

Cabinet

13 September 2023



**Forecast of Revenue and Capital
Outturn 2023/24 – Period to 30 June
2023 and Update on Progress towards
achieving MTFP (13) 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 forecast revenue and capital outturn for 2023/24, based on the position to 30 June 2023;
 - (b) an update on the dedicated schools grants and forecast schools' outturn as at 31 March 2024, based upon the position to 30 June 2023;
 - (c) the forecast for the council tax and business rates collection fund outturn at 31 March 2024, based on the position to 30 June 2023; and
 - (d) details of the updated forecast use of and contributions to earmarked, cash limit and general reserves in 2023/24 and the estimated balances that will be held at 31 March 2024.
- 2 To seek approval of the revised 2023/24 capital programme, 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 (13) savings in 2023/24.

Executive summary

- 4 The council is continuing to operate in a period of significant financial uncertainty and volatility. This uncertainty is being driven by continuing short term local government finance settlements, our inherent low tax raising capacity due to our low tax base alongside ongoing significant demand pressures, enduring demographic / cost pressures in Children's Social Care and the ongoing inflationary impact of the expected pay award and service provision. The financial outlook for the council is forecast to remain extremely challenging for the foreseeable future.
- 5 In 2022/23 the council encountered considerable financial challenges, mainly resulting from the impact of the Ukraine conflict. Consumer Price Index inflation (CPI) in the UK economy peaked at 11.1% in October 2022 and although this has reduced to 7.9% for the twelve months to June 2023, CPI is now forecast to stay higher for longer than the Chancellor originally set in his budget forecasts. This continues to drive upward pressure across a range of expenditure budgets.
- 6 In late February 2023, the government announced that national fostering allowances for 2023/24 were to increase by 12.4%. The timing of the announcement was too late for the council to include in the 2023/24 budget, where a 5% price increase had been included. The additional 7.4% increase applied from April has added a forecast circa £0.590 million increase to our costs in the current year. This additional spending requirement will need to be built into the base budget next year.
- 7 The Local Government Employers pay offer, which was made in mid / late February and is still to be agreed, set out an increase for 'Green Book' employees of £1,925. This represents the vast majority of council employees and equates to a circa 6.5% increase in the council's 2023/24 pay budget. The 2023/24 base budget included provision for up to a 5% pay award this year. The additional 1.5% budget uplift required will add a forecast £3.711 million per annum to council costs in the current year if this is ultimately agreed.
- 8 Attendance at our leisure centres has not fully recovered after the pandemic, however budgeted levels of income remain at pre-pandemic levels. The under recovery of leisure income suffered over the past two years continues into 2023/24 with a projected shortfall of circa £1.650 million forecast this year, which includes the impact of temporary closures whilst refurbishment works are undertaken as part of the Leisure Transformation Programme. The ongoing shortfall of £1 million

will be addressed in the 2024/25 budget. The 2023/24 underachievement of leisure income has been treated as outside the cash limit and picked up corporately for the last two years with this treatment continuing in 2023/24. The 2023/24 reduced income as a result of the closure of leisure centre during refurbishment of circa £0.650 million has also been reported as outside services cash limit.

- 9 Aycliffe Secure Service continues to struggle to realise budgeted income levels. This is particularly linked to problems in recruiting staff to ensure income targets can be achieved. In 2022/23 the shortfall was circa £1.448 million, but in 2023/24 the shortfall is expected to be circa £0.720 million. This ongoing budget pressure is being addressed in the 2024/25 base budget.
- 10 The pandemic accelerated growth in the use of temporary accommodation, which has continued into 2023/24. The Housing Benefit Subsidy Grant does not allow for full recovery of payments linked to temporary and supported accommodation, which has also increased in recent years and this in turn has led to a forecast shortfall in recoverable income of circa £3.2 million in 2023/24. This ongoing budget pressure will also be addressed in the 2024/25 budget.
- 11 These and other inflationary pressures are resulting in overspends in 2023/24 and driving additional unavoidable budget pressures across the MTFP(14) planning period. The detailed updated impact upon the MTFP(14) forecasts was reported to Cabinet on 12 July 2023.
- 12 Energy prices are falling. The MTFP (13) forecasts anticipated that prices would fall but they are now estimated to fall slightly further and more quickly than previously estimated. Energy costs are presently forecast to be lower than budget (net of Joint Stocks power generation income shortfall) by £1.394 million in the current year. The MTFP(14) forecasts have been adjusted accordingly.
- 13 Based on the position to 30 June 2023, service grouping cash limit budgets are forecasting an overspend of £5.658 million this year. The majority of the overspend relates to Children and Young People's Services where there is a forecast cash limit overspend of £5.078 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. The net cash limit overspend once the CYPs position is excluded is £0.580 million.
- 14 The overspends being met corporately have been offset by budget available in general contingencies, a £4.146 million underspend in the capital financing budget and an over recovery in the investment income budget of £3.465 million. Overall, therefore, after also taking into

account the forecasted outturn positions on corporate budgets, it is estimated that the General Reserve position to year end will broadly be in line with the opening position, with a small increase of £17,000 forecast.

- 15 Total earmarked and cash limit reserves (excluding school reserves) are forecast to continue to reduce. Earmarked reserves in particular are being expended in line with their expected use, with a forecast reduction in overall reserves of £34.124 million in 2023/24, from £196.535 million to £162.411 million. £10 million of the reduction in reserves relates to the use of the MTFP Support Reserve in year to balance the 2023/24 budget.
- 16 The forecast reserves position, including the General Reserve, is considered to adequate and prudent given the financial commitments we have and the uncertainties facing the council and the whole of local government beyond 2023/24. The MTFP(14) report to Cabinet on 12 July 2023 highlighted the ongoing budget concerns for the council with a forecast additional savings requirement of £50.136 million over the 2024/25 to 2027/28 period (with £9.910 million falling into 2024/25). Additional savings have been identified for consideration and consultation totalling £6.617 million, which could reduce the shortfall to £43.5 million over the next four years, with a current budget deficit of £6.185 million forecast for 2024/25.
- 17 The council's current reserves policy aims to maintain general reserve balance of between 5% and 7.5% of the net budget requirement in the medium term, which equates to a range of between £26 million and £39 million. The opening general reserves balance equated to the minimum 5% at £26.017 million.
- 18 The quarter one projected outturn position increases the general reserve position slightly by £17,000 to £26.034 million, therefore remaining just above the minimum threshold.
- 19 The updated forecast position for all current maintained schools shows a forecast use of reserves of £4.541 million (£2.838 million below budget). In addition, the forecast position for Dedicated Schools Grant centrally retained block shows a £0.245 million underspend in relation to High Needs Block, which if achieved would contribute towards a reduction in the accumulated deficit from earlier years when the High Needs Block spending was significantly above the grant received.
- 20 The updated projected capital outturn this year is £321.377 million, with the capital budget having been augmented with reprofiled budget from underspending against the 2022/23 capital programme, new spending commitments and funding in year since the budget was agreed, and

reprofiling proposals set out in the report to defer capital expenditure to future years where necessary.

- 21 Performance against the various prudential indicators agreed by County Council in February 2023, these are set out at paragraphs 125 -132 and shows that the council continues to operate within the boundaries agreed.
- 22 The forecast outturn for the Council Tax Collection Fund shows an in-year deficit of £1.783 million, and a cumulative deficit of £2.018 million to 31 March 2024. Durham County Council's share of this forecast net deficit is £1.695 million.
- 23 The forecast outturn for the Business Rates Collection Fund is an in-year surplus of £9.861 million, but a cumulative surplus of £9.153 million. Durham County Council's share (49%) of this forecast surplus is £4.485 million.
- 24 As at 30 June 2023 the council has delivered savings totalling £5.435 million, which is 43.9% of the £12.383 million savings target for the year.

Recommendations

- 25 It is recommended that Cabinet:
 - (a) note the council's overall forecast financial position for 2023/24 and the continuing uncertainty associated with the outturn forecast resulting from the significant inflationary and demand led cost pressures;
 - (b) agree the proposed 'sums outside the cash limit' and transfers to and from general contingencies as set out in the report;
 - (c) agree the revenue and capital budget adjustments outlined in the report;
 - (d) note performance against the various prudential indicators agreed by Council in February 2023;
 - (e) note the forecast use of earmarked reserves in year;
 - (f) note the forecast 2023/24 cash limit overspend of £0.580 million alongside the forecast contribution of £0.017 million to General Reserves resulting in a forecast net council overspend in 2023/24 of £0.563 million;
 - (g) note the net unavoidable inflationary pressures which are forecast to be managed from the General Reserve;

- (h) note the Dedicated Schools Grant and Schools forecast outturn position;
- (i) note the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates; and
- (j) note the amount of savings delivered to 30 June 2023 against the 2023/24 targets and the total savings that will have been delivered since 2011.

Background

- 26 Council agreed Medium Term Financial Plan 13 ((MTFP(13))), which incorporates the revenue and capital budgets for 2023/24, on 22 February 2023. MTFP(13) covers the period 2023/24 to 2026/27.
- 27 The MTFP(13) report highlighted ongoing budget concerns for the council with a forecast savings shortfall of £23.177 million over the 2024/25 to 2026/27 period, after factoring in assumed increases in council tax over the period and the delivery of £18.261 million of agreed savings proposals.
- 28 On 12 July 2023, Cabinet considered the Medium Term Financial Plan 14 (MTFP (14)) report, which highlighted ongoing budget concerns for the council and an updated forecast savings requirement of £50.136 million over the 2024/25 to 2027/28 period (with £9.910 million falling into 2024/25), despite the forecasts assuming annual increases in council tax in line with the referendum limits and government expectations over the period. Additional savings were identified for consideration and consultation totalling £6.617 million, leaving £43.5 million of savings still to be identified over the next four year, with a current budget deficit of £6.185 million forecast for 2024/25. The delivery of further savings to this magnitude is becoming ever more challenging to achieve.
- 29 In 2022/23 the council encountered considerable financial challenges, mainly resulting from the impact of the Ukraine conflict, post pandemic recovery and the cost of living crisis. Consumer Price Index inflation (CPI) in the UK economy peaked at 11.1% in October 2022 and although this has reduced to 7.9% for the twelve months to June 2023, CPI is now forecast to stay higher for longer than the Chancellor originally set out in his budget forecasts in March 2023. This continues to drive upward pressure across a range of expenditure budgets in 2023/24 and beyond.
- 30 The constitution requires that the Chief Finance Officer must report to Cabinet on the overall council budget monitoring position on a quarterly basis.
- 31 This report satisfies that requirement and provides a forecast of the revenue and capital outturn for 2023/24, based upon expenditure and income up to 30 June 2023. It includes details relating to the General Fund revenue and capital budgets 2023/24, the Collection Fund 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.

- 32 The report also provides an update on the delivery of MTFP(13) savings for 2023/24. The 2023/24 savings plans were agreed by Council in February 2023 with a savings target of £12.383 million included in the budgets for the current year. This brings the overall savings target for the period from 2011/12 to 2023/24 to circa £262 million. Significant progress has been made towards achieving these savings in year and an update on performance against the £12.383 million target is set out later in the report.

Costs outside the Cash limit - Inflationary Pressures

- 33 High levels of inflation continue to impact on the council's budget. Many of these cost increases can be linked to the Ukraine conflict and at this point it is not clear when this volatility will fully dissipate. The Chancellor of the Exchequer has however, set out that he expects Consumer Price Inflation to fall further across the coming year.
- 34 Energy costs escalated significantly throughout 2022/23. Provision was made for an additional £6 million of budget growth in the gas and electricity budgets in 2023/24, with the MTFP(13) forecasts anticipating that the budget pressure would reduce over time, but not the extent that prices would return to pre-Ukraine crisis levels. Energy prices are however falling slightly further and more quickly than originally forecast. They are presently forecast to be lower than the increased budget in 2023/24 (net of shortfall on Joint Stocks power generation income) by £1.394 million.
- 35 The forecasted energy costs have been supported by NEPO data and consider their forward purchasing strategy and the MTFP(14) forecasts have been adjusted accordingly.
- 36 In late February 2023, the government announced that national fostering allowances for 2023/24 were to increase by 12.4%. The timing of the announcement was too late for the council to include this in the 2023/24 budget, where a 5% price increase had been included. The additional 7.4% increase applied from April has added a forecast circa £0.590 million increase per annum in the current year. This additional spending requirement will need to be built into the base budget next year.
- 37 The Local Government Employers 2023/24 pay offer sets out an increase for 'Green Book' employees of a £1,925 flat rate. This pay offer covers the vast majority of council employees and equates to an average 6.5% increase in the council's 2023/24 pay budget. The 2023/24 original budget included provision for up to 5%, held within general contingencies until agreed (£12.200 million), the additional 1.5% has added a forecast circa £3.711 million per annum to council costs in

the current year, meaning that pay inflation is expected to cost the Council £15.911 million this year.

- 38 Attendance and use of our leisure centres has not fully recovered after the pandemic, resulting in an under recovery against income budgets, which remain at pre-pandemic levels of usage. The impact on leisure income suffered over the past two years continues into 2023/24 with a projected shortfall of circa £1 million reported, which is being addressed in the 2024/25 base budget. In addition, reduced income of circa £0.650 million as a result of leisure centres being closed for periods of time whilst refurbishment works are undertaken as part of the Leisure Transformation Programme, has been forecast for 2023/24.
- 39 Aycliffe Secure Service has also struggled to realise previous income levels. In 2022/23 the shortfall in net income was circa £1.448 million and is linked to problems in recruiting sufficient staff to ensure income targets can be achieved and staffing ratios linked to some challenging behaviours from some of the residents, resulting in a circa £0.720 million projected shortfall during 2023/24. This ongoing budget pressure is being addressed in the 2024/25 base budget.
- 40 The pandemic accelerated growth in temporary accommodation which has continued into 2023/24. The Housing Benefit Subsidy Grant does not allow for full recovery of payments linked to temporary and supported accommodation which has also increased in recent years and this in turn has led to a forecast shortfall in recoverable income of circa £3.2 million in 2023/24. This ongoing budget pressure will also be addressed in the 2024/25 base budget.

Revenue Outturn Forecast – Based on Position to 30 June 2023

- 41 Adjustments have been made to the original budget agreed by Council on 22 February 2023 as follows:
- (a) agreed budget transfers between service groupings (to reflect the transfer of the Corporate Affairs Service from Resources and REG to the Chief Executive's Office);
- 42 In addition, the forecasted outturn position takes into consideration:
- (a) items outside the cash limit to be funded by General Reserves (for Cabinet consideration and recommended approval);
 - (b) planned use /contribution to earmarked reserves (Appendix 4);
 - (c) planned use of general contingencies (for Cabinet consideration and recommended approval).

43 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 2023/24

	Original Budget 2023/24	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecasted Variance	Total Contribution to / (Use of) Contingencies, sums outside the cash limit, DSGAA and Reserves	Adjusted Variance	Total Adjustment for inflationary sums outside the cash limit	Cash Limit Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult and Health Services	156,296	156,296	152,533	-3,763	3,712	-51	-34	-85
Chief Executive's Office	4,492	4,004	4,117	113	-173	-60	-16	-76
Children and Young People's Services	168,451	168,451	188,353	19,902	-14,344	5,558	-480	5,078
Neighbourhoods and Climate Change	120,845	120,845	124,797	3,952	-4,054	-102	-29	-131
Regeneration, Economy and Growth	54,744	54,744	56,555	1,811	-1,935	-124	992	868
Resources	22,525	23,013	28,125	5,112	-4,905	207	-203	4
Cash Limit Position	527,353	527,353	554,480	27,127	-21,699	5,428	230	5,658
Contingencies	16,119	16,119	16,242	123	514	637	-3,137	-2,500
Corporate Costs	4,278	4,278	4,320	42	-124	-82	0	-82
NET COST OF SERVICES	547,750	547,750	575,042	27,292	-21,309	5,983	-2,907	3,076
Capital charges	-55,916	-55,916	-55,916	0	0	0	0	0
DSG deficit reserve adjustment	0	0	-114	-114	114	0	0	0
Interest and Investment income	-9,900	-9,900	-13,365	-3,465	0	-3,465	0	-3,465
Interest payable and similar charges	39,812	39,812	35,666	-4,146	0	-4,146	0	-4,146
Levies	17,506	17,506	17,506	0	0	0	0	0
Net Expenditure	539,252	539,252	558,819	19,567	-21,195	-1,628	-2,907	-4,535
Funded By:								
Council tax	-268,372	-268,372	-268,372	0	0	0	0	0
Use of earmarked reserves	-18,378	-18,378	-35,993	-17,615	17,628	13	0	13
Estimated net surplus (-) / deficit on Collection Fund	3,895	3,895	3,895	0	0	0	0	0
Business Rates	-55,712	-55,712	-55,712	0	0	0	0	0
Top up grant	-75,956	-75,956	-75,956	0	0	0	0	0
Revenue Support Grant	-32,991	-32,991	-32,991	0	0	0	0	0
New Homes Bonus	-1,860	-1,860	-1,860	0	0	0	0	0
Section 31 Grant for business rates	-34,468	-34,468	-34,468	0	0	0	0	0
Social Care Grant	-49,564	-49,564	-49,564	0	0	0	0	0
Services Grant	-5,148	-5,148	-5,148	0	0	0	0	0
Forecast contribution to/from (-) Cash Limit Reserves	-698	-698	-2,667	-1,969	1,389	-580	0	-580
Forecast contribution to/from (-) General Reserves	0	0	17	17	2,178	2,195	2,907	5,102
Total Funding	-539,252	-539,252	-558,819	-19,567	21,195	1,628	2,907	4,535
TOTAL	0	0	0	0	0	0	0	0

44 The above table identifies a £5.658 million overspend in cash limit budgets. CYPS however do not hold a cash limit reserve and as such £5.078 million of the £5.568 million overspend will need to be met corporately. Once the CYPS overspend is accounted for, there is a net £0.580 million overspend in the cash limit budgets forecast this year.

45 It is forecast that the corporate position will be a net underspend of £17,000 which will be transferred to the General Reserve. Including the cash limit and corporate position the forecast is for a £0.563 million overspend (0.1%) in 2023/24 against a £539.252 million budget.

46 The following sums are deemed to be outside of service grouping cash limits and it is proposed that these are funded from general contingencies.

Service Grouping	Proposal	Amount £ Million
REG	Premises dual running costs	0.095
REG	Radon Monitoring	0.095
RES/REG	Milburngate – Legal and Professional fees	0.047
CYPS	Surplus Property - R&M	0.150
Resources	Occupational Health Succession Planning	0.048
NCC	Coronation costs	0.029
TOTAL		0.464

47 Approval is being sought for the above sums to be funded from general contingencies during quarter one.

48 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 2023	Budgeted use at 1 April 2023	Movement during 2023/24	2023/24 Forecast of Outturn
	£ million	£ million	£ million	£ million
Service Grouping Cash Limit				
Adult and Health Services	-5.329	0.698	1.069	-3.562
Chief Executive's Office	0.000		-0.126	-0.126
Children and Young People's Services	0.000		0.000	0.000
Neighbourhoods and Climate Change	-0.090		-0.131	-0.221
Regeneration, Economy and Growth	-1.372		0.868	-0.504
Resources	-1.264		0.290	-0.974
Total Cash Limit Reserve	-8.055	0.698	1.970	-5.387
General Reserve	-26.017	0.000	-0.017	-26.034

49 The forecast cash limit and general reserves position is considered to be prudent given the significant ongoing financial uncertainties facing the council and local government beyond 2023/24.

Cash Limit Position

50 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)

- 51 The 2023/24 projected outturn for AHS, based upon the position to 30 June 2023 is a small cash limit underspend of £85,000 to the year end, representing circa 0.05% of the total revised budget for AHS.
- 52 In 2023/24 AHS faced unavoidable base budget inflationary pressures totaling £25.750 million, from a combination of pay awards to staff working in AHS and the impact of NLW and CPI on social care contracts that needed to be accommodated within the budget, which was partially but not fully offset by the Adult Social Care precept that was applied in 2023/24. The additional Adult Social Care precept equated to a Band A Council tax charge of £23.39 per annum (£0.45 per week) and generated £5.1 million of additional council tax revenues. Without the Adult Social Care precept, the budget deficit the council faced in 2023/24 would have been £36.150 million higher.
- 53 The forecast 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. Forecast reductions in energy costs of (£22,000) and inflationary increases for the the 2023/24 Chief Officer and Apprentices pay award costs of £56,000, which have been agreed, have also been excluded from the cash limit outturn position. Also excluded is a forecast underspend in the Adult Care budget of £3.5 million, which has been set aside for future MTFP support.
- 54 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) the net position on vacant posts and supplies and services budgets across the service together with uncommitted budgets, results in an estimated net over budget position for the year of £17,000;
 - (b) net spend on adult care packages is £0.102 million under budget. This area of the budget continues to be closely monitored to assess the ongoing impact of Covid-19 as well as demographic and procedural/operational changes, and is an area where significant MTFP savings have been taken over recent years;
 - (c) net expenditure on Public Health related activity is in line with grant allocations.

- 55 In addition, a net £0.212 million relating to contributions to and from reserves has been excluded from the cash limit outturn forecasts as follows:
- (a) £42,000 net drawdown from the AHS Social Care Reserve to fund temporary staffing arrangements and short term support (£83,000 utilised within Children's Social Care);
 - (b) £0.192 million drawdown from the AHS Integrated Care Reserve to fund temporary staffing arrangements and short term projects;
 - (c) £1.087 million drawdown from the AHS cash limit reserve to fund temporary staffing arrangements (of which £80,000 is being utilised within Resources to support outstanding workloads within the Financial Assessment, Payments, Billing and Debtors teams);
 - (d) £1.533 net contribution to Public Health reserves to fund future Public Health related activity;
- 56 No base budget transfers have been actioned during the first quarter:
- 57 Taking the projected outturn position into account, including the transfers to/from and between reserves in year, the estimated cash limit reserve balance for AHS is forecast to be £3.563 million at 31 March 2024.

Chief Executive's Office (CEO)

- 58 The 2023/24 forecast revenue outturn for the Chief Executive's Office is a cash limit underspend of £76,000. 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.
- 59 Inflationary increases of £16,000 re the 2023/24 pay award for Chief Officers and Apprenticeships have also been excluded from the cash limit position.
- 60 The service managers are proactively managing activity to remain within the cash limit. The projected over budget position is the net effect of the following items:
- (a) CEO management is forecast to overspend by £22,000, relating to employee costs and supplies and services;
 - (b) Corporate Policy, Planning and Performance is forecast to underspend by (£0.155 million). The main reasons relate to an

underspend on employee costs of £74,000 due to a vacancy and a secondment and additional income received in year of £81,000;

- (c) Communications and Marketing is forecast to overspend by £57,000, primarily due to an under achievement of income budgets within the service;

61 In arriving at the forecast outturn position, a net £0.173 million relating to the use of reserves has also been excluded from the outturn. The major item being:

- (a) £0.173 million from the Transformation Reserves to fund employee costs in 2023/24 associated with the transformation team.

62 The following budget transfers have been actioned since approval of the 2023/24 budget by Council in February 2023:

- (a) £1.935 million transfer from REG in relation to the Comms and Marketing Team transfer into the Corporate Affairs area of the Chief Executive's Office service area;
- (b) £2.069 million net transfer (£2.557 million - £0.488 million) from Resources in relation to the Policy Planning and Performance team into the Corporate Affairs areas of the Chief Executive's Office service area.

63 Taking the projected outturn position into account, including items outside the cash limit and transfers to and from reserves, the estimated cash limit reserve balance for CEO is forecast to be £0.126 million at 31 March 2024.

Children and Young People's Service (CYPS)

64 The 2023/24 projected outturn for CYPS, based upon the position to 30 June 2023 is a cash limit overspend of £5.078 million, representing a 3% overspend against the total revised budget for CYPS.

65 The cash limit outturn projection excludes forecast use of / contributions to earmarked reserves and items outside the cash limit such as redundancy costs which are met from corporate reserves. Forecast reductions in energy costs (£0.170 million), inflationary increases re Fostering Allowances (£0.590 million) and the 2023/24 Chief Officer and Apprentice pay award (£60,000) have been excluded from the cash limit outturn position. Also excluded is £0.150 million forecasted expenditure on surplus schools, which is to be funded from general contingencies and £0.720 million relating to Aycliffe Secure Service unrealised income which is also being funded corporately.

66 The forecast outturn position includes overspends within Head of Social Care of £5.836 million and in Education and Skills of £0.220 million, with underspends forecast within CYPS Central of £0.668 million and Early Help, Inclusion and Vulnerable Children of £0.309 million. Further details are provided below:

- (a) Childrens Social Care is forecast to be a net £5.836 million over budget for the year. The Service is forecasting a net overspend of £5.795 million relating to the cost of placements for children looked after, after taking account of costs relating to higher rates for fostering allowances that will be met corporately;
- (b) The pressure on the budget in children's social care has been evident for a number of years now, as the number of children in the care system has increased significantly and their needs have continued to become more complex and more expensive to accommodate. The budget for this area for 2023/24 is £62.285 million, an increase of £15.232 million on the previous year;
- (c) The total number of CLA increased by 126 between June 2022 and June 2023, from 964 to 1,090. Approximately one third of the increase (41) across this period relates to the number of Unaccompanied Asylum Seeking Children (UASC);
- (d) The costs of UASC CLA are fully funded via grant from central government and therefore there is no net increase to the forecast position due to this increase;
- (e) The increase in non-UASC placements of 85 over the period has been broadly equally split between an increase in high cost placements (those costing over £100,000 per placement per annum) and those in lower cost placements;
- (f) The Education Service is forecast to have an overspend of £0.220 million to the year end. The main reasons for the overspend position are highlighted below:
 - (i) A forecast shortfall of £0.495 million against income budgets due to a drop in levels of SLA income as schools convert to academy status and reductions in lettings / courses income;
 - (ii) A forecast overspend of £0.194 million relating to council run Nursery provision;
 - (iii) A forecast overspend of £0.192 million relating to the write off of invoices dated prior to 2019/20, which are now deemed unlikely to be recovered. As these aged debts

have previously been provided for as part of the service bad debt provision, there is an equivalent offsetting underspend reported in the Central CYPS budget;

- (iv) A forecast overspend of £64,000 relating to the Virtual School Head, largely due to a reduction in de-delegated funding for this year;
 - (v) A forecast overspend of £42,000 relating to the operation of Durham Leadership Centre due to a shortfall in lettings income;
 - (vi) These overspends are offset by a saving of £0.177 million against employee budgets, largely resulting from a staffing restructure in Education Durham that will be implemented from September 2023, as well as other vacancies across the Education service;
 - (vii) There are also further underspends in the following areas of the Education budget:
 - £0.220 million against the Early Years Sustainability budget;
 - £0.219 million against Pension Liabilities budgets;
 - £0.160 million saving on against Early Years administration budgets.
 - (viii) There is no anticipated cash limit impact for the Progression and Learning service after the net use of reserves;
 - (ix) A significant part of this service is funded by European (ESF) grants that will end on 31 December 2023. There will be ongoing costs beyond this point and a prudent forecast of those staff continuing in post beyond 31 December 2023 has been made and an assumption included that Progression and & Learning reserves will meet this cost;
 - (x) An estimate of £0.200 million has also been included forecast for associated redundancies and these costs will be met by the corporate ER/VR reserve.
- (g) A forecast underspend of £0.668 million against Central CYPS budgets is largely as the result of a forecast reduction in the bad debt provision for the year;

- (h) Early Help, Inclusion is forecasting an underspend of £0.309 million;
- (i) Aycliffe Secure Centre is reporting a forecast overspend of £0.720 million however this has been classed as outside of the CYPS cash limit and will be met corporately. The overspend is largely due to difficulties with recruitment and retention of staff, which means fewer young people can be accommodated and results in reduced income levels;
- (j) The remaining service areas in EHIVC are forecasting an underspend of £0.309 million mainly attributable to underspends against employee and activity budgets;
- (k) It is forecast that expenditure will be in line with budget for the Operational Support area of the service.

67 The forecast cash limit outturn shows the position after a net £8.819 million movement to and from reserves, the major items being:

- (a) £3.219 million drawdown from Progression and Learning Reserves to fund the impact of ESF grant funding reductions from quarter four, with new UK Shared Prosperity Fund (UKSPF) grant allocations not being receivable until April 2024;
- (b) £0.790 million drawdown from the Corporate ERVR reserve to fund Progression and Learning and Schools forecasted redundancies as the service is restructured to meet UKSPF grant funding levels;
- (c) £1.182 million drawdown from Childrens Social Care Reserves to fund the Holiday Activities and Food Programme, Homes for Ukraine, to fund service developments.in relation to Emotional Wellbeing and to support service delivery;
- (d) £3.410 million drawdown from Schools Reserves to write off School deficits as part of the academy transfer process;
- (e) £75,000 million drawdown from Education Reserves in relation to various education projects; and
- (f) £83,000 drawdown from the AHS Social Care Reserve relating to Children's Social Care Services.

68 No budget transfers have been actioned in the first quarter:

69 Taking the forecast outturn position into account, there is a £5.078 million deficit cash limit reserve balance at 31 March 2024. This will, as

in previous years, need to be funded corporately from the General Reserve.

Neighbourhoods and Climate Change (NCC)

- 70 The forecast revenue outturn for 2023/24, based on the position to 30 June 2023, for NCC is a cash limit overspend of £0.131 million.
- 71 The cash limit outturn projections exclude the forecast use of / contributions to earmarked reserves and items treated as outside the cash limit, such as redundancy costs which are met from corporate reserves. Net inflationary pressures on energy (net underspend of £0.100 million) and the 2023/24 pay award for Chief Officers and Apprentices of £0.129 million have been excluded from the cash limit outturn position. Also excluded is £29,000 relating to Coronation costs which have been funded from contingencies and £25,000 Leasing extension costs funded corporately.
- 72 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 £0.115 million overspent. This is mainly due to an overspend in Clean and Green of £0.195 million relating to increased transport costs and underachieved income on schools SLAs, along with £0.144 million of underachieved income in Strategic Waste regarding soil imports that have ceased due to capping of the Joint Stocks site. These overspends are offset by underspends of £0.223 million on staffing due to vacancies and turnover, including an underspend of £71,000 on staffing in Clean and Green relating to vacancies in advance of planned MTFP savings. The underachievement of income relating to joint stocks is being addressed in 2024/25 as part of MTFP(14);
 - (b) Highways is forecast to be overspent by £47,000. The main reasons for this are Highways Revenue is forecast to overspend by £1.227 million on highways maintenance work, including cyclic works, drainage, bridges and priority action works. This is largely offset by anticipated underspends on the trading areas of £0.827 million, due to higher levels of work. Strategic Highways is forecast to underspend by £0.353 million mainly due to overachievement of income on enforcement and inspections, road closures, roundabout sponsorship, and fixed penalty notices;

- (c) Community Protection is forecast to underspend by £0.210 million, mainly due to unspent growth funding as a result of vacancies and new posts in a restructure that will be filled mid-year. There is also funding that is earmarked for future spinal column point increments causing an underspend;
 - (d) Partnerships and Community Engagement is forecast to underspend by £81,000, mainly due to savings from a strategic manager post vacancy, and also a vacancy in the Civil Contingencies Unit along with overachievement of SLA income across the service;
- 73 A net £4 million relating to movement to and from reserves has also been excluded from the outturn. The major items being:
- (a) £0.317 million drawdown relating to clean and green and environmental issues;
 - (b) £89,000 drawdown from Community Protection Reserves relating to Trading Standards and the Horden Together Initiative;
 - (c) £4.017 million drawdown from PACE Reserves mainly in relation to Refugee Resettlement and AAP Towns and Village scheme funding;
 - (d) £0.422 million contribution to Highways Reserves for Section 38 Income.
- 74 No base budget transfers have been actioned during the first quarter:
- 75 Taking the projected outturn position into account, including the transfers to/ from and between reserves in year, the forecasted cash limit reserve balance for NCC will be £0.221 million at 31 March 2024.

Regeneration, Economy and Growth (REG)

- 76 The forecast revenue outturn for 2023/24, based on the position to 30 June 2023, is a cash limit overspend of £0.868 million, 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.
- 77 Reductions in energy prices of £1.082 million, along with the 2023/24 pay award for Chief Officers and Apprentices of £90,000 have been excluded from the cash limit forecast outturn position. Also excluded is £1.640 million in respect of Leisure Centre income shortfalls covered corporately and £0.237 million which has been covered from central

contingencies (£95,000 Radon Monitoring, £47,000 Milburngate legal and professional fees and £95,000 premises double running costs at the Story and Plot C)

78 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. As the service is forecasting an overspend of £0.868 million, work is underway to ensure that appropriate plans can be put in place to rectify or reduce the overspend position. The main reasons accounting for the quarter one outturn position are as follows:

- (a) Culture, Sport and Tourism is forecast to overspend by £8,000. The main reasons are a reduction in fine and reservation income in libraries of £83,000 and an unrealised MTFP saving of £0.190 million pending the full year effect of the current service restructure. A one off benefit arising from the agreement to take full control of the gym facilities at seven of our leisure centres is offset by a projected overspend at the Gala Theatre and Consett Leisure Centre;
- (b) Transport and Contract Services is forecast to overspend by £0.461 million against budget. The main reasons are an under-recovery of departure charge income at Durham Bus Station of £0.104 million, on-going costs for a new database system of £71,000, increased business rate charges on car parks of £0.135 million, an overspend on routine electrical testing of car park street lighting of £66,000, unachieved staff efficiency savings of £62,000 and an overspend of £23,000 on Bus Shelter maintenance;
- (c) Planning and Housing is forecast to overspend by £0.418 million against budget. This is largely due to an anticipated underachievement of income of £0.440 million with regard to planning fee income, as the volume of applications received has reduced significantly over the last twelve months, linked to current economic circumstances (increased interest rates and construction costs). This is partially offset by anticipated staffing underspends of £95,000. Care Connect is forecast to overspend by £0.110 million due to anticipated staff overtime and enhancement costs. The position is partially offset by an anticipated underspend of £37,000 in Spatial Policy due mainly to staff turnover;
- (d) Economic Development is forecast to overspend by £28,000 against budget, which is predominantly attributed to under-recovery of training income in the Employment and Skills service;

- (e) 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 2023/24 is anticipated based largely upon current occupancy rates across a range of Business Space sites exceeding the base budget provision, resulting in an overachievement of net income receivable in year;
- (f) Corporate Property and Land is forecast to underspend by £0.235 million against budget. Within Buildings and Facilities Management, there is a forecast overspend of £0.192 million, mainly relating to the Catering service, which anticipates a shortfall in income as a result of hybrid working and reduced footfall in the internal staff facilities within as County Hall and Green Lane. Strategy and Property Management is forecast to underspend by £0.280 million due primarily to additional budget growth of £0.600 million in 2023/24 for a staffing restructure that is not expected to be in place until 2024/25. The underspend is partially offset by expenditure relating to interim support (consultants & professional fees) pending the implementation of the restructure. There are also minor underspends elsewhere within the service, including additional unbudgeted income in Business Development of £55,000, as well as underspends on supplies & services of £92,000;

79 In arriving at the forecast outturn position, a net £58,000 relating to movement on reserves has also been excluded from the outturn. The major items being:

- (a) £1.727 million contribution to the Transport Reserves from the projected underspend in Concessionary Fares to support the future provision of bus services and routes;
- (b) £0.940 million drawdown from Culture Reserves mainly relating to the Cultural Reserves programme;
- (c) £15,000 drawdown from the Planning Reserve in relation to the selective licencing service;
- (d) £0.450 million drawdown from Economic Development Reserves relating to business growth and welfare assistance;
- (e) £0.410 million drawdown from Corporate Property and Land reserves relating to property repairs and maintenance.

80 The following budget transfer has been actioned since the approval of the 2023/24 budget by Council in February:

- (a) £1.935 million transfer of the Comms and Marketing team into the into the Corporate Affairs service within the Chief Executive's Office service area.

81 Taking the projected outturn position into account, including the transfers to/from and between reserves in year, the forecasted cash limit reserve to be carried forward for Regeneration, Economy and Growth is £0.504 million at 31 March 2024

Resources

82 The 2023/24 forecast revenue outturn for Resources is a broadly balanced cash limit outturn position, with a small overspend of £4,000 forecast. The updated 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.

83 Reduction in energy prices (£20,000) along with the 2023/24 pay award inflation for Chief Officers and Apprentices of £0.223 million have been excluded from the cash limit outturn position. Also excluded is £3.200 million in relation to a forecast Housing Benefit Subsidy Grant claim shortfall covered corporately and £48,000 from general contingencies in relation to staffing costs linked to succession planning in the Occupational Health team.

84 The Heads of Service across Resources continue to proactively manage activity to remain within the cash limit. The projected over budget position is the net effect of the following items:

- (a) Corporate Finance and Commercial Services is forecast to be under budget by £0.153 million with managed underspending on employee costs of £0.135 million and additional income of £18,000;
- (b) Transactional and Customer Services is forecast to be under budget by £0.190 million, primarily due to underspends on employee costs of £0.158 million and a forecast underspend on premises costs of £32,000 in Customer Services;
- (c) Digital Services is forecast to be over budget by £0.340 million. Within this area underachievement of income is forecast to be £0.895 million and supplies and services are forecast to overspend by £0.116 million. This has been partially offset by forecast underspends on employees of £0.564 million, premises costs of £34,000 and transport costs of £50,000;

- (d) Internal Audit, Risk and Corporate Fraud is forecast to be under budget by £80,000, primarily due to a managed underspend on employee related expenditure;
- (e) Legal and Democratic Services is forecast to be under budget by £58,000. This includes a £0.133 million managed underspend on employee related expenditure and an underachieved income amounting to £75,000;
- (f) HR and Employee Services is forecast to be over budget by £0.247 million, primarily due to unachievable SLA income;
- (g) Procurement, Sales and Business Services is forecast to be under budget by £93,000, primarily due to a managed underspend on employee related expenditure.

85 A net £1.607 million relating to movement to and from reserves has also been excluded from the outturn. The major items being:

- (a) £81,000 drawdown from the Revenues and Benefit Reserve to fund temporary posts to support the workload of the team in year;
- (b) £0.244 million from the ER/VR Reserve to reflect the cost of early retirements/ voluntary redundancies in 2022/23;
- (c) £89,000 drawdown from the HR Reserve in respect of the Workforce Development Programme;
- (d) £0.175 million drawdown from the Welfare Rights Reserve to fund temporary posts to support the workload of the team;
- (e) £80,000 drawdown from the Adults Cash Limit Reserve to provide assistance with outstanding workloads within the Financial Assessment, Payments, Billing and Debtors teams;
- (f) £0.456 million drawdown from the Business Support Reserve in respect of the projected overspend on the unitised Business Support Function;
- (g) £0.205 million drawdown from the Assessment Support Administration Scheme Reserve to fund service packages;
- (h) £0.203 million drawdown from the Procurement Development Reserve which will be used to finance various procurement initiatives;
- (i) £0.236 million drawdown from the Resources Cash Limit Reserve to fund a number of temporary posts within the service grouping.

- 86 The following budget transfer has been actioned since the approval of the 2023/24 budget by Council in February:
- (a) £2.069 million net transfer in relation to the transfer of the Policy Planning and Performance team into the Corporate Affairs Service within the Chief Executive's Office service area.
- 87 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 £0.974 million.

Resources – Centrally Allocated Costs (Corporate Costs)

- 88 The forecast revenue outturn for 2023/24 for Corporate Costs is a cash limit underspend of £82,000. This takes into account adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves.
- 89 Care leaver Council Tax Discount Costs (£93,000) have been excluded from the forecast of outturn and covered corporately.
- 90 The forecast outturn position is mainly due to reduced expenditure on bank charges and payment card fees.

Contingencies and Central Budgets

- 91 Taking into consideration sums drawn from contingencies as shown in paragraph 48 and other known requirements (pay award etc), general contingencies are projected to under spend by £2.5 million during 2023/24.

Interest Payable and Similar Charges - Capital Financing

- 92 The forecast outturn position of £35.666 million is £4.146 million lower than the revised £39.812 million budget. This forecast underspend reflects the council's ability to continue to delay borrowing decisions whilst interest rates are high due to current forecast level of cash balances.

Interest and Investment Income

- 93 The forecast income of £13.365 million is £3.465 million more than the £9.900 million budget. The forecast surplus reflects increased investment returns, as interest rates achievable on short term investments have improved significantly over the last 15 months. Bank base rates have risen from 0.10% in November 2021 to its current level of 5.25%. The Bank of England continues to seek to suppress inflation

and market indications predict further rises in the bank rate over the coming months, peaking at up to 6% towards the end of 2023.

- 94 The table below highlights the change in borrowing and investments at the end of quarter one:

	Actual 31.03.23 £ Million	Average Interest Rate	Actual 30.06.23 £ Million	Average Interest Rate
Borrowing	440	3.11%	428	3.12%
Investments	351	4.01%	347	4.72%
Net Debt	89		81	

Council Earmarked Reserves Forecast

- 95 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 2023, the forecast movement on reserves during the year and the forecast closing balance as at 31 March 2024.

- 96 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 £34.124 million in 2023/24, from £196.535 million to £162.411 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 2023	-188.480	-8.055	-196.535
Adjusted for increase (-) / use of Earmarked Reserves	28.680	2.668	31.348
Transfers Between Earmarked and Cash Limit Reserves	2.776	0.000	2.776
Earmarked Reserve Balances as at 31 March 2024	-157.024	-5.387	-162.411

- 97 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 2023 £ million	Forecast Balance at 31 March 2024 £ million	Forecast Change in Year £ million
Earmarked – Corporate Reserves	-73.645	-62.057	11.588
Earmarked – Partner/External Grant	-31.665	-25.424	6.241
Earmarked - Other	-83.170	-69.543	13.627
Sub-Total	-188.480	-157.024	31.456
Earmarked - Cash Limit	-8.055	-5.387	2.668
Total Earmarked Reserves	-196.535	-162.411	34.124

- 98 Based on the quarter one position, cash limit reserve balances of £5.387 million are forecast at the year end, an in year reduction of £0.580 million.
- 99 The forecast cash limit and general reserves position is considered to be sufficient and prudent given the financial commitments and uncertainties facing the council and local government beyond 2023/24. The MTFP(14) report to Council on 12 July 2023 highlighted the ongoing budget concerns for the council with a forecast additional savings requirement of £50.136 million over the 2024/25 to 2027/28 period (£9.910 million of this falling into 2024/25), despite the assumption that council tax increases will be applied in each of the next four years in line with the referendum limits and government expectations. Additional savings have been identified for consideration and consultation totalling £6.617 million, which could reduce the shortfall to £43.5 million, with the current shortfall in 2024/25 being £6.185 million.
- 100 The council's current reserves policy aims to maintain general reserve balance of between 5% (£26 million) and 7.5% (£39 million) of the net budget requirement in the medium term. The quarter one forecast general reserve balance at 31 March 2024 is £26.034 million within (at the lower end) of the policy threshold.

Dedicated Schools Grant and Schools

Dedicated Schools Block - DSG

- 101 The council currently maintains 156 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.

- 102 The council had 161 maintained schools at the time of budget setting, however five schools have since converted to academy status.
- 103 The retained school reserves at the start of the year was a net £28.463 million, which included the five schools that have since academised and £0.239 million for schools awaiting transfer for previous academisation.
- 104 The table below shows the schools that have transferred to academy status and the balances that transferred. In the case of Wellfield School, the council agreed to write-off the deficit using the earmarked reserve established for this purpose:

School	Reserves at 1 April 2023 £ million
Wellfield School	-2.776
Vane Road Primary	0.382
Collierley Primary	0.123
Woodham Burn Primary	0.077
Easington C of E Primary	0.037
Awaiting transfer	0.239
Net change due to academisation	-1.919

- 105 The recast reserve position for the remaining 156 maintained schools at quarter one is shown in the following table:

Subjective Budget Heading	Original Budget	Quarter 1 Forecast	Forecast to Budget Variance
	£ Million	£ Million	£ Million
Employees	215.988	216.675	0.687
Premises	16.402	16.512	0.110
Transport	1.983	1.978	-0.005
Supplies	36.872	36.950	0.078
Central Support & DRF	0.000	0.122	0.122
Gross expenditure	271.245	272.237	0.992
Income	-74.850	-78.466	-3.723
Net expenditure	196.395	193.771	-2.731
Budget share	189.016	189.230	0.214
Use of reserves	7.379	4.541	-2.838

Subjective Budget Heading	Original Budget	Quarter 1 Forecast	Forecast to Budget Variance
	£ Million	£ Million	£ Million
Revised Balance at 31 March 2023	30.382	30.382	0.000
Forecast at 31 March 2024	23.003	25.841	2.838

- 106 As with the council, schools are facing a range of unfunded and volatile inflationary pressures. Pay awards are forecast to outstrip the initial budget planning assumptions for instance.
- 107 In overall terms, the quarter one forecasts reflects an improved position from the original budget where these schools were forecasting to require £7.379 million of reserves to balance the in-year financial position. The updated position at quarter one is that the use of reserves figure will be £4.541 million, a reduction of £2.838 million against the original budget plans.
- 108 The quarter one position shown in the table above includes a provisional estimate of the impact on maintained primary and secondary schools of the teachers' pay award offer (6.5% from September 2023), offset by additional associated grant allocations, which were announced on 17 July 2023. Forecasts for individual schools will be updated with this information at quarter two.
- 109 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 and a more significant number of schools may not have sufficient reserves available to set a balanced budget in 2024/25
- 110 The council will work closely with schools over autumn term to support the financial planning process to set balanced budgets for 2024/25.

Dedicated Schools Grant Centrally Retained Blocks

111 The forecast outturn position for the centrally retained DSG budgets shows a projected underspend of £0.245 million, as detailed below:

DSG Block	Budget £ Million	Outturn £ Million	Over / (Under) Spend £ Million
High Needs	85.751	85.506	-0.245
Early Years	34.881	34.881	0.000
Central Schools Services	2.898	2.898	0.000
TOTAL	123.530	123.285	-0.245

112 The forecast High Needs block (HNB) position 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 and special school places will only become clearer once the new academic year begins.

113 All areas of HNB expenditure will continue to be kept under close review, with particular attention on top-up funding as we move into the new academic year, and it is probable that we will continue to see an upward trend in the volume of requests for additional support for high needs pupils.

114 A five-year recovery 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. A review of the current programme of work is taking place alongside work with DfE through the Delivering Better Value (DBV) programme.

115 The DfE announced provisional High Needs DSG allocations for 2024/25 on 17 July 2023 and Durham's allocation will increase by 4.5% from the 2023/24 level. This is significantly below the average increase of 15% that has been received over the previous four years and will present a challenging funding position next year, which could impact on the recovery plan.

116 Early Years Funding for 2022/23 has been retrospectively adjusted in 2023/24 to reflect the latest pupil numbers included on the early year's census in January 2023.

117 Notification was received on 28 July 2023 that Durham's allocation was to be reduced by £0.359 million, largely relating to lower numbers of 2-year-old pupils, and therefore reducing the Early Years Block reserve from £0.722 million to £0.363 million.

118 The impact of the current forecast on the DSG reserves position is shown in the following table:

DSG Reserves	High Needs Block (Unusable Reserve) £ Million	Early Years Block (Unusable Reserve) £ Million	Schools Block (Unusable Reserve) £ Million	Total DSG (Unusable Reserve) £ Million
Balance as at 1 April 2022	-8.843	0.656	2.401	-5.786
2021/22 Early Years Block Adjustment	0.000	0.594	0.000	0.594
Use/ Contribution in 2022/23	0.208	-0.528	-1.620	-1.940
Balance as at 1 31 March 2023	-8.835	0.722	0.781	-7.132
2022/23 Early Years Block Adjustment	0.000	-0.359	0.000	-0.359
Forecasted Use / Contribution in 2023/24	0.245	0.000	0.000	0.245
Forecasted Balance as at 1 April 2024	-8.390	0.363	0.781	-7.246

119 The overall DSG reserve was in a net deficit position of £7.132 million at the start of the financial year as a result of the accumulated deficit position in relation to the high needs block. The overall deficit position is now forecast to increase to £7.246 million to the year end.

Capital

120 On 12 July 2023 Cabinet received a report which provided details of the final outturn position of the 2022/23 capital programme. This included a reprofiling exercise where £27.664 million from 2022/23 was reprofiled into future years. The 2023/24 budget has also been reprofiled, with £5.484 million moved into 2023/24 from 2022/23 and from future years. Additions of £24.085 million to the 2023/24 budget were also actioned. These changes resulted in a revised original budget of £320.547 million for 2023/24, which is shown in the table below.

121 The council's Capital Member Officer Working Group (MOWG) closely monitors the capital programme. This report sets out further proposed 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.

122 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 2023.

Service Grouping	Original Budget 2023/24	Amendments recommended by MOWG	Revised Budget 2023/24 Quarter 1	Actual Spend to 30 June 2023
	£ Million	£ Million	£ Million	£ Million
Adult and Health Services	2.045	0.357	2.402	0.343
Children and Young People's Services	87.765	5.966	93.731	4.803
Neighbourhoods and Climate Change	84.527	-2.183	82.344	4.830
Regeneration, Economy and Growth	135.867	-3.310	132.557	15.481
Resources	10.343	0	10.343	1.101
TOTAL	320.547	0.830	321.377	26.558

123 Since the original 2023/24 budget was agreed, a number of variations to the capital programme have been suggested, which are a result of additions and reductions in resources received by the council. Variations of note are as follows:

- (a) **AHS** - additional budget of £0.357 million has been identified for Hawthorn House Development, funded from earmarked reserves.
- (b) **CYPS** – the service has the following additions and reductions:
 - (i) **Education - School Related** – budget increase of £2 million from £20 million to £22 million for the major refurbishment of Greenfield Community College, funded from corporate capital contingencies;
 - (ii) **School devolved Capital** – increases to budgets of £34,436 for Tudhoe Moor Nursery School funded from direct revenue funding and £3,500 for Greenfield School Community and Arts College funded from a contribution from private school fund;
 - (iii) **Children's Services** - reduction of £0.242 million for Aycliffe Secure Centre, to reflect reduced costs following completion

of works for the Transitions Home. The budget was funded by self-financing.

(c) **NCC** – the service has the following additions and reductions:

(i) **Highways** - budget increase of £2.2 million for Whorlton Bridge to fund significant increase in costs of repairing this Grade 2 listed structure and Scheduled Ancient Monument. The additional cost will be funded from corporate capital contingencies. The other major change is a budget increase of £0.447 million for South Moor and Stanley Resilience Innovation Scheme, funded from a grant from the Environment Agency;

(ii) **Partnerships & Community Engagement** – budget increase of £0.410 million for Members Towns and Villages Capital Scheme, funded from direct revenue funding. Budget increase of £77,956 for various AAP Capital budgets funded from the AAP Revenue Reserve. Net budget increase of £30,649 relating to individual members' budgets, funded from earmarked reserves.

(d) **REG** – the service has the following additions and reductions:

(i) **Planning and Housing** - increase of £1 million for Disabled Facilities Grant scheme funded by additional grant from DLUHC (£0.988 million) and a contribution from Living RSL (£11,471);

(ii) **Transport and Contracted Services** - increase of £0.235 million for the TCF/ITS scheme funded by a contribution from NECA/Newcastle City Council. Increase of £20,000 for T&V/Traffic Assets scheme funded by a contribution from Police and Crime Commissioner, received in 2022/23;

124 Budget managers continue to challenge and review the programming and phasing of capital works, which has resulted in the re-profiling of the following budgets in line with anticipated activity in 2023/24:

(a) **CYPS** – £4.4 million has been reprofiled from 2024/25 to 2023/24 for Framwellgate School, to reflect a payment to DfE which needs to be made in 2023/24. Other significant amounts reprofiled from 2023/24 to 2024/25 are £0.143 million for Cockfield Primary kitchen refurbishment works and £92,305 for Westlea Primary rewiring of the main building, due to delays in completion of both schemes.

- (b) **NCC** – £5 million was reprofiled from 2023/24 to 2024/25 for investment in Unclassified Network (£2.5 million) and Highways Capitalised Maintenance Scheme (£2.5 million) to split the MTFP budget allocation into two financial years. £35,825 was reprofiled from 2023/24 to 2024/25 for the SLERP scheme.
- (c) **REG** – project managers have undertaken a thorough review of the capital programme. The result is a proposed net reprofiling of £4.873 million from 2023/24 to 2024/25 and 2025/26, with significant amounts detailed below:
- (i) **Economic Development** - £0.428 million reprofiled from 2023/24 to 2024/25 for Durham Elvet Riverside scheme due to adjacent landowner works that impact on ability to bring scheme forward. £1.090 million reprofiled from 2023/24 to 2025/26 for Bishop Auckland Towns Deal – Newgate Market Place as we are awaiting government confirmation of Project Adjustments which will confirm all the works packages to come forward. £0.220 million reprofiled from 2023/24 to 2024/25 for Durham Town Centre Improvements as the service is seeking additional funding to deliver the scheme;
 - (ii) **Culture and Sport** - £0.389 million reprofiled from 2023/24 to 2024/25 (£0.119 million) and 2025/26 (£0.271 million) for Durham History Centre to make up 3% retention, with 50% paid in 2024/25, and 50% in 2025/26. Other significant amounts included £0.233 million reprofiled from 2023/24 to 2024/25 for Grass Pitch Improvements to await match funding for subsequent schemes; £0.162 million reprofiled from 2023/24 to 2024/25 for refurbishment of Teesdale Leisure Centre due to delays in progress; and £1.050 million reprofiled from 2023/24 to 2024/25 for Woodhouse Close Leisure Centre due to construction commencing in 2024/25;
 - (iii) **Transport and Contracted Services** - £0.722 million reprofiled from 2023/24 to 2024/25 for Bishop Auckland FHSF Road Junction Capacity Improvements and £0.300 million reprofiled from 2023/24 to 2024/25 for Bishop Auckland Towns Deal – Heritage Walking & Cycling due to delays to design and construction;
 - (iv) **Corporate Property and Land** - £0.268 million reprofiled from 2023/24 to 2025/26 for Stanley Customer Access Point Redevelopment due to delays to the construction programme affected by implementation of temporary measures to ensure the structural integrity of the building prior to full access. Some

enabling works are anticipated in 2023/24 to provide a permanent solution.

- 125 The following table summarises the recommended financing of the revised 2023/24 capital programme:

Financed By:	Original Budget 2023/24	Amendments recommended for Cabinet Approval	Revised Budget 2023/24 Quarter 1
	£ Million	£ Million	£ Million
Grants and Contributions	113.815	-0.415	113.400
Revenue and Reserves	1.875	2.107	3.982
Capital Receipts	34.367	0.000	34.367
Borrowing	170.490	-0.862	169.628
TOTAL	320.547	0.830	321.377

Prudential Indicators

- 126 The Local Government Act 2003 requires the council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.
- 127 The objective of the Prudential Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. To demonstrate that the council has fulfilled these objectives, the Prudential Code sets out indicators that must be monitored and reported quarterly.

Capital Financing Requirement (CFR)

- 128 The CFR is a measure of the council's underlying borrowing need for capital purposes. It includes other long term liabilities (PFI schemes and finance leases), though these arrangements include an integral borrowing facility, so the council does not need to borrow separately for them.
- 129 In the table below, the original CFR estimate for 2023/24 is the position reported to Council on 22 February 2023 as part of the council's Annual Treasury Management Strategy. The council's actual CFR at 31 March 2023 of £525.618 million was reported to Council on 19 July 2023 as

part of the Treasury Management Outturn Report. Updated estimates based on the forecasts as at 30 June 2023 are as follows:

	2023/24 Original £ Million	2023/24 Estimate £ Million	2023/24 Variance £ Million	2024/25 Estimate £ Million	2025/26 Estimate £ Million
Opening CFR	529.344	525.618	-3.726	686.954	852.973
Add net borrowing requirement for the year	188.588	165.428	-23.160	181.005	76.619
Add leasing & PFI requirement for the year	10.296	15.319	5.023	6.0636	5.099
Deduct MRP/VRP and other financing movements	-19.259	-19.411	-0.152	-21.050	-23.464
Closing CFR	708.969	686.954	-22.015	852.973	911.227

Gross Debt and the Capital Financing Requirement (CFR)

130 To ensure that debt held will only be for capital purposes, the council should ensure debt does not, except in the short term, exceed the CFR in the preceding year, current year and next two financial years. This is a key indicator of prudence. The table below shows how the council plans to comply with this requirement, which shows gross borrowing continues to be less than the CFR:

	2022/23 Actual £ Million	2023/24 Estimate £ Million	2024/25 Estimate £ Million	2025/26 Estimate £ Million
Borrowing	439.652	416.632	381.064	377.890
Finance leases	48.769	54.910	51.809	47.455
PFI liabilities	34.779	33.887	32.995	32.104
Total Gross Debt	523.200	505.429	465.868	457.449
Capital Financing Requirement	525.618	686.954	852.973	911.227
Borrowing Requirement	2.418	181.525	387.104	453.779

Operational Boundary

131 This is the limit which external borrowing is not normally expected to exceed and approximates to the CFR for a given year. Periods where

the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached:

	2023/24 £ Million
Operational Boundary Limit	687.000
Estimated Gross Debt 31 March 2024	505.429
Headroom	181,571

Authorised Limit

- 132 This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term:

	2023/24 £ Million
Authorised Limit	742.000
Estimated Gross Debt 31 March 2024	505.429
Headroom	236.571

Maturity Structure of Borrowing

- 133 This indicator is set to control the council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing for 2023/24 are shown in the table below alongside estimated figures at 31 March 2024:

	Lower Limit	Upper Limit	2023/24 Estimated
Under 12 months	0%	20%	0%
12 months to 2 years	0%	40%	10%
2 years to 5 years	0%	60%	13%
5 years to 10 years	0%	80%	18%
10 years and above	0%	100%	59%

Council Tax and Business Rates Collection Funds

Council Tax

- 134 Council Tax is charged for all residential dwellings in bandings agreed by the Valuation Office Agency, which is part of His 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.
- 135 The in year collection rate at 30 June 2023 was 27.77%, a slight reduction on the position as at 30 June 2022 (27.81%) but a slight improvement on the position as at the 30 June 2021 when in year recovery for 2021/22 stood at 27.72%.
- 136 The council is continuing to provide support to economically vulnerable households with their council tax payments. The Council Tax Support Fund is used to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants, with £1.243 million having been awarded to 30 June 2023.
- 137 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 %
2023/24	27.77
2022/23	27.81
2021/22	27.72

- 138 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.
- 139 Actual cash collected as at 30 June 2023 was £93.465 million compared with £88.829 million as at 30 June 2022. When the council tax increases

for 2023/24 are factored in this represents a year on year real terms increase of £1.118 million in terms of council tax income received.

- 140 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.
- 141 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.
- 142 In terms of the in-year position for the council tax element of the Collection Fund at 30 June 2023, the estimated outturn is a deficit of £1.783 million, with the council's share of the deficit being £1.498 million.
- 143 After taking into account the undeclared 2022/23 deficit of £0.235 million and the forecast in year deficit of £1.783 million, the overall forecast for the council tax element of the Collection Fund is a £2.018 million deficit. The council's share of this deficit is £1.695 million.
- 144 The total position for the Council Tax element of the Collection Fund for 2023/24 is detailed in the following table:

	£ Million
Net Bills issued during Accounting Year 2023/24	402.349
LCTRS and previous years CTB adjustments	-63.192
Calculated change in provision for bad debts required and write offs	-3.535
Net income receivable (a)	335.622
Precepts and Demands	
Durham County Council	268.371
Parish and Town Councils	15.143
Durham Police Crime and Victim's Commissioner	37.183
County Durham and Darlington Fire and Rescue Authority	16.708
Total Precepts and Demands (b)	337.405
Net Surplus / (-) Deficit for year (a) – (b)	-1.783
Undeclared Surplus / (-) Deficit brought forward from 2022/23	-0.235
Estimated year end deficit	-2.018

Business Rates

- 145 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.
- 146 The in-year collection rate at 30 June was 33.34%, which is 0.46% 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 %
2023/24	33.34
2022/23	32.88
2021/22	33.80

- 147 In terms of the in-year position for the business rate element of the Collection Fund as at 30 June 2023, the estimated outturn for the year is an in year surplus of £9.861 million of which the council's 49% share is £4.832 million.
- 148 After taking into account the undeclared 2022/23 deficit of £0.708 million and the forecast in year surplus of £9.861 million the overall forecast for the business rate element of the Collection Fund is a £9.153 million surplus, of which the council's share is £4.485 million.
- 149 The total position for the Business Rates element of the Collection Fund for 2023/24 is detailed in the following table:

The total position for the business rate element of the Collection Fund for 2023/24 is detailed in the following table.	£ Million
Net rate yield for 2023/24 including previous year adjustments	120.459
Estimate of changes due to appeals lodged and future appeals	4.921
Estimated losses in Collection – Provision for Bad Debts and Write-offs	-1.480
Net income receivable (a)	123.900
Agreed allocated shares:	
Central Government (50%)	55.483
Durham County Council (49%)	56.319
County Durham and Darlington Fire and Rescue Authority (1%)	1.132
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	1.104
Total fixed payments (b)	114.039
Net surplus for year (a) – (b)	9.861
Undeclared Surplus / (-) Deficit brought forward from 2022/23	-0.708
Estimated year end surplus	9.153

- 150 Taking into account the forecast positions at the end of quarter one for council tax and business rates, the overarching position for the council in terms of the 2023/24 Collection Fund are as set out below, which is an overall £2.790 million surplus.

	£ Million
Council Tax Deficit	-1.695
Business Rates Surplus	4.485
NET SURPLUS	<u>2.790</u>

Section 31 Grant - Small Business Rate Relief

- 151 Small businesses (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.
- 152 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%.
- 153 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.
- 154 At 30 June 2023, the gross small business relief awarded against the 2023/24 business rates bills and adjustments to 2013/14 to 2022/23 bills is £17.226 million, and the council will receive £6.693 million in Section 31 grant, including the capping adjustment and threshold change adjustments, in this regard.

Other Section 31 Grants

- 155 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.

156 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(13) savings

157 The delivery of the MTFP (13) 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.

158 MTFP (13) savings proposals for 2022/23, agreed by County Council on 22 February 2023 total £12.383 million.

159 At 30 June 2023, savings totalling £5.435 million, representing 43.9% of the £12.383 million total savings target have been delivered.

Consultation

160 Public consultation was carried out in respect of the proposed review of Area Action Partnerships, concluding on Sunday 23 April 2023. No other public consultation reflecting any of the remaining MTFP (13) initiatives took place during this quarter.

HR implications

161 Equality data relating to the two staff leaving through voluntary redundancy, early retirement, and ER/VR during quarter one of MTFP (13) showed that 50% were female and 50% were male. In terms of race, 100% of leavers their ethnicity stating that they were white British or white English.

162 Regarding disability status no employees said they had a disability, 50% had no disability and 50% did not disclose their disability status.

163 During quarter one, four employees in total have left through compulsory redundancy. One of these is associated with the MTFP savings.

164 Equality data relating to the four staff leaving through compulsory redundancy, showed that 50% were female and 50% were male. In terms of race, 25% of leavers had not disclosed their ethnicity and the

remaining 50% stated that they were white British or white English. Regarding disability status no employees said they had a disability, 25% had no disability and 75% did not disclose their disability status.

- 165 Since 2011, equality data relating to staff leaving through voluntary redundancy, showed that 65.7% were female and 34.39% 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.
- 166 In terms of race, since 2011, 45.37% of leavers had not disclosed their ethnicity, with 54.16% stating that they were white British or white English. Regarding disability status 2.91% said they had a disability, 13.85% had no disability and 83.24% did not disclose their disability status.

Equality Impact Assessments (EIA)

- 167 Services have completed EIA screenings and assessments where necessary as part of the decision-making process for 2023/24 MTFP (13) proposals.
- 168 Projects to deliver growth proposals will be supported to ensure robust planning and that EIA screening are also completed.

Other useful documents

- County Council – 22 February 2023 – Medium Term Financial Plan 2023/24 to 2026/27 and Revenue and Capital Budget 2021/22
- Cabinet – 12 July 2023 – 2022/23 Final Outturn for the General Fund and Collection Fund
- Cabinet - 12 July 2023 – Medium Term Financial Plan (14) 2024/25 -2027/28

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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 2023 in relation to the 2023/24 financial year. The forecasts contained within this report have been prepared in accordance with standard accounting policies and procedures.

Finance

The report details the forecast financial outturn for the council for 2023/24 for revenue and capital. The report covers general fund for revenue and capital and the outturn position for general and earmarked reserves at 31 March 2024, plus the Collection Fund outturn, covering council tax and business rates. The report also sets out details of proposed amendments to the Capital Programme agreed by Council in February 2023, along with details of sums to be treated as outside the cash limit and funded corporately through General Contingencies.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None specific to this report. There is an overview of the protected characterisers of staffing leaving the Council as a result early retirement, voluntary redundancy and compulsory redundancies as a result of MTFP (13) savings proposals implemented in year contained within the report.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

The report includes details of under and overspending against employee budgets, with underspends mainly due to vacancies and overspends due to delays in implementing restructures or managed positions due to workload.

The report includes details of the staffing implications arising from MTFP13 savings proposals that were factored into the 2023/24 budget.

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 2023/24

	Original Budget 2023/24	Proposed Budget Revisions	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecast of Outturn (including Corporate Costs)	Contribution to / (Use of) Contingencies, sums outside the cash limit, DSGAA	Contribution to / (Use of) Cash Limit Reserve	Contribution to / (Use of) Earmarked Reserves	Adjusted Variance	Adjustment for inflationary-related sums outside the cash limit included in Forecast of Outturn			Cash Limit Position
										Energy	Fostering	Pay Inflation 23/24	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees	571,861	-8,486	563,375	562,841	563,174	-723	0	-1,000	-1,924	0	0	-574	-2,498
Premises	60,764	-913	59,851	60,371	60,371	-375	0	-120	25	1,930	0	0	1,955
Transport	64,792	-768	64,024	65,332	65,332	-25	0	-15	1,268	0	0	0	1,268
Supplies & Services	117,757	-1,229	116,528	130,835	132,592	-142	0	-642	15,280	0	0	0	15,280
Agency & Contracted	551,775	17,793	569,568	574,612	576,890	3,289	0	0	10,611	0	-590	0	10,021
Transfer Payments	152,814	1,181	153,995	160,551	160,816	-3,391	0	0	3,430	0	0	0	3,430
Central Costs	143,125	-3,717	139,408	149,349	149,504	430	-1,389	-19,415	-10,278	0	0	0	-10,278
DRF	456	-1	455	1,661	1,661	0	0	-62	1,144	0	0	0	1,144
Capital Charges	55,916	1	55,917	55,917	55,917	0	0	0	-0	0	0	0	-0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
GROSS EXPENDITURE	1,719,260	3,861	1,723,121	1,761,468	1,766,256	-937	-1,389	-21,254	19,555	1,930	-590	-574	20,321
Income													
Government Grants	633,142	-10,427	622,715	629,886	629,886	359	0	-2,627	4,903	0	0	0	4,903
Other Grants and Contributions	91,231	8,114	99,345	102,944	103,334	0	0	-186	3,803	0	0	0	3,803
Sales	6,937	-325	6,612	5,971	6,081	0	0	-25	-556	0	0	0	-556
Fees and Charges	114,789	3,723	118,512	118,474	118,442	1,640	0	-61	1,509	536	0	0	2,045
Rents	11,312	-238	11,074	13,494	13,494	-130	0	-29	2,261	0	0	0	2,261
Recharges To Other Services	320,669	3,692	324,361	325,923	325,923	0	0	-254	1,308	0	0	0	1,308
Other	9,549	-678	8,871	10,296	10,296	0	0	-444	981	0	0	0	981
Total Income	1,187,629	3,861	1,191,490	1,206,988	1,207,456	1,869	0	-3,626	14,209	536	0	0	14,745
NET EXPENDITURE	531,631	0	531,631	554,480	558,800	-2,806	-1,389	-17,628	5,346	1,394	-590	-574	5,576

Appendix 4: Earmarked Reserves Position as at 30 June 2023

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 31/03/24
		£'000	£'000	£'000	£'000	£'000	£'000
EARMARKED RESERVES							
Corporate Reserves							
Business Support Reserve	Corporate	-1,250	456			456	-794
Cabinet Priorities Reserve	Corporate	-755	108			108	-647
Capital Expenditure reserve	Corporate	-642					-642
Commercialisation Support Reserve	Corporate	-9,107					-9,107
Equal Pay Reserve	Corporate	-4,479					-4,479
ER/VR Reserve	Corporate	-10,354	790			790	-9,564
Feasibility Study Reserve	Corporate	-500					-500
Insurance Reserve	Corporate	-5,965					-5,965
Levelling Up Feasibility Reserve	Corporate	-94					-94
MTFP Reserve	Corporate	-36,996	10,028			10,028	-26,968
Resources DWP Grant Reserve	Corporate	-2,295	206			206	-2,089
Resources Elections Reserve	Corporate	-1,208					-1,208
Total Corporate Reserves		-73,645	11,588	0	0	11,588	-62,057
Sums held for other organisations/grants							
Collection Fund Deficit Reserve	Corporate	-4,722	4,735	-13		4,722	0
Local Taxation Income Guarantee Reserve	Corporate	-355	355			355	0
North Pennines AONB Partnership Reserve	NCC	-2,152					-2,152
Resources Council Tax Hardship Reserve	Resources	-1,342					-1,342
Resources COVID-19 Support Grants	Resources	-620	205			205	-415
Social Care Reserve - Community Discharge Grant	AHS	-737					-737
Social Care Reserve - CCG	AHS	-21,737	919		40	959	-20,778
Total Sums held for other organisations/grants		-31,665	6,214	-13	40	6,241	-25,424
Other Specific Reserves							
Business Growth Fund Reserve	REG	-604	225			225	-379
CEO Grant Reserve	CEO	-284	24			24	-260
Children's Services Reserve	CYPS	-5,554	1,477	-232	-60	1,185	-4,369
Community Protection Reserve	NCC	-3,370	576	-129		447	-2,923
Corporate Property & Land Reserve	REG	-2,789	404			404	-2,385
Culture and Sport Reserve	REG	-8,259	1,472	-524		948	-7,311
Economic Development Reserve	REG	-2,427	305	-138		167	-2,260
Education Reserve	CYPS	-18,386	7,065	-362		6,703	-11,683
Employability and Training Reserve	REG	-309	69			69	-240
Environmental Services Reserve	NCC	-3,091	630	-312		318	-2,773
Funding and Programmes Management Reserve	REG	-418	28			28	-390
Grant Reserve	CEO	-86					-86
Housing Regeneration Reserve	REG	-2,170	359			359	-1,811
Housing Solutions Reserve	REG	-3,880	430	-506		-76	-3,956
CEO Operational Reserve	CEO	-208					-208
CEO Transformation Reserve	CEO	-853	99			99	-754
Partnerships and Community Engagement Reserve	NCC	-13,159	4,571	-150		4,421	-8,738
Planning Reserve	REG	-439	17			17	-422
Public Health Reserves	AHS	-6,220	1,065	-1,726		-661	-6,881
REG Match Fund Programme Reserve	REG	-605	147	-178		-31	-636
Resources Corporate Reserve	Resources	-562	232			232	-330
Resources Customer Services Reserve	Resources	-239					-239
Resources Human Resources Reserves	Resources	-297	89			89	-208
Resources ICT Reserves	Resources	-970					-970
Resources Internal Audit & Corporate Fraud Reserve	Resources	-249	46			46	-203
Resources Legal Reserves	Resources	-389					-389
Resources Operations and Data Reserve	Resources	-50					-50
Resources Revenue and Benefits Reserve	Resources	-528	81			81	-447
Resources System Development Reserve	Resources	-197					-197
Social Care Reserve - Specific Purpose	AHS	-1,320	662		20	682	-638
Technical Services Reserve	NCC	-1,862	-21	-400		-421	-2,283
Town and Villages Regeneration Reserve	REG	-686					-686
Transport Reserve	REG	-2,710	1,203	-2,931		-1,728	-4,438
Total Other Specific Reserves		-83,170	21,255	-7,588	-40	13,627	-69,543
TOTAL EARMARKED RESERVES		-188,480	39,057	-7,601	0	31,456	-157,024

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE £'000	USE OF RESERVES £'000	CONTRIBUTION TO RESERVES £'000	TRANSFERS BETWEEN RESERVES £'000	TOTAL MOVEMENT ON RESERVES £'000	CLOSING BALANCE AT 31/03/24 £'000
Cash Limit Reserves							
Adult and Health Services		-5,329	1,852	-85		1,767	-3,562
Children and Young People's Services		0	5,078	-5,078			0
Chief Executive's Office		0		-76	-50	-126	-126
Neighbourhoods and Climate Change		-90		-131		-131	-221
Regeneration, Economy and Growth		-1,372	868			868	-504
Resources		-1,264	240		50	290	-974
Total Cash Limit Reserves		-8,055	8,038	-5,370	0	2,668	-5,387
Total Council Reserves		-196,535	47,095	-12,971	0	34,124	-162,411
Schools' Balances							
Schools' Revenue Balance *	CYPS	-28,463	2,622			2,622	-25,841
DSG Reserve	CYPS	0					0
Total Schools and DSG Reserves		-28,463	2,622	0	0	2,622	-25,841

* Academy transfers: the Schools' Revenue balance in-year movement includes an adjustment of £2.776 million of deficit balances to be written off and £0.857 million of surplus balances to be transferred to the new trusts (a net increase £1.919 million before the movement in respect of maintained schools).