

Cabinet

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2015/16 Final Outturn for General Fund, Housing Revenue Account and Collection Fund



Report of Corporate Management Team

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Purpose of the Report

- 1 To provide Cabinet with details of the revenue and capital outturn for both the General Fund and the Housing Revenue Account (HRA) for 2015/16, plus the 2015/16 outturn for the Collection Fund in respect of Council Tax collection and Business Rates collection.

Background

- 2 The financial outlook for the Council and the whole of local government remains extremely challenging. The Council has faced significant government funding reductions since 2010/11 with reductions forecast to continue until at least 2019/20.
- 3 The Chancellor of the Exchequer's Autumn Statement published on 25 November 2015, announced an overall improvement in the public finances compared to their previous forecasts which afforded some protection for unprotected government departments. Unfortunately this protection was not given to local government and in cash terms, the average reduction in budgets for unprotected government departments over the 2016/17 to 2019/20 period is circa 6%, whereas the reduction for local government over the same period is circa 53% in cash terms. The Chancellor of the Exchequer's March 2016 Budget reported a subsequent deterioration in the public finances although assurances have been provided that local government settlements will not be affected across the next four years.
- 4 It is apparent therefore that the financial landscape for local authorities will continue to be extremely challenging until at least 2019/20, resulting in the longest period of austerity in modern times. By 31 March 2016 the Council will have delivered savings of £153million since 2011. Updated forecasts included in MTFP (7) show that savings required for the period 2016/17 to 2019/20 will be £104million.
- 5 On 25 February 2015 County Council agreed a net revenue budget of £409.873 million for 2015/16. Factoring in cuts in Government grant, inflation and other budget pressures the delivery of £16.283 million of savings was required in 2015/16 in order to deliver a balanced budget.

- 6 Quarterly forecast outturn reports have been considered by Cabinet throughout the 2015/16 financial year and detailed reports on individual Service Groupings have also been considered by the various Overview and Scrutiny Committees.
- 7 This final outturn for 2015/16 has been determined as part of the production of the Annual Statement of Accounts. During the process of finalising the Statement of Accounts, the Interim Corporate Director Resources will be required to make a number of technical decisions in the best financial interests of the Council. Such decisions will be fully disclosed in the Statement of Accounts.

General Fund Outturn

- 8 This section of the report details the following:
- (i) Cash Limit Outturn for Service Groupings;
 - (ii) Overall Revenue Outturn for the General Fund with summarised Service Grouping commentary;
 - (iii) Overall Capital Outturn of the General Fund with summarised Service Grouping commentary;

Cash Limit Outturn for Service Groupings

- 9 The overall outturn for the Council is shown in Appendix 2, which details how the cash limit outturn for each Service Grouping is calculated. Two key elements have been excluded from the Service Grouping outturn when calculating the cash limit outturn as detailed below:

(i) **Sums Outside the Cash Limit**

Some expenditure and income is excluded from the Cash Limit for a number of reasons. Examples of these are detailed below:

- Items not controlled by the Service Groupings e.g. technical accounting entries such as Capital Charges and Central Administration Recharges actioned at year end.
- Exceptional items and expenditure pressures which were not accounted for in the Service Grouping base budget build and which are covered by contingencies or earmarked reserves held corporately e.g. Flooding Costs, North East Devolution Poll costs and redundancy and early access costs linked to restructuring activity to achieve Medium Term Financial Plan (MTFP) savings proposals.

(ii) **Use of or Contribution to Earmarked Reserves**

Sums that Service Groupings have utilised or contributed to Earmarked Reserves, have been excluded from their outturn position in order to calculate their year end cash limit position.

- 10 After taking into account the above exclusions, through tight budgetary control by managers and robust delivery of financial savings targets, including the achievement of future years savings in advance, all Service Groupings have generated a cash limit underspend in 2015/16.
- 11 The 2015/16 cash limit position for each Service Grouping is detailed in the table below:

Type of Reserve	Opening Balance as at 1 April 2015	Budgeted use at 1 April 2015	Movement during 2015/16		Closing balance as at 31 March 2016
			Use of reserve	Contribution to (-) reserve	
	£m	£m	£m	£m	£m
Service Grouping Cash Limit					
Assistant Chief Executive	-0.773	0.000	0.755	-0.258	-0.276
Children and Adults Services	-9.441	0.249	6.381	-10.691	-13.502
Neighbourhoods	-5.076	0.080	3.277	-0.860	-2.579
Regeneration and Econ Development	-3.216	0.000	1.241	-1.816	-3.791
Resources	-3.857	0.108	3.016	-1.419	-2.152
TOTAL CASH LIMIT RESERVE	-22.363	0.437	14.670	-15.044	-22.300

Revenue Outturn

- 12 Appendix 2 provides a more detailed Outturn position for the Council's General Fund by Service Grouping. In addition, Appendix 3 provides a detailed Outturn position for the Council by type of expenditure and income. The table below provides a summary of the final outturn position:

	£m	£m
Gross Expenditure		1,429.163
Less:		
Gross Income		-1,023.243
Net Expenditure		405.920
Financed by:		
Council Tax	174.137	
Collection Fund Surplus	0.500	
Start Up Funding Assessment	215.541	
New Homes Bonus	8.697	
Section 31 Grant	5.173	
Education Services Grant	6.006	
Net use of Cash Limit Reserves	0.063	
Net Contribution to Earmarked Reserves:		
Schools and DSG	-1.658	
Non-Schools	-25.491	
Net Contribution to the General Reserve	-0.204	
Net Contribution from HRA Reserve	23.156	
Total Financing		405.920

13 The final outturn position for the Council's General Reserve is detailed below:

	£m
Opening Balance as at 1 April 2015	-28.897
Add:	
Net Contribution to the General Reserve in 2015/16	-0.204
Closing General Reserve Balance as at 31 March 2016	-29.101

14 The General Reserve balance carried forward of £29.101 million is within the Council's General Reserves policy of retaining between 5% and 7.5% of the Net Budget Requirement, which in cash terms is between £20.08 million and £30.11 million. The £29.101million balance at 31 March 2016 equates to 7.25% of the 2016/17 Net Budget Requirement. The main reasons why the General Reserve has increased are detailed below:

- Interest and Investment income - £1.536 million more than budgeted;
- Section 31 Grant income - £0.175 million more than budgeted;
- Corporate Costs - £0.258 million less than budgeted;
- Contingencies - £3.194 million less than budgeted offset by;
- Interest payable and similar charges - £0.097 million more than budgeted;
- A transfer of £4.844 million to the Pension Deficit Reserve during the year, in lieu of a possible one off payment into the pension fund in 2016/17 to reduce future liabilities and MTFP pressures associated with Pension Deficit payments in MTFP (7).

15 Appendix 4 details the movement on Earmarked Reserves during 2015/16. The position at the end of the year is as follows:

General Fund

	Earmarked Reserves	Cash Limits	TOTAL
	£m	£m	£m
Opening Earmarked Reserve Balances as at 1 April 2015	-157.584	-22.363	-179.947
Less contribution to (-) / from (+) Earmarked Reserves	-25.491	+0.063	-25.428
Earmarked Reserve Balance as at 31 March 2016	-183.075	-22.300	-205.375

- 16 The increase in respect of earmarked reserves indicated in the table above is mainly due to £23.156 million of the HRA Reserve reverting to the County Council General Fund earmarked reserves. Further details are contained in paragraphs 70 to 72.

Schools

	Schools Balances	Centrally Held DSG	TOTAL
	£m	£m	£m
Opening Schools Balances as at 1 April 2015	-24.246	-10.364	-34.610
Less contribution to (-) / from (+) Earmarked Reserves	+0.163	-1.821	-1.658
Schools Balance as at 31 March 2016	-24.083	-12.185	-36.268

Service Grouping Commentary

- 17 A summary of the outturn for each service grouping is provided below. Detailed outturn reports will be provided to the relevant Overview and Scrutiny Committees.

Assistant Chief Executive (ACE)

- 18 The 2015/16 outturn for the Assistant Chief Executive's Service is a cash limit underspend of £0.258 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year end capital accounting entries and use of / contributions to earmarked reserves.
- 19 The cash limit outturn position compares to the previously forecast position at Quarter 3 of a cash limit underspend of £0.222 million, therefore the actual outturn is broadly in line with the previously forecast position.
- 20 The outturn underspend is a managed position, reflecting the proactive management of activity by Heads of Service across ACE throughout the year to remain within the cash limit. The outturn position is accounted for as follows:
- Partnerships and Community Engagement - £109,000 underspend, primarily due to a managed underspend position on employee and supplies and services costs.
 - Planning and Performance - £37,000 underspend, primarily due to proactive management of employee and supplies and services budgets.

- Policy and Communications - £113,000 underspend, predominantly resulting from a £76,000 managed underspend on employee related costs across the service together with an £37,000 underspend on supplies and services budget through tight control of expenditure in this area.
- 21 Further to the quarter 3 forecast of outturn report, the following items have been excluded from the outturn in arriving at the cash limit outturn position:
- £0.498 million – relates to contributions to and from earmarked reserves and cash limits to support specific projects in 2016/17. The main contributions are £0.186 million to the AAP reserve, £0.207 million to the Members Neighbourhoods reserve and £0.080 million to the Community reserve.
 - £1.226 million – relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration.
- 22 Taking the outturn position into account, including items outside the cash limit, transfers to and from earmarked reserves, the cash limit reserve to be carried forward for ACE is £0.276 million.

Children and Adults Services (CAS)

- 23 The 2015/16 outturn for Children and Adults Services (CAS) is a cash limit underspend of £10.691million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from the strategic reserve, year-end capital entries and contributions to and from earmarked reserves.
- 24 The cash limit outturn position compares to the previously forecast position of £10.365 million underspend, therefore the actual outturn is broadly in line with the previously forecast position.
- 25 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across CAS to remain within the cash limit. The main reasons accounting for the outturn position are as follows:
- Early achievement of a number of future year MTFP management and support service proposals, together with the careful management and control of vacancies and general budgets across the Adults area of the service has created a net underspend for the year of approximately £6.5 million.
 - Net spend on adult care packages was approximately £2.0 million under budget, which represents circa 2% of the total adult social care budget. Care budgets are closely monitored to assess the impact of demographic and procedural/operational changes. Ongoing savings have arisen from the consistent and effective application of the existing eligibility criteria. MTFP savings proposals are already in place to reflect the net reduction in expenditure on packages of care in 2016/17 and in 2017/18.

- A review of short term funds across adult care produced an additional circa £3.0 million of monies available to support future pressures. £1.1 million of this one-off sum is to be carried forward to future years for specific projects, with the balance contributing to the CAS cash limit reserve in 2015/16.
- The Education Service was £0.462 million under budget in the year. Expenditure on Home to School Transport was over budget by £0.820 million, an improved position on the forecast at quarter 3, offset by savings across the School Places and Admissions Team, Education Development Service and Early Years Team mainly relating to employee spend through vacancies, as well as additional income generation in the Education Psychology area of Special Educational Needs (SEN) and Disability teams.
- Children's Services were over budget by circa £0.200 million, as a result of high demand and increased costs of £1.65 million for 'Looked After Children' placements and Special Guardianship Orders, mitigated by early achievement of MTFP savings connected with the closure of two children's residential homes of £0.754 million. As a result of high caseloads and staff vacancies increased agency staffing costs were incurred offset by additional non recurrent Public Health investment income within the One Point Service. Non recurrent savings and additional income achieved by Children Services in 2015/16 totalled £1.38 million.
- Secure Services are operated on a trading basis and therefore report a breakeven position in terms of the CAS cash limit, however, it should be noted that the service incurred additional one off revenue expenditure in 2015/16 of £0.400 million relating to agency costs and reduced trading income while extensive capital works were undertaken that was funded from the trading reserve at year end. The Curriculum Professional Development and Education Development Services in the Education Service also operate on a trading account basis and these returned surpluses of £0.167 million and £0.156 million respectively, which have also been transferred to earmarked reserves at year end.
 - Public Health net overspend against the Public Health Grant in 2015/16 was £29,000 and this has been funded from the earmarked Public Health reserve at year end.

26 Further to the quarter 3 forecast outturn report, the following items have been excluded from the outturn in arriving at the cash limit at year end:

- £0.747 million relates to contributions to and from earmarked reserves and cash limit reserves to support specific projects in future years, including:
 - a net use of the Social Care Reserve of £0.189 million to fund future social care activity;

- £0.501 million contribution to the Continuous Professional Development reserve in Quarter 4 against a use of reserves of £0.334 million in earlier quarters, resulting in a net contribution of £0.167 million in the year;
 - £0.142 million transferred from the Tackling Troubled Families reserve to fund additional activity related to Stronger Families;
 - a £0.127 million contribution to the various Education trading account reserves in Quarter 4 in addition to contributions of £0.029 million in earlier quarters, resulting in a contribution of £0.156 million in the year.;
 - a £0.055 million use of the Education reserve in respect of SEND Reform grant funds;
 - a £0.031 million use of cash limit to fund additional costs relating to a legal case;
 - a £0.177 million contribution to the Transformation Reserve for planned future expenditure;
 - a £0.479 million contribution to the Public Health reserves;
 - a £0.130 million of the Aycliffe Secure reserve was accessed in Quarter 4 leading to a total use of reserves of £0.400 million in the year;
 - A contribution of £0.010 million to a new reserve created to fund speech, language and communication resources within the Youth Offender Service.
- £1.201 million net contribution to reserves in relation to equal pay, ER/VR costs and insurance recharges.
 - £1.307 million of sums outside the cash limit including adjustments associated with capital charges, centralised repairs and maintenance and central administration recharges.

27 Taking the outturn position into account, the cash limit reserve to be carried forward for Children and Adults Services is £13.502 million at 31 March 2016.

Dedicated Schools Grant

28 The Dedicated Schools Grant (DSG) allocation for 2015/16 was £356.636million, however due to schools converting to academies and reduction in high needs DSG allocations for payments made direct by the Education Funding Agency the budget was reduced by £74.623 million in year to £282.013 million. A further £0.193 million was received in relation to an Early Years adjustment for the previous financial year resulting in a final DSG allocation of £282.206 million. This includes both the delegated schools budget and the centrally retained DSG budget.

29 The total revised delegated budget for maintained schools (including early years' providers) was £259.314 million in 2015/16.

30 Where schools spend more or less than their delegated budgets, the difference either reduces or increases their accumulated balance. Schools related balances were £24.083 million at 31 March 2016, a reduction of £0.163 million compared to last year. The changes in balances were:

	Balance at 31 March 2015 £	Movement in Year £	Balance at 31 March 2016 £
Schools balances	(24,098,055)	218,291	(23,879,764)
Communities of Learning	(525,355)	131,530	(393,825)
Loans to schools	377,772	(186,894)	190,878
Total	(24,245,638)	162,927	(24,082,710)

- 31 The Quarter 3 forecast of school balances was £17.562 million, £6.318 million less than the actual balances at 31 March 2016. The majority of schools ended the year with a higher balance than their Q3 forecasts, despite these forecasts being challenged by Schools Finance Officers in preparing the forecasts.
- 32 There are 244 maintained schools, of which 179 ended the year with a higher balance than the Quarter 3 forecast, increasing their balances by a total of £7.685 million. There were 65 schools where the balance was less than the Quarter 3 forecast: the total amount by which they increased spending compared to the forecast was £1.367 million; four of these schools are now in deficit.
- 33 At 31 March 2016 there were 10 schools with a deficit balance, with a total deficit of £2.736 million. Three of these schools are secondary schools, with combined deficits of £2.586 million. There are issues relating to the long term viability that are being looked into with these schools and officers from CAS and Resources are in discussion with the schools about ways to improve their financial position in the long term. All three schools had a deficit balance at 31 March 2015 and set a deficit budget for 2015/16, but during the year were able to reduce net expenditure by £0.412 million compared to their original budgets. The other 6 schools have deficits totalling £0.150 million and officers are working with these schools to ensure that they recover these deficits in 2016/17.
- 34 A number of schools are facing shortfalls in funding for 2016/17 and are planning staff reductions to balance their budgets in year. The increase in balances compared to the Q3 forecasts is in part a reflection of caution on the part of schools in going ahead with spending in advance of confirmation of 2016/17 funding and the uncertainties about the future of school funding more generally.
- 35 The outturn position for the centrally retained element of the DSG was an in year under spend of £1.821 million in year. The pressure area for the centrally controlled element of the DSG in 2015/16 was capitalised repairs and maintenance (£0.366) million. This has been offset by underspends in the Education Service teams dealing with SEND children and school improvement of £2.187 million. The outturn position compares to a previously forecast position at quarter 3 where expenditure was forecast to be in line with budget.

- 36 The earmarked reserve relating to centrally retained DSG carried forward at 31 March 2016 is £12.186 million, of which £1.502 million is earmarked for Schools relating to the Growth Fund, School Improvement and unallocated formula funding; £2.152 million has been used to set schools budgets in 2016/17; £2.94 million relates to Early Years provision, £0.422 million for outstanding commitments for the capital programme and the balance of £5.170 million will be available to support continuing High Needs pressures in 2016/17.

Neighbourhood Services

- 37 The 2015/16 outturn for Neighbourhood Services is a cash limit underspend of £0.860 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year-end capital accounting entries and use of / contributions to earmarked reserves.
- 38 The cash limit outturn position compares to the previously forecast Quarter 3 position of a cash limit underspend of £1.290 million.
- 39 The underspend is a managed position, reflecting the proactive management of activity by Heads of Service across Neighbourhoods to bring spend within the cash limit. The main reasons accounting for the outturn position are as follows:
- Direct Services - £1.060 million underspend. The main reasons for this were that there was an overachievement in the surplus generated by Building Services of approximately £0.754 million due to the level of turnover being significantly higher than originally anticipated. In addition there was an underspend of £0.600 million relating to savings in premises costs of Administration Buildings mainly relating to the early achievement of future MTFP savings. These underspends were partially offset by a contribution to an earmarked reserve of £0.300 million for capital works in cemeteries.
 - Technical Services £0.105 million overspend. Within this overall position, there was an overspend of circa £1 million on highways maintenance relating to additional policy led expenditure in relation to Category 1 and 2 defects, offset by increased income of approximately £0.9 million that was generated within Design Services.
 - Environment, Health and Consumer Protection - £0.187 million underspend, which was largely attributable to underspends on employees, supplies and services in Health Protection, Consumer Protection and Environmental Protection, as a result of the early achievement of future MTFP savings.
 - Culture & Sport £0.255 million overspend. The main reason for this is a contribution to earmarked reserves to fund additional capital works associated with a proposed cinema partnership arrangement. This capital work will greatly enhance the cinema offer and result in additional revenue income in future years.

- Within Strategic Waste there have been significant increases in the Materials Recycling Facility costs (£0.500 million) as a result of a national reduction in the market value of recycled materials. A new contract for this service has been procured recently and this will reduce the budget pressure going forward. This overspend is being offset by savings on employee and supplies and services (£0.488 million) across all other areas of Projects & Business Services.
- 40 Further to the quarter 3 forecast outturn report, the following items have been excluded from the outturn in arriving at the cash limit:
- £2.327 million – relates to a net contribution to earmarked reserves and cash limits to support specific projects in 2016/17, including a £1.430m contribution to earmarked reserves to support one off expenditure in Highways; a £0.430m contribution to earmarked reserves in respect of Culture and Sport; and a £0.405m contribution to earmarked reserves in respect of Buildings and Grounds Maintenance, and Street Cleaning.
 - The movement on Reserves includes a contribution of £0.729 million to the Winter Maintenance Reserve that was established at the end of 2013/14. This contribution represents the additional underspend since Quarter 3 on Winter Maintenance activities during 2015/16, and reflects the relatively mild conditions that were experienced during the last winter. The Winter Maintenance Reserve (now £3.074 million) will be utilised when severe winter or weather events occur and the annual budget is insufficient to meet the unavoidable costs in this area.
 - £0.582 million net contribution to reserves in relation to ER/VR costs, Job Evaluation Settlement and Insurance recharges.
 - £0.310 million relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration recharges.
- 41 Taking the outturn position into account, the Cash Limit Reserve to be carried forward for Neighbourhood Services is £2.579 million.

Regeneration and Economic Development (RED)

- 42 The 2015/16 outturn for Regeneration and Economic Development is a cash limit underspend of £1.816 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from an earmarked reserve, year end capital accounting entries and use of contributions to earmarked reserves.
- 43 The cash limit outturn position compares to the previously forecast position of a cash limit underspend of £1.521 million.
- 44 The main reasons accounting for the outturn position is as follows:
- Strategy Programmes and Performance - £0.076 million saving on salary costs due to vacancies, maternity leave and staff working reduced hours.

- Economic Development and Housing - £0.447 million underspend primarily due to MTFP savings made early in the housing solutions service and additional rental income in the Gypsy Roma Traveller Service.
- Planning and Assets - £0.527 million underspend which is broken down into a £0.668 million underspend in the Planning service and a £0.141 million overspend on Assets. The underspend in the Planning service primarily results from an increase in planning fee income, from vacant posts and other efficiency savings on running costs offset by a shortfall in building control fees. Assets is experiencing income pressures mainly from Newgate Street in Bishop Auckland, the Beveridge Arcade in Newton Aycliffe, the Brackenhill Centre in Peterlee and Millennium Square in Durham City where rental income is not being achieved.
- Transport - £0.765 million underspend comprising MTFP savings on bus contracts made early and additional income and planned underspends in Care Connect.

45 Further to the Quarter 3 forecast outturn report, the following items have been excluded from the outturn in arriving at the cash limit:

- £0.730 million – relates to contributions to and from earmarked reserves and cash limits to support specific projects in 2015/16.
- £0.170 million – relates to a net contribution to reserves and cash limits. A sum of £0.865 million was drawn from reserves to support specific expenditure in 2015/16 and a sum of £1.595 million was transferred to reserves and cash limits. The major contributions to reserves include: £0.434 million reflecting accommodation reserve not utilised in the year; £0.190 million for income and grants received by the housing solutions service during the year that will be carried forward for future use; £0.166 million contribution to a Business Durham Programme Reserve to manage income fluctuations in the property portfolio; £0.139 million arising from income received that will be earmarked for family intervention projects; £0.124 million in relation to North Pennines AONB; and there were a range of other contributions less than £0.100 million each that made up the balance.

46 Taking the outturn position into account, the Cash Limit reserve to be carried forward for Regeneration and Economic Development is £3.791 million.

Resources

47 The 2015/16 outturn for Resources is a cash limit underspend of £1.419 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year end capital accounting entries and use of / contributions to earmarked reserves.

48 The cash limit outturn position compares to the previously forecast position at Quarter 3 of a cash limit underspend position of £1.442 million.

49 The underspend is a managed position, reflecting the proactive management of activity by Heads of Service across Resources throughout the year to remain within the cash limit. The outturn position is accounted for as follows:

- Corporate Finance was underspent by £0.136 million. Some £0.100 million relates to managed underspends on employees following a restructure to achieve MTFP savings early. There was also an overachievement of income amounting to £0.086 million, offset by a £0.049 million overspend on supplies and services (including additional VAT advice).
- Financial Services was underspent by £0.405 million, consisting of planned underspends of £0.375 million for employees, including some resulting from the early achievement of MTFP savings. There was also a net underspend in other areas, with cost increases more than offset by increased income from SLAs, grants and contributions.
- Human Resources was underspent by £0.029 million, mainly from an underspend position for employees related costs.
- ICT Services was underspent by £0.079 million, where the early achievement of MTFP savings meant supplies and services were underspent by £0.085 million. Underspend positions for other areas helped fund a £0.103 million planned overspend for the Digital Durham project that is managed by ICT. An in year surplus on trading activity within ICT was transferred to ICT Trading Account earmarked reserve at year end.
- Internal Audit was underspent by £0.151 million. The close management of vacancies produced £0.082 million of these savings against employee budgets linked to early achievement of future years MTFP savings, the other significant variance arising from a £0.059 million increase in income, from government grant and the Police SLA.
- Legal and Democratic Services was underspent by £0.578 million, including £0.269 million from employees, from a restructure in July to achieve MTFP savings, with other underspends on supplies and services (£0.107 million) and overachieved income (£0.159 million).
- Service Management was underspent by £0.040 million, through income generated from providing services to Northumberland County Council under a collaborative arrangement.

50 Further to the quarter 3 forecast of outturn report, the following items have been excluded from the outturn in arriving at the cash limit outturn position:

- a £0.239 million contribution to the Oracle Development reserve to provide a resource for system development in 2016/17 and beyond.
- a £0.065 million contribution to the Human Resources reserve for temporary budget support following a loss of income.

- a £0.011 million contribution from Discretionary Housing Payment Grant reserve to meet a shortfall in grant from the DWP.
 - a £0.395 million contribution to the ICT Trading reserve to fund the replacement of the Childrens Services software package, to deliver ongoing MTFP savings.
 - a £0.245 million contribution from the DWP Housing Benefit Subsidy reserve to fund an increase in the provision for bad debts in respect of the overpayment of housing benefit.
 - a contribution of £0.200 million to the Revenues and Benefits Reserve to support the development of systems to achieve service priorities.
 - a £0.004 million contribution to the Welfare Rights reserve to support the continued provision of the Welfare Rights service.
 - £1.516 million net contribution from reserves in relation to equal pay, ER/VR costs and insurance recharges.
 - £1.874 million – relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration recharges.
- 51 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 £2.152 million.

Resources - Centrally Allocated Costs (Corporate Costs)

- 52 The 2015/16 outturn for Resources – Centrally Administered Costs is a cash limit underspend of £0.258 million. This takes into account adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves.
- 53 The cash limit outturn position compares to the previously forecast position at Quarter 3 of a cash limit underspend of £0.182 million.
- 54 The outturn position reflects underbudget positions on payment card charges (£0.102 million), audit fees (£0.068 million), corporate subscriptions (£0.013 million), expenses associated with raising loans (£0.041 million), an over recovery of income (£0.015 million) and other variances (£0.019 million).
- 55 Further to the Quarter 3 forecast of outturn report, the following item has been excluded from the outturn in arriving at the cash limit outturn position:
- a £0.175 million contribution from the Welfare Assistance Fund reserve to deliver the Council's Welfare Assistance Scheme.
 - a £0.420 million net contribution from reserves in relation to insurance recharges. £0.187 million – relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration.

Central Budgets

Interest and Investment Income

- 56 There has been an overachievement of investment income of £1.536m which is due to the higher than anticipated levels of cash balances held during 2015/16. This is due in the main to lower than expected use of reserves and re-profiling of capital expenditure originally anticipated to be expended in 2015/16.

2015/16 Capital Outturn

General Fund Capital Programme

- 57 The original General Fund (GF) capital budget for 2015/16, taking into account the budgets approved by Council on 25 February 2015 and adjustments for re-profiling of underspends at 2014/15 year end was £167.216 million. This was agreed by Cabinet on 15 July 2015.
- 58 Throughout the year, the Capital Member Officer Working Group (MOWG) has continually reviewed progress in delivering the capital programme to take into account changes in planning and delivery timescales and analysis of changes in demands on resources. Regular updates to the capital programme were reported to and approved by Cabinet as part of the quarterly budgetary control reports in year. Requests for re-profiling capital programme underspends at 31 March 2016 have also been considered by MOWG.
- 59 The following table summarises the revised capital budgets, taking into account revisions considered by MOWG and agreed by Cabinet throughout the year, together with the outturn position for each service area. The table also details the action that has been taken with regard to re-profiling and other budget adjustments at year end, which were approved by MOWG on 24 May 2016.

General Fund Capital Programme 2015/16

Service Grouping	Original Budget 2015/16	Revised Budget 2015/16	2015/16 Outturn	Variance	Additions/ Deletions From Budget	Reprofiling
	£m	£m	£m	£m	£m	£m
Assistant Chief Executive	5.775	3.990	1.454	2.536	0.037	-2.314
Children and Adults Services	41.184	40.682	34.868	5.814	-0.969	-4.425
Neighbourhoods	41.748	40.903	37.721	3.182	2.573	-5.968
Regeneration and Economic Dev.	64.674	34.543	31.993	2.550	-0.836	-2.181
Resources	13.835	11.616	9.385	2.231	-	-2.231
Total	167.216	131.734	115.421	16.313	0.805	-17.119

- 60 In addition to underspends requested to be carried forward into 2016/17 to fund the completion of capital schemes, the variances in the table above also include some overspends on projects that span multiple financial years, which resulted from acceleration of project delivery timescales. In such instances

the 2016/17 budgets have been reduced to offset the increased activity in 2015/16. All re-profiling has now been included in the updated capital budgets for 2016/17 – 2019/20.

- 61 The Capital Programme is financed via various funding sources including grants, capital receipts, revenue contributions, contributions from reserves and borrowing. The financing of the 2015/16 Outturn is detailed in the following table:

Financing – General Fund Capital Programme 2015/16

Financed by	2015/16 Outturn
	£m
Grants and Contributions	52.172
Revenue and Reserves	23.770
Capital Receipts	10.183
Borrowing	29.296
Total	115.421

Service Grouping Commentary

- 62 The primary reasons for the net capital underspending of £16.313 million (circa 12% under budget at year end) are set out below:

Assistant Chief Executive (ACE)

- 63 The underspend of £2.536 million within ACE is mainly due to:

- Members Budgets – Underspend £1.998 million.**

Elected Members are encouraged to invest their annual allocation within each financial year. Current guidance states that uncommitted funds may be carried forward but not beyond an elected Member's term of office.
- Community Buildings - Underspend £0.398 million.**

Progress on the community buildings capital works programme has been delayed to allow time for the completion of new lease agreements for the buildings before works commence.
- AAP – AAP Area Budgets - Underspend £0.144 million.**

Each AAP is encouraged to invest their annual allocation within each financial year. Current guidance states that uncommitted funds may only be carried forward where a clear spending plan has been identified.

Children and Adults Services (CAS)

- 64 The underspend of £5.814 million for CAS is mainly due to:

- **BSF Schemes** – Underspend £1.461million.
Relates mainly to the milestone payments for work at Consett Academy along with related ICT projects which are yet to be finalised.
- **Devolved Formula Capital** – Underspend £1.745 million.
Work has been delayed awaiting individual schools to finalise capital investment plans.
- **School Related** – Underspend £2.751million.
Mainly due to the delay between when budgets are allocated to schemes as they are commissioned and when the schemes are completed in major school holidays to minimise disruption.
- **Public Health** – Overspend £0.118 million.
The overspend relates to additional work being carried out at Saddler House in 2015/16 earlier than originally anticipated and which will be met from the reprofiled 2016/17 budget.
- **Secure Services** – Overspend of £0.316 million.
Mainly due the additional work required on the Door Replacement Project and as a result of the upgrade to the telephone system in this facility. The telephony upgrade received funding from the Education Funding Agency.

Neighbourhood Services

65 The underspend of £3.182 million for Neighbourhood Services is mainly due to:

- **Direct Services** – Underspend £1.050 million. This is primarily due to revisions to the delivery date of vehicles ordered during 2015/16 with delivery expected in 2016/17 (£0.531 million) and the delay in the start of the Bereavement improvement projects (£0.198 million).
- **Culture and Sport** – Underspend £0.452 million. The under spend in this area is due mainly to the reprofiling of works to Wharton Park Project of £0.290 million, which was completed in the current financial year.
- **Projects and Business** – Underspend £1.357 million. Mainly due to an under spend on the CRM project of £0.767 million, which is programmed over two years. The majority of the scheme will now be completed in 2016/17. The remaining underspend of £0.504 million relates to some delays in Waste Management schemes where site investigation works have not yet been completed, and also due to the requirement to provide data to the Environment Agency before the St Bede's project can commence.

- **Technical Services** – Underspend £0.323 million. Mainly due to the under spend on Seaham North Pier of £0.675 million and £0.124 million on the Wolsingham Depot project along with an overspend on the Street Lighting Energy Reduction programme of £0.503 million for which budget has been brought forward from 2016/17.

Regeneration and Economic Development (RED)

66 The underspend of £2.550 million for RED is mainly due to:

- **Economic Development & Housing** – Underspend £0.673 million. Primarily the outturn position is due to a combination of under and over spending on a the major schemes within this area:
 - Barnard Castle Vision £0.100 million – There have been delays in progressing works on paths and procuring contractors for historic landscape works (Bowes Castle and Headlam Pack Horse bridge). The majority of contracts are now let and progressing.
 - Housing Renewal £0.329 million – Relates mainly to the fact that the issue of loans is a lengthy process and whilst applications are in place, actual expenditure was lower than anticipated.
 - Chapter Homes £0.700 million – The variance of expenditure within the planned programme reflects a reduced need for the development company to draw down equity and loan funding from the Council in 2015/16 with certified construction valuation requests from the contractor being lower than initially anticipated.
 - The above underspends are reduced by greater spend on Disabled Facilities Grants in 2015/16 of £0.206 million and work at NETPark of £0.333 million, for which budget has been brought forward from 2016/17.

- **Planning and Assets** – Underspend £0.602 million. Relates mainly to the School Demolition Programme where delays in obtaining DfE approval and vacating the sites have delayed the design and tendering process resulting in an underspend of £0.810 million. This also includes contract savings of £0.367 million which will be used to fund future demolitions. However, additional schemes within The Structural Capitalised Maintenance Non- Schools programme have been completed earlier than anticipated resulting in a reprofiling of budget from 2016/17 into 2015/16.
- **Transport** – Underspend £1.031 million. Primarily due the Villa Real road realignment scheme being delayed following land contamination issues and redesign requirements, which led to an underspend of £0.561 million. The Pelaw Wood Land slip project was also delayed due to further land movement and design issues for a number of schemes to improve cycle and pathways have also contributed the underspend in this area.

Resources

67 The underspend of £2.231 million for Resources is mainly due to:

- **Digital Durham** - schemes have been completed but at a lower cost than originally anticipated resulting in an underspend of £1.486 million. The remaining underspend relates to various ICT projects which have been delayed due to either procurement issues or other commitments. These schemes have been reprofiled into 2016/17 for completion.

Capital Receipts

68 Income from the sale of assets and other capital income streams (capital receipts) are utilised to support the capital budget. The 2015/16 budget for income from capital receipts was £16.631 million. The final outturn position is shown in the following table:

Source	Sum Received 2015/16
	£m
Land Sales	6.424
Land Sales via Durham Villages Regeneration Limited	0.941
VAT Shelter – Livin	0.783
VAT Shelter – Derwentside Homes	0.390
VAT Shelter – Teesdale	0.042
VAT Shelter – County Durham Housing Group	0.757
Preserved 'Right to Buy' Sales	0.604
Vehicle Sales	0.236
Total	10.178
Less: Income Budget	16.631
Underachievement of Capital Receipts	-6.453

- 69 The main reason for the underachievement on capital receipts in 2015/16 related to the planned sale of land at Whinney Hill in Durham. There have been delays in finalising the sale of land on this site due to delays in the developer agreeing a suitable scheme for the site. It is hoped that this sale will be finalised in 2016/17 which should result in an over recovery against the capital receipts income target in this year.

Housing Revenue Account (HRA) – 2015/16 Revenue Outturn

Revenue Outturn

- 70 On 13 April 2015, the Council transferred its housing stock of 18,500 dwellings to the County Durham Housing Group Ltd. Consent was received from the Secretary of State to close down the HRA any time from 30 April 2015 onwards as the Council is no longer a social housing landlord and not required to maintain a ring-fenced HRA.
- 71 There were some residual transactions still taking place in year reflecting the relatively short period of activity in 2015/16 and also costs associated with delivering stock transfer in April which have been met from available income and reserves. All transactions are now complete and the HRA will be formally closed as part of the 2015/16 final accounts process.
- 72 After taking into account the residual transactions in closing the HRA the final position on the HRA Reserve is £23.156 million. Post the transfer of the Council's housing stock this balance reverts to the County Council and is shown in Appendix 2 as a contribution from the HRA Reserve.

Council Tax and Business Rates Collection Funds

Council Tax

- 73 Council Tax is charged for all residential dwellings in bandings agreed by the Valuation Office Agency, which is part of Her Majesty's Revenues and Customs (HMRC). Exemptions, reliefs and discounts are awarded dependent upon the state of the property, its use and occupiers' personal circumstances.
- 74 The collection rate at 31 March 2016 marginally exceeded the in year target of 96.2% and also showed an improvement of 0.5 percentage points over 2014/15 actual in year collection rate. This has been achieved through more automation of the 2015/16 recovery schedule used to target non-payers
- 75 The in-year collection rates at 31 March for the last three years including the current year are shown below and highlight a gradual improvement:

Billing Year	Position at 31 March Each Year %
2015/16	96.3
2014/15	95.8
2013/14	95.4

- 76 The overall collection rate for 2014/15 council tax liabilities is currently 97.7% and 98.2% for 2013/14 council tax liabilities. The Council continues to recover Council Tax from earlier years and currently, the collection rate for all years excluding the current year is 99.6% which is in line with our medium term financial plan forecasts.
- 77 The income shown in the Council Tax Collection Fund is the amount collectable from Council Tax payers in the long run, rather than the actual cash collected in the year the charges are raised. Likely bad debts are accounted for by maintaining a bad debt provision. The amount estimated to be collectable is calculated each year by reference to the actual council taxbase for all domestic properties in the county (schedule of all properties, discounts and reliefs) with an allowance for non-collection, currently 1.5%.
- 78 Due to changes in the number of properties (including new build and demolitions), eligibility of discounts and reliefs during the year, the actual amount collectable increases or decreases from the estimate on a dynamic day to day basis. In addition, adjustments for previous billing years take place during each accounting year. All of these adjustments mean that the actual amounts collected will always differ from the estimate.
- 79 Such differences at the end of each accounting year, after taking into account the calculated change required in the 'bad debt' provision, determines whether a surplus or deficit has arisen, which is then shared proportionately between the Council and its major preceptors, being Durham Police and Crime Commissioner and County Durham and Darlington Fire and Rescue Authority.
- 80 At 31 March 2016, the outturn for the Council Tax Collection Fund is a surplus of £7.281 million as shown in the table below. Durham County Council's share of this surplus is £6.106 million.

	£m
Net Bills issued during Accounting Year 2015/16	278.929
LCTRS and previous years CTB adjustments	-51.572
Calculated change in provision for bad debts required and write offs	-2.016
Net income receivable (a)	225.341
Precepts and Demands	
Durham County Council	174.134
Parish and Town Councils	10.921
Durham Police and Crime Commissioner	21.235
County Durham and Darlington Fire and Rescue Authority	12.261
Total Precepts and Demands (b)	218.551
Net Surplus / (-) Deficit for year (a) – (b)	6.790
Surplus Brought Forward from 2014/15	0.491
Estimated Year end surplus	7.281

- 81 At 15 January in each year, the estimated surplus or deficit on the Collection Fund Council Tax Account is notified to the two major preceptors for inclusion in the budget setting process for the following year as an additional income or expenditure item.
- 82 At 15 January 2016 the decision was taken to declare a surplus of £7.031 million as an estimated year end position on the Council Tax Collection Fund for 2015/16. This has been taken into account in the budget setting process for 2016/17. The difference between this and the actual surplus (£7.281 million) at 31 March 2016 will be carried forward to 15 January 2017 and will be taken into account in estimating the surplus/deficit for 2016/17, which will need to be taken into account for 2017/18 budget setting.
- 83 Over the past four years, the Council Tax provision for bad debts has been increasing steadily. This managed approach has been necessary to minimise the risk of the Council Tax Collection Fund moving into deficit whilst securing the robustness of the levels of provision held. The position has now been reached where maintaining the provision at a prudent level does not prevent the declaration of a surplus.

Business Rates

- 84 2013/14 was the first year of the new Business Rates Retention Scheme whereby the Council now has a vested budget interest and stake in the level of business rate yield, as income generated from Business Rates is now shared between Central Government (50%), Durham County Council (49%) and County Durham and Darlington Fire and Rescue Authority (1%). It is therefore, not only the accuracy and timeliness of bills levied and tax collected that is monitored and audited, but the level of income anticipated for the year is important and new monitoring procedures have been devised for this purpose.

85 Bills raised, exemptions and reliefs awarded are examined, together with local knowledge of anticipated changes in reliefs such as Mandatory Charitable Relief and Discretionary Rate Relief, on a monthly basis to enable a comparison with the January 2015 estimate of 2015/16 Business Rates income that was used for budget setting purposes. At 31 March 2016, the outturn for the Collection Fund - Business Rates is a deficit of £7.691 million, arrived at as shown in the table below, which takes into account the actual surplus brought forward from 2014/15, including the previously declared estimated surplus plus the undeclared surplus based upon the actual surplus as at 31 March 2015.

	£m
Net rate yield for 2015/16 including previous year adjustments	116.612
Estimate of changes due to appeals lodged and future appeals	-10.564
Estimated losses in Collection – Provision for Bad Debts and Write-offs	-1.756
Net income receivable (a)	104.292
Agreed allocated shares	
Central Government (50%)	55.916
Durham County Council (49%)	54.798
County Durham and Darlington Fire and Rescue Authority (1%)	1.118
Payment of Previous year's declared surplus	1.020
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	0.655
Total fixed payments (b)	113.507
Net deficit for year (a) – (b)	-9.215
Declared Surplus brought forward from 2014/15	1.020
Undeclared Surplus brought forward from 2014/15	0.504
Estimated year end deficit	-7.691

86 The in-year deficit of £9.215 million is mainly due to increased loss of income from business rate payers' successful appeals based on evidence from those already settled. This loss is being offset by the surplus brought forward from 2014/15, leaving a deficit of £7.961 million at 31 March 2016. Any surpluses or deficits at 31 March in any year are shared proportionately between Durham County Council, Central Government and County Durham and Darlington Fire and Rescue, Durham County Council's share being 49%. Durham County Council's share of the year end deficit will therefore be £3.769 million.

- 87 The payment profile on collection performance is changing due to more businesses opting to spread their payments over 12 months rather than ten. The major Business Rates Payers have all opted to take up this opportunity to re-profile their cash flow. However, robust collection procedures have ensured that the challenging collection target of 96.7% has been exceeded.
- 88 The in-year collection rates to quarter 3 for the last three years, including the current year, are shown below highlighting a gradual improvement:

Billing Year	Position at 31 March Each Year %
2015/16	97.4
2014/15	97.2
2013/14	96.4

- 89 The overall collection rate for 2014/15 business rate liabilities is currently 99.0% and for 2013/14 business rate liabilities 99.1%. The Council continues to recover Business Rates from earlier years and currently, the collection rate for all years excluding the current year is 99.2% which is in line with our medium term financial plan forecasts.

Section 31 Grant - Small Business Rate Relief

- 90 Small Business Ratepayers with properties with rateable values under £12,000 benefit from relief on their rates payable. The Government has awarded local authorities a special '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.
- 91 Small Business Ratepayers with properties with rateable values up to £6,000 are currently being granted full relief instead of 50% relief under the previous scheme, and properties with rateable values between £6,000 and £12,000 have a tapered relief applied to them ranging from 100% down to 0%, but in all cases double the standard relief.
- 92 The Section 31 grant has been calculated as 50% of the extended small business rate relief awarded.
- 93 The Government has only agreed to pay Section 31 grant for the additional Small Business Rate Relief in respect of business rates bills and adjustments thereof relating to the period commencing 1 April 2013. Any adjustments that relate to bills for years prior to this will be dealt with as part of the normal Rate Retention shares. At 31 March 2016, the gross Small Business Relief awarded against 2015/16 Business Rates bills and adjustments to 2014/15 and 2013/14 bills is £10.084 million, and on this the Council will receive £2.475 million in Section 31 Grant, including the capping adjustment.

Other Section 31 Grants

- 94 In the Autumn Statements of 2013, 2014 and 2015, additional Business Rate Reliefs were announced for 2014/15, 2015/16 and 2016/17 for which Section 31 Grants would be payable. These included one for properties empty from new, reoccupation of long-term empty properties and an additional relief for small shops.

- 95 When assessing estimated outturn income from Business Rates, due regard must also be given on the effect that changes in estimated reliefs will have on the Section 31 grants. At 31 March 2016, the surplus in Durham County Council's Section 31 grants (including Small Business Rate Relief) was £0.175 million, in addition to the estimated deficit discussed above.
- 96 Whilst the surplus in S31 grants is accounted for in 2015/16, the deficit on Business Rates retention is accounted for in 2016/17.

Recommendations and Reasons

- 97 It is recommended that Cabinet note:
- (i) the reduction in the Cash Limit Reserves of £0.063 million during 2015/16 with closing Cash Limit Reserves of £22.300 million. These sums will continue be held as Earmarked Reserves and be available for Service Groupings to manage their budgets effectively.
 - (ii) the closing General Reserve balance of £29.101 million.
 - (iii) the closing balance on General Fund Earmarked Reserves (excluding Cash Limit Reserves) is £183.075 million
 - (iv) the closing balance on Schools Reserves is £36.269 million.
 - (v) the closing Housing Revenue Account balance of £23.156 million transferred to Council Reserves.
 - (vi) the position for the Collection Funds in respect of Council Tax and Business Rates.
- 98 It is recommended that Cabinet approve:
- (vii) the capital budget carried forward of £17.119 million for the General Fund is moved into 2016/17, offset by reductions in the 2016/17 programme to fund accelerated spending in 2015/16 and that Service Groupings regularly review capital profiles throughout 2016/17 reporting revisions to MOWG and Cabinet as necessary.

Background Papers

- (a) Cabinet – 16 September 2015 – Forecast of Revenue and Capital Outturn 2015/16 for General Fund and Housing Revenue Account – Period to 30 June 2015.
- (b) Cabinet – 18 November 2015 - Forecast of Revenue and Capital Outturn 2015/16 for General Fund and Housing Revenue Account – Period to 30 September 2015.
- (c) Cabinet – 16 March 2016 - Forecast of Revenue and Capital Outturn 2015/16 for General Fund and Housing Revenue Account – Period to 31 December 2015.

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Appendix 1: Implications

Finance

The report details the financial outturn for the Council for 2015/16 for Revenue and Capital. The report covers General Fund and Housing Revenue Account for both Revenue and Capital and the outturn position for General and Earmarked Reserves at 31 March 2016, plus the Collection Fund outturn, covering both Council Tax and Business Rates.

Staffing

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 Budget Managers and Service Management Teams. The outturn has been produced taking into consideration all spend in year and year end accounting requirements and standard / recommended accounting practices. This should mitigate any risks with regards to challenge over the accuracy and validity of the financial outturn position of the Council as reported.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and Disorder

None.

Human Rights

None.

Consultation

Budget Managers and Service Management Teams have been consulted on and contributed to the contents of the report and the accounting entries contained within.

Procurement

None.

Disability Issues

None.

Legal Implications

The outturn contained within this report has been prepared in accordance with standard accounting policies and procedures.

Appendix 2: General Fund Revenue Summary 2015/16

	Cash Limit Adjustments								
	Original Budget 2015/16	Revised Budget	Service Groupings Final Outturn	Variance	Sums Outside the cash Limit	Cash Limit Reserve	Contribution to / Use of Earmarked Reserves	Cash Limit Position	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assistant Chief Executive	10,163	9,730	10,200	470	-1,226	0	498	-258	258
Children and Adults Services	251,450	258,307	238,084	-20,223	-609	-31	10,172	-10,691	10,691
Neighbourhood Services	104,236	107,819	103,995	-3,824	310	-255	2,909	-860	860
Regeneration and Economic Development	41,535	27,388	25,012	-2,376	-170	46	684	-1,816	1,816
Resources	15,855	17,847	15,423	-2,424	1,874	0	-869	-1,419	1,419
Cash Limit Position	423,239	421,091	392,714	-28,377	179	-240	13,394	-15,044	15,044
Contingencies	5,690	1,434	0	-1,434			0	-1,434	1,434
Centrally Held Budgets	0	0	-1,548	-1,548	1,572	0	0	24	-24
Corporate Costs	4,980	4,031	4,181	150	187	0	-595	-258	258
NET COST OF SERVICES	433,909	426,556	395,347	-31,209	1,938	-240	12,799	-16,712	16,712
Capital charges	-48,977	-48,977	-92,907	-43,930	1,624			-42,306	42,306
Gain/Loss on Disposal	0	0	42,306	42,306				42,306	-42,306
Interest and Investment income	-1,641	-3,168	-4,704	-1,536				-1,536	1,536
Interest payable and similar charges	38,530	45,877	47,521	1,644			-1,547	97	-97
HR Accrual	0	0	1,802	1,802	-1,802			0	0
Levies	0	16,555	16,555	0				0	0
Net Expenditure	421,821	436,843	405,920	-30,923	1,760	-240	11,252	-18,151	18,151
Funded By:									
Council tax	-174,134	-174,134	-174,137	-3				-3	3
Use of (-) / contribution to earmarked reserves	-11,511	10,897	27,149	16,252			5,000	21,252	-21,252
Estimated net surplus on Collection Fund	-500	-500	-500	0				0	0
Start up Funding Assessment	-215,540	-215,540	-215,541	-1				-1	1
New Homes Bonus	-8,322	-8,322	-8,323	-1				-1	1
New Homes Bonus - Re-imburement	-377	-377	-374	3				3	-3
Section 31 Grant - Small business rate relief	-2,398	-2,398	-2,475	-77				-77	77
Section 31 Grant - Settlement Funding Assessment Adj.	-919	-919	-919	0				0	0
Section 31 Grant - Retail Adjustment	-1,681	-1,681	-1,779	-98				-98	98
Education Services Grant	-6,002	-6,002	-6,006	-4				-4	4
Forecast contribution to / from (-) Cash Limit Reserve	-437	-14,867	-63	14,804				14,804	-14,804
Forecast contribution to General Reserves	0	0	204	204				204	-204
Forecast contribution from HRA Reserve	0	-23,000	-23,156	-156				-156	156
TOTAL	0	0	0	0	1,760	-240	16,252	17,772	-17,772

Appendix 3: General Fund Revenue Summary by Expenditure / Income for 2015/16

	Original Budget 2015/16	Revised Budget	Proposed Budget Revisions	Agreed Budget	Service Groupings Final Outturn	Corporate Costs	Sums Outside the Cash Limit	Cash Limit Reserve	Contribution to / Use of Earmarked Reserves	Revised Service Outturn	Forecasted Variance (including Corporate Costs)	Forecasted Variance - Corporate Costs
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees	470,911	485,339	0	485,339	513,336	834	1,687	-31	-1,896	513,930	28,591	-20
Premises	50,757	50,963	0	50,963	55,986	0	-4,182	0	96	51,900	937	0
Transport	47,915	41,129	0	41,130	40,534	0	-2	0	19	40,551	-579	0
Supplies & Services	112,068	125,960	0	125,960	134,267	1,178	884	46	3,584	139,959	13,999	-219
Agency & Contracted	307,725	309,417	0	309,417	307,193	2,367	0	-188	1,772	311,144	1,727	-2
Transfer Payments	204,317	206,086	0	206,086	205,562	0	0	0	12,014	217,576	11,490	0
Central Costs	96,263	95,852	0	95,852	76,731	197	-5,264	0	7,290	78,954	-16,898	-1
DRF	0	125	0	125	3,286	0	0	-67	21	3,240	3,115	0
Other	18,603	20,638	0	20,638	21,814	0	-2	0	97	21,909	1,271	0
Capital Charges	48,977	48,977	0	48,977	50,601	0	-1,624	0	0	48,977	0	0
GROSS EXPENDITURE	1,357,536	1,384,486	0	1,384,487	1,409,310	4,576	-8,503	-240	22,997	1,428,140	43,653	-242
Income												
- Specific Grants	564,352	578,541	0	578,541	569,884	106	0	0	11,794	581,784	-3,243	-1
- Other Grants & conts	53,488	69,982	0	69,982	73,975	0	905	0	-102	74,778	-4,796	0
- Sales	5,966	6,599	0	6,599	8,610	274	-174	0	-359	8,351	-1,752	0
- Fees & charges	104,473	102,349	0	102,349	109,070	15	-3	0	-838	108,244	-5,895	-15
- Rents	6,494	7,450	0	7,450	7,036	0	0	0	-22	7,014	436	0
- Recharges	186,789	186,695	0	186,736	235,061	0	-11,169	0	-193	223,699	-36,963	0
- Other	7,755	7,748	0	7,708	14,508	0	0	0	-82	14,426	-6,718	0
Total Income	929,317	959,364	0	959,365	1,018,144	395	-10,441	0	10,198	1,018,296	-58,931	-16
NET EXPENDITURE	428,219	425,122	0	425,122	391,166	4,181	1,938	-240	12,799	409,844	-15,278	-258

Appendix 4: General Fund Earmarked Reserves as at 31 March 2016

	EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	2014/15 CLOSING BALANCE	USE OF RESERVES	CONTRIBUTION TO RESERVES	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	2015/16 CLOSING BALANCE AS AT 31 MARCH 2016
			£'000	£'000	£'000	£'000	£'000	£'000
1	ACE AAP/Members Reserve	ACE	-3,699	498	-288	-118	92	-3,607
2	ACE Grant Reserve	ACE	-194	0	-1,218	0	-1,218	-1,412
3	ACE Operational Reserve	ACE	-124	8	-156	-475	-623	-747
4	Social Care Reserve	CAS	-13,335	1,882	-1,910	0	-28	-13,363
5	Aycliffe Young People's Centre Reserve	CAS	-1,202	998	0	0	998	-204
6	Continuing Professional Development Reserve	CAS	-1,035	0	-167	0	-167	-1,202
7	Education Reserve	CAS	-2,440	352	-157	-1,409	-1,214	-3,654
8	Tackling Troubled Families	CAS	-2,027	330	0	0	330	-1,697
9	Transformation Reserve	CAS	-1,483	0	-1,441	0	-1,441	-2,924
10	Innovations and YEI Redundancy Reserve	CAS	0	0	0	-1,000	-1,000	-1,000
11	YOS Development Reserve	CAS	0	0	-10	0	-10	-10
12	Special Projects Reserve	CAS	-37	37	0	0	37	0
14	Public Health Reserve	CAS	-4,983	3,734	-3,705	0	29	-4,954
15	Neighbourhoods AAP Reserve	NS	-40	0	-8	0	-8	-48
16	Customer Services Reserve	NS	-373	140	0	0	140	-233
17	Direct Services Reserve	NS	-3,043	725	-673	0	52	-2,991
18	Env. Health and Consumer Protection Reserve	NS	-1,000	86	-33	0	53	-947
19	Culture and Sport Reserve	NS	-3,193	753	-673	0	80	-3,113
20	Strategic Waste Reserve	NS	-1,796	1,660	0	0	1,660	-136
21	Technical Services Reserve	NS	-2,922	443	-1,873	0	-1,430	-4,352
22	Transport Asset Management Programme Reserve	NS	-318	158	0	0	158	-160
23	Business Growth Fund Reserve	RED	-913	97	0	0	97	-816
24	Economic Development Reserve	RED	-1,486	342	-166	-14	162	-1,324
25	Planning Reserve	RED	-1,423	174	-80	0	94	-1,329
26	North Pennines AONB Partnership Reserve	RED	-329	124	0	0	124	-205
27	Employability and Training Reserve	RED	-458	229	-1,478	0	-1,249	-1,707
28	RED Match Fund Programme Reserve	RED	-1,344	50	-274	-444	-668	-2,012
29	Housing Regeneration Reserve	RED	-410	112	-22	0	90	-320
30	Housing Solutions Reserve	RED	-867	19	-295	0	-276	-1,143
31	Restructure Reserve	RED	-663	62	0	413	475	-188
32	Transport Reserve	RED	-287	36	0	0	36	-251
33	Funding and Programmes Management Reserve	RED	-140	0	-14	0	-14	-154
34	Resources Corporate Reserve	Resources	-989	59	0	0	59	-930
35	Resources DWP Grant Reserve	Resources	-1,932	161	-308	45	-102	-2,034
36	Resources System Development Reserve	Resources	-840	132	-166	0	-34	-874
37	Resources Housing Benefit Subsidy Reserve	Resources	-745	245	0	0	245	-500
38	Resources Revenue and Benefits Reserve	Resources	0	0	-200	0	-200	-200
39	Resources Single Fraud Incentive Scheme	Resources	0	0	-257	0	-257	-257
40	Local Council Tax Support Scheme Reserve	Resources	-1,031	0	0	1,031	1,031	0
41	Resources Land Search Fees Reserve	Resources	-1,000	47	0	509	556	-444
42	Resources Legal Expenses Reserve	Resources	-200	0	0	0	0	-200
43	Resources Legal Services Reserve	Resources	0	0	-154	0	-154	-154
44	Resources Elections Reserve	Resources	-1,036	26	0	0	26	-1,010
45	Resources ICT Reserves	Resources	-1,130	372	-468	-500	-596	-1,726
46	Human Resources Reserve	Resources	-65	0	0	0	0	-65
47	Corporate Reserve - Demographic Pressures	Corporate Fin	-23,600	4,150	0	19,450	23,600	0
48	Equal Pay Reserve	Corporate Fin	-14,116	4,798	-210	0	4,588	-9,528
49	Insurance Reserve	Corporate Fin	-15,603	0	-1,626	7,000	5,374	-10,229
50	Performance Reward Grant Reserve	Corporate Fin	-1,043	358	0	0	358	-685
51	MTFP Redundancy and Early Retirement Reserve	Corporate Fin	-10,881	7,023	0	-10,000	-2,977	-13,858
52	Office Accommodation Project Support Reserve	Corporate Fin	-1,007	310	0	0	310	-697
53	Planned Delivery Programme (PDP) Reserve	Corporate Fin	-20,000	0	0	20,000	20,000	0
54	Budget Support Reserve	Corporate Fin	0	0	0	-30,000	-30,000	-30,000
55	Capital Expenditure Reserve	Corporate Fin	-2,802	3,352	-1,000	450	2,802	0
56	Office Accommodation Capital Reserve	Corporate Fin	-8,000	0	-22,000	-12,481	-34,481	-42,481
57	Housing Stock Transfer Reserve	Corporate Fin	0	0	-1,000	0	-1,000	-1,000
58	Pension Deficit Reserve	Corporate Fin	0	0	-5,000	-5,000	-10,000	-10,000
	Total Earmarked Reserves		-157,584	34,082	-47,030	-12,543	-25,491	-183,075
	Cash Limit Reserves							
59	Assistant Chief Executive		-773	0	-258	755	497	-276
60	Children and Adults Services		-9,441	801	-10,691	5,829	-4,061	-13,502
61	Neighbourhood Services		-5,076	1,318	-860	2,039	2,497	-2,579
62	Regeneration and Economic Development		-3,216	277	-1,816	964	-575	-3,791
63	Resources		-3,857	168	-1,419	2,956	1,705	-2,152
	Total Cash Limit Reserves		-22,363	2,564	-15,044	12,543	63	-22,300
	Total Council Reserves		-179,947	36,646	-62,074	0	-25,428	-205,375
	Schools' Balances							
Sch 1	Schools' Revenue Balance	CAS	-24,246	163	0	0	163	-24,083
Sch 2	DSG Reserve	CAS	-10,364	0	-1,821	0	-1,821	-12,185
	Total Schools and DSG Reserve		-34,610	163	-1,821	0	-1,658	-36,268