

Cabinet

14 September 2022



**Forecast of Revenue and Capital
Outturn 2022/23 – Period to 30 June
2022 and Update on Progress towards
achieving MTFP(12) savings**

Ordinary Decision

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Cabinet with:
 - (a) the initial forecast revenue and capital outturn for 2022/23, based on the position to June 2022;
 - (b) the forecast for the council tax and business rates collection fund position at 31 March 2023, based on the position to 30 June 2022; and
 - (c) details of the forecast use of and contributions to earmarked, cash limit and general reserves in 2022/23 and the estimated balances that will held at 31 March 2023.
- 2 To seek approval of the revised capital programme 2022/23, other budget adjustments and proposed sums treated as outside of the cash limit in year.
- 3 To provide Cabinet with an update on progress towards achieving MTFP(12) savings in 2022/23.

Executive summary

- 4 During the last two financial years the council has faced unprecedented budget pressures as a consequence of the Covid-19 pandemic. Across that period the government provided significant additional funding to local authorities to ensure they were able to respond and manage the financial challenges faced.
- 5 In County Durham, the funding received more than offset the costs incurred, net of Covid-19 related underspending, over the last two years, but no further funding is available to the Council to offset any legacy impacts arising from the pandemic.
- 6 In 2022/23 the council is facing a new financial challenge, mainly resulting from the impact of the Ukraine conflict. Consumer Price Inflation (CPI) in the UK economy is presently 9.4% but is forecast to peak early in 2023 at circa 13% and this is driving significant upward pressure across a range of expenditure budgets. Specific areas of council spend are well in excess of the current CPI level of 9.4%, especially in relation to energy, fuel and external contracts where energy and fuel are a major factor, such as waste disposal and in home to school transport.
- 7 The risk arising from escalating inflation, which is also impacting household incomes and placing a squeeze on household incomes, was recognised during the 2021/22 final outturn. On 13 July 2022 Cabinet agreed to the creation of a Budget Support Reserve of £10 million to assist with cost inflationary pressures in 2022/23.
- 8 The current levels of inflation have resulted in the Local Government Employers making a revised pay offer for 'Green Book' employees (covering the vast majority of council employees) of a flat rate increase of £1,925 per annum. This offer equates to a 6.6% increase in the council's pay bill, whereas the 2022/23 budget has provision for up to 3.25%. If settled at this level, this will add a forecast circa £6.5 million per annum to council costs.
- 9 At this stage it is not expected that local authorities will receive any additional financial support from the government in 2022/23 and will need to rely upon available reserves to finance any 2022/23 overspends. Of more concern at this stage is what the financial settlement may be for local government in 2023/24. A consultation document on a two year local government finance settlement for 2023/24 and 2024/25 was expected to be published in July 2022. This has however been delayed however due to the resignation of the Prime Minister and subsequent leadership process and it is not clear at this

stage when or if the consultation will be published and whether a two year settlement is now likely.

- 10 The impact of inflation is resulting in significant overspends in 2022/23 and is also resulting in additional forecast costs across the MTFP(13) planning period. The impact of inflation upon the MTFP(13) forecasts will be reported to Cabinet in October 2022.
- 11 Based on the position to 30 June 2022 service grouping cash limit budgets are forecasting an overspend of £27.478 million. A sum of £8.294 million is available in general contingencies to part finance the pay award, resulting in a net cash limit overspend of £19.184 million.
- 12 Within these forecast that are a range of unavoidable other budget pressures being experienced by service groupings in 2022/23 as a result of high levels of inflation. Budget pressures such as energy, waste disposal and transport will be covered corporately. Sums covered corporately are forecast to be £14.124 million resulting in a residual net cash limit overspend of £5.060 million.
- 13 At quarter one, Children and Young People's Services are forecasting a cash limit overspend of £4.865 million. The service does not have a cash limit reserve to offset this overspend so, as in previous years, this overspend will need to be financed from the General Reserve.
- 14 Overall, it is estimated that the council's 2022/23 budget will be overspent by £14.643 million, representing 2.84% of the net expenditure budget of £516.496 million. A sum of £0.195 million is within the cash limit budgets with £14.448 million to be covered corporately. The £10 million Budget Support Reserve created to finance inflation related pressures in 2022/23 will be fully utilised leaving £4.448 million to be financed from the General Reserve resulting in a forecast end of year balance of £21.450 million.
- 15 There are a wide range of assumptions that have been made in relation to expenditure and income over the remainder of the financial year. Cabinet will be receiving quarterly reports on outturn forecasts throughout the year.
- 16 Total earmarked and cash limit reserves (excluding school reserves) are forecast to reduce by £42.288 million in 2022/23, from £235.529 million to £193.241 million.
- 17 The forecast cash limit and general reserves position is still considered to be prudent given the financial uncertainties facing local government beyond 2022/23. The MTFP(13) report to Cabinet on 13 July 2022 highlighted ongoing budget concerns for the council with a forecast savings shortfall of £54.845 million over the 2023/24 to 2026/27 period.

Those forecasts were prepared before the quarter one forecasts were completed and in reality, it is likely this sum will be higher than the latest reported forecast due to the ongoing inflationary increases, with the delivery of further savings becoming ever more challenging to achieve.

- 18 The projected capital outturn this year is £255.538 million, with the capital budget having been augmented with reprofiled budget from underspending against the 2021/22 capital programme.
- 19 The forecast outturn for the Council Tax Collection Fund shows an in-year surplus of £0.499 million, but a cumulative deficit of £2.589 million to 31 March 2023 after accounting for the deficit brought forward from 2021/22 and the third and final instalment of the phasing of the 2020/21 deficit (£1.907 million). Durham County Council's share of this net deficit would be £1.758 million.
- 20 The forecast outturn for the Business Rates Collection Fund is an in-year deficit of £3.702 million, but a cumulative deficit of £2.871 million after taking into account the 2021/22 undeclared surplus. Durham County Council's share (49%) of this is £1.407 million.
- 21 The in year business rates deficit, is offset in the General Fund by the receipt of additional Section 31 grants of £4.005 million.
- 22 The in year collection rates for both Council Tax and Business Rates has increased from 2020/21 and 2021/22 following the re-instating of full formal recovery action from June 2021, though are not yet back to pre-pandemic levels.
- 23 As at 30 June 2022 the council has delivered savings totalling £1.917 million, which is 79% of the £2.427 million savings target for the year.

Recommendations

- 24 It is recommended that Cabinet:
 - (a) note the council's overall forecast financial position for 2022/23 and the continuing uncertainty associated with the outturn forecast resulting from the significant inflationary cost pressures and ongoing covid-19 impacts on income as set out in the report;
 - (b) agree the proposed 'sums outside the cash limit' for approval as set out in the report;
 - (c) agree the revenue and capital budget adjustments outlined in the report;
 - (d) note the forecast use of earmarked reserves in year;

- (e) note the forecast end of year position for the cash limit and general reserves;
- (f) note the inflationary pressures which are forecast to be managed from the Budget Support Reserve and from the General Reserve;
- (g) note the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates; and
- (h) note the amount of savings delivered to 30 June 2022 against the 2022/23 targets and the total savings that will have been delivered since 2011.

Background

- 25 Council agreed Medium Term Financial Plan 12 (MTFP12), which incorporates the revenue and capital budgets for 2022/23, on 23 February 2022. MTFP(12) covers the period 2022/23 to 2025/26.
- 26 The MTFP(12) report highlighted ongoing budget concerns for the council with a forecast savings shortfall of £29.987 million over the 2023/24 to 2025/26 period.
- 27 On 13 July 2022 Cabinet considered the initial Medium Term Financial Plan 13 (MTFP13) forecasts, which highlighted further ongoing budget concerns for the council and an updated forecast savings shortfall of £54.845 million over the 2023/24 to 2026/27 period. The delivery of further savings to this magnitude is becoming ever more challenging to achieve and, based on the quarter one forecasts contained in this report, is highly likely that the position has worsened.
- 28 During the last two financial years the council has faced unprecedented budget pressures as a consequence of the Covid-19 pandemic. Across that period the government provided significant additional funding to local authorities to ensure they were able to respond and manage the financial challenges faced.
- 29 In County Durham, the funding received more than offset the costs incurred, net of Covid-19 related underspending, over the last two years, but no further funding is available to the Council to offset any legacy impacts arising from the pandemic.
- 30 In 2022/23 the council is facing a new financial challenge, mainly resulting from the impact of the Ukraine conflict. Consumer Price Inflation (CPI) in the UK economy is presently 9.4% but is forecast to peak early in 2023 at circa 13% and this is driving significant upward pressure across a range of expenditure budgets.
- 31 The constitution requires that the Chief Finance Officer must report to Cabinet on the overall council budget monitoring position on a quarterly basis.
- 32 This report satisfies that requirement and provides a forecast of the revenue and capital outturn for 2022/23, based upon expenditure and income up to 30 June 2022. It includes details relating to the General Fund revenue and capital budgets 2022/23, the Collection Funds for Council Tax and Business Rates and contains details relating to the Dedicated Schools Grant funding blocks, including the financial performance of our maintained schools. This is the first set of forecasts of financial performance against the 2022/23 budgets this financial year.

- 33 The report also provides an update on the delivery of MTFP(12) savings for 2022/23. The planned 2022/23 savings were agreed by Council in February 2022 with a savings target of £2.427 million for the current year. This brings the overall savings target for the period from 2011/12 to 2022/23 to circa £250 million. Significant progress has been made towards achieving these savings.

Costs outside the Cash limit - Inflationary Pressures

- 34 The current exceptionally high levels of inflation, especially for energy, waste, transport and for pay awards exceed the budget provision. These cost increases are very much a result of the Ukraine conflict and at this point it is not clear when this impact will dissipate.
- 35 Energy costs started to escalate in late 2021 and have continued to do so ever since. Whilst the 2022/23 in year cost increases have been partially offset by forward purchasing of energy and increased power generation income from the Joint Stocks Landfill site, the forecast additional net budget requirement for energy inflation is £4.923 million (£6.033 million less power income generation of £1.110 million) during 2022/23. This is despite the 2022/23 budget making provision for £3.1 million of growth in the gas and electricity budgets this year. In 2022/23 the forecasts are that the Council will spend £18.900 million on gas and electric, compared to the £7.500 million it spent in 2019/20 (pre-covid).
- 36 A number of the council's major contracts have annual inflationary uplift calculations built into them linked to CPI or RPI uplifts and sometimes linked to key materials inflation. e.g., diesel prices. The main contracts affected by these uplifts relate to waste and refuse collection, home to school transport and local bus subsidy contracts and ICT contracts. The additional forecasted budget requirement for these contracts total £2.687 million during 2022/23.
- 37 The price fluctuation in these markets continues to be significant and complex which makes forecasting the council's outturn position even more challenging than usual.
- 38 The National Employers for Local Government Services pay offer issued on 25 July 2022 of a flat rate increase of £1,925 per annum results in a £14.808 million increased employee budget requirement (equating to an average 6.6% increase) during 2022/23. General contingencies provide for funding of £8.294 million (provision for up to a 3.25% increase) therefore there is a shortfall of £6.514 million.
- 39 Overall, it is forecast that unavoidable and unbudgeted inflationary pressures that will need to be picked up corporately amount to £14.124 million. These costs will be financed in the first instance from the £10

million Budget Support Reserve approved for this purpose by Cabinet on 13 July 2022, with the residual £4.124 million to be financed from the General Reserve.

Revenue Outturn Forecast – Based on Position to 30 June 2022

40 A number of adjustments have been made to the original budget agreed by Council on 23 February 2022:

- (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 (Appendix 4).

41 The following table compares the forecast of outturn with the revised budget. Further detail is provided in Appendices 2 and 3.

Forecast of Revenue Outturn 2022/23

	Original Budget 2022/23	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecasted Variance	Adjustment for inflationary-related sums outside the cash limit included in Forecast of Outturn					Forecasted Variance excluding inflationary sums
	£'000	£'000	£'000	£'000	Energy	Waste	Transport Fuel	Home to School Transport	Pay Inflation 22/23	£'000
Adult and Health Services	136,741	138,193	138,058	-135	-28	0	0	0	-900	-1,063
Children and Young People's Services	141,886	162,788	170,497	7,709	-352	0	0	-1,283	-1,209	4,865
Neighbourhoods and Climate Change	112,985	116,123	119,506	3,383	-885	61	-865	0	-1,383	311
Regeneration, Economy and Growth	54,934	57,588	63,908	6,320	-3,713	0	-600	0	-1,199	808
Resources	25,249	25,832	27,739	1,907	55	0	0	0	-1,823	139
Cash Limit Position	471,795	500,524	519,708	19,184	-4,923	61	-1,465	-1,283	-6,514	5,060
Contingencies	17,078	11,817	11,817	0						0
Corporate Costs	3,816	4,188	4,085	-103	0	0	0	0	0	-103
NET COST OF SERVICES	492,689	516,529	535,610	19,081	-4,923	61	-1,465	-1,283	-6,514	4,957
Capital charges	-61,873	-61,873	-61,873	0						0
DSG deficit reserve adjustment	0	205	205	0						0
Interest and Investment income	-2,900	-2,900	-4,838	-1,938						-1,938
Interest payable and similar charges	48,780	48,350	45,850	-2,500						-2,500
Levies	16,176	16,185	16,185	0						0
Net Expenditure	492,872	516,496	531,139	14,643	-4,923	61	-1,465	-1,283	-6,514	519
Funded By:										
Council tax	-252,142	-252,142	-252,142	0						0
Use of earmarked reserves	-25,072	-46,647	-56,647	-10,000	4,923	-61	1,465	1,283	2,390	0
Estimated net surplus (-) / deficit on Collection Fund	9,788	9,788	9,788	0						0
Business Rates	-52,873	-52,873	-52,873	0						0
Top up grant	-72,780	-72,780	-72,780	0						0
Revenue Support Grant	-29,100	-29,100	-29,100	0						0
New Homes Bonus	-4,082	-4,082	-4,082	0						0
Section 31 Grant	-25,026	-25,026	-25,026	0						0
Adult/Childrens Pressures Grant	-30,955	-30,955	-30,955	0						0
Lower Tier Services Grant	-786	-786	-786	0						0
Services Grant	-8,776	-8,776	-8,776	0						0
Forecast contribution to/from (-) Cash Limit Reserve	-1,068	-3,117	-3,312	-195						-195
Forecast contribution to/from (-) General Reserves	0	0	-4,448	-4,448						-4,448
Total Funding	-492,872	-516,496	-531,139	-14,643	4,923	-61	1,465	1,283	2,390	-4,643
TOTAL	0	0	0	0	0	0	0	0	-4,124	-4,124

42 The above table identifies a forecast net overspend of £4.643 million (following the application of the £10 million Budget Support Reserve established on 31 March 2022) representing 0.90% of the net expenditure budget of £516.496 million. Included within this net overspend, the in year cash limit overspend (following general reserve

funding of the CYPs Cash limit overspend) is forecasted at £0.195 million. An in year corporate overspend of £4.448 million is also forecast to be financed from the General Reserve.

- 43 Approval is being sought for the following sums to be funded from / transferred to general contingencies. The following sums are deemed to be outside of service grouping cash limits and will be funded from general contingencies.

Service Grouping	Proposal	Amount £ million
Resources	Pensions	-0.067
Resources	Storm Emergency Costs	-0.036
Resources	Legal Assistants re COVID-19	0.067
Resources	LCTS Admin Subsidy	0.026
ALL	2021/22 Pay Award	3.643
REG	Security Costs	0.092
NCC	Refuse Collection bank holidays	0.060
REG	Leisure Centre Income reduction	1.180
REG	Catering Income reduction	0.296
TOTAL		5.261
ALL	2022/23 Pay Award (part)	8.294
TOTAL		13.555

- 44 The leisure income shortfall set out above results from a slower than hoped recovery in income levels after the pandemic. This position will be closely monitored over the coming months.
- 45 The catering income reduction is as a consequence of current hybrid ways of working with lower numbers of employees attending workplaces reducing catering income whilst costs increase.
- 46 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 2022	Budgeted use at 1 April 2022	Movement during 2022/23	2022/23 Forecast of Outturn
	£ million	£ million	£ million	£ million
Service Grouping Cash Limit				
Adult and Health Services	-6.149	0.131	0.373	-5.645
Children and Young People's Services	0.000	0.000	0.000	0.000
Neighbourhoods and Climate Change	-1.457	0.705	0.386	-0.366
Regeneration, Economy and Growth	-2.868	0.000	0.908	-1.960
Resources	-1.090	0.232	0.431	-0.427
Total Cash Limit Reserve	-11.564	1.068	2.098	-8.398
General Reserve	-25.898	0.000	4.448	-21.450

- 47 The forecast cash limit and general reserves position is considered to be a prudent one given the significant ongoing financial uncertainties facing local government beyond 2021/22.
- 48 The MTFP(13) forecasts reported to Cabinet in July were prepared before the quarter one forecasts were completed and in reality, it is likely this sum will be higher than the latest reported forecast due to the ongoing inflationary increases, with the delivery of further savings becoming ever more challenging to achieve

Cash Limit Position

- 49 The reasons for the major variances against the revised budgets are detailed below. It is important to note that the cash limit positions exclude the inflationary related issues which are outside the control of budget managers.

Adult and Health Services (AHS)

- 50 The 2022/23 projected outturn for AHS, based upon the position to 30 June 2022 is a cash limit underspend of £1.063 million to the year end, representing circa 0.77% of the total revised budget for AHS.
- 51 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. The 2022/23 pay award costs of £2.047 million (£1.147 million following the allocation of general contingencies provision) have also been excluded from the cash limit outturn position.
- 52 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across AHS to remain within the cash limit. The outturn position is accounted for as follows:

- (a) careful management and control of vacant posts and supplies and services budgets across the service together with uncommitted budgets, results in an estimated net under budget position for the year of £0.779 million;
- (b) net spend on adult care packages is £0.284 million under budget. This area of spend is being closely monitored to assess the impact of COVID-19 as well as ongoing 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.

53 In addition, a net £1.775 million relating to contributions to and from reserves has been excluded from the cash limit outturn forecasts as follows:

- (a) £0.159 million drawdown from the AHS Cash Limit reserve to fund temporary staffing arrangements;
- (b) £0.089 million drawdown from Public Health reserves for Public Health projects;
- (c) £1.399 million drawdown from the AHS cash limit reserve to fund short term projects;
- (d) £0.128 million drawdown from the Corporate Recovery Reserve in respect of ongoing COVID-19 related projects.

54 The following base budget transfers have also been actioned in the first quarter as follows:

- (a) £0.840 million budget transfer to CYPS relating to the Learning Disabilities Navigation service;
- (b) £0.517 million from contingencies into AHS base budget for the 2021/22 pay award costs.

55 A further £0.900 million from general contingencies is forecast within the report to fund the 2022/23 pay award costs

56 Taking the projected outturn position into account, including the transfers to/from reserves in year, the estimated cash limit reserve balance for AHS is forecast to be £5.645 million at 31 March 2023.

Children and Young People's Services (CYPS)

- 57 The 2022/23 projected outturn for CYPS, based upon the position to 30 June 2022 is a cash limit overspend of £4.865 million, representing a 3.3% overspend against the total revised budget for CYPS.
- 58 The cash limit outturn projections exclude forecast use of / contributions to earmarked reserves and items outside the cash limit such as redundancy costs which are met from corporate reserves. Inflationary pressures on energy (£0.352 million) and transport contract prices (£1.283 million) have also been excluded from the cash limit outturn. In addition, the 2022/23 pay award costs of £2.746 million (£1.537 million following general contingencies provision) have also been excluded from the cash limit outturn.
- 59 The forecast outturn position factors in forecast overspends within Education and Operational Support of £0.957 million and Children's Services of £3.907 million, with further details provided below:

- (a) Education and Operational Support is forecasting an overspend of £0.957 million against budget after adjusting for inflationary pressures to be funded corporately;

The main reasons for the overspend position are an income shortfall of £1.586 million and an overspend of £0.350 million on Home to School transport (after adjusting for inflation costs funded corporately). Of the total income shortfall, £0.894 million relates to courses fees, charges and lettings, and £0.692 million is a direct result of lost SLA income following schools converting to academy status;

This overspend is partially offset by an underspend of £1.092 million against employee budgets, which largely results from a planned restructure to address budget pressures and comes into place from September;

- (b) Children's Services is forecast to be a net £3.907 million over budget for the year. The Service is forecasting an overspend of £5.39 million relating to the cost of placements for children looked after where demand continues to rise;

The pressure on the budget in children's social care has been evident for a number of years, as the number of children in the care system has increased significantly and their needs have continued to become more complex. The budget for this area for 2022/23 was increased by £4.230 million, consisting of £2.29 million base budget growth, £1.160 million inflationary budget increase and £0.780 million internal budget transfers.

As at 30 June 2022 there were 983 Children Looked After, which continues a trend of growth in demand in this area as illustrated in the table below:

Date	Number of CLA
March 2021	946
June 2021	943
September 2021	912
December 2021	924
March 2022	982
June 2022	983

The Transitions Navigation team transferred from AHS to CYPS in Quarter 1 along with associated budget and expenditure. A review of activity data is underway to align budget with expenditure across CYPS Social Care prior to reporting at Quarter 2 and, at this stage an underspend of £1.255 million is reported. There is also an underspend of £0.311 million on budgets relating to Adoption Services.

- 60 The forecast cash limit outturn shows the position after a net £1.230 million use of reserves. These are as follows:
- (a) £0.633 million budget transfer from the Recovery Support Reserve to fund committed expenditure in 2022/23;
 - (b) £0.490 million transfer from reserves in relation to the Holiday Activities and Food Programme;
 - (c) £0.107 million transfer from the Young Parents Programme Reserve to fund the programme in 2022/23.
- 61 The following budget transfers have also been actioned in the first quarter as follows:
- (a) £0.840 million transfer from Adults and Health Services relating to the Learning Disabilities Navigation service;
 - (b) £0.807 million transfer from contingencies into CYPS Base budget to fund the 2021/22 Pay award.
- 62 Taking the forecast outturn position into account, there is a forecast £4.865 million deficit cash limit reserve balance at 31 March 2023. This has, as in previous years, been funded by general reserves.

Neighbourhoods and Climate Change (NCC)

- 63 The forecast revenue outturn for 2022/23, based on the position to 30 June 2022, for NCC is a cash limit overspend of £0.311 million.
- 64 The cash limit outturn projections exclude forecast use of / contributions to earmarked reserves and items outside the cash limit such as redundancy costs which are met from corporate reserves, and inflationary pressures on energy (net £0.885 million) and transport prices (£0.865 million). The 2022/23 pay award of £3.145 million (£1.762 million following general contingencies provision) have also been excluded from the cash limit outturn position.
- 65 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across NCC to try and remain within the cash limit. The main reasons accounting for the cash limit outturn position are as follows:
- (a) Environmental Services is forecast to be £0.374 million overspent. This includes £0.342 million additional agency cover required in Refuse and Recycling due to high sickness levels and additional annual leave carried forward from last year due to COVID 19. In addition, there is a £100,000 overspend on bin purchases where costs have recently increased by 22%, and £0.144 million of underachieved income on soil imports, however these overspends have been offset by £100,000 increased income relating to trade waste collections and £0.204 million overachieved income for garden waste income;
 - (b) Highways is forecast to be overspent by £0.324 million. Within this area there is an overspend of £0.721 million on Highways Revenue maintenance work, including cyclic works, drainage, bridges and emergency action works offset by additional income within Strategic Highways relating to enforcement and inspections, road closures, and fixed penalty notices;
 - (c) Community Protection is forecast to underspend by £87,000. This relates to underspending against employee staffing budgets, and is the net effect of having a number of vacant posts in some areas of the service, while having to be over establishment in other areas to facilitate succession planning
 - (d) The central contingencies budget within NCC is underspent by £0.288 million. This budget has been created to fund any cross cutting service pressures within NCC that may arise during the financial year. This budget will be kept under review as the year

progresses and transfers may also be made to Heads of Service areas if the need arises;

- 66 In arriving at the forecast outturn position, the service is estimating outside the cash limit inflation related pressures of £1.689 million which are in the main associated with; Energy (£1.995 million), and Fuel (£0.865 million), with these pressures offset by the benefits of increased power generation income of £1.110 million from the Joint Stocks landfill site.
- 67 £2.365 million relating to use of reserves and cash limits has also been excluded from the outturn. The major items being:
- (a) £1.056 million drawdown from reserves relating to Find and Fix, Climate Change, and Environmental issues;
 - (b) £0.252 million drawdown from Community Protection reserves relating to Property Sector Enforcement, and Horden Making Every Adult Matter;
 - (c) £0.798 million drawdown from PACE reserves in relation to Social Isolation and AAPs;
 - (d) £0.259 million drawdown from NCC Cash Limit Reserve relating to Capital Schemes for workshops and Office Accommodation at Morrison Busty Depot;
- 68 The following budget transfer has also been actioned in the first quarter:
- (a) £0.690 million transfer from contingencies into NCC base budget relating to the 2021/22 pay award.
- 69 A further £1.383 million from general contingencies is forecast within the report to fund the 2022/23 pay award costs
- 70 Taking the projected outturn position into account, the forecasted cash limit reserve balance for NCC will be £0.366 million at 31 March 2023.

Regeneration, Economy and Growth (REG)

- 71 The forecast revenue outturn for 2022/23, based on the position to 30 June 2022, is a cash limit overspend of £0.808 million for REG, after taking account of the forecast use of reserves and items outside the cash limit, including redundancy costs which are met from the corporate reserve, capital accounting entries and use of / contributions to earmarked reserves.

- 72 Inflationary pressures on energy (£3.713 million) and Transport prices (£0.600 million) have been excluded from the cash limit position. The 2022/23 pay award of £2.726 million, (£1.527 million following general contingencies provision) has also been excluded from the cash limit forecast outturn position. In addition, underachieved income of £1.180 million in leisure has been excluded from the cash limit outturn.
- 73 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across REG to try and remain within the cash limit and work is underway to try and recover the forecast overspend position. The main reasons accounting for the outturn position are as follows:
- (a) Culture, Sport and Tourism is forecast to overspend by £0.193 million against budget. The main reasons are a reduction in fine and reservation income in libraries (£83,000) and an unrealised MTFP saving of £0.190 million pending the full year effect of the service restructure that has been implemented;
 - (b) Transport and Contract Services is forecast to overspend by £0.965 million against budget. In Strategic Traffic there is an overspend on Parking Services (£83,000), Traffic Signals (£70,000) and traffic control measures for events (£75,000). In Care Connect there are overspends of £0.372 million in relation to the impact of a staff regrade (£0.300 million) and underachieved SLAs and subsidised client income (£0.100 million) offset by minor underspends across the service. In Integrated Passenger Transport there is a reduction of £0.160 million in departure charges arising from the new Durham Bus Station capital scheme and increased costs of local bus services of £0.129 million;
 - (c) Development and Housing is forecast to overspend by £0.379 million against budget. This is largely due to anticipated additional expenditure of £0.940 million in Housing Solutions with regard to temporary accommodation to tackle homelessness. This continues to be an issue as a legacy of the government initiative to protect and vaccinate all rough sleepers during the pandemic which required additional accommodation (in the form of B&B's and holiday lets). A number of people housed under this initiative remain in temporary accommodation, due to being difficult to house (including victims of domestic abuse fleeing homes as a result of lockdown measures). The position is partially offset by additional net income of £0.559 million within Planning Development (planning & building control fees less anticipated additional appeals costs). Forecast overspends relating to Physical Development (£27,000) and Strategy and Project Development (£36,000) are

offset by anticipated underspends in Spatial Policy (£51,000) and elsewhere across the service;

- (d) Any over or underspends in relation to the activity of Business Durham is managed through an earmarked reserve and therefore there is no impact on the cash limit position. A contribution to reserves in 2022/23 is anticipated based largely upon current occupancy rates across a range of Business Space sites;
- (e) Corporate Property and Land is forecast to underspend by £80,000. Within Buildings & Facilities Management, there is a forecast overspend of £12,000, mainly due to reduced income from public catering facilities following reduced footfall in cultural venues. There are also several small overspends expected in relation to enhanced cleaning requirements that remain in place at this time as a result of Covid-19 (£26,000 in total). Strategy and Property Management is forecast to underspend by £52,000 due primarily to additional unbudgeted commercial properties income, largely offset by an overspend on consultant fees. There are also minor underspends elsewhere within the service, including additional unbudgeted income of £11,000 in Health and Safety;
- (f) Communications Management is forecast to underspend by £0.134 million against budget. This is due to underspends on employee-related costs, partially offset by minor overspends relating to professional fees and advertising;
- (g) Central costs are forecast to underspend by £0.515 million against budget pending a re-allocation of budget to services.

74 In arriving at the forecast outturn position, a net £91,000 relating to contributions to / use of reserves, cash limits and contingencies has been excluded from the outturn. The major items being:

- (a) £1.476 million from contingencies to support budget shortfalls as a result of post covid pressures. This includes £1.180 million in respect of Leisure Centre income and £0.296 million in respect of Catering income as a result of hybrid working;
- (b) £0.798 million use of the Recovery Support Reserve to support payment of business recovery grants;
- (c) £1.134 million contribution to the Bus Services Reserve from the projected underspend in Concessionary Fares to support the provision of bus services and routes in 2022/23;
- (d) £0.649 million contribution to the Cultural Programme Reserve in respect of the removal and relocation of the historical archives;

- (e) £0.400 million contribution to the Planning Reserve in respect of income to support the work of the planning function;
- 75 The following budget transfer has also been actioned in the first quarter:
- (a) £0.652 million transfer from contingencies into REG base budget relating to the 2021/22 pay award.
- 76 A further £1.199 million from general contingencies is forecast within the report to fund the 2022/23 pay award costs.
- 77 Taking the projected outturn position into account, the forecasted cash limit reserve balance for Regeneration, Economy and Growth is £1.960 million at 31 March 2023.

Resources

- 78 The 2022/23 forecast revenue outturn for Resources, based upon the position to 30 June 2022, is a cash limit overspend of £0.139 million.
- 79 The forecasts take 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 2022/23 Pay award inflation of £4.144 million (£2.321 million following general contingencies provision) has also been excluded from the cash limit forecast outturn.
- 80 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 £86,000, with managed underspending on employee costs of £24,000, an underspend on supplies and services of £6,000 and additional income of £56,000 in Financial Management;
 - (b) Transactional and Customer Services is forecast to be under budget by £0.175 million, primarily due to underspends on employee costs of £86,000 and a forecast underspend on supplies and services costs of £19,000 in Revenues and Benefits. Customer Services is forecasting to be under budget on employee costs by £49,000 due to vacancies. Service Management is forecasting to be under budget by £21,000 due to a managed underspend on employee costs;
 - (c) Digital Services is forecast to be over budget by £0.488 million. Within this area underachievement of income is forecast to be

£1.093 million. This has been partially offset by forecast underspends on supplies and services of £0.568 million, premises costs of £34,000 and transport costs of £58,000. There is a managed overspend of £45,000 on employee costs and 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 underspend of £24,000 on employee related expenditure. The service is also forecasting £18,000 of additional income;
- (e) Legal and Democratic Services is forecast to be under budget by £0.136 million. This includes a £0.293 million managed underspend on employee related expenditure, overachieved income amounting to £35,000 and savings on premises costs of £16,000. These underspends have been offset by a forecast overspend of £0.182 million on supplies and services costs (which includes a forecast overspend on barrister costs of £0.177 million);
- (f) HR and Employee Services is forecast to be over budget by £0.141 million, which includes a £57,000 managed overspend on employee related expenditure, £12,000 on supplies and services costs and £76,000 due to unachievable income. There are also a number of other minor variances in this service area;
- (g) Corporate Policy, Planning and Performance is forecast to be under budget by £48,000, primarily due to a managed underspend on employee related costs;
- (h) Procurement, Sales and Business Services is forecast to be under budget by £3,000, due to a forecast of overachieved income.

81 The forecast cash limit outturn shows the position after a net £0.760 million contributions to/from reserves, cash limit and contingencies have been applied. The major items being:

- (a) £90,000 to the transformation programme reserve. The contribution reflects the forecast underspend on employee costs in 2022/23 associated with the transformation team;
- (b) £0.193 million from the Revenues and Benefits Reserve to fund temporary posts to support the workload of the team;
- (c) £95,000 from the HR Reserve in respect of the Workforce Development Programme;

- (d) £0.292 million from the resources Cash limit reserve to fund a number of temporary posts within the service grouping (£0.246 million), and a review of ICT services (£0.046 million).
- 82 The following budget transfer has also been actioned in the first quarter:
- (a) £0.977 million transfer from contingencies into Resources base budget relating to the 2021/22 pay award.
- 83 A further £1.823 million from general contingencies is forecast within the report to fund the 2022/23 pay award cost.
- 84 Taking the forecast outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve balance for Resources is forecast to be £0.427 million at 31 March 2023.

Corporate Costs

- 85 The forecast revenue outturn for 2022/23 for Resources – Centrally Administered Costs is a cash limit underspend of £0.103 million. This takes into account adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves.
- 86 The forecast outturn position is mainly due to reduced expenditure on bank charges and payment card fees (£13,000) expenses associated with raising loans (£23,500), corporate subscriptions (£30,500) and income from de-minimis capital receipts (£20,000) arising from the sale of assets.

Central Budgets

Interest Payable and Similar Charges - Capital Financing

- 87 The forecast outturn position shows that £45.850 million of expenditure will be incurred, which is £2.500 million lower than the £48.350 million budget and reflects the delay in taking new borrowing. The forecasts include the impact of £50 million of new loans taken out in April at interest rates lower than forecast and reflect the ability to continue to delay actual borrowing due to the higher than forecast cash balances at this time.

Interest and Investment Income

- 88 The forecast outturn positions indicates that income of £4.838 million will be generated from interest on investments, which is £1.938 million more than the £2.900 million budget. The forecast surplus reflects the high level of cash balances at this time and increased investment returns, as interest rates achievable on short term investments have

improved significantly with recent increases in the bank rate. Bank rate has risen from 0.10% in November 2021 to its current level of 1.75%. Market indications predict further rises in coming months as the Bank of England seeks to suppress inflation.

- 89 The table below highlights the change in borrowing and investments during the first quarter:

	Actual 31.03.22 £ Million	Average Interest Rate	Actual 30.06.22 £ Million	Average Interest Rate
Borrowing	418	3.25%	468	3.17%
Investments	328	0.48%	379	1.02%
Net Debt	90		89	

Council Earmarked Reserves Forecast

- 90 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 2022, the forecast movement on reserves during the year and the forecast closing balance as at 31 March 2023.

- 91 A summary of the 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 £42.288 million in 2022/23, from £235.529 million to £193.241 million. The movement in earmarked reserves is explained in the service grouping commentaries.

	Earmarked £ million	Cash Limit £ million	Total £ million
Opening Earmarked Balances as at 1 April 2022	-223.964	-11.565	-235.529
Adjusted for increase (-) / use of Earmarked Reserves	38.975	3.313	42.288
Transfers Between Earmarked and Cash Limit Reserves	0.146	-0.146	0.000
Earmarked Reserve Balances as at 31 March 2023	-184.843	-8.398	-193.241

- 92 Earmarked reserves can be categorised as sums held for corporate purposes, sums held on behalf of partner organisations / external grants and other sums earmarked for specific purposes. A summary of the expected movement in these reserves for each category is set out in the table below:

Type	Actual Balance at 1 April 2022 £ million	Forecast Balance at 31 March 2023 £ million	Change in Year £ million
Earmarked – Corporate Reserves	-73.697	-53.214	20.483
Earmarked – Partner/External Grant	-42.183	-31.643	10.540
Earmarked - Other	-108.084	-99.986	8.098
Sub-Total	-223.964	-184.843	39.121
Earmarked - Cash Limit	-11.565	-8.398	3.167
Total Earmarked Reserves	-235.529	-193.241	42.288

93 Based on the quarter one position, cash limit reserves of £8.398 million is forecast at the year end.

Dedicated Schools Grant and Schools

94 The council currently maintains 164 schools, including nursery, primary, secondary, special schools and a single Alternative Provision (AP) school. The AP school is for pupils who have been permanently excluded from other schools, or who are at risk of permanent exclusion.

95 The original budget for 2022/23 for these 164 maintained schools was £255 million, funded by income of £62 million, formula funding budget shares of £186 million (from central government funding) and a budgeted circa £7 million use of accumulated schools' reserves. The table below summarises the schools' initial budgets.

Subjective Budget Heading	Nursery £million	Primary £million	Secondary £million	Special / AP £million	Original Annual Budget £million
Employees	4.523	141.327	25.354	32.723	203.927
Premises	0.311	9.543	1.881	1.750	13.485
Transport	0.001	0.366	0.445	1.189	2.001
Supplies and services	0.391	26.171	4.629	4.757	35.948
Gross expenditure	5.226	177.407	32.309	40.419	255.361
Income	-3.883	-43.804	-6.290	-8.037	-62.014
Net expenditure	1.343	133.603	26.019	32.382	193.347
Budget share	1.072	128.305	25.390	31.259	186.026
Reserves	0.271	5.298	0.629	1.123	7.321
Balance at 31 Mar 2022	0.833	21.260	3.842	2.717	28.652
Balance at 31 Mar 2023	0.562	15.962	3.194	1.597	21.331

96 Seven maintained schools had deficit balances at 31 March 2022, however, for five of these the budget plans for 2022/23 sought to fully recover the position in year. Two schools (Durham Community Business School and Wellfield) have been given approval to set deficit budgets in 2022/23 – where planned expenditure during 2022/23 would result in a deficit balance at 31 March 2023 (known as a licensed deficit). Both schools have been required to set budgets with an in-year surplus so that the accumulated deficit is reduced, as summarised in the table below:

School Name	Phase	Deficit at 31 March 2022	Planned movement of reserves	Planned deficit at 31 March 2023	Licensed deficit (i.e., balance) at 31 March 2023
		£ million	£ million	£ million	£ million
DCBC	Secondary	-0.670	0.093	-0.577	-0.577
Wellfield	Secondary	-2.906	0.203	-2.703	-2.703

97 Like the Council, schools are facing a range of unfunded inflationary pressures, for pay awards and energy costs in year which are forecast to outstrip the initial budget planning assumptions. The forecast position for all maintained schools for quarter 1 is shown in the following table:

Budget Heading	Original Budget	Quarter 1 Forecast	Forecast Variance
	£ million	£ million	£ million
Employees	203.927	220.624	16.697
Premises	13.485	16.233	2.748
Transport	2.001	2.081	0.080
Supplies	35.948	38.580	2.632
Gross expenditure	255.361	277.518	22.156
Income	-62.014	-73.819	-11.805
Net expenditure	193.347	203.699	10.351
Budget share	186.026	186.026	0
Use of reserves	7.321	17.673	10.351
Balance at 31 March 2022	28.652	28.652	0
Balance at 31 March 2023	21.331	10.979	10.351

98 The forecasts are based on the following main assumptions:

- (a) pay award for teachers at 5% for Upper Pay Scales (UPS) grades and higher levels for Main Pay Scales (MPS) – compared to the budgeted assumptions of a 2% increase in year;
- (b) pay award of £1,925 per employee per annum for non-teaching support staff – compared to a flat 2% pay award budget assumption;
- (c) electricity costs are 63% higher than the 21/22 outturn figures – around 10% higher than the 22/23 budgeted amounts;
- (d) gas costs 96% higher than the 21/22 outturn figures – around 40% higher than the 22/23 budgeted amounts;
- (e) impact of inflation on supplies and provisions (particularly food products) has been considered with individual schools;
- (f) income forecasts have been reviewed and updated to include the latest available information, particularly for SEND funding;
- (g) no additional grant income is included in the forecast to cover costs associated with pay awards at this stage.

99 The forecast at quarter 1 indicates schools will be required to utilise £17.673 million of reserves in comparison to £7.321 million included in original budget plans. The change relates to the following:

- (a) employees – an increase of £16.697 million, the majority of which relates to the forecast of staff pay awards of £7.8 million for non-teaching support staff and £3.5 million for teaching staff (7/12ths impact in 22/23);
- (b) premises – an increase of £2.748 million due to updated energy and repairs and maintenance forecasts;
- (c) supplies – an increase of £2.632 million due to updated forecasts reflecting latest inflation figures;
- (d) income – increase in income of £11.8 million, mainly relating to £9.75 million of grant funding plus SEN funding and increases in fees and charges.

100 The forecast position at individual school level indicates that a small number of schools may be in deficit at the end of the current financial year (this is in addition to the two schools given permission to set a licensed deficit) and a more significant number of schools may not have sufficient reserves available to set a balanced budget in 2023/24.

- 101 The School Funding Team will work closely with schools over the autumn term to support the financial planning process in the current and future financial years.

Dedicated Schools Grant Centrally Retained blocks

- 102 The forecast outturn position for the centrally retained DSG budgets shows a projected underspend of £0.205 million, relating to the High Needs block, as detailed below:

DSG Block	Budgeted 2022/23 Budget	Forecast Outturn	Forecast Over / (Under) Spend
	£ million	£ million	£ million
High Needs	76.267	76.062	-0.205
Early Years	29.374	29.374	0
Central Schools Services	2.860	2.860	0
TOTAL	108.501	108.296	-0.205

- 103 The forecast underspend position shown against the High Needs block reflects the continuing effort to reduce the High Needs Block cumulative deficit, however it should be noted that a fuller understanding of pressures linked to top-up funding will only become clearer once the new academic year begins. The council continues to work towards reducing the high needs block deficit position.
- 104 All areas of HNB expenditure will be kept under close review in light of continuing COVID-19 issues, with particular attention on the impact of schools returning where it is possible, we will see an upward trend in the volume of requests for additional support for high needs pupils.
- 105 The impact of the current forecast on the DSG reserves position is shown in the following table:

DSG Reserves	High Needs Block (Unusable Reserve)	Early Years Block	Schools Block	Total DSG
	£ million	£ million	£ million	£ million
Balance as at 1 April 2021	-8.047	1.375	2.749	-3.923
Use / Contribution in 2021/22	-0.796	-0.719	-0.348	-1.863
Balance as at 1 April 2022	-8.843	0.656	2.401	-5.786
Use / Contribution in 2022/23	0.205	0.000	0.000	0.205
Forecast balance as at 1 April 2023	-8.638	0.656	2.401	-5.581

- 106 The overall DSG reserve was in a net deficit position of £5.786 million at the start of the financial year – primarily due to the accumulated £8.843 million deficit position in relation to the high needs block. The overall deficit position is forecast to decrease slightly to £5.581 million to the year end.
- 107 An updated five-year plan for high needs block funding and expenditure, including recovery of the accumulated deficit by the end of the five-year period, was approved by Cabinet in April 2022.
- 108 The latest financial forecasts indicate significant increased expenditure across top-up funding, Pupil Referral Unit and Educational Health Needs areas compared to that include in the five-year plan in April. It is however, anticipated that these pressures can be managed within the funding available for the current financial year, although this will impact on the timing of the recovery of the HNB deficit.
- 109 A review of the current programme of work is taking place in the autumn and this will also include a workshop with Schools Forum. In addition, Durham is identified as one of the 55 local authorities with HNB deficits to work with the DfE on its Delivering Better Value programme.

Capital

- 110 On 13 July 2022 Cabinet received a report which provided details of the final outturn position for the 2021/22 capital programme. This included a reprofiling exercise where £17.867 million of planned but undelivered capital investments in 2021/22 was reprofiled over future years. The 2022/23 budget has also reprofiled, with £50.062 million of planned capital expenditure being moved into future years and additions of £59.234 million added to the 2022/23 budget. These changes give an original budget of £267.920 million for 2022/23, which is shown in the table below.

- 111 The council's Capital Member Officer Working Group (MOWG) closely monitors the capital programme and considers any proposed revisions to the capital programme, taking into account any additional resources secured and requests for reprofiling as Service Management Teams monitor and review their capital schemes.
- 112 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 2022.

Service Grouping	Original Budget 2022/23	Amendments recommended by MOWG Quarter 1	Revised Budget 2022/23 Quarter 1	Actual Spend to 30 June 2022
	£ million	£ million	£ million	£ million
Adult and Health Services	1.170	-0.735	0.435	0.008
Children and Young People's Services	46.281	-0.905	45.375	2.369
Neighbourhoods and Climate Change	79.173	-2.372	76.801	10.120
Regeneration, Economy and Growth	129.318	-6.938	122.380	15.227
Resources	11.977	-1.431	10.547	0.631
TOTAL	267.920	-12.381	255.538	28.356

- 113 Variations of note are as follows:

- (a) **AHS** – The Horden Resource Centre Drug and Alcohol Recovery Service refurbishment scheme is now complete and underspent against the capital budget available, therefore a reduction of £10,514 is noted for this scheme
- (b) **CYPS** – the service has the following additions and reductions to their 2022/23 capital programme:
- (i) **Planning & Service Strategy** - a budget reduction of £46,992 for the Review of Social Services Information Database scheme as this was no longer needed for the CYPS element of the project so was returned to capital contingencies;
- (ii) **School Devolved Capital** – increases to the budgets for St Anne's CE Primary (£28,750 direct revenue funding), Chester-le-Street Red Rose Primary (£18,237 DfE grant),

Butterknowle Primary (£18,204 school loan) and Durham Johnston Comprehensive (£4,000 DfE grant). The School Devolved Capital unprogrammed budget was reduced by £10,720 to reflect a reduction in the grant allocation from DfE;

- (iii) **School Related** – the budget for the Basic Need grant was increased by £73,576 and the budget for the Schools Capital Allocation grant was reduced by £50,274 to bring the budgets into line with revised grant allocations from DfE;
- (c) **NCC** – the service has the following additions and reductions to their 2022/23 capital programme:
- (i) **Environmental Services** - £0.223 million has been included for schemes at various play parks, funded by S106 contributions of £0.218 million and a £5,000 contribution from Bearpark Parish Council. The budget for Bin Storage Solutions has been reduced by £0.159 million (funded from reserves) as these purchases are now to be delivered via the revenue budget, rather than the capital budget;
 - (ii) **Community Buildings** - a budget increase of £0.112 million for the West Rainton Community Centre Capital Grant scheme;
 - (iii) **AAP Capital Budgets** – £67,282 budget increase for various AAP Capital budgets funded from the AAP Revenue Reserve.
- (d) **REG** – the service has the following additions and reductions to their 2022/23 capital programme:
- (i) **Development and Housing** - increases of £0.830 million for Disabled Facilities Grant schemes, funded by grant from the Better Care Fund and £0.176 million for Financial Assistance Policy budgets funded by the repayment of previous loans and grants. The budget for Bishop Auckland HAZ – Community Engagement was increased by £9,150, funded by grant from Historic England;
 - (ii) **Culture and Sport** - the budget for the University Millennium Place Cultural Hub scheme was reduced by £18,651 due to a reduction in the contribution from Durham University towards the scheme;
 - (iii) **Transport & Contracted Services** – budget increases of £21,594 for the Driver Information / UTMC scheme funded by LTP grant and £830 for the Demand Management –

unprogrammed scheme funded by a contribution from a private individual. The budget for Walking & Cycling was reduced by £50,000 to reflect a reduction in the Active Travel Fund grant from NECA.

- 114 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 2022/23:
- (a) **AHS** - £0.724 million was re-profiled from 2022/23 to 2023/24 for the Hawthorn House Development scheme in Adult Care;
 - (b) **CYPS** - £0.945 million has been re-profiled from 2022/23 into 2023/24 to cover expected expenditure on a number of schemes. This includes £0.312 million for a new arrivals area and £0.115 million for a vandal resistant lift, both at Aycliffe Secure Centre, £0.183 million for a window replacement scheme at Copeland Road Primary and £0.335 million BSF contingency budget;
 - (c) **NCC** - £2.605 million was re-profiled from 2022/23 into 2023/24. Significant amounts include £1.240 million for works at Hardwick Park, £0.850 million for the Leachate Treatment at Coxhoe East Landfill scheme and £0.269 million for the Bearpark Community Centre scheme;
 - (d) **REG** - £7.916 million (net) has been re-profiled from 2022/23 into 2023/24. Significant amounts include Levelling Up Fund schemes in the Bishop Auckland area, where £1.344 million for the Locomotion Car Park and £1 million for Locomotion Walking & Cycling will be re-profiled from 2022/23 to 2023/24 to reflect the revised expenditure profile, along with £0.800 million for the Bishop Auckland Town's Deal - Infrastructure – Heritage Sites scheme. Budget of £0.440 million has been re-profiled from 2022/23 to 2023/24 for TCF Walking & Cycling schemes in the Northern and Eastern Corridors following a delivery review of TCF schemes. £1 million of the budget for the Bishop Auckland Town's Deal – Newgate – Market Place scheme has been re-profiled from 2022/23 to 2023/24 to allow more time for the identification and sign off of projects for design and delivery. In Culture & Sport £1.790 million was re-profiled from 2022/23 to 2023/24 for Leisure Centre Transformation schemes at Spennymoor (£1.300 million), Teesdale (£0.300 million) and Riverside (£0.190 million) Leisure Centres due to delays to programme start dates and;
 - (e) **Resources** - £1.431 million (net) was re-profiled from 2022/23 into 2023/24. This includes £1 million for the Digital Durham Top Up Scheme and £0.657 million for other Digital Durham schemes

which was re-profiled from 2022/23 into 2023/24. £0.250 million was re-profiled from 2023/24 to 2022/23 as a result of the acceleration of the Hosted Environment Computing & Storage scheme.

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

Financed By:	Original Budget 2022/23	Amendments recommended by MOWG	Revised Budget 2022/23 Quarter 1
	£ million	£ million	£ million
Grants and Contributions	98.623	-4.893	93.730
Revenue and Reserves	9.741	-1.229	8.512
Capital Receipts	9.058	-0.000	9.058
Borrowing	150.498	-6.259	144.239
TOTAL	267.920	-12.381	255.538

Council Tax and Business Rates Collection Funds

Council Tax

- 116 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.
- 117 The in year collection rate at 30 June 2022 was 27.81%, an improvement on the position as at 30 June 2020 and 30 June 2021 when in-year recovery for 2020/221 ad 2021/22 stood at 27.72%.
- 118 The council is continuing to provide support to those impacted by COVID-19 through Hardship payments of up to £150 for those in receipt of council tax support who are still left with a bill to pay, with £1.315 million having been awarded to 30 June 2022.
- 119 The in-year collection rates at the end of quarter one for the current and last two financial years, are detailed below:

Billing Year	Position at 30 June each Year %
2022/23	27.81
2021/22	27.72
2020/21	27.72

*Updated collection rate for payments made in 2022/23 for 2021/22 and 2020/21 liability.

- 120 The income shown in the Council Tax Collection Fund is the amount collectable from council taxpayers 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 calculated 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.
- 121 The in year collection rates for Council Tax has increased from 2020/21 and 2021/22 following the re-instating of full formal recovery action from June 2021, though are not yet back to pre-pandemic levels. Actual cash collected as at 30 June 2022 was £88.829 million compared with £84.050 million as at 30 June 2021. When the council tax increases for 2022/23 are factored in this represents a year on year real terms increase of £0.913 million in terms of council tax income received.
- 122 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 original budget.
- 123 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.
- 124 In July 2020 the government however, announced that repayments to meet any collection fund deficits accrued in 2020/21 would be phased

over a three-year period (2021/22 to 2023/24) to ease immediate pressures on budgets.

- 125 Two thirds of the estimated total council tax element of the Collection Fund deficit (total £5.720 million) has been accounted for during the 2021/22 and 2022/23 budget setting processes (£3.814 million, with the council's share totalling £3.224 million)
- 126 The 2022/23 forecast Collection Fund position includes the final third of this spread deficit. The council's share will be reflected within the 2023/24 budget.
- 127 In terms of the in year position for the council tax element of the Collection Fund at 30 June 2022, the estimated outturn is a surplus of £0.499 million, with the council's share of the surplus being £0.420 million.
- 128 After taking into account the deficit of £1.907 million, the undeclared 2021/22 deficit of £2.589 million and the forecast in year surplus of £0.499 million, the overall forecast for the council tax element of the Collection Fund is a £2.090 million deficit. The council's share of this deficit is £1.758 million.

	£ million
Net Bills issued during Accounting Year 2022/23	381.501
LCTRS and previous years CTB adjustments	-60.722
Calculated change in provision for bad debts required and write offs	-3.658
Net income receivable (a)	317.121
Precepts and Demands	
Durham County Council	252.142
Parish and Town Councils	14.197
Durham Police Crime and Victim's Commissioner	34.521
County Durham and Darlington Fire and Rescue Authority	15.762
Total Precepts and Demands (b)	316.622
Net Surplus / (-) Deficit for year (a) – (b)	0.499
Undeclared Surplus / (-) Deficit brought forward from 2021/22	-2.589
Estimated year end deficit	-2.090

Business Rates

- 129 Business Rates Retention was implemented in 2013/14 and the council now has a vested budget interest and stake in the level of business rate yield, as income generated from Business Rates is 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.
- 130 On 25 March 2021, the Government announced the introduction of the COVID-19 Additional Relief Fund (CARF), to support businesses in England affected by COVID-19, but not eligible for existing support linked to business rates. This relief is compensated in full by Section 31 grant. The estimated value of this relief is £8.340 million.
- 131 The collection rate at 30 June 2022 was 32.88%, which is 5.28% points above the same position last year. 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 %
2022/23	32.88
2021/22	27.63
2020/21	33.80

*Updated collection rate for payments made in 2022/23 for 2021/22 and 2020/21 liability.

- 132 In line with the position for council tax the repayments to meet any collection fund deficits accrued in 2020/21 can be phased over a three-year period (2021/22 to 2023/24) to ease immediate pressure upon the 2021/22 budget.
- 133 Two thirds of the total estimated business rates element of the Collection Fund deficit (total £1.138 million) has been accounted for during the 2021/22 and 2022/23 budget setting processes (£0.758 million, with the council's share totalling £0.372 million)
- 134 In terms of the in year position for the business rate element of the Collection Fund as at 30 June 2022, the estimated outturn for the year is an in year deficit of £3.702 million of which the council's 49% share is £1.814 million.
- 135 After taking into account, the undeclared improvement in the 2021/22 position of £0.831 million and the forecast in year deficit of £3.702 million the overall forecast for the business rate element of the Collection Fund is a £2.871 million deficit, of which the council's share is £1.407 million.
- 136 The total position for the business rate element of the Collection Fund for 2022/23 is detailed in the following table.

	£ million
Net rate yield for 2022/23 including previous year adjustments	107.514
Estimate of changes due to appeals lodged and future appeals	-1.784
Estimated losses in Collection – Provision for Bad Debts and Write-offs	-1.119
Net income receivable (a)	104.611
Agreed allocated shares:	
Central Government (50%)	53.758
Durham County Council (49%)	52.683
County Durham and Darlington Fire and Rescue Authority (1%)	1.075
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	0.797
Total fixed payments (b)	108.313
Net deficit for year (a) – (b)	-3.702
Undeclared Surplus / (-) Deficit brought forward from 2021/22	0.831
Estimated year end deficit	-2.871

- 137 Taking into account the forecast positions at the end of quarter one for council tax and business rates, alongside the receipt of Section 31 grant for Covid additional Relief Fund (CARF), the overarching position for the council in terms of the 2022/23 Collection Fund are as set out below, which is an overall £0.840 million surplus.

	£ million
Council Tax Deficit	-1.758
Business Rates Deficit	-1.407
Section 31 Grant (CARF)	<u>4.005</u>
NET SURPLUS	<u>0.840</u>

Section 31 Grant - Small Business Rate Relief

- 138 Small business (ratepayers occupying 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.
- 139 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%.
- 140 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.
- 141 At 30 June 2022, the gross small business relief awarded against the 2022/23 business rates bills and adjustments to 2013/14 to 2021/22 bills is £18.345 million, and the council will receive £6.401 million in Section 31 grant, including the capping adjustment and threshold change adjustments, in this regard.

Other Section 31 Grants

- 142 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. In 2021 the Non-Domestic Rating (Public Lavatories) Bill came into force which gives public lavatories 100% relief from business rates, this applies retrospectively from 1 April 2020. Funding for these schemes is provided through Section 31 grants.
- 143 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.

Update on Progress towards achieving MTFP(12) savings

- 144 The delivery of the MTFP(12) agreed savings considers:
- (a) the duties under the Equality Act;
 - (b) appropriate consultation;

- (c) the HR implications of the change including consultation with employees and trade unions;
- (d) communication of the change and the consultation results;
- (e) sound risk management.

145 MTFP(12) savings proposals for 2022/23, agreed by County Council on 23 February 2022 total £2.427 million.

146 At 30 June 2022, savings totalling £1.917 million, representing 79% of the £2.427 million total savings target have been delivered.

Consultation

147 There has not been any public consultation on any of the MTFP(12) proposals in the last quarter.

HR implications

148 The numbers of employees leaving through voluntary redundancy, early retirement and ER/VR during quarter one of MTFP(12) are too low (one) to effectively analyse. Similarly in terms of race and disability, numbers are too low to effectively analyse.

149 There have been no employees leaving through compulsory redundancy.

150 Since 2011, equality data relating to staff leaving through voluntary redundancy, showed that 65.6% were female and 34.4% were male. The higher proportion of female leavers is likely due to the exercises which took place in previous years which focused on traditionally female occupied professions, (these included the closure of care homes, reduction in service in the Pathways and Youth service and a restructure and change of working pattern for Care Connect). This is also reflective of the council's overall gender balance in terms of employees.

151 In terms of race, since 2011, 45.62% of leavers had not disclosed their ethnicity, with 53.97% stating that they were white British or white English. Regarding disability status 2.96% said they had a disability, 13.31% had no disability and 83.73% did not disclose their disability status.

Equality Impact Assessments (EIA)

152 Services have completed EIA screenings and assessments where necessary as part of the decision-making process for 2022/23 MTFP(12) proposals.

153 Projects to deliver growth proposals will be supported to ensure robust planning and that EIA screening are also completed.

Other useful documents

- County Council – 23 February 2022 – Medium Term Financial Plan 2022/23 to 20254/26 and Revenue and Capital Budget 2021/22
- Cabinet – 13 July 2022 - 2021/22 Final Outturn for the General Fund and Collection Fund
- Cabinet – 13 July 2022 – MTFP(13) 2023/24 -2026/27 and review of the Local Council Tax Reduction Scheme

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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 2022 in relation to the 2022/23 financial year. The forecasts contained within this report have been prepared in accordance with standard accounting policies and procedures.

Finance

The report details the 2022/23 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.

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 2: Revenue Summary 2022/23

	Original Budget 2022/23	Proposed Budget Revisions, including sums outside the cash limit	Contribution to / Use of Cash Limit Reserve	Contribution to / Use of Earmarked Reserves	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecasted Variance	Adjustment for inflationary-related sums outside the cash limit included in Forecast of Outturn					Forecasted Variance excluding inflationary sums
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Energy	Waste	Transport Fuel	Home to School Transport	Pay Inflation 22/23	£'000
Adult and Health Services	136,741	-323	1,398	377	138,193	138,058	-135	-28	0	0	0	-900	-1,063
Children and Young People's Services	141,886	1,800	0	19,102	162,788	170,497	7,709	-352	0	0	-1,283	-1,209	4,865
Neighbourhoods and Climate Change	112,985	773	259	2,106	116,123	119,506	3,383	-885	61	-865	0	-1,383	311
Regeneration, Economy and Growth	54,934	3,448	100	-894	57,588	63,908	6,320	-3,713	0	-600	0	-1,199	808
Resources	25,249	-185	292	476	25,832	27,739	1,907	55	0	0	0	-1,823	139
Cash Limit Position	471,795	5,513	2,049	21,167	500,524	519,708	19,184	-4,923	61	-1,465	-1,283	-6,514	5,060
Contingencies	17,078	-5,261			11,817	11,817	0						0
Corporate Costs	3,816	-36	0	408	4,188	4,085	-103	0	0	0	0	0	-103
NET COST OF SERVICES	492,689	216	2,049	21,575	516,529	535,610	19,081	-4,923	61	-1,465	-1,283	-6,514	4,957
Capital charges	-61,873				-61,873	-61,873	0						0
DSG deficit reserve adjustment	0	205			205	205	0						0
Interest and Investment income	-2,900				-2,900	-4,838	-1,938						-1,938
Interest payable and similar charges	48,780	-430			48,350	45,850	-2,500						-2,500
Levies	16,176	9			16,185	16,185	0						0
Net Expenditure	492,872	0	2,049	21,575	516,496	531,139	14,643	-4,923	61	-1,465	-1,283	-6,514	519
Funded By:													
Council tax	-252,142				-252,142	-252,142	0						0
Use of earmarked reserves	-25,072			-21,575	-46,647	-56,647	-10,000	4,923	-61	1,465	1,283	2,390	0
Estimated net surplus (-) / deficit on Collection Fund	9,788				9,788	9,788	0						0
Business Rates	-52,873				-52,873	-52,873	0						0
Top up grant	-72,780				-72,780	-72,780	0						0
Revenue Support Grant	-29,100				-29,100	-29,100	0						0
New Homes Bonus	-4,082				-4,082	-4,082	0						0
Section 31 Grant	-25,026				-25,026	-25,026	0						0
Adult/Childrens Pressures Grant	-30,955				-30,955	-30,955	0						0
Lower Tier Services Grant	-786				-786	-786	0						0
Services Grant	-8,776				-8,776	-8,776	0						0
Forecast contribution to/from (-) Cash Limit Reserve	-1,068		-2,049		-3,117	-3,312	-195						-195
Forecast contribution to/from (-) General Reserves	0				0	-4,448	-4,448						-4,448
Total Funding	-492,872	0	-2,049	-21,575	-516,496	-531,139	-14,643	4,923	-61	1,465	1,283	2,390	-4,643
TOTAL	0	0	0	0	0	0	0	0	0	0	0	-4,124	-4,124

Appendix 3: Revenue Summary by Expenditure / Income 2022/23

	Original Budget 2022/23	Proposed Budget Revisions, including sums outside the cash limit	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	Adjustment for inflationary-related sums outside the cash limit included in Forecast of Outturn					Forecasted Variance excluding inflationary sums
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Energy	Waste	Transport Fuel	Home to School Transport	Pay Inflation 22/23	£'000
Employees	538,082	2,240	662	2,584	543,568	544,082	325	544,407	839	-3	0	0	0	0	-6,514	-5,675
Premises	50,177	2,318	0	0	52,495	58,616	-35	58,581	6,086	0	-6,033	0	0	0	0	53
Transport	51,360	111	0	0	51,471	55,509	0	55,509	4,038	0	0	0	-865	-1,283	0	1,890
Supplies & Services	115,120	-533	1,003	623	116,213	120,712	1,121	121,833	5,620	-119	0	0	0	0	0	5,620
Agency & Contracted	497,612	10,266	125	-319	507,684	506,246	2,320	508,566	882	263	0	61	-600	0	0	343
Transfer Payments	149,152	37	0	65	149,254	148,899	456	149,355	101	284	0	0	0	0	0	101
Central Costs	132,392	-14,475	0	18,081	135,998	136,860	268	137,128	1,130	-258	0	0	0	0	0	1,130
DRF	734	1,261	259	0	2,254	2,277	0	2,277	23	0	0	0	0	0	0	23
Other	4	0	0	0	4	-2	0	-2	-6	0	0	0	0	0	0	-6
Capital Charges	61,873	0	0	0	61,873	61,873	0	61,873	0	0	0	0	0	0	0	0
GROSS EXPENDITURE	1,596,506	1,225	2,049	21,034	1,620,814	1,635,072	4,455	1,639,527	18,713	167	-6,033	61	-1,465	-1,283	-6,514	3,479
Income																
Government Grants	599,030	-15,538	0	-625	582,867	588,664	284	588,948	6,081	-284	0	0	0	0	0	6,081
Other Grants and Contributions	85,822	3,149	0	-72	88,899	90,443	0	90,443	1,544	0	0	0	0	0	0	1,544
Sales	6,788	-532	0	0	6,256	5,595	120	5,715	-541	-20	0	0	0	0	0	-541
Fees and Charges	108,377	1,207	0	391	109,975	109,063	-34	109,029	-946	34	-1,110	0	0	0	0	-2,056
Rents	10,433	281	0	0	10,714	12,635	0	12,635	1,921	0	0	0	0	0	0	1,921
Recharges To Other Services	302,674	4,856	0	-235	307,295	298,166	0	298,166	-9,129	0	0	0	0	0	0	-9,129
Other	7,771	2,325	0	0	10,096	10,798	0	10,798	702	0	0	0	0	0	0	702
Total Income	1,120,895	-4,252	0	-541	1,116,102	1,115,364	370	1,115,734	-368	-270	-1,110	0	0	0	0	-1,478
NET EXPENDITURE	475,611	5,477	2,049	21,575	504,712	519,708	4,085	523,793	19,081	-103	-4,923	61	-1,465	-1,283	-6,514	4,957

Appendix 4: Earmarked Reserves Position as at 30 June 2022

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE	USE OF RESERVES	CONTRIBUTION TO RESERVES	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	CLOSING BALANCE AT 31/03/23
		£'000	£'000	£'000	£'000	£'000	£'000
EARMARKED RESERVES AND CASH LIMIT RESERVES							
Corporate Reserves							
Budget Support Reserve	Corporate	-10,000	10,000			10,000	0
Business Support Reserve	Corporate	-1,623	25			25	-1,598
Cabinet Priorities Reserve	Corporate	-10,000	7,097			7,097	-2,903
Commercialisation Support Reserve	Corporate	-5,634	637			637	-4,997
Equal Pay Reserve	Corporate	-9,479					-9,479
ER/VR Reserve	Corporate	-6,044					-6,044
Feasibility Study Reserve	Corporate	-500					-500
Inspire Programme Reserve	Corporate	-121					-121
Insurance Reserve	Corporate	-5,000					-5,000
Levelling Up Feasibility Reserve	Corporate	-850	1,010		-253	757	-93
MTFP Reserve	Corporate	-15,162					-15,162
Recovery Support Reserve	Corporate	-1,654	1,559			1,559	-95
Resources DWP Grant Reserve	Corporate	-4,577	888	-480		408	-4,169
Resources Elections Reserve	Corporate	-1,091					-1,091
Resources Housing Benefit Subsidy Reserve	Corporate	-1,962					-1,962
Total Corporate Reserves		-73,697	21,216	-480	-253	20,483	-53,214
Sums held for other organisations/grants							
Collection Fund Deficit Reserve	Corporate	-9,166	8,812			8,812	-354
Local Taxation Income Guarantee Reserve	Corporate	-710	355			355	-355
North Pennines AONB Partnership Reserve	NCC	-1,623					-1,623
Public Health Reserves	AHS	-6,538	979		383	1,362	-5,176
Resources Council Tax Hardship Reserve	Resources	-3,411					-3,411
Resources COVID-19 Support Grants	Resources	-828					-828
Social Care Reserve - Community Discharge Grant	AHS	-428					-428
Social Care Reserve - CCG	AHS	-19,479	11			11	-19,468
Total Sums held for other organisations/grants		-42,183	10,157	0	383	10,540	-31,643
Other Specific Reserves							
Business Growth Fund Reserve	REG	-454					-454
Children's Services Reserve	CYPS	-3,961	958		-421	537	-3,424
Community Protection Reserve	NCC	-3,562	372	-120		252	-3,310
Corporate Property & Land Reserve	REG	-2,763	19			19	-2,744
Culture and Sport Reserve	REG	-19,228	360	-990	253	-377	-19,605
Economic Development Reserve	REG	-3,635	193			193	-3,442
Education Reserve	CYPS	-16,697	149			149	-16,548
Employability and Training Reserve	REG	-323					-323
Environmental Services Reserve	NCC	-4,886	1,056			1,056	-3,830
Funding and Programmes Management Reserve	REG	-581					-581
Grant Reserve	REG	-86					-86
Housing Regeneration Reserve	REG	-255					-255
Housing Solutions Reserve	REG	-4,746	226			226	-4,520
Operational Reserve	REG	-282	50			50	-232
Partnerships and Community Engagement Reserve	NCC	-10,812	798			798	-10,014
Planning Reserve	REG	-247		-400		-400	-647
Regional Public Health Reserve	AHS	-5,336	49			49	-5,287
REG Match Fund Programme Reserve	REG	-605					-605
Resources Corporate Reserve	Resources	-558	255			255	-303
Resources Customer Services Reserve	Resources	-250					-250
Resources Financial Services Reserve	Resources	-244					-244
Resources Grant Reserve	Resources	-154					-154
Resources Human Resources Reserves	Resources	-397	193			193	-204
Resources ICT Reserves	Resources	-1,256	19			19	-1,237
Resources Internal Audit & Corporate Fraud Reserve	Resources	-197	67			67	-130
Resources Legal Reserves	Resources	-709	61			61	-648
Resources Operational Reserve	Resources	-97					-97
Resources Operations and Data Reserve	Resources	-40	30			30	-10
Resources Registrars Trading Reserve	Resources	0					0
Resources Revenue and Benefits Reserve	Resources	-857	360			360	-497
Resources System Development Reserve	Resources	-197					-197
Resources Transformation Reserve	Resources	-586	273	-90		183	-403
Social Care Reserve - Specific Purpose	AHS	-2,732	1,953		52	2,005	-727
Technical Services Reserve	NCC	-1,410			184	184	-1,226
Town and Villages Regeneration Reserve	REG	-18,447	3,375			3,375	-15,072
Transport Reserve	REG	-1,494		-1,134	-52	-1,186	-2,680
Total Other Specific Reserves		-108,084	10,816	-2,734	16	8,098	-99,986
TOTAL EARMARKED RESERVES		-223,964	42,189	-3,214	146	39,121	-184,843

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE	USE OF RESERVES	CONTRIBUTION TO RESERVES	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	CLOSING BALANCE AT 31/03/23
		£'000	£'000	£'000	£'000	£'000	£'000
Cash Limit Reserves							
Adult and Health Services		-6,149	1,529	-1,063	38	504	-5,645
Children and Young People's Services		0	-4,865	4,865			0
Neighbourhoods and Climate Change		-1,457	964	311	-184	1,091	-366
Regeneration, Economy and Growth		-2,868	100	808		908	-1,960
Resources		-1,091	525	139		664	-427
Total Cash Limit Reserves		-11,565	-1,747	5,060	-146	3,167	-8,398
Total Council Reserves		-235,529	40,442	1,846	0	42,288	-193,241
Schools' Balances							
Schools' Revenue Balance	CYPS	-31,219	17,673			17,673	-13,546
DSG Reserve	CYPS	-3,056				0	-3,056
Total Schools and DSG Reserves		-34,275	17,673	0	0	17,673	-16,602

*Schools Revenue opening balance of £31.219 million includes £2.567 million of balances relating to schools that converted to academy during the year