### Item No. 6

CABINET MEETING – 8 JUNE 2023
EXECUTIVE SUMMARY SHEET – PART I
Title of Report: Revenue Budget Outturn 2022/2023
Author(s): Director of Finance
<b>Purpose of Report:</b> The report advises Cabinet of the overall outcome of the Revenue Budget Outturn for 2022/2023 including the budget transfers, contingency and reserves transfers proposed.
<ul> <li>Description of Decision:</li> <li>Cabinet is recommended to: <ul> <li>Approve the budget transfers, contingency and reserve transfers proposed within section 3 of the report; and</li> <li>Note the overall outturn position of the Council.</li> </ul> </li> </ul>
Is the decision consistent with the Budget/Policy Framework? Yes If not, Council approval is required to change the Budget/Policy Framework
<b>Suggested reason(s) for Decision:</b> To respond to variations in expenditure and income which have arisen in 2022/2023 and enable effective budgetary control to be exercised. This report sets out the revenue outturn position compared to the budget for 2022/2023.
Alternative options to be considered and recommended to be rejected: No alternative options are proposed
Impacts analysed;
Equality       N/A       Privacy       N/A       Sustainability       N/A       Crime and Disorder       N/A         Is the Decision consistent with the Council's co-operative values?       Yes
Is this a "Key Decision" as defined in the Constitution? Yes
Is it included in the 28 day Notice of Decisions? Yes

#### **REVENUE BUDGET OUTTURN 2022/2023**

#### DIRECTOR OF FINANCE

#### 1. Purpose of Report

1.1 The report advises Cabinet of the outcome of the Revenue Budget Outturn for 2022/2023 including the budget transfers, contingency and reserves transfers proposed.

#### 2. Description of Decision (Recommendations)

- 2.1 Cabinet is recommended to:
  - Approve the budget transfers, contingency and reserve transfers proposed within section 3 of the report; and
  - Note the overall outturn position of the Council.

#### 3. Revenue Budget Monitoring 2022/2023

- 3.1 Statement of Accounts
- 3.1.1 Following the prior year's deadline extensions introduced during the Covid-19 pandemic, the deadline for the draft Statement of Accounts for 2022/2023 to be published has reverted back to 31st May 2023 and the audited Statement of Accounts 30th September 2023.
- 3.1.2 Due to national audit issues regarding the accounting of infrastructure assets and the timing of pension fund valuations, impacting on the 2021/2022 Statement of Accounts which are having a consequential impact on the 2022/2023 Statement of Accounts as well as a direct impact, the Council was unable to meet the 31<sup>st</sup> May publication deadline for 2022/2023. Due to these issues this position is being seen in local authorities across the country. The Council's 2022/2023 Draft Statement of Accounts will be published as soon as possible, following the resolution to the national issues. The audited Statement of Accounts is currently proposed to be presented to the Audit and Governance Committee on 22<sup>nd</sup> September 2023 for final approval.
- 3.1.3 Should the outturn position be amended prior to publishing the draft 2022/2023 Statement of Accounts, an update will be provided to Cabinet as part of the first revenue review in July or subsequent reports as necessary.

#### 3.2 Overall Position

3.2.1 The final outturn position is summarised in the table below, with further detail provided within Appendix A, Appendix B, and below.

Area of Variance	Para	Variance
	Reference	(Overspend)
		/ Underspend
		£m
Delegated Outturn	3.4	4.547
Contingency Transfers	3.5	(2.582)
Debt Charge Savings	3.6	6.476
Treasury Management Savings	3.6	5.250
Government Grant and Other Adjustments	3.7	0.671
MTFP Smoothing Reserve	3.8	(5.430)
Net Revenue (Pressures) / Underspend		8.932
Transfers to Reserves	3.8	(8.932)
Outturn position (after transfers to reserve)		0.000

- 3.2.2 As reported through the quarterly reviews during 2022/2023, the Council's financial position is being adversely impacted by pressures of high inflation, which is fuelling the cost of living crisis, and also from the legacy impact from the Covid-19 pandemic. The Council's social care services across both Adults and Children continue to experience demand pressures, challenges around complex cases and cost increases from providers looking to mitigate inflationary pressures they are experiencing. In recognition of this mounting pressure within Adult Social; Care, the Government provided nationally an additional £500m during 2022/2023 to support Adult Social Care hospital discharges. Sunderland's share of this allocation was £1.306m and is reflected within the reported position.
- 3.2.3 Other services experienced inflationary pressures through service contracts and the costs of acquired goods, with inflation noticeably impacting energy and fuel costs.

Pay Pressures

3.2.4 The pay award of £1,925 on all NJC pay points for 2022/2023, was agreed on 1<sup>st</sup> November 2022. The award equates to 10.50% for SCP1 and no less than 4.04% for SCP43. The agreed pay award was backdated to 1<sup>st</sup> April 2022 and averages at c. 7% across the Council and its associated companies. This is significantly above the 3% increase included in the base revenue budget at the time of setting the 2022/2023 budget. The required additional budget to fund the pay settlement has been drawn from contingencies.

### **Energy Price Pressures**

- 3.2.5 The Russian invasion of the Ukraine created major uncertainty in the global economy, particularly in the energy markets. Higher than expected global energy and goods prices have already led to an unavoidable increase in the cost of living in the UK through significant rises in inflation levels.
- 3.2.6 The Department for Business, Energy and Industrial Strategy (BEIS) provided support to non-domestic customers, including councils through the 'Energy Bill Relief Scheme'. The scheme was confirmed for the 6 month period 1<sup>st</sup> October 2022 to 31<sup>st</sup> March 2023.
- 3.2.7 Notwithstanding this, a total of £2.254m, has been drawn from Council contingencies during 2022/2023 to address energy budget shortfalls.

#### **General Pressures**

- 3.2.8 With the exception of general energy support and support for adult social care hospital discharges, the Government provided no additional general funding to local authorities during 2022/2023 to specifically meet the mounting, pay and general inflationary pressures.
- 3.2.9 The Council, including through the likes of the Association of North East Councils (ANEC), the Special Interest Group of Municipal Authorities (SIGOMA) and the Local Government Association (LGA), continue to make the case for additional funding to meet the current shortfalls and equally a full and fair financial settlement to address the significant ongoing under funding of local authority finances.
- 3.3 Budget Transfers
- 3.3.1 Budget transfers have been undertaken at year end, principally to ensure that budgets are correctly allocated to services for Statement of Accounts presentation purposes and to ensure that technical entries are correctly recorded. These have included the allocation of the Improved Better Care Fund and other Adult Social Care grants to the Healthy City portfolio.
- 3.4 Portfolio Budgets Overall Summary
- 3.4.1 Details of the major variations for each portfolio, are set out at Appendix A. In overall terms there was a delegated underspend of £4.547m, inclusive of the savings plan position detailed at Section 3.3.2 below. The overall delegated underspend position was primarily achieved through the receipt of £2.810m of additional income provided by the Integrated Care Board (ICB) to support adult social care pressures and delivery in the City. In addition to £2.500m from the South Tyneside and Sunderland NHS Foundation Trust to support the delivery of the City Plan and specifically health related elements.
- 3.4.2 Progress in the implementation of the £5.821m approved savings plans for 2022/2023 has continued and overall shows positive progress. The position is positive given the demands and pressures services currently are experiencing.
  - £5.082m (87%) of the savings have been fully realised to date.
  - £0.704m (12%) of reductions where good progress is being made, with a good prospect that full savings will be achieved during 2023/2024.
  - £0.035m (1%) is in respect of areas where delays and issues have been encountered.
- 3.4.3 Transitional reserves continue to be held to meet any profiling delays in the implementation of savings plans and any additional pressures arising.
- 3.4.4 The accounts for the Local Authority Trading Companies are being finalised and will be reflected in the Council's Statement of Accounts. The outturn position for each is reflected within the delegated budget outturn within the relevant portfolio, and, where appropriate, reported as such in Appendix A.
- 3.5 General Contingency Transfers
- 3.5.1 Transfers from the general contingency fund take place on a quarterly basis to reflect expenditure actually incurred in respect of approved provisions. Final quarter

contingency transfers, totalling a net £2.916m drawdown have been enacted as noted below, leaving an overall overspend of £2.582m on the Council's contingency budget. The transfers in the final quarter are:

- Utilities (£1.608m) Further drawdown of contingencies relating to the significantly higher cost of energy during 2022/2023.
- Doubtful Debt Impairment Allowance (£0.902m) In light of the current economic uncertainties and associated increased risk to debtor payments, a prudent increase to the doubtful debt impairment allowance has been made.
- Winter Maintenance (£0.350m) Specific contingency drawdown to support the winter maintenance base budget provision covering the full winter period.
- By Elections (£0.031m) Costs to deliver by-elections during 2022/2023 for Copt Hill and Redhill wards.
- Civic Pride (£0.260m)
   Drawdown from contingency to support reframing of our events, investments and tourism assets for residents, visitors and business.
- Business Rates £0.296m Return to a specific contingency to reflect the final business rates cost for Council buildings.
- Other Miscellaneous drawdowns (£0.061m)
- 3.6 Debt Charge and Treasury Management Savings
- 3.6.1 Net one-off savings on debt charges of £6.476m have been accrued during 2022/2023. This reflects the lower cost of borrowing achieved earlier in the year and the reprofiling of the Capital Programme expenditure which is reported elsewhere on today's agenda. This saving is one-off in nature as it is a consequence of slippage to later years of planned capital expenditure.
- 3.6.2 Additional investment income of £5.250m has also been accrued during 2022/2023. The rates of return available in the investment market have increased significantly during 2022/2023 compared with those anticipated at the time of setting the budget, generating interest returns significantly above the values originally anticipated for this financial year. This has also been aided by the slippage in capital investment which has increased the availability of cash for the Council to invest which alongside the higher investment rates has driven this improved position.
- 3.7 Government Grant and Other Adjustments
- 3.7.1 During quarter 4, the Government provided details of a distribution of the national Business Rates Levy Account Surplus for 2022/2023, Sunderland's allocation is £0.720m.
- 3.7.2 Other minor amendments on other grants and leys totalling £0.049m, resulted in a net £0.671m improvement in the position.

#### 3.8 Reserve Transfers

- 3.8.1 Earmarking of specific reserves totalling £8.932m are proposed, to meet expected pressures:
  - Energy and General Inflation (£3.622m)
     It is proposed to earmark additional funding to manage the impacts expected during 2023/2024 and beyond given emerging additional cost pressures in respect of both adult social care inflation and pay. The National Employers made a flat rate offer of £1,925 all NJC pay points for 2023/24 which equates to c. 6.5% (c. £2.5m beyond the amount included in the 2023/24 budget). At this time the Trades Unions have rejected the offer.
  - Capital Priorities Reserve (£2.500) Funding of £2.5m has been received to support the delivery of the City Plan and specifically health related elements. It is proposed to earmark this within the Capital Priorities Reserve to assist with funding of the delivery of the new Eye Hospital.
  - Health and Social Care (£2.810) Additional external income from in-year Health funding has been utilised to create a reserve to support health and social care services in Sunderland in the short to medium term.
- 3.8.2 The 2022/2023 budget included utilising £5.430m of Medium Term Financial Planning reserves. The outturn position has not required any drawdown from this reserve, with the use of this funding being reprofiled to support the budget in later years.

### 4. General Fund Balances

- 4.1 As part of the budget setting process for 2022/2023 the Council's General Fund balance was set at £12m for the year.
- 4.2 Following a review of the risks and taking into account the revenue outturn position, the MTFP and the overall level of reserves, no change to the General Fund balance is proposed. The level of General Fund balance is set out at Appendix C and will represent 5% of the Council's net budget requirement, which remains at a level considered appropriate for a large unitary council by the Director of Finance.

### 5. Review of Existing Reserves

- 5.1 A full Statement of Reserves and their forecast use up to 2026/2027 are set out at Appendix D. As part of the year end process, a full review of reserves and provisions has been completed to ensure compliance with recommended accounting practice.
- 5.2 Overall the council's reserves have decreased by £2.387m in 2022/2023 to £213.675m. All reserves are utilised for their agreed purpose, including in support of the capital programme and meeting the business rates collection fund 2021/2022 deficit (covid-related impact), which due to the required technical accounting treatment needs to be met in 2022/2023.

5.3 With the exception of the General Fund, useable reserves are earmarked for specific purposes and commitments, and are subject to regular review.

### 6. Collection Fund

#### 6.1 Business Rates

- 6.1.1 The Council administered further national Business Rates Reliefs during 2022/2023 which provided business rates relief for businesses within the Retail, Hospitality and Leisure sectors. The Council received grant funding from the Government to compensate for this loss of business rate income.
- 6.1.2 Due to the required technical treatment of the previously received Covid relief grants, whereby grant funding received during the year cannot be applied until the following year, the collection fund had a significant brought forward deficit in 2022/2023.
- 6.1.3 The NNDR1 return to the Government for 2023/2024 set out a forecast surplus of £7.383m at the end of the 2022/2023 financial year, with the Council's 49% share being £3.618m. This included a forecast use of the Covid Additional Relief fund of £5.700m, which was funding provided to support businesses that were not in receipt of other business rates reliefs. The forecast surplus was included in the 2023/2024 budget setting process.
- 6.1.4 The final business rates position at 31st March 2023 is an overall closing surplus balance of £10.203m, of which £5.000m relates to the Council's 49% share. The Business Rates Relief grant and other section 31 grant increases from 2021/2022, which were transferred to a reserve have been utilised in year to offset the brought forward collection fund deficit in line with accounting requirements.
- 6.2 Council Tax
- 6.2.1 An adjustment to the amount of Council Tax receivable coupled with in a prudent increase in the impairment allowance for non-collection, in recognition of the cost of living impact, has resulted in the council tax element of the collection fund generating a deficit against budget in 2022/2023. An in-year deficit of £0.460m was recorded as at 31<sup>st</sup> March 2023, of which the Council's share is £0.396m. This represents a reduction from the forecast surplus of £0.432m (£0.374m Council's share) reported to Cabinet in February 2023.

#### 7. Reasons for Decision

7.1 As included in the Council's constitution, Cabinet is required to exercise control over the Council's revenue budget and resources and receives quarterly reports to support this. This report sets out the revenue outturn position compared to the budget for 2022/2023.

### 8. Alternative Options

8.1 No alternative options are proposed.

### 9. Impact Analysis

9.1 Impact assessments of Directorate actions to ensure the achievement of savings targets and a balanced budget position will be undertaken within Directorates as each action is developed.

## 10. Other Relevant Considerations / Consultations

10.1 None

## 11. List of Appendices

Appendix A	Major Variations 2022/2023
Appendix B	Overall Position 2022/2023
Appendix C	Statement of General Balances
Appendix D	Major Earmarked Reserves

## 12. Background Papers

Third Revenue Budget Review 2022/2023 (19<sup>th</sup> January 2023 Cabinet)

# Cabinet Meeting 8<sup>th</sup> June 2023 Delegated Budget Major Variations 2022/2023

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
Leader	1.099	0.258	(0.560)	0.797	0.681	0.116	<ul> <li>Net variations mainly relating to staffing underspends of £0.116m.</li> </ul>
Deputy Leader and Clean Green City Portfolio Holder	45.265	0.927	(0.128)	46.064	44.702	1.362	<ul> <li>Business and Investment - net £0.113m underspend – staffing underspend due to vacant posts of £0.221m. Loss of rental and room hire income following the pandemic at Evolve and Washington business centres (£0.123m) and additional income of £0.165m at the Software Centre mainly due to DWP occupancy. Other overspends on supplies and services and premises (£0.150m).</li> <li>Port of Sunderland - £0.383m underspend –additional income due to an increased number of vessels. Underspend on salaries due to vacant posts and reduction in agency costs due to less cargo intensive ships in part offset by increased costs of fuel and energy.</li> <li>Depots – (£0.337m) overspend mainly due to the cost associated with the fuel leak reinstatement.</li> <li>Fleet – overspend against budget of (£0.750m). (£0.125m) linked to the delay in achieving savings targets from reduced operational costs and increased income. (£0.417m) associated with inflationary cost pressures on parts, repairs, insurance and staff market supplements. (£0.052m) linked to increased fuel duty due to Government changes to red diesel eligibility. (0.324m). Ongoing pressures due to reduced supply of fuel. Partially offset by additional income of £0.168m.</li> </ul>

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Forecast Variation Under / (Over Spend) £m		Reason for Variation
							•	Local Services – (£0.895m) overspend - unachieved staff savings, street litter bin costs and minor overspends of £0.359m. Winter Maintenance overspend of £0.536m primarily due to additional staffing and salt usage costs.
							•	Waste Collection and Recycling – overspend of £0.395m primarily due to additional staff costs due to interim management arrangements and agency staffing, and bin replacement costs.
							•	Waste disposal – underspend of £3.020m comprising of a saving of £1.356m in relation to materials recovery from securing a lower than anticipated renewed contract price and increased income from recycled materials and £1.403m relating to a reduction through the Waste Disposal PFI contract arising from reduced tonnages. £0.261m PFI 2021/2022 refund following the final reconciliation of contract waste tonnages and green waste saving.
							•	Public Protection and Regulatory Services - £0.114m net underspend due to some costs being funded from Public Health grant.
							•	Net variations mainly relating to salary slippage and additional income generation of £0.109m.
Cabinet Secretary	29.666	1.133	0.460	31.259	29.929	1.330	•	Asset management - underspend of £0.185m, due to salary slippage of £0.139m and savings on expenditure budgets.
							•	Building Cleaning - £0.190m underspend linked to income generation being in excess of budget.
							•	Civic Buildings - (£0.473m) overspend - loss of income from Moorside and City Library efficiency not realised. Sandhill View Centre overspend as reserve not drawn down as originally anticipated.

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
							<ul> <li>Business Support - £0.236m saving mainly due to underspends on staffing and supplies and services.</li> </ul>
							<ul> <li>Benefits Service - £0.584m underspend on Rent Allowances aligned to benefit overpayment recovery.</li> </ul>
							<ul> <li>Property Services Operations - (£0.782m) overspend due to continued inability to meeting previous income targets.</li> </ul>
							<ul> <li>Misc. Land Property and Industrial Estates - £0.487m underspend, £0.253m of which is due to additional income generation.</li> </ul>
							<ul> <li>Procurement - £0.519m underspend arising from, additional one-off income from NEPO £0.341m, underspends on staffing and supplies and services £0.118m and additional car leasing income £0.060m.</li> </ul>
							<ul> <li>Revenues - £0.506m underspend. From staffing vacancies and flexible working £0.255m, underspend on supplies and services £0.065m, net additional one-off income for new burdens of £0.186m.</li> </ul>
							<ul> <li>Strategic and Operational HR - (£0.262m) unachieved efficiency savings and income pressures partially offset by drawdown from earmarked Transformation Reserves.</li> </ul>
							<ul> <li>Numerous variations totalling a net underspend £0.140m including unachievable staff turnover savings and income shortfalls.</li> </ul>

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
Children, Learning and Skills	84.229	0.061	0.742	85.032	87.923	(2.891)	<ul> <li>Retained Activity: Schools and Learning – underspend £0.133m linked to additional grant income and staffing underspends.</li> <li>Thornley Close Nursery overspend (£0.122m) shortfall in provision for closure on 31/12/22.</li> <li>Together for Children (TfC) - The TfC Board is responsible for monitoring the financial position of the company, with updates provided to the Council through the established contract performance monitoring arrangements. The overspend for the financial year is (£2.686m).</li> <li>Derwent Hill – net lost income of (£0.216m) as result of lost trade due to the ongoing impacts of the pandemic.</li> </ul>
Dynamic City	28.816	0.288	0.834	29.938	30.083	(0.145)	<ul> <li>Infrastructure and Transportation - £0.918m underspend. Asset and Network Management £0.759m surplus as a result of additional income including Bus Shelter advertising. Highways Revenue overspend (£0.049m) due to increased material costs. Salaries underspends and other net cost savings of £0.208.</li> <li>Parking Services - shortfall on income of (£0.472m).</li> <li>Regeneration Properties - (£0.194) overspend linked to property holding costs.</li> <li>Development Control – underachieved income of (£0.124m) primarily in relation to a shortfall in inspection fee income.</li> <li>Other variations on a number of service areas have created an overspend of (£0.273m).</li> </ul>

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
Healthy City	111.546	0.013	(38.107)	73.452	69.047	4.405	<ul> <li>Adult Social Care - (£1.899) overspend due to £2.262m of cost and demand pressures on the range of ASC services, partially offset by staffing underspend due to vacancies of £0.363m.</li> <li>Strategic Commissioning - £0.626m underspend linked to £0.230m staffing underspends due to delays in filling vacant posts, £0.150m ASC Discharge Fund income and £0.246m minor variations.</li> <li>£2.500m contribution from the South Tyneside and Sunderland NHS Foundation Trust towards the Council's City Plan</li> <li>£2.810m contribution from the Integrated Care Board (ICB) to support hospital discharges and demand pressures within ASC.</li> <li>Other minor variations of £0.368m primarily linked to salary slippage.</li> </ul>
Vibrant City	13.027	0.236	0.393	13.656	13.286	0.370	<ul> <li>Sport and Leisure Facilities – underspend of £0.419m due to a reduced requirement for Leisure JV funding and additional public health funding received.</li> <li>Other minor variations on a number of service areas have created an overspend of (£0.049m).</li> </ul>
Total Service (Delegated) Outturn	313.648	2.916	(36.366)	280.198	275.651	4.547	

\* Due to delays with notional IAS19 Pension entries, these transactions have not been reflected in the final Budget or Outturn at the time of publication. These entries are neutral and do not impact on the portfolio variance or overall outturn position.

## Cabinet Meeting 8<sup>th</sup> June 2023 Overall Position 2022/2023

					Variance Under /
	Revised	Budget	Final	0	(Over)
	Budget £m	Adjustments £m	Budget* £m	Outturn* £m	Spend £m
Leader Portfolio	1.099	-0.302	0.797	0.681	0.116
Deputy Leader and Clean Green City	1.099	-0.302	0.797	0.001	0.110
Portfolio Holder	45.265	0.799	46.064	44.702	1.362
Cabinet Secretary Portfolio	45.265	1.593	40.004	29.929	1.302
Children, Learning and Skills Portfolio	84.229	0.803	85.032	87.923	-2.891
	28.816	1.122	29.938	30.083	-2.091
Dynamic City Portfolio					
Healthy City Portfolio	111.546 13.027	-38.094	73.452	69.047 13.286	4.405 0.370
Vibrant City Portfolio		0.629	13.656 280.198		
Total Service (Delegated) Expenditure Provision for General Contingencies and	313.648	-33.450	200.190	270.001	4.547
other Corporate Budgets	0.334	2.016	-2.582	0.000	-2.582
Capital Financing Costs	26.821	-2.916 0.464	-2.362 27.285	15.559	-2.562
Transfer to / from Reserves	-17.688	0.404	-17.688	-12.279	-5.409
	-17.000	-2.426	-61.336	-61.336	0.000
Technical Adjustments Levies	-56.910	-2.420	16.109	16.119	-0.010
	0.070			0.070	
Hetton Town Council		0.000	0.070		0.000
Less Grants	-63.469	38.328	-25.141	-25.650	0.509
Total Net Expenditure	216.915	0.000	216.915	208.134	8.781
Revenue Support Grant National Non-Domestic Rates / Retained	-28.974	0.000	-28.974	-28.974	0.000
Business Rates	00 450	0.000	00.450	00.000	0 4 5 4
	-29.452	0.000	-29.452	-29.603	0.151
Top Up Grant	-43.724	0.000	-43.724	-43.724	0.000
Council Tax Requirement	-114.765	0.000	-114.765	-114.765	0.000
Final Outturn Position	0.000	0.000	0.000	-8.932	8.932
Transfer to Reserves	0.000	0.000	0.000	8.932	-8.932
Outturn Position after Transfers to Reserves	0.000	0.000	0.000	0.000	0.000

\* Due to delays with notional IAS19 Pension entries, these transactions have not been reflected in the final Budget or Outturn at the time of publication. These entries are neutral and do not impact on the portfolio variance or overall outturn position.

# Appendix C

# Cabinet Meeting 8<sup>th</sup> June 2023

## **Statement of General Fund Balances**

	£m
Balance as at 1 <sup>st</sup> April 2022	12.000
- Contribution to Revenue Budget	0
Balance as at 31 <sup>st</sup> March 2023	12.000
- Planned Contribution to Revenue Budget	0
Estimated Balance as at 31 <sup>st</sup> March 2024	12.000

Appendix D

## Cabinet Meeting 8<sup>th</sup> June 2023 Major Earmarked Reserves

Reserves	Purpose of the Reserve	Opening Balance 01.04.2022 £m	Movement in 22/23 £m	Opening Balance 01.04.2023 £m	Forecast Movement in 23/24 £m	Opening Balance 01.04.2024 £m	Forecast Movement in 24/25 £m	Opening Balance 1.04.2025 £m	Forecast Movement in 25/26 £m	Opening Balance 1.04.2026 £m	Forecast Movement in 26/27 £m	Opening Balance 1.04.2027 £m
General Fund	General Fund of the Council	12.000	0.000	12.000	0.000	12.000	0.000	12.000	0.000	12.000	0.000	12.000
School Balances	Balances held by schools under a scheme of delegation	9.782	(2.594)	7.188	(1.634)	5.554	(0.016)	5.538	(0.001)	5.537	(1.500)	4.037
Earmarked General Fund F	Reserves – Capital											
Riverside Transfer	Reserve established to fund capital works associated with the Homes and Communities Agency land transferred to the Council.	9.037	(0.004)	9.033	(8.934)	0.099	0.000	0.099	0.000	0.099	0.000	0.099
Capital Priorities Reserve	A reserve established to address some of the Council's key capital developments and strategic priorities.	7.857	(2.215)	5.642	(2.947)	2.695	(2.695)	0.000	0.000	0.000	0.000	0.000
Section 106 Reserves	Under Section 106 of the Town and Country Planning Act 1990, developers make financial contributions to the Council relating to affordable housing, public open spaces including allotments and locally equipped play parks, educational facilities, highways and public transport improvements, sports and recreational facilities and environmental improvements.	9.362	2.310	11.672	(1.057)	10.615	0.364	10.979	(1.750)	9.229	(1.750)	7.479
Strategic Investment Reserve (Capital)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	2.461	(1.024)	1.437	(1.437)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial and Economic Development Activity	Reserve established to take advantage of commercial and economic development opportunities that will meet priorities of the Council.	0.884	(0.154)	0.730	(0.423)	0.307	(0.307)	0.000	0.000	0.000	0.000	0.000
Culture Development	To support a range of cultural developments in the city centre, utilising smart cities technology and immersive technologies.	3.000	0.000	3.000	0.000	3.000	(3.000)	0.000	0.000	0.000	0.000	0.000
Other Earmarked Capital Reserve	Funding set aside to fund future capital projects previously approved.	1.798	0.280	2.078	(0.095)	1.983	0.167	2.150	0.220	2.370	0.298	2.668

Reserves	Purpose of the Reserve	Opening Balance 01.04.2022 £m	Movement in 22/23 £m	Opening Balance 01.04.2023 £m	Forecast Movement in 23/24 £m	Opening Balance 01.04.2024 £m	Forecast Movement in 24/25 £m	Opening Balance 1.04.2025 £m	Forecast Movement in 25/26 £m	Opening Balance 1.04.2026 £m	Forecast Movement in 26/27 £m	Opening Balance 1.04.2027 £m
Earmarked General Fund F	Reserves – Revenue											
NNDR Covid Retail, Hospitality and Leisure Relief Grant Reserve	Reserve established to manage the requirement to fund Collection Fund deficits in the preceding financial year. Section 31 Retail Hospitality and Leisure Relief Grant held to offset deficit from 2021/2022	8.202	(8.202)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Medium Term Planning Smoothing Reserve	This reserve has been established to address any potential impact arising from increased risk and uncertainty with the Business Rate Retention Scheme. It is being used to smooth the impact of government funding uncertainties.	34.601	0.000	34.601	(9.000)	25.601	(9.000)	16.601	(9.000)	7.601	(7.601)	0.000
Strategic Regeneration Reserve	A reserve to support the Council's regeneration ambitions, specifically to smooth any revenue impact of projects until they become self-sustaining.	10.747	(0.190)	10.557	(0.500)	10.057	(3.000)	7.057	(3.000)	4.057	(3.000)	1.057
Strategic Investment Reserve (Revenue)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	5.641	(0.083)	5.558	(1.228)	4.330	(2.985)	1.345	0.000	1.345	0.000	1.345
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	5.470	0.766	6.236	0.000	6.236	0.000	6.236	0.000	6.236	0.000	6.236
Street Lighting and Highway Signs PFI Smoothing Reserve	The reserve was established to smooth the financial impact to the Council across the 25 years of the contract life.	4.281	(0.160)	4.121	(0.750)	3.371	(0.750)	2.621	(0.750)	1.871	(0.750)	1.121
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	4.498	0.001	4.499	(1.000)	3.499	(1.000)	2.499	(1.000)	1.499	(1.000)	0.499
Public Health Grant	Ringfenced Public Health grant funding, to deliver future public health initiatives.	5.088	1.189	6.277	(1.000)	5.277	(2.000)	3.277	(2.321)	0.956	0.000	0.956
Smart Cities	This reserve was established to set aside revenue funding to cover 8-10 years, to support 5G and Wireless connectivity within the city.	4.000	(0.106)	3.894	(0.500)	3.394	(0.500)	2.894	(0.500)	2.394	(0.500)	1.894
Streetscene and Open Space	A reserve to enhance the city's recovery from the covid pandemic and ensure that the full benefit can be made of the regeneration activities across the city. This reserve will fund a range of streetscene and open space projects.	4.198	2.564	6.762	(3.030)	3.732	(1.852)	1.880	(1.155)	0.725	(0.725)	(0.000)
HCA Stadium Park	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	3.109	0.000	3.109	0.000	3.109	0.000	3.109	0.000	3.109	0.000	3.109
Transformation Reserve	To support the changes that are likely to be required over the next 12-18 months to address financial pressures and MTFP challenges.	2.941	(1.226)	1.715	(1.715)	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Reserves	Purpose of the Reserve	Opening Balance 01.04.2022 £m	Movement in 22/23 £m	Opening Balance 01.04.2023 £m	Forecast Movement in 23/24 £m	Opening Balance 01.04.2024 £m	Forecast Movement in 24/25 £m	Opening Balance 1.04.2025 £m	Forecast Movement in 25/26 £m	Opening Balance 1.04.2026 £m	Forecast Movement in 26/27 £m	Opening Balance 1.04.2027 £m
Education Redundancy Reserve	The reserve was established to meet the anticipated costs of redundancies as a result of falling pupil rolls within maintained schools.	2.079	0.274	2.353	(0.182)	2.171	(0.100)	2.071	(0.100)	1.971	(0.100)	1.871
Sandhill Centre PFI Smoothing Reserve	The reserve was established to smooth the financial impact to the Council across the 25 years of the contract life.	2.151	0.000	2.151	(0.649)	1.502	(0.373)	1.129	(0.252)	0.877	(0.113)	0.764
Low Level Family Support	Reserve to support activities with families and individuals to address the challenges of recovering from the pandemic.	4.386	(0.890)	3.496	(1.751)	1.745	(1.344)	0.401	(0.282)	0.119	(0.119)	0.000
Collection Fund Surplus Reserve	Reserve established as part of 2018/19 budget setting to smooth the collection fund surplus benefit into future years.	1.533	0.000	1.533	0.000	1.533	(1.533)	0.000	0.000	0.000	0.000	0.000
Housing Benefit Smoothing Reserve	This reserve has been established to smooth any potential impact of outstanding debtors as housing benefit is subsumed within universal credit.	1.459	(0.163)	1.296	(0.250)	1.046	(0.250)	0.796	(0.250)	0.546	(0.250)	0.296
Airport Smoothing Reserve	Reserve established to smooth any delayed airport loan interest payment that may arise.	1.253	0.000	1.253	0.000	1.253	0.000	1.253	0.000	1.253	0.000	1.253
Events	Reserve established to support a bid to secure a multi- year arrangement with British Triathlon to host triathlon events in the City.	1.200	0.000	1.200	(0.550)	0.650	(0.200)	0.450	(0.200)	0.250	0.000	0.250
Riverside Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	1.092	(0.095)	0.997	(0.115)	0.882	(0.105)	0.777	(0.105)	0.672	(0.104)	0.568
House Sale Income	The reserve relates to the sale of client's homes that will be utilised to support future support needs of those clients.	0.816	0.574	1.390	(0.204)	1.186	(0.204)	0.982	(0.204)	0.778	(0.204)	0.574
Health and Social Care Reserve	Additional external income from in-year Health funding to support health and social care services in Sunderland in the short to medium term.	9.336	1.184	10.520	(5.271)	5.249	(3.226)	2.023	(2.023)	0.000	0.000	0.000
Energy and General Inflation	Reserve established in response to significant inflationary pressures expected to impact council services in the short to medium term	5.750	3.621	9.371	(9.371)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Member Recovery Fund	Members Covid Response fund	1.000	0.000	1.000	(1.000)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Earmarked Revenue	Numerous small revenue reserves less than £1m which	19.382	1.180	20.562	(9.141)	11.421	(4.824)	6.597	(1.632)	4.965	(0.944)	4.021
Reserves are set up for specific purposes. Total General Fund Reserves		200.394	(3.163)	197.231	(63.734)	133.497	(38.733)	94.764	( ,	70.459	( ,	52.097
	Balance of capital receipts held, pending use to fund	<u>200.394</u> 9.723	1.020	197.231	(4.235)	6.508	(*****/	4.687	(24.306)	3.733	( * * * /	0.000
Capital Grants Unapplied	the capital programme. Balance of capital grants held pending expenditure on capital programme.	5.945	(0.244)	5.701	(5.701)	0.000	0.000	0.000	0.000	0.000	()	0.000
Total Usable Reserves		216.062	(2.387)	213.675	(73.670)	140.005	(40.554)	99.451	(25.260)	74.192	(22.095)	52.097