturn for 2019/20 for Resources – Centrally Administered Costs is a cash limit underspend of £0.219 million. This takes into account adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves.

44 The forecast outturn position is mainly due to reduced expenditure on bank charges (£23,000), payment card fees (£98,000), corporate subscriptions (£62,000) and expenses associated with raising loans (£22,000). There are also a few other minor variances in this service area.

Central Budgets

Interest Payable and Similar Charges - Capital Financing

45 The budget of £35.579 million is unchanged from the budget originally agreed. At this early point in the financial year the forecast outturn position is expected to be in line with the budget, meaning there would be zero budget variance.

Interest and Investment Income

46 The forecast at this stage is an achievement of income of £3.319 million, which is £0.919 million higher than the £2.400 million budgeted returns on loan investments and council commercial activities. The over recovery has resulted from higher than forecast cash balances and short term returns from commercial activity.

Council Earmarked Reserves Forecast

47 Earmarked reserves are funds set aside for specific, known or predicted future expenditure. Appendix 4 details the council and school earmarked reserves showing the opening balance at 1 April 2019, the forecast movement on reserves during the year and the forecast closing balance as at 31 March 2020.

48 A summary of the latest forecast of council reserves (excluding school reserves) is shown below. The summary highlights that the total earmarked and cash limit reserves are forecast to reduce by £8.769 million in 2019/20, from £209.069 million to £200.300 million. The movement in earmarked reserves is explained in the service grouping commentaries. This utilisation is to be expected as these funds are applied to the expenditure for which they were earmarked.

| | Earmarked £ million | Cash Limit £ million | Total £ million |
|--|--------------------------------|---------------------------------|----------------------------|
| Opening Earmarked Balances as at 1 April 2019 | -196.154 | -12.915 | -209.069 |
| Adjusted for increase (-) / use of Earmarked Reserves | 8.263 | 0.506 | 8.769 |
| Forecasted Earmarked Reserve Balances as at 31 March 2020 | -187.891 | -12.409 | -200.300 |

Dedicated Schools Grant and Schools

- 49 The council maintains 226 schools, including nursery, primary, secondary, special and Alternative Provision (AP) schools. There is one AP school, which is for pupils who have been permanently excluded from other schools, or who are at risk of permanent exclusion.
- 50 For 2019/20, these schools are planning to spend £311 million, funded by income of £72 million, budget shares of £229 million (from central government funding), and £10 million of accumulated surplus balances.

| Schools' delegated budgets (£ million) | Nursery | Alternative Provision | Primary | Secondary | Special | Original Annual Budget |
|--|---------|-----------------------|----------|-----------|---------|------------------------|
| Employees | 4.259 | 3.341 | 158.458 | 54.416 | 24.313 | 244.787 |
| Premises | 0.260 | 0.143 | 10.373 | 4.570 | 1.091 | 16.436 |
| Transport | 0.021 | 0.623 | 0.415 | 0.948 | 0.311 | 2.317 |
| Supplies and Services | 0.496 | 1.681 | 31.263 | 11.074 | 2.918 | 47.432 |
| Income | -3.714 | -1.329 | -45.988 | -15.960 | -4.533 | -71.523 |
| Net expenditure | 1.323 | 4.459 | 154.521 | 55.047 | 24.100 | 239.450 |
| Budget share | -1.067 | -4.459 | -147.955 | -52.990 | -22.747 | -229.218 |
| Contribution to/from reserves | 0.256 | - | 6.566 | 2.057 | 1.354 | 10.232 |

- 51 Schools carried forward balances of £18 million at 31 March 2019 and are forecasting to carry forward balances of £7 million at 31 March 2020.

- 52 A summary for each category of school is shown below:

| School budget plans 2019-20 (£ million) | Gross expenditure | Gross income | Budget share | Transfer to / from accumulated balance | Balance at 31 March 2019 | Balance at 31 March 2020 |
|---|-------------------|----------------|-----------------|--|--------------------------|--------------------------|
| Nursery | 5.036 | -3.714 | -1.067 | 0.256 | -0.874 | -0.618 |
| AP | 5.788 | -1.329 | -4.459 | - | - | - |
| Primary | 200.508 | -45.988 | -147.955 | 6.566 | -18.200 | -11.635 |
| Secondary | 71.007 | -15.960 | -52.990 | 2.057 | 3.645 | 5.702 |
| Special | 28.633 | -4.533 | -22.747 | 1.354 | -2.285 | -0.932 |
| Total | 310.973 | -71.523 | -229.218 | 10.232 | -17.715 | -7.484 |

53 The balances at 31 March 2019 represented 5.7% of planned gross expenditure for 2019/20, and the forecast balance at 31 March 2020 represents 2.4%.

54 The table below provides a breakdown of the forecast balances compared to planned gross expenditure:

| Forecast balances at 31 March 2020 (numbers of schools) | | Nursery | AP | Primary | Secondary | Special | Total |
|--|------|----------------|-----------|----------------|------------------|----------------|--------------|
| Deficit balance | | - | - | 7 | 5 | 1 | 13 |
| Surplus balance compared to gross expenditure is less than: | 2.5% | 1 | 1 | 50 | 4 | 3 | 59 |
| | 5% | 4 | - | 50 | 2 | 3 | 59 |
| | 10% | 1 | - | 51 | 2 | 1 | 55 |
| | 15% | 1 | - | 17 | - | 1 | 19 |
| | 25% | 2 | - | 14 | - | - | 16 |
| | 50% | 2 | - | 3 | - | - | 5 |

55 It is of note that around half of schools have surplus balances of less than 5% of planned gross expenditure and three-quarters of schools have balances of less than 10%.

56 All except four schools prepared budget plans that could be delivered within available funding. Four schools have had to seek approval of the council's S.151 officer to set deficit budgets where planned expenditure during 2019/20 would result in a deficit balance at 31 March 2020 (known as a licensed deficit).

57 Schools with licensed deficits are shown below:

| School budgets and forecast balances (£) (negative figures are surpluses) | Gross expenditure | Balance at 31 March 2019 | Balance at 31 March 2020 | Forecast change in balance |
|--|--------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Tanfield School | 4,145,000 | 513,000 | 503,000 | -9,000 |
| Wolsingham School | 4,031,000 | 1,559,000 | 1,849,000 | 290,000 |
| Wellfield School | 4,958,000 | 3,365,000 | 3,363,000 | -3,000 |
| St. Bede's RC, Peterlee | 4,348,000 | 481,000 | 1,353,000 | 872,000 |

- 58 The council will continue to monitor schools' spending plans and advise schools where they need to make savings. All schools will have a budget review in the autumn, which reviews current spending plans and also makes forecasts of budgets for the coming financial year.

Dedicated Schools Grant Centrally Retained block

- 59 The quarter 1 financial forecasts for the DSG budget show an overspend of £6.099 million against a total budget of £52.776 million to year end, which represents a 12% over spend.

| DSG Block | Budget £ million | Forecast £ million | Over / (Under) Spend £ million |
|--------------------------|-------------------------|---------------------------|---------------------------------------|
| Schools | 0.606 | 0.606 | 0.000 |
| High Needs | 18.741 | 24.840 | 6.099 |
| Early Years | 30.573 | 30.573 | 0.000 |
| Central Schools Services | 2.856 | 2.856 | 0.000 |
| Total | 52.776 | 58.875 | 6.099 |

- 60 The forecast overspend position relates to spending against the High Needs Block, which is forecast to overspend by £6.099 million. The pressure on the High Needs block is driven by increasing demand to meet the requirement of young people with special education needs and disabilities. This is a demand driven volatile area of activity for which the authority has a statutory duty to provide.
- 61 There is an ongoing review into this area of service delivery reviewing how the needs of these young people are met and routes to secure additional funding are being explored. A consultation was launched on 17 July 2019 which will run until 17 October 2019 and seeks views on how the council can ensure it provides the right support, at the right time, in the right place, based on the money we have available.
- 62 The council has agreed to fund up to £5.600 million of the overspend on this area whilst the consultation and reviews are undertaken.
- 63 The table below shows the DSG earmarked reserve position from 1 April 2017 and the projected position as at 31 March 2020 taking into account the projections in this report and the use of general reserves.

| DSG Reserves | High Needs Block £ million | Early Years Block £ million | Schools Block £ million | Total DSG £ million |
|--|-----------------------------------|------------------------------------|--------------------------------|----------------------------|
| Balance as at 1 April 2017 | 6.070 | 2.361 | 2.728 | 11.159 |
| Use [-] / Contribution [+] in 2017/18 | -4.652 | -0.286 | -1.488 | -6.426 |
| Balance as at 1 April 2018 | 1.418 | 2.075 | 1.240 | 4.734 |
| Use [-] / Contribution [+] in 2018/19 | -7.411 | -0.705 | -0.231 | -8.347 |
| Transfer from COLs | 0.384 | 0.000 | 0.000 | 0.384 |
| Transfer from PFI re-financing | 2.881 | 0.000 | 0.000 | 2.881 |
| Balance as at 1 April 2019 | -2.728 | 1.370 | 1.009 | -0.348 |
| Forecast Use [-] / Contribution [+] in 2019/20 | -6.099 | 0.000 | 0.000 | -6.099 |
| Contribution from general reserves | 5.600 | 0.000 | 0.000 | 5.600 |
| Forecast balance as at 31 March 2020 | -3.227 | 1.370 | 1.009 | -0.847 |

64 If the total level of DSG reserve deficit reaches a figure that is in excess of 1% of the council's overall DSG allocation (prior to recoupage for academisation) the council is required to submit a formal deficit recovery plan to DfE explaining how the council plans to recover the deficit position over a maximum three-year period.

65 The estimated trigger point for Durham is a deficit of £3.900 million, which means there is headroom of c. £3.100 million when compared to the current forecast position for 31 March 2020.

Capital

Background

66 On 10 July 2019 Cabinet received a report which provided details of the final outturn position of the 2018/19 capital programme. This included a reprofiling exercise where £46.908 million from 2018/19 was reprofiled over future years. The existing 2019/20 budget of £134.688 million was increased by the new 2019/20 capital allocations of £9.882 million approved by full Council on 20 February 2019 and by £3.430 million for Land Release Fund Self Build which was approved by Cabinet on 16 January 2019. The 2019/20 budget was reprofiled at May MOWG, with net reprofiling of £4.528 million being moved into future years. These changes give an original budget of £143.472 million for 2019/20 which is shown in the table below

67 The council's Member Officer Working Group (MOWG) that closely monitors the capital programme has since considered further revisions to the capital programme, taking into account additional resources received by the authority and further requests for reprofiling as Service Management Teams continue to monitor and review their capital schemes.

Current Position

68 The following table summarises the latest capital budget for approval alongside the original budget. The table also shows the actual capital spend as at 30 June 2019.

| Service Grouping | Original Budget 2019/20 as at May MOWG £ million | Amendments recommended by MOWG £ million | Revised Budget 2019/20 Quarter 1 £ million | Actual Spend to 30 June 2019 £ million |
|--------------------------------------|---|---|---|---|
| Adult and Health Services | 0.000 | 0.000 | 0.000 | 0.000 |
| Children and Young People's Services | 25.874 | -1.885 | 23.989 | 3.805 |
| Regeneration and Local Services | 103.761 | 2.058 | 105.819 | 10.250 |
| Resources | 10.787 | -0.675 | 10.112 | 0.636 |
| Transformation and Partnerships | 3.050 | -0.307 | 2.743 | 0.443 |
| TOTAL | 143.472 | -0.809 | 142.663 | 15.134 |

69 Since the original 2019/20 budget was agreed the MOWG has considered a number of variations to the capital programme which are a result of additions and reductions in resources received by the council and reprofiling of budgets over future years. The variations of note are as follows:

Additions and Reductions

- (a) **CYPS** – a reduction of £90,420 has been made to the School Devolved Capital budget as the grant received from the Department of Education is lower than anticipated.
- (b) **REAL** – the service has received notice of additional funding as follows:
 - (i) **Economic Development and Housing** – £1.377 million additional funding comprising £0.858 million additional Disabled Facilities Grant, £0.394 million contributions for Netpark from NELEP (£0.197 million) and the Business Durham reserve (£0.197 million). Durham Wildlife Trust has contributed £0.104 million for the Bright Water – Bishops Fen to Fishburn scheme. S106 funding of £15,633 has also been received to be used for Freemans Reach.

£5,478 private sector contributions have been received for two Group Repair schemes.

- (ii) **Strategy, Programmes and Performance** – section 106 contributions of £19,367 have been reallocated to the contingency budget.
 - (iii) **Technical Services** – £0.139 million has been received from a section 106 contribution for street lighting at Salters Lane, Sedgefield.
 - (iv) **Transport and Contract Services** – an earmarked reserve of £1.810 million is being used to fund the A1M Junction 61 Capacity Improvements. The original Highways England funding budget for the Sheraton Interchange scheme has been reduced by £0.149 million due to an expected reduction in costs.
 - (v) £93,693 has been transferred from T&P to finance various Member-led initiatives across Direct Services, Technical Services and Planning and Assets.
- (c) **T&P** – Members and AAPs have requested budget transfers to REAL totalling £93,693.

70 Budget managers continue to challenge and review the programming and phasing of works, which has resulted in the re-profiling of the following budgets in line with anticipated activity in 2019/20:

- (a) **CYPS** – £1.795 million (net) has been re-profiled into 2020/21 to match expected expenditure on seven school related schemes, including £1.192 million for the replacement of heating blocks at Belmont School.
- (b) **REAL** - £1.233 million has been re-profiled from 2019/20 across the period from 2020/21 to 2021/22. The majority of this relates to A1(M) Junction 61 Capacity Enhancements (£0.75 million) and Disabled Facilities Grant (£0.458 million).
- (c) **Resources** – budget of £0.675 million (net) has been re-profiled to 2020/21 for four schemes, including PC Replacement, ICT Service Desk Replacement and ICT Performance Management System.
- (d) **T&P** – re-profiling of £0.213 million (net) from 2019/20 to 2020/21, the majority of which relates to expected spend on Middleton-in-Teesdale Village Hall (£0.201 million) and Durham History Centre (£40,500).

Capital Financing

71 The following table summarises the recommended financing of the revised capital programme:

| Financed By: | Original Budget 2019/20 £ million | Amendments recommended by MOWG £ million | Revised Budget 2019/20 £ million |
|--------------------------|---|--|--|
| Grants and Contributions | 51.847 | 0.305 | 52.152 |
| Revenue and Reserves | 8.204 | 1.257 | 9.461 |
| Capital Receipts | 13.947 | 0.000 | 13.947 |
| Borrowing | 69.474 | -2.371 | 67.103 |
| TOTAL | 143.472 | -0.809 | 142.663 |

Council Tax and Business Rates Collection Funds

Council Tax

72 Council Tax is charged for all residential dwellings in bandings agreed by the Valuation Office Agency, which is part of Her Majesty's Revenues and Customs (HMRC). Exemptions, reliefs and discounts are awarded dependent upon the state of the property, its use and occupiers' personal circumstances.

73 The collection rate at 30 June 2019 was slightly below the profiled target of 28.86%, and 0.28% points below the same position in 2018/19, reflecting an increased trend of Council Taxpayers choosing to pay over twelve monthly instalments rather than the traditional ten statutory instalment periods.

74 The in-year collection rates at the end of quarter one for the current and last two financial years, are as follows:

| Billing Year | Position at 30 June Each Year % |
|---------------------|--|
| 2019/20 | 28.51 |
| 2018/19 | 28.79 |
| 2017/18 | 29.03 |

75 The current overall collection rate for 2018/19 council tax liabilities is now 97.31% (compared to 96.65% at 31 March 2019), and for 2017/18

the rate is now 98.49% (compared to 96.83% at 31 March 2018). The council continues to recover council tax from earlier years, and currently the collection rate for all years excluding the current year is 99.57%, which is line with our medium term financial plan forecasts.

- 76 The income shown in the Council Tax Collection Fund is the amount collectable from Council Tax payers in the long run, rather than the actual cash collected in the year the charges are raised. Likely bad debts are accounted for by maintaining a bad debt provision. The amount estimated to be collectable is estimated each year by reference to the actual council tax base for all domestic properties in the county (schedule of all properties, discounts and reliefs) with an allowance for non-collection.
- 77 Due to changes in the number of properties (including new build and demolitions), eligibility of discounts and reliefs during the year, the actual amount collectable increases or decreases from the estimate on a dynamic day to day basis. In addition, adjustments for previous billing years take place during each accounting year. All of these adjustments mean that the actual amounts collected will always differ from the estimate.
- 78 Such differences at the end of each accounting year, after taking into account the calculated change required in the 'bad debt' provision, determines whether a surplus or deficit has arisen, which is then shared proportionately between the council and its major preceptors, being Durham Police Crime and Victim's Commissioner and County Durham and Darlington Fire and Rescue Authority.
- 79 At 30 June 2019, the estimated outturn for the Council Tax Collection Fund is a surplus of £0.132 million as shown in the table below, which takes into account the undeclared deficit as at 31 March 2019 of £0.124 million. Durham County Council's share of this forecasted surplus is £0.111 million, which could be available to support the 2020/21 budget.

| | £ million |
|--|------------------|
| Net Bills issued during Accounting Year 2019/20 | 338.999 |
| LCTRS and previous years CTB adjustments | -57.992 |
| Calculated change in provision for bad debts required and write offs | -2.184 |
| Net income receivable (a) | 278.823 |
| Precepts and Demands | |
| Durham County Council | 222.276 |
| Parish and Town Councils | 13.148 |
| Durham Police Crime and Victim's Commissioner | 28.680 |
| County Durham and Darlington Fire and Rescue Authority | 14.463 |
| Total Precepts and Demands (b) | 278.567 |
| Net Surplus / (-) Deficit for year (a) – (b) | 0.256 |
| Undeclared Surplus / (-) Deficit Brought Forward from 2018/19 | -0.124 |
| Estimated Year end surplus | 0.132 |

- 80 Prior to each year, the estimated surplus / deficit on the Collection Fund Council Tax Account is notified to the two major preceptors for inclusion in the budget setting process for the following year as an additional income or expenditure item.
- 81 The council is required to determine and declare the forecast surplus or deficit on the Council Tax Collection Fund for 2019/20 by 31 January 2020. This will then need to be taken into account in the budget setting process for 2020/21. Any difference between this and the actual surplus at 31 March 2020 will be carried forward to next financial year and taken into account in estimating the surplus / deficit position for 2020/21, which will need to be taken into account for 2021/22 budget setting.
- 82 Over the last five years, the Council Tax provision for bad debts has been increasing steadily. This managed approach has been necessary to minimise the risk of the Council Tax Collection Fund moving into deficit whilst securing the robustness of the levels of provision held. The position has now been reached where maintaining the provision at a prudent level does not prevent the declaration of a surplus.

Business Rates

- 83 2013/14 was the first year of the new Business Rates Retention Scheme whereby the council has a vested budget interest and stake in the level of business rate yield, as income generated from Business Rates is now shared between Central Government (50%), Durham County Council (49%) and County Durham and Darlington Fire and Rescue Authority (1%). Therefore, it is not only the accuracy and timeliness of bills levied and collected that is monitored and audited, but the level of income anticipated for the year is important and new monitoring procedures have been devised for this purpose.
- 84 In 2017/18, following consultation, the Government implemented the first revaluation of Business Rates since April 2010.
- 85 The revaluation of the rateable values of all Business Properties was undertaken by the Valuation Office Agency and, along with national changes to Multipliers, Relief Thresholds and Transitional Arrangements, came into effect from April 2017. The overall effect of the revaluation on the Collection Fund saw a decrease of an estimated £9.3 million in rates yield/ liability when compared to 2016/17. The revaluation should be cost neutral to Durham County Council and County Durham and Darlington Fire and Rescue Authority; therefore compensation arrangements are to be made through adjustments to Section 31 grants and Top Ups for their shares of losses of income.
- 86 Bills raised, exemptions and reliefs awarded are examined together with local knowledge of anticipated changes in reliefs such as Mandatory Charitable Relief and Discretionary Rate Relief on a monthly basis to enable a comparison with the January 2019 estimate of 2019/20 Business Rates income that was used for budget setting purposes.
- 87 At 30 June 2019, the estimated outturn for the Collection Fund Business Rates is a surplus of £2.525 million, after taking into account the undeclared surplus position as at 31 March 2019 of £1.289 million, as calculated in the following table.

| | £ million |
|---|------------------|
| Net rate yield for 2019/20 including previous year adjustments | 117.572 |
| Estimate of changes due to appeals lodged and future appeals | -3.639 |
| Estimated losses in Collection – Provision for Bad Debts and Write-offs | -1.212 |
| Net income receivable (a) | 112.721 |
| Agreed allocated shares: | |
| Central Government (50%) | 54.267 |
| Durham County Council (49%) | 55.375 |
| County Durham and Darlington Fire and Rescue Authority (1%) | 1.107 |
| Cost of Collection Allowance and Renewable Energy (paid to Durham County Council) | 0.736 |
| Total fixed payments (b) | 111.485 |
| Net surplus for year (a) – (b) | 1.236 |
| Undeclared Surplus / (-) Deficit brought forward from 2018/19 | 1.289 |
| Estimated year end Surplus | 2.525 |

- 88 The in-year estimated surplus of £1.236 million and the total undeclared surplus brought forward from 2018/19, leaves an estimated surplus of £2.525 million at 31 March 2020. The surplus/ deficit at 31 March in any year are shared proportionately between Durham County Council, Central Government and County Durham and Darlington Fire and Rescue, Durham County Council's share being 49%. Durham County Council's share of the estimated year end surplus will therefore be £1.237 million.

- 89 The payment profile on collection performance is changing due to more businesses opting to spread their payments over 12 months rather than ten. The major business rates payers have all opted to take up this opportunity to re-profile their cash flow. The in-year collection rates at the end of quarter one for the current and last two financial years, are as follows:

| Billing year | Position at 30 June Each Year % |
|---------------------|--|
| 2019/20 | 34.36 |
| 2018/19 | 34.42 |
| 2017/18 | 33.67 |

- 90 In year performance to 30 June 2019 shows a collection rate of 34.36%, which is below the profiled target by 0.17% points.
- 91 The current overall collection rate for 2018/19 business rate liabilities is now 98.42% (compared to 97.90% at 31 March 2019) and for 2017/18 business rate liabilities is now 99.50% (compared to 98.42% at 31 March 2018). The council continues to recover business rates from earlier years and currently, the collection rate for all years excluding the current year is 99.52%, which is line with our medium term financial plan forecasts.

Section 31 Grant - Small Business Rate Relief

- 92 Small business ratepayers with properties with rateable values under £15,000 benefit from relief on their rates payable. The Government has awarded local authorities a Section 31 grant to cover their share of the shortfall in business rates that these small business ratepayers would have paid had the relief scheme not been in place.
- 93 Small business ratepayers with properties with rateable values up to £12,000 are now being granted full relief, and properties with rateable values between £12,000 and £15,000 have a tapered relief applied to them ranging from 100% down to 0%.
- 94 The Government has agreed to pay Section 31 grant for any additional small business rate relief in respect of business rates bills and adjustments thereof relating to the period commencing 1 April 2013. Any adjustments that relate to bills for years prior to this will be dealt with as part of the normal rate retention shares. At 30 June 2019, the gross small business relief awarded against 2019/20 business rates

bills and adjustments to 2013/14-2018/19 bills is £15.606 million, and the council will receive £5.112 million in Section 31 grant, including the capping adjustment and threshold change adjustments, in this regard.

Other Section 31 Grants

- 95 In the Autumn Statement 2016, Spring Budget 2017 and Autumn Statement 2018 additional business rate relief schemes were announced on which Section 31 grants would be payable. These relief schemes include Rural Rate Relief and Local Newspaper Reliefs, Supporting Small Business, Local Discretionary Relief Scheme, Pub Relief and Retail Relief Schemes. Funding for these schemes is provided through Section 31 grants.
- 96 When assessing estimated outturn income from business rates, due regard must also be given on the effect that changes in estimated reliefs will have on the Section 31 grants.

Other useful documents

- County Council – 20 February 2019 – Medium Term Financial Plan 2019/20 to 2022/23 and Revenue and Capital Budget 2019/20.
- Cabinet – 10 July 2019 - 2018/19 Final Outturn for the General Fund and Collection Fund.

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Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by Council in February 2019 in relation to the 2019/20 financial year. The forecasts contained within this report have been prepared in accordance with standard accounting policies and procedures.

Finance

The report details the 2019/20 forecast of outturn position for Revenue and Capital and details the forecast movement on reserves.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Service Management Teams and budget holders. The projected outturn has been produced taking into consideration spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by Service Management Teams

and budget holders, helps to mitigate the risks associated with achievement of the forecast outturn position.

Procurement

None.

Appendix 3: Revenue Summary by Expenditure / Income for the period ended 31 March 2020

| | Original Budget 2019/20 | Proposed Budget Revisions | Contribution to / Use of Cash Limit Reserve | Contribution to / Use of Earmarked Reserves | Budget - incorporating adjustments | Service Groupings Forecast of Outturn | Corporate Costs Forecast of Outturn | Forecast of Outturn (including Corporate Costs) | Forecasted Variance (including Corporate Costs) | Forecasted Variance - Corporate Costs |
|--------------------------------|-------------------------|---------------------------|---|---|------------------------------------|---------------------------------------|-------------------------------------|---|---|---------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Employees | 530,841 | 6,142 | 0 | 341 | 537,324 | 534,655 | 354 | 535,009 | -2,315 | 0 |
| Premises | 52,991 | -374 | 0 | 0 | 52,617 | 52,245 | 0 | 52,245 | -372 | 0 |
| Transport | 42,276 | 784 | 0 | -13 | 43,047 | 43,815 | 0 | 43,815 | 768 | 0 |
| Supplies & Services | 120,203 | -1,632 | 43 | 853 | 119,467 | 121,853 | 1,231 | 123,084 | 3,617 | -219 |
| Agency & Contracted | 386,622 | -2,329 | 0 | 1,421 | 385,714 | 389,303 | 2,169 | 391,472 | 5,758 | 0 |
| Transfer Payments | 218,762 | -44,521 | 0 | 376 | 174,617 | 174,287 | 0 | 174,287 | -330 | 0 |
| Central Costs | 92,722 | -18,160 | 0 | 10,422 | 84,984 | 85,887 | 115 | 86,002 | 1,018 | 0 |
| DRF | 710 | 60 | 0 | 0 | 770 | 770 | 0 | 770 | 0 | 0 |
| Other | 0 | 0 | 385 | -385 | 0 | 2 | 0 | 2 | 2 | 0 |
| Capital Charges | 64,132 | 0 | 0 | 0 | 64,132 | 64,128 | 0 | 64,128 | -4 | 0 |
| GROSS EXPENDITURE | 1,509,259 | -60,030 | 428 | 13,015 | 1,462,672 | 1,466,945 | 3,869 | 1,470,814 | 8,142 | -219 |
| Income | | | | | | | | | | |
| Government Grants | 645,059 | -62,531 | 0 | -479 | 582,049 | 586,291 | 14 | 586,305 | -4,256 | 0 |
| Other Grants and Contributions | 75,516 | 287 | 0 | 165 | 75,968 | 77,154 | 0 | 77,154 | -1,186 | 0 |
| Sales | 9,945 | -1,135 | 0 | 0 | 8,810 | 8,457 | 150 | 8,607 | 203 | 0 |
| Fees and Charges | 106,228 | -1,484 | 0 | 0 | 104,744 | 105,546 | 0 | 105,546 | -802 | 0 |
| Rents | 8,637 | 120 | 0 | 0 | 8,757 | 9,571 | 0 | 9,571 | -814 | 0 |
| Recharges To Other Services | 236,221 | 3,107 | 0 | 4,991 | 244,319 | 245,286 | 0 | 245,286 | -967 | 0 |
| Other | 6,872 | -871 | 0 | 235 | 6,236 | 6,824 | 0 | 6,824 | -588 | 0 |
| Total Income | 1,088,478 | -62,507 | 0 | 4,912 | 1,030,883 | 1,039,129 | 164 | 1,039,293 | -8,410 | 0 |
| NET EXPENDITURE | 420,781 | 2,477 | 428 | 8,103 | 431,789 | 427,816 | 3,705 | 431,521 | -268 | -219 |

Appendix 4: Earmarked Reserves Position as at 30 June 2019

| | EARMARKED RESERVES AND CASH LIMIT RESERVES | SERVICE GROUPING | OPENING BALANCE | USE OF RESERVES | CONTRIBUTION TO RESERVES | TRANSFERS BETWEEN RESERVES | TOTAL MOVEMENT ON RESERVES | FORECAST 2019/20 CLOSING BALANCE AS AT 30 JUN 2019 |
|-------|--|------------------|-----------------|-----------------|--------------------------|----------------------------|----------------------------|--|
| | | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 1 | Social Care Reserve | AHS | -25,406 | 1,882 | -5,006 | 88 | -3,036 | -28,442 |
| 2 | Public Health Reserve | AHS | -4,460 | 719 | 0 | 0 | 719 | -3,741 |
| 3 | Children's Services Reserve | CYPS | -2,191 | 592 | 0 | 0 | 592 | -1,599 |
| 4 | Education Reserve | CYPS | -13,872 | 526 | -3 | 0 | 523 | -13,349 |
| 5 | Env, Health and Consumer Protection Reserve | REAL | -582 | 6 | 0 | 0 | 6 | -576 |
| 6 | Neighbourhoods AAP Reserve | REAL | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | Direct Services Reserve | REAL | -2,076 | 214 | -72 | 0 | 142 | -1,934 |
| 8 | Culture and Sport Reserve | REAL | -3,633 | 332 | 0 | 0 | 332 | -3,301 |
| 9 | Technical Services Reserve | REAL | -1,713 | 0 | 0 | 0 | 0 | -1,713 |
| 10 | Business Growth Fund Reserve | REAL | -604 | 0 | 0 | 0 | 0 | -604 |
| 11 | Economic Development Reserve | REAL | -13,116 | 1,461 | 0 | 487 | 1,948 | -11,168 |
| 12 | Planning Reserve | REAL | -1,580 | 40 | 0 | 0 | 40 | -1,540 |
| 13 | North Pennines AONB Partnership Reserve | REAL | -1,467 | 0 | 0 | 0 | 0 | -1,467 |
| 14 | Employability and Training Reserve | REAL | -57 | 0 | 0 | 0 | 0 | -57 |
| 15 | REAL Match Fund Programme Reserve | REAL | -1,587 | 374 | 0 | 0 | 374 | -1,213 |
| 16 | Housing Regeneration Reserve | REAL | -638 | 208 | 0 | 0 | 208 | -430 |
| 17 | Housing Solutions Reserve | REAL | -2,026 | 107 | 0 | 0 | 107 | -1,919 |
| 18 | Restructure Reserve | REAL | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | Transport Reserve | REAL | -491 | 0 | 0 | -450 | -450 | -941 |
| 20 | Funding and Programmes Management Reserve | REAL | -478 | 0 | -17 | 0 | -17 | -495 |
| 21 | Customer Services Reserve | Resources | -334 | 2 | 0 | 0 | 2 | -332 |
| 22 | Resources Corporate Reserve | Resources | -426 | 0 | 0 | 0 | 0 | -426 |
| 23 | Resources DWP Grant Reserve | Resources | -1,388 | 201 | 0 | 0 | 201 | -1,187 |
| 24 | Resources System Development Reserve | Resources | -368 | 14 | 0 | 0 | 14 | -354 |
| 25 | Resources Housing Benefit Subsidy Reserve | Resources | -1,141 | 0 | 0 | 0 | 0 | -1,141 |
| 26 | Resources Revenue and Benefits Reserve | Resources | -758 | 146 | 0 | -80 | 66 | -692 |
| 27 | Resources Legal Reserves | Resources | -379 | 79 | 0 | -110 | -31 | -410 |
| 28 | Resources Elections Reserve | Resources | -765 | 0 | -95 | 0 | -95 | -860 |
| 29 | Resources ICT Reserves | Resources | -1,477 | 342 | 0 | 0 | 342 | -1,135 |
| 30 | Resources Registrars Trading Reserve | Resources | -200 | 0 | 0 | 0 | 0 | -200 |
| 31 | Resources Human Resources Reserves | Resources | -300 | 160 | 0 | 0 | 160 | -140 |
| 32 | Resources Operations and Data Reserve | Resources | -50 | 0 | 0 | 0 | 0 | -50 |
| 33 | T&P AAP/Members Reserve | T&P | -1,481 | 74 | -140 | 0 | -66 | -1,547 |
| 34 | T&P Grant Reserve | T&P | -1,088 | 8 | 0 | 0 | 8 | -1,080 |
| 35 | T&P Operational Reserve | T&P | -2,404 | 431 | -81 | 0 | 350 | -2,054 |
| 36 | T&P Transformation Reserve | T&P | -1,690 | 521 | -68 | 0 | 453 | -1,237 |
| 37 | Equal Pay Reserve | Corporate | -14,993 | 0 | 0 | 0 | 0 | -14,993 |
| 38 | Insurance Reserve | Corporate | -9,988 | 8 | 0 | 0 | 8 | -9,980 |
| 39 | Performance Reward Grant Reserve | Corporate | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 | ER/VR Reserve | Corporate | -8,647 | 642 | 0 | 0 | 642 | -8,005 |
| 41 | Office Accommodation Project Support Reserve | Corporate | 0 | 0 | 0 | 0 | 0 | 0 |
| 42 | Budget Support Reserve | Corporate | -29,660 | 5,488 | 0 | 0 | 5,488 | -24,172 |
| 43 | Office Accommodation Capital Reserve | Corporate | -32,944 | 0 | 0 | 0 | 0 | -32,944 |
| 44 | Inspire Programme Reserve | Corporate | -886 | 410 | 0 | 0 | 410 | -476 |
| 45 | Commercialisation Support Reserve | Corporate | -5,800 | 4 | 0 | 0 | 4 | -5,796 |
| 46 | Capital Reserve | Corporate | -2,510 | 0 | 0 | 0 | 0 | -2,510 |
| 47 | Feasibility Study Reserve | Corporate | -500 | 0 | 0 | 0 | 0 | -500 |
| 48 | Business Support Reserve | Corporate | 0 | 0 | -1,129 | -52 | -1,181 | -1,181 |
| | Total Earmarked Reserves | | -196,154 | 14,991 | -6,611 | -117 | 8,263 | -187,891 |
| | Cash Limit Reserves | | | | | | | |
| 49 | Adult and Health Services | | -7,919 | 0 | -2,650 | 202 | -2,448 | -10,367 |
| 50 | Children and Young People's Services | | 0 | 0 | 2,124 | 0 | 2,124 | 2,124 |
| 51 | Regeneration and Local Services | | -3,152 | 385 | 905 | -85 | 1,205 | -1,947 |
| 52 | Resources | | -1,572 | 9 | -465 | 0 | -456 | -2,028 |
| 53 | Transformation and Partnerships | | -272 | 44 | 37 | 0 | 81 | -191 |
| | Total Cash Limit Reserves | | -12,915 | 438 | -49 | 117 | 506 | -12,409 |
| | Total Council Reserves | | -209,069 | 15,429 | -6,660 | 0 | 8,769 | -200,300 |
| | Schools' Balances | | | | | | | |
| Sch 1 | Schools' Revenue Balance | CYPS | -17,690 | 10,232 | 0 | 0 | 10,232 | -7,458 |
| Sch 2 | DSG Reserve | CYPS | 349 | 499 | 0 | 0 | 499 | 848 |
| | Total Schools and DSG Reserve | | -17,341 | 10,731 | 0 | 0 | 10,731 | -6,610 |