

## Cabinet

12 September 2018

### Forecast of Revenue and Capital Outturn 2018/19 – Period to 30 June 2018



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### Report of Corporate Management Team John Hewitt, Corporate Director of Resources Councillor Alan Napier, Portfolio Holder for Finance

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#### Purpose of the Report

- 1 To provide Cabinet with information on the:
  - (a) forecast revenue and capital outturn for 2018/19;
  - (b) forecast for the council tax and business rates collection fund position at 31 March 2019;
  - (c) use of earmarked, cash limit and general reserves.
- 2 To seek approval of the budget adjustments and proposed sums outside of the cash limit.

#### Background

- 3 In accordance with the council's constitution, Council agreed the Medium Term Financial Plan, which incorporates the revenue and capital budgets for 2018/19, on 21 February 2018.
- 4 The constitution also states that the Chief Finance Officer must report to Cabinet on the overall council budget monitoring position on a quarterly basis.
- 5 This is the first quarter's report which provides the initial indication of the revenue and capital outturn for 2018/19, based upon expenditure and income up to 30 June 2018.

#### Revenue Outturn Forecast – Based on Position to 30 June 2018

- 6 The table overleaf compares the forecast of outturn with the revised budget. Further detail is provided in Appendices 2 and 3.
- 7 The following adjustments have been made to the original budget agreed by Council on 21 February 2018:
  - (a) agreed budget transfers between service groupings;
  - (b) additions to budget for items outside the cash limit (for Cabinet consideration and recommended approval);

- (c) planned use of or contribution to earmarked reserves (please refer to Appendix 4).

### Forecast of Revenue Outturn 2018/19

	Original Budget 2018/19	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecasted Variance
	£'000	£'000	£'000	£'000
Adult and Health Services	130,822	126,513	123,417	-3,096
Children and Young People's Services	106,563	124,308	123,879	-429
Regeneration and Local Services	126,987	135,306	134,735	-571
Resources	15,635	15,766	15,270	-496
Transformation and Partnerships	11,944	12,233	12,163	-70
<b>Cash Limit Position</b>	391,951	414,126	409,464	-4,662
Contingencies	3,737	2,369	2,369	0
Corporate Costs	3,844	3,837	3,837	0
<b>NET COST OF SERVICES</b>	399,532	420,332	415,670	-4,662
Capital charges	-56,650	-56,650	-56,650	0
Interest and Investment income	-1,900	-1,900	-2,777	-877
Interest payable and similar charges	43,113	43,704	42,204	-1,500
Levies	16,193	16,204	16,204	0
<b>Net Expenditure</b>	400,288	421,690	414,651	-7,039
<b>Funded By:</b>				
Council tax	-209,712	-209,712	-209,712	0
Use of earmarked reserves	-4,711	-25,776	-25,776	0
Estimated net surplus on Collection Fund	-7,506	-7,506	-7,506	0
Business Rates	-51,889	-51,889	-51,889	0
Top up grant	-70,350	-70,350	-70,350	0
Revenue Support Grant	-41,860	-41,860	-41,860	0
New Homes Bonus	-6,504	-6,504	-6,504	0
Section 31 Grant	-7,723	-7,723	-7,981	-258
Forecast contribution to/from(-) Cash Limit Reserve	-33	-370	4,292	4,662
Forecast contribution to/from (-) General Reserves	0	0	2,635	2,635
<b>TOTAL</b>	0	0	0	0

- 8 The table on the previous page identifies a forecast cash limit underspend of £4.662 million and a forecast net underspend/ overachievement of core government grant on all other budgets of £2.635 million, totalling £7.297 million. This represents 1.7% of the net expenditure budget of £421.690 million.
- 9 Approval is being sought for the following sums to be funded from, or transferred to general contingencies. These sums are deemed to be outside of service grouping cash limits.

<b>Service Grouping</b>	<b>Proposal</b>	<b>Amount £ million</b>
Children and Young People's Services (CYPS)	Social Worker Retention	0.283
CYPS	Social Work Case Backlog	0.500
CYPS	Security and NNDR Costs Aycliffe Site	0.098
CYPS	Premises related costs for former schools	0.021
Resources	Microsoft Licences	-0.224
<b>Total</b>		<b>0.678</b>

- 10 After adjusting the budgets as detailed above, the forecast outturn for cash limit reserves and the general reserve are summarised in the table below.

<b>Type of Reserve</b>	<b>Opening Balance as at 1 April 2018</b>	<b>Budgeted use at 1 April 2018</b>	<b>Movement during 2018/19</b>		<b>2018/19 Forecast of Outturn</b>
			<b>Planned contribution to (-) or use of reserve</b>	<b>Contribution to (-) or use of reserve</b>	
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
<b>Service Grouping Cash Limit</b>					
Adult and Health Services	-8.238	0.000	0.137	-3.096	-11.197
Children and Young People's Services	-1.248	0.000	-0.515	-0.429	-2.192
Regeneration and Local Services	-6.155	0.033	0.518	-0.571	-6.175
Resources	-2.231	0.000	0.009	-0.496	-2.718
Transformation and Partnerships	-0.415	0.000	0.188	-0.070	-0.297
<b>Total Cash Limit Reserve</b>	<b>-18.287</b>	<b>0.033</b>	<b>0.337</b>	<b>-4.662</b>	<b>-22.579</b>
<b>General Reserve</b>	<b>-24.500</b>	<b>0.000</b>	<b>0.000</b>	<b>-2.635</b>	<b>-27.135</b>

- 11 The forecasted cash limit and general reserves position is a prudent one given the forecasted levels of savings the council needs to make of £35.3 million over the period 2019/20 to 2022/23 with the delivery of further savings becoming ever more challenging to achieve.
- 12 The reasons for the major variances against the revised budgets are detailed below by each service grouping.

## **Adult and Health Services (AHS)**

- 13 The 2018/19 projected outturn for AHS at 30 June 2018 is a cash limit underspend of £3.096 million, representing circa 2.4% of the total budget for AHS.
- 14 The projected outturn takes into account adjustments for sums outside the cash limit including redundancy costs which are met from the corporate reserve, capital accounting entries and use of / contributions to earmarked reserves.
- 15 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across AHS to remain within the cash limit and to prepare for 2019/20 MTFP savings requirements. The outturn position is accounted for as follows:
- (a) early achievement of a number of future years' MTFP savings from management and support service proposals across the Adult Care and related areas, together with the careful management and control of vacant posts and supplies and services budgets across the service, particularly in County Durham Care and Support Services, has created a net underspend for the year of £1.565 million.
  - (b) net spend on adult care packages is £1.531 million under budget. This area of spend is being closely monitored to assess the impact of demographic and procedural/ operational changes, where significant MTFP savings have been taken over recent years.
  - (c) net expenditure on Public Health related activity is in line with grant allocations.
- 16 In arriving at the forecast outturn position, £0.453 million relating to contributions to and from reserves and cash limits have been excluded from the outturn. The major items being a contribution to the social care reserve (£0.805 million), use of the council's MTFP Redundancy Reserve (£1.076 million), and use of the Public Health Reserve (£0.352 million).
- 17 Taking the projected outturn position into account, including the transfer to/ from reserves in year, and the transfer of £0.137 million to REAL the estimated cash limit reserve to be carried forward for AHS is forecast to be £11.197 million.

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

- 18 The 2018/19 projected outturn for CYPS is a cash limit underspend of £0.429 million, representing circa 0.4% of the total budget for CYPS. 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.

- 19 The outturn position is accounted for as follows:
- (a) The Education Service is forecast to be £1.260 million under budget in 2018/19. This underspend primarily relates to accessing of alternative financing for the previously base budget funded nursery sustainability function. Supplementary government assistance has been successfully accessed providing additional support to the cost of home to school transport together which combined with early achievement of MTFP savings within operational support are also contributing to the forecast outturn underspend position.
  - (b) Children's Services is forecast to be £0.830 million over budget for the year. This is primarily related to costs associated with Children's placements, both those who have a legal status of looked after and those young people in permanent placements that are financially supported by the council, details as follows:
- 20 Young people requiring to be looked after is a volatile and high cost area of activity within CYPS and current external demographic demands are creating a strain on the service in terms of financial resource allocation. It was anticipated that LAC numbers and costs would have stabilised by 2018/19 and that the budget augmented by £3.9 million of base growth and £0.5 million of demographic growth would meet demand in 2018/19. The current forecast indicates an in year overspend on placement costs of £0.549 million primarily driven by the requirement for expensive single residential placements to meet the care needs of particular young people and greater financial burden from the increased requirement to provide and promote Staying Put arrangements for Care Leavers.
- 21 Special Guardianship costs, adoption allowances and interagency adoption fees are indicating a net overspend of circa £0.104 million which is the net effect of increased activity of successfully placing young people in permanent adoptive placements outside of the county (£0.250 million) mitigated by savings associated with the ongoing review and implementation of a more focused Special guardianship and Adoption allowance policies (£0.146 million).
- 22 Staffing costs are creating a pressure on the service in 2018/19 (circa £0.765 million) driven by non-recurrent costs associated with staff protection following a restructure, mitigated by vacancy savings associated with special education needs. Prior to 2018/19 the service had made a commitment to use agency staff only in areas where staff vacancies existed. Unfortunately due to service pressure and demands, unbudgeted agency staff costs in excess of savings accrued through vacancies are forecast to be circa £0.531million. Increased cost of DCC employed staff at the in-house provided residential homes has also led to significant levels of overtime being payable (circa £0.288 million) as a result of sickness and other absences.
- 23 Income is forecast to over achieve by £0.229 million primarily as a result of the service accessing additional non recurrent income (£0.615 million) in 2018/19. This one off funding is mitigating under achievement of budgeted income in relation to external contributions towards the cost of external LAC placements and the forecast non achievement of interagency income from the sale of DCC adoptive placement to other Local Authorities.

- 24 External transportation (taxi and volunteer drivers) costs are currently forecast to overspend by £0.385 million as a result of court direction on the frequency of supervised contact for Looked after children, combined with the continuing high numbers of children currently looked after.
- 25 The Service has been successful in delivering services while reducing the associated cost on supplies and services and leaving care costs which, combined with savings associated with premises, has enabled the service to forecast underspends in these areas of £0.742 million.
- 26 Taking the outturn position into account, the cash limit reserve to be carried forward for Children and Young People's Services is £2.192 million at 31 March 2019.

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

- 27 The updated forecast revenue outturn for 2018/19 is a cash limit underspend of £0.571 million, based on the position to 30 June 2018, after taking account of the forecast use of reserves and items outside the cash limit.
- 28 The forecast underspend reflects the proactive management of activity by Heads of Service across Regeneration and Local Services to remain within the cash limit. The main reasons accounting for the outturn position are as follows:
- (c) Direct Services is forecast to be £0.320 million overspent. This is mainly due to reducing power generation income of £0.200 million at the Joint Stocks landfill site, and unachieved Fleet MTFP savings of £0.216 million that were dependent on the review of Red Book terms and conditions. There are also unachieved Clean & Green MTFP savings of £73,000, essential depot repairs of £47,000, and costs of £49,000 relating to closed admin buildings that have not yet been disposed. These overspends are partially offset by additional garden waste income of £0.259 million, that will help towards 2019/20 MTFP savings;
  - (d) Culture & Sport is forecast to underspend by £0.293 million. There has been additional income of £0.530 million relating to a change in the VAT treatment of Leisure income, but this has been partially offset by a £0.240 million compensation to the third party contractor that operates Peterlee Leisure Centre. The compensation is due to an income shortfall connected with refurbishment works at the facility;
  - (e) Technical Services is forecast to be £44,000 underspent. There is a break even position in Highways Services, which takes into account an overspend of £1.298 million due to additional policy led expenditure on highways maintenance, mainly in relation to Category 1 and 2 defects and footway maintenance. This overspend is offset by additional surpluses generated within Highways Services Trading Accounts of £1.296 million. Design Services and PPM have a net underspend of £81,000 due to employee savings partially offset by reduced income. Strategic Highways has a net overspend of £32,000 with employee savings of £0.223 million largely offset by increased spend on Agency costs relating to condition surveys;

- (f) Business Support is forecast to be £0.100 million underspent due to savings on vacant posts and reductions in hours;
  - (g) Transport is forecast to breakeven, but within this, there are underspends on bus and rail contracts (£0.121 million) that are offset by loss of car parking income (£0.120 million) relating to the closure of the Sands car park from January 2019 due to the construction of the new HQ;
  - (h) Planning and Assets is £0.122 million underspent, mainly resulting from additional planning fee income of £0.350 million that is offset by; £50,000 on an Archaeology collection relocation from Bowes Museum, £55,000 relating to corporate property health checks, and £0.120 million relating to under achieved income on investment properties.
  - (i) Economic Development and Housing is forecast to be underspent by £0.257 million. Within this overall position, Business Durham is underspent by £0.132 million due to a net increase in rental income, while Economic Development is overspent by £43,000 on the employment & skills contract. Housing Solutions is underspent by £0.175 million due to savings in the GRT sites budgets and additional income in Housing Initiatives;
  - (j) Environment, Health and Consumer Protection is forecast to underspend by £59,000. This is mainly due to a number of vacant posts resulting in an underspend of £0.144 million, that is offset by £93,000 under achieved licensing income.
- 29 In arriving at the forecast outturn position, £3.078 million relating to contributions from reserves and cash limits has been excluded from the outturn. The major items being:
- (a) £1.800 million use of reserves relating to Economic Development;
  - (b) £0.580 million use of reserves in respect of Clean & Green, and Neighbourhood Protection
  - (c) £0.400 million use of reserves relating to Planning;
  - (d) £0.250 million use of reserves relating to Transport;
- 30 Taking the projected outturn position into account, the forecasted cash limit reserve to be carried forward for Regeneration and Local Services is £6.175 million.

## Resources

- 31 The 2018/19 forecast revenue outturn for Resources is a cash limit underspend of £0.496 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves and use of/ contributions to earmarked reserves.
- 32 The Heads of Service across Resources continue to proactively manage activity to remain within the cash limit. The projected underbudget position is the net effect of the following items:

- (a) Corporate Finance and Commercial Services is forecast to be underbudget by £6,000, primarily due to a managed underspend on employee costs in Financial Systems (£49,000) and a managed overspend on employee costs in Procurement (£12,000) and Strategic Finance (£32,000).
- (b) Finance and Transactional Services is forecast to be overbudget by £69,000, primarily due to a managed overspend on employee costs in HR Operations & Data (£71,000) and Financial Management (£32,000) which has been offset in part by an underspend in employee costs in Revenues & Benefits (£34,000).
- (c) Digital and Customer Services is forecasting to be underbudget by £0.123 million, consisting of an underspend on supplies and services (£0.152 million) in ICT Services and (£57,000) in Customer Services and on employee related expenditure (£73,000) in ICT Services. This has been offset by and a net reduction in income (£43,000) in ICT Services and (£16,000) in Customer Services. In addition there is a forecast overbudget on central expenses (£81,000) in ICT Services, mainly due to a £60,000 revenue contribution to the Digital Workforce capital project. There are also a number of other minor variances in this service area.
- (d) Internal Audit, Risk and Corporate Fraud is forecast to be overbudget by £28,000, comprising of a managed overspend of £26,000 on employee related expenditure and a minor £2,000 overbudget on supplies and services.
- (e) Legal and Democratic Services is forecast to be underbudget by £0.475 million, which includes a £0.112 million managed underspend on employees and £0.172 million on supplies and services. In addition there is a net over recovery of income amounting to £0.153 million. There are also a number of other minor variances in this service area.
- (f) People and Talent Management is forecast to be overbudget by £12,000 due to a managed overspend on employee costs.
- (g) Service Management is forecasting a minor £1,000 underbudget position, which is a minor variance against employees.

33 The forecast cash limit outturn shows the position after some £11,000 of net contributions to reserves and cash limits have been applied to finance the following items:

- (a) £0.224 million to contingencies in respect of the projected underspend in respect of Microsoft Licences.
- (b) £26,690 from the Corporate MTFP Reserve to fund the cost of early retirements/voluntary redundancies;
- (c) £11,521 from the ICT Reserve to support ICT developments and additional costs of software licences;
- (d) £8,512 from the CRM System Implementation Reserve to support the implementation of the new system;

- (e) £8,749 from the Cash Limit Reserve to fund Digital Durham;
  - (f) £4,934 from the Microsoft Office 365 Reserve to support the roll out of the new software;
  - (g) £0.121 million from the Benefit Take Up Reserve (iBCF) to meet the costs from the ongoing impact of welfare reforms.
  - (h) £30,421 from the Welfare Reform New Burdens Grant Reserve to meet the costs from the ongoing impact of welfare reforms.
- 34 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 £2.718 million.

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

- 35 The forecast revenue outturn for 2018/19 is a cash limit underspend £70,000 for the year after taking account of the forecast use of reserves and items outside the cash limit.
- 36 The forecast underspend is a managed position, reflecting the proactive management of activity by Heads of Service across T&P to remain within the cash limit.
- 37 In arriving at the forecast cash limit outturn position a net £0.150 million relating to contributions to and from reserves and cash limits have been excluded from the outturn. The major elements include:
- (a) £0.188 million contribution from the T&P cash limit reserve to offset the effect of the MTFP savings that won't be achieved in the current financial year due to the part year effect of the implementation of the restructure across the T&P service grouping. From 2019/20 onwards the MTFP savings identified will be achieved in full;
  - (b) £0.139 million contribution to reserves in respect of the transfer of the Youth Work Support Grant funding which is available to the Area Action Partnerships to support services for young people;
  - (c) £33,614 from reserves in respect of early retirement / voluntary redundancy costs associated with MTFP savings;
  - (d) £22,784 from reserves in respect of employees costs associated with the Syrian Resettlement Programme;
  - (e) £43,904 from reserves in respect of employee costs associated with the Transformation Challenge Award grant which supports the work with community groups and other local organisations to transform the way local services are provided.
- 38 Taking the projected outturn position into account, including items proposed to be treated as outside the cash limit, the total cash limit reserve forecasted to be carried forward for T&P at 31 March 2019 is £0.297 million.

## Corporate Costs / Contingencies

- 39 The forecast revenue outturn for 2018/19 for Resources – Centrally Administered Costs is expected to maintain spending within its cash limit. A number of MTFP savings totalling £0.150 million were applied to the above budgets in 2018/19.

## Central Budgets

### Interest Payable and Similar Charges - Capital Financing

- 40 Against a budget of £43.7 million, there is a projected underspend of £2.8 million arising from MRP savings. Of this a sum of £1.3 million has been earmarked for additional support towards the capital programme, leaving a saving of £1.5 million.

### Interest and Investment Income

- 41 The forecast at this stage is an achievement of income of £2.777 million, which is £0.877 million higher than the £1.900 million budgeted returns on loan investments and council commercial activities.

## Council Earmarked Reserves Forecast

- 42 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 2018, the forecast movement on reserves during the year and the forecast closing balance as at 31 March 2019.
- 43 A summary of the latest forecast of council reserves (excluding school reserves) is shown below. The summary highlights that the total earmarked and cash limit reserves are forecast to reduce by £7.333 million in 2018/19, from £201.284 million to £193.951 million. The movement in earmarked reserves is explained in the service grouping commentaries. This utilisation is to be expected as these funds are applied to the expenditure for which they were earmarked.

	<b>Earmarked</b>	<b>Cash Limit</b>	<b>TOTAL</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Opening Earmarked Balances as at 1 April 2018	-182.997	-18.287	-201.284
Adjusted for increase (-) / use of Earmarked Reserves	11.625	-4.292	7.333
<b>Forecasted Earmarked Reserve Balances as at 31 March 2019</b>	<b>-171.372</b>	<b>-22.579</b>	<b>-193.951</b>

## Dedicated Schools Grant and Schools

- 44 The Dedicated Schools Grant (DSG) allocation for 2018/19 is £383.289 million. A sum of £90.084 million is deducted from this figure and paid directly to academies by the Education Skills Funding Agency (ESFA) and likewise a sum of £4.366 million is deducted and paid directly by the ESFA to High Needs providers. The balance of £288.839 million is the sum paid to the council and includes both the delegated schools budget and the centrally retained DSG budget.
- 45 Maintained schools budgets and carry forward accumulated surpluses and deficits from one year to the next. At the end of 2017/18 the net balances carried forward by schools totalled £18.415 million:

	31 March 2018 £ million
Maintained Schools	-18.063
Communities of Learning	-0.384
Loans to Schools	0.032
Total	-18.415

- 46 The Communities of Learning balance is unspent amounts allocated to clusters of schools to support collaborative provision for Special Educational Needs. This balance has been moved to the Local Authority balances during quarter 1.
- 47 Loans to Schools are the remaining loans made to schools under the old loan scheme, which ended in 2013. Schools are now able to obtain loans from a new scheme, financed by the council.
- 48 For maintained schools, the balances carried forward form part of the available resources available to school to fund future year's activity. The retained balances supplement the budget share determined by the current formal, Pupil Premium and other income.
- 49 All schools have delegated budgets and carry forward under or over spends to the following financial year as either a surplus or deficit. At 31 March 2018, 20 schools had a deficit balance, where their spending had exceeded their accumulated balances, totalling £5.634 million:

	Schools with deficits at 31 March 2018	
	No.	£ million
Nursery	1	0.010
Alternative provision	-	-
Primary	13	0.330
Secondary	5	5.220
Special	1	0.074
Total	20	5.634

- 50 With the exception of three schools where the section 151 officer has granted permission to set a deficit budget, all schools are forecast to clear their deficit in 2018/19 and carry forward a surplus at 31 March 2019.
- 51 Since the start of the financial year four schools have converted to academies and balances held in respect of schools that converted in 2017/18 have been paid over to the academy trusts. Excluding the balances for these former maintained schools, the total maintained school balances brought forward to 2018/19 are £17.126 million.
- 52 Schools were notified of their budget shares at the end of February and set their budgets for the year during March and April. The table below summarises schools' original budget plans for 2018/19.

School budget plans (£ million)	Surplus / Deficit at 31 March 2018	Budget share	Pupil Premium	Other Income	Total Resources Available	Total Budgeted Gross Expenditure	Surplus / Deficit at 31 March 2019
Nursery	<b>-0.700</b>	-1.059	-0.032	-3.687	-5.479	4.930	<b>-0.548</b>
Alternative provision	-	-4.459	-0.081	-0.017	-4.557	4.557	-
Primary	<b>-15.766</b>	-147.276	-14.106	-27.694	-204.842	193.634	<b>-11.208</b>
Secondary	<b>1.702</b>	-55.478	-3.552	-11.077	-68.406	72.670	<b>4.264</b>
Special	<b>-2.361</b>	-22.081	-0.754	-2.535	-27.732	26.575	<b>-1.157</b>
<b>TOTAL</b>	<b>-17.126</b>	<b>-230.353</b>	<b>-18.525</b>	<b>-45.011</b>	<b>-311.016</b>	<b>302.366</b>	<b>-8.650</b>

- 53 A negative balance in the surplus/ deficit columns represents a surplus.
- 54 Alternative provision refers to The Woodlands, which is a pupil-referral unit for pupils permanently excluded from mainstream schools and also makes provision for pupils who are at risk of permanent exclusion.
- 55 The budget share consists of formula funding for mainstream nursery, primary and secondary schools, plus pupil-led funding for special schools and funding for places in Enhanced Mainstream Provision in mainstream primary and secondary schools.
- 56 Pupil Premium is an estimate; actuals are determined by the Department for Education and are not confirmed until later in the year.
- 57 Other income includes:

	£ million
Grant income	-34.542
Contributions	0.220
Sales	6.490
Lettings	0.966
Income from local authority	-1.135
Other	-1.658
<b>Total Other Income</b>	<b>-45.011</b>

- 58 Grant income includes funding for Universal Infant Free School Meals and PE & Sport. Sales income is mainly from school meals and out-of-hours care (e.g. breakfast clubs). Income from the local authority is mainly funding for early years and special educational needs.
- 59 After accounting for the identified funding and budgeted activity at the end of quarter 1, the forecast balances at 31 March 2019 are for an overall net surplus balance of £9.306 million to be carried forward to 2019/20 as summarised in the tables below.

<b>Forecasts of school balances at 31 March 2019 (£ million)</b>				
	Surplus balance of at least 2.5% of funding	Surplus balance below 2.5% of funding	Deficit balance	Total
Nursery	-0.545	-	-	-0.545
Alternative Provision	-	-	-	-
Primary	-11.249	-0.290	-	-11.539
Secondary	-1.085	-1.083	6.192	4.024
Special	-1.093	-0.154	-	-1.246
<b>Total</b>	<b>-13.971</b>	<b>-1.528</b>	<b>6.192</b>	<b>-9.306</b>

- 60 The numbers of schools in each category are shown below:

<b>Forecasts of school balances at 31 March 2019 (no of schools)</b>				
	Surplus balance of at least 2.5% of funding	Surplus balance below 2.5% of funding	Deficit balance	Total
Nursery	10	1	-	11
Alternative Provision	-	1	-	1
Primary	147	47	-	194
Secondary	5	7	4	16
Special	5	4	-	9
<b>TOTAL</b>	<b>167</b>	<b>60</b>	<b>4</b>	<b>231</b>

- 61 The significance of balances above or below 2.5% of funding is that the council views a balance of at least 2.5% as being appropriate in terms of the ability of schools to cope with unforeseen expenditure during the year.
- 62 The School Funding Team continues to work with schools to support and provide advice about budget issues, and will be reviewing budgets in the autumn in preparation for budget-setting in spring 2019. Where there are concerns about a school's financial viability this is shared with the Education Service so that a joined-up approach to resolving these issues can be adopted.

## Dedicated Schools Grant Centrally Retained block

- 63 The quarter 1 financial forecasts for the DSG budget show an overspend of £5.981 million against a budget of £51.122 million to year end, which represents a 11.7% over spend.

<b>DSG Block</b>	<b>Budget £ million</b>	<b>Forecast £ million</b>	<b>Over / (Under) Spend £ million</b>
Schools	0.617	1.067	0.450
High Needs	16.931	22.060	5.129
Early Years	30.746	31.148	0.402
Central Schools Services	2.828	2.828	-
<b>TOTAL</b>	<b>51.122</b>	<b>57.103</b>	<b>5.981</b>

- 64 The forecast overspend position mainly relates by High Needs Block, which is forecast to overspend by £5.129 million. The pressure on the High Needs block is driven by increasing demand to meet the requirement of young people with special education needs and disabilities. This is a demand driven volatile area of activity for which the authority has a statutory duty to provide.

- 65 There is an ongoing review into this area of service delivery reviewing how the needs of these young people are met and routes to secure additional funding are being explored. If these pressures remain, the council will need to seek agreement from the Schools Forum to top slice the DSG Schools Block and transfer funding to High Needs from 2019/20 onwards.

- 66 The table below shows the DSG earmarked reserve position as at 1 April 2018 and the projected position as at 31 March 2019 taking into account the projections in this report and a transfer of £0.384 million from the schools reserves to the High Needs Block in respect of Communities of Learning funding:

<b>DSG Reserves</b>	<b>High Needs Block £ million</b>	<b>Early Years Block £ million</b>	<b>Schools Block £ million</b>	<b>Total DSG £ million</b>
<b>Balance as at 1 April 2017</b>	<b>6.070</b>	<b>2.361</b>	<b>2.728</b>	<b>11.159</b>
Use (-) / Contribution + in 2017/18	-4.652	-0.286	-1.488	-6.426
<b>Balance as at 31 March 2018</b>	<b>1.418</b>	<b>2.075</b>	<b>1.240</b>	<b>4.734</b>
Planned Use (-) / Contribution + in 2018/19	-4.745	-0.402	-0.450	-5.597
<b>Project balance as at 31 March 2019</b>	<b>-3.327</b>	<b>1.673</b>	<b>0.790</b>	<b>-0.863</b>

- 67 The forecast overspend position on the High Needs Block will result in a deficit over and above available reserves £3.327 million.

## Capital

### Background

- 68 On 11 July 2018 Cabinet received a report which provided details of the final outturn position of the 2017/18 capital programme. This included details of budgets of £32.944 million that were reprofiled from 2017/18 to 2018/19 and adding these to the new 2018/19 capital allocations of £9.339 million approved by full council on 21 February 2018 and the existing 2018/19 budget of £94.770 million gives the original budget of £137.053 million for 2018/19 that is shown in the table below.
- 69 The council's Member Officer Working Group (MOWG) that closely monitors the capital programme has since considered further revisions to the capital programme, taking into account additional resources received by the authority and further requests for reprofiling as Service Management Teams continue to monitor and review their capital schemes.

### Current Position

- 70 The following table summarises the latest capital budget for approval alongside the original budget. The table also shows the forecast outturn for each service and the actual capital spend as at 30 June 2018.

<b>Service Grouping</b>	<b>Original Budget 2018/19 as at May MOWG £ million</b>	<b>Amendments recommended by MOWG £ million</b>	<b>Revised Budget 2018/19 Q1 £ million</b>	<b>Projected Outturn 2018/19 £ million</b>	<b>Actual Spend to 30 June 2018 £ million</b>
Adult and Health Services	0.232	0.000	0.232	0.232	0.000
Children and Young People's Services	33.144	2.225	35.369	35.369	3.736
Regeneration and Local Services	91.605	2.021	93.626	93.626	14.137
Resources	6.988	1.709	8.697	8.697	1.846
Transformation and Partnerships	5.084	0.455	5.539	5.539	0.423
<b>TOTAL</b>	<b>137.053</b>	<b>6.410</b>	<b>143.463</b>	<b>143.463</b>	<b>20.142</b>

- 71 Since the original 2018/19 budget was agreed the MOWG has considered a number of variations to the capital programme which are a result of additions and reductions in resources received by the council. The variations of note are as follows:

#### 72 Additions and Reductions

- (a) **CYPS** - the service has been successful in making three bids to the Department for Education to fund improvements costing £0.270 million at the Aycliffe Secure Unit, for a new staff digital security and pager system, the installation of new acoustic panels and for replacement gates. A further increase of £5,000 comes from a transfer from Members' budgets.

- (b) **REAL** – the service has received notice of additional funding as follows:
- (i) **Technical Services** - The service has received extra highways maintenance capital grant of £1.342 million from the Department for Transport. A reduction of £52,000 has been made to Environment Agency funded drainage schemes, where funding will only agreed by the agency in exceptional circumstances.
  - (ii) **Culture and Sport** – an increase of £12,000 is requested, the majority covering a revenue contribution to the Leisure Management System scheme budget.
  - (iii) **Economic Development and Housing** - notification of increased resources of £1.069 million have received from various funders. Historic England have allocated an initial £0.187 million, with more to follow, to promote heritage-led growth in the Bishop Auckland Heritage Action Zone; the Ministry of Communities, Housing and Local Government has offered a grant allocation that is £0.817 million more than expected for Disabled Facilities Grants; section 106 funding of £80,000 for a Home Housing scheme at Esh Winning; and the Solid Wall Insulation Innovation Energy Efficiency programme budget has been reduced by £15,000 that covers revenue elements. In addition, some £45,000 has been transferred from T&P to finance various Member-led initiatives.
  - (iv) **Transport and Contracted Services** – some £63,000 has been allocated for the Land of Oak and Iron project in the Derwent Valley from the Heritage Lottery Fund via Groundworks. A further £12,000 has been received from a section 106 contribution for a public right of way in Chilton.
- (c) **Resources** – Approval is sought to increase the budget for the replacement HR/ Payroll system by £60,000, funded by a contribution from revenue
- (d) **T&P** - budgets increases are required for the Member’s Neighbourhood budget, with £0.277 million from the Members Neighbourhoods Revenue Reserve and the AAP budget, with £72,000 from the AAP Revenue Reserve. Reductions totalling £47,000 are required as a result of transfers to other services.

73 **Reprofiling** - Budget managers continue to challenge and review the programming and phasing of works, which has resulted in the re-profiling of the following budgets in line with anticipated activity in 2018/19:

- (a) **CYPS – School Related** – it is proposed that £1.950 million of budget is brought forward from 2019/20 to fund thirty five school schemes in 2018/19.
- (b) **REAL** – some £0.470 million of the addition need to be reprofiled to future years for the Bishop Auckland Heritage Action Zone (£0.151 million) and Disabled Facilities Grants (£0.317 million)

- (c) **Resources** - a thorough review of the Digital Durham budgets has been undertaken, as a result of which it has been identified that net budgets of £1.649 million should be brought forward into 2018/19.
- (d) **T&P** – some £0.153 million of the Members Neighbourhood Fund budget has been brought forward from 2019/20 to 2018/19, where it has been allocated to Members’ budget.

## Capital Financing

- 74 The following table summarises the recommended financing of the revised Capital Programme:

<b>Financed By:</b>	<b>Original Budget 2018/19</b>	<b>Amendments recommended by MOWG</b>	<b>Revised Budget 2018/19</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Grants and Contributions	52.857	2.556	55.413
Revenue and Reserves	45.186	0.419	45.606
Capital Receipts	22.439	0.000	22.439
Borrowing	16.572	3.436	20.008
<b>TOTAL</b>	<b>137.054</b>	<b>6.411</b>	<b>143.465</b>

## Council Tax and Business Rates Collection Funds

### Council Tax

- 75 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.
- 76 The collection rate at 30 June 2018 was slightly below the profiled target of 29.05%, and 0.24 percentage points below the same position in 2017/18.
- 77 The in-year collection rates in quarter one for the last three years, including the current year, are shown below:

<b>Billing Year</b>	<b>Position at 30 June Each Year %</b>
2018/19	28.79
2017/18	29.03
2016/17	29.01

- 78 The current overall collection rate for 2017/18 council tax liabilities is now 97.61% (compared to 96.83% at 31 March 2018), and for 2016/17 the rate is now 98.42% (compared to 96.69% at 31 March 2017). The council continues to recover council tax from earlier years, and currently the collection rate for all years excluding the current year is 99.56% which is line with our medium term financial plan forecasts.
- 79 The income shown in the Council Tax Collection Fund is the amount collectable from Council Tax payers in the long run, rather than the actual cash collected in the year the charges are raised. Likely bad debts are accounted for by maintaining a bad debt provision. The amount estimated to be collectable is estimated each year by reference to the actual council tax base for all domestic properties in the county (schedule of all properties, discounts and reliefs) with an allowance for non-collection.
- 80 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.
- 81 Such differences at the end of each accounting year, after taking into account the calculated change required in the 'bad debt' provision, determines whether a surplus or deficit has arisen, which is then shared proportionately between the council and its major preceptors, being Durham Police Crime and Victim's Commissioner and County Durham and Darlington Fire and Rescue Authority.
- 82 At 30 June 2018, the estimated outturn for the Council Tax Collection Fund is a surplus of £0.257 million as shown in the table below, which takes into account the undeclared surplus as at 31 March 2018. Durham County Council's share of this forecasted surplus is £0.216 million, which could be available to support the 2019/20 budget. The forecasts will need updating in October/ November to inform the declaration of a Collection Fund surplus for final budget planning 2019/20.

	<b>£ million</b>
Net Bills issued during Accounting Year 2018/19	319.377
LCTRS and previous years CTB adjustments	-55.599
Calculated change in provision for bad debts required and write offs	-3.239
<b>Net income receivable (a)</b>	<b>260.539</b>
<b>Precepts and Demands</b>	
Durham County Council	209.712
Parish and Town Councils	12.544
Durham Police Crime and Victim's Commissioner	25.087
County Durham and Darlington Fire and Rescue Authority	13.915
<b>Total Precepts and Demands (b)</b>	<b>261.258</b>
<b>Net Surplus / (-) Deficit for year (a) – (b)</b>	<b>-0.719</b>
<b>Undeclared Surplus Brought Forward from 2017/18</b>	<b>0.976</b>
<b>Estimated Year end surplus</b>	<b>0.257</b>

- 83 At 15 January in each year, the estimated surplus/ deficit on the Collection Fund Council Tax Account is notified to the two major preceptors for inclusion in the budget setting process for the following year as an additional income or expenditure item.
- 84 At 15 January 2019 an estimated year end position on the Council Tax Collection Fund for 2018/19 will be declared and taken into account in the budget setting process for 2019/20. Any difference between this and the actual surplus at 31 March 2019 will be carried forward to 15 January 2020 and will be taken into account in estimating the surplus/ deficit for 2019/20, which will need to be taken into account for 2020/21 budget setting.
- 85 Over the last five 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**

- 86 2013/14 was the first year of the new Business Rates Retention Scheme whereby the council has a vested budget interest and stake in the level of business rate yield, as income generated from Business Rates is now shared between Central Government (50%), Durham County Council (49%) and County Durham and Darlington Fire and Rescue Authority (1%). Therefore, it is not only the accuracy and timeliness of bills levied and collected that is monitored and audited, but the level of income anticipated for the year is important and new monitoring procedures have been devised for this purpose.
- 87 In 2017/18, following consultation, the Government implemented the first revaluation of Business Rates since April 2010.

- 88 The revaluation of the rateable values of all Business Properties was undertaken by the Valuation Office Agency and, along with national changes to Multipliers, Relief Thresholds and Transitional Arrangements, came into effect from April 2017. The overall effect of the revaluation on the Collection Fund saw a decrease of an estimated £9.3m in rates yield/ liability when compared to 2016/17. The revaluation should be cost neutral to Durham County Council and County Durham and Darlington Fire and Rescue Authority, therefore compensation arrangements are to be made through adjustments to Section 31 grants and Top Ups for their shares of losses of income.
- 89 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 2018 estimate of 2018/19 Business Rates income that was used for budget setting purposes. At 30 June 2018, the estimated outturn for the Collection Fund Business Rates is a surplus of £1.518 million, after taking into account the undeclared surplus as at 31 March 2018, as calculated in the following table.

	<b>£ million</b>
Net rate yield for 2018/19 including previous year adjustments	115.776
Estimate of changes due to appeals lodged and future appeals	-4.980
Estimated losses in Collection – Provision for Bad Debts and Write-offs	-1.181
<b>Net income receivable (a)</b>	<b>109.615</b>
Agreed allocated shares	
Central Government (50%)	52.840
Durham County Council (49%)	51.784
County Durham and Darlington Fire and Rescue Authority (1%)	1.057
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	0.692
<b>Total fixed payments (b)</b>	<b>106.373</b>
<b>Net surplus for year (a) – (b)</b>	<b>3.242</b>
<b>Undeclared Surplus brought forward from 2017/18</b>	<b>-1.724</b>
<b>Estimated year end Surplus</b>	<b>1.518</b>

- 90 The in-year estimated surplus of £3.242 million and the total undeclared deficit brought forward from 2017/18, leaves an estimated surplus of £1.518 million at 31 March 2019. The surplus/ deficit at 31 March in any year are shared proportionately between Durham County Council, Central Government and County Durham and Darlington Fire and Rescue, Durham County Council's share being 49%. Durham County Council's share of the estimated year end surplus will therefore be £0.744 million.

- 91 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 enabled the setting of a challenging collection rate target of 33.70% at 30 June 2018, which has been exceeded.
- 92 The in-year collection rates in quarter one for the last three years, including the current year, are shown below:

<b>Billing year</b>	<b>Position at 30 June Each Year %</b>
2018/19	34.42
2017/18	33.67
2016/17	33.55

- 93 In year performance to 30 June 2018 shows a collection rate of 34.42%, which is marginally above the target by 0.72%. The current overall collection rate for 2017/18 business rate liabilities is now 98.97% (compared to 98.42% at 31 March 2018) and for 2016/17 business rate liabilities is now 99.46% (compared to 97.78% at 31 March 2017). The council continues to recover business rates from earlier years and currently, the collection rate for all years excluding the current year is 99.36% which is line with our medium term financial plan forecasts.

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

- 94 Small business ratepayers with properties with rateable values under £15,000 benefit from relief on their rates payable. The Government has awarded local authorities a Section 31 grant to cover their share of the shortfall in business rates that these small business ratepayers would have paid had the relief scheme not been in place.
- 95 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%.
- 96 The Government has agreed to pay Section 31 grant for any additional small business rate relief in respect of business rates bills and adjustments thereof relating to the period commencing 1 April 2013. Any adjustments that relate to bills for years prior to this will be dealt with as part of the normal rate retention shares. At 30 June 2018, the gross small business relief awarded against 2018/19 business rates bills and adjustments to 2017/18, 2016/17, 2015/16, 2014/15 and 2013/14 bills is £14.444 million, and the council will receive £4.799 million in Section 31 grant, including the capping adjustment and threshold change adjustments, in this regard.

## Other Section 31 Grants

- 97 In the Autumn Statements since 2013, 2014 and 2015, additional business rate reliefs were announced for each following financial year for which Section 31 grants would be payable. These included reliefs for properties empty from new, reoccupation of long-term empty properties and an additional relief for small shops. Durham County Council will be recompensed for any retained rates foregone because of reliefs given.
- 98 In the Autumn Statement 2016 and the Spring Budget 2017, following consultation on the 2017/18 NNDR revaluation, further additional business rate relief schemes have been announced which Section 31 grants would be payable from April 2017. These further relief schemes include Rural Rate Relief and Local Newspaper Reliefs in the Autumn Statement, followed by Supporting Small Business, Local Discretionary Relief Scheme and Pub Relief in the Spring Budget. Funding for these schemes will be provided through Section 31 grants.
- 99 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 30 June 2018, the increase in Durham County Council's Section 31 grants (including small business rate relief) was £76,851.

## Recommendations and Reasons

- 100 It is recommended that Cabinet:
- (a) note the council's overall financial position for 2018/19;
  - (b) agree the proposed 'sums outside the cash limit' for approval;
  - (c) agree the revenue and capital budget adjustments;
  - (d) note the forecast use of earmarked reserves;
  - (e) note the forecast end of year position for the cash limit and general reserves;
  - (f) note the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates.

## Background Papers

- County Council – 21 February 2018 – Medium Term Financial Plan 2018/19 to 2021/22 and Revenue and Capital Budget 2018/19.
- Cabinet – 11 July 2018 - 2017/18 Final Outturn for the General Fund and Collection Fund.

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## **Appendix 1: Implications**

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### **Finance -**

The report details the 2018/19 forecast of outturn position for Revenue and Capital and details the forecast movement on Reserves.

### **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 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.

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

None

### **Accommodation -**

None

### **Crime and Disorder -**

None

### **Human Rights -**

None

### **Consultation -**

None

### **Procurement -**

None

### **Disability Issues -**

None

### **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 2018 in relation to the 2018/19 financial year. The forecasts contained within this report have been prepared in accordance with standard accounting policies and procedures.



**Appendix 3: Revenue Summary by Expenditure/ Income for the period ended 31 March 2019**

	Original Budget 2018/19	Revised Budget	Proposed Budget Revisions	Agreed Budget	Service Groupings Forecast of 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
<b>Employees</b>	527,961	528,594	-7,312	521,282	522,563	394	-287	-347	-4,038	518,285	-2,997	0
<b>Premises</b>	52,661	52,813	-333	52,480	52,537	0	-59	-110	-51	52,317	-163	0
<b>Transport</b>	41,598	41,597	-656	40,941	41,399	0	0	0	0	41,399	458	0
<b>Supplies &amp; Services</b>	123,605	123,450	-1,331	122,119	123,596	1,431	-332	-395	-2,401	121,899	-220	0
<b>Agency &amp; Contracted</b>	358,455	358,565	-649	357,916	363,479	2,061	0	0	-2,835	362,705	4,789	0
<b>Transfer Payments</b>	190,384	190,369	9,984	200,353	217,578	0	0	0	-17,879	199,699	-654	0
<b>Central Costs</b>	86,605	86,662	1,730	88,392	84,471	115	0	0	7,348	91,934	3,542	0
<b>DRF</b>	710	710	345	1,055	775	0	0	0	0	775	-280	0
<b>Other</b>	0	0	0	0	1	0	0	515	-515	1	1	0
<b>Capital Charges</b>	56,650	56,650	0	56,650	56,650	0	0	0	0	56,650	0	0
<b>GROSS EXPENDITURE</b>	<b>1,438,629</b>	<b>1,439,410</b>	<b>1,778</b>	<b>1,441,188</b>	<b>1,463,049</b>	<b>4,001</b>	<b>-678</b>	<b>-337</b>	<b>-20,371</b>	<b>1,445,664</b>	<b>4,476</b>	<b>0</b>
<b>Income</b>												
Government Grants	613,249	613,492	2,895	616,387	617,939	14	0	0	287	618,240	-1,853	0
Other Grants and Contributions	74,746	74,807	-114	74,693	75,038	0	0	0	125	75,163	-470	0
Sales	10,439	10,455	-785	9,670	9,409	150	0	0	2	9,561	109	0
Fees and Charges	114,762	112,356	-4,517	107,839	105,826	0	0	0	1,103	106,929	910	0
Rents	8,183	8,358	236	8,594	8,711	0	0	0	0	8,711	-117	0
Recharges To Other Services	212,616	215,259	6,922	222,181	230,602	0	0	0	-823	229,779	-7,598	0
Other	8,859	8,888	-2,947	5,941	6,060	0	0	0	0	6,060	-119	0
<b>Total Income</b>	<b>1,042,854</b>	<b>1,043,615</b>	<b>1,690</b>	<b>1,045,305</b>	<b>1,053,585</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>694</b>	<b>1,054,443</b>	<b>-9,138</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>395,775</b>	<b>395,795</b>	<b>88</b>	<b>395,883</b>	<b>409,464</b>	<b>3,837</b>	<b>-678</b>	<b>-337</b>	<b>-21,065</b>	<b>391,221</b>	<b>-4,662</b>	<b>0</b>

## Appendix 4: Earmarked Reserves Position as at 30 June 2018

	EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	2017/18 CLOSING BALANCE	USE OF RESERVES	CONTRIBUTION TO RESERVES	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	2018/19 CLOSING BALANCE AS AT 30 JUN 2018
			£'000	£'000	£'000	£'000	£'000	£'000
1	T&P AAP/Members Reserve	T&P	-1,850	0	-139	0	-139	-1,989
2	T&P Grant Reserve	T&P	-1,224	44	0	0	44	-1,180
3	T&P Operational Reserve	T&P	-1,573	23	0	0	23	-1,550
4	T&P Transformation Reserve	T&P	-2,147	684	0	0	684	-1,463
5	Social Care Reserve	AHS	-21,235	227	0	0	227	-21,008
6	Public Health Reserve	AHS	-2,943	934	0	0	934	-2,009
7	Children's Services Reserve	CYPS	-1,875	845	0	0	845	-1,030
8	Education Reserve	CYPS	-14,285	2,344	0	515	2,859	-11,426
9	Env. Health and Consumer Protection Reserve	REAL	-735	0	0	0	0	-735
10	Neighbourhoods AAP Reserve	REAL	-71	6	0	0	6	-65
11	Direct Services Reserve	REAL	-2,905	276	0	0	276	-2,629
12	Culture and Sport Reserve	REAL	-3,680	115	-250	0	-135	-3,815
13	Technical Services Reserve	REAL	-2,798	250	0	0	250	-2,548
14	Business Growth Fund Reserve	REAL	-743	148	0	0	148	-595
15	Economic Development Reserve	REAL	-1,501	641	0	0	641	-860
16	Planning Reserve	REAL	-1,573	135	0	0	135	-1,438
17	North Pennines AONB Partnership Reserve	REAL	-1,302	0	0	0	0	-1,302
18	Employability and Training Reserve	REAL	-57	55	0	0	55	-2
19	REAL Match Fund Programme Reserve	REAL	-1,653	141	0	0	141	-1,512
20	Housing Regeneration Reserve	REAL	-1,086	110	0	0	110	-976
21	Housing Solutions Reserve	REAL	-1,680	573	0	0	573	-1,107
22	Restructure Reserve	REAL	-114	0	0	0	0	-114
23	Transport Reserve	REAL	-1,065	240	0	0	240	-825
24	Funding and Programmes Management Reserve	REAL	-480	23	0	0	23	-457
25	Customer Services Reserve	Resources	-346	9	0	0	9	-337
26	Resources Corporate Reserve	Resources	-890	0	0	0	0	-890
27	Resources DWP Grant Reserve	Resources	-2,233	30	0	0	30	-2,203
28	Resources System Development Reserve	Resources	-412	0	0	0	0	-412
29	Resources Housing Benefit Subsidy Reserve	Resources	-820	0	0	0	0	-820
30	Resources Revenue and Benefits Reserve	Resources	-980	121	0	0	121	-859
31	Resources Legal Reserves	Resources	-354	0	0	0	0	-354
32	Resources Elections Reserve	Resources	-709	0	0	0	0	-709
33	Resources ICT Reserves	Resources	-1,326	17	0	0	17	-1,309
34	Resources Registrars Trading Reserve	Resources	-200	0	0	0	0	-200
35	Resources Human Resources Reserve	Resources	-426	0	0	0	0	-426
36	Equal Pay Reserve	Corporate Fin	-19,509	0	0	0	0	-19,509
37	Insurance Reserve	Corporate Fin	-11,485	0	0	0	0	-11,485
38	Performance Reward Grant Reserve	Corporate Fin	-38	0	0	0	0	-38
39	MTFP Redundancy and Early Retirement Reserve	Corporate Fin	-7,507	2,230	0	0	2,230	-5,277
40	Office Accommodation Project Support Reserve	Corporate Fin	-77	0	0	0	0	-77
41	Budget Support Reserve	Corporate Fin	-30,000	340	0	0	340	-29,660
42	Office Accommodation Capital Reserve	Corporate Fin	-31,731	144	0	0	144	-31,587
43	Inspire Programme Reserve	Corporate Fin	-1,379	794	0	0	794	-585
44	Commercialisation Support Reserve	Corporate Fin	-4,000	0	0	0	0	-4,000
	<b>Total Earmarked Reserves</b>		<b>-182,997</b>	<b>11,499</b>	<b>-389</b>	<b>515</b>	<b>11,625</b>	<b>-171,372</b>
	<b>Cash Limit Reserves</b>							
45	Adult and Health Services		-8,238	0	-3,096	137	-2,959	-11,197
46	Children and Young People's Services		-1,248	0	-429	-515	-944	-2,192
47	Regeneration and Local Services		-6,155	688	-571	-137	-20	-6,175
48	Resources		-2,231	9	-496	0	-487	-2,718
49	Transformation and Partnerships		-415	188	-70	0	118	-297
	<b>Total Cash Limit Reserves</b>		<b>-18,287</b>	<b>885</b>	<b>-4,662</b>	<b>-515</b>	<b>-4,292</b>	<b>-22,579</b>
	<b>Total Council Reserves</b>		<b>-201,284</b>	<b>12,384</b>	<b>-5,051</b>	<b>0</b>	<b>7,333</b>	<b>-193,951</b>
	<b>Schools' Balances</b>							
Sch 1	Schools' Revenue Balance	CYPS	-18,415	8,171	0	384	8,555	-9,860
Sch 2	DSG Reserve	CYPS	-4,734	5,981	0	-384	5,597	863
	<b>Total Schools and DSG Reserve</b>		<b>-23,149</b>	<b>14,152</b>	<b>0</b>	<b>0</b>	<b>14,152</b>	<b>-8,997</b>