

## **Cabinet**

**13 November 2019**

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

**Ordinary Decision**



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### **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) updated forecast revenue and capital outturn for 2019/20;
  - (b) updated forecast for the council tax and business rates collection fund position at 31 March 2020;
  - (c) updated 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 overspend of £1.010 million plus an underspend on all other budgets of £2.062 million. This forecast net underspend of £1.052 million represents 0.3% of the net expenditure budget of £412.454 million.
- 4 Total earmarked and cash limit reserves (excluding school reserves) are forecast to reduce by £11.290 million in 2019/20, from £209.069 million to £197.779 million.

- 5 The updated projected capital outturn is £142.205 million.
- 6 The estimated outturn for the Council Tax Collection Fund is a surplus of £1.074 million. Durham County Council's share of this forecasted surplus is £0.899 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 £1.718 million Durham County Council's share (49%) of this estimated surplus is £0.841 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 updated forecast of the revenue and capital outturn for 2019/20, based upon expenditure and income up to 30 September 2019. This is the second report on forecast financial performance against the 2019/20 budgets this financial year.

## **Revenue Outturn Forecast – Based on Position to 30 September 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	116,782	114,344	-2,438
Children and Young People's Services	123,639	122,654	125,291	2,637
Regeneration and Local Services	137,586	136,567	137,880	1,313
Resources	21,268	20,545	20,017	-528
Transformation and Partnerships	10,784	24,734	24,760	26
<b>Cash Limit Position</b>	417,053	421,282	422,292	1,010
Contingencies	5,161	2,198	2,198	0
Corporate Costs	3,728	3,847	3,511	-336
<b>NET COST OF SERVICES</b>	425,942	427,327	428,001	674
Capital charges	-64,132	-64,132	-64,132	0
Interest and Investment income	-2,400	-2,400	-3,529	-1,129
Interest payable and similar charges	35,579	35,579	35,579	0
Levies	16,061	16,080	16,080	0
<b>Net Expenditure</b>	411,050	412,454	411,999	-455
<b>Funded By:</b>				
Council tax	-222,275	-222,275	-222,275	0
Use of earmarked reserves	-11,010	-11,398	-11,398	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	-11,020	-597
Adult/Childrens Pressures Grant	-4,822	-4,822	-4,822	0
Forecast contribution to/from (-) Cash Limit Reserve	-9	-1,025	-2,035	-1,010
Forecast contribution to/from (-) General Reserves	0	0	2,062	2,062
<b>TOTAL</b>	0	0	0	0

- 14 The above table identifies a forecast cash limit overspend of £1.010 million plus an underspend on all other budgets of £2.062 million. This total net underspend of £1.052 million represents 0.3% of the net expenditure budget of £412.454 million.

- 15 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.

<b>Service Grouping</b>	<b>Proposal</b>	<b>Amount £ million</b>
All	Increased employers pension contributions resulting from auto-enrolment	0.420
REAL	Concessionary fares	-0.123
REAL	Car park loss of income	0.170
<b>TOTAL</b>		<b>0.467</b>

- 16 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.

<b>Type of Reserve</b>	<b>Opening Balance as at 1 April 2019  £ million</b>	<b>Budgeted use at 1 April 2019  £ million</b>	<b>Movement during 2019/20  £ million</b>	<b>2019/20 Forecast of Outturn  £ million</b>
<b>Service Grouping Cash Limit</b>				
Adult and Health Services	-7.919	0.000	-2.122	-10.041
Children and Young People's Services	0.000	0.000	2.637	2.637
Regeneration and Local Services	-3.152	0.000	2.164	-0.988
Resources	-1.572	0.009	-0.490	-2.053
Transformation and Partnerships	-0.272	0.000	0.069	-0.203
<b>Total Cash Limit Reserve</b>	<b>-12.915</b>	<b>0.009</b>	<b>2.258</b>	<b>-10.648</b>
<b>General Reserve</b>	<b>-25.106</b>	<b>0.000</b>	<b>-2.062</b>	<b>-27.168</b>

- 17 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.
- 18 The table above highlights that CYPS are forecast to have a deficit cash limit reserve of £2.637 million at the end of 2019/20.
- 19 The reasons for the major variances against the revised budgets are detailed as follows by each service grouping.

## Adult and Health Services (AHS)

- 20 The 2019/20 updated projected outturn for AHS is a cash limit underspend of £2.438 million, representing circa 2.1% of the total budget for AHS. This compares to the quarter one forecast of outturn position of a £2.650 million cash limit underspend.
- 21 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.
- 22 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, including the impact of the review of County Durham Care and Support, 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 £2.090 million.
  - (b) net spend on adult care packages is £0.347 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.
- 23 In arriving at the updated forecast outturn position, a net £0.346 million relating to contributions to and from reserves and contingencies has been excluded from the outturn, details as follows:
- (a) £1.053 million net transfer to the Adult Social Care reserve linked to system wide integration and associated NHS contributions;
  - (b) £0.653 million use of Public Health reserves in respect of in-year projects;
  - (c) A £37,000 drawdown from Corporate Contingencies to meet the additional costs of pension auto enrolment; and
  - (d) A £17,000 use of the council's ER/VR reserve.

- 24 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 £10.041 million.

### **Children and Young People's Services (CYPS)**

- 26 The 2019/20 projected outturn for CYPS is a cash limit overspend of £2.637 million, representing circa 2.29% of the total budget for CYPS. This accounts for 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 overspend position results from an overall overspend within Children's Services of £1.083 million and an overspend within Education of £1.554 million. Further details are provided below:
- 27 The outturn position is accounted for as follows:
- (a) The Education Service is forecast to be £1.554 million over budget. The net overspend primarily relates to underspending as a result of alternative funding arrangements for Nursery sustainability of £0.455 million, staff related savings connected to early achievement of 2020/21 savings and reduced pension liability £0.219 million. This is offset by a forecast overspend on the home to school transport budget of £2.200 million and an under achievement of income of £28,000.
  - (b) Children's Services is forecast to be a net £1.083 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 (£2.821 million). This is mitigated in part by savings resulting from staff vacancies and premises budgets £1.738 million.
- 28 The pressure on the budget in children's social care has been evident over the last few years, as the number of children in the care system has increased significantly and 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 £2.637 million negative cash limit position at year end.

## **Regeneration and Local Services (REAL)**

- 30 The updated forecast revenue outturn for 2019/20, based on the position to 30 September 2019, is a cash limit overspend of £1.313 million, after taking account of the forecast use of reserves and items outside the cash limit. The previous forecast, based on the position to 30 June 2019, was a cash limit overspend of £0.905 million.
- 31 The main reasons accounting for the outturn position are as follows:
- (a) Environmental Services is forecast to be £1.287 million overspent. This is mainly resulting from overspends on waste contracts of £0.649 million due to increased tonnages, a £66,000 overspend following a business rates revaluation at the Joint Stocks landfill site, a £98,000 employee 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 Clean and Green Services of £73,000. The pressures in the waste services will be recognised in MTFP10, with additional budget growth to be provided in 2020/21;
  - (b) Culture, Sport and Tourism is forecast to be overspent by £0.638 million. This is mainly the result of an overspend of £0.267 million at the Gala Theatre linked to reduced income from the cinema and a £0.321 million overspend relating to the former Leisureworks facilities. In addition, there are £0.209 million of unachieved MTFP savings pending a service restructure. These are partially offset by other underspends across the service. The reduced income levels generated by the Gala Theatre will be recognised in MTFP10, with additional budget growth to be provided in 2020/21;
  - (c) Technical Services is forecast to be £87,000 underspent. Within this area there is an overspend of £0.600 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 £0.541 million. Savings in employee costs relating to Strategic Highways account for the rest of the forecast outturn;



- (d) Business Durham is forecast to be £0.344 million underspent due to income across industrial estates and other trading areas exceeding budget;
- (e) Transport and Contracted Services is forecast to be £43,000 underspent. This is mainly due to additional income of £0.187 million from transport contracts, that is offset by reduced parking income of £0.178 million.
- (f) Development and Housing is forecast to be overspent by £0.344 million. This is mainly the result of Durham Employment & Skills (DES) forecasting an overspend of £0.496 million due to under recovered contract income, although this is partially offset by an underspend in Housing Solutions of £0.166 million;
- (g) Corporate Property and Land is forecast to be £0.407 million underspent, mainly due to an underspend on utilities of £0.206 million and additional workloads in Building Services producing an extra £0.387 million of trading income surplus. These underspends are partially offset by a £0.248 million overspend on Centralised Repairs and Maintenance;
- (h) Community Protection (formerly Environment, Health and Consumer Protection) is forecast to underspend by £59,000. This is mainly due to a number of vacant posts resulting in an underspend of £0.144 million, that is offset by £93,000 under achieved licensing income.

32 In arriving at the forecast outturn position, £1.249 million relating to use of reserves and cash limits has been excluded from the outturn. The major items being:

- (a) £0.412 million use of reserves relating to Transport in respect of feasibility study for Western Relief Road (£0.250 million), and £0.115 million for Care Connect Equipment. In addition, the following two items have been treated as outside the cash limit; shortfall in income from Sands car park (£0.170 million), and £0.123 million reduced expenditure on concessionary fares. The reduced income from the Sands car park in 2020/21 will be recognised in MTFP10;
- (b) £0.266 million use of reserves in respect of Culture and Sport relating to externally funded programmes, and redundancy costs relating to MTFP savings;
- (c) £0.250 million use of reserves relating to Technical Services for expenditure on drainage inspections;

- (d) £0.277 million use of reserves relating to Corporate Property & Land, and Community Protection for additional costs on repairs and maintenance, and contaminated land.
- 33 Taking the projected outturn position into account, the forecasted cash limit reserve to be carried forward for Regeneration and Local Services is £0.988 million.

## Resources

- 34 The 2019/20 forecast revenue outturn for Resources is a cash limit underspend of £0.528 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. The cash limit underspend at quarter one was £0.465 million.
- 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 £0.105 million, due to a managed underspend on employee costs (£22,000) and supplies and services costs (£49,000) in Financial Systems. In addition, across the rest of the service there is a managed underspend on employee related expenditure (£97,000), offset by an overspend on supplies and services (£14,000) and unachieved income (£52,000). 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 £0.163 million. This includes a managed overspend in employee costs (£61,000) offset by additional income (£43,000) in Financial Management. Revenues & Benefits is forecast to be under budget by £0.183 million due to managed underspends on employee costs (£71,000), overachieved income (£100,000) and transport costs (£11,000). Payroll and Employee Services is forecasting to be over budget by £4,000 mainly due to a managed overspend on employee costs. There are also a number of other minor variances in this service area.
  - (c) Digital and Customer Services is forecast to be over budget by £92,000. This consists of an underspend on employee related expenditure (£99,000) in Customer Services and (£96,000) in ICT Services. There is also a forecast overachievement of income amounting to £0.113 million in ICT Services. This has been offset by a forecast overspend on central expenses (£0.407 million) in ICT Services, mainly due to a £0.382 million revenue contribution

to support various capital schemes. There are also a number of other minor variances in this service area.

- (d) Internal Audit, Risk and Corporate Fraud is forecast to be under budget by £42,000, comprising of a managed overspend of £48,000 on employee related costs which have been more than offset by additional income £89,000. There are also a number of other minor variances in this service area.
- (e) Legal and Democratic Services is forecast to be under budget by £0.229 million. This includes a £0.280 million managed overspend on employees which has been more than offset by additional income amounting to £0.513 million, and a forecast overspend on supplies and services of £18,000. There are also a number of other minor variances in this service area.
- (f) People and Talent Management is forecast to be under budget by £81,000, primarily due to the overachievement of income (£86,000), offset partly by other minor overspends.
- (g) There are no material variances in Service Management.

36 The forecast cash limit outturn shows the position after some £0.307 million of contributions from reserves and cash limits have been applied to finance the following items:

- (a) £41,421 from Corporate Contingencies in respect of increased pension contribution costs as a consequence of auto-enrolment into the Pension Fund;
- (b) £37,938 from the Cash Limit Reserve in respect of Workforce Development;
- (c) £32,880 to the ICT Reserve to support ICT developments;
- (d) £14,250 from the Equal Pay Reserve to meet the cost of claims;
- (e) £0.131 million from the Welfare Reforms New Burdens Reserve in respect of a forecast overspend on Discretionary Housing Payments;
- (f) £11,378 to the Benefit Take Up Reserve (iBCF) to reflect the forecast underspend on employee costs supporting the work from the ongoing impact of welfare reforms;
- (g) £12,199 from the Digital Workforce Transformation Reserve to fund the work in respect of completing the back scanning of all employee personal records as part of the digitisation of our HR processes;

- (h) £18,740 from the Microsoft Office 365 Reserve to support the roll out of the new software;
  - (i) £4,611 from the Commercialisation Support Reserve to fund legal expenses in respect of the Milburngate development;
  - (j) £79,840 from the Corporate ER/VR Reserve to fund the cost of early retirements/voluntary redundancies;
  - (k) £11,481 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 £2.053 million.

### **Transformation and Partnerships (T&P)**

- 38 The forecast revenue outturn for 2019/20 is a cash limit overspend of £26,000 for the year after taking account of the forecast use of reserves and items outside the cash limit. The cash limit overspend forecast at quarter one was £37,000.
- 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 took place in late September 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 reducing 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 under budget by £30,000, primarily due to a managed underspend on employee costs (£8,000), premises costs (£6,000) and supplies and services (£22,000), offset by a forecast of unachievable income (£10,000). There are also a number of other minor variances in this service area.
  - (b) Strategy is forecast to be under budget by £27,000, primarily due to a managed underspend on employee costs.

- (c) Communications and Marketing is forecast to be under budget by £53,000, primarily due to a managed underspend on employee costs (£48,000) and supplies and services (£26,000), offset by a forecast of unachievable income (£22,000). There are also a number of other minor variances in this service area.
- (d) Transformation is forecast to be over budget by £6,000, primarily due to a managed overspend on employee costs.
- (e) Central Charges is forecast to be over budget by £0.130 million, primarily due to a managed overspend on employee costs amounting to £0.134 million. In addition, the Civil Contingencies Unit is forecasting to be underspent by £4,000 and is made up of a managed underspend on employee costs (£30,000) and supplies and services (£7,000) and unachievable income (£35,000). There are also a number of other minor variances in this service area.

41 In arriving at the forecast cash limit outturn position, a net £0.155 million relating to contributions to and from reserves and cash limits have been excluded from the outturn and include:

- (a) £0.201 million to the Corporate Business Support Reserve in respect of the forecast underspend on the unitised Business Support function in lieu of future MTFP savings;
- (b) £13,358 contribution to reserves to support the work of the Local Safeguarding Children's Board;
- (c) £1,991 contribution to reserves to support the work of the Local Safeguarding Adults Board;
- (d) £59,115 from reserves in respect of employee costs associated with the Syrian Resettlement Programme;
- (e) £24,576 from the Community Led Development Reserve which is used to match resources for the administration costs associated with drawing down European funding for deprived communities;
- (f) £18,916 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) £9,234 from the Inspire Programme Reserve. The contribution reflects the forecast spend on employee costs in 2019/20 associated with the Inspire Programme;

- (h) £22,400 from the Marketing Integrated Care Reserve to fund the costs of a dedicated communications and marketing resource for the County Durham Integrated Community Care Partnership;
- (i) £23,171 to the Transformation Challenge Grant Reserve in respect of a forecast underspend on employee costs supporting the work with community groups and other local organisations to transform the way local services are provided;
- (j) £95,879 to the EU Exit Funding Reserve to fund the spend in respect of preparing for Brexit;
- (k) £46,300 from Corporate Contingencies in respect of increased pension contribution costs as a consequence of auto-enrolment into the Pension Fund;

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 £0.203 million.

## **Corporate Costs**

- 43 The forecast revenue outturn for 2019/20 for Resources – Centrally Administered Costs is a cash limit underspend of £0.336 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 (£97,000), legal expenses (£26,000), corporate subscriptions (£61,000) and expenses associated with raising loans (£22,000). There is a forecast overachievement of income from de-minimis capital receipts (£100,000) arising from the sale of assets. 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 £3.529 million, which is £1.129 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 and is marginally better than the quarter one position.

## 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 £11.290 million in 2019/20, from £209.069 million to £197.779 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.

	<b>Earmarked £ million</b>	<b>Cash Limit £ million</b>	<b>Total £ million</b>
Opening Earmarked Balances as at 1 April 2019	-196.154	-12.915	-209.069
Adjusted for increase (-) / use of Earmarked Reserves	9.023	2.267	11.290
<b>Forecasted Earmarked Reserve Balances as at 31 March 2020</b>	<b>-187.131</b>	<b>-10.648</b>	<b>-197.779</b>

## Dedicated Schools Grant and Schools

- 49 The council currently maintains 223 schools, including nursery, primary, secondary, special schools and a single Alternative Provision (AP) school. The one AP school is for pupils who have been permanently excluded from other schools, or who are at risk of permanent exclusion. Since the quarter one report was prepared three schools have converted to academies and these schools have been excluded from the analysis below.
- 50 The initial budget for 2019/20, for the current maintained schools was £305 million, funded by income of £71 million, budget shares of £224 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	157.155	50.887	24.313	239.955
Premises	0.260	0.143	10.292	4.268	1.091	16.054
Transport	0.021	0.623	0.412	0.886	0.311	2.253
Supplies and Services	0.496	1.681	30.974	10.455	2.918	46.525
Income	-3.714	-1.329	-45.648	-15.457	-4.533	-70.680
Net expenditure	1.323	4.459	153.185	51.039	24.100	234.107
Budget share	-1.067	-4.459	-146.649	-49.068	-22.747	-223.989
Contribution to/from reserves	0.256	-	6.537	1.972	1.354	10.118

51 Schools carried forward balances of £18 million at 31 March 2019 and at the start of the 2019/20 financial year were 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	198.833	-45.648	-146.649	6.537	-18.078	-11.542
Secondary	66.496	-15.457	-49.068	1.972	3.778	5.749
Special	28.633	-4.533	-22.747	1.354	-2.285	-0.932
<b>Total</b>	<b>304.787</b>	<b>-70.680</b>	<b>-223.989</b>	<b>10.118</b>	<b>-17.460</b>	<b>-7.343</b>

53 The School Funding team are currently conducting autumn budget reviews with each school, which will help schools to determine if they need to start a restructuring process in anticipation of needing to make savings to balance their budgets in the coming financial year (2020/21). As part of this, the team agrees a forecast to the end of the current financial year, however in practice schools tend to look at worst-case scenarios and over time the forecasts have been consistently more pessimistic than the final outturn.



- 54 The forecast reported in quarter three of last year indicated that school balances would reduce by £5.0 million, but the actual change was an increase of £1.3 million. The final net expenditure by schools last year was 4.1% less than the net expenditure in their original budget plans. If schools underspend their original budget plans for the current year, then the final balances for the year are likely to be in the region of £17.1 million, a reduction of £0.400 million rather than the £10.1 million included in the original budget plans.
- 55 At the start of the financial year 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).
- 56 Schools with licensed deficits are shown below:

<b>School budgets and forecast balances (£) (negative figures are surpluses)</b>	<b>Gross expenditure</b>	<b>Balance at 31 March 2019</b>	<b>Balance at 31 March 2020</b>	<b>Forecast change in balance</b>
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

- 57 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**

- 58 The quarter two financial forecasts for the DSG budget show an overspend of £7.342 million against a total budget of £52.759 million to year end, which represents a 14% over spend.

DSG Block	Budget £ million	Outturn £ million	Over / (Under) Spend £ million
Schools de-delegated	0.606	0.606	0.000
High Needs	18.532	25.874	7.342
Early Years	30.765	30.765	0.000
Central Schools Services	2.856	2.856	0.000
<b>Total</b>	<b>52.759</b>	<b>60.101</b>	<b>7.342</b>

- 59 The forecast overspend position relates to spending against the High Needs Block, which is forecast to overspend by £7.342 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.
- 60 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.
- 61 The council has agreed to fund up to £5.600 million of the overspend on this area whilst the consultation and reviews are undertaken.
- 62 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
<b>Balance as at 1 April 2017</b>	<b>6.070</b>	<b>2.361</b>	<b>2.728</b>	<b>11.159</b>
Use [-] / Contribution [+] in 2017/18	-4.652	-0.286	-1.488	-6.426
<b>Balance as at 1 April 2018</b>	<b>1.418</b>	<b>2.075</b>	<b>1.240</b>	<b>4.734</b>
Use [-] / Contribution [+] in 2018/19	-7.411	-0.705	-0.231	-8.347
Transfer from COLs	0.384	0	0	0.384
Transfer from PFI re-financing	2.881	0	0	2.881
<b>Balance as at 1 April 2019</b>	<b>-2.728</b>	<b>1.370</b>	<b>1.009</b>	<b>-0.348</b>
Forecast Use [-] / Contribution [+] in 2019/20	-7.342	0	0	-7.342
Contribution from general reserves	5.600	0	0	5.600
<b>Forecast balance as at 31 March 2020</b>	<b>-4.470</b>	<b>1.370</b>	<b>1.009</b>	<b>-2.090</b>

- 63 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 recoupment 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.
- 64 The estimated trigger point for Durham is a deficit of £3.900 million, which means there is headroom of c. £1.810 million when compared to the current forecast position for 31 March 2020.

## **Capital**

### **Background**

- 65 The 2019/20 original budget of £143.472 million was revised in June by amendments supported by the council's Member Officer Working Group (MOWG). The revised budget of £142.663 million was approved by Cabinet on 11 September 2019 in the quarter one Forecast of Revenue and Capital Outturn 2019/20. Details of the original and revised budget are shown in the table below.
- 66 The 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**

- 67 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 September 2019.

<b>Service Grouping</b>	<b>Original Budget 2019/20 as at May MOWG</b>	<b>Revised Budget 2019/20 Quarter 1</b>	<b>Amendments recommended by MOWG</b>	<b>Revised Budget 2019/20 Quarter 2</b>	<b>Actual Spend to 30 September 2019</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Adult and Health Services	0.000	0.000	0.000	0.000	0.000
Children and Young People's Services	25.874	23.989	1.445	25.434	8.562
Regeneration and Local Services	103.761	105.819	3.153	108.972	28.240
Resources	10.787	10.112	-5.236	4.876	1.167
Transformation and Partnerships	3.050	2.743	0.180	2.923	0.876
<b>TOTAL</b>	<b>143.472</b>	<b>142.663</b>	<b>-0.458</b>	<b>142.205</b>	<b>38.845</b>

68 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** – the service has received the following additional funding:

- (i) **School Devolved Capital** – a school contribution of £35,224 from Cockton Hill Infant School towards works at the school. The School Devolved Capital budget was also increased by £42,747 in line with grant income from DfE.
- (ii) **Secure Services** - £0.200 million grant from DfE for the Secure Unit at Aycliffe Young People's Centre.
- (iii) £17,719 has been transferred from T&P to finance various AAP and Member-led initiatives across schools and Early Years.

(b) **REAL** – the service has received notice of additional funding as follows:

- (i) **Development and Housing** – £0.367 million additional funding comprising £0.323 million Affordable Warmth Solutions grant for Warm Homes Fund schemes and £43,476 for Disabled Facilities Grant schemes (£30,000

Home Office grant and £13,476 direct revenue funding from CYPS).

(ii) **Environmental Services** – £91,000 additional budget for Play Space Play Provision schemes, funded £55,000 from reserves and £36,000 from section 106 contributions.

(iii) **Technical Services** – £34,000 section 106 contribution towards Gilesgate Allotments Accessibility Improvements.

(iv) £0.160 million has been transferred from T&P to finance various AAP and Member-led initiatives across Environmental Services, Technical Services and Transport and Contracted Services.

(c) **Resources** - £37,957 for the Civica Pension Fund Administration System financed by £15,000 capital contribution from Durham and Darlington Fire & Rescue Service and £22,957 direct revenue funding.

(d) **T&P** – £0.270 million for Sherburn Hill Community Centre from the DVR Reserve and £37,390 for Witton Park Memorial Garden funded from section 106 contributions. Members and AAPs have requested budget transfers to CYPS and REAL totalling £0.178 million.

69 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** – £1.253 million has been re-profiled from 2020/21 into 2019/20 to cover expected expenditure on a number of school related schemes.

(b) **REAL** - £5.994 million has been re-profiled from 2019/20 across the period from 2020/21 to 2021/22. Significant amounts include £1.314 million for Burnigill Bank, £1.300 million for Chester-le-Street Deculverting Project and £1.593 million for Newton Aycliffe Housing Infrastructure Fund. £8.391 million has been reprofiled from 2020/21 and 2021/22 into 2019/20, including £7.709 million for the new council HQ.

(c) **Resources** – budget of £5.273 million (net) has been re-profiled to 2020/21 with the majority of this relating to Digital Durham schemes.

- (d) **T&P** – re-profiling of £49,497 from 2020/21 to 2019/20 for Members Neighbourhood Fund schemes where offer letters have been issued.

## Capital Financing

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

<b>Financed By:</b>	<b>Original Budget 2019/20</b>	<b>Revised Budget 2019/20</b>	<b>Amendments recommended by MOWG</b>	<b>Revised Budget 2019/20</b>
		<b>Quarter 1</b>		<b>Quarter 2</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Grants and Contributions	51.847	52.152	-2.950	49.202
Revenue and Reserves	8.204	9.461	8.029	17.490
Capital Receipts	13.947	13.947	0.000	13.947
Borrowing	69.474	67.103	-5.537	61.566
<b>TOTAL</b>	<b>143.472</b>	<b>142.663</b>	<b>-0.458</b>	<b>142.205</b>

## Council Tax and Business Rates Collection Funds

### Council Tax

- 71 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.
- 72 The collection rate at 30 September 2019 was slightly below the profiled target of 56.38%, and 0.27% 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.
- 73 The in-year collection rates at the end of quarter two for the current and last two financial years, are as follows:

<b>Billing Year</b>	<b>Position at 30 September Each Year %</b>
2019/20	55.96
2018/19	56.23
2017/18	56.79

- 74 The current overall collection rate for 2018/19 council tax liabilities is now 97.60% (compared to 96.65% at 31 March 2019), and for 2017/18 the rate is now 98.59% (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 99.58%, which is line with our medium term financial plan forecasts.
- 75 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.
- 76 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 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.
- 77 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.
- 78 At 30 September 2019, the estimated outturn for the Council Tax Collection Fund is a surplus of £1.074 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 £0.899 million, which could be available to support the 2020/21 budget.

	<b>£ million</b>
Net Bills issued during Accounting Year 2019/20	339.584
LCTRS and previous years CTB adjustments	-57.118
Calculated change in provision for bad debts required and write offs	-2.702
<b>Net income receivable (a)</b>	<b>279.764</b>
<b>Precepts and Demands</b>	
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
<b>Total Precepts and Demands (b)</b>	<b>278.567</b>
<b>Net Surplus / (-) Deficit for year (a) – (b)</b>	<b>1.198</b>
<b>Undeclared Surplus / (-) Deficit Brought Forward from 2018/19</b>	<b>-0.124</b>
<b>Estimated Year end surplus</b>	<b>1.074</b>

- 79 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.
- 80 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.

### **Business Rates**

- 81 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 also the level of income anticipated for the year is important.

- 82 In 2017/18, following consultation, the Government implemented the first revaluation of Business Rates since April 2010.
- 83 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.
- 84 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.
- 85 At 30 September 2019, the estimated outturn for the Collection Fund Business Rates is a surplus of £1.718 million, after taking into account the undeclared surplus position as at 31 March 2019 of £1.289 million, as calculated in the following table.

	<b>£ million</b>
Net rate yield for 2019/20 including previous year adjustments	116.241
Estimate of changes due to appeals lodged and future appeals	-3.131
Estimated losses in Collection – Provision for Bad Debts and Write-offs	-1.196
<b>Net income receivable (a)</b>	<b>111.914</b>
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
<b>Total fixed payments (b)</b>	<b>111.485</b>
<b>Net surplus for year (a) – (b)</b>	<b>0.429</b>
<b>Undeclared Surplus / (-) Deficit brought forward from 2018/19</b>	<b>1.289</b>
<b>Estimated year end Surplus</b>	<b>1.718</b>

- 86 The in-year estimated surplus of £0.428 million and the total undeclared surplus brought forward from 2018/19, leaves an estimated surplus of £1.718 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 £0.841 million.
- 87 The Business Rates provision for appeals includes an amount for a potential liability to refund business rates to NHS bodies within County Durham. The provision covers 60% of the expected liability on the basis of the perceived risk of a successful appeal. The case will be heard in the High Court in November and the outcome will directly impact on the Business Rates surplus / deficit.

- 88 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 two for the current and last two financial years, are as follows:

<b>Billing year</b>	<b>Position at 30 September Each Year %</b>
2019/20	58.73
2018/19	58.90
2017/18	59.64

- 89 In year performance to 30 September 2019 shows a collection rate of 58.73%, which is below the profiled target by 0.35% points.
- 90 The current overall collection rate for 2018/19 business rate liabilities is now 98.48% (compared to 97.90% at 31 March 2019) and for 2017/18 business rate liabilities is now 99.60% (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 99.42%, which is line with our medium term financial plan forecasts.

### **Section 31 Grant - Small Business Rate Relief**

- 91 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.
- 92 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%.
- 93 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 September 2019,

the gross small business relief awarded against 2019/20 business rates bills and adjustments to 2013/14-2018/19 bills is £16.159 million, and the council will receive £5.305 million in Section 31 grant, including the capping adjustment and threshold change adjustments, in this regard.

### **Other Section 31 Grants**

- 94 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.
- 95 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.
- Cabinet – 11 September 2019 – Forecast of Revenue and Capital Outturn 2018/19 – Period to 30 June 2019.

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## **Appendix 1: Implications**

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### **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 updated forecast of outturn position for Revenue and Capital and details the updated forecast movement on reserves.

### **Consultation**

None.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Climate Change**

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	Revised Budget	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	£'000
Employees	530,841	537,324	1,656	38	250	539,268	534,285	352	534,637	-4,631	-2
Premises	52,991	52,617	286	0	102	53,005	52,735	0	52,735	-270	0
Transport	42,276	43,047	-278	0	22	42,791	44,684	0	44,684	1,893	0
Supplies & Services	120,203	119,467	1,515	300	572	121,854	123,887	1,216	125,103	3,249	-234
Agency & Contracted	386,622	385,714	733	250	1,430	388,127	395,081	2,092	397,173	9,046	0
Transfer Payments	218,762	174,617	366	0	131	175,114	174,720	0	174,720	-394	0
Central Costs	92,722	84,984	-1,210	0	-9,763	74,011	75,725	115	75,840	1,829	0
DRF	710	770	39	0	0	809	1,191	0	1,191	382	0
Other	0	0	0	0	0	0	9	0	9	9	0
Capital Charges	64,132	64,132	0	0	0	64,132	64,132	0	64,132	0	0
<b>GROSS EXPENDITURE</b>	<b>1,509,259</b>	<b>1,462,672</b>	<b>3,107</b>	<b>588</b>	<b>-7,256</b>	<b>1,459,111</b>	<b>1,466,449</b>	<b>3,775</b>	<b>1,470,224</b>	<b>11,113</b>	<b>-236</b>
<b>Income</b>											
Government Grants	645,059	582,049	-1,237	0	-68	580,744	585,371	14	585,385	-4,641	0
Other Grants and Contributions	75,516	75,968	2,261	0	-97	78,132	80,027	0	80,027	-1,895	0
Sales	9,945	8,810	-569	0	0	8,241	7,840	250	8,090	151	-100
Fees and Charges	106,228	104,744	42	0	-100	104,686	106,460	0	106,460	-1,774	0
Rents	8,637	8,757	-7	0	0	8,750	9,683	0	9,683	-933	0
Recharges To Other Services	236,221	244,319	1,978	0	724	247,021	247,692	0	247,692	-671	0
Other	6,872	6,236	172	0	0	6,408	7,084	0	7,084	-676	0
<b>Total Income</b>	<b>1,088,478</b>	<b>1,030,883</b>	<b>2,640</b>	<b>0</b>	<b>459</b>	<b>1,033,982</b>	<b>1,044,157</b>	<b>264</b>	<b>1,044,421</b>	<b>-10,439</b>	<b>-100</b>
<b>NET EXPENDITURE</b>	<b>420,781</b>	<b>431,789</b>	<b>467</b>	<b>588</b>	<b>-7,715</b>	<b>425,129</b>	<b>422,292</b>	<b>3,511</b>	<b>425,803</b>	<b>674</b>	<b>-336</b>



## Appendix 4: Earmarked Reserves Position as at 30 September 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 SEP 2019
			£'000	£'000	£'000	£'000	£'000	£'000
1	Social Care Reserve	AHS	-25,406	0	-4,177	143	-4,034	-29,440
2	Public Health Reserve	AHS	-4,460	1,374	0	0	1,374	-3,086
3	Children's Services Reserve	CYPS	-2,191	777	0	0	777	-1,414
4	Education Reserve	CYPS	-13,872	633	-3	0	630	-13,242
5	Community Protection Reserve	REAL	-582	113	0	-114	-1	-583
6	Direct Services Reserve	REAL	-2,076	347	-72	0	275	-1,801
7	Culture and Sport Reserve	REAL	-3,633	443	0	0	443	-3,190
8	Technical Services Reserve	REAL	-1,713	0	0	0	0	-1,713
9	Business Growth Fund Reserve	REAL	-604	0	0	0	0	-604
10	Economic Development Reserve	REAL	-13,116	1,461	-3	487	1,945	-11,171
11	Planning Reserve	REAL	-1,580	40	0	0	40	-1,540
12	North Pennines AONB Partnership Reserve	REAL	-1,467	0	0	0	0	-1,467
13	Employability and Training Reserve	REAL	-57	0	0	0	0	-57
14	REAL Match Fund Programme Reserve	REAL	-1,587	363	0	0	363	-1,224
15	Housing Regeneration Reserve	REAL	-638	208	0	0	208	-430
16	Housing Solutions Reserve	REAL	-2,026	107	0	28	135	-1,891
17	Transport Reserve	REAL	-491	65	0	-450	-385	-876
18	Funding and Programmes Management Reserve	REAL	-478	0	-17	0	-17	-495
19	Customer Services Reserve	Resources	-334	13	0	0	13	-321
20	Resources Corporate Reserve	Resources	-426	0	0	0	0	-426
21	Resources DWP Grant Reserve	Resources	-1,388	254	0	0	254	-1,134
22	Resources System Development Reserve	Resources	-368	14	0	0	14	-354
23	Resources Housing Benefit Subsidy Reserve	Resources	-1,141	0	0	0	0	-1,141
24	Resources Revenue and Benefits Reserve	Resources	-758	134	0	-80	54	-704
25	Resources Legal Reserves	Resources	-379	79	0	-110	-31	-410
26	Resources Elections Reserve	Resources	-765	0	-95	0	-95	-860
27	Resources ICT Reserves	Resources	-1,477	328	0	0	328	-1,149
28	Resources Registrars Trading Reserve	Resources	-200	0	0	0	0	-200
29	Resources Human Resources Reserves	Resources	-300	160	0	0	160	-140
30	Resources Operations and Data Reserve	Resources	-50	12	0	0	12	-38
31	T&P AAP/Members Reserve	T&P	-1,481	74	-140	0	-66	-1,547
32	T&P Grant Reserve	T&P	-1,088	0	-15	0	-15	-1,103
33	T&P Operational Reserve	T&P	-2,404	511	-147	-55	309	-2,095
34	T&P Transformation Reserve	T&P	-1,690	521	-68	0	453	-1,237
35	Equal Pay Reserve	Corporate	-14,993	14	0	0	14	-14,979
36	Insurance Reserve	Corporate	-9,988	8	0	0	8	-9,980
37	ER/VR Reserve	Corporate	-8,647	1,283	0	0	1,283	-7,364
38	Budget Support Reserve	Corporate	-29,660	5,488	0	0	5,488	-24,172
39	Office Accommodation Capital Reserve	Corporate	-32,944	68	0	-384	-316	-33,260
40	Inspire Programme Reserve	Corporate	-886	419	0	275	694	-192
41	Commercialisation Support Reserve	Corporate	-5,800	9	0	0	9	-5,791
42	Capital Reserve	Corporate	-2,510	0	0	0	0	-2,510
43	Feasibility Study Reserve	Corporate	-500	0	0	0	0	-500
44	Business Support Reserve	Corporate	0	0	-1,329	29	-1,300	-1,300
	<b>Total Earmarked Reserves</b>		<b>-196,154</b>	<b>15,320</b>	<b>-6,066</b>	<b>-231</b>	<b>9,023</b>	<b>-187,131</b>
	<b>Cash Limit Reserves</b>							
45	Adult and Health Services		-7,919	0	-2,438	316	-2,122	-10,041
46	Children and Young People's Services		0	0	2,637	0	2,637	2,637
47	Regeneration and Local Services		-3,152	936	1,313	-85	2,164	-988
48	Resources		-1,572	47	-528	0	-481	-2,053
49	Transformation and Partnerships		-272	43	26	0	69	-203
	<b>Total Cash Limit Reserves</b>		<b>-12,915</b>	<b>1,026</b>	<b>1,010</b>	<b>231</b>	<b>2,267</b>	<b>-10,648</b>
	<b>Total Council Reserves</b>		<b>-209,069</b>	<b>16,346</b>	<b>-5,056</b>	<b>0</b>	<b>11,290</b>	<b>-197,779</b>
	<b>Schools' Balances</b>							
Sch 1	Schools' Revenue Balance	CYPS	-17,690	400	0	0	400	-17,290
Sch 2	DSG Reserve	CYPS	349	1,742	0	0	1,742	2,091
	<b>Total Schools and DSG Reserve</b>		<b>-17,341</b>	<b>2,142</b>	<b>0</b>	<b>0</b>	<b>2,142</b>	<b>-15,199</b>