

Cabinet

13 March 2024



**Forecast of Revenue and Capital
Outturn 2023/24 – Period to 31
December 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 updated forecast revenue and capital outturn at 31 March 2024, based on the position to 31 December 2023;
 - (b) an update on the dedicated schools grants and forecast schools' outturn as at 31 March 2024, based upon the position to 31 December 2023;
 - (c) the updated forecast for the council tax and business rates collection fund outturn at 31 March 2024, based on the position to 31 December 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 provide an update on the 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 unfunded inflationary pressures, enduring demographic / cost pressures in Children's Social Care, increased demand and complexity of demand for a range of services and the ongoing inflationary impact of pay awards. 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 4.0% by December 2023, CPI is now forecast to stay higher for longer than the Chancellor originally set in his budget forecasts in March 2023. This continues, alongside National Living Wage increases, 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% point increase applied from April has added a forecast circa £0.590 million increase to our costs in the current year. This additional spending requirement has been built into the base budget in 2024/25 alongside the impact of the increases announced for next year.
- 7 The Local Government Employers 2023/24 pay award, which was finally agreed in November 2023, 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 given the number of employees we have on the lower pay bands. The 2023/24 base budget included provision for up to a 5% pay award this year. The additional 1.5% point budget uplift required has added a forecast £2.265 million (net of expected vacancies) during 2023/24 and a £3.711 million per annum budget uplift requirement next year, where a further 4% uplift in costs is expected once the 2024/25 pay award is settled.
- 8 Attendance at our leisure centres has not returned to pre-pandemic levels, however the budgeted levels of income remain at pre-pandemic levels. The under recovery of leisure income experienced over the past two years has continued into 2023/24, with a projected shortfall of circa £1.808 million forecast this year. This includes the impact of temporary

closures whilst refurbishment works are undertaken as part of the Leisure Transformation Programme. The ongoing shortfall, net of the impact of temporary closures of circa £1 million is being addressed in the 2024/25 budget. The 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 centres during refurbishment is circa £0.774 million (included above) has also been reported as outside services cash limit.

- 9 The pandemic accelerated growth in the use of temporary accommodation, which has continued post pandemic and into 2023/24. The Housing Benefit Subsidy Grant does not allow for full recovery of housing benefit payments linked to temporary and supported accommodation, which has increased in recent years and this in turn has led to a forecast shortfall in recoverable income of circa £3.200 million in 2023/24. This ongoing budget pressure has been addressed in the 2024/25 budget, where a budget adjustment of £2.6 million is provided in anticipation of some improvement in the position due to the mitigating actions being implemented.
- 10 These and other inflationary pressures are resulting in overspends in 2023/24 and are driving additional unavoidable budget pressures across the MTFP(14) planning period. These issues have been factored into the MTFP(14) update reports to Cabinet throughout the year as budget planning has progressed and included in the MTFP 2024/25-2027/28 and Revenue and Capital Budget considered by Cabinet on 14 February 2024 and Council on 28 February 2024.
- 11 The MTFP(13) forecasts anticipated that energy prices would fall based on the advice from industry experts, however they have fallen further and more quickly than was anticipated previously. Energy costs are presently forecast to be lower than budget (net of Joint Stocks power generation income shortfall) by £2.830 million in the current year in part due to higher gas stocks and in part due to a warmer weather across the last nine months.
- 12 Based on the position to 31 December 2023, service grouping cash limit budgets are forecasting a net overspend of £5.623 million this year, which compares to a forecast net overspend of £5.245 million forecast at quarter two. The majority of the overspend continues to relate to Children and Young People's Services where there is a forecast cash limit overspend of £8.102 million forecast (compared to a forecast £6.222 million overspend at quarter two). 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 services net cash limits show a net underspend of £2.479 million once

the CYPs position is excluded, which compares to a forecast net £0.977 million underspend forecast at quarter two.

- 13 The overspends being met corporately have been offset by budget available in general contingencies, a £5.308 million underspend in the capital financing budget and an over recovery in the investment income budget of £6.190 million.
- 14 In addition, in the Local Government Settlement on 5 February 2024, the Government announced a £100 million return across the sector from the business rates levy account in 2023/24. The levy surplus sits outside of the main settlement and the overall fund has been allocated on the same basis as in 2022/23. The 2023/24 quarter three outturn therefore includes a return from the business rate levy account of £1.068 million.
- 15 Overall, therefore, after taking into account the forecasted outturn positions on corporate budgets, it is estimated that the General Reserve position to year end will increase by £4.336 million as at 31 March 2024. At quarter two there was a forecast £3.258 million increase in the General Reserve forecast, resulting in a net change of £1.078 million between quarters.
- 16 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 £34.353 million in 2023/24, from £196.535 million to £162.182 million. From this total reduction in earmarked reserves £10 million relates to the use of the MTFP Support Reserve to balance the 2023/24 budget. The updated forecasts are for a marginally higher reduction in earmarked and cash limit reserves in year than what was forecast at quarter two, when the in-year reduction was forecast to be £33.290 million.
- 17 The forecast overall reserves position, including the General Reserve, is considered to be 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 2024/25 - 2027/28 and Revenue and Capital Budget 2024/25 considered by Cabinet on 14 February and Council on 28 February 2024 highlighted a forecast budget shortfall of £37.833 million over the next four years after the realisation of £16.360 million of savings with £8.083 million of the savings in 2024/25.
- 18 The forecast future MTFP(14) savings shortfall is likely to require the council to continue to support the MTFP via the application of earmarked reserves, such as the MTFP Support Reserve and the

ER/VR reserve. In this regard all reserves are reviewed regularly to ensure sufficient reserves are available to support the MTFP. This will include consideration of transferring sums out of the General Reserve to reduce it to the minimum level required if necessary.

- 19 The council's current reserves policy aims to maintain a 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 2023/24 opening general reserves balance equated to the minimum 5% at £26.017 million.
- 20 The quarter three updated projected outturn position forecasts an increase in the General Reserve, with the reserve now forecast to increase by £4.336 million in year to £30.353 million – which equates to 5.8% of the 2023/24 net budget requirement. This value is within the revised council reserves policy for 2024/25 agreed at Council on 28 February 2024 of holding a General Reserve of between £28.2 million and £42.4 million.
- 21 The updated forecast position for all current maintained schools shows a forecast net use of reserves of £2.286 million (£5.722 million below budget) in year. This is slightly higher than the position forecast at quarter two, when the maintained schools net use of reserves was forecast to be £2.158 million in year. Within the updated net position there are 84 schools drawing a forecast £5.729 million from their retained reserves in year (to offset in year overspending) and 68 schools forecasting a £3.443 million addition to their reserves (to reflect in year underspending).
- 22 The updated forecast position for Dedicated Schools Grant centrally retained block shows a net £1.940 million overspend, including a £2.391 million overspend in relation to High Needs Block, which will increase the accumulated deficit from £8.835 million to £11.026 million. At quarter two, the High Needs Block was forecast to be £2.118 million overspent to year end. The main area of pressure is in top up funding in mainstream schools and settings, where demand for both EHCP and SEN support top up funding increased significantly at the start of the academic year.
- 23 The updated projected capital outturn this year is that capital expenditure will total £259.187 million in year. The report provides details on significant areas of reprofiling of capital budgets into future years to match forecast delivery of the capital programme. Actual capital spending incurred to 31 December 2023 was £146.801 million, exceeding the annual capital expenditure incurred last year, which was the highest level of capital spending delivered by the council.

- 24 Performance against the various prudential indicators agreed by County Council in February 2023 is set out at paragraphs 150-157 and shows that the council continues to operate within the targets and boundaries agreed. The half year Treasury Management position and performance against the full suite of Treasury Management Strategy and Prudential Indicators was presented to County Council on 6 December 2023.
- 25 The updated forecast outturn for the Council Tax Collection Fund shows an in-year deficit of £2.408 million, and a cumulative deficit of £2.643 million to 31 March 2024. Durham County Council's share of this forecast net deficit is £2.220 million. At quarter two the in-year deficit was forecast to be £2.376 million, with a cumulative deficit of £2.611 million to 31 March 2024. Durham County Council's share of this forecast net deficit was previously forecast to be £2.194 million, so the updated forecasts at quarter three is broadly in line with the quarter two position.
- 26 The forecast outturn for the Business Rates Collection Fund is an in-year surplus of £6.971 million, but a cumulative surplus of £6.263 million. Durham County Council's share (49%) of this forecast surplus is £3.069 million. At quarter two the in-year surplus was forecast to be £6.587 million, with a cumulative surplus of £5.879 million. Durham County Council's share (49%) of this forecast surplus was previously forecast to be £2.880 million, so the updated forecasts at quarter three indicate a marginally better position when compared with the quarter two position.
- 27 As at 31 December 2023 the council has delivered savings totalling £11.085 million, which is 89.5% of the £12.383 million savings target for the year. This is an improvement on the position at 30 September 2023 when savings delivered totalled £10.359 million, 83.7% of the annual target.

Recommendations

- 28 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) approve 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 underspend of £2.479 million (net of CYPS) alongside the forecast contribution of £4.336 million to general reserves resulting in a forecast overall net council underspend in 2023/24 of £6.815 million;
- (g) note the net unavoidable inflationary pressures which are forecast to be managed from the General Reserve;
- (h) note that all reserves will be reviewed to ensure sufficient sums are available in the ERVR and MTFP Support Reserve to support the MTFP going forward;
- (i) note the Dedicated Schools Grant and Schools forecast outturn position;
- (j) note the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates; and
- (k) note the amount of savings delivered to 31 December 2023 against the 2023/24 targets and the total savings that will have been delivered since 2011.

Background

- 29 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.
- 30 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.
- 31 The MTFP 2024/25 - 2027/28 and Revenue and Capital Budget 2024/25 Report considered by Cabinet on 14 February 2024 and Council on 28 February 2024, highlighted ongoing budget concerns for the council with a total forecast budget shortfall of circa £37.833 million over the next four years after the realisation of £16.360 million of savings, with £8.083 million of the savings in 2024/25. The delivery of further savings to this magnitude is becoming ever more challenging to achieve.
- 32 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 4.0% by December 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.
- 33 The constitution requires that the Chief Finance Officer must report to Cabinet on the overall council budget monitoring position on a quarterly basis.
- 34 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 31 December 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.
- 35 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

- 36 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 set out that he expects Consumer Price Inflation (CPI) to continue to fall further across the coming year, which is to be welcomed, though many of the council's budget pressures are significantly higher than headline CPI levels and not directly linked.
- 37 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 gradually over time in line with the advice received from industry experts, but not to the extent that prices would return to pre-Ukraine crisis levels. Energy prices have however fallen further and more quickly than originally forecast based on the advice received. They are presently forecast to be lower than the increased budget in 2023/24 (net of shortfall on Joint Stocks power generation income) by £2.830 million - in part due to higher gas stocks internationally and in part due to warm weather across the UK and Europe over the last six months. The forecasted energy costs have been supported by NEPO data and takes into account their forward purchasing strategy. The 2024/25 budget and the MTFP(14) forecasts have been adjusted accordingly.
- 38 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% point additional increase applied from April has added a forecast circa £0.590 million increase of costs per annum in the current year. This additional spending requirement has been built into the base budget next year.
- 39 The Local Government Employers 2023/24 pay award was finally agreed in November 2023 and for 'Green Book' employees was a £1,925 flat rate increase for all employees covered by this agreement. This pay award 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% point increase has added a forecast circa £2.265 million

(net of vacancies) per annum to council costs in the current year, meaning that pay inflation is expected to cost the Council £14.465 million this year (net of vacancies). A £3.711 million per annum budget uplift is required next year (inclusive of vacancies). A further 4% uplift in costs is expected once the 2024/25 pay award is settled.

- 40 Attendance and use of our leisure centres has not returned to pre-pandemic levels, 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 has continued into 2023/24 with a projected shortfall in the underlying budget position of circa £1 million, which has been addressed in the 2024/25 base budget. In addition, reduced income of circa £0.774 million in year is forecast in 2023/24 as a result of leisure centres being closed for periods of time whilst refurbishment works are undertaken as part of the Leisure Transformation Programme.
- 41 The Aycliffe Secure Service has also struggled to realise previous / budgeted income levels. In 2022/23 the shortfall in net income was circa £1.448 million and was 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. This position has dissipated somewhat in the current year, with the updated forecasts showing a circa £0.112 million projected shortfall in net income in 2023/24. This has been funded corporately.
- 42 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 has also been addressed in the 2024/25 base budget, where a budget adjustment of £2.6 million is provided in anticipation of some improvement in the position due to the mitigating actions being implemented. The quarter three forecast position is in line the previous forecast.

Revenue Outturn Forecast – Based on Position to 31 December 2023

- 43 Adjustments have been made to the original budget agreed by Council on 22 February 2023 as follows:
 - (a) agreed budget transfers between service groupings.

44 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).

45 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	158,090	157,196	-894	318	-576	112	-464
Chief Executive's Office	4,492	4,322	3,887	-435	-362	-797	29	-768
Children and Young People's Services	168,451	171,531	194,829	23,298	-15,074	8,224	-122	8,102
Neighbourhoods and Climate Change	120,845	123,766	126,215	2,449	-3,332	-883	980	97
Regeneration, Economy and Growth	54,744	57,638	57,775	137	-1,967	-1,830	1,920	90
Resources	22,525	27,327	29,762	2,435	-4,324	-1,889	455	-1,434
Cash Limit Position	527,353	542,674	569,664	26,990	-24,741	2,249	3,374	5,623
Contingencies	16,119	3,829	1,099	-2,730	1,050	-1,680	-320	-2,000
Corporate Costs	4,278	4,278	4,489	211	-374	-163	0	-163
NET COST OF SERVICES	547,750	550,781	575,252	24,471	-24,065	406	3,054	3,460
Capital charges	-55,916	-55,916	-55,916	0	0	0	0	0
DSG deficit reserve adjustment	0	0	-1,940	-1,940	1,940	0	0	0
Interest and Investment income	-9,900	-9,900	-16,090	-6,190	0	-6,190	0	-6,190
Interest payable and similar charges	39,812	39,860	34,552	-5,308	0	-5,308	0	-5,308
Levies	17,506	17,506	17,491	-15	0	-15	0	-15
Net Expenditure	539,252	542,331	553,349	11,018	-22,125	-11,107	3,054	-8,053
Funded By:								
Council tax	-268,372	-268,372	-268,372	0	0	0	0	0
Use of earmarked reserves	-18,378	-18,378	-36,701	-18,323	18,336	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	-75,763	193	0	193	0	193
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
Levy Account Surplus Grant	0	0	-1,068	-1,068	0	-1,068	0	-1,068
Forecast contribution to/from (-) Cash Limit Reserves	-698	-698	67	765	1,714	2,479	0	2,479
Forecast contribution to/from (-) General Reserves	0	-3,079	4,336	7,415	2,075	9,490	-3,054	6,436
Total Funding	-539,252	-542,331	-553,349	-11,018	22,125	11,107	-3,054	8,053
TOTAL	0	0	0	0	0	0	0	0

46 There is a net £5.623 million overspend in cash limit budgets. CYPS however do not hold a cash limit reserve and as such £8.102 million of the overspend will need to be met corporately. The CYPS forecast position at quarter two was a net forecast overspend of £6.222 million. Once the updated CYPS overspend is accounted for, there is a net £2.479 million underspend in the other services cash limit budgets forecast this year, which compares to a £0.977 million underspend forecast at quarter two. All services, with the exception of Neighbourhoods and Climate Change and Regeneration, Economy and

Growth (where small overspends are forecast) are forecasting in year managed underspending within their cash limit budgets.

- 47 Overspends being met corporately (such as the CYPS cash limit overspend) have been offset by budget available in general contingencies, a £5.308 million underspend in the capital financing budget and an over recovery in the investment income budget of £6.190 million. In addition, in the Local Government Settlement on 5 February 2024, the Government announced a £100 million return across the sector from the business rates levy account in 2023/24. The levy surplus sits outside of the main settlement and the overall fund has been allocated on the same basis as in 2022/23. The 2023/24 quarter three outturn therefore includes a return from the business rate levy account of £1.068 million.
- 48 It is forecast that the corporate position will be a net underspend of £4.336 million which will be transferred to the General Reserve. At quarter two there was a forecast £3.258 million increase in the General Reserve forecast, an increase of £1.078 million from the previous forecasts. Including the cash limit and corporate position the forecast is for a £6.815 million underspend (1.26%) in 2023/24 against a £539.252 million budget.
- 49 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	Use	Proposal	Approved Cumulative Quarter 3 £ Million	Approved Cumulative Quarter 2 £ Million
REG	Temp	Premises dual running costs	-0.050	0.173
REG	Temp	Radon Monitoring	0.095	0.095
RES/REG	Temp	Milburngate – Legal and Professional fees	0.388	0.280
CYPS	Temp	Surplus Property - R&M	0.161	0.150
CYPS	Temp	Educational Psychologists Locum support	0.200	0.717
Resources	Temp	Occupational Health Succession Planning	0.048	0.048
NCC	Temp	Coronation costs	0.034	0.032
NCC	Temp	Waste Procurement fees	0.089	0.089
Resources	Temp	CIPFA Finance Peer Review (OFLOG)	0.035	0.035

Service Grouping	Use	Proposal	Approved Cumulative Quarter 3 £ Million	Approved Cumulative Quarter 2 £ Million
Resources	Temp	Legal Assistant support	0.050	0.050
Resources	Perm	Schools SLA Income and Business Manager Post	0.181	0.181
REG	Perm	Senior Management Restructure	-0.101	-0.101
CEO	Perm	Initiatives	0.010	0.010
TOTAL			1.140	1.759

50 As part of this report, Cabinet approval is sought for the above sums to be funded from general contingencies during quarter three.

51 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	0.999	-3.632
Chief Executive's Office	0.000		-0.828	-0.828
Children and Young People's Services	0.000		0.000	0.000
Neighbourhoods and Climate Change	-0.090		0.068	-0.022
Regeneration, Economy and Growth	-1.372		0.168	-1.204
Resources	-1.264		-1.197	-2.461
Total Cash Limit Reserve	-8.055	0.698	-0.790	-8.147
General Reserve	-26.017	0.000	-4.336	-30.353

52 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. This updated forecast general reserves position is circa 5.8% of the council's net budget requirement and therefore within the parameters of maintaining a General Reserve of between 5% and 7.5% of the council's net budget requirement, which for 2024/25 is between £28.2 million and £42.4 million.

Cash Limit Position

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

Adult and Health Services (AHS)

- 54 The 2023/24 projected outturn for AHS, based upon the position to 31 December 2023 is a cash limit underspend of £0.464 million to the year end, representing circa 0.3% of the total revised budget for AHS. This compares to the forecast quarter two cash limit underspend of £0.316 million (0.2% of the AHS budget).
- 55 In 2023/24 AHS has 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.
- 56 The projected outturn takes into account adjustments for sums outside the cash limit including MTFP saving linked redundancy costs which are met from the corporate reserve, capital accounting entries and use of / contributions to earmarked reserves. Reductions in forecast energy costs of £35,000 and the 2023/24 pay award budgets linked to vacancies of £77,000 have also been excluded from the cash limit outturn position. Also excluded is a forecast underspend in the AHS budget of £3.500 million, set aside for future MTFP support.
- 57 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across AHS to remain within the cash limit. The outturn position is accounted for as follows:
- (a) careful management and control of vacant posts and supplies and services budgets across the service, results in an estimated under budget position for the year of £1.236 million;
 - (b) net spend on adult care packages is £0.772 million over 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.
- 58 A net £3.182 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 additional short-term support;
 - (b) £3.218 million drawdown from the AHS Integrated Care Reserve to fund temporary staffing arrangements and short-term projects;
 - (c) £1.213 million drawdown from the AHS cash limit reserve to fund temporary staffing arrangements;
 - (d) £1.318 million net contribution to Public Health reserves to fund future Public Health related activity; and
 - (e) £27,000 drawdown from CYPS Reserve to fund temporary staffing arrangement.
- 59 The following base budget transfer has also been actioned during the third quarter:
- (a) £2.076 million transfer from corporate contingencies in respect of 2023/24 pay award that was finalised in November 2023.
- 60 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 £3.632 million at 31 March 2024.

Chief Executive's Office (CEO)

- 61 The 2023/24 projected outturn for the Chief Executive's Office, based upon the position to 31 December 2023 is a cash limit underspend of £0.768 million representing circa 17.8% of the total revised budget for CEO. 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. At quarter two a cash limit underspend of £0.548 million was forecast.
- 62 The 2023/24 pay award budgets linked to vacancies of £29,000 have been excluded from the cash limit position.

- 63 The outturn is a managed position, reflecting the proactive management of activity by service managers to remain within the cash limit. The outturn position is accounted for as follows:
- (a) CEO management is forecast to underspend by £26,000, relating to employee costs;
 - (b) Corporate Policy, Planning and Performance is forecast to underspend by £0.391 million. The main reasons relate to vacant posts being held in advance of planned MTFP savings and a service restructure;
 - (c) Communications and Marketing is forecast to underspend by £0.404 million. This is mainly due to vacant posts held in advance of planned MTFP savings and a service restructure of £0.322 million, along with unbudgeted additional advertising income of £30,000, underspends on Durham County News of £20,000 and underspends on general supplies of £52,000. These underspends are offset by an overspend of £20,000 relating to the under achievement of internal design work income.
- 64 In arriving at the forecast outturn position, a net £0.351 million relating to the use of reserves has also been excluded from the outturn. The major item being:
- (a) £0.195 million from the Transformation Reserves to fund employee costs in 2023/24 associated with the transformation team;
 - (b) £25,000 drawdown from the Powered by People Reserve to fund culture county work;
 - (c) £54,000 drawdown from the AHS County Durham Integrated Care Reserve to fund employee costs in the Communications and Marketing team; and
 - (d) £77,000 drawdown from the AHS Cash Limit Reserve to fund employee costs in the Communications and Marketing team.
- 65 The following budget transfer has been actioned in the third quarter:
- (a) £0.192 million transfer from corporate contingencies in relation to the 2023/24 Pay Award which was agreed in November 2023.
- 66 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 £0.828 million at 31 March 2024.

Children and Young People's Service (CYPS)

- 67 The 2023/24 projected outturn for CYPS, based upon the position to 31 December 2023 is a cash limit overspend of £8.102 million, representing a 4.7% overspend against the total revised budget for CYPS. The quarter two forecast was a £6.222 million cash limit overspend to the year end.
- 68 The cash limit outturn projection excludes the 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 of £0.185 million, inflationary increases re Fostering Allowances of £0.590 million and the 2023/24 award in relation to vacancies totalling £0.283 million which have been excluded from the cash limit outturn position. Also excluded is £0.160 million forecasted expenditure on surplus schools, £0.200 million in relation to Educational Psychologists locum support costs to support meeting statutory assessment timeframes, and £0.112 million relating to backdated allowances at Aycliffe Secure Centre which have all been funded corporately.
- 69 The forecast outturn position factors in forecast overspends within Head of Social Care of £9.414 million and underspends within Education and Skills of £0.391 million, CYPS Central of £0.672 million and Early Help, Inclusion and Vulnerable Children of £0.247 million.
- 70 There is a forecast net £9.414 million overspend against the Head of Social Care budgets, the reasons for which are as follows:
- (a) The Service is forecasting a net overspend of £9.050 million relating to the cost of placements for children looked after (CLA), after taking account of costs of £0.394 million 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 as the number of children in the care system has increased significantly and their needs have continued to become more complex. The budget for this area in 2023/24 is £62.288 million, which is an increase of £15.23 million on the previous year.
 - (c) The total number of CLA increased by 32 between August 2023 and December 2023, from 1,152 to 1,184.

- (d) Over the same period, the number of children within in-house children's homes reduced from 28 to 25. This is primarily due to the planned movement of young people to transition into 16-plus accommodation allowing the service to care plan across several homes and effectively match younger children, who are of a similar age into each in house vacancy. The reduction in in-house occupancy will provide capacity to assist in managing any increase in the number of young people requiring external residential provision in the future.
- (e) Of the increase of 32, five are Unaccompanied Asylum-Seeking Children (UASC), which takes the overall number of UASC to 83 in December 2023.
- (f) The costs of UASC CLA are funded via grant from central government and therefore there is no net increase to the forecast position due to this increase.
- (g) The number of CLA in external high-cost placements (those costing more than £100,000 per annum) has increased by 4 in the period from August 2023 to December 2023.
- (h) The quarter three forecast assumes the number of high-cost external placements remains at the current level (both number and average cost) for the remainder of the financial year, or that any increase in numbers is offset by a reduction in average cost as was the case over the previous quarters.
- (i) Forecast costs for placements requiring intensive support and / or crisis intervention (including unregistered placements) has been estimated using an average of 8 placements at an average cost of £0.686 million per placement per annum.

71 The Head of Education is reporting an underspend of £0.391 million to the year end after taking account of adjustments of £30,000 for inflationary pressures and estimated pay awards. The main reasons are highlighted below:

- (a) A forecast £0.459 million loss of income from schools due to conversions to academy status during the year and those schools ceasing Service Level Agreements with the council.
- (b) A forecast overspend of £0.219 million relating to the write off of aged pupil transfer debts relating to financial years 2018/19 and 2019/20. These debts were not pursued during the COVID pandemic when all debt collection management was paused and,

following various discussions with the schools and/or Multi Academy Trusts concerned, it has been agreed to write-off the charges. This overspend is offset by a reduction in the bad debt provision, which is reported under the Central CYPS budget heading.

- (c) A forecast overspend of £0.117 million relating to DCC-run Nursery provision.
- (d) A forecast overspend of £83,000 million relating to the operation of Durham Leadership Centre due to a shortfall in lettings income.
- (e) These overspends are offset by the following underspends:
 - (i) £0.453 million on Early Years activity budgets
 - (ii) £0.190 million Pension Liabilities savings
 - (iii) £0.160 million saving on DCC contribution towards the Maintained Nursery Schools
 - (iv) £0.138 million against staffing budgets, largely as a result of a restructure in Education Durham effective from September 2023.
- (f) There is forecast underspend of £0.237 million on the Home to School Transport (HTST) budget. The HTST budget was increased by £9.6 million this year and now stands at £29.1 million.
- (g) The HTST forecast is based on contract data as at 11 December 2023 and therefore reflects the latest information following a significant tendering and procurement exercise over the summer for transport starting in September 2023.
- (h) There is no anticipated cash limit impact for the Progression and Learning service after the net use of £3.467 million of reserves.
- (i) A significant part of the service is funded by EU (ESF) grants ended on 31 December 2023. There will be ongoing costs beyond this point and whilst it is uncertain at this stage how significant this will be, a prudent forecast of those staff continuing in post beyond 31 December 2023 has been made and an assumption included that P&L reserves will meet this cost. An estimate of £0.200 million has also been forecast for associated redundancies, however these costs will be funded by the corporate ER/VR reserve.

- 72 There is a forecast underspend of £0.672 million against Central CYPS budgets, largely as the result of a forecast reduction in the bad debt provision for the year.
- 73 The Head of Early Help and Inclusion budget forecasts are showing an underspend of £0.247 million to year end, with the main reasons being as follows:
- (a) Aycliffe Secure Centre is reporting a contribution to reserves of £70,000, after accounting for an estimate of £0.112 million relating to backdated payments for Community Homes Additional Allowance that is to be funded from contingencies. This is an improved position from quarter two when a cash limit overspend of £0.306 million was forecast.
 - (b) Educational Psychology locum support costs of £0.200 million has been included in the forecast with funding to be provided via corporate contingencies agreed in 2023/24 to complete statutory assessments.
 - (c) The One Point Service is forecasting an underspend of £0.321 million, which is mainly attributable to underspends in employee and activity budgets.
 - (d) The remaining service areas in EHIVC are reporting an overspend of £73,000.
 - (e) It is forecast that expenditure will be in line with budget for the Operational Support area of the service.
- 74 The forecast cash limit outturn shows the position after a net £10.330 million movement to and from reserves, the major items being:
- (a) £3.821 million drawdown from the Schools Reserves to write off School deficits as part of the academy transfer process;
 - (b) £3.331 million drawdown from Progression and Learning Reserves to fund the impact of ESF grant funding reductions from January impacting on quarter four, with new UK Shared Prosperity Fund (UKSPF) grant allocations not being receivable until April 2024;
 - (c) £0.889 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;

- (d) £0.613 million drawdown from the Homes for Ukraine reserve to be utilised by 31 March 2024;
 - (e) £0.359 million drawdown from the Family Hubs Programme reserve to fund service delivery;
 - (f) £0.318 million drawdown from the Children's Social Inclusion reserve to fund the Holiday Activities and Food Programme;
 - (g) £0.285 million drawdown from the Unaccompanied Asylum Seeking Children reserve to fund service delivery;
 - (h) £0.275 million drawdown from the Emotional Wellbeing reserve to fund service developments;
 - (i) £0.259 million drawdown from the Music Service reserve to fund service delivery;
 - (j) £0.247 million drawdown from the Rapid Response reserve to fund the service; and
- 75 The following budget transfer has been actioned in the third quarter:
- (a) £2.924 million from general contingencies in relation to the 2023/24 Pay award that was agreed in November 2023;
- 76 Taking the forecast outturn position into account, there is a £8.102 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)

- 77 The forecast revenue outturn for 2023/24, based on the position to 31 December 2023, for NCC is a cash limit overspend of £97,000 representing circa 0.08% of the total revised budget for NCC. The position forecast at quarter two was a cash limit underspend of £89,000.
- 78 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 £0.898 million) and the 2023/24 pay award linked to vacancies of £82,000 have been excluded from the cash limit outturn position. Also excluded is £34,000 relating to Coronation costs and £89,000 relating to Waste Contract Legal fees which have been funded from contingencies along with £0.307 million leasing extension costs funded corporately.

79 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 £0.335 million overspent. This is mainly due to overspends of £1.5 million on transport (with £0.853 million on spot hire of vehicles being the most significant factor due to global supply issues with delivery of new vehicles), 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 partly offset by over achieved income of £1.3 million relating to fees and charges. The underachievement of income relating to joint stocks (c £0.144 million) is being addressed in 2024/25 as part of MTFP(14);
- (b) Highways is forecast to be overspent by £0.358 million. The main reason for this is a forecast overspend within Highways Trading of £0.797 million due to a reduction in anticipated sales relating to major projects. Highways Revenue is also forecast to be overspent by £0.125 million on highways maintenance work, including cyclic works, drainage, bridges and priority action works. This is partially offset by anticipated underspends on Strategic Highways of £0.564 million mainly as a result of overachievement of income on enforcement and inspections, road closures, roundabout sponsorship, and fixed penalty notices;
- (c) Community Protection is forecast to underspend by £0.325 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 within the base budget to accommodate future increment increases associated with career grades, but this is not required this year, causing an underspend currently;
- (d) Partnerships and Community Engagement is forecast to underspend by £0.123 million, 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;
- (e) The central contingencies budget within NCC is forecast to underspend by £0.149 million. This budget has been created to fund any cross-cutting service pressures within NCC that may arise during the financial year. This budget will be kept under review as the year progresses and transfers made to Heads of Service areas where necessary.

- 80 A net £2.902 million relating to movement to and from reserves has also been excluded from the outturn. The major items being:
- (a) £0.344 million drawdown relating to Clean and Green, and Strategic Waste;
 - (b) £0.242 million net contribution to Community Protection Reserves mainly relating to the replacement of an IT system;
 - (c) £ 3.064 million drawdown from PACE Reserves mainly in relation to AAP reserves and Towns and Village scheme funding;
 - (d) £0.189 million contribution to Highways Reserves for Section 38 and Permit Income;
 - (e) £75,000 drawdown from Winter Maintenance Reserve, and
 - (f) £0.150 contribution to the NCC Cash Limit Reserve to fund Towns and Village schemes.
- 81 The following budget transfers have been actioned during the third quarter:
- (a) £3.154 million transfer from general contingencies in relation to the 2023/24 Pay Award which was settled in November 2023;
- 82 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 £22,000 at 31 March 2024.

Regeneration, Economy and Growth (REG)

- 83 The forecast revenue outturn for 2023/24, based on the position to 31 December 2023, is a cash limit overspend of £90,000 representing circa 0.16% of the revised budget for REG. This takes into account adjustments for 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. The quarter two forecast estimated a cash limit overspend of £0.725 million in year.
- 84 Savings in energy budgets of £1.675 million, along with the 2023/24 pay award linked to vacancies of £0.245 million have been excluded from the cash limit forecast outturn position. Also excluded is £1.808 million in respect of Leisure Centre income shortfalls that are being covered corporately and £0.433 million which has been covered from central contingencies (£95,000 Radon Monitoring, £0.388 million Milburngate

legal and professional fees and £50,000 relating to running costs at the Story and Plot C).

85 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 still forecasting an overspend of £90,000, work continues to be undertaken to ensure that appropriate plans can be put in place to rectify or reduce the overspend position as the year progresses. This work has significantly reduced the forecast deficit across the quarter. The main reasons accounting for the quarter three outturn position are as follows:

- (a) Culture, Sport and Tourism is forecast to overspend by £0.328 million against budget. The main reasons are an unrealised MTFP saving of £75,000, a capital contribution of £86,000 to the leisure transformation programme, a £0.259 million overspend at the two completed leisure transformation sites linked to increased operating costs and reduced income and an anticipated loss of income of £0.258 million at Killhope Museum. These overspends were partially offset by short term equipment underspends whilst new gym equipment is awaited at seven of our leisure centres;
- (b) Transport and Contract Services is forecast to overspend by £0.271 million against budget. The main reasons are an under-recovery of departure charge income at Durham bus station of £0.130 million, on-going costs for a new database system of £30,000, an anticipated under-achievement of income for park and ride of £0.233 million, unbudgeted spending of £72,000 for enforcement cameras, 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, under-recovery of bus shelter advertising income of £0.143 million and an overspend on bus shelter repairs and maintenance of £67,000. These were partially offset by an underspend of £0.149 million against Durham bus station for its closure in year, £0.241 million overachievement of parking income, an underspend of £80,000 on park and ride contracts and £95,000 of underspends mainly relating to road safety employee costs and school crossing patrols. The 2024/25 budget includes an adjustment to rebase the park and ride income, which will then be unwound over the following four years;
- (c) Planning and Housing is forecast to overspend by £0.236 million against budget. This is largely due to an anticipated underachievement of income of £0.217 million relating planning fee income and an overspend of £0.175 million relating to planning appeals. These overspends are partially offset by

anticipated staffing underspends of £0.543 million across the service and a £53,000 underspend on care connect equipment contracts;

- (d) Economic Development is forecast to overspend by £34,000 against budget, which is predominantly attributed to under-recovery of training income in the Employment and Skills service;
- (e) Corporate Property and Land is forecast to underspend by £0.584 million against budget. Within Buildings & Facilities Management, there is a forecast overspend of £0.204 million, mainly relating to the catering service, which includes a shortfall in income as a result of hybrid working and reduced footfall in staff facilities such as County Hall and Green Lane. Strategy and Property Management is forecast to underspend by £0.584 million due primarily to additional budget growth of £0.600 million included in the base budget from 2022/23 for a staffing restructure that is not now expected to be in place until 2024/25. The underspend is partially offset by expenditure relating to interim support (consultants and 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 £53,000, staffing underspends of £79,000 along with underspends on supplies and services of £85,000;

86 In arriving at the forecast outturn position, a net £0.273 million relating to movement on reserves has also been excluded from the outturn. The major items being:

- (a) £3.487 million contribution to Transport reserves relating mainly to the projected underspend in Concessionary Fares to support the future provision of bus services and routes;
- (b) £2.027 million drawdown from Culture Reserves mainly relating to the Cultural Reserves programme;
- (c) £0.330 million contribution to Planning & Housing reserves relating mainly to the local lettings agency service;
- (d) £0.968 million drawdown from Economic Development Reserves relating to business growth and welfare assistance;
- (e) £0.607 million contribution from Corporate Property and Land reserves relating to property repairs and maintenance;
- (f) £78,000 drawdown from the REG Cash Limit Reserve for Major Project Board Support; and

- 87 The following budget transfer has been actioned in the third quarter;
- (a) £2.857 million transfer from corporate contingencies in relation to the 2023/24 Pay award which was settled in November 2023.
- 88 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 £1.204 million at 31 March 2024.

Resources

- 89 The 2023/24 forecast revenue outturn for Resources based on the position to 31 December 2023 is a cash limit underspend of £1.434 million representing circa 5.25% of the revised budget for Resources. 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. At quarter two there was an underspend of £0.926 million forecast in 2023/24.
- 90 Reductions in energy costs of £37,000 along with the 2023/24 pay award budgets linked to vacancies of £0.418 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 £98,000 from general contingencies in relation to staffing costs linked to succession planning in the Occupational Health team and temporary legal support. The Housing Benefit Subsidy Grant shortfall is addressed in the 2024/25 base budget.
- 91 DLUHC have recently consulted on Best Value Standards and Intervention – A statutory guide for Best Value Authorities which includes its expectation that local authorities undertake a corporate or finance peer review every five years. The finance function commissioned CIPFA to undertake a financial peer review during October 2023 at a cost of £35,000, the outcome of which was presented to Audit Committee on 29 February 2024. These costs have also been funded from general contingencies.
- 92 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 £0.152 million, with managed underspending on employee costs of £0.102 million and additional income of £50,000;

- (b) Transactional and Customer Services is forecast to be under budget by £0.598 million, primarily due to underspends on employee costs of £0.434 million and a forecast underspend on premises costs of £28,000 in Customer Services, along with a £39,000 underspend on subscriptions. A £39,000 underspend on Telephony and computer software and £47,000 underspend on staff travelling;
- (c) Digital Services is forecast to be under budget by £0.936 million. Within this area underachievement of income is forecast to be £0.950 million, primarily linked to the loss of service level agreements as a result of maintained schools converting to academies. This has been offset by managed underspends on employees of £1.135 million, a forecast underspend on electricity at the Data Centre of £81,000, managed underspends on supplies and services of £0.392 million, transport underspends of £22,000 and an over achievement of income relating to a one-off 2022/23 recharge relating of £0.248 million;
- (d) Internal Audit, Risk and Corporate Fraud is forecast to be under budget by £0.127 million, primarily due to a managed underspend of £50,000 on employee related expenditure and additional income of £85,000;
- (e) Legal and Democratic Services is forecast to be under budget by £0.175 million. This includes a £0.186 million managed underspend on employee related expenditure, a £77,000 overspend on professional advice services and an underspend of £57,000 relating to Member travelling and conferences;
- (f) HR and Employee Services is forecast to be over budget by £0.195 million, primarily due to unachievable SLA income linked to maintained schools converting to academy status; and
- (g) Procurement, Sales and Business Services is forecast to be under budget by £59,000, primarily due to a managed underspend on employee related expenditure.

93 A net £0.991 million relating to movement to and from reserves has also been excluded from the outturn. The major items being:

- (a) £0.116 million drawdown from the HR Reserve in respect of the Workforce Development Programme;
- (b) £0.231 million drawdown from the Welfare Rights Reserve to fund temporary posts to support the workload of the team;

- (c) £0.105 million drawdown from the Adults Cash Limit Reserve to fund additional temporary staffing to address outstanding workloads within the Financial Assessment, Payments, Billing and Debtors teams as a result of the introduction of the Azeus Care system;
 - (d) £0.155 million drawdown from the Corporate ERVR Reserve to meet costs associated with the delivery of MTFP savings requirements;
 - (e) £0.198 million drawdown from the Procurement Development Reserve which will be used to finance various procurement initiatives; and
 - (f) £0.187 million drawdown from the Resources Cash Limit Reserve to fund a number of temporary posts within the service grouping.
- 94 The following budget transfer has been actioned in the third quarter:
- (a) £4.076 million transfer from general contingencies in relation to the 2023/24 Pay Award which was agreed in November 2023.
- 95 Taking the outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve to be carried forward for Resources is forecast to be £2.461 million.

Resources – Centrally Allocated Costs (Corporate Costs)

- 96 The forecast revenue outturn for 2023/24 for Corporate Costs is a cash limit underspend of £0.163 million representing circa 3.8% of the revised budget. This takes into account adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves, funding from contingencies. The forecast outturn for Corporate Costs at quarter two was a cash limit underspend of £0.123 million.
- 97 Care leaver Council Tax Discount Costs (£93,000) have been excluded from the forecast of outturn and covered corporately.
- 98 A net £0.281 million drawdown from the Welfare Assistant Fund Reserve has also been excluded from the outturn.
- 99 The forecast underspend position is mainly due to reduced expenditure on bank charges and payment card fees.

Contingencies and Central Budgets

- 100 Taking into consideration sums drawn from contingencies as shown in paragraph 46 and other known requirements, general contingencies are projected to under spend by £2 million during 2023/24.

Interest Payable and Similar Charges - Capital Financing

- 101 The forecast outturn position of £34.552 million is £5.308 million lower than the revised budget of £39.860 million budget. This forecast underspend reflects the council's ability to continue to delay actual borrowing whilst rates remain high. The level of cash balances currently held allows the council to use these funds to manage cash flow requirements in the short term. The position forecast at quarter two was an underspend of £4.425 million.

Interest and Investment Income

- 102 Forecast interest and investment income of £16.090 million is £6.190 million more than the £9.900 million budget held. The position forecast at quarter two was for income to be £15.184 million, £5.284 million more than the £9.900 million budget. The updated forecast surplus reflects increased investment returns, as interest rates achievable on short term investments have improved significantly over the last 15 months and updated cash flow forecasts, factoring in slippage in the capital programme. The Bank of England's base rate has risen from 0.10% in November 2021 to its current level of 5.25%. Despite the Bank of England's decision, at its November and December Monetary Policy Committee meetings, to maintain base rate at its current level, markets are not predicting any future cuts until at least August 2024.
- 103 The table below highlights the change in borrowing and investments at the end of quarter three:

	Actual 31.03.23 £ Million	Average Interest Rate	Actual 31.12.23 £ Million	Average Interest Rate
Borrowing	440	3.11%	412	3.12%
Investments	351	4.01%	319	5.48%
Net Debt	89		93	

Council Earmarked Reserves Forecast

- 104 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.

105 A summary of the forecast of council reserves (excluding school reserves) is shown below. 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. The summary highlights that the total earmarked and cash limit reserves are forecast to reduce by £34.353 million in 2023/24, from £196.535 million to £162.182 million. The updated forecasts are for a marginally higher reduction in earmarked and cash limit reserves in year than what was forecast at quarter two, when the in year reduction was forecast to be £33.290 million. The movement in earmarked reserves is explained in the service grouping commentaries.

106 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	Adjusted for increase (-) / use of Earmarked Reserves £ million	Transfers Between Reserves £ million	Net Forecast Change in Year £ million	Forecast Balance at 31 March 2024 £ million
Earmarked – Corporate Reserves	-73.645	11.270	0.000	11.270	-62.375
Earmarked – Partner / External Grant	-31.665	9.100	0.040	9.140	-22.525
Earmarked - Other	-83.170	14.051	-0.016	14.035	-69.135
Sub-Total	-188.480	34.421	0.024	34.445	-154.035
Earmarked - Cash Limit	-8.055	-0.068	-0.024	-0.092	-8.147
Total Earmarked Reserves	-196.535	34.353	0.000	34.353	-162.182

107 Based on the quarter three position, cash limit reserve balances of £8.147 million are forecast at the year end, an in year increase of £92,000. At quarter two the cash limit reserve position was indicating an in year reduction of £1.349 million.

108 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.

- 109 The MTFP 2024/25 - 2027/28 and Revenue and Capital Budget 2024/25 (report considered by Cabinet on 14 February and Council on 28 February) highlighted the ongoing budget concerns for the council with a forecast budget shortfall of circa £37.833 million over the next four years after the realisation of £16.360 million of savings with £8.083 million of the savings in 2024/25.
- 110 The forecast future MTFP(14) savings shortfalls are likely to require the council to continue to support the MTFP via earmarked reserves, such as the MTFP Support Reserve and the ER/VR reserve. In this regard all reserves are reviewed regularly to ensure sufficient reserves are available to support the MTFP. A review is underway to identify opportunities to bolster corporate reserves ahead of MTFP(15) planning and this will include consideration of transferring sums out of the General Reserve to reduce it to the minimum level required if necessary.
- 111 The council's current reserves policy aims to maintain a General Reserve balance of between 5% (£26 million) and 7.5% (£39 million) of the net budget requirement in the medium term. The quarter three forecast general reserves balance at 31 March 2024 is £30.353 million. This value is also within the revised council reserves policy agreed at Council on 28 February 2024 of holding a General Reserve balance of between £28.2 million and £42.4 million.
- 112 The CIPFA Resilience Index provides comparisons across local government for a range of financial indices or measures of financial resilience. The council has always had a strong position in these comparators but the most recent published information for the period to March 2023 highlights the relatively high level use of reserves by the council in recent years compared with other local authorities.
- 113 The Resilience Index highlights changes in reserves levels over the previous three years with this comparator expected to show local authorities in distress as they utilise high levels of reserves. For the three year period covered in the latest publication the council has had the highest reduction in reserves when compared to our nearest neighbour group and the council has had a well above average use of reserves over the three years period when compared with all other unitary authorities. It is important to note that the use of reserves within the council over this period has been focussed upon the utilisation of earmarked reserves rather than material reductions in the General Reserve or the quantum available in the MTFP Support Reserve.
- 114 The council's overall level of reserves is still slightly above average when compared with the net revenue budget however, the reduction in reserves outlined in this report will undoubtedly impact on our standing.

It is likely therefore that the CIPFA Resilience Index when published for the period ending March 2024 will highlight a continuing trend of high utilisation of reserves and a further reduction in overall reserves available to the council – most likely in excess of the reductions being experienced elsewhere.

- 115 On 13 December 2023, Cabinet considered a report setting out updated forecasts for High Needs Special Educational Needs spending, which showed an increasing in-year deficit of spending over High Needs Block grant income received.
- 116 The significant and increasing HNB deficit position is a serious concern for the Council and many other local authorities. The exceptional accounting override that allows councils to exclude HNB deficits from their main council general revenue funding position is due to end in 2025/26, at which point the HNB deficit may need to be funded by council resources requiring a significant (and unaffordable / unsustainable) call on reserves and further annual budget pressures that are not factored into the current MTFP(14) forecasts. Should this accounting override be removed, and additional funding is not provided then many authorities will be forced into a s114 position as the cumulative deficits accrued in some authorities already runs well into the tens of millions.

Dedicated Schools Grant and Schools

Dedicated Schools Block – DSG

- 117 The council currently maintains 152 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.
- 118 The council had 161 maintained schools at the time of budget setting, with a further nine schools converting to academy status over the last nine months. There are now 114 academy schools in County Durham.
- 119 The table below shows the schools that have transferred to academy status since 1 April 2023 and the balances that transferred in year. In the case of Wellfield School, the council agreed to write-off the deficit using the earmarked reserve established for this purpose to facilitate the transfer:

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
Green Lane C of E Primary	0.070
Greenfield School	0.710
St Helen Auckland Primary	0.113
Durham Sixth Form Centre	5.118
Awaiting Transfer following previous year academisation	0.179
Net change due to academisation	4.033

- 120 The recast reserve position for the remaining 152 maintained schools at quarter three is shown in the following table:

Subjective Budget Heading	Original Budget	Quarter 3 Forecast	Forecast to Budget Variance
	£ million	£ million	£ million
Employees	199.712	201.285	1.573
Premises	15.017	15.726	0.709
Transport	1.805	2.309	0.504
Supplies	34.013	35.415	1.402
Central Support & DRF	0.000	0.224	0.224
Gross expenditure	250.547	254.959	4.412
Income	-60.963	-70.345	-9.382
Net expenditure	189.584	184.614	-4.970
Budget share	-181.576	-182.328	-0.752
Use of reserves	8.008	2.286	-5.722
Balance at 31 March	24.429	24.429	0.000
Balance at 31 March	16.421	22.143	-5.722

- 121 In overall terms, the quarter three forecast reflects an improved position from the original budget where these schools were forecasting to require a net £8.008 million of reserves to balance the in-year financial position. The updated position at quarter three is that the use of reserves figure will be a net £2.286 million, a reduction of £5.722 million against the original budget plans. At quarter two the forecasts indicated

a net use of reserves of £2.158 million, a reduction of £4.753 million against the original budget plans.

- 122 Within the updated net position there are 84 schools drawing a forecast £5.729 million from their retained reserves in year (to offset in year overspending) and 68 schools forecasting a £3.443 million addition to their reserves (to reflect in year underspending).
- 123 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.
- 124 In October 2023, the DfE announced additional funding to support individual schools that find themselves in financial difficulties. An overall sum of £20 million was allocated nationally and Durham's share is £0.582 million. Local authorities have significant flexibility about how to use this funding, although it should be allocated in the current financial year.
- 125 Work is currently ongoing between Finance, Education and individual schools to determine how to allocate the funding. The overriding principle in distributing the funding is to ensure that it will support schools at risk of deficit move to a more financially sustainable position.
- 126 The council will work closely with schools over the autumn term to support the financial planning process to set balanced budgets for 2024/25.

Dedicated Schools Grant Centrally Retained Blocks

- 127 The forecast outturn position for the centrally retained DSG budgets shows a projected overspend of £1.940 million, as detailed below:

DSG Block	Budget £ Million	Outturn £ Million	Over / (Under) Spend £ Million
High Needs	85.892	88.283	2.391
Early Years	34.271	33.820	-0.451
Central Schools Services	2.898	2.898	0.000
TOTAL	123.061	125.001	1.940

- 128 The High Needs Block (HNB) budget at the start of the year included a planning assumption of a £1 million underspend that would have resulted in a reduction to the cumulative HNB deficit position.

- 129 The updated position at quarter three is that this expenditure will exceed grant allocation by £2.391 million, an increase from the forecast overspend reported at quarter two and increasing the forecast cumulative deficit from £8.635 million to £11.026 million instead of reducing it.
- 130 The main area of pressure relates to top up funding in mainstream schools and settings, where demand for both EHCP and SEN support top up funding has increased significantly at the start of the academic year.
- 131 Expenditure on mainstream top up funding is forecast to be £19.818 million against a budget of £16.739 million, resulting in a forecast overspend of £3.079 million (18%) against this element of the High Needs DSG budget.
- 132 The figures include £0.830 million to fund increases to top up funding rates that took effect from September 2023. These increases cover top up funding in mainstream settings from 0-16 and were required to meet the increasing cost of providing support to pupils, largely as a result of recent pay awards. The cost of this will be funded from the budget allocation for Investment Support Fund (ISF), reducing the net overspend to £2.249 million.
- 133 The net overspend of £2.249 million is largely demand driven, with a circa 37% more full time equivalent pupils forecast to require top up funding in 2023/24 in comparison to the previous year. Whilst the average cost of individual top up funding allocations is lower in 2023-24, this still results in a significant overspend position based on the increase in pupils attracting these payments.
- 134 The other main areas of pressure are in Independent and Non-Maintained Special School (INMSS) provision, where forecast expenditure of £8.225 million is forecast to exceed budget of £7.214 million by £1.011 million, and in Alternative Provision (AP) where forecast net expenditure is £11.100 million against a net budget of £10.354 million, resulting in an overspend of £0.746 million. Much of this is due to increased numbers of excluded pupils moving the Pupil Referral Unit at The Woodlands school during the autumn term.
- 135 The overspends in mainstream top up funding and INMSS provision are partially offset by the planned underspend of £1 million relating to the deficit reduction that was factored into the original budget proposals.
- 136 The updated HNB Sustainability Plan reported to Cabinet in December 2023 highlighted the implications of lower increases to the HNB grant over the period 2024/25 to 2027/28 when compared to the increases in recent years, set against continuing increases in cost and demand,

resulting in an increasing cumulative deficit position that is forecast to reach £67 million by the end of 2027/28.

- 137 The significant and increasing HNB deficit position is a serious concern for the Council and many other local authorities. The exceptional accounting override that allows councils to exclude HNB deficits from their main council general revenue funding position is due to end in 2025/26, at which point the HNB deficit may need to be funded by council resources.
- 138 Phase one of the HNB Sustainability Programme came to an end of the summer of 2023, which focussed on 9 key areas as agreed by Cabinet in 2019 and reported in previous reports and a review of the progress has taken place and is detailed in the report.
- 139 Phase two of the HNB Sustainability Programme commenced in September 2023, with a major part of it being implementation of the DfE supported Delivering Better Value in SEND work along with further work on Social, Emotional Mental Health and Early Years Funding. The main area of pressure is top up funding in mainstream schools and settings, where demand for both EHCP and SEN support top up funding has increased significantly at the start of the academic year.
- 140 The Early Years Block is forecasting an underspend of £0.451 million. This is largely due to a reduction in the numbers of children forecasted to be eligible for funding, based on the actuals we have experienced in the Autumn Term.
- 141 Forecasts for the Spring term assumes similar levels of uptake as experienced in 2022/23, and if this were to be the position it is likely that this will result in an adjustment to funding in the 2024/25 financial year when the pupil numbers used for funding purposes are updated.
- 142 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
Forecast Use / Contribution in 2023/24	-2.391	0.451	0.000	-1.940
Forecast Balance as at 1 April 2024	-11.026	0.814	0.781	-9.431

- 143 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 £9.431 million to the year end (prior to any clawback of EY funding). At quarter two the overall deficit position was forecast to be £9.158 million to the year end.

Capital

- 144 The 2023/24 original budget of £320.547 million was revised to £312.979 million at Cabinet on 15 November 2023 as part of the quarter two Forecast of Revenue and Capital Outturn 2023/24. A further revision to the 2023/24 capital budget was approved as part of the MTFP(14) report to Cabinet on 14 February 2024 when the revised 2023/24 budget was agreed at £259.187 million. Details of the original and revised budget are shown in the table below.
- 145 The council's Capital Member Officer Working Group (MOWG) closely monitors the capital programme. This report enhances the capital budget update included in the 14 February 2024 Cabinet MTFP(14) report setting out further detail on revisions to the capital programme, especially in relation to the reprofiling of capital budgets.
- 146 The following table summarises the revised 2023/24 capital budget approved at 14 February 2024 Cabinet alongside the original budget. The table also shows the actual capital spend as at 31 December 2023.

Service Grouping	Original Budget 2023/24 £ Million	Revised Budget 2023/24 Quarter 2 £ Million	Amendments £ Million	Revised Budget 2023/24 Quarter 3 £ Million	Actual Spend to 31 December 2023 £ Million
Adult and Health Services	2.045	2.549	-0.303	2.246	1.586
Children and Young People's Services	87.765	79.524	-20.331	59.193	29.822
Neighbourhoods and Climate Change	84.527	68.825	-12.222	56.603	26.876
Regeneration, Economy and Growth	135.867	151.844	-17.337	134.507	84.730
Resources	10.343	10.237	-3.599	6.638	3.787
TOTAL	320.547	312.979	-53.792	259.187	146.801

147 Since the original and revised 2023/24 budget was agreed at 15 November 2023 Cabinet, there have been a number of variations to the capital programme, which are a result of additions and reductions in resources received by the council and reprofiling of budgets over future years. Some of the variations were detailed in the MTFP(14) report to 14 February 2024 Cabinet. Additional detail on the other variations not referenced in the February report, which require Cabinet approval can be found below:

(a) **CYPS** – the service has the following additions and reductions:

- (i) **School Devolved Capital** – Net budget increase of £89,185 consisting of £69,185 for Yohden Primary School funded from Connect the Classroom grant and £20,000 for Cockton Hill Junior School funded from direct revenue contribution.
- (ii) **School Related** – Net budget increase of £8,271 which includes £7,510 for Rebuild of Greenfield Community College, funded from a contribution from Solar Options to Schools, and some minor increases for Sedgefield Community College and Shotton Hall School PFI accounts.

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

- (i) **Highways** – Budget increase of £0.500 million for Newton Cap Viaduct funded from an AHS direct revenue contribution from the Public Health Grant. Budget increase of £10,000 for CSIA-South Moor and Stanley Resilience Innovation Scheme to reflect revised Environment Agency grant allocation.
 - (ii) **Environmental Services** – Major additions and reductions in this area include s106 contributions for Tow Low Play Area (£9,500), Willington Town Park Play Area (£60,871), Oakenshaw Play Area (£25,000), Sherburn Leisure Centre Outdoor Gym (£79,987) and West Rainton Outdoor Gym (£31,417). Budget reduction of £0.162 million for Mountsett Crematorium Extension & Cremator Replacement due to the project now being competed, resulting in a reduced contribution from the Crematorium. Budget increase of £0.119 million for Replacement of Fuel Tanks at Chilton Depot funded from corporate capital contingencies.
 - (iii) **Partnerships & Community Engagement** – Budget increase of £0.556 million for Members Towns and Villages Capital Scheme funded from direct revenue contribution. Budget increase of £0.238 million for various AAP capital schemes and individual Members' budgets funded from earmarked reserves.
- (c) **REG** – the service has the following additions and reductions:
- (i) **Economic Development** – Budget reduction of £14,444 for Bishop Auckland Heritage Action Zone, to reflect revised Historic England grant allocation.
 - (ii) **Planning and Housing** – A budget increase of £0.675 million funded Homes England grant relating to Temporary Accommodation properties; and a £13,524 contribution from Livin (RSL) for Disabled Facilities Grant scheme.
 - (iii) **Transport and Contracted Services** – Budget increase of £30,000 for Speed Management (Visor) Programme, funded from a County Durham & Darlington Road Safety Partnership contribution.

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

- (a) **AHS**

- (i) **Adult Care** – £0.325 million has been reprofiled from 2023/24 to 2024/25 for the Hawthorn House Development to reflect the revised schedule of works.

(b) **CYPS**

- (i) **Children's Care** – A net total of £2.183 million has been reprofiled from 2023/24 to 2024/25. This includes £0.185 million for Lincoln House Castleside Children's Home, £0.251 million for Copeland Barns West Auckland Children's Home, £0.537 million for Edge of Care Home and £0.455 million for Witton Gilbert Children's Home, all due to refurbishment works being carried out in the next financial year. The net figure also includes acceleration of £0.850 million from 2024/25 to 2023/24 for Sufficiency Strategy – New Homes, as well as reprofiling of £0.500 million for Children with Disability Residential Home and £0.900 million for Reprovision of Framwellgate Moor Children's Home, all to reflect the timing of purchases and completion on these properties. The net total also includes reprofiling of £0.207 million from 2023/24 to 2024/25 for Upgrade to Premises in Residential Homes, as it is expected that the full budget will not be spent in the current financial year.
- (ii) **School Related** – A net total of £16.453 million has been reprofiled from 2023/24 into future years. The major amounts include £0.400 million from 2023/24 to 2024/25 for Escomb Primary New Build School because the scheme will not be completed until at least April 2024. Reprofiling of £4.942 million from 2023/24 into future years for the rebuild of Greenfield Community College to reflect a revised programme of works and cost profile provided by technical advisor. Reprofiling of £4.4 million from 2023/24 to 2024/25 for Framwellgate School New Build School, as the funding needs to be paid to DfE when contracts are signed in 2024/25. Reprofiling of £3.5 million from 2023/24 into future years for Schools Capital Grant Unprogrammed, as it is expected that the full budget will not be spent in 2023/24. Reprofiling from 2023/24 to 2024/25 of: £0.850 million for Silver Tree Primary roof works, £0.294 million for Walworth School roof works, £0.540 million for St. Margaret's Primary drainage/floor/roof works, all due to the schemes being postponed until summer 2024.
- (iii) **School Devolved Capital** – A total of £1.861 million has been reprofiled from 2023/24 to 2024/25 to reflect revised

spend profiles for a number of maintained schools' capital schemes based on revised schedule of works.

(c) **NCC**

(i) **Environmental Services** – A net total of £8.671 million has been reprofiled from 2023/24 into future years. The major figures include reprofiling of £0.681 million from 2023/24 to 2024/25 for Teesdale LC Decarbonisation as the works are not due to start until at least February 2024. Reprofiling of £1.293 million from 2023/24 to 2024/25 for Hardwick Park One-off Investment Play and Facility Improvements as the works are not due to start until next year. Reprofiling of £0.875 million from 2023/24 to 2024/25 for Leachate Treatment at Coxhoe East Landfill as the works timeline is dependent on the Environment Agency issuing the Environmental Permit, which will subsequently allow for a design & build procurement exercise to be undertaken (the Environment Agency are currently experiencing national delays with permit applications). Reprofiling of £0.241 million from 2023/24 to 2024/25 for Joint Stocks Landfill Site Capping Works as the works have been delayed due weather, with final works scheduled to be completed in 2024/25.

(ii) **Partnership and Community Engagement** – A net total of £0.183 million has been reprofiled from 2024/25 to 2023/24, which includes £0.313 million for Assets to Communities (£68,720 for Bearpark Community Centre, £0.201 for Middleton-In-Teesdale Village Hall and £43,516 for Material Defects Unprogrammed Works), all due to works unlikely to start in this financial year. The net figure also includes acceleration of £0.180 million for Members Neighbourhoods Budgets which reflects revised spend profiles.

(iii) **Highways** – A total of £5.580 million has been reprofiled from 2023/24 to 2024/25, with major reprofiling including £1.970 million for Whorlton Suspension Bridge, £0.847 million for Newton Cap Viaduct, £0.450 million for A690 Kepier Landslip, £0.550 million for Framwellgate Peth, £0.850 million for Crakehill Landslip and £0.300 million for Leazes Footbridge Investigation and Design, all to reflect the revised schedules of works.

(d) **REG.** The service covers a large number of schemes and project managers undertook a thorough review of the capital programme. The result is a net reprofiling of £19.007 million from 2023/24 into

future years, with significant amounts for each area detailed below.

- (i) **Culture and Sport** – A net total of £6.552 million has been reprofiled from 2023/24 into future years. This includes £3.647 million from 2023/24 to 2025/26 for the DLI Redevelopment due to the tender process still being underway. Reprofiled of £1 million from 2023/24 to 2024/25 for Weardale Railway because bats have delayed progress on works programme and hence grant claims. Reprofiled of £0.565 million from 2023/24 to 2024/25 for Teesdale Leisure Centre Refurbishment and £0.833 million for Louisa Centre refurbishment due to the majority of capitalised maintenance works commencing in 2024/25. Reprofiled of £0.166 million for Killhope Museum because of delays due to weather, material availability and ecology issues. Reprofiled of £0.135 million for the councils contribution to the Redhills Building Refurbishment into 2024/25.
- (ii) **Transport and Contracted Services** – A net total of £6.602 million has been reprofiled from 2023/24 to 2024/25. This includes acceleration of £4.069 million from 2024/25 to 2023/24 for Newton Aycliffe Housing Infrastructure Fund as the scheme is now progressing, and the budget is required to cover ongoing development costs. Reprofiled of £0.800 million from 2023/24 to 2024/25 for TCF Walking & Cycling (Northern Corridor) due to delays in responses from and progression of Statutory Undertakers diversions. Reprofiled of £7.246 million from 2023/24 to 2024/25 for Bishop Auckland Bus Station, associated with some utility delays and resource/procurement requirements. Reprofiled of £1.751 million from 2023/24 to 2024/25 for Locomotion Walking and Cycling, as it is taking longer than anticipated to complete some of the land acquisition and access agreements have delayed construction. Reprofiled of £0.408 million from 2023/24 to 2024/25 for Locomotion Car Park because delays to statutory processes and completion of design have delayed the start of construction on site. Acceleration of £0.794 million for Tindale Triangle Infrastructure and acceleration of £0.200 million for Toft Hill Bypass, both to reflect revised expenditure profiles. Reprofiled of £0.500 million from 2023/24 to 2024/25 for Sniperley Park & Ride Extension due to the ongoing delays to the land deal completion with developer. Reprofiled of £0.300 million from 2023/24 to 2024/25 for Durham Dales

Gateway Rail Station to reflect a revised spend profile in line with current level of scheme development.

- (iii) **Corporate Property and Land** – A net total of £4.493 million has been reprofiled from 2023/24 to future years. Major amounts include acceleration of £1.016 million from 2024/25 to 2023/24 for Structural Capitalised Maintenance to support Leisure Transformation Programme capitalised repairs. Reprofiled of £0.200 million from 2023/24 to 2024/25 for Spennymoor Green Lane Strategic Site due to delivery commencing in the next financial year, with only design costs charged in 2023/24. Reprofiled of £1.688 million from 2023/24 to 2024/25 for Aykley Heads Plot C, as the programme delivery was revised to take place mainly in 2024/25.
- (iv) **Economic Development** – A total of £5.189 million has been reprofiled from 2023/24 to 2024/25. This includes reprofiling of £2.482 million for Future High Street Fund schemes: North Newgate Street Public Realm (£0.154 million) to allow improved coordination of project in line with other works in the area; Newgate Street Food & Beverage Units (£2 million) due to delay to the start of demolition works (Party Wall issues that have impacted on overall construction programme); Bus Station/MSCP-Fore Bondgate, Fore Bondgate-Newgate Centre and Spanish Gallery/Market Public Realm (total of £0.329 million) as agreement with TAP is not yet in place. It also includes acceleration of £0.400 million for BA-Towns Deal-South Church Enterprise Park to reflect revised spend profile for stage 3 design and ground Investigations. Acceleration of £1.378 million for Beamish Museum Redevelopment to support the most recent claim from the Museum. Reprofiled of £3.958 million for NETPark Phase 3 to reflect the most up to date forecast from developer. Reprofiled of £0.203 million for Durham-TBI because the third party have not yet secured a contractor to undertake the works, therefore it is unlikely the works will be completed in this financial year.
- (v) **Planning and Housing** – A net total of £1.001 million has been accelerated from 2024/25 to 2023/24, with the major amounts including acceleration of £1.0 million from 2024/25 to 2023/24 for Disabled Facilities Grant to cover predicted demand; acceleration of £0.164 million from 2024/25 to 2023/24 for DCC House Building Programme to enable the purchase of a property to meet identified housing needs;

and reprofiling of £0.120 million from 2023/24 to 2024/25 for Acquisition/Demolition of West Chilton, as the service is unable to progress the acquisitions in this financial year due to capacity issues.

(e) **Resources**

- (i) **Digital and Customer Services.** A total of £3.599 million has been reprofiled from 2023/24 to 2024/25. This includes £1.296 million for Digital Durham - Contract 1 due to uncertainty over when the final invoice will be paid to the supplier. Reprofiling of £1.163 million for Digital Durham Top Up Scheme as the national process to appoint suppliers is taking much longer than anticipated, resulting in a delay to the scheme reopening to new voucher projects and therefore potential spend. Reprofiling of £0.953 million for Digital Durham Tees Valley Combined Authority - Contract 2 as this contract is in the process of being closed, and whilst invoices are expected in the coming months, it is uncertain when they will be presented. Acceleration of £0.231 million from 2024/25 to 2023/24 for Replacement of Mail Fulfilment Hardware and Software to take advantage in price to purchase in the current financial year. The current frameworks prices have been fixed for 5 years and there will be a significant price increase if we use the new framework next year. Reprofiling of £0.200 million for Electronic Documents & Records Management System as no work is planned on this scheme in the current financial year.

149 The following table summarises the amendments to the financing of the 2023/24 capital programme:

Financed By:	Original Budget 2023/24	Revised Budget 2023/24 Quarter 2	Amendments	Revised Budget 2023/24 Quarter 3
	£ Million	£ Million	£ Million	£ Million
Grants and Contributions	113.815	116.781	0.226	117.007
Revenue and Reserves	1.875	4.520	2.551	7.071
Capital Receipts	34.367	34.223	0.386	34.609
Borrowing	170.490	157.455	-56.955	100.500
TOTAL	320.547	312.979	-53.792	259.187

Prudential Indicators

- 150 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.
- 151 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)

- 152 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.
- 153 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 31 December 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	618.392	863.794
Add net borrowing requirement for the year	188.588	100.500	-88.088	255.331	93.312
Add leasing & PFI requirement for the year	10.296	10.709	0.413	9.657	7.661
Deduct MRP/VRP and other financing movements	-19.259	-18.435	0.824	-19.586	-22.014
Closing CFR	708.969	618.392	-90.577	863.793	942.752

Gross Debt and the Capital Financing Requirement (CFR)

- 154 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	411.632	376.064	372.890
Finance leases	48.769	51.275	51.906	49.704
PFI liabilities	34.779	33.887	32.995	32.104
Total Gross Debt	523.200	496.795	460.965	454.698
Capital Financing Requirement	525.618	618.392	863.793	942.752
Headroom (Internal Borrowing)	2.418	121.597	402.828	488.055

Operational Boundary

- 155 This is the limit which gross debt 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	679.000
Estimated Gross Debt 31 March 2024	496.795
Headroom	182.205

Authorised Limit

- 156 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	734.000
Estimated Gross Debt 31 March 2024	496.795
Headroom	237.205

Maturity Structure of Borrowing

- 157 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

- 158 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.
- 159 The in-year collection rate at 31 December 2023 was 81.83%, a 0.52% point reduction on the position as at 31 December 2022 (82.35%) but a 1.31% point increase on the position as at the 31 December 2021 when in year recovery for 2021/22 stood at 80.52%.
- 160 The council is continuing to provide extensive 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 £1.674 million having been awarded to 31 December 2023.
- 161 The in-year collection rates at the end of quarter three for the current and last two financial years, are detailed below:

Billing Year	Position at 31 December each year %
2023/24	81.83
2022/23	82.35
2021/22	80.52

- 162 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.
- 163 Actual cash collected as at 31 December 2023 was £281.252 million compared with £270.015 million as at 31 December 2022. When the council tax increases for 2023/24 are factored in this represents a year-

on-year real terms increase of £6.077 million in terms of council tax income received.

- 164 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.
- 165 Such differences at the end of each accounting year, after taking into account the calculated change required in impairment allowance, determines whether a surplus or deficit has arisen, which is then shared proportionately between the council and its major preceptors, these being Durham Police Crime and Victim's Commissioner and County Durham and Darlington Fire and Rescue Authority.
- 166 In terms of the in-year position for the council tax element of the Collection Fund at 31 December 2023, the estimated outturn is a deficit of £2.408 million in year, with the council's share of the deficit being £2.023 million.
- 167 After taking into account the undeclared 2022/23 deficit of £0.235 million and the forecast in year deficit of £2.408 million, the overall forecast for the council tax element of the Collection Fund is a £2.643 million deficit. The council's share of this deficit is £2.220 million. At quarter two the in-year deficit was forecast to be £2.376 million, with a cumulative deficit of £2.611 million to 31 March 2024. Durham County Council's share of this forecast net deficit was previously forecast to be £2.194 million, so the quarter three position is broadly in line with the previous forecast.
- 168 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	402.045
LCTRS and previous years CTB adjustments	-62.810
Calculated change in provision for bad debts required and write offs	-4.238
Net income receivable (a)	334.997
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)	-2.408
Undeclared Surplus / (-) Deficit brought forward from 2022/23	-0.235
Estimated year end deficit	2.643

Business Rates

- 169 Business Rates Retention was implemented in 2013/14 and the council has had a vested budget interest and stake in the level of business rate yield since then. 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 that is important.
- 170 The in-year collection rate at 31 December 2023 was 82.01%, which is a 1.08% point improvement on the same position last year of 80.93%. The in-year collection rates at the end of quarter two for the current and last two financial years, are as follows:

Billing year	Position at 31 December each year %
2023/24	82.01
2022/23	80.93
2021/22	79.12

- 171 In terms of the in-year position for the business rate element of the Collection Fund as at 31 December 2023, the estimated outturn for the year is an in-year surplus of £6.971 million of which the council's 49% share is £3.416 million.
- 172 After taking into account the undeclared 2022/23 deficit of £0.708 million and the forecast in year surplus of £6.971 million the overall forecast for the business rate element of the Collection Fund is a £6.263 million surplus, of which the council's share is £3.069 million. At quarter two the in-year surplus was forecast to be £6.587 million, with a cumulative surplus of £5.878 million. Durham County Council's share (49%) of this forecast surplus was previously forecast to be £2.880 million, therefore the updated forecasts at quarter three indicate a marginally better position when compared with the quarter two position.
- 173 The total position for the Business Rates 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	119.832
Estimate of changes due to appeals lodged and future appeals	2.633
Estimated losses in Collection – Provision for Bad Debts and Write-offs	-1.459
Net income receivable (a)	121.006
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)	1.101
Total fixed payments (b)	114.035
Net surplus for year (a) – (b)	6.971
Undeclared Surplus / (-) Deficit brought forward from 2022/23	-0.708
Estimated year end surplus	6.236

- 174 Taking into account the forecast positions at the end of quarter three 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 £0.849 million surplus. This compares to an overall £0.686 million net surplus reported at quarter two.

	£ Million
Council Tax Deficit	-2.220
Business Rates Surplus	3.069
NET SURPLUS	<u>0.849</u>

Section 31 Grant - Small Business Rate Relief

- 175 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.

- 176 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%.
- 177 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.
- 178 At 31 December 2023, the gross small business relief awarded against the 2023/24 business rates bills and adjustments to 2013/14 to 2022/23 bills is £17.732 million, and the council will receive £6.573 million in Section 31 grant, including the capping adjustment and threshold change adjustments.

Other Section 31 Grants

- 179 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.
- 180 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.

- 181 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.

- 182 MTFP (13) savings proposals for 2022/23, agreed by County Council on 22 February 2023 totalled £12.383 million.
- 183 At 30 September 2023, savings totalling £11.085 million, representing 89.5% of the £12.383 million total savings target have been delivered. This is an improvement on the position at 30 September 2023 when savings delivered totalled £10.359 million, 83.7% of the annual target.

Consultation

- 184 No public consultation reflecting any of the remaining MTFP (13) initiatives took place during this quarter.

HR implications

- 185 Equality data relating to the one employee leaving through voluntary redundancy, early retirement, and ER/VR during quarter three of MTFP (13) showed that 0% were female and 100% were male. In terms of race, 100% of leavers their ethnicity stating that they were white British or white English.
- 186 Regarding disability status, 01% of employees said they had a disability, 100% had no disability, and 0% did not disclose their disability status.
- 187 During quarter three, two employees in total have left through compulsory redundancy. None of these are associated with the MTFP savings.
- 188 Equality data relating to the two staff leaving through compulsory redundancy, showed that 50% were female and 50% were male. In terms of race, 50% of leavers had not disclosed their ethnicity and the remaining 50% stated that they were Asian British. Regarding disability status no employees said they had a disability, 50% had no disability and 50% did not disclose their disability status.
- 189 Since 2011, equality data relating to staff leaving through voluntary redundancy, showed that 65.43% were female and 34.57% 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.
- 190 In terms of race, since 2011, 45.18% of leavers had not disclosed their ethnicity, with 54.35% stating that they were white British or white English. Regarding disability status 2.92% said they had a disability,

13.97% had no disability and 83.11% did not disclose their disability status.

Equality Impact Assessments (EIA)

- 191 Services have completed EIA screenings and assessments where necessary as part of the decision-making process for 2023/24 MTFP (13) proposals.
- 192 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 2023/24
- Cabinet – 12 July 2023 – 2022/23 Final Outturn for the General Fund and Collection Fund
- Cabinet - 11 October 2023 – Medium Term Financial Plan (14) 2024/24 – 2027/28
- Cabinet - 15 November 2023 – Forecast of Revenue and Capital outturn 2023/24 - period to 30 September 2023
- Cabinet – 14 February - Medium Term Financial Plan 2024/25 - 2027/28 and Revenue and Capital Budget 2024/25
- County Council – 28 February 2024 – Medium Term Financial Plan 2024/25 - 2027/28 and Revenue and Capital Budget 2024/25

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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 the 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 MTFP(13) 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	£'000	£'000	£'000
Employees	571,861	18,678	581,135	554,627	554,944	-168	0	14,390	-11,969	0	0	1,134	-10,835
Premises	60,764	-133	60,264	59,804	59,804	-161	0	666	45	3,240	0	0	3,285
Transport	64,792	-11	64,856	66,882	66,882	-307	0	-346	1,373	0	0	0	1,373
Supplies & Services	117,757	-551	115,898	138,860	140,698	-289	0	893	25,404	0	0	0	25,404
Agency & Contracted	551,775	4,238	580,015	602,484	604,784	-1,811	0	0	22,958	0	-590	0	22,368
Transfer Payments	152,814	-11	155,916	175,035	175,291	-3,325	0	0	16,050	0	0	0	16,050
Central Costs	143,125	-63	124,701	132,550	132,945	2,510	-1,714	-22,408	-13,368	0	0	0	-13,368
DRF	456	0	455	1,928	1,928	0	0	-134	1,339	0	0	0	1,339
Capital Charges	55,916	0	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	22,147	1,739,157	1,788,087	1,793,193	-3,551	-1,714	-6,939	41,832	3,240	-590	1,134	45,616
Income													
Government Grants	633,142	4,594	630,761	643,069	643,475	0	0	11,633	24,347	0	0	0	24,347
Other Grants and Contributions	91,231	-225	101,074	106,359	106,492	-166	0	-638	4,614	0	0	0	4,614
Sales	6,937	-43	6,569	5,756	5,866	0	0	401	-302	0	0	0	-302
Fees and Charges	114,789	168	124,952	129,696	129,664	1,808	0	-308	6,212	410	0	0	6,622
Rents	11,312	386	11,527	13,564	13,564	0	0	23	2,060	0	0	0	2,060
Recharges To Other Services	320,669	1,810	308,308	308,968	308,968	-128	0	-281	251	0	0	0	251
Other	9,549	178	9,014	11,011	11,011	0	0	567	2,564	0	0	0	2,564
Total Income	1,187,629	6,868	1,192,205	1,218,423	1,219,040	1,514	0	11,397	39,746	410	0	0	40,156
NET EXPENDITURE	531,631	15,279	546,952	569,664	574,153	-5,065	-1,714	-18,336	2,086	2,830	-590	1,134	5,460

Appendix 4: Earmarked Reserves Position as at 31 December 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	181	-836		-655	-1,905
Cabinet Priorities Reserve	Corporate	-755	108			108	-647
Capital Expenditure reserve	Corporate	-642					-642
Commercialisation Support Reserve	Corporate	-9,107	16			16	-9,091
Equal Pay Reserve	Corporate	-4,479					-4,479
ER/VR Reserve	Corporate	-10,354	1,361			1,361	-8,993
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	412			412	-1,883
Resources Elections Reserve	Corporate	-1,208					-1,208
Total Corporate Reserves		-73,645	12,106	-836	0	11,270	-62,375
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	74			74	-546
Social Care Reserve - Community Discharge Grant	AHS	-737					-737
Social Care Reserve - CCG	AHS	-21,737	3,949		40	3,989	-17,748
Total Sums held for other organisations/grants		-31,665	9,113	-13	40	9,140	-22,525
Other Specific Reserves							
Business Growth Fund Reserve	REG	-604	285			285	-319
CEO Grant Reserve	CEO	-284	194			194	-90
CEO Operational Reserve	CEO	-208	26		10	36	-172
CEO Transformation Reserve	CEO	-853					-853
Children's Services Reserve	CYPS	-5,554	2,346	-387	-60	1,899	-3,655
Community Protection Reserve	NCC	-3,370	518	-459		59	-3,311
Corporate Property & Land Reserve	REG	-2,789	870	-182		688	-2,101
Culture and Sport Reserve	REG	-8,259	2,264	-237		2,027	-6,232
Economic Development Reserve	REG	-2,427	426	-112	29	343	-2,084
Education Reserve	CYPS	-18,386	7,910	-520		7,390	-10,996
Employability and Training Reserve	REG	-309					-309
Environmental Services Reserve	NCC	-3,091	1,161	-817	65	409	-2,682
Funding and Programmes Management Reserve	REG	-418	48	-23		25	-393
Grant Reserve	CEO	-86					-86
Housing Regeneration Reserve	REG	-2,170	23			23	-2,147
Housing Solutions Reserve	REG	-3,880	380	-689		-309	-4,189
Partnerships and Community Engagement Reserve	NCC	-13,159	4,072	-671	-150	3,251	-9,908
Planning Reserve	REG	-439	38		-65	-27	-466
Public Health Reserves	AHS	-6,220	1,523	-1,868		-345	-6,565
REG Match Fund Programme Reserve	REG	-605	264	-235		29	-576
Resources Corporate Reserve	Resources	-562	393	-101		292	-270
Resources Customer Services Reserve	Resources	-239			-30	-30	-269
Resources Financial Services Reserve	Resources	0		-23		-23	-23
Resources Human Resources Reserves	Resources	-297	116			116	-181
Resources ICT Reserves	Resources	-970	161		30	191	-779
Resources Internal Audit & Corporate Fraud Reserve	Resources	-249	46		135	181	-68
Resources Legal Reserves	Resources	-389	117			117	-272
Resources Operations and Data Reserve	Resources	-50					-50
Resources Revenue and Benefits Reserve	Resources	-528	32			32	-496
Resources System Development Reserve	Resources	-197					-197
Social Care Reserve - Specific Purpose	AHS	-1,320	660		20	680	-640
Technical Services Reserve	NCC	-1,862	75	-190		-115	-1,977
Town and Villages Regeneration Reserve	REG	-686	98			98	-588
Transport Reserve	REG	-2,710	253	-3,734		-3,481	-6,191
Total Other Specific Reserves		-83,170	24,299	-10,248	-16	14,035	-69,135
TOTAL EARMARKED RESERVES		-188,480	45,518	-11,097	24	34,445	-154,035

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE £'000	USE OF RESERVES £'000	CONTRIBUTION TO RESERVES / CASH LIMIT POSITION £'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	2,161	-464		1,697	-3,632
Chief Executive's Office		0		-768	-60	-828	-828
Children and Young People's Services		0	-8,102	8,102			0
Neighbourhoods and Climate Change		-90	-150	97	121	68	-22
Regeneration, Economy and Growth		-1,372	78	90		168	-1,204
Resources		-1,264	322	-1,434	-85	-1,197	-2,461
Total Cash Limit Reserves		-8,055	-5,691	5,623	-24	-92	-8,147
Total Council Reserves		-196,535	39,827	-5,474	0	34,353	-162,182
Schools' Balances							
Schools' Revenue Balance *	CYPS	-28,463	6,319			6,319	-22,144
DSG Reserve	CYPS	0					0
Total Schools and DSG Reserves		-28,463	6,319	0	0	6,319	-22,144

** Academy transfers: the Schools' Revenue Balance in-year movement includes an adjustment of £2.776 million of deficit balances to be written off and £6.809 million of surplus balances to be transferred to the new trusts (a net reduction of £4.033 million before the movement in respect of maintained schools)*